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CANADIAN TRADE WITH CUBA.

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The policy in effect is as follows:

(1) No shipment of arms, ammunition, military and related equipment, or materials of a clearly strategic nature will be or has been licensed for export from Canada to Cuba for more than a year. This course is based on the Government's general policy of refraining from exporting such goods or commodities to areas of tension anywhere in the world.

(2) A tight control is exercised on the export of goods such as aircraft engines which may in certain circumstances have strategic significance. Individual export permits are required in each case and, as applications are received, the circumstances determine whether the export of the goods concerned has a strategic significance, and if not a permit is issued.

(3) As to Canadian goods of a non-strategic nature, there are no limitations on such trade with Cuba.

In answer to those well-intentioned people who feel that Canada should follow the course taken by the United States, I would emphasize that no other country,

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including each and all of the NATO allies of the United States, such as the United Kingdom, France, West Germany, Belgium, Norway and other member nations, has taken any action to impose a similar trade embargo to that of the United States.

For Canada to restrict exports of non-strategic Canadian goods to Cuba in conformity with the United States embargo would be to impose a stricter control on trade with Cuba than we have with the countries of the Sino-Soviet bloc.

Indeed, Cuba has been a traditional market for certain Canadian food products -- notably fish and potatoes -- and the United States itself is continuing to ship food and drug products to Cuba.

Embargoes and trade controls are powerful and sometimes double-edged weapons. If we use them towards Cuba we may be under pressure to use them elsewhere and unnecessary damage will be done to Canadian trade, present or prospective. As a country which lives by international trade, Canada cannot lightly resort to the weapons of a trade war.

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As to goods of United States origin, there is no basis for the fears which have been voiced that such goods, which can be exported to Canada without control, can be trans-shipped from Canada to Cuba, thus evading the provisions of the United States embargo. Under existing regulations, no commodity of United States origin may be re-exported from Canada to Cuba without an individual export permit, and no permit will be issued for the re-export of United States origin goods to Cuba. In short, any possibility of back-door evasion has been blocked.

Apart from these purely commercial and economic considerations there are, of course, important political and international factors to be taken into account. The Canadian Government is by no means complacent about the situation in the Caribbean, and the operation of military and strategic material controls is clear evidence that the Canadian Government considers it to be a sensitive area.

We do not minimize American concern, but it is the Government's view that to maintain mutually beneficial economic relations with Cuba may help and contribute to the restoration of traditional relationships between Cuba and the Western world.

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Canada respects the right of every country to determine its own policy towards Cuba; we naturally expect others to respect our right to do likewise. United States authorities have explained that the "arbitrary, illegal and discriminatory" economic measures taken by the Cuban Government against United States citizens and United States interests made their embargo necessary. Canada could not justify an embargo or measures similar to those taken in the United States on this basis, for the treatment accorded Canadians and Canadian interests in Cuba has not been of a similar nature.

Canadian-Cuba trade must be seen in perspective, and there is no evidence at the present time that there is likely to be any dramatic or sustained increase in the volume of such trade, even in the peaceful items of Canadian origin in which trade with Cuba is permissible.