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FOREIGN SERVICE DESPATCH

937.52/9-552

FROM : AMEMBASSY, HABANA

353

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 5, 1952
DATE

REF : Voluntary

5 For Dept. Use Only hh	ACTION	DEPT.
	REC'D SEP 10	REP OLI E TCA MD OTHER CAB COMM FRB TAN TR XMB

SUBJECT: Cuban Airline Negotiating for Bank Loan

According to a recent announcement in the local press, the Agricultural and Industrial Development Bank of Cuba (BANFAIC) has agreed in principle to the granting of an equipment loan to Compañia Cubana de Aviacion. When questioned about this report, Sergio CLARK, President of Cubana, admitted that BANFAIC has offered the airline a loan but that the negotiations with the Bank have not been concluded. He indicated that if the conditions and terms are satisfactory, Cubana would like to borrow about four or five million dollars to purchase three new Super Constellations from the Lockheed Aircraft Corporation.

It is understood that one of the conditions the Bank is insisting on prior to the granting of the loan, is that Cubana have a valid permit from the U.S. Government for a route between Habana and New York. Cubana officials state that if the loan is granted, the airline will probably purchase three Constellations which could be used to make daily flights to New York and bi-weekly flights to Madrid.

Cubana officials state that this new equipment is badly needed if Cubana is going to be able to continue to compete on the Habana-Madrid route with IBERIA which has reportedly ordered three Constellations for this service. If IBERIA puts this new and modern equipment into operation, it is considered doubtful that Cubana, which now operates DC-4s on this route, can continue to offer strong competition to the Spanish airline.

The route to Spain is important to Cubana because it is the only long run that the company operates. Without the revenue it earns on these flights, Cubana would undoubtedly have considerable difficulty meeting its expenses. During the first six months of this year, Cubana transported two thousand passengers between Habana and Madrid, which at the rate of \$420 for a one-way ticket, represents \$840,000. Additional Cubana traffic statistics are shown in the attached copy of an article from a recent issue of the HAVANA HERALD.

For the Ambassador:

Raymond L. Harrell
Raymond L. Harrell
Attaché

Enclosure:

Copy of article mentioned above.

RIHarrell/ecv
REPORTER

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

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From the HAVANA HERALD

CUBANA SETS NEW RECORD THIS YEAR

Compañia Cubana de Aviacion had the best six months in its history in the semester between January and June, 1952, the airline's officers said yesterday.

A total of 91,850 passengers were carried by Cubana during the period over its 18-city national route, as well as between Havana and Miami and Havana and Madrid. This was 10,558 passengers more than was carried by the airline in the comparable period of 1951.

The national airline said that in the period under review it carried 34,063 passengers between Cuba and the United States, 55,791 to and from cities in the interior and 2,006 between Cuba and Spain.

All routes showed "sizeable gains" in the first six months of 1952 as compared to the same period in 1951, the company's report said.

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