

Air Pouch
PRIORITY

JUL 6 - 1955

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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, HABANA

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DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON

July 6, 1955
DATE

REF : ---

5- For Dept. Use Only	ACTION HAA-4 REL D 7/8	DEPT. IN F O OTHER	4/REF-2 RM/R-2 041-6 E-4 10 A-10 COM-8 TR-3 FRIB-2 IN-7 CIA-5 XMB-3
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SUBJECT: New Allocations from Development Fund for Highway Construction and for Additional Loan to Compañía Cubana de Aviación. AIR-4 ARMY-4 NAVY-3

During the past few days, two new allocations of funds have been made under the Government's four-year, 350-million "Economic and Social Development Plan." Apparently both of these allocations are chargeable to the second 100-million increment of the Plan, authorized by Decree 1514 last month.

Decree 1836 of July 1, 1955, published in the Gaceta Oficial of the same date, allocated 1,500,000 pesos for continuation of repair and reconstruction work on the Central Highway leading eastward out of Habana, specifically for the section from Virgen del Camino to San Francisco de Paula. As this project antedates the Development Plan, the normal requirements as to public bids for the pertinent construction contract were waived.

Decree 1859 of June 30, 1955, published in the Gaceta Oficial on July 2, authorized the Economic and Social Development Bank (BANDES) to utilize Development Plan funds to the extent of two million pesos to supplement the previously-established nine-million-peso credit for Cia. Cubana de Aviación and for Aeropuertos Internacionales, S.A. /1 In the preamble to Decree 1859, it was stated: "The study made of the situation and minimum needs of Cia. Cubana de Aviación has demonstrated that it is essential to expand the credit granted by an additional two million pesos in order to place that enterprise on a basis permitting it to improve its services and extend its operations...." The decree provides that these additional funds may be used by Cubana for operating expenses or for the acquisition of new equipment.

Harold M. Randall
Chargé d'Affaires a. i.

Embassy D-522 of November 24, 1954

TRFavell:ecv
REPORTER

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