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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 INR-05

CIAE-00 PRS-01 SP-02 L-01 TRSE-00 RSC-01 /039 W

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R 280003Z JAN 75
FM AMEMBASSY MEXICO
to SECSTATE WASHDC 5896

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LIMDIS

E.O. 11652; GDS
TAGS: MX, CU, ESTC, CPAS
SUBJECT: UBMS. PROBLEMS WITH GOM ON TRADE WITH CUBA

REF: (A) MEXICO 10683 (B) MEXICO 759

FOR SECRETARY FROM AMBASSADOR

1. YOU WILL RECALL THAT DURING THE RECENT CHIEFS-OF-
MISSION CONFERENCE I RAISED THE GROWING LIKLIHOOD OF GOM
PRESSURING SUBSIDIARIES OF U.S. COMPANIES TO EXPORT TO CUBA.
THE EMBASSY HAD EARLIER SIGNALED THIS APPROACHING PROBLEM
IN REFTEL (B). AS IS REPORTED IN DETAIL IN SEPARATE
TELEGRAMS THIS PROBLEM IS NOW UPON US: (A) AMERICAN
AUTOMOBILE COMPANIES WERE TOLD FLATLY LAST WEEK TO OBTAIN
PERMISSION FROM THE DEPT. OF STATE TO EXPORT TO CUBA
(B) ALL MANUFACTURING FIRMS WITH AN EXPORT CAPABILITY,
WHICH INCLUDE U.S. SUBSIDIARIES AND MEXICAN FIRMS USING
U.S. COMPONENTS, HAVE BEEN ASKED BY IMCE (MEXICAN
INSTITUTE OF FOREIGN TRADE) TO PARTICIPATE IN MEXICAN
TRADE SHOW TO BE HELD IN CUBA IN MARCH.

2. IF WE DO NOT ACT PROMPTLY AND FAVORABLY ON APPLICA-
TIONS FOR EXEMPTIONS FROM THE FOREIGN ASSETS CONTROL
REGULATIONS AND PERMISSION TO EXPORT TO CUBA U.S. ORIGIN
COMPONENTS, I AM CERTAIN THAT OUR BILATERAL RELATIONS WITH
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MEXICO WILL SUFFER MARKEDLY AND THE POSITION OF U.S.
INVESTMENT IN MEXICO WILL BE DAMAGED. STRAIGHT COMMERCIAL SALES MAY ALSO BE PENALIZED.

3. GOM WILL UNDOUBTEDLY USE ANY DELAY IN GRANTING EXEMPTIONS TO CASTIGATE US FOR VIOLATION OF THE ECHEVERRIA CHARTER AND USE EXTRATERRITORIAL CONTROL AS AN EXAMPLE OF THE "NEFARIOUS" ACTIVITIES OF MNC'S. GIVEN OUR EXPERIENCE WITH MEXICAN PRESS THERE WOULD ALMOST CERTAINLY BE A VIRULENT PRESS ATTACK ON THE U.S. WHICH COULD FORCE THE GOM TO TAKE MEASURES THAT BOTH WE AND THEY WOULD LIKE TO AVOID. JOVA

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