RESTRICTED
SECURITY INFORMATION
(Classification)

DO NOT TYPE IN THIS SPACE
737.00 (W)/1-2552

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA 1220 DESP. NO. January 25, 1952 DATE

TO : THE DEPARTMENT OF STATE, WASHINGTON. AIR PRIORITY PRIORITY

REF :

SUBJECT: Weeka No. 4 For State, Army, Navy, and Air Departments From SANA

Assigned to
Action Taken noted
Date of Action 1-28-52
Action Office Symbol
Name of Officer Vivalett
Direction to DC/R File

INFO LAB TAR CIA TR DMPA XMB ARMY C NAVY AIR

JAN 28 1952
18
For Dept. Use Only
RECD JAN 28
ACTION OLI
INFO REP DCR ARA EUR E IE P AG CAB COMM DPA FRB

SECTION II

ECONOMIC

Grinding for the 1952 sugar crop increased in activity during a week of perfect harvesting weather. As of January 24 there were 106 mills in operation as compared to 86 mills on the same date of last year. It is reported that the production of sugar at the moment is running approximately 50 percent ahead of that last year and that the production of blackstrap molasses has increased by about 100 percent. Contracts for the molasses have not as yet been signed and there are now strong indications that at a price historical U. S. buyers may be immediately interested in a quantity ranging from 80 million to 100 million gallons.

There are still isolated labor difficulties at some mill locations where labor reportedly is refusing to cooperate either with the cane growers or with the mill owners. It is expected that these isolated problems, which as yet have no vital influence upon crop prospects, can be settled within the near future. The situation has not been improved, however, by a new claim made by Senator MUJAL, the Secretary-General of the CTC, that the sugar retirement fund is short some 20 million pesos because the cane growers have not complied with the requirements of the 1948 law that legal contributions be made to the fund. It is understood that Mujal has requested Labor Minister BUTTARI to make a thorough investigation of this situation and to compel full compliance with the 1948 legislation.

The local press has featured prominently a rebuttal by David M. KEISER, Chairman of the U.S.-Cuban Sugar Council, to a statement allegedly made in New Orleans some days ago by L. A. BORNE, President of the American Sugar Cane League, that sugar prices in the United States are being driven down by excessive imports from foreign sources. Mr. Keiser reportedly emphasized the part played by the Cuban industry during the last war, the dependence of the American market upon the Cuban producer, and the full record of cooperation which has been shown. In the meantime some slight nervousness has been registered as a consequence of the persistent downward drift in the price of sugar both in the United States and on world markets. There is no claim or suggestion that the Cuban industry is in jeopardy but

This Document Must Be Returned to DC/R Central Files
737.00 (W)/1-2552

DEPARTMENT OF STATE
RECEIVED
JAN 28 1952
OLI - IAD
MESSAGE CENTER

APR 1 1952
FILED
HH

DGClark:eam
REPORTER(S)

RESTRICTED
SECURITY INFORMATION

PREPARATION TIME

ACTION COPY – DEPARTMENT OF STATE

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

reported recent sale of Formosan sugar to Japan and the sale of a small quantity of Puerto Rican surplus sugar to New York refiners, for probable later reexport to world markets, are factors which are disturbing what otherwise might be a very bullish local picture.

As was anticipated, the employers union of the catering industry took its appeal against the recommended wage increases (see Weeka No. 3) to the National Social Cooperation Commission, requesting that this recommendation be annulled. In the meantime the employers, in defense of their case, have pointed out that under the new increased schedule strict application would mean that such professionals as chefs, head waiters, etc. would earn salaries in excess of those paid to Ministers of the Federal Government and those earned by most doctors, surgeons and lawyers. These extravagant illustrations have not helped the employers as they were promptly contradicted and refuted by the Minister of Labor, who in the enthusiasm of the conflict also may have been guilty of overshooting the mark. Buttari reportedly claimed that the labor policy of the present administration "had brought well-being to the man in the street through the extraordinary increase in the money in circulation". He also claimed "that Cuba's commerce had increased by 50 percent in the past seven years as a result of this policy".

The local rice importing trade has for some weeks been concerned as to whether or not the import quota from the United States, at the low duty rate of 1.85 pesos per metric quintal, would be increased beyond the 4,500,000 quintal aggregate announced on July 1, 1951. On January 22 Commerce Minister ZAYDIN was quoted in the press as having stated that there would be no supplementary quota announcement and that the import quota itself had been filled. Local rice growers greeted this announcement with enthusiasm but the trade reports the registration of additional rice import contracts, apparently over and above the quota figure reportedly filled, at the low duty rate and for the rather modest consideration of 25 cents per bag.

The Minister of Agriculture has submitted and had approved by the Council of Ministers a decree which reportedly will authorize an American company to plant in the Province of Pinar del Rio an area of some 33,000 acres to cotton. It is understood the same tax exemptions as are applicable to the kenaf growing industry are included. It is presumed in some quarters that this experimental planting is connected with the recent announcement by the well-known American BVD Company of its intention to establish a textile manufacturing firm in Cuba. From other sources it is indicated that the cotton planting will be done by the well-known Hedges family which already has a thriving textile industry on the island. On January 18 the Agricultural and Industrial Development Bank began granting loans on the current tobacco crop. Funds are to be drawn from the 8 million peso total approved by the Cuban Congress shortly before the end of the year. It is reported that on the first day the Development Bank delivered

RESTRICTED
SECURITY INFORMATION
(Classification)

checks to an amount of slightly more than 804,000 pesos for tobacco which in large part is said to be of very poor quality.

It is understood that the Ministry of Finance has received from claimants some 400 certified claims against the Cuban Government, as provided for in Decree No. 5354 of December 5, 1951 (see Embassy's despatch No. 1004 of December 19, 1951). The decree provided a period of 45 days for the registration of such claims or until February 5. After this deadline a further 45 days will be allowed a special commission for the review of all claims presented. It is not expected that the Ministry of Finance will liquidate any of these claims before late May or early June of this year. The amount available in the current budget, 4,250,000 pesos, is sufficient only to make payment of a few of these obligations but apparently it is anticipated that a similar amount will be contained in the federal budget for the year 1952-53.

What appeared to be a point of serious personal issue between the Minister of Finance, Dr. ALVAREZ Diaz, and the Secretary to the President, Dr. Orlando PUENTE, seems to have been amicably settled by the President on the evening of January 23. It is reported that the Minister of Finance offered his resignation to the President but that he has been persuaded to stay on in his important position. Payments of overdue pensions as provided for by Law No. 12 with its loan power of 35 million pesos have now been provisionally settled at 57 percent of the amount outstanding.

It is reported locally by the Belgian Minister that a Belgian commercial mission will visit Cuba from the 9 to the 13 of March. The mission is to consist of some 20 industrial, banking, and other business representatives.

The aviation workers union at Rancho Boyeros reportedly has decided to take steps to pressure action on the part of the Cuban Government to expedite negotiations pointing towards the issuance of a certificate to the Compañía Cubana for direct air service between Habana and New York. While negotiations regarding this Cubana certificate have been requested by the Cuban Ministry of State of the Embassy, nonetheless the labor element has threatened to "seize" all Cuban airports on January 28 in order to force the Government's hand not only as regards the Cubana certificate, but also to create a retirement fund for the workers, prohibit the use of the Army airport at Campo Columbia for commercial purposes, and, the ultimate, nationalization of all airports in the country.

For the Ambassador:

DuWayne G. Clark

DuWayne G. Clark
Counselor of Embassy

RESTRICTED
SECURITY INFORMATION
(Classification)

Participants:
DGClark, ETCrain, HAHoyt, REGomez
Elmore (MA), Mason (AA), Ryan (NA)

Copies to Amembassies: Ciudad Trujillo
Port-au-Prince
Mr. Wellman (MID)

MA (4) for USARCARIB and USARFANT
AA (1)
NA (2) for Guantanamo

Wellman