FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

Action Assigned to [illegible]

SECURITY: RESTRICTED

PRIORITY: AIR PRIORITY

Action Taken [illegible]

For Dept. use only.

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TO: Department of State

JUNE 13

XMB INFO ARMY NSRB NAVY SEC AIR TAR CIA TR

Date of Action 6/18/51

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OLI

FROM: HABANA 2435 June 8, 1951

REF:

SUBJECT: WEEKA No. 23 FOR STATE, ARMY, NAVY, AND AIR DEPARTMENTS FROM SANA

Returned to DC/R

DCR ARA E IE P

AG DPA COMM ECA FCC ERB OPS FPC IIAA LAB NLRB

SECTION II

ECONOMIC

While little or no factual data has been released by the Cuban press during the week, there has been abundant evidence of the concern of the Government regarding reports from Washington, D. C. that active consideration is being given to the revision and extension of the 1948 Sugar Act. The Cuban concern has naturally reflected a fear that Cuba's share in the United States market will be reduced in the face of strong claims for larger participation made by Puerto Rico, Santo Domingo, and Peru. Without doubt the Cuban Government and the local interests have been prepared for some temporary reduction but Washington news despatches, which rumor the total cut beginning January 1, 1953, at some 276,000 tons, have produced at least superficial dismay and disappointment. The trade recognizes that if these reports are true, Cuba has lost for possibly a period of two years any participation in the normal domestic increased consumption of the United States, and that beginning 1955 Cuba's position will again be improved. However, it is quite unlikely that the Cuban Government, at least for the moment, will be prepared to acknowledge any justice in this proposed cut.

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The announcement from Washington of the implementation on June 6 of the Torquay Protocol and the entering into force of revised duties has brought a limited amount of sober comment from the Cuban press. Until now most of the publicity regarding Torquay has laid claim to great achievements for Cuba and the realization of so-called "economic independence". However, the Washington announcement has now brought to light the fact that Cuba has lost, as regards the United States market, certain preferences which previously existed. While only very limited critical comment on this fact has been seen so far, this is the reverse side of the picture which may have been overplayed by the Cuban Government, particularly the new Foreign Minister during several press conferences and President PRIO's radio broadcast to the country on May 22 (see Weeka No. 21).

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A rather refreshing development during the week has been an announcement by the National Industrial Association of Cuba disapproving of the special duty-free entry privileges announced for one of the local textile plants, the Textilera

DGClark:eam

Mayabeque (see Weeka No. 22). The Association has taken strong issue with the Government and has pointed out that there is no realistic basis upon which these unusual duty-free privileges can be justified.

The labor picture has been typified by a rather wide scope and variety of strike threats. Truck drivers throughout the country, reportedly representing 70 transport organizations operating more than 2,500 trucks, left their jobs on the morning of June 5 to enforce their demands for a 40 percent wage increase, the liquidation of certain debts to their retirement fund, and strict fulfillment of Circular 54. The truckers have now returned to work and their grievances are under arbitration. In the meantime a more serious threat has developed in connection with the CTC and its determination to take measures to force the sugar mill owners and cane planters to strictly comply with labor's interpretation of various labor regulations, including the payment of the labor check-off tax, the payment of maternity benefits and wage payments for holidays. Under the guidance of the CTC, the strike became effective on June 8 and embraces not only port workers but also members of the railway unions and anyone else concerned with the handling and moving of sugar.

The CTC, through its Secretary General Eusebio MUJAL, presented to President Prío on Thursday a statement of labor's basic demands which reportedly are an outgrowth of the recently concluded Seventh Annual Congress. Presumably the demands are predicated upon the increasing cost of living and call for a 30 percent across-the-board wage increase for all workers, to be preceded by Government action to freeze all prices. Among other demands there are listed an overall check-off system for all employers, the payment of a one month's Christmas bonus to all employees each year, and significantly a demand that the Government abolish all restrictions on the right to strike as well as all legal provisions against compulsory arbitration of labor disputes. Reportedly Mujal has stated that labor will take the necessary steps (strike action) to force the Government and management to meet the workers' demands.

The still rather infantile television industry in Cuba has already had its first labor trouble. During the week the Secretary General of the National Federation of Cinematograph Workers threatened a strike unless a ban is placed upon the broadcasting of films by television, excepting in those cases where the films are at least 15 years' old.

There are strong reports that the Minister of Commerce, Ramon ZAYDIN, may be about to admit defeat in connection with his efforts to maintain and enforce observation of ceiling prices. Despite considerable blustering and threatening, the local meat situation has not improved and supplies available for the markets are very short. It is rumored that the duty-free importation of Nicaraguan beef, in an amount of 300,000 libras, has been ordered. There are indications that Cuban growers of onions, beans, corn and various other products are being caught between established prices and increasing costs of production. It is rumored that Minister Zaydin may propose to the Council of Ministers that ceiling prices on many of these products (excluding meat) be withdrawn and that values be permitted to reach their natural level.

Considerable prominence has been given in the press to a report from New York that the American and Foreign Power Company has obtained a considerable loan from the Export-Import Bank for the improvement and the extension of power facilities throughout Cuba. It is reported that as a result of the loan negotiations the company has now been able to place orders for a 30,000 kilowatt installation for Habana, a 15,000 unit at Matanzas and similar units at Camaguey and Santiago.

The 1951 Cuban sugar crop is rapidly drawing to a close. 156 out of the 161 operating mills have finished grinding. These mills show a 3.69 percent increase over 1950. This would indicate a final crop of from 5,585,000 to 5,595,000 Spanish long tons. Blackstrap molasses production is estimated at approximately 288,000,000 gallons of which 285,000,000 gallons had been produced up through May 31, 1951. There is every indication of increased plantings for harvest in 1952. Given a normal growing season (June-September), no destructive hurricanes this fall and good harvesting weather in 1952, Cuba is believed to have planted enough sugar cane to produce a sugar crop in excess of 5,900,000 long tons next year or a minimum of 300,000 Spanish long tons more than in 1951.

C. Burke Elbrick
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Chargé d'Affaires ad interim

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