



THE FOREIGN SERVICE
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UNITED STATES OF AMERICA

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American Embassy

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Habana, Cuba, October 22, 1947

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Subject: Vessels for Cuban Merchant Marine

The Honorable
The Secretary of State,
Washington.

Sir:

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I have the honor to refer to previous despatches on this subject and to state that the recent departure of the Chief of the Cuban Navy to arrange to procure in the United States four vessels for the Cuban Merchant Marine has brought forth certain favorable newspaper comment.

In its issue of October 20 the Habana daily El Crisol reminded its readers that Cuba has been endeavoring for more than two years to procure merchant vessels, but that difficulty has always been encountered in the United States, the "Maritime Committee of the House of Representatives having made serious objection to the negotiations on the ground that Cuban social laws, Circular No. 20 concerning exports of fruit, tonnage dues, and other similar measures, were considered discriminatory". Stating that "it was necessary that Cuba cancel Circular No. 20 that protects our small vessels, in order to resume negotiations", El Crisol suggests that everything appears to favor the development of a merchant marine if unforeseen obstacles do not intervene. It urges the construction of docks and warehouses and shipyards for repairs, and the dredging of certain harbors.

"History shows us that with the nationalization of British shipping in the reign of Queen Elizabeth, the growth of British naval power began; that is, when England ordered that its products had to be carried in English vessels with English crews. We have to look to the sea because there is our future.."

In an editorial on October 20 the Habana newspaper Avance also discussed the subject, likewise mentioning difficulty heretofore encountered in foreign countries by Cuba in its efforts to acquire merchant vessels, and giving credit to the Cuban Government for overcoming such obstacles. The editorial (translation enclosed) contains

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22, 1947.

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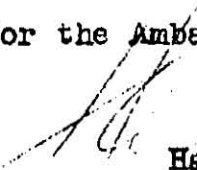
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the following comment regarding the objectives of the
Cuban Merchant Marine:

"The purchase of the first four ships of our merchant marine being so imminent, it is necessary to determine on what definite basis they are going to be operated. An extensive report of the Maritime Commission fixed at 75,000 the tonnage that should be secured through the intervention of the State for traffic between Cuba and the United States, leaving private enterprise to raise the tonnage to 150,000, estimated as sufficient for that run, with which could be transported in one year 2,000,000 tons of cargo representing a collection of \$13,250,000 in gross freight charges. For European traffic they recommend for the moment 2 ships of 10,000 tons which could make 8 trips yearly, transporting 160,000 tons of cargo with a collection of \$4,480,000 in gross freight charges."

Respectfully yours,

For the Ambassador:


Harold S. Tewell
Counselor of Embassy

Enclosure:

Translation of editorial
in Avance of October 20,
1947.

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TRANSLATION

AVANCE - October 20, 1947

MERCHANT MARINE

It has been announced that within fifteen days a transaction will be closed whereby four merchant ships will be purchased, the first of what will form our national merchant marine. Here is one of the essential needs of the nation, which it at last seems to be putting into tangible reality, after long years of projects, plans and studies.

With the merchant marine, as with many other things we lack - the National Bank of Issue and Rediscount, for example - every time their creation is mentioned we are astounded that 47 years of the Republic have passed without them; opinions are unanimous that their establishment is undeferable. Only, when it is time to act, each one looks to the other to carry out the job.

We would not be just if we did not mention the fact that the creation of our merchant marine will meet with foreign obstacles and that more than one project has been frustrated on that account. But the overcoming of those difficulties is proof of the quality of effort of those whose task it is to provide the country with its merchant ships. Thus, if this is being achieved, as is now announced, the Government is to be given credit for the realization of a work of truly national development because of the benefits which will be derived therefrom. To appreciate the importance of the development of our merchant marine, suffice it to say that freight charges, according to calculations of the Cuban Maritime Commission, this year amounted to more than \$110,000,000. In this respect it has been said that a merchant marine would be Cuba's second national industry.

The purchase of the first four ships of our merchant marine being so imminent, it is necessary to determine on what definite basis they are going to be operated. An extensive report of the Maritime Commission fixed at 75,000 the tonnage that should be secured through the intervention of the State for traffic between Cuba and the United States, leaving private enterprise to raise that tonnage to 150,000, estimated as sufficient for that run, with which could be transported in one year 2,000,000 tons of cargo, representing a collection of \$13,250,000 in gross freight charges. For European traffic they recommend for the moment 2 ships of 10,000 tons which could make 8 trips yearly, transporting 160,000 tons of cargo with a collection of \$4,480,000 in gross freight charges. The plan was based on the

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acquisition of ships operating from government to government, but the Chamber of Commerce objected because of the undesirable maritime protection this might create. On its part it states that to develop a merchant marine a general adjustment in the rates of salaries should be made, and a subsidy allowed.

Should it be that difficulties of a foreign nature have disappeared - those raised by foreign shipping enterprises - we do not believe domestic organization to be an insurmountable obstacle and that a formula will be found to eliminate the objections raised by the Chamber of Commerce. The high cost of operation calculated for Cuban ships - we still recall a report on this problem submitted by the delegation of Cuban shipowners to the conference in Seattle - is what holds back private initiative. It is incumbent upon the State to contribute as efficaciously as it can to maritime development, to ensure that that initiative can be developed. It is not necessary for it to reduce payrolls but to eliminate cost differentials, as was done in the United States under the law promulgated in 1936.

There is no room to doubt that the Government has taken effective steps for the creation of our merchant marine, first by decree 2538 which suspended for six years the collection of certain taxes to ensure the purchase of ships and equipment, then by the allotment of a credit for three million dollars for their acquisition by the State itself. Such decisive steps in the task of creating a merchant marine justify the hope that the Government will not delay and will assimilate the recommendations that important sectors of the country can make, so that in the end the nation can count on a merchant marine.

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