

Habana, February 10, 1947

No. 2776

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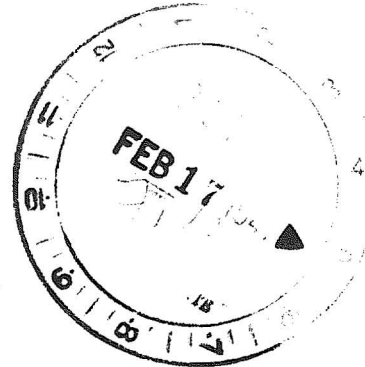
Subject: Expreso Aereo Interamericana Fails to Exercise Option for Purchase of Cubana Stock from Pan American.

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DEPARTMENT OF STATE

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The Honorable  
The Secretary of State,  
Washington, D. C.



Sir:

I have the honor to refer to previous correspondence with regard to the option given by Pan American Airways to Expreso Aereo Interamericana for the purchase of Pan American's 52 percent share ownership in Cia. Cubana de Aviación, and to report that this morning the General Manager of Cia. Cubana de Aviación informed the Commercial Attaché that Expreso Aereo Interamericana had failed to exercise this option and had forfeited the 10,000 shares of its (Expreso's) stock as stipulated in the original agreement. Cia. Cubana de Aviación released to the press today a statement, a copy of which was given to the Commercial Attaché and is attached.

An official of Cubana said they hope to procure Douglas DC-3's and two DC-4's through Pan American on a purchase basis. They plan to substitute DC-3's for two Lockheeds, and to obtain additional DC-3's for a possible increase in the number of Havana-Miami runs and for use on their proposed Cuba-Mexico service and on a service between Havana-Santiago de Cuba-Kingston, Jamaica. They also contemplate possible utilization of DC-3's on a route Havana, via Camaguey and Santiago de Cuba, to San Juan, Puerto Rico, Port-au-Prince, Haiti and Ciudad Trujillo, Dominican Republic.

Cia. Cubana de Aviación is applying for a permit to operate between Cuba and Spain and Portugal, using Dc-4's. They advise that there may be some difficulty in obtaining crews for these planes as they will not operate without fully trained crews and

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American Embassy, Habana  
February 10, 1947  
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the employment of Americans on initial runs may be a matter of controversy with the Cuban pilots association.

As regards the improvement of airports mentioned in the last paragraph of the press release, Embassy is of the opinion that this program depends upon the amount of protection that the Company can get from the Cuban Government as regards ability to assess landing charges more in keeping with the expensive improvements which it would be necessary to undertake. The airports which it is believed will, under favorable circumstances, receive immediate attention from Cia. Cubana de Aviación are: Antilla, which needs lengthening; Manzanillo, which requires a cross runway; Baracoa, which needs its approaches improved; Bayamo, which needs fencing to prevent the use of the road now across the runway; likewise certain improvements at Preston and Cayo Mambi.

What effect this development will have on the future of Expreso Aereo Interamericana is not clear. Expreso is at present having labor troubles, a sit-down strike at their airport having made them miss five flights on February 9th.

Respectfully yours,

For the Ambassador:

  
George C. Howard  
Commercial Attaché

Enclosure: *W.H. 200*  
Press Release.

File no.  
GCHoward:dml

To Department in original and hectograph.

PRESS RELEASE ISSUED BY  
CIA.CUBANA DE AVIACION

Pan American World Airways Sunday announced it had cancelled its plans for sale of its Cubana subsidiary, Compañia Cubana de Aviación, and would now greatly enlarge the scale of operations of that company.

PAA officials in making the announcement explained that its conditional sales contract, made last August for sale of its controlling interest in Cubana to Expreso Aereo Inter-Americano expired on February 9, when Expreso failed to comply with various conditions of the purchase option and this automatically voided the contract. With cancellation of the sale, PAA announced that it would more aggressively than ever assist Cubana in intensifying its domestic services and developing new international services.

Cubana showed a solid profit in 1946 as compared with losses registered in the same period by most U.S.A. and other Latin American aviation companies. The airline's entire personnel is composed of a thousand Cuban nationals.

Cubana which has established a world safety record by operating twelve years without a fatality, flew 20,251.170 passenger miles and 2,060.735 ton miles in 1946 while serving twenty Cuban cities and on its one international route between Havana and Miami. At the same time they carried 95,010 passengers, more than six million pounds of cargo and 396,618 pounds of mail.

Now operating six Douglas DC-3's and two twin-motored ten passenger Lockheeds, the Cuban company will immediately substitute additional twin-motored DC-3's for its Lockheed equipment and add four-motored DC-4 equipment for operation of an international service linking Cuba with Spain and Portugal, for which route it is making immediate application. There is a great community of interest between Cuba and Spain because of the considerable business done between the two nations and because many Spaniards reside in Cuba and many Cubans are Spanish descendants and have family and business ties there.

The Company will also apply immediately for a direct Havana-New York service and already has applied for international certificates to operate between Cuba and Mexico and to Kingston, Jamaica, from both Havana and Santiago, Cuba; and between Havana and San Juan, Puerto Rico via Camaguey and Santiago in Cuba, Port-au-Prince, Haiti and Ciudad Trujillo, Dominican Republic.

With the addition of the larger equipment the airline will immediately launch an airport construction program to enlarge five airports in the provinces of Camaguey and Oriente in the eastern part of the island.