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For Immediate Attention

EBD/61/68

June 13, 1961

To: Members of the Executive Board  
From: The Secretary  
Subject: Inquiry under Article VIII, Section 2(b)

A New York law firm has inquired, in connection with prospective litigation in the courts of New York, as to the consistency with the Fund Agreement of exchange restrictions maintained by Cuba. In view of the interest of the Fund in maintaining the effectiveness of Article VIII, Section 2(b), it is recommended that the Fund's response be in accordance with Attachment A.

It is proposed to send the attached letter on Friday, June 16, 1961.

Att: (1)

Other Distribution:  
Department Heads  
Division Chiefs

ATTACHMENT A

Dear Mr. Tait:

This is in response to your inquiry concerning the consistency with the Articles of Agreement of exchange restrictions maintained or imposed by Cuba.

A member of the Fund, like Cuba, which has accepted the obligations of Article VIII is required to obtain Fund approval of exchange restrictions on current transactions, multiple currency practices and discriminatory currency arrangements pursuant to Article VIII, Sections 2 and 3 of the Fund's Articles of Agreement. The Fund has approved the maintenance by Cuba of a two per cent exchange tax on remittances abroad. Any other existing restrictions on current transactions, multiple currency practices or discriminatory currency arrangements do not have the Fund's approval.

In accordance with the Articles of Agreement, Fund approval for controls of capital transfers is not required. Thus, to the extent any controls are confined to capital transfers, they are maintained or imposed consistently with the Fund's Articles of Agreement.

Very truly yours,

Roman L. Horne  
Secretary

Mr. Robin T. Tait  
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