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*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM 1480

Washington, May 8, 1961

CONFIDENTIAL. OPIMMEDIATE.

Reference: Our Tel 1324 Apr 25.†

Repeat for Information: T&C (Roberts) Ottawa, Finance (Plumptre) Ottawa, PCO (Bryce) Ottawa (OpImmediate) from Ottawa.

CUBA; FAC CONTROLS

1. The Under-Secretary of State for Economic Affairs, George Ball, asked me to call on him after noon today, May 8. He told me that (largely as a result of domestic political pressures) further active consideration was being given to the application of Trading With the Enemy provisions to Cuba and that the State Department were mindful of their undertaking to inform us in advance before action was taken. Martin, Assistant Secretary, Ivan White, Deputy Assistant Secretary for European Affairs, and other USA officials here present. Schwarzmann was with me.

2. Ball said that Treasury had been examining the law and regulations in relation to the understanding which had been reached with Canadian ministers at the time of the meeting in Washington of the Joint Cabinet Committee on Trade and Economic Affairs viz that, in the event that the FAC regulations were applied to Cuba, USA would arrange to exempt USA controlled subsidiary concerns in Canada.

3. Treasury officials were of opinion that it would not repeat not be possible to provide in the order applying the regulations to Cuba an exemption for Canadian (or foreign) companies without opening the door to frustration throughout the world of USA policy concerning trade with Communist countries (e.g. by the incorporation of foreign subsidiaries). Such a general exemption, you will recall, was the course that had been contemplated when Mr. Fleming and Mr. Hees discussed the matter with Mr. Dillon and Mr. Ball on March 14 (our telegram 820 March 15).†

4. Ball said that USA officials had given consideration to what alternative course might meet Canadian requirements. It was now suggested that, to meet the Canadian situation, a press release be issued, at the time the order was made, to the effect that in view of Canadian trade policy respecting Cuba, USA companies which had subsidiaries organized in Canada and whose transactions were subject to Canadian law might apply for blanket Treasury licences pursuant to which the subsidiaries could transact with Cuba in accordance with Canadian law.

5. In response to this proposal, I said at once that (apart from the wisdom of any such action, upon which Ball knew our views) this was a very different procedure to that which had been agreed in March. We would, of course, consider what USA authorities now proposed but it did not repeat not seem to me that it could be other than objectionable from the Canadian point of view for reasons with which USA officials were fully familiar. Indeed I felt that the adverse reaction in Canada would be very strong. The Canadian attitude had been fully set forth on a number of occasions and we had thought that USA departments concerned had agreed to avoid the difficulty by an exemption of all firms in Canada which were owned or controlled in USA. The present proposal, on the other hand, seemed to me to involve an assertion of USA right to