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937.52/8-1852

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

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DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

August 18, 1952  
DATE

REF : Voluntary

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SUBJECT: Reported Merger of Three Cuban Airlines

There is a report circulating in local aviation circles that a group of Cuban and American financial interests has been formed to acquire control of Expreso Aereo Inter-Americano, Cuba Aeropostal, and Aerovias "Q," and to merge them into a single Cuban airline. According to one source, the group has already purchased controlling interest of Expreso Aereo from Rafael "Pilin" MENDOZA and Carlos MUSSO.

Captain Gustavo ALFONSO, President of Cuba Aeropostal, confirmed to an Embassy official that he has recently been approached by a representative of this group to whom he replied that Cuba Aeropostal could not commit itself to any merger plans until he knew more about the proposal and who was back of it.

Capt. Alfonso stated that Cuba Aeropostal is finding it extremely difficult to operate profitably without a regular United States cargo permit and that if he could not obtain one at the forthcoming CAB hearing in Washington, he would be more receptive to an offer from this Cuban-American group, especially if it could make arrangements for him to operate under Expreso's U.S. permit.

One reason for believing there is some truth in this report is the attitude of Col. M. QUEVEDO, President of Aerovias "Q," and Capt. Alfonso, regarding the Government's proposal to transfer all airline operations in the Habana area to San Antonio de los Baños. Previously both these airline officials had strongly opposed their transfer from Camp Columbia, which they use free of charge, on the grounds that such a move would drive them into bankruptcy. Now that they have announced their support of the Government's plan which involves their transfer to San Antonio, it would appear that they expect their financial position to be improved, possibly as a result of the above-mentioned merger which might be sponsored by the Government.

The only individual whose name has been heard in connection with the formation of the merger group is Anselmo ALLIEGRO, Prime Minister during President Batista's former regime and a member without portfolio in the present Cabinet.

RIHarrell/ecv  
REPORTER

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The Embassy will follow this merger report carefully and report all future developments.

For the Ambassador:

*Raymond L. Harrell*  
Raymond L. Harrell  
Attaché

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*Miller*