

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP/58/Add.15
29 September 1950
ORIGINAL: ENGLISH

CONTRACTING PARTIES

S U B S I D I E S

NOTIFICATIONS REQUIRED BY ARTICLE XVI AND BY THE DECISION OF THE CONTRACTING PARTIES OF 2 MARCH 1950

Notification by Cuba

A. LEGAL BASES

The existing subsidy to the textile industry at present in force in the Republic of Cuba was instituted by virtue of Presidential Decrees Nos.1093 and 1005 of 1949, of which the former was subsequently amended by Presidential Decree No.2461 of 1950. Under Decree No.1093 of 1949 it became compulsory to affix to any material imported or domestically produced identification stamps of six centavos each on the basis of one stamp per peso or fraction thereof, depending on the value of the merchandise.

The general rule mentioned above applicable to all textile materials includes one exception relating to sacks imported or domestically produced for the sole purpose of containing national agricultural products.

B. METHOD OF ADMINISTRATION AND OF ALLOCATION

The monies levied by means of the identification stamps affixed to imported or domestically produced material as indicated above are paid through the Direccion General de Contabilidad and the Tesoreria General de la Republica of the Ministry of Economic Affairs into a special fund called "FONDO TEXTIL DE ANTICIPOS REINTEGRABLES" (Textile Fund of Reimbursable Advances), the said monies being placed at the disposal of an independent equalisation body set up under the Ministry of Labour whose task it is to allocate them to the national textile industry in conformity with the rules laid down in Presidential Decree No.1005 of 1949 which governs the operation of the so-called "FONDO TEXTIL DE ANTICIPOS REINTEGRABLES"; the Governing Body (Consejo de Administracion) of the Fund is composed of Government representatives, domestic textile manufacturers, textile importers and labour representatives.

The Governing Body is empowered to examine and determine cases in which a subsidy has to be granted to textile manufacturers and to determine the amount of equitable economic assistance to be given, taking into account the cost of labour and the resulting reduction thereof which is necessary to achieve competitive prices on the national market for the commodity in question.

Another purpose of this subsidy is to enable manufacturers to reduce production costs through the elimination of unnecessary labour, the Fund in such a case granting the displaced workers reasonable benefits which, though they do not represent the total amount of their wages, enable them to maintain a decent standard of living until the economic situation of the industry enables them to be re-absorbed in their normal field of activities or to find employment in other branches of national production.

Finally, the subsidy also operates as a buffer economic measure in cases when, owing to the market being saturated, national textiles manufacturers have to reduce or to stop normal production during a reasonable period in order to dispose of accumulated stocks. In such cases, the workers concerned receive from the Fund adequate grants to maintain a purchasing power in accordance with their standard of living.

C. RESULTS HITHERTO ACHIEVED

Though the textile subsidy, operated as indicated above, has not solved all the problems which the national textile industry is meeting, it has nevertheless enabled this industry to overcome the serious economic crisis which affected it during the first half of the year 1949 and which resulted in the closing down of nearly all the manufactures and in their workers being subsequently displaced. At present, this measure promulgated by the Government of Cuba as an emergency measure under the General Agreement on Tariffs and Trade has enabled the textile industry to carry on in spite of the low level of tariff protection which it enjoys, in the hope that once it has obtained adequate tariff protection it can achieve its natural development on a more firm and final basis.

Havana, 30 August 1950.

