

observer at the Quito meeting. Incidentally he confirmed that this would now certainly have to be postponed.

5. I should add that in our conversation concerning the landings I left the Secretary in no repeat no doubt that USA involvement in the refugee military operations was widely regarded in Canada as a serious mistake. Further there was no repeat no disposition on Rusk's part to regard what Mr. Diefenbaker had said as in any way supporting this unfortunate operation.

[A.D.P.] HEENEY

826.

DEA/11280-1-40

*Note du chef de la 1<sup>ère</sup> Direction économique  
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Economic (1) Division,  
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa], May 3, 1961

FURTHER UNITED STATES ECONOMIC MEASURES AGAINST CUBA

According to our Embassy in Washington (its telegram No. 1324 of April 25, 1961),† the possibility that the 'Trade with the Enemy' Act will be invoked by the United States against Cuba is still very much alive. Recent United States press reports speculate that Foreign Assets Control regulations may soon be applied against Cuba.

2. Our Embassy has again been assured that it will be informed privately in advance of any announcement by the United States to impose these regulations against Cuba. However, this may only be very shortly before an announcement is made, and in view of the complexity of the issues that would be raised for us, it might be appropriate already to examine the forms the United States decision might take and the courses that would be open to us.<sup>11</sup>

3. You will recall that about a month ago our Embassy was informed by the State Department that, if the F.A.C. regulations were applied against Cuba, foreign subsidiaries, including of course United States subsidiaries in Canada, would be exempted. The Embassy considers that it has received a categorical assurance. However, in view of recent developments in the Cuban situation, the possibility that this exemption will not be made should perhaps not entirely be ruled out. The United States Government is probably far less disposed now to provide for an exemption. It may also feel, despite our strong stand on the application of the F.A.C. regulations to oil bunkers for grain ships to China, that the Canadian reaction to the application of these regulations to Cuba without exemption should not be as adverse as it would have been earlier, in view of their reaction to the statement on Cuba made on April 19 by the Prime Minister in the House of Commons, and Dr. Castro's recent declaration that Cuba has become a socialist state.<sup>12</sup>

4. If, on the other hand, the United States Government maintains its decision to exempt Canadian subsidiaries, we may nonetheless be faced with a United States request to consider control measures of our own designed to ensure that the United States Foreign Assets Control

<sup>11</sup> Note marginale :/Marginal note:

Heeney's recent conversations with Ball. We have had no reference to any positive action they might seek from us. – I think we should not revive discussion of Canadian export controls.

If we do have to make a move there may be some advantage in moving under an agreement with U.S. rather than by simply putting Cuba in "the Communist bloc" for trade purposes. N.A. R[obertson] 9.5.61

<sup>12</sup> Voir/See document 821.