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GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL
27 May 1964

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ARTICLE XV:6 - REQUEST BY CUBA

The following communication dated 25 May has been received from the Government of Cuba.

The request of the Government of the Republic of Cuba (document L/2216/Add.1) that it be granted a waiver from the obligations provided for in paragraph 6 of Article XV of the General Agreement on Tariffs and Trade as a consequence of Cuba's withdrawal from the International Monetary Fund is due to the numerous difficulties of a legal and practical nature which would result from the application of the Special Exchange Agreement by reason of the planned character of the Cuban national economy.

The main sectors of the national economy having become the property of society as a whole, there is a State monopoly for foreign trade and the economic activity of the country is subject to overall plans directed by the State, so that the main provisions of the Special Exchange Agreement are not applicable.

Details are given below of the main features of the present economic organization of the Republic of Cuba which render difficult and unnecessary the application of the Special Exchange Agreement as hitherto in force.

1. The minimum quantities to be imported and the exports necessary to finance imports are laid down in the Annual Plan for Foreign Trade. This Plan is aimed at providing as fully as possible for the requirements of production, consumption and investment in the national economy, and the fulfilment of the obligations undertaken by the Republic of Cuba under the General Agreement, trade treaties and long-term agreements with foreign countries.

2. All importing and exporting is done by State enterprises with their own independent assets and legal entities. The enterprises concerned with foreign trade conduct their activities in accordance with the relevant provisions of the General Agreement and normal trade considerations. The imports envisaged in the Annual Plan for Foreign Trade are not subject to a previous permit and payments in foreign currency are made automatically through the National Bank of Cuba.

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3. The main purpose of the system of stabilized prices in force within the country is to facilitate the implementation of the plans for developing the national economy and to guarantee the proportions for consumption and stock-piling envisaged in those plans, so that there is no direct relationship between the internal prices stabilized on a long-term basis and current world prices converted at the official rate of exchange. Imports are sold on the domestic market at the same stabilized prices as similar national products.

4. As minimum imports and exports are laid down in the Annual Plan for Foreign Trade and there is no direct relationship between internal prices and prices in world trade, variations in the official rate of exchange affect neither the volume nor the composition of the country's foreign trade. Consequently while variations in the official rate of exchange do not affect international commercial transactions, nor do they prejudice the benefits conceded by the Republic of Cuba to other contracting parties.

The Government of the Republic of Cuba gives the CONTRACTING PARTIES the assurance that, in spite of the peculiarities of its economic organization, which are not taken adequately into account in the provisions of the Special Exchange Agreement, it is prepared to apply its exchange regulations in a manner compatible with the objectives of the General Agreement and the Special Exchange Agreement.