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FOREIGN SERVICE DESPATCH

FROM AMEMBASSY, HABANA

561
DESP. O.

TO THE DEPARTMENT OF STATE, WASHINGTON.

October 14, 1952
DATE

REF Voluntary

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SUBJECT: Transmitting Annual Report of Compañia Cubana de Aviación.

According to the Annual Report of Compañia Cubana de Aviación, which was issued last week, the net loss for 1951 amounted to \$47,301 compared to a loss of \$12,894 in 1950. Despite an increase in passenger revenues—from \$3,700,000 in 1950 to \$3,900,000 in 1951—the net loss was higher, caused in part by the destruction of a DC-4 in an accident which made it necessary for the company to lease a substitute plane at a higher cost.

The inauguration of a regular night flight between Habana and Santiago de Cuba and the addition of a daily flight in a DC-4 between Habana and Camaguey were reported to have been the principal reasons for the increase in passenger revenues. The income from the Habana-Miami route showed a slight increase, but the Habana-Madrid route showed a decrease of \$169,000. The number of passengers transported during 1951 and 1952 over these routes is shown in the table below:

	1951	1950
Domestic Service	165,261	143,207
Habana-Miami	49,336	50,780
Habana-Madrid	3,236	3,513

Despite an increase of \$34,460 in mail pay, it is pointed out in the report that the rate is too low and should be increased to the level that was in effect prior to 1945, the date on which the last airmail contract was negotiated.

Mention was made in the report that the company found it uneconomical to accept the permit issued by the United States CAB for direct flights between Habana and New York and that the Cuban Government had been requested to negotiate with the United States Government for a more acceptable license.

RLMarrell:tv
REPORTER

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It was also reported that the company has been negotiating with the Agricultural and Industrial Development Bank of Cuba (BANFAIC) for a substantial loan which would make it possible to reorganize the airline and to purchase new aircraft (Douglas DC-7's or Lockheed Super-Constellations.)

There are attached eight copies of the Annual Report of Compañia Cubana de Aviación.

For the Ambassador:

Raymond L. Harrell
Raymond L. Harrell
Attaché

OK

Enclosure:

1. Eight copies Cubana Annual Report.

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