

# U.S. RELAXES BAN AGAINST TRADING WITH THE CUBANS

Ends 12-Year-Old Curb on  
Foreign Subsidiaries of  
Home Companies

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STILL NO DIRECT SALES

Aid Prohibition Is Removed  
for Nations Whose Craft  
Carry Goods to Island  
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WASHINGTON, Aug. 21—

The United States lifted today its 12-year-old ban on exports to Cuba by foreign subsidiaries of American companies, but a State Department spokesman said that the embargo on direct trade between Cuba and the United States remained in force.

A high State Department official who briefed reporters today appeared to go out of his way to avoid characterizing the new move as a conciliatory gesture toward Cuba or as a prelude to other steps. He characterized the new policy as a logical result of the decision made by the Organization of American States in Costa Rica last month to remove sanctions imposed against Cuba in 1964 and to allow freedom of action on trade matters to member nations.

Another Administration official said: "We couldn't join the majority in voting for freedom of action and then penalize the countries for using this freedom to trade."

## Corporations Helped

Today's actions were not expected to produce a substantial amount of new exports to Cuba, but officials said that they would decidedly improve the climate for multinational corporations, which have been coming under increasing criticism from Latin-American nations that have accused them of being agents of United States foreign policy.

Officials indicated that the timing of today's announcement had nothing to do with Premier Fidel Castro's decision earlier this month to return \$2-million that was taken from the hijackers of a Southern Airways plane in 1972. A number of officials insisted that the United States action had been expected at this time, independent of anything else that was happening.

Despite the Administration's low-key explanation of the new policy, it was generally regarded as another step in the movement toward more normal relations between Havana and Washington.

## No Direct Contacts

Although the State Department spokesman today refused to comment on whether there had been any direct contacts between the Ford Administration and the Cuban Government, it was authoritatively learned that none have taken place to date.

The new policy announced today was widely hailed by liberal Senators such as George McGovern, Democrat of South

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Dakota, who termed it "historic."

A State Department spokesman, Robert L. Funseth, announced three other measures designed to carry out and further the new policy:

¶An end to the prohibition on aid to nations that permit their ships or aircraft to carry goods to or from Cuba.

¶Initiation of steps to modify regulations that deny docking and refueling in the United States to ships of other nations that trade with Cuba.

¶A request to Congress to repeal legislation that prohibits credit food sales to nations trading with Cuba.

As State Department officials explained the policy today, it will not bring Havana cigars to the United States, it will not allow Cuba to pay for imports with the funds now held frozen in United States banks, and it will not allow Cuba anything she wants from the foreign subsidiaries affected.

The United States will still review licenses individually, and the ban on selling strategic goods and technology remains in effect.

The State Department officials reaffirmed the policy of seeking negotiation with Cuba "on the basis of reciprocity." Mr. Castro's standard conditions for beginning such talks have been that the United States must lift its trade embargo and surrender the United States naval base at Guantanamo.

## Claims Against Cuba

More recently, Premier Castro indicated to Senator McGovern that he might be prepared for a direct dialogue if the United States removed its prohibition on sales of food and medicine.

The White House spokesman, Ron Nessen, said today that any further moves toward normalizing relations with Cuba "will really depend on Cuba's attitude." This would include Cuba's attitude toward settling claims of expropriation of property and claims by United States companies totaling \$1.8-billion.

United States policy banning trade with Cuba by foreign subsidiaries began to crumble over a year ago. In April, 1974, the State Department announced that it would grant three United States auto manufacturers in

Argentina licenses to export goods to Cuba. Argentina had threatened to nationalize these companies otherwise.

Subsequently the State Department also made exceptions for a Canada-based United States company to sell furniture and other items to Cuba and allowed Bangladesh to ship hemp to Cuba without jeopardizing United States food aid promised to that country.

At today's news briefing, the high State Department official denied that the United States had responded to pressure by its allies or by the multinational corporations to lift the ban. He acknowledged, however, that there had been hundreds of inquiries by corporations.

## More Competitive

The new policy clearly will have the effect of making foreign-based United States companies more competitive with foreign rivals for sales with Cuba. But officials cited the fact that the auto manufacturers in Argentina have not sold as many vehicles as they expected to suggest that trade with Cuba will not increase appreciably.

Officials expect that the move will also improve the investment climate for the multinational corporations. One official said, "The multinationals have found an increasingly hostile climate in Latin American countries, which see them as more responsive to United States foreign policy than to their own rules and regulations."

Several Administration officials also acknowledged another political and diplomatic dimension to today's announcement. By describing today's moves as solely in response to decisions by the Organization of American States, they said, the United States showed that it was being responsive to the wishes of its Latin neighbors. At the same time, they continued, it might help convince Republican conservatives who disapprove of better relations with Cuba that the Ford Administration was being dragged into this new posture and was not initiating it.

The law and policies that were overturned by today's announcement date back to the Foreign Assistance Acts of 1961 and 1962. The specific ban on trade by foreign subsidiaries began with the Cuban assets control regulations of 1963.