

U.S. Curb On Cuba Relaxed

Ford Stresses Limited Shift In Trade Policy

By Murrey Marder
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The United States relaxed its economic embargo against Cuba yesterday to permit sales by American subsidiaries abroad and initiated action to remove penalties on other nations that trade with Cuba.

These decisions, announced by the State Department, are part of a slow, guarded turn toward normalizing U.S. relations with the Communist government of Premier Fidel Castro, although the Ford administration made no claim yesterday that this is its objective.

Only trade conducted through third nations is affected by the new policy. The ban continues on direct trade between Cuba and the United States. In addition, the United States will require licenses for Cuban trade by foreign-based subsidiaries of American firms.

These steps amount to peeling off the outer edges of the trade embargo that Washington began imposing on Cuba in 1961-62, when official U.S. policy looked on the Soviet-supported Castro regime as a revolutionary threat to the hemisphere.

The Ford administration is cautiously following what it regards as a hazardous political path trying not to inflame critics of the embargo or its defenders.

As a result, administration spokesmen yesterday chose to emphasize the limited nature of the new decisions.

White House press secretary

Ron Nessen told reporters at Vail, Colo., where President Ford is vacationing, that the action "doesn't really relate to bilateral relations with Cuba."

Instead, Nessen and State Department officials yesterday explained the action in terms of the decision by the Organization of American States at San Jose, Costa Rica, last month, to permit each member nation to establish whatever economic and diplomatic relations it desires with Cuba. The United States supported that change in policy from the 1964 OAS embargo on trade with Cuba.

"It is inconsistent for the United States to stand in the way of what these other nations want to do," Nessen said.

The United States, he reiterated, desires no "permanent antagonism" with Cuba, but "any change in our bilateral relationship with Cuba will depend on Cuba's attitude."

The specific policy changes by the United States are:

- Effective immediately, "it will be U.S. policy to grant licenses permitting transactions between U.S. subsidiaries and Cuba for trade in foreign-made goods when those subsidiaries are operating in countries where local law or policy favors trade with Cuba." Trading licenses still will be required, subject to

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U.S. regulations on exporting strategic goods, technology, and American-made components.

- Nations whose ships or aircraft carry goods to or from Cuba no longer will be "penalized by loss of U.S. bilateral assistance."

- The administration is modifying regulations that prevent foreign merchant vessels engaged in Cuban trade from being refueled in the United States.

- Congress will be asked to change legislation that prohibits nations trading with Cuba from receiving American food aid under Public Law 480.

A State Department official said the trade impact of these steps will be that Cuba now will be in a freer position to place its orders around the world, in Canada, Mexico, Columbia, Spain or other nations

where there are American subsidiaries.

The barriers on trade with Cuba by American subsidiaries abroad have been crumbling in any event, entangling the United States in angry quarrels with its allies.

In 1974 the United States faced public threats of action by Canada and Argentina unless it permitted U.S. subsidiaries in those countries to trade with Cuba.

As a consequence, the United States granted what it called "exceptions" from its embargo to permit subsidiaries of Ford, General Motors and Chrysler in Argentina to export vehicles to Cuba, and Canada pushed through a contract with a partially American-owned firm, MLW-Worthington, Ltd., of Montreal, to Cuba.

Many other American firms protested that their overseas subsidiaries would be severely damaged or seized unless the embargo was relaxed.

Cuba has taken a series of steps to improve its relations with the United States, the most recent of which was the return of a \$2 million ransom paid by Southern Airways in 1972 to American hijackers who landed in Cuba.

Sen. George McGovern (D-S.D.), who visited Cuba in May, said yesterday's U.S. action "is unquestionably a major step forward on the path toward renewed relations between Cuba and the United States."

McGovern said "the 14-year American effort to isolate Cuba through economic sanctions has been a self-defeating mistake." He said "the Ford administration has come a long way in a short time, and I commend the President for an historic contribution."

Sen. Jacob K. Javits (R-N.Y.) called it "welcome first step on the road to ultimate normalization of relations between the United States and Cuba . . ."

He called for Cuban reciprocity through "the reuniting of families, reduction of excessive sentences of political prisoners and other humanitarian measures."

Criticism came from Sen. Jake Garn (R-Utah) who said the decision was taken with "no apparent regard for Sen-administration should consider for freedom of travel

Cuban Trade Curbs Eased

ate opinion." Garn said the
tion its actions on Cuban re-
and emigration; acknowledg-
ment of claims for confiscated
American property (estimated
at \$1.8 billion by U.S.
officials), and cessation of Cu-
ban support for terrorist activ-
ities in other countries.

Rep. Jonathan B. Bingham
(D-N.Y.) said in criticism from
the opposite direction that the
new action "leaves the United
States in an even more ridicu-
lous posture than before. Goods
manufactured abroad under
American auspices can



SEN. GEORGE McGOVERN

... lauds shift on Cuba

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