

EBD/64/67

May 20, 1964

To: Members of the Executive Board
From: The Secretary
Subject: Cuba's Relations with the GATT

Attached for the information of Executive Directors are copies of two GATT documents relating to the position of Cuba in respect of Article XV:6 of the General Agreement on Tariffs and Trade. In document L/2216 (Attachment I) it is noted that Article XV:6 of the General Agreement provides that a contracting party which ceases to be a member of the Fund shall forthwith enter into a special exchange agreement with the CONTRACTING PARTIES. The document also notes, that, after receipt of information from the Fund that Cuba had withdrawn from membership in the Fund, the Executive Secretary communicated with the permanent delegation of Cuba in Geneva on this matter. In the communication reproduced in document L/2216/Add.1 (Attachment II) it is indicated that Cuba is seeking a waiver from the obligations in GATT Article XV:6.

Waivers from the requirement to enter into a special exchange agreement have in the past been granted by the CONTRACTING PARTIES to New Zealand and Czechoslovakia, and each waiver was subsequently modified. The waiver granted to Czechoslovakia is still in effect and its current text is reproduced in Attachment III. This waiver provides for consultation between Czechoslovakia and the CONTRACTING PARTIES only at the request of a contracting party which considers that Czechoslovakia has taken exchange action which may have a significant effect on the application of the provisions of the General Agreement or is inconsistent with the principles of the special exchange agreement.

Att:(3)

Other Distribution:
Department Heads
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GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/2216

May 1964

Limited Distribution

Original: English

ARTICLE XV:6 - CUBA

Having been informed by the International Monetary Fund that Cuba had withdrawn from membership in the Fund, the Executive Secretary addressed the following communication on 20 April 1964 to the permanent delegation of Cuba in Geneva:

"The Executive Secretary has been informed by the International Monetary Fund that the Government of Cuba has withdrawn from membership in the Fund as from 2 April 1964, and I am writing to you about a question to which this gives rise under the provisions of the General Agreement.

"It is provided in paragraph 6 of Article XV that a contracting party which ceases to be a member of the International Monetary Fund shall forthwith enter into a special exchange agreement with the CONTRACTING PARTIES. The text of the special exchange agreement appears on page 117 of Volume II of the BISD. It is provided in the Resolution adopted by the CONTRACTING PARTIES on 20 June 1949 (page 17 of Volume II) that a contracting party which withdraws from the Fund should enter into such an agreement by depositing an instrument of acceptance not later than 30 days after it ceases to be a member of the Fund.

"I should be grateful if you would bring this to the notice of your Government and I would be pleased to discuss the matter with you at an early date in order that the necessary steps may be taken."

The following reply dated 29 April 1964 has been received:

"We refer to your letter of the 20th instant bringing to our attention the necessary steps to be taken by our country in compliance with paragraph 6 of Article XV of the General Agreement.

"We have been advised by our Government that the necessary documents have been forwarded for presentation to the Chairman of the CONTRACTING PARTIES.

"It takes more than two weeks for correspondence coming from Havana to arrive to this city, so we beg your indulgence to take this into consideration and allow the additional time necessary for the reception of the documents in view of the existing force majeure circumstances.

"We should be grateful if you would kindly confirm your agreement with the above."

This reply has been acknowledged as follows:

"Thank you for your letter of 29 April concerning the steps taken by the Government of Cuba to comply with paragraph 6 of Article XV. The text of your letter is being circulated for the information on contracting parties.

"I am sure that the reasons for the delay in the reception here of the documents concerned will be fully appreciated and that no difficulty will arise."

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/2216/Add.1
8 May 1964

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Original: Spanish

ARTICLE XV:6 - CUBA

Addendum

The following further communication has been received from the Deputy Permanent Representative of Cuba in Geneva.

"I have the honour to inform you, on the instructions of my Government, that Cuba requests the CONTRACTING PARTIES to grant it a waiver from the obligations provided for in paragraph 6 of Article XV as a consequence of Cuba's withdrawal from the International Monetary Fund.

"It is the view of my Government that the application of the special exchange agreement in the case of the Republic of Cuba would raise a number of difficulties of a legal and practical nature, notwithstanding which Cuba is prepared to give an assurance to the CONTRACTING PARTIES that any exchange measures which it may adopt will be compatible with the principles of the special agreement as well as with the objectives of the General Agreement."

This matter will be included in the agenda for the next meeting of the Council of Representatives.

CONTRACTING PARTIES to the General Agreement on Tariffs and Trade

Waiver Granted to Czechoslovakia of the Provisions of Article XV:6 - Decision of 5 March 1955^{1/} as amended by the Decision of 30 November 1957^{2/}

Having received from the Government of Czechoslovakia a request to be relieved from the requirements prescribed in paragraph 6 of Article XV of the General Agreement that any contracting party which is not a member of the International Monetary Fund shall become a member of the Fund or failing that enter into a special exchange agreement with the CONTRACTING PARTIES;

Noting that, owing to special circumstances, the application of the provisions of paragraph 6 of Article XV to Czechoslovakia would raise a number of legal and practical difficulties; and

Noting the assurances given by Czechoslovakia that it will act in exchange matters in a manner fully consistent with the principles of the special exchange agreement as adopted by the CONTRACTING PARTIES in their Resolution of 20 June 1949 and in accordance with the intent of the General Agreement;

The CONTRACTING PARTIES, acting pursuant to the provisions of Article XXV:5(a) of the General Agreement,

Decide

1. Without derogation from any other provisions of Article XV Czechoslovakia shall be relieved from the provisions of paragraph 6 of Article XV, for such time as Czechoslovakia satisfies the CONTRACTING PARTIES by means of such consultations as may be held pursuant to this Decision, together with the information required to be reported to the CONTRACTING PARTIES, that its action in exchange matters is fully consistent with the principles of the special exchange agreement and in accordance with the intent of the General Agreement.

2. Czechoslovakia shall report to the CONTRACTING PARTIES promptly on any action taken by it which would have been required to be reported to the CONTRACTING PARTIES had Czechoslovakia signed the special exchange agreement.

3. Czechoslovakia shall consult at any time, subject to thirty days' notice, with the CONTRACTING PARTIES at the request of any contracting party which considers that Czechoslovakia has taken exchange action which may have a significant effect on the application of the provisions of the General Agreement or is inconsistent with the principles of the special exchange agreement.

4. If as a result of the consultation referred to in paragraph 3, the CONTRACTING PARTIES find that Czechoslovakia has taken exchange action contrary to the intent of the General Agreement they may determine that the present Decision shall cease to apply and Czechoslovakia will thereafter be bound by the provisions of paragraph 6 of Article XV of the General Agreement.

^{1/} For the original text see BISD, Third Supplement, page 43.

^{2/} See page 38 for the Report adopted by the CONTRACTING PARTIES.