

with any other and most have different justifications and purposes. In brief there is no generally agreed list of "strategic" commodities in existence nor any clear definition of these terms. Whether any particular commodity has strategic significance is a matter of judgment to be made by the appropriate authorities of each country in the light of the possible end use and destination of the item concerned and of that country's foreign policy objectives and assessments. In these circumstances it is clear that the meaning of the assurances given the U.S. is that no commodities, which *we consider* to be strategic, would be allowed to go to Cuba, even though of Canadian origin. It could develop however that some items which are not on our lists could be regarded as strategic in the U.S.

3. United States ministers also suggested that, if the U.S. were to exempt Canadian subsidiaries of U.S. firms from the application of the Foreign Assets Control Regulations to transactions with Cuba, Canada should consider control measures of its own on certain sensitive items such as replacement parts for trucks and oil and sugar refinery equipment, in order to ensure that the U.S. controls were not frustrated by exports from Canada. It should be noted that this could not be done within the framework of existing Canadian regulations. The items mentioned above do not appear at the present time on the Export Control list and the only ways to control them would be either to list them or put Cuba on the Area Control list. The former course would involve an intergovernmental agreement with the U.S.; the latter would mean we regard Cuba as part of the Communist Bloc. Both courses would involve a good deal of public explanation. In fact it could mean that we were enforcing stricter controls on exports to Cuba than to the Communist Bloc. Apart from the political issues which a public move of this kind would raise, it should also be noted that, if the commodities concerned were placed on the Export Control list, an export permit would be required for all destinations. If, on the other hand, Cuba were put on the Area Control list, all Canadian exports to Cuba, including fish, potatoes and other traditional exports, would become subject to export control. Canadian ministers gave no undertaking of any sort as to action to be taken by Canada, but made it very clear that any attempt to apply F.A.C. controls on shipments from Canadian subsidiary companies to Cuba would provoke very grave difficulties. They did however indicate their willingness to consider what could be done, if the U.S. put on F.A.C. controls but exempted firms in Canada, to prevent frustration of U.S. controls in the few sensitive areas mentioned where there had been no previous appreciable Canadian trade.

4. If the U.S. Government decides to exempt Canadian subsidiaries of U.S. companies from the application of the Foreign Assets Control Regulations to transactions with Cuba, this would be a valuable precedent for future exemptions with respect to other areas or possibly a total exemption.

N.A. R[OBERTSON]

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DEA/4723-D-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], March 28, 1961

FURTHER U.S.A. ECONOMIC MEASURES AGAINST CUBA

In our memorandum of March 24, 1961 we made some comments about the proposed application of the Foreign Assets Control Regulations by the United States to transactions with