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## FOREIGN SERVICE DESPATCH

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FROM : AmEmbassy, HABANA

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DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

July 12, 1955

DATE

REF : Embassy D-1169, May 25, 1955 and Embassy D-1212, June 7, 1955

2 For Dept. Use Only	ACTION	DEPT.	IN F O	OTHER	AM/R-2 A/REP-2 011-6 E-4 ICA-6 Com-8 CAB-6 AIR-4 CIA 5 NAY-3
	REC'D				
	7-16				

SUBJECT: COMPANIA CUBANA DE AVIACION WILL RECEIVE EXCLUSIVE AIRMAIL CONTRACTS

It has been learned from a reliable source that the Cuban Government will shortly grant an exclusive contract to Compania Cubana de Aviacion for the carriage of domestic airmail, for which it will pay the company \$50,000 a month. It is also probable that Cubana will be given the exclusive right to carry airmail from Habana to Miami, thus eliminating Pan American Airways and the Cuban airline, Cuba Aeropostal, S.A., from participation in this service. Under the present arrangement Cuba Aeropostal is receiving \$500 a month, and Cubana and Pan American operate under an informal agreement whereby the two companies share equally in a monthly payment of \$1,250, but the airmail is loaded on the first outbound plane of either company without regard to a completely equal division of weight.

The loss of revenue to the two companies is not a matter of serious concern, but Pan American, at least, may be faced with the cancellation of its customs exemption for the importation of gasoline. If Cubana is given an exclusive contract by the Cuban Government and, at the same time, holds a franchise from the United States Government to carry airmail on the Miami-Habana run it will enjoy a substantial advantage over Pan American and Cuba Aeropostal.

No  
This Embassy would appreciate instructions as to whether representation should be made. If instructed to do so, the Embassy would be assisted materially by information as to airmail arrangements in effect between the U.S. and Cuban post offices, or as to other pertinent basis for protest.

It is quite likely that this is the first in a series of concessions which the new administration of Cubana will attempt to obtain from the Cuban Government. Because of the Government's financial commitments to the company and the often repeated statements of President BATISTA that Cubana must not be permitted to fail, there will be a great deal of pressure on Cuban officials to grant future demands. Jose Lopez VILABOY, the President of Cubana has joined with the National Federation of Aviation Workers in a public

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statement to the effect that the Air Transport Agreement between Cuba and the United States should be "revised" because Cuba derives no benefit from it.

For the Chargé d'Affaires a.i.:

*Harold M. Randall*  
Harold M. Randall  
Counselor of Embassy  
for Economic Affairs

*Am*

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