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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

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November 30, 1951

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DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

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SUBJECT: MONTHLY ECONOMIC REPORT.

With a record sugar cane crop approaching harvest after a previous crop which was abundant and satisfactorily marketed, the business outlook is viewed with optimism by most Cuban bankers, manufacturers and importers. Optimism will become general provided that the decisions emanating from sugar hearings in Washington in the final days of November do not lower the import quota. Many authorities appear confident that ex-quota sugar, which will be abnormal in quantity this coming year, will find remunerative markets despite the avowed intention of OAS countries to again curtail purchases in hard currencies.

For responsible customers, bankers generally are sanctioning the extension of loans for the carrying of merchandise which was imported in quantity a year ago in anticipation of replenishment difficulties resulting from United States export controls. In most lines other than electrical household equipment, merchants' stocks are descending satisfactorily toward normal level. Hardships caused by the New York dock strike were limited mainly to metal products and industrial equipment, which must move promptly upon grant of export license. There has been little upsurge as yet in retail sales of Christmas items.

Proposed National Commercial Agency.

Dr. Ramon ZARDE, Minister of Commerce, has proposed the setting up of an autonomous "Agencia Comercial," empowered to control distribution, engage in purchases and sales, and fix prices of farm and industrial products, both domestic and imported, the actual operation of said Agency within this wide area to be determined by events and by government directives. This proposal was inserted, during recent debate in the Cuban Senate, as a rider (Article 12) to the comprehensive bill which, because it would grant increases in salaries to government employees, teachers, soldiers, etc., enjoys strong government support and popular appeal. Associations of manufacturers, merchants and importers have been holding very spirited meetings and are lining up solidly in opposition to this proposed Agency. With full support of the press, they are urging the Cuban House of Representatives to eliminate Article 12, insisting that not even the outbreak of war would justify the government in exercising this degree of control which they label as "totalitarian." Debate of this measure in the House has been postponed until the second week of December.

DSGreen/FDLeatherman/CECobb/
HTAnderson/GLDush/CEDavis/
JRJohnstone/WHouk:es/ald/dml

REPORTER(S)

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PREPARATION TIME

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Agriculture.

The 1952 sugar cane crop is progressing satisfactorily. Good growing conditions continue to prevail, and with normal development Cuba is expected to produce her largest sugar crop in history, currently estimated slightly in excess of 6,000,000 Spanish long tons. Because of the large crop several mills expect to receive permission to start grinding in December, although the official commencement date is January 2, 1951.

Cuban tomato plantings progressed rapidly during November. Weather conditions have been generally favorable and both growers and exporters are forecasting an export crop larger than last year. Thus far there has been little damage from insects or diseases. Exports are expected to commence by December 15. The market for imported rice was quiet in late November because of difficulties in ascertaining actual status of the low-duty quota, e.g. whether it was or was not filled. Owing to a deficient crop of black beans, some 20,000 quintals will be permitted entry from Mexico under suspension of import duties.

Textiles:

Textile sales volume, while not equal to that of the previous month, was 30 percent higher than in November 1950. Wholesale inventories are generally lower now than they have been for many months. Retail stocks are plentiful, but not dangerously high.

The textile industry still is operating at low capacity; approximately 250 of the 2,267 cotton looms, and 340 of the 602 rayon looms, are inactive. Other looms operated at 65 to 75 percent capacity in November; however, 200 rayon looms, inoperative since installation in 1949, are now expected to begin operation, at least on an experimental basis, early in 1952.

Mining.

It is now assured that Cuba's production of metallurgical manganese ore will rise well above 65,000 long tons in the second half of 1951, compared to 46,000 tons in the first six months of 1951 and 42,000 tons in the corresponding period of last year. Extraction of iron ore now is proceeding slowly in the Isle of Pines though hampered by lack of loading facilities and a deep-water port, and extraction of ore 58% Fe is to be resumed in December 1951 at Daiquiri (Oriente Province) after years of inactivity. Cuba's copper concentrate from Matahambre Mines continues to produce about 3-1/2 million pounds of pure copper monthly, while a very old copper mine, the San Fernando, at Manicaragua, Las Villas, was recently reactivated for the production of zinc ore.

Shipping - Aviation

Congestion in the port of Habana did not materialize as expected in November following the settlement of the New York shipping strike. There was in fact a slight decrease in ship arrivals compared with the previous month. A

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total of 181 ships discharged cargo at Havana in November, compared to 188 in October, and to 169 in November of last year. It is reported that, in spite of the slight increase in arrivals of ships, tonnage of cargo discharged during the month amounted to only 40 percent of normal. The Swedish-owned Clipper Line abandoned its New York-Havana service in November, attributing its decision mainly to the high cost of handling cargo.

The completion of a \$150,000 warehouse at the Rancho Boyeros airport outside Habana is expected early in February. The new building, which will include two electrically-operated hydraulic loading platforms, conveyors, refrigeration facilities, etc., will undoubtedly stimulate the transportation of air cargo in Cuba. The Ministry of Public Works has set aside \$300,000 for the construction of a new international airport at Varadero. Plans were announced for the construction of additional runways at the military airport at Camp Columbia. This field, which is used by the military as well as by two Cuban airlines, "Cuba Aeropostal" and "Aerovias U", recently converted a 5,600-foot grass covered strip into a hard-surfaced runway.

Construction.

The aggregate value of building permits issued in the Habana area in November was slightly greater than in the previous month and in November of last year, the new figure being 4,603,234 pesos. A \$100,000,000 low-cost housing project was approved by the Cabinet some months ago but has not yet got under way owing to lack of agreement on certain modifications suggested by the American contractor.

Finance.

General financial activity as shown by bank clearings and government budgetary income during part of November showed a slight decrease from that registered during the previous month but was above the level of November 1950. Daily clearing rates in November were about 11 percent under the October level but 30 percent over November 1950. Budgetary collections (preliminary figures) through November 21 for the present fiscal year totaled some \$113,350,000, 15 percent more than the parallel figure of last year.

Regulations governing payments of old debts by the Cuban State under the \$4,250,000 appropriation in the current budget have been prepared and are expected to be published soon in decree form, according to the Ministry of Finance. It is reported that that Ministry is now accepting claims for the payment of such debts, before it is legally bound to do so.

The new Agricultural and Industrial Development Bank has obligated itself to purchase 50,000 pesos of stock of a Rural Credit Association which has been formed grouping some 50 farmers in Habana Province. This bank has also initiated financing of the coffee crop on basis of about 60 percent of its present market value, an operation which may involve \$4,000,000 according

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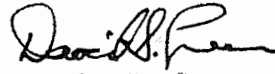
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to a preliminary estimate.

FOR THE CHARGE D'AFFAIRES A.I.:



David S. Green
Commercial Attaché

Green
