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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA
TO : THE DEPARTMENT OF STATE, WASHINGTON
REF : Dept's A-448, May 16, 1952

1999

May 23, 1952

For Dept.	ACTION PAA	DEPT.	IN	DEF	DO	CLI	E
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SUBJECT: New Airport Corporation Established
To Operate Rancho Boyeros and Camaguey

The formation of a new company, Aeropuertos Unidos, S.A. (AUSA), to take over the operation of Pan American's two airports in Cuba, Rancho Boyeros and Camaguey, was reported in Embassy despatch 1930, May 14, 1952. Since Braniff's contract for airport services and facilities was with PAA, the previous owner, it is now necessary for Braniff to negotiate a contract with the new owners of Rancho Boyeros. According to the local manager of Braniff, the only change in the contract will be the name of the contracting parties.

It is reported that no money was involved in the sale of these airports -- the name of the owner was merely changed from PAA to AUSA and PAA continues as the sole stockholder of the new airport terminal corporation.

This move is probably part of a plan to bring about a more complete separation of PAA from Compañia Cubana de Aviacion in the public eye. It is considered significant that Warren Pine, veteran PAA employee, has resigned his position as General Manager of Cubana to accept a similar post with AUSA. With Pine's departure, there are now only two Americans working for Cubana: John Rowe, Technical Adviser, and an instructor for Cubana pilots.

One reason that has been advanced for the establishment of the new terminal corporation is that it may facilitate PAA's negotiations with the Cuban Government for its purchase of these airports.

This move by PAA has been opposed by the airport workers who feel that some of them may lose their jobs if a new company is organized to run the airports. Cuban labor laws are so strict, however, that it is considered doubtful that any of the airport workers will be discharged.

For the Ambassador:

Raymond L. Harrell
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Attaché

RLHarrell/ecv
REPORTER

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