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FOREIGN SERVICE DESPATCH

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SUBJECT: Joint Weeka No. 32 for State, Army, Navy and Air Departments from SANA.

(UNCLASSIFIED) GUTIERREZ NAMED TO SPECIAL U.S. PRESIDENTIAL COMMISSION. President BATISTA announced this week that he had named Gustavo GUTIERREZ, Minister without portfolio, as his representative on the commission proposed by President EISENHOWER to explore means for more effective work by OAS in economic and social matters. Gutierrez, who accompanied President Batista to the Panama meeting, is president of Cuba's National Economic Council and of its Nuclear Energy Commission.

(OFFICIAL USE ONLY) TECHNICAL ASSISTANCE PROGRAM CRITICIZED; SOURCE IDENTIFIED. Minister Gutierrez this week revealed himself to Embassy officers as the instigator of President Batista's critical remarks to President Eisenhower, at Panama, with respect to conduct of United States technical assistance programs in Cuba. Charged by law-decree with coordination of government economic activity including technical assistance, Gutierrez long has been annoyed by the fact that other cabinet ministers, and the President's office itself, habitually bypass him. Technical assistance projects, for example, are commonly drafted in the ministries directly concerned, and presented to United States agencies through the Ministry of State. Gutierrez' charges (as expressed by President Batista), that this has resulted in uncoordinated and inefficient expenditure are largely true. The trouble, however, has been largely the failure of the Batista government to establish coordination, not the policies and procedures of United States agencies.

(OFFICIAL USE ONLY) Comment. Several times last year Gutierrez went so far as to ask the Embassy to intervene toward forcing other ministries to place their economic responsibilities, particularly technical assistance, under his control. Our position consistently has been that better coordination would be most welcome, but that meanwhile we could not refuse to consider official requests for technical assistance coming formally from other channels through the Ministry of State. By getting President Batista at highest levels to criticize the lack of coordination, Gutierrez probably feels that he has greatly strengthened his hand, albeit at the expense of a grossly unfair and distorted charge against United

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States officials.

(UNCLASSIFIED) CUBA PLANS ATOMIC ENERGY FORUM. Minister Gustavo Gutierrez, as president of Cuba's Nuclear Energy Commission, informed the Embassy this week that a forum on atomic energy is being planned at Habana from September 10 to 16 and asked United States cooperation in providing exhibits, scientists, and lectures.

(UNCLASSIFIED) Comment. The Embassy replied informally that, although the request will of course be transmitted to Washington, the time is very short to obtain exhibits and lectures, and that also the forum might be of greater public interest if timed to follow completion of the Cuban-United States agreement for research cooperation. This agreement will not be completed until ratification by the Cuban Senate, whose next regular session will start September 17, 1956.

(OFFICIAL USE ONLY) UNFORTUNATE PUBLICITY FOR MDAP SHIPMENT. The delivery on August 4, 1956 of certain arms and other material supplied to Cuba under MDAP was seized upon by Cuban authorities as an opportunity for personal publicity for President Batista. The ceremony was announced by and publicized by them, without coordination with the MAAG, the Embassy or USIS, and resultant publicity was strongly in favor of Batista. The unavoidable implication was that the United States is bolstering Batista's position by arming him to the teeth. The broad hemispheric defense aspects were touched upon only in passing. USIS managed to restore some balance to the picture by putting out a lengthy story explaining the real purposes of MDAP as intended to strengthen strategic Free World countries against international Communism. The story, which was widely played, pointed out that United States arms aid is not to build up one country as against another, nor to strengthen any particular political regime.

(UNCLASSIFIED) EUFEMIO FERNANDEZ OBTAINS ASYLUM. Eufemio FERNANDEZ, head of the Cuban Secret Police under ex-President Carlos PRIO, took asylum in the Peruvian Embassy on the night of August 1, 1956. Peruvian Ambassador CABADA has requested the usual safe conduct from the Ministry of State. However, because of the importance which the administration attaches to Fernandez and since the Peruvian policy concerning political asylum is not entirely clear, the Ministry has not thus far granted the safe conduct, limiting itself to stating that the case is receiving careful consideration.

(OFFICIAL USE ONLY) Comment. The case is unusual, and to date is somewhat embarrassing to Ambassador Cabada. It appears that Peru has not ratified the Montevideo Convention on political asylum, and moreover the Peruvian Embassy here has not granted asylum to anyone during the past several years. In addition, the Chief of the

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National Police, Brig. Gen. SALAS Cañizares, publicly insists that Fernández was taken to at least the near vicinity of the Peruvian Embassy by representatives of the Dominican Embassy. Salas' objective seems to be to involve the Dominicans. He maintains that Fernández was one of the persons principally responsible for the "Trujillist penetration" into Cuba - that in spite of the fact that Fernández, then head of the Secret Police, was generally known as one of the leaders of the Cayo Confites expedition planned against Trujillo in 1949. The Peruvian Ambassador denies flatly both publicly and privately that Dominican representatives assisted Fernández when he entered the Embassy.

(UNCLASSIFIED) INTERVIEW WITH FIDEL CASTRO. The press of August 7 gave prominent play to a by-lined interview with leader of the insurrectional "26 of July Movement", Fidel CASTRO Ruz in Mexico City by Francis MC CARTHY, United Press representative in Habana. The full text of the interview ran to 3,000 words. Principal points made by Castro were that Batista could be overthrown only by insurrection, that the youth of Cuba was determined to get rid of the regime, and that 1956 was the year of decision - that by the end of the year Batista would be out or Castro dead. The only new point was that Castro now calls for a united front of all opponents of the administration.

(CONFIDENTIAL) Comment. In conversation with the Embassy's Public Affairs Officer, McCarthy has said that he found Castro sincere, ambitious, confident, even cocky. He appeared convinced of the justice of his cause, and expected early success. He implied that he did not have many arms in Mexico, but that there were plenty waiting for him in Cuba. His passport, according to McCarthy, showed several trips between Mexico and Costa Rica, and he indicated that he planned to go to Costa Rica shortly. He said that he personally had not been maltreated by the Mexican police when recently detained, but that others of his group had. He was accompanied at all times by two bodyguards.

(UNCLASSIFIED) CUBAN "POLITICAL REFUGEES" ORDERED DEPORTED. The Embassy understands that the Cuban conspirators who arrived in Miami in a small boat in an exhausted condition last week after failing to make a rendezvous off Key West have been ordered deported, and have filed an appeal against the order. Of the four, Jesús GONZALEZ Cartas ("El Extraño") is best known, as a conspirator and gangster type politician, badly wanted by the present administration which charges him with several crimes. The captain of the boat, Gerardo RIVERO Gariga, requested and received permission to return to Cuba. A \$3,000 fine has been levied against the vessel for carrying undocumented aliens to the United States.

(CONFIDENTIAL) Comment. Cuban naval officials approached the Naval Attaché August 4 requesting that the entire group of four be

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deported, saying that they were wanted for crimes in Cuba. The charges against Gonzalez appear to be political in nature. Little is known of the others. One, MacDowell O'REILLY Sherwood (also known as SHERWOOD and SHERWIND according to the Cuban Navy), was allegedly associated with Gonzalez in the Caye Confites expedition. Rivero was scheduled to arrive in Habana yesterday - with the authorities waiting for him.

(UNCLASSIFIED) OTHER CONSPIRATORS. The press has reported the arrest on August 3 in Mérida, Yucatan, of three Cubans, who are said to have acknowledged that they planned to assassinate Batista. The Embassy has no information concerning the three: César GOMEZ Hernández, Jesús Gilberto GARCIA and Rafaela Esperanza OLAZABAL. They are apparently not prominent in conspiratorial circles, and have denied that they were connected with the "26 of July Movement" of Fidel Castro. One Mexican paper quotes the Security Police as saying they are followers of Raúl CHIBAS, leader of the Ortodexo Party. Press reports state that among the arms in their car were 9 submachine guns, 14 rifles with telescopic sights, and some 400 rounds of ammunition.

(UNCLASSIFIED) SUGAR. Due to the continued scarcity of rain for the second consecutive year, it is becoming more and more apparent that the situation in the 30 or 40 sugar mills which could not meet their 1956 sugar quotas has worsened, and it is quite likely that an additional number of sugar mills will not be able to meet their sugar quotas in 1957, even on a 4,600,000-Spanish-long-ton basis, let alone a 5,000,000 ton crop which it is now believed the Cuban Government will authorize for 1957. Some well-informed sugar people believe Cuba might have difficulty producing a 5,000,000-ton crop at all, even if given unlimited grinding privileges.

Quota releases to Cuba by the International Sugar Council the latter part of July and the early part of August give Cuba a 1956 quota on the world market of just over 2.5 million Spanish long tons, of which all but approximately 220,000 tons have been reported sold. This world quota, together with Cuba's United States and local consumption quotas of slightly over 2,600,000 and 300,000 Spanish long tons, respectively, gives Cuba an over-all marketing quota of over 5,500,000 Spanish long tons for the calendar year 1956. Since Cuba's total sugar production for 1956 equaled only 4,599,887 Spanish long tons, current marketings for 1956 are expected to exceed production by a minimum of about 926,000 Spanish long tons. Such marketings in excess of production will reduce substantially Cuba's total carry-over which was over 1,500,000 tons on January 1, 1956.

After the lifting of its 207,467-Spanish-long-ton purchase of sugar at the price of 3.05 cents per pound, f.o.b., Cuban port, Russia is reliably reported to be negotiating for an additional

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127,000 Spanish long tons for delivery between August, 1956, and February, 1957. The price per pound is said to be in the neighborhood of 3.40 cents.

Recent sales of sugar by Cuban interests, some with American connections, to West German firms for resale behind the "Iron Curtain" and to Communist China have been investigated by the Embassy and by Treasury representatives in Washington. While two of the cargoes under investigation apparently have been cleared, the sale of another cargo, covering 7,500 tons of Cuban refined sugar, has been cancelled. It is believed the prompt action of the Treasury Department officials in the United States will act somewhat as a deterrent to future sales of this nature at local levels. However, Cuban trade interests and Government officials are of the opinion they are not in the position to police their sales of sugar to foreign countries when the recipients in those countries wish to resell the sugar to second or third parties.

(UNCLASSIFIED) RICE. On July 5, 1956, the Ministry of Commerce issued Resolution No. 98, establishing regulations for the import of the 3,250,000-quintal low-duty basic quota (3,298,500 bags of 100 pounds each) for the rice year which commenced July 1, 1956. One of the provisions of the Resolution, which incidentally raised a storm of protest in the rice-growing region of the United States, was that all rice imports must carry a United States Department of Agriculture certificate, stating that the rice meets the conditions of United States Standard Grades Nos. 1, 2, or 3. In the case of Grade No. 3, this meant that any particular lot could not contain more than 15% broken kernels. A clarifying statement has now been made to the Agricultural Attaché by the Minister of Commerce to the effect that all rice imports grading 1, 2, or 3 meant the whole-grain content, and any lot could contain up to 30% broken grains of the quality and amount decided upon between the buyer and the seller.

In view of the conflicting interpretations by the two Governments on some provisions of the Joint Rice Agreement of December 17, 1952, as amended, it now appears probable that representatives of Cuba and the United States will hold a joint conference early this fall to review thoroughly all the provisions of that agreement.

(UNCLASSIFIED) WHO CONQUERED YELLOW FEVER? News that a contestant in the "\$64,000 Question" television program had won the top prize by replying that Walter Reed conquered yellow fever drew a strong reaction in Cuba, which considers that its own Dr. Carlos Finlay was the real discoverer. A sharp page-one story in Diario de la Marina pointed to the fact that the XIV International Congress on the History of Medicine, held in September 1954, officially recognized Dr. Finlay as the discoverer of the yellow fever secret.

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(UNCLASSIFIED) AIR CARGO WAREHOUSE DESTROYED BY FIRE. During the night of August 5 the warehouse of the "Terminal Panamericana de Carga Aérea" (Pan-American Air Cargo Terminal), located at the Habana International Airport at Rancho Boyeros, was totally destroyed by fire. Airport employees, the military guard, and firemen from Habana and nearby towns succeeded in keeping the fire from spreading further and in rescuing some of the goods in the warehouse. Preliminary estimates are that losses will exceed \$1,000,000, much of which was apparently covered by insurance. It appears to date that while several unaccompanied air pouches from USIA were saved, two were destroyed.

Psychological.

(UNCLASSIFIED) SUEZ. Editorials and commentaries on the Suez Canal situation ran the gamut from fearful warnings of the imminent danger of war to a more conservative attitude of wait and see. In general the Cuban press took an extremely serious view of the Suez situation, pointing to what it called obvious Soviet meddling. Some papers felt the Soviets already had scored a major political victory. There were some fears that the nationalistic trend as evidenced in Egypt might spread to Panama and involve a strategic canal much more important to Latin America. The prominent play given straight news stories describing the Panama Canal situation as entirely different from that of Suez reflected high Cuban interest in the matter. Editorially, Prensa Libre nipped at the United States, stating that the United States is taking a weak position in the Suez situation not only because it is a competitor of France and England for Arabian oil, or because Washington considers the era of colonialism is over, but also because the question of the Panama Canal has been brought to light. The Panama Canal, Prensa Libre pointed out, is located in a foreign country, and is operated and controlled unilaterally by the United States. Información stressed the significance of the fact that not one word of objection to the British plan for the internationalization of the canal was heard from KHRUSHCHEV. The newspaper further commented that neither Russia nor the United States were disposed to permitting a conflict to begin. Excelsior stated that because the Communists have been supporting NASSER in recent months the Egyptian leader has been placed in a bad light from the point of view of world public opinion. Thus, in his recent Suez Canal stand, world opinion is generally more against Nasser than for him. Concern was expressed that Nasser will use the seizure of the Canal for political purposes which can only result in a dangerous international political situation. A columnist for the Havana Post criticized the "weak" United States stand in the Suez situation, tying it in with a prediction of difficulties to come in respect to the Panama Canal. Avance refuted these claims as coming from a strongly pre-British writer, and more or less defended the United States position.

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Army.

(UNCLASSIFIED) NEW CUBAN MILITARY ATTACHE. Presidential Decree No. 1919 published in Gaceta Oficial of July 25, 1956, designates Lt. Col. José D. FERRER y Guerra as the new Cuban Military and Air Attaché to Washington. A career officer with 26 years of service, Col. Ferrer's last assignment was with the 3rd Rural Guard Regiment, Santa Clara. His record indicates he has attended a 12-weeks "Special Command and Staff Course" in 1955 at the USARCARIB School, Fort Gulick, Canal Zone.

Navy.

Negative.

Air.

(CONFIDENTIAL) CAAF AIR-TO-GROUND GUNNERY TRAINING. The CAAF began extensive air-to-ground gunnery training on August 6 which is scheduled to end August 9. B-25, F-47, and T-33 aircraft are being used and an area northeast of Morro Castle has been set aside as the range.

(CONFIDENTIAL) Comment. The range is very close to the entrance of Habana harbor and aircraft utilizing the range can be viewed by the populace of Habana. Use of this range undoubtedly is a show of force to the local population since the CAAF has other ranges that are remote from built-up areas and offer less danger to shipping and auto traffic.

Vinton Chapin
Vinton Chapin

Chargé d'Affaires a.i.

Contributors:

Political: CABeenstra
RGCushing
JLTopping
Sugar, Rice: CEDavis
Psychological: RGCushing
SPHelms
Army: LtColJETreadway
Air: LtColHSLaton

cc: AmEmbassies, Ciudad Trujillo and Port-au-Prince.

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