
VI.**EXTRATERRITORIAL LEGISLATION**

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 U.S. 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, legislation currently before both houses of the U.S. Congress, the Cuban Liberty and Democratic Solidarity (LIBRDAD) Act of 1995, would expand the ambit of the Cuban embargo. The bill contains a number of measures to discourage foreign investment in Cuba, by proposing measures against investors who take an interest in property that was expropriated from U.S. citizens. The bill would also deny access to the U.S. sugar market for those countries that import sugar from Cuba. Many of the bill's proposed measures are extraterritorial in effect and would have a direct impact on Canada. These measures are contrary to the methods and procedures available under international law for the settlement of international claims.
