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Mexican Senate Approves Legislation Countering U.S. Sanctions on Cuba

by LADB Staff

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In late September, the Mexican Senate unanimously approved a bill designed to counter the US government's punitive and controversial Cuban Liberty and Democratic Solidarity Act, also known as the Helms-Burton law. The bill, which passed by a 118-0 margin, establishes fines equivalent to US\$300,000 for companies that submit to "extraterritorial sanctions" imposed by any foreign government.

According to spokespersons for the Mexican Senate, the legislation was written in such a way that it applies to actions taken by any country against Mexican companies. However, they said the measure was specifically drafted with the Helms-Burton legislation in mind. The Senate bill also creates fines for companies that either provide information about themselves to US courts in cases related to the Helms-Burton law and/or fail to inform the Foreign Relations Secretariat (SRE) or the Trade Secretariat (SECOFI) that they are being targeted for sanctions by the US law. According to language in the Mexican Senate bill, the term "extraterritorial" will apply to cases where a foreign country's laws have an indirect or direct bearing on Mexico's own trade and investment decisions.

The bill said such foreign laws would include the following: * Imposition of an economic blockade or other obstacles to investment that aim to cause a change in another country's form of government. * The demand for compensation to individuals for property that was nationalized. "This bill allows us the right to use our own laws to exercise foreign policy decisions," said Senator Rodolfo Becerril. The legislation has been sent to the Chamber of Deputies, where the bill is expected to gain overwhelming approval from members of all four parties represented in that body. The Helms-Burton law, which tightens the embargo against Cuba, was approved by the US Congress in March of this year and partially implemented by US President Bill Clinton in July (see Notisur, 03/01/96, 03/15/96, 07/19/96 and 07/26/96).

Among other things, the US legislation attempts to discourage investment in Cuba by denying visas to representatives of foreign companies that benefit from the use of properties nationalized by Cuban leader Fidel Castro shortly after the Cuban Revolution. This restriction especially affects Monterrey-based Grupo Domos, which was hired by the Cuban government to expand and modernize the country's telephone network. In addition to Domos, several Mexican companies could potentially be subject to the Helms-Burton legislation. The list, released by the US government earlier this year, includes such prominent companies as Mexicana airlines, glass manufacturer Vitro, engineering and construction companies Protexa and Grupo ICA, and cement manufacturer Cementos de Mexico (CEMEX). The list also includes such government entities as the foreign trade bank Banco Nacional de Comercio Exterior (BANCOMEXT) and the state-run oil company PEMEX.

In response to the Helms-Burton law, the Mexican and Canadian governments are also considering filing a complaint via the North American Free Trade Agreement (NAFTA). They argue that the Helms-Burton law contains unwarranted trade barriers that constitute a violation of NAFTA. The possibility of a challenge to the Helms-Burton law under NAFTA and the World Trade Organization (WTO) has led the Clinton administration to designate a special envoy to smooth out relations with major US trade partners. The special envoy, commerce undersecretary Stuart Eizenstat, traveled to Mexico City in late August to meet with Foreign Minister Jose Angel Gurria and other key members of the Zedillo administration. The visit proved futile, however, since Eizenstat was unable to sway the Mexican government from its position on the matter.

During his meetings, Eizenstat attempted to draw a distinction between the political and trade aspects of the Helms-Burton law. In addition, Eizenstat argued that a challenge to Helms-Burton under NAFTA or the WTO could potentially damage the credibility of the two trade agreements. "It would be a lose-lose proposition," he said of any NAFTA or WTO challenge in a recent interview with Reuter. "It would weaken the organizations and would reinforce the protectionist elements (in the United States), which already view those organizations as impinging on sovereignty. It would feed into that mind-set." (Sources: Reforma, 03/14/96; El Financiero International, 09/16/96; Agence France-Presse, Novedades, 09/19/96; El Financiero, 09/20/96; The News, 08/22/96, 09/20/96, 09/23/96; Reuter, 09/22/96)

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