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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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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 5896

CONFIDENTIAL MEXICO 808

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 LIKELIHOOD 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 APPLICATIONS 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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