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SECURITY INFORMATION

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA
TO : THE DEPARTMENT OF STATE, WASHINGTON.
REF : ---
SUBJECT: Recent Cuban Aviation Developments

1405
February 28, 1952
DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
MAR - 5 1952

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The manager of Braniff Airways in Habana, Mr. Douglas WOOD, recently informed an Embassy official that, according to an informal report, the Cuban Government will shortly confirm Braniff's authority to stop in Habana on its authorized route between Miami and Balboa. A copy of the memorandum of the conversation between Mr. Wood and the Embassy official on this matter is attached.

There is also enclosed a copy of a memorandum on the proposed non-stop plane service between Habana and New York. It will be noted that representatives of National Airlines have been discussing this matter with Cuban labor officials and that the latter have agreed to urge the Minister of State to attempt to persuade Compañia Cubana de Aviacion to open its own office in Habana for the sale of tickets to the United States. If this move is successful, and if the CAB allows the Cuban-PAA contract to remain in force (with modifications that would render it satisfactory to the CAB) it should be possible to draw up a permit which will enable Cubana to start flying the non-stop service to New York within a reasonably short period.

Mr. Gerald W. Russell, from the Department of State, arrived in Habana on February 20, 1952 to discuss the above problems with Embassy officials. The Embassy appreciates this visit by Mr. Russell who was able to explain and clarify United States aviation policy to officers of the Embassy. Mr. Russell departed for Washington on February 27.

For the Ambassador:

Raymond L. Harrell
Raymond L. Harrell
Attaché

Enclosures: *att*
Copies of memoranda dated
February 19 and 26, 1952.

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
OFFICE OF REGIONAL
AMERICAN AFFAIRS
MAR 25 1952

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ACTION COPY - DEPARTMENT OF STATE

PREPARATION TIME

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

Copy

Memorandum

February 19, 1952

To: The Ambassador
From: A. C. Pierrot
Subject: Cuban CAB Decision in Braniff Case

I have just been informed on a confidential basis by Doug WOOD of Braniff that he was told today by the Secretary of the Cuban CAB that that body had met this morning, and had reached a decision on the subject case.

The point at issue was raised by Cubana which objected to the right of Braniff to make a traffic stop at Miami (except for passengers between Miami and Habana, which Braniff is not permitted to transport). The decision of the board, which will be announced shortly, was to recommend to the Transport Commission that Braniff's activities not be affected at this time. It was decided further to await the issuance by the CAB of the United States of a permanent certificate to Braniff to make traffic stops for passengers between the United States and South America at Miami.

According to Wood, the Cuban CAB theoretically would reconsider the Cubana complaint at that time, but Wood feels that from a practical standpoint the Board will not interfere further with Braniff's recently inaugurated stop at Miami.

Copy

Memorandum

February 26, 1952

To: Mr. Pierrot
From: R. L. Harrell
Subject: National Airlines-Cubana Controversy

Last Friday Mr. Wieland told me that representatives of National Airlines have been discussing the non-stop service between Habana and New York with Calixto SANCHEZ who has agreed to urge the Minister of State to persuade Compania Cubana de Aviacion to open a separate office in Habana for the sale of tickets to the United States. According to Mr. Wieland, the aviation leader was quite surprised that Cubana officials had indicated they were unwilling to open their own office in Habana and that it should not be too difficult to persuade Cubana to establish its own ticket-selling facilities in both Habana and New York. Mr. Sanchez indicated there would be no problem in the establishment of a separate office, as Cubana still retains the large office on Prado where formerly both Cubana and PAA tickets were sold; Cubana could use this office, while PAA could sell tickets from its present address on 23rd Street.

Labor would obviously favor this move as it would provide more work for aviation employees. I do not believe it would be a hardship on Cubana, however, as undoubtedly it would be possible to arrange for the transfer of a certain number of the present employees who sell both Cubana and PAA tickets to separate offices, one selling primarily Cubana tickets; the other primarily PAA tickets.

Cubana has already agreed to separate advertising and publicity and this idea could be extended to the ticket offices in such a manner that when a man on the street enters the Cubana office, he would know from the signs and advertising that he was in a Cubana office and not a PAA office.

We have already agreed that to prohibit Cubana from selling PAA tickets would amount to discrimination against a Cuban company, and should therefore be avoided. As an example of how

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unfair this restriction is, it is only necessary to point out that National can sell both PAA and Cubana tickets for all the routes covered by these airlines and that even Aerovias "A" can sell National, PAA, and Cubana tickets.

The only remaining point in the restrictions which Cubana has indicated that it is unwilling to accept is the question of the agency contract. Instead of making an attempt to settle this question in a route permit, it would appear that the CAB should take cognizance of this matter in accordance with procedures established by United States laws. If the CAB finds that PAA is paying Cubana an excessive commission on the sale of tickets, it should cancel the agency contract which PAA is required to file with the CAB, or notify PAA that the contract will be cancelled if the commission is not reduced. It certainly does not seem fair and equitable for the U.S. Government in a route permit to direct Compañia Cubana de Aviacion, a Cuban company, to divorce itself from its parent organization, a U.S. concern which is controlled and regulated by the CAB, especially since Cubana holds another route permit (Habana-Miami) which contains no reference to the agency relationship between PAA and Cubana. In other words, instead of penalizing PAA through action against Cubana, the CAB should take direct action and either approve or disapprove the contract filed with the CAB by PAA.

If this matter is handled as indicated above, I believe both Cubana and National could start flying the non-stop service to New York in a reasonably short time.

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