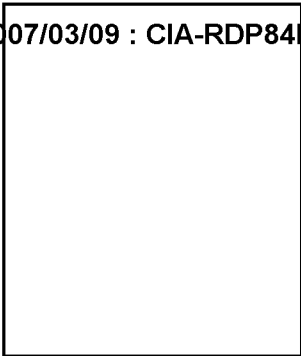


(TEMPO 7929999 0340536Z FRP)



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ACTION: NONE INFO: OALA/MC, OALA/MC/CC-3, OALA/MC/R-2,  
OALA/ME/LA, ODPN-N, ODPN-U, OGI/I/TA, DSWR/TTC, FILE, RF, RF////////,  
LA-3, CR/E, NIO/GPF, NIO/LA, DER, OIA/ERIB, OIA/ERSS, (12/8)

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PP RUEAIIA  
DE RUEHC #6655/01 0340325  
ZNY SSSSS ZZH  
P 020511Z FEB 82 ZEX  
FM SECSTATE WASHDC  
TO ALL OECD CAPITALS PRIORITY  
RUTABA/AMEMBASSY ADDIS ABABA PRIORITY 9140  
RUFHRS/AMEMBASSY ALGIERS PRIORITY 8470  
RUEHAD/USINT BAGHDAD PRIORITY 8538  
RUFHEB/AMEMBASSY BERLIN PRIORITY 5812  
RUFHPBI/AMEMBASSY BISSAU PRIORITY 7745  
RUEHCR/AMEMBASSY BRAZZAVILLE PRIORITY 6345  
RUTAAK/AMEMBASSY CONAKRY PRIORITY 6926  
RUESON/AMEMBASSY GEORGETOWN PRIORITY 2187  
RUSBLK/AMEMBASSY KABUL PRIORITY 6143  
RUDKRP/AMEMBASSY PRAGUE PRIORITY 3865  
RUMJFS/AMEMBASSY VIENTIANE PRIORITY 2246  
INFO RUEHUB/USINT HAVANA PRIORITY 8904  
RUEHMO/AMEMBASSY MOSCOW 0724  
RUEAIIA/ CIA WASHDC 9032  
RUEKJCS/DIA WASHDC  
RUEAIIA/NSA WASHDC  
RUEABND/DEA WASHDC  
RUEHFB/ FBI WASHDC 0914

*File  
NSPG - Cuba  
29 Jan 82 - ?*

BT  
SECRET STATE 026655 COMBINED SECTION

E.O. 12065:XDS-3 1/8/02 (FRECHETTE, MYLES R. R.)

TAGS: ESTR, CU

SUBJECT: (8) CUBAN EMBARGO: HARD CURRENCY CONTRACTING  
1. S - ENTIRE TEXT.

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State Dept. review completed

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2. THE NATIONAL SECURITY COUNCIL HAS DIRECTED THAT THE CUBA EMBARGO BE TIGHTENED AND AN INTERAGENCY GROUP HAS BEEN ACTIVELY CONSIDERING MEASURES DESIGNED TO DO SO. ONE SUCH MEASURE IS DIRECTED AGAINST CUBAN HARD CURRENCY CONTRACTING. CUBA HAS BEEN EXPANDING ITS THIRD COUNTRY COMMERCIAL CONSTRUCTION CONTRACTING AND IN 1981 EARNED BETWEEN \$100 AND \$200 MILLION FROM SUCH ACTIVITIES, PRIMARILY IN THE THIRD WORLD ADDRESSEE COUNTRIES. OVER 10,000 CUBAN WORKERS WERE EMPLOYED WITH A GOAL OF EXPANDING THIS TO 25,000 BY 1985. GIVEN THE NATURE OF THE REGIMES AND/OR CUBAN/HOST RELATIONSHIPS THE U.S. HAS FEW TOOLS WITH WHICH TO ATTEMPT TO LIMIT CUBAN EARNINGS FROM THIS SOURCE.

3. HOWEVER, THERE ARE REPORTS THAT IN CONNECTION WITH THESE ACTIVITIES, CUBAN CONTRACTORS MAY BE USING OVER \$100 MILLION IN U.S. EQUIPMENT AS THEY

CONSIDER IT MORE EFFICIENT, MORE READILY AVAILABLE AND MORE EASILY SERVICED THAN EQUIPMENT FROM OTHER SOURCES. IT IS IN FACT ILLEGAL FOR U.S. FIRMS TO KNOWINGLY SUPPLY SUCH EQUIPMENT DIRECTLY OR INDIRECTLY TO CUBAN CONTROLLED ENTITIES BUT FEW ARE EASILY IDENTIFIABLE AS SUCH.

4. THE OFFICE OF FOREIGN ASSETS CONTROL OF THE DEPARTMENT OF THE TREASURY CAN, IN ACCORDANCE WITH CUBAN FOREIGN ASSETS CONTROL REGULATIONS, DESIGNATE AS CUBAN AGENTS INDIVIDUALS OR FIRMS WHICH ARE CONTROLLED BY CUBA OR WHICH ENGAGE IN TRADE WITH CUBAN ENTITIES IN U.S. GOODS.

5. ADDRESSEE POSTS AND AGENCIES ARE REQUESTED TO REPORT ON CUBAN OWNED AND CUBAN CONTROLLED FIRMS INVOLVED IN HARD CURRENCY CONTRACTING ACTIVITIES, AND ON INDIVIDUALS OR FIRMS INVOLVED IN SUPPLYING THESE FIRMS WITH U.S. ORIGIN MATERIALS AND/OR EQUIPMENT. REPORTS SHOULD INCLUDE, IN SO FAR AS AVAILABLE, INFORMATION ON:

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A. ANY PARTNERSHIP, ASSOCIATION, CORPORATION OR OTHER ORGANIZATION OPERATING OUTSIDE OF CUBA, WHICH IS KNOWN TO BE OWNED OR CONTROLLED DIRECTLY OR INDIRECTLY BY THE GOVERNMENT OF CUBA OR NATIONALS OF CUBA, OR ACTING FOR OR ON BEHALF OF THE GOVERNMENT OF CUBA OR NATIONALS THEREOF. IN THIS REGARD IT IS NECESSARY TO KNOW:

-- THE NAMES AND ADDRESSES AND CITIZENSHIP OF THE OFFICERS, DIRECTORS, PARTNERS OR AGENTS.

-- SPECIFIC INFORMATION CONCERNING STOCK OWNERSHIP,

-- THE NATURE OF ACTIVITIES, AND

-- SPECIFICS AS TO HOW CONTROL IS EXERCISED DIRECTLY OR INDIRECTLY OVER THE ORGANIZATION BY THE GOVERNMENT OF CUBA OR NATIONALS THEREOF, OR BASIS ON WHICH THE ENTITY HAS ACTED FOR OR ON BEHALF OF THE GOVERNMENT OF CUBA OR NATIONALS THEREOF.

B. ANY PERSON WHO ON AND SINCE JULY 8, 1963, HAS ACTED FOR OR ON BEHALF OF THE GOVERNMENT OF CUBA OR NATIONALS THEREOF, INCLUDING:

-- CITIZENSHIP OF THE INDIVIDUAL,

-- SPECIFIC DETAILS CONCERNING TRANSACTIONS ENGAGED IN FOR OR ON BEHALF OF CUBA OR NATIONALS THEREOF, AND,

-- ANY ADDITIONAL INFORMATION EVIDENCING DIRECT

OR INDIRECT DEALINGS FOR OR ON BEHALF OF THE GOVERNMENT OF CUBA OR NATIONALS THEREOF.

-- IT WOULD ALSO BE USEFUL TO DIFFERENTIATE BETWEEN FIRMS PRIMARILY INVOLVED WITH CUBAN BUSINESS AND-- THOSE TO WHICH IT MAY BE ONLY INCIDENTAL.

FOR YOUR INFORMATION, A CUBAN NATIONAL FOR THESE

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PURPOSES WOULD INCLUDE:

- A SUBJECT OR CITIZEN OF CUBA;
- ANY PARTNERSHIP, ASSOCIATION, CORPORATION, OR OTHER ORGANIZATION ORGANIZED UNDER THE LAWS OF CUBA OR HAVING ITS PRINCIPAL PLACE OF BUSINESS IN CUBA, OR WHICH IS CONTROLLED WHOLLY OR SUBSTANTIALLY BY CUBA OR A NATIONAL OF CUBA.
- ANY PERSON TO THE EXTENT THAT SUCH PERSON IS ACTING OR PURPORTING TO ACT DIRECTLY OR INDIRECTLY FOR THE BENEFIT OR ON BEHALF OF ANY NATIONAL OF CUBA.

THE DEPARTMENT IS WELL AWARE OF THE DIFFICULTIES INVOLVED IN MANY OF THE ADDRESSEE COUNTRIES-WITH OBTAINING SUCH DATA. PARTIAL OR FRAGMENTING REPORTING WOULD, HOWEVER, BE MOST VALUABLE.

6. SUCH PERSONS OR FIRMS WILL BE INVESTIGATED BY TREASURY FOR POSSIBLE DESIGNATIONS UNDER CUBA FOREIGN ASSETS CONTROL REGULATIONS.

6. TREASURY AND COMMERCE WILL GIVE THESE DESIGNATIONS MAXIMUM PUBLICITY WITHIN THE U.S. BUSINESS-COMMUNITY WHICH WILL THEN BE EXPECTED TO MAKE A REASONABLE EFFORT TO PREVENT SUCH GOODS AND SERVICES FROM-- KNOWINGLY REACHING SUCH PROSCRIBED CUSTOMERS.

7. ADDRESSEES SHOULD BEGIN SUBJECT LINE WITH CUBA EMBARGO AND SLUG REPORTING CABLES TO-THE DEPARTMENT FOR ARA/CCA AND TO TREASURY FOR OFAC. - - -

8. SEPARATE REPORTING IS ALSO REQUESTED ON THE NATURE, SCALE AND POLITICAL AND ECONOMIC IMPACT OF CUBAN COMMERCIAL ACTIVITIES IN THEIR JURISDICTIONS. OTHER ASPECTS OF TIGHTENING THE CUBA EMBARGO WILL BE THE SUBJECT OF SEPARATE COMMUNICATIONS.  
HAIG

END OF MESSAGE

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