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FOREIGN SERVICE DESPATCH

FROM AMEMBASSY, Habana

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DESP. NO.

March 23, 1953
DATE

TO THE DEPARTMENT OF STATE, WASHINGTON.

REF :

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SUBJECT: Pan American Airways Is Reported To Be Considering The Sale Of Its Stock In Compañia Cubana de Aviación

As previously reported by the Embassy (see Habana No. 1385 of March 9, 1953), there are reports circulating in local aviation circles that Pan American Airways is contemplating a reduction of its financial interest in Compañia Cubana de Aviación. In a recent conversation with an Embassy official, Sergio CLARK, President of Cubana, mentioned the possibility that PAA might reduce its holdings in Cubana from 42 percent to 20 percent and inquired whether this would entitle Cubana to represent itself as being substantially owned and effectively controlled by Cuban nationals and thus be in a position where it could free itself of the restrictions that are at present in its New York permit.

The Embassy representative referred to the proposed Air Transport Agreement that is under consideration and stated that it provides for regular and frequent consultation on such matters as routes and permits. He added that if there is a substantial change in the ownership of Cubana, it could always apply for a change of the conditions in its New York permit.

Mr. Lorenzo PORTILLO, special assistant to the President, subsequently asked the same question, but he mentioned that PAA might retain 22 percent financial interest in Cubana, instead of the 20 percent mentioned by Mr. Clark.

In view of these inquiries, it would appear that there is some truth to the report that PAA is contemplating a reduction of its financial interest in Cubana.

For the Chargé d'Affaires ad interim:

Raymond L. Harrell
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Attaché

DEPARTMENT OF STATE
BUREAU OF AFFAIRS
INTER-AMERICAN AFFAIRS
OFFICE OF REGIONAL AMERICAN AFFAIRS
MAR 24 1953

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REPORTER

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