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## Office Memorandum • UNITED STATES GOVERNMENT

To: ARA - Mr. Miller *EM*  
 Through: MID - Ambassador Nufer  
 FROM: MID - Mr. Wellman  
 SUBJECT: Pending Matters in United States-Cuban Relations

DATE: January 31, 1952

The following brief references to the status of pending matters may be of value to you in connection with your projected trip to Cuba. You are familiar with the essential background of these matters. You will have received information concerning the current political and economic situation in Cuba from the monthly summary for January just transmitted to you.

1. Direct Habana-New York Air Route Problem

Cubana's application for reconsideration of the conditions in its permit is before the Civil Aeronautics Board which hopes to have completed action within the next two weeks. There is little if any prospect that minor changes which can be made in the conditions will satisfy Cubana. Meanwhile the Cuban Minister of State has requested negotiations in Habana on the problem. Ambassador Beaulac has informed him that the Embassy is prepared to enter into conversations, to hear the Cuban views and to explain United States policy, with the understanding that no commitment can be given regarding CAB action in the Cubana permit case. The Cubans have not yet indicated whether they are interested in talks on this basis. The Department must guard against the application in the case of Mexico or any other foreign country of a different policy than is being applied for the first time in the Cubana permit.

2. Military Grant Aid Negotiations

The negotiations began on January 30 in Habana. General Walsh and Colonel Marvel are assisting Ambassador Beaulac.

3. United States Private Claims

The Embassy has presented documentation to the Cuban Government on all the adjudicated claims. The decree of December 5, 1951 establishes a procedure for registering and proving these claims, and its issuance indicates that some payment at least will be made against them out of a current budget appropriation.

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#### 4. Sugar Note

The Secretary of Agriculture has now approved a draft note on United States sugar legislation in the same form as had been approved by ARA and E. We intend to give the draft note to Ambassador Machado on February 1 on an informal basis, advising him that no changes to strengthen it would be acceptable and leaving it to the Cuban Government to decide whether it wants a note in this form or not.

#### 5. Discriminatory Taxation

Cuba taxes several imported products at rates higher than the corresponding domestic products contrary to GATT. For two years we have been attempting unsuccessfully to have the discriminatory tax on imported lumber removed. On January 25 we gave Ambassador Machado at his request an aide-memoire and accepted his offer to take up the matter again with the Cuban Government.

#### 6. Nicarao

Nicarao will resume operations initially at one-third capacity in early February. The rehabilitation work has proceeded on schedule and labor and security problems appear to be under control. We may encounter difficulties, however, as a result of General Services' insistence on a kind of extra-territoriality at Nicarao as evidenced by its resistance to Nicarao's being made an "open town".

#### 7. Cuban Informal Offer of Three Transport Planes for Korea

We have learned informally from the Defense Department that an offer of three C-46 transport planes would be accepted, on condition that Cuba agree to reimburse Defense for maintenance expenses, the crews be trained and be conversant in English, and the planes though flying the Cuban flag be integrated into an American unit. When the Defense reply is officially received, we will transmit this information informally to the Cubans and await a formal reply from them. It is essential that the Cubans fully understand and accept the arrangements regarding reimbursement.

#### 8. Cuban-Dominican Relations

The Quetzal settlement on December 25 has not brought, of course, complete harmony in these relations. The Dominicans have protested the continuance in Cuba of hostile

propaganda

propaganda against the Dominican Government. The Cubans have reportedly recently protested before the UN the phrasing of a Dominican memorandum to the UN regarding the Quetzal settlement.

9. Cuban-Venezuelan Relations

Venezuela has refused visas and re-entry permits to Cubans ostensibly as a result of the toleration by the Cuban Government of activity in Cuba of Venezuelan exiles considered objectionable by the Venezuelan Government. Cuba has retaliated by denying visas to Venezuelan nationals and has publicly stated that this action was required by reciprocity. This situation is not likely to improve soon and might result in suspension of normal diplomatic relations.

10. Allocations

Cuba continues to make representations to the United States regarding alleged inadequate allocations of scarce critical materials. It is most concerned at present with sulphur and fertilizer allocations.

11. Rice Imports

According to the Department of Agriculture there are indications that there will be a world rice shortage and that we may not be able to supply Cuba with her normal import requirements. Consideration is being given to the desirability of informing the Cuban Government officially of this situation. It may be inadvisable to do this because such action would probably become public knowledge and might create panic buying.

12. Wheat and Wheat Flour Quota

Cuba is in the course of working out with the United States, Canada and the International Wheat Council an arrangement under which the Burrus Flour Mill will get its requirements in wheat and the remainder of the IWA quota will be apportioned among traditional importers on a historical basis.

13. National Commercial Agency Deferred

The proposal for a state-trading and control agency, which caused so much consternation among American business interests and provoked many inquiries and protests from the United States Congress, has been tabled for the present

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by the action of the Cuban Congress in conditioning its approval of the measure upon the Cuban Executive's agreeing that Congress, not the Executive, would issue implementing regulations.

14. National Mining Commission Proposed

The National Economy Board has been considering a draft decree which would create a National Mining Commission with broad powers over the development and operations of the mining industry, including control of prices and contracts. In Cuba the National Association of Industrialists and the National Federation of the Mining Industry have protested the little-publicized proposal on the grounds of undue governmental interference in private enterprise, destruction of incentive for private investment, and adequacy of existing laws and agencies. Consequently, the National Economy Board is revising the draft law which may have been motivated by a recommendation of the Truslow report.

cc - Embassy Habana

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