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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

901

December 3, 1951

DESP. NO.

DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON.

AIR POUCH

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REF : 000222

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SUBJECT: VOLUNTARY ECONOMIC DATA

The information below supplements and rounds out the text of the Embassy's Monthly Economic Report (894, HABANA, November 30, 1951) to give further useful background:

Retail Sales.

Retailers give varying reports on November sales volume. A summary of these reports indicates that sales are about equal to the previous month but lower than would be expected at this season of the year. Sales of electric appliances, radios and household furnishings were reported down from October.

Inventories of finished goods remained high and no serious difficulties have been experienced in replenishing stocks, with the exception of agricultural and industrial equipment, electric motors and generators, copper wire and tubing and construction materials. It is also reported that longer delays are experienced in receiving certain pharmaceutical products from the United States.

Agriculture.

The Ministry of Commerce announced that at the end of November import duties would be suspended to allow the entry of some 20,000 quintals of black beans from Mexico, to supplement Cuban supplies. The 1951 crop is reported to be short, resulting in speculation and violations of official price ceilings.

The market for imported rice was quite during November, as uncertainty over the end of the low-duty quota prevailed. The quota was reported semi-officially to have been filled on November 20 by an official of the Ministry of Commerce, who claims that the delay in publication in the Official Gazette of a Decree regulating the administration of the quota has prevented public announcement of the quota close and has necessitated suspension of registrations of contracts for sales at the high duty.

Textiles.

The domestic lingerie industry increased its rate of production almost to capacity in November but hosiery mills were operating at less than 60 percent capacity. Wholesale sales volumes in these items, except

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for women's hose, were no better than in the previous month but were slightly greater than for November 1950. Sales volumes for women's hose were low especially in the better qualities.

#### Mining.

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, recently reactivated for the production of zinc ore by the principal owner of Matahambre Mines, is said by its operator now to be showing better possibilities for production of copper than the Matahambre mines themselves.

The Cuban Gulf Oil Company now has drilled to a depth of approximately 9,000 feet in its second deep well test and is continuing its core drilling program for selection of a locality for a third deep well which might be begun in the first quarter of 1952. Announcement was made in November by the Caribbean Petroleum Associates that it had contracted with a Texas firm for the drilling of 25,000 feet of wells in 1952.

#### Shipping.

The Swedish owned Clipper Line abandoned its New York-Habana service in November, attributing its decision to the "high cost of handling cargo, arbitrary demands of the stevedores and laborers, and also the slowness with which its ships are unloaded."

#### Aviation.

Airport workers have threatened a strike, which would paralyze all activity at Rancho Boyeros, in the event that National Airlines attempts to initiate its proposed non-stop service between Habana and New York before the Compañia Cubana de Aviación (Cuban subsidiary of PAA) succeeds in its efforts to obtain from the CAB a permit with privileges in all respects equivalent for non-stop service between Habana and New York.

The Ministry of Public Works has set aside \$300,000 for the construction of a new international airport at Varadero. Work has already started on the road which will link the airport with the popular beach resort and with the city of Cardenas. It is expected that early in February work will be completed on the 5,400 foot asphalt covered runway for the new international airport at Santiago de Cuba.

#### Finance.

Clearances through November 23 totaled \$254,818,000, as compared to approximately an equal amount during all of November 1950 and to some \$352,000,000 during last October.

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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. At the same time those collections which took place during the month of November were about 3 percent lower than those of an equal period one year ago, while they were 22 percent lower than those of an equal period of the past month. The recent drop in tax collections thus shown is believed to be due to more prompt payment of various taxes this year than last.

The Cuban Congress passed a law authorizing a loan of \$35,000,000 to complete the payment of pension debts to veterans of the War of Liberation. It was announced that this law would be signed by the President on November 30, and it was expected that the corresponding bonds would be issued and payments initiated at an early date.

On November 14 the Cuban Senate approved a bill for a pay increase to government employees and included therein the following much discussed "riders": executive authorization to guarantee an \$8,000,000 loan from the Agricultural and Industrial Development Bank to the Tobacco Stabilization Fund; authorization of payment of \$1,200,000 to sugar growers; executive authorization to create a state trading agency for the ostensible purposes of adequately supplying the populace with necessities for living, of stabilization of prices, etc.; appropriation of \$1,300,000 for celebration of the 50th anniversary of the Republic; and an appropriation of \$600,000 to increase the bakers' subsidy, thus supporting an increase of pay to bakery employees. The above mentioned state trading agency has since been the subject of heated discussions, and others of the amendments have also come under fire. The lower house has not yet taken action upon this bill, but changes in it by that body are predicted in many quarters.

A projected budget of approximately \$5,600,000 for the Tribunal of Accounts was submitted to this Congress. The competent committee of the lower house reported it out with a recommended cut of some 2,000,000 pesos. No final action has yet been taken by either chamber, but the bill in its original form continues to receive the support of the Government.

Various activities in the agricultural field are being carried on by the Agricultural and Industrial Development Bank. A Rural Credit Association has been authorized in accordance with the terms of the basic law of the Bank in a farming section of Habana province. Early in the month the association reportedly included some 50 agriculturists in the immediate area. The Bank has obligated itself to buy \$50,000 of stock of the new association.

The Bank has also set about financing the present large coffee crop to an extent of approximately 60 percent of its value at present market prices, which might obligate the loan of as much as \$4,000,000, according to a preliminary estimate. Action under this loan authorization has run into certain difficulties: Many small producers have complained that the 60 percent thus offered does not meet their debts and harvesting costs, which it was intended to do; furthermore, many growers are not prepared to submit

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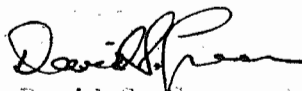
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immediately all the documentation required by the Bank for loans. However, it is reported that this action by the Bank has prevented a sharp drop in prices paid to coffee growers, and it is believed that individual farm surveys and investigations now being carried out will facilitate a wider usefulness of the loan authority next year.

FOR THE AMBASSADOR:



David S. Green  
Commercial Attaché



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