

## The Cuban Pajamas

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You are the manager of a U.S. retailer operating in Canada. One of the U.S. visitors to your store notices that you are selling pajamas made in Cuba. The visitor was also amazed that your store was selling Cuban cigars. The visitor sent an e-mail to the Head Office of the U.S. retailer to complain.

Because of the actions of Fidel Castro, in October, 1960, the U.S. Government placed an economic embargo on Cuba, which banned all U.S. exports to the country, except for medicines and some food items. Diplomatic relations between the U.S. and Cuba ended in January, 1961.

You receive a letter from Head Office that informs you to withdraw the merchandise in question from stock. Your assistant manager, however, informs you that a Canadian Federal law prevents you from abiding by this directive. Now you're in a Catch 22! What do you do?

You learn that the appropriate U.S. legislation is the Helms-Burton Act (1996), part of which was repealed in 2000. You also learn that the appropriate Canadian Federal law is the Canadian Extraterritorial Act. You decide to investigate these laws to help you determine what to do.

**Focus:** International and local laws and jurisdiction, external environment analysis [CERTS - competition, economic, regulatory, technological, social (culture, political, etc.)], merchandise sourcing, multi-national firms, product-market strategy framework (i.e., market penetration, market development, product development, diversification).

### Questions

1. What do the U.S. and Canadian laws state with respect to the matter under investigation?
2. With respect to each law, what are the penalties for violating the law?
3. After your investigation, what is your decision? What action do you decide to take? Why?

For all questions, use the appropriate theories and concepts, when necessary. Do not just present case facts.