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GENERAL AGREEMENT ON TARIFFS AND TRADE

Contracting Parties

Third Session

NON-DISCRIMINATORY MEASURES NOTIFIED BY CONTRACTING  
PARTIES UNDER PARAGRAPH 6 117 OF ARTICLE XVIII OF  
THE GENERAL AGREEMENT

ADDENDUM

Measures notified by the Government of Cuba

The Government of Cuba has sent the following statement by letter dated 28 February 1949, giving particulars, in accordance with Annex D to document GATT/CP.2/38/Rev.1, in support of the non-discriminatory measure relating to sisal (henequén) in force in Cuba:

- I. (a) Precise description of the measure including the range and type of goods to which it relates and the method of operation.

The measure was imposed by Presidential Decree No.1693 of 23 June 1939, published in the Official Gazette of 18 July 1939, pages 1187 and 1188. A copy of this Decree is attached.

It contains a clear statement of the reasons which compelled the Cuban Government to impose this protective measure, and of the procedure adopted for its implementation.

- (b) Precise description of the range and type of goods produced by the industry in respect of whose development the measure has been maintained.

The importation of henequén (or sisal) fibres is governed by a quota system.

- (c) Statistics of quantities and values over a period of years showing:

1. - Production.

Sown area and production of fibre.

<u>Year</u>	<u>Area</u> (hectares)	<u>Production of Fibre</u> (in lbs.)
1936	10,100	29,000,000
1937	10,500	33,000,000
1938	11,800	32,000,000
1939	12,400	33,000,000
1940	13,300	38,000,000
1941	14,400	27,000,000
1942	15,800	27,000,000
1943	16,400	26,000,000
1944	16,400	28,000,000
1945	16,000	29,000,000
1946	15,400	30,500,000
1947	15,400	33,000,000
1948	15,500	35,000,000 (estimated)

Cuba's record production in 1940 was due to the fact that large additional areas of new plantations began yielding in that year, and moreover in 1940 an abnormally large proportion of the shoots was harvested, thus causing a decline in production in the following year.

## 2. - Imports

Item 129-A of the Cuban Customs Tariff, "Alaca, pita and other hard fibres, raw or combed" covers henequén and sisal fibres. In actual fact, none of the latter has been imported during recent years.

## 3. - Exports

Exports of raw henequén fibre were as follows:

<u>Year</u>	<u>Quantity</u> (in lbs.)	<u>Value</u> (in dollars)
1936	12,800,000	688,000
1937	23,000,000	1,269,000
1938	18,000,000	661,000
1939	23,000,000	739,000
1940	27,000,000	1,020,000
1941	15,000,000	631,000
1942	9,000,000	626,000
1943	13,223,000	1,167,000
1944	2,881,000	261,000
1945	63,000	5,000
1946	67,435	14,442
1947	4,315,393	1,454,732
1948	-----	-----

The decrease in exports of fibre during the war was due to purchases by the United States Government, which arranged for it to be processed in Cuban factories.

### (d) Number and location of enterprises or firms.

1. - Compañía de Jarcia de Matanzas, S.A.: factory at Matanzas and plantations at Matanzas and Jaraguá.

2. - Compañía Cubana de Fibras y Jarcias, S.A.,  
two stripping plants and plantations at Cárdenas.
3. - International Harvester Company. Plantations  
at Cárdenas.
4. - Hershey Corporation, Central Office at Havana.
5. - Mr. C. Carranza: plantations at Mariel and  
Nuevitas.
6. - Mr. A. Carbonell: plantations at Mariel.
7. - Mr. Enrique Larrauri: plantations at Limonar.

(e) Numbers employed.

Approximately 3,000 workers are at present engaged in henequén and sisal production and stripping. The henequén (or sisal) rope-making industry employs some 600 additional workers.

(f) Total working population of Cuba by principal occupations.

The 1943 census of the Cuban population gives the total number of gainfully employed persons over the age of 13 as 1,520,851, out of an employable population of 3,246,358 over that age. Workers were classified by occupations as follows:

Agriculture, stockbreeding and fisheries ....	630,356
Mining .....	5,507
Building .....	25,878
Machine manufacture and industries .....	187,645
Transport and communications .....	33,922
Trade .....	146,572
Banking and finance .....	2,312
Domestic and personal services .....	73,963
Entertainment and similar services .....	5,315
Professional services .....	31,739
Government Service .....	60,763
Miscellaneous services, unclassified industries and trades .....	316,879

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1,520,851

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The most recent data relating exclusively to paid agricultural workers and taken from the National Agricultural Census of 1946 give the number of this class of workers as 477,383, of whom 53,696 work throughout the year, while 423,690 work for an average period of 123 days per year only.

(g) Average level of wages paid to employees.

The average level of wages paid to henequén workers in Cuba is \$5 for 8 hours' labour.

(h) Capital investment.

The capital invested in henequén production and stripping amounts to \$8,000,000; in addition, 3 to 4 million pesos have been invested in plants for processing the fibres.

(i) Profits or losses.

An enquiry was carried out in 1942 by the Ministries of Agriculture and of Labour into the production of henequén and its costs during the period 1937-1941, covering the main plantations of these fibres in Cuba: it shows that during that period the annual return on the capital invested was 0.8% in the case of the three most important undertakings. At present the position of henequén producers in Cuba can be considered much more critical, because of the various wage increases which have been decreed since the date of the enquiry.

(j) Cost of imported product ex duty at place of entry into country; costs of transport and distribution of imported product from place of entry to principal market or markets and selling price of domestic product in the principal markets.

As regards the first part of the question, it is not possible to give any information since no henequén or sisal fibres have been imported for several years. As regards the second part, it has not yet been possible to prepare the data.

(k) History of tariff and other protection enjoyed by the industry including existing duty, if any, period for which protective measures have been in force and the effect which they have had on the establishment or development of the industry.

There is no tariff protection. Henequén and sisal fibres may be imported into Cuba duty free.

Protection through import quotas has been in force since 1939 and has made it possible to keep the level of domestic production fairly stable. Naturally the second World War had a marked effect on the demand for these fibres and it is not yet possible to say for certain to what extent the war demand was responsible for maintaining the level of production. During this period, daily wages paid to agricultural workers in Cuba increased considerably in all branches of the industry, so that to-day the Cuban agricultural worker gets a daily wage some hundreds per cent higher than that paid to workers in other sisal-producing countries - a fact that can be statistically verified. Such a situation makes it of vital importance for Cuba to maintain measures to protect herself from foreign competitors paying much lower rates and, even in some cases, a starvation wage. As long as foreign producers are able to compete on the basis of these low wages, Cuba will be obliged to apply measures like the present quota system, the only one that offers adequate guarantees.

- (1) Reasons for the selection of the measure proposed to be maintained in preference to other measures permitted by the GATT such as tariff protection or subsidy payments.

This measure was adopted in preference to the others mentioned in the question because in the case of tariffs it would have been and would still be necessary to fix them at a very high figure to offset the difference between the wages of Cuban agricultural workers (\$5 a day, as an average) and those paid to workers in one of her strongest competitor countries (\$0.70 a day). Subsidies were likewise ruled out as incompatible with the situation in the industry which, as is pointed out in the reply to question (m), is a long established one in which wages and working conditions are on a par with those prevailing in other branches of Cuban production.

- (m) Data concerning the future development of the industry - including, for example, expected levels of production and costs - and the possibility of its becoming independent of the measure proposed to be maintained. (This information would have a particular bearing on the period for which the applicant contracting party has requested the maintenance of the measure).

The sowing, stripping and processing of henequén and sisal are activities established in Cuba well before the first World War. There is hence no question of the industry having been artificially fostered by means of special protection. However, through the progressive rise in the standard of living of the Cuban people from 1933 onwards, production costs have increased considerably. Consequently the measure in question was adopted not for the purpose of creating the industry or giving it special advantages but to protect it from ruinous and intolerable competition.

It is not possible to say in advance how long it will be necessary to keep this measure in force since the reason for it is of outside origin and beyond Cuba's control. However, it can be said that, as long as this reason persists, Cuba will be forced to protect herself with the only adequate means at her disposal not only in order to maintain the standard of living of the thousands of workers who gain their livelihood from henequén or sisal, but also because of the effect that the unemployment of these people would have on other branches of domestic production.

COPY

DECREE No. 1693.

Whereas: It is of great importance to put into practice, after careful study, such measures as tend to foster or develop any domestic industries contributing to agricultural prosperity, such as the industrial processing of the fibre known as henequén or sisal, which should be the subject of special attention, at the same time bearing in mind domestic consumption requirements.

Whereas: In this country there clearly exists an over-production of henequén or sisal fibre which cannot be completely absorbed by the processing industries owing to natural restrictions in exports of rope and other articles.

Whereas: The competition in this country from henequén or sisal fibres, originating in other countries which employ cheap labour, is extremely harmful to the stability of Cuban economy

Whereas: Those concerned in the above-mentioned branches of the national economy are urging the Government to adopt domestic measures of protection.

Whereas: It is advisable to apply restrictive measures guaranteeing the consumption of the domestic output of henequén or sisal as a means of protecting the interests of agricultural and industrial workers.

Whereas: In accordance with Article 11 of Decree-Law 806 of 1936, published in the OFFICIAL GAZETTE of 13 April of that year, the President of the Republic is empowered to fix annual import quotas for such articles, harvested or produced in Cuba as require protection, taking care, in every case, to see that countries that have concluded commercial treaties on a reciprocal basis with the Republic are accorded privileged treatment.

Therefore: In virtue of the powers with which I am by law invested, having heard the opinion of the Secretary for Agriculture and acting on the proposal of the Secretary for Finance, after consultation with the Technical Commission on Tariffs,

I HEREBY RESOLVE :

1. An annual import quota shall be established on the fibre known indifferently by the name of henequén or sisal, included in Item 129-A of the Customs Tariff, equivalent to the quantity imported into Cuba in the calendar year of 1936 according to the official statistics of the Finance Department.

2. For the purposes of the annual quota established in the preceding article shall begin on the 1st January and end on the 31st December of each year.

3. Each producer country shall have the right to an individual annual quota equal to its export of henequén or sisal fibre to Cuba during the calendar year of 1936, according to the official statistics of the Secretary for Finance of the Republic of Cuba.

4. The quotas fixed in the preceding articles shall not apply to the United States of North America, which, in virtue of the Treaty of Reciprocity concluded with the said nation, shall be entitled to export the said product to Cuba quota-free.

5. The importer must obtain a permit from the General Directorate of Customs before the goods are shipped from the country of origin. Without the said permit issued by the General Directorate of Customs, none of the Customs Offices of the Republic shall authorise the clearance for consumption of the henequén or sisal fibre subject to quota. The above-mentioned import permits shall cease to be valid three months after the date of issue.

6. A "Register of Import Permits for Henequén or Sisal under Quota" shall be kept at the General Directorate of Customs in which will be entered every consignment the importation of which has been authorised, the name of the importer, country of origin, date of authorisation, its serial number, expiry date of permit, date of arrival of the goods in Cuba, date on which they were cleared through the Customs for consumption, name of consumer and balance of quota remaining to each country after the grant of each permit; these balances shall include, as the case may be, the quantities representing permits not yet utilised, relinquished or having lapsed through expiry of the above mentioned time limit.

7. Should supplies be urgently needed for the home markets the President of the Republic may, after consultation with the Secretaries for Finance, Agriculture and Trade temporarily suspend the provisions of this Decree, the goods imported without compliance with the said provisions being in every case set off against the respective quota. After consulting the Secretaries mentioned above, the President may likewise increase the quotas in similar circumstances or whenever a rise in the price of home produced henequén or sisal fibre renders such a measure necessary in the interests of the consumer.

8. This Decree shall come into force on the date of its publication in the OFFICIAL GAZETTE of the Republic, but its provisions shall not apply to henequén or sisal fibre held in the Customs of the Republic or already shipped in the countries of origin, with Consular documents visaed prior to the date of promulgation of this Decree, for the implementation of which the Secretaries for Finance, Agriculture and Trade shall be responsible each in so far as he is concerned.

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Given at the Palace of the Presidency, Havana, on the  
Twenty-third day of the month of June of the year One thousand  
Nine hundred and Thirty nine.

FEDERICO LAREDO,  
President

Joaquin Ochotorena,  
Secretary for Finance.

