

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/764

29 November 1957

Limited Distribution

---

CONTRACTING PARTIES  
Twelfth Session

## CUBAN TARIFF REFORM

### Report and Decision

1. The Working Party on Schedules has considered the problems arising out of the request of the Cuban Government (L/737 and Addenda; L/739) and submits herewith the draft Decision to the CONTRACTING PARTIES.
2. The Cuban delegation desired recognition that, in the case of renegotiations coming under the second sentence of paragraph 7(b) of Article XVIII, the right of other contracting parties to make compensatory withdrawals or modifications would be limited as they would have been had such negotiations taken place under the Declaration of 10 March 1955. The Working Party considered that the 1955 Declaration constituted an interpretation of this provision of Article XVIII contemporaneous with the drafting of it, which had not been challenged, and that, consequently, the right of other contracting parties would be so limited in the case of any Cuban renegotiation coming under the second sentence of paragraph 7(b).
3. The Working Party wishes to indicate that the action under the waiver provided for in paragraph 1 of the Decision would apply only to a product on which negotiations may not have been completed. As soon as the negotiations on any products have been completed the waiver would cease to be applicable to those products.
4. The provisions of paragraph 1(b) of the Decision relating to allocation among sources of supply are not to be read as preventing such allocation if this were required by Article XIII.
5. The United States delegation reserved its position on the recommendations of the Working Party.

### Draft Decision

#### CONSIDERING

- (a) that the Cuban Government intends to apply in 1958 the customs tariff which has been completely revised for the purposes described in document L/737 and in the statement made by the Cuban representative at the fifteenth meeting of the Twelfth Session of the CONTRACTING PARTIES;

- (b) that Cuba finds itself in an exceptional trading position and that the general tariff of Cuba will be put into effect as soon as promulgated;
- (c) that the application of the revised tariff will involve modification or withdrawal in respect of a number of products of the treatment provided for in Schedule IX;
- (d) that it is the intention of the Cuban Government to enter into negotiations for such modifications and withdrawals pursuant to the provisions of paragraphs 1 to 3 of Article XXVIII or, where applicable, pursuant to the provisions of Section A of Article XVIII, and in order that negotiations may be carried out under the provisions of Article XXVIII, it has notified the CONTRACTING PARTIES within the terms provided for in paragraph 5 of that Article; and
- (e) that the Cuban Government whilst accepting that in these negotiations the principle of paragraph 2 of Article XXVIII shall be respected, has requested that in judging the acceptability of the concessions to be offered by Cuba in compensation for the proposed modifications and withdrawals, the contracting parties concerned take due account of the special circumstances of Cuba and the nature and purpose of its tariff reform;

NOTING

that the Cuban Government has stated that, in the event of failure to reach agreement in any such negotiations, it may raise the questions involved with the CONTRACTING PARTIES;

The contracting parties with which concessions which are proposed to be modified or withdrawn were initially negotiated, and contracting parties with a principal supplying or substantial interest;

DECLARE

(1) that in the negotiations referred to in paragraph (c) above, they will in considering the adequacy of compensation offered by Cuba for modifications or withdrawals of concessions in Schedule IX take due account of the position of Cuba in the light of the principle that special consideration should be given to a country which has bound a high proportion of its tariffs at very low rates of duty, and to this extent has less scope than other contracting parties to make compensatory adjustment;

(2) that every effort will be made to carry out and conclude the negotiations by 30 June 1958;

The CONTRACTING PARTIES

DECIDE, pursuant to the provisions of paragraph 5 of Article XXV,

that the application to Cuba of the provisions of Article XI shall be suspended to the extent necessary to enable Cuba, from the entry into force of the new tariff until the thirtieth day after the conclusion of the negotiations, to take action to prevent abnormal imports of products listed in Schedule IX and affected by the negotiations, designed to forestall the effect of the increased rates of duty provided for in the revised Cuban tariff, provided that:

- (a) imports shall not be thus restricted below the highest level of imports of the product concerned for the corresponding period in 1955, 1956, or 1957 and, in determining the restrictions to be applied, the Cuban Government shall take into account normal increases in domestic consumption and the desirability of not delaying the entry of goods en route;
- (b) that no measure applying such restrictions shall be promulgated until there is practical evidence that the level of imports of the products concerned exceeds such highest level for the corresponding monthly or seasonal period, nor shall provide for any allocation among sources of supply;
- (c) that there is no measure consistent with the provisions of the General Agreement which is practicable in order to achieve the purposes referred to in this part of this Decision.

DECIDE FURTHER

that Cuba is eligible under paragraph 4(a) of Article XVIII to resort in the negotiations referred to in this Decision, including the Declaration embodied therein, to the provisions and procedures of Section A of that Article where appropriate, provided that Cuba shall at the outset of negotiations indicate the products in respect of which those provisions and procedures are invoked.