

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Special Session, 1951

Proposed Negotiations between the United States and Cuba relating to Preferences

Note from the U.S. Delegation

For over forty years prior to the entry into force of the General Agreement, imports of Cuban products into the United States and of United States products into Cuba were admitted with preferential reduction in duties of 20 per cent or more of the most-favored-nation rate in each country's tariff. This applied to all products other than those admitted free of duty from all countries.

A number of these preferences were eliminated in the Geneva negotiations by negotiation of the most-favored-nation rate to a rate the same as or lower than the preferential rate existing on April 10, 1947.

This Exclusive Agreement also contains provisions relative to the preferences applicable to trade between the two countries in products not described in their schedules. Subject to the principles of Article 17 of the Geneva Draft Charter for an International Trade Organization, preferences on such products are to be continued by each country on products of the other country determined to have been imported in any one of four specified years (1937, 1939, 1944, 1945). Preference is eliminated on articles neither described in part II of a schedule nor imported in any one of these years. The criteria for determining whether or not preferences should be continued were general in nature, since there was not time during the Geneva negotiations to study thoroughly the complete trade between the two countries. However, both Governments have since then made determinations as to the products of the other imported during the relevant years, and have published lists indicating on which products preferences are retained and on which they are eliminated.

The Governments of Cuba and the United States are now considering negotiations for the elimination of the category of products not described in the General Agreement on which preferences are continued on the basis of trade in such products during one of the specified years. It is proposed that any products in this category agreed upon as of particular interest to the exporting country could be included in part II of the appropriate schedule, binding the present rate applicable to products of the other country or any higher rate which is less than the most-favored-nation rate. The Exclusive Agreement would then be modified to provide that the most-favored-nation rate would be applicable to all products not specified in the schedules.

The Contracting Parties are requested (1) to approve such a negotiation between the United States and Cuba for the addition, as proposed above, of new products to parts II of Schedules IX and XX without increasing present margins of preference and (2) to instruct the Executive Secretary to circulate any proposed modifications of Schedules IX and XX resulting therefrom, which may be submitted jointly by the Cuban and United States Governments, to all Contracting parties on the understanding that the schedules may be applied as modified if no objection thereto has been received by the Secretariat by the thirtieth day following the date of such circulation.