

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Sixteenth Session

REPORT OF THE PANEL ON ARTICLE XVIII ON THE REQUEST BY CUBA FOR EXTENSION OF A RELEASE

1. The Working Party, in accordance with its terms of reference, has considered, in consultation with the representatives of Cuba and other interested contracting parties, the request made by Cuba for a further extension of the release granted under the old provisions of Article XVIII in 1949 and extended by a decision dated 2 March 1955 (BISD, Third Supplement, page 45). In support of its request, the Cuban delegation to the fifteenth session had submitted a note covering the points which should be the subject of consultation under paragraph 14 of Article XVIII (L/1031 and Add.1).
2. The Panel noted that the products in question fell under Cuban customs tariff item No. 57-04-01 "Henequen and sisal, raw or manufactured, but not spinned, including scrap", which corresponded to the old tariff item Ex.129-A "Fibres of henequen and sisal" on which the old release was granted. That release expired on 10 August 1959, and at the last session the CONTRACTING PARTIES agreed that the Cuban Government, having notified the CONTRACTING PARTIES of its intention to continue to invoke the provisions of Section C of Article XVIII, should be considered free to maintain the measure in question until such time as the CONTRACTING PARTIES took a decision on the notification at the present session.
3. The Panel took note of the information contained in the statement in L/1031/Add.1 and in the course of the consultation clarified certain points and heard supplementary explanations by the Cuban representative of the difficulties faced by the Cuban industry. The Cuban representative drew the attention of the Panel to the economic conditions in Cuba which, as an under-developed country, had only very recently initiated measures aimed at improving the lot of its population. The economy was still faced with numerous difficulties, and in the case of the industry under discussion, the Government considered it necessary to foster its development which should contribute to improving the general standard of living.
4. The Panel was advised that the special difficulties described in the original applications in 1949 and in the request for extension in 1955 had not only persisted but had been accentuated in recent years. Certain events had caused upheavals in the local economy and, for a time had disrupted the normal activities of the industry. It could be argued that during that period, the industry was unable to make use of the release granted and that this should be compensated by a further period of protection. Consequently the Cuban Government considered

that, in order that the efforts which had so far been made towards establishing the industry through action authorized under Article XVIII should not be in vain, the CONTRACTING PARTIES should be requested to examine the possibility of extending the release for a further period.

5. In the course of discussion, the Cuban representative agreed to shorten the period of extension requested from five years to three years. The Cuban representative also informed the Panel that the Government had launched new comprehensive plans for social reform, including various schemes aimed at improving labour productivity and economic development. These measures should have the effect of fostering the development of all industries, including the sisal and henequen industry. The CONTRACTING PARTIES could therefore be assured that the industry would soon attain a position where it would be self-sustaining and would require no further artificial protection. In any case, steps would be taken to ensure that, should the need arise, any further protection beyond the extended period of release would be secured through measures consistent with the provisions of the General Agreement, such as the customs tariff.

6. In the light of this assurance, the Panel recommends that the CONTRACTING PARTIES concur in the continued maintenance of the measure which was the subject of the releases granted in 1949 and 1955, for a further period of three years beginning on 10 August 1959, the date on which the original release expired.

ANNEX

Draft Decision

CONSIDERING that the Government of Cuba is eligible under paragraph 4(a) of Article XVIII to have recourse to the provisions and procedures set out in Section C of that Article;

CONSIDERING that the Government of Cuba has notified the CONTRACTING PARTIES pursuant to paragraph 14 of Article XVIII, of the special difficulties which it meets in the establishment of a particular industry and of its intention to continue the quota restriction on which releases under Article XVIII were granted by Decisions dated 10 August 1949 and 2 March 1955;

CONSIDERING FURTHER that there is, in present circumstances, no measure consistent with the provisions of the General Agreement which is practicable in order to give the governmental assistance required to achieve the objective proposed consistently with the terms of paragraph 13 of Article XVIII,

The CONTRACTING PARTIES, acting under paragraph 16 of Article XVIII, CONCUR in the continued application by the Government of Cuba of the import quota system established by Decree No. 1693 of 23 June 1939 to products falling under the following tariff item in the Cuban Customs Tariff of 1958, for a period of three years beginning on 10 August 1959:

57-04-01 - Henequen and sisal, raw or manufactured, but not
spinned, including scrap.