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FROM AMEMBASSY, HAVANA

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TO THE DEPARTMENT OF STATE, WASHINGTON

January 16, 1956

BT Deptel Priority 226, January 13

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SUBJECT: Consultation Between The United States and Cuba Regarding The Bilateral Air Transport Agreement

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On January 9, 1956, officials of the Civil Aeronautics Commission of the Cuban Government met with Mr. Joseph WATSON, Chief of Foreign Air Operations of the U. S. Civil Aeronautics Board, and officers of the Embassy to renew discussions seeking a mutually satisfactory interpretation of certain articles of the existing Bilateral Air Transport Agreement. The following persons were present at this meeting:

- Declassified 1/27/75* Dr. Francisco VELASCO, Cuban Civil Aeronautics Commission
- per R. J. Waldmann EB/ST* Dr. Mario HAEDO, " " " "
- FADRC Dem* Dr. Nemesio LEDO, " " " "
- F01-347* Mr. Joseph WATSON, U. S. Civil Aeronautics Board
- Mr. Clarence BOONSTRA, Economic Counselor, U. S. Embassy
- Miss Anna E. SIMMONS, Second Secretary, U. S. Embassy
- Dr. Leobardo GONZALEZ, U. S. Embassy (interpreter)

The chief topic for consideration, as during the previous consultation in May 1955, was the request of the Cuban Government for an interpretation of the agreement which could be used to restrain American carriers from offering an alleged excess capacity on the Havana-Miami route. The U. S. representatives presented their views to the effect that American carriers had not offered excess capacity and they were prepared to submit statistics on load factors proving this point. The Cuban officials, however, conceded at once that the American carriers from their individual points of view were not offering excess capacity and that the problem fundamentally was the fact that American carriers in scheduling extra sections and increased frequencies were not taking into consideration the load factors of the Compania Cubana de Aviacion, which in many cases were far below capacity even when the flights of American carriers were over-sold. It was the opinion of the Cuban officials that protection against scheduling of excess capacity on any one line should be related to the load factors of all carriers on the route, instead of the load factor only of the carrier scheduling extra flights.

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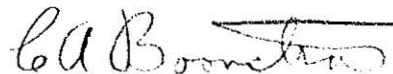
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Mr. Watson informed the Cuban delegation that the U. S. Civil Aeronautics Board, subsequent to the May 1955 meeting, had considered the interpretation desired by the Cubans and had reached the opinion definitely that an interpretation of this nature is not compatible with the commonly accepted interpretation of capacity provisions in bilateral treaties which incorporate the principles of the Bermuda Convention. The Cuban representatives in return stressed the special characteristics of the Havana-Miami route and the need to protect the Compania Cubana de Aviacion from the overwhelming competition of American carriers, primarily Pan American Airways. They based their case on allegations regarding the spirit of the bilateral air agreement rather than on statistics or logical interpretations of the pertinent clauses.

In concluding the meeting the Cuban delegation indicated that they could not accept the U. S. view as presented, but that further discussions would be unnecessary as the differences were fundamental and could not be reconciled. They made neither alternative proposals nor any statements as to the future course of action which they might be considering. Subsequent informal inquiries have indicated that the Cuban Government is undecided as to what policy to pursue and that the subject may be brought to higher government levels for policy determination.

A full record of the consultation is being prepared in Washington by Mr. Watson of the Civil Aeronautics Board and the Embassy has requested that he provide copies to the Department as well as to the Embassy. Any further local developments will be reported promptly by the Embassy.

For the Ambassador:



C. A. Boonstra  
Counselor of Embassy  
for Economic Affairs

cc: J. Watson  
U. S. Civil Aeronautics Board

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