Office Memorandum

TO: AEA- Mr. Lockwood
    Mr. Warren
FROM: CCA- Miss Krantzler
SUBJECT: Establishment of a Cuban Merchant Marine

On June 29 President Grau in an address before the Congress of the National Federation of Maritime Workers promised that Cuba would have its own merchant marine within two years.

A "Research Committee for the Promotion and Defense of the Merchant Marine" has submitted a project to the President which provides for the acquisition of 24 vessels, to be subsidized by the Government to the extent of equalizing their operating expenses with those of vessels of other countries. The Committee estimates that such a merchant marine would enable Cuba to recover annually about $10,000,000 of the amount paid to foreign companies for transportation of its imports and exports. This project embodies certain provisions which point toward discrimination against foreign-flag vessels.

In a conversation with an Embassy officer, Juan Arevalo, Cuban labor leader felt that there was little chance for this project to materialize, as it was opposed by U. S. maritime interests, who fifteen years ago succeeded in blocking the establishment of a Cuban merchant marine. But even more important, operating costs under present conditions are so high that it would cost as much to operate a 1,000 ton Cuban flag ship as it costs to operate a 4,000 ton United States flag vessel.

Despatch no. 9577; June 30, 1945; Habana
Despatch no. 9586; July 3, 1945; Habana

CCA:RMK
No. 95860

AIR MAIL

Subject: With further reference to the proposed establishment of a Cuban Merchant Marine

RESTRICTED

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

Supplementing the Embassy's air mail despatch no. 9577 of June 30, 1945 (File no. 885) and previous correspondence in the subject matter, I have the honor to enclose a copy of a memorandum of July 2, 1945, prepared by an officer of the Embassy on his conversation with Señor Juan AREVALO, a local labor leader, in which the subject of a Cuban merchant marine was discussed.

It will be noted that Señor Arevalo seriously doubts that the plan to create a Cuban merchant marine will be successful and that he cites among the obstacles to its execution the "veiled opposition" of vested United States maritime interests which, he claims, succeeded (allegedly with the help of our Government) in blocking a similar project about fifteen years ago and the high cost of operating Cuban-flag vessels.

Respectfully yours,

For the Chargé d'Affaires a. i.:

Albert F. Nufer
Counselor of Embassy for Economic Affairs

Enclosure:
Copy of memorandum dated July 2, 1945.

File 885
AFN/ew
To Department in original and hectograph.
Enclosure to dispatch no. 9366 dated July 3, 1945
From the Embassy at Havana.

COPY

CONFIDENTIAL

July 3, 1945

Conversation with Juan Arévalo
Cuban Merchant Marine

In discussing the recent Congress of the Maritime
Federation I asked Arévalo whether he felt progress had been
made toward creation of a Cuban merchant marine. He said a
plan had been drawn up in detail and there had been a lot of
"talk", including speeches by the President, by Rentería,
et cetera, but he (Arévalo) felt that there were still some
very tough obstacles to overcome and that realization of the
plan was still far off. Among the obstacles, he cited the
"veiled opposition" of vested United States maritime interests
who, he said, had succeeded in blocking the project before.
He recalled, he stated, that about fifteen years ago, when
a similar project was being considered, United States mar-
time interests had obtained the support of the United States
Government, which had sent the Cuban Government a strongly
worried note which effectively put an end to the whole thing.
Another obstacle, he said, which is just as great if not
greater, is the question of costs. He said it would cost
as much, under present conditions, to operate a 1,000 ton
Cuban flag vessel as it costs to operate a 4,000 ton
United States flag vessel. This difference is enough to
doom the Cuban merchant marine even before it gets started.
He himself has been trying to do some propagandizing among
maritime labor groups to point out that unless something is
done to correct this, it's no use talking about a merchant
marine. He doesn't feel that he has been very successful,
and he wasn't even able to get this point on the agenda of
the Maritime Federation Congress.

While on the subject of high labor costs, he said Ara-
celio Iglesias had agreed with him that some port workers
had made as high as $50. in a 24 hour period. Arévalo said
that he had indications that port workers might be willing
to consider a reduction in rates (as a postwar plan) for
the handling of Cuban goods, but not for incoming cargo.

S. D.

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