

BANCO CENTRAL DE CUBA

RESOLUTION No. 80/2004

WHEREAS: The government of the United States has in recent months escalated its economic war against the Cuban people, imposing new measures designed to systematically hinder our country's external financial flows, causing severe damage and creating serious risks for the exercise of our normal international financial operations,

WHEREAS: As part of this policy, the government of the United States has intensified its pressures on and threats against foreign banks, with the aim of preventing Cuba from depositing abroad - for the purposes of meeting its trade-related obligations - the US dollars spent by Cubans and visitors at the Cuban establishments that accept this currency in payment for goods or services,

WHEREAS: The Deputy Assistant Secretary of State for Western Hemisphere Affairs at the US Department of State recently announced the setting up of a "Cuban Asset Targeting Group" composed of officials from various government agencies and tasked with intercepting and obstructing monetary flows to and from Cuba, thereby constituting a new attack that is without precedent in the history of international financial relations,

WHEREAS: The situation thus created calls for the adoption of urgent measures to protect Cuban interests from the severe damage that these actions cause,

WHEREAS: Art. 36(a) of Decree Law No.172 of May 28,1997 ("Concerning the Banco Central de Cuba") states that the Chairman of the Banco Central de Cuba is entitled to promulgating, where needed for the exercise of the Bank's functions, resolutions, instructions and other provisions that are binding on all entities, agencies, firms and state enterprises, organizations and businesses and other associations, as well as cooperatives, the private sector and the general public,

WHEREAS: The author of this Resolution was appointed a government minister and Chairman of the Banco Central de Cuba by resolution of the Council of State passed on June 13, 1997,

ACCORDINGLY: By virtue of the powers vested in me and following consultation with the President of the Councils of State and of Ministers, I have passed the following

RESOLUTION:

I- “Regarding the holding of US dollars and other hard currencies circulating in Cuba,
by members of the general public”

Article 1: As hitherto, members of the general public may hold any amount of US dollars or any other hard currency, without restriction of any kind.

II- “Regarding cash payments in freely-convertible currency
from November 8, 2004 onwards”

Article 2: As from November 8, 2004 onwards, all parties that currently accept US dollars in cash from transactions within Cuba's borders shall accept only convertible pesos.

This measure shall apply in all cases, both to the Cuban public and to foreign visitors. The enterprises affected include: shops, hotels, restaurants, bars, cafeterias, taxis, car rental agencies and all others currently accepting cash payments in US dollars.

As mentioned earlier, implementation of this measure does not entail any restriction on the holding of US dollars or any other hard currency.

Article 3: The convertible peso will retain its existing one-to-one parity with the US dollar.

Article 4: The exchange of US dollars in cash for convertible pesos on or after November 8, 2004 will incur lien at a rate of 10%, reflecting the cost and risks to the Cuban economy of handling US dollars, deriving from the above-mentioned measures introduced by the US administration.

As regards the remaining hard currencies dealt in at present in Cuba - the euro, Canadian dollar, pound sterling and Swiss franc - these will be exchanged for convertible pesos without lien and by reference to their rates of exchange against the US dollar in the international market. It may become possible for the banks and exchange bureaus to include among their services the exchange of other currencies.

As from November 8, 2004, the exchange bureaus will apply the 10% lien also to US dollars in cash used to purchase Cuban pesos. As hitherto, it will be possible to purchase Cuban pesos with euros, Canadian dollars, pounds sterling or Swiss francs without incurring the 10% lien.

Article 5: Euros will continue to be accepted in the resorts that currently accept this currency.

III- “Regarding the use and operation of bank accounts and debit and credit cards in
freely-convertible currency, by Cuban and foreign individuals”

Article 6: Existing accounts in US dollars held by members of the public at Cuban banks are fully guaranteed. Withdrawals from such accounts can be made at any time, without time limit or other restriction of any kind, in US dollars or convertible pesos according to the customer's wishes, at the current exchange rate of 1:1 and without application of the 10% lien. Cash deposits to these accounts in US dollars will cease to be accepted after November 7, 2004; deposits received by bank transfer in any hard currency will be accepted, as will cash deposits in convertible pesos, euros, Canadian dollars, pounds sterling or Swiss francs, with conversion at the exchange rate prevailing in the international market.

The rules described in the preceding paragraph apply equally to foreign individuals' existing US dollar accounts at Cuban banks.

Article 7: As from November 8, 2004, new accounts can be opened and fixed-term deposits made in US dollars but they will be subject to the restriction that all cash withdrawals and deposits must be made in US dollars.

Article 8: Accounts in convertible pesos will continue to enjoy all the existing guarantees and banking services. Cash deposits of US dollars to such accounts will not be accepted after November 7, 2004.

Article 9: Existing US dollar and convertible-peso fixed-term deposits and Certificates of Deposit are fully guaranteed, are exempt from the 10% lien and their original terms and conditions are unaffected. As regards fixed-term deposits and Certificates of Deposit in US dollars effective on November 7, 2004, the principal and interest on these at maturity will be disbursed in US dollars or convertible pesos, according to the customer's wishes, at the current exchange rate of 1:1 and without incurring the 10% lien. Alternatively, they can be converted into convertible-peso deposits, also at the exchange rate of 1:1 and without incurring the 10% lien. Such deposits can be renewed by the customer as often as they choose, without losing said privileges.

Article 10: Transactions effected with debit or credit cards accepted in Cuba, whether as payment or to withdraw cash, will remain unchanged and will not attract the 10% lien.

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IV- "Regarding the use of cash and the operation of bank accounts in hard currency by firms and similar organizations"

Article 11: From November 8, 2004, cash deposits in US dollars will no longer be accepted for the credit of existing US dollar accounts maintained by joint-venture concerns, foreign-owned companies and diplomatic and other foreign representations. Cash withdrawals from such accounts at the request of the holder in US dollars or convertible pesos will not be subject to the 10% lien. In exceptional cases, the Banco Central de Cuba may permit cash deposits of US dollars for the credit of certain of the above-mentioned account holders, however, such transactions will incur the 10% lien.

Article 12: As regards accounts in convertible pesos held by state-owned enterprises, 100% Cuban-owned trading companies, organizations funded from the national budget and other legally-constituted bodies, the present rules for cash withdrawals from such accounts will continue to apply. As from November 8 2004, cash deposits in US dollars will not be accepted for the credit of these accounts. In exceptional cases, the Banco Central de Cuba may permit cash deposits of US dollars for the credit of certain of the above-mentioned account holders, however, such transactions will incur the 10% lien.

V- “Agencies allowed to deal in foreign exchange.”

Article 13: As from October 28, 2004, convertible pesos will be available in exchange for US dollars at any of the following locations:

- The exchange bureaus. These will also exchange euros, Canadian dollars, Swiss francs and pounds sterling, on the basis of the relevant rates of exchange in the international market.
- Banks. These will exchange amounts of 10 US dollars or greater, except in those areas where there are no exchange bureaus; in these cases, they will exchange any amount. The banks will also exchange euros, Canadian dollars, Swiss francs and pounds sterling, on the basis of the relevant rates of exchange in the international market.
- Selected hard-currency shops and certain other outlets authorized for the purpose. Convertible pesos only will be available for exchange of US dollars, in multiples of 10 dollars.
- Hotels. These will also exchange euros, Canadian dollars, Swiss francs and pounds sterling, on the basis of the relevant rates of exchange in the international market. The service will be restricted to hotel guests.

During the period from October 28 to November 7, 2004, convertible pesos will be available in exchange for US dollars without application of the 10% lien. The latter will be applied to such transactions as from November 8, 2004.

Article 14: US dollars will be available in exchange for convertible pesos at the exchange bureaus, banks and hotels; these will restrict this service to their guests.

Visitors from abroad will also be able to change convertible pesos back US dollars or other accepted currencies at international airports.

Article 15: The hotels, hard-currency shops and other establishments authorized as mentioned will hold foreign-exchange dealing licences issued by the Banco Central de Cuba.

VI- “Effective date.”

Article 16: This Resolution shall take effect as from October 28, 2004, except as regards collections on transactions in convertible pesos only and application of the 10% lien on use of the US dollar in cash; these will take effect as from November 8, 2004.

Article 17: The measures introduced by this Resolution apply only to transactions effected in Cuba and in no case prejudice the exercise of guarantees issued to foreign firms by Cuban financial institutions, nor the availability of the hard-currency funds needed by Cuban financial institutions to meet their obligations to foreign firms.

TRANSITIONAL ARRANGEMENTS

1. The arrangements mentioned in Article 6 of this Resolution shall apply also to US dollar accounts opened between October 26 and November 7, 2004.
2. From October 28 to November 5, 2004, banks throughout Cuba, other than the Havana branches of BFI and BICSA, will serve their business customers during the morning session only, up to 12:00 noon. Thereafter, they will focus on providing banking services, including foreign-exchange operations, to the general public. In addition, also with the exception of the Havana branches of BFI and BICSA, the banks throughout Cuba will open on Saturday and Sunday, November 6 and 7, respectively, from 9:00 a.m. to 3:00 p.m. to provide the abovementioned services to the general public.

NOTIFY TO the Minister of Finance and Prices, the Minister of Economics and Planning, the Minister for Tourism and the Chairmen of Banco de Crédito y Comercio, Banco Financiero Internacional S.A, Banco Internacional de Comercio S.A, Banco Metropolitano S.A, Banco Popular de Ahorro, Grupo Nueva Banca S.A, Cadeca S.A and the Directors of Issues & Securities and Treasury, both at the Banco Central de Cuba.

ADVISE the Secretary to the Executive Committee of the Council of Ministers, the heads of the central government agencies, the Chairman of the National Assembly of the People's Power, the Chairmen of the Provincial Administrative Committees of the People's Power; the Attorney General of the Republic; the Chairman of the People's Supreme Court; the First Vice Chairman, Vice Chairmen, Superintendent, Auditor and Directors of the Banco Central de Cuba, as well as such other individuals and organizations as should be apprised hereof.

PUBLISH in the Official Gazette of the Republic of Cuba.

FILE the original in the Secretariat of the Banco Central de Cuba.

Issued in Havana on 23rd October 2004.

Francisco Soberón Valdés
Minister, Chairman
Banco Central de Cuba