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TO : Department of State

937.513/5-1850

MAY 20

FROM : HABANA 1139

REF : DESPATCH 559, March 10, 1950

SUBJECT : TRANSFER OF HAVANA ELECTRIC RAILWAYS

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On May 17 the Cuban Government transferred to Autobuses Modernos, S. A. all the rights acquired by the Government as the successful bidder at an auction of the Habana properties of the Havana Electric Railway Company in September, 1948. At a Cabinet meeting on May 15 it was agreed to cease government intervention of the Havana Electric Railways which was instituted shortly after the auction mentioned above.

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Under the terms of the transfer the Cuban Government will receive at once 45 per cent of the stock in Autobuses Modernos and it will receive the remaining 55 per cent as soon as such stock ceases to be necessary as security for funds borrowed to procure 720 new buses to replace streetcars now in use. It is anticipated that streetcars will have been entirely replaced within 18 months and that all debts will have been liquidated within five to seven years. Mr. William D. Pawley, owner of the Miami Transit Company, will manage the company during that period.

When the Cuban Government has acquired all the stock in Autobuses Modernos, according to cabinet officers handling this transaction, it will be decided whether the Government will operate this public service or whether it will dispose of the stock to private operators.

FOR THE AMBASSADOR:

Harold S. Tewell  
Counselor of Embassy

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