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**VI.****EXTRATERRITORIAL LEGISLATION**

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The extraterritorial application of United States domestic legislation, outside of agreed multilateral or bilateral arrangements, promotes uncertainty in the international trading system, and can threaten legitimate Canadian economic interests.

The 1917 Trading With The Enemy Act provides the President very broad powers to act against foreign interests, in times of national emergency, by intervening in foreign purchases of U.S. assets or in the activity of foreign-owned entities in the United States. This authority is the basis of the Cuban Asset Control Regulations, which imposes the U.S. trade embargo against Cuba. Under U.S. law - Section 1706(a)(1) of the United States National Defense Authorization Act of 1993 (the "Cuban Democracy Act") - the embargo provisions purport to assert jurisdiction over the conduct of foreign subsidiaries of U.S. companies, including those incorporated in Canada.

In addition, the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, or Helms/Burton bill, which expands the ambit of the Cuban embargo, was passed in March, 1996. It contains a number of measures to discourage foreign investment in Cuba, by proposing measures against foreign nationals who take an interest in property that was expropriated from U.S. citizens. Many of the legislation's proposed measures are extraterritorial in effect and would have a direct impact on Canada. They are contrary to the methods and procedures available under international law for the settlement of international claims.

Another bill currently before Congress (the "D'Amato Bill") would impose sanctions on persons, including foreign persons, investing in either Iran's or Libya's oil and gas sector. The Canadian government has registered its concerns with regard to the extraterritorial effect of such measures.

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