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C U B A

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NON-AGRICULTURAL COOPERATIVES

Progress in the updating of Cuba's economic model

- **New laws create legal framework for non-agricultural cooperatives**

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As part of the updating of Cuba's socio-economic model, and the implementation of Policy Guidelines approved at the 6th Party Congress - in particular numbers 25-29 - five new laws went into effect December 11, creating a legal framework for the gradual establishment of cooperatives for non-agricultural purposes, and providing provisional regulations which will govern the process.

The new laws allow for the initial establishment of cooperative associations to undertake more than 200 different activities throughout the country, including transportation, restaurant services, fishing, personal and domestic services, recycling, production of construction materials, as well as construction services.

This new non-state management format offers promise given its more social nature and its development can benefit from the positive, as well as negative, experience of agricultural cooperatives.

The option of renting state facilities to these associations is also included in the newly enacted laws.

RIGHTS & RESPONSIBILITIES

Two Decree-Laws from the Council of State (No. 305 and 306, from November 15 and 17, 2012, respectively), a Decree from the Council of Ministers (No. 309, November 28, 2012), a Ministry of Finances and Prices Resolution (No. 427/2012) and another from Economy and Planning (No. 570/2012), provide the legal framework which will initially guide the experimental creation and functioning of non-agricultural cooperatives.

According to the statutes, the new entities will have corporate status and are to be voluntarily constituted by individuals for the purpose of achieving economic or social ends through a collective effort.

Noteworthy is emphasis on the stipulation that these cooperatives are not subordinate to any state entity whatsoever, although they

must abide by the laws and standards established by government bodies regulating the sectors in which they function.

For example, cooperatives involved in the production of construction materials must respect the quality norms established by the Ministry of Construction for such products.

The highest authority directing a cooperative is its General Assembly which will include of all individual associates. Each of these will exercise one vote when decisions are made about the cooperative's functioning. This assembly will elect a president and any other administrative bodies deemed necessary.

Cooperatives may freely make use of property they own, manage rented facilities, and cover expenses with the income generated from their work.

The laws additionally stipulate that prices of products and services offered will be determined by the cooperatives themselves, in accordance with market conditions, except in the case of those prices subject to State regulation.

ESTABLISHING A COOPERATIVE

According to Decree-Law No.305, a non-agricultural cooperative may be of a first degree nature - that is, composed of at least three persons who will work together - or as a second degree cooperative, based on the association of two or more first degree cooperatives.

First degree cooperatives may be created on the basis of four configurations. Collective property may be constituted with contributions from the associates; or associates may maintain ownership of their property, working together for the purpose of acquiring supplies or services.

Another option would be the renting of needed facilities or means of production from the state, while any combination of the above would constitute a fourth possibility.

All of these alternatives imply the voluntary association of those interested and collective management of the cooperative's resources.

Council of Ministers Decree No. 309/2012 stipulates that when associates contribute property to the cooperative, they may be remunerated by the entity, on terms established by the entire group of associates.