

# WORLD TRADE ORGANIZATION

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General Council  
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## CUBA

### Report of the Government of Cuba under the Decision of 14 October 1996<sup>1</sup>

The following communication, dated 13 November, has been received from the Permanent Mission of Cuba.

Pursuant to the provisions of Article IX:4 of the Agreement Establishing the World Trade Organization, the Republic of Cuba submits this second annual report corresponding to the waiver granted to it with respect to Article XV:6 of the General Agreement on Tariffs and Trade 1994 (document WT/L/182) on 14 October 1996.

In this connection, the Government of Cuba wishes to state that a process of severe decline of the Cuban economy began in 1990, the accumulated amount of which reached 35 per cent in 1993, entirely as a result of the disappearance of the country's main trading partners, which caused a total decrease in commercial interchange of about 80 per cent.

From 1993 onwards, a series of domestic measures were adopted the objective of which was to correct, in a rational and gradual way, the macroeconomic imbalances in our economy and to consolidate a development process fully inserted into the international economy.

The Cuban economy began a process of economic decentralization, implying substantial changes therein. Examples of this are that about 67 per cent of the total arable land of the country is now being worked by cooperatives and individual farmers, licences have been granted to about 170,000 persons working for their own account, more than 300 mixed associations with a participation of foreign capital have been established and three free zones were organized in 1997. As a result of the decentralization of foreign trade, more than 300 companies are carrying out export and import operations and more than 600 trade representatives of foreign firms are operating.

These economic transformations and the new monetary, financial and credit conditions in which the Cuban economy is developing, highlighted the need to restructure the national banking system, not only from the institutional point of view but also in terms of the financial services it renders and their modernization.

Within the objectives of the banking reorganization, a prime aspect was the establishment of a Central Bank, exclusively responsible for the functions of such an institution and to watch over the stability of our currency, separating from it in this way the functions of a commercial bank that the National Bank of Cuba had been performing.

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<sup>1</sup> WT/L/182.

Another important element introduced was the endowment of the system with a group of entities having the organizational and institutional versatility of forms required to meet the needs of the country's credit and financial services and to support the development of the links between our undertakings and foreign financial and banking markets.

On the basis of the above approach, the banking system now consists of a Central Bank, seven commercial banks and nine non-banking financial institutions. In addition, 16 representative offices of foreign financial institutions, 13 of which are banks, have been licensed.

On the other hand, our economy continues to be limited in its possibilities of access to sources of foreign borrowing, basically as a result of the recrudescence of the blockade imposed by the United States. The above considerations, combined with our country's external debt situation, have obliged the Cuban authorities to maintain an exchange policy which makes it possible to encourage the economic growth that began in 1994 and to maintain the effective functioning of the economy in present conditions, so as to preserve the important advances that have been achieved in the economic and social field.

Consequently, we consider that, in the present situation in which the Cuban economy is developing and its projection over the next few years, the circumstances that justified the concession to our country of the waiver with respect to the provisions of Article XV:6 of GATT 1994 (which provide that any contracting party which ceases to be a member of the IMF shall enter into a special exchange agreement with the WTO) continue to exist, since the application of Article XV:6 to Cuba would cause it a number of difficulties of a legal and practical nature.

We also wish to confirm that the exchange measures applied by Cuba continue to be fully consistent with the principles and intent of the General Agreement.

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