

Agency Information

AGENCY : ARMY  
RECORD NUMBER : 198-10008-10095  
RECORD SERIES : CALIFANO PAPERS  
AGENCY FILE NUMBER :

Released under the John  
F. Kennedy  
Assassination Records  
Collection Act of 1992  
(44 USC 2107 Note).  
Case#:NW 56829 Date:  
04-13-2018

Document Information

ORIGINATOR : MULTIPLE  
FROM : JOSEPH A. CALIFANO, JR.  
TO : ICCCA REPRESENTATIVES

TITLE : ICCCA: TRANSMITTAL OF INFORMATION

DATE : 07/29/1963  
PAGES : 23

SUBJECTS :

INFORMATION FURNISHED THROUGH DIPLOMATIC  
CHANNELS  
ECONOMIC CONDITIONS IN CUBA

DOCUMENT TYPE : PAPER, TEXTUAL DOCUMENT  
CLASSIFICATION : Confidential  
RESTRICTIONS : Consulted  
CURRENT STATUS : Withhold  
DATE OF LAST REVIEW : 05/01/1998

OPENING CRITERIA : REVIEW BY BRITISH GOVERNMENT

COMMENTS : Califano Papers, Box 5, Folder 6. Memo No. 55 from Joseph Califano with enclosures from the British Embassy, Havana.

*JFK Review*

Department of the Army EO 13526

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Review Date 19 AUG 15 By N. J. Calmo

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July 29, 1963

MEMORANDUM NO. 55 FOR GENERAL EARLE G. WHEELER (JCS)  
CAPTAIN E. R. ZUMWALT, JR., USN (OSD)  
MAJOR GENERAL J. D. ALGER, USA  
REAR ADMIRAL W. WENDT, USN  
MAJOR GENERAL J. W. CARPENTER, III, USAF  
BRIGADIER GENERAL H. M. ELWOOD, USMC

SUBJECT: Interdepartmental Coordinating Committee of Cuban Affairs:  
Transmittal of Information

Attached are items of interest furnished through Department  
of State channels.

Signed

Joseph A. Califano, Jr.

Joseph A. Califano, Jr.  
General Counsel

Attachment  
As Stated

cc: Mr. Adam Yarmolinsky (OSD) *sent*

Mr. Califano  
Lt Col Haig  
ASG *→*

SECRETARY OF THE ARMY  
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1011/63

BRITISH EMBASSY

CONFIDENTIAL

HAVANA

June 20, 1963

I enclose a copy of a minute by Scott about a dinner party given by officials of the Ministry of Foreign Affairs at which they developed the theme of co-existence with the United States and spoke in an apparently indiscreet manner, which is quite unusual for them.

2. We do not know exactly what to make of all this, but it looks as though the Ministry is following up Castro's allusions to his desire for more normal relations with the United States with a deliberate attempt to convince us and through us, the Americans, that this is in fact their policy. We are also not sure how Varona fits into this picture. Until he joined Protocol Department about a month ago, he worked with the National Council of Culture and edited the magazine "Pueblos y Cultura". He has told us that he was pushed out of this job because of his support for abstract art against the socialist realism school. It may be that his sarcasm at the expense of the Russians and other apparent indiscretions, may be no more than a reflection of his disappointment at losing his old job. On the other hand, he may have been transferred to Protocol Department with a special brief to work on the Western missions in the hope of rectifying our, and indirectly the American, distrust of Cuba. The way in which he speaks would be consistent with an attempt to persuade us that the Cuban revolution is more nationalist than communist and can be relied upon to turn away from Moscow when Russian support is no longer indispensable. Some old members of the 26th of July Movement probably believe this quite genuinely, even if they are naive in supposing that they would ever be able to jump out of the lion's mouth once they have been swallowed.

3. You will notice from paragraph 4 of the minute that Cuban officials have said that Khrushchev's visit is likely to be quite soon and may be timed to coincide with the 26th of July celebrations. This would, of course, gratify Cuban vanity, especially as Castro was in Moscow for May Day and may therefore be largely a question of wishful thinking. I imagine Khrushchev himself will have many other factors to consider -- but it could happen.

4. I am copying this letter to Greenhill in Washington and to Barker in Moscow.

(H. S. Marchant)

R. H. K. Slater, Esq., C.M.G.  
American Department,  
Foreign Office.

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Last night I was a guest at a small dinner party given by Sr. Roberto Melendez (Sub-Director of Protocol) at the official protocol house in Cubanacan. He was supported by Sr. Ivan Congora (the head of the Co-ordination Section of Protocol), Sr. Varona, about whom Mr. Byatt has recently written a minute, and Sr. Herminio Garcia (one of the attachés in Protocol Department). The other guests were Mr. Etter of the Swiss Embassy, M. de la Bastide, who is in charge of German interests at the French Embassy, and Mr. Fulford of the Canadian Embassy. My present day Havana standards, the dinner was remarkably lavish and the atmosphere was relaxed and even convivial. Melendez and Varona, who did most of the talking on the Cuban side, made a more determined effort than I have so far encountered among Cuban officials, to convince us that Cuban policy is now to work for co-existence with the United States.

2. During dinner, Melendez remarked that Castro's recent speeches, particularly those in Russia, had been free from attacks on the United States, and had shown that he was ready for better relations with the Americans. He said that during the visit to Russia, Castro had been given such definite assurances of Soviet support that Cuba now felt that she had nothing to fear from American aggression. When I asked whether the Russians had advocated a less provocative policy towards North America and the rest of Latin America, Varona said that he believed that this was so. Melendez added that Castro's attitude reflected the feelings of the Cuban people. They were not vindictive and had no feeling of hostility towards the Americans. If Kennedy were to visit Havana tomorrow he would be given a tumultuous reception. Varona said that he thought that the American press and the American people generally, were now less unreasonable and hysterical about the Cuban question. The Americans could hardly be expected to modify their policy before the next presidential election, but things might move more quickly if Kennedy were re-elected. He expected to see a move towards a worldwide détente, and not merely over Cuba. Kennedy had made an admirable speech about ten days ago which was most encouraging. Melendez, (who was with Castro during his Russian tour) spoke at some length about the very favourable personal impression which Khrushchev had made on the Cubans and said that he left them in no doubt that he was genuinely in favour of co-existence.



tension and working for peaceful co-existence. Throughout the evening, Varona missed few chances of making sarcastic asides at the expense of the Russians. For example, when Melendez told us of the marvels of the TU 114, Varona remarked that it was "old" that people who could make such efficient aircraft, were still so old-fashioned in their artistic standards and could get worked up about abstract art. He agreed enthusiastically when I suggested that their taste had become fossilized at the time of Marx. On the other hand, he expressed warm admiration for America. He said that he had many American friends and would really rather live in the United States than Cuba.

3. For a time after dinner we split up into small groups at separate tables in the garden. Utter and I were alone with Varona who talked at some length about political affiliations of the Ministry of Foreign Affairs. He said that there had been a great change when Olivares had been posted as Ambassador to Moscow. Before that as Vice-Minister, he had been the agent through which the old communists had hoped to penetrate the Ministry. All influences of this sort had been successfully resisted and there were now no old communists in the Ministry at all. For the most part, the staff was either '26th of July' or personal friends of Dr. Roa. No serious attempt was being made to indoctrinate members of the staff with Marxism/Leninism. A few people, including Congress, had been sent on Cadre courses but it was usually possible to avoid this on the grounds that the Ministry were so busy that their people could not be spared. The same excuse was useful for such things as voluntary cane-cutting. In reply to a question, Varona said that Corona (the head of the West European Department) was not an old communist in the true sense, but a long established fellow traveller who had been for many years an enthusiastic supporter of some communist front organizations, especially the Peace Movement. When I asked about the position of Dr. Roa, he said that he came from a very wealthy bourgeois family and that his political attitude could best be described as social democrat. In the past, he had been an open opponent to communism and had written pamphlets and articles

/against

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against them. For this reason, the old communists had done their best to push him out of the Government, but he had been saved because of his personal friendship with Castro.

b. During dinner also, the question of Khrushchev's visit to Cuba came up. Molotov said that it would take place very soon and that the Ministry were already hard at work on the preparations. He agreed that it was quite likely, when Khrushchev suggested that the visit might be timed to coincide with the celebration on the 26th of July.

(P. H. Scott)

June 18, 1963

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BRITISH EMBASSY,

HAVANA.

June 20, 1963.

(1104/63)

... I enclose a copy of a minute by Syatt recording a conversation with an I.N.R.A. official from Oriente Province, which you may find of interest.

2. I am also sending copies to Gutherland in Washington and to J.I.B.

(P.H. Scott)

A.D. Parsons, Esq., M.C.,  
American Department,  
FOREIGN OFFICE, S.W.1.

CONFIDENTIAL

On June 12 I had a conversation with my former Spanish teacher, Dr. Maximo Garcia Illigues, who has been in Oriente Province for almost a year. Dr. Garcia is a qualified agricultural engineer and at one stage studied at Liverpool University. Before the revolution he farmed in Oriente Province, but his farm was taken over in 1960. Last year he returned there as a squatter having discovered that I.N.R.A. had abandoned the farm after stripping the buildings and removing all machinery and farm equipment. Surprisingly, however, he has also been working for I.N.R.A. He was given a post as provincial adviser (assessor) for Oriente on coffee and cocoa production. A month ago he was switched to the equivalent post for pastures and fodder. Despite these posts I believe Dr. Garcia to be strongly opposed to the Government, and much of what he says may be exaggerated. He is not over addicted to hard work.

2. Dr. Garcia painted a gloomy picture of agricultural production in Oriente Province. In general, he said, there was a complete lack of organization; personnel were shunted from one department to another; departments squabble amongst themselves without proper central co-ordination; transport machinery and fertilizer were all in short supply; state farm managers were wont to follow their own whim or the directives of the local I.N.R.A. production department rather than the recommendations of the various qualified advisers.

3. The following are some particular comments:-

Rice: Formerly the yield was 900 to 1,000 quintals per caballeria; now it is 3-400. In one case a large area was sown with a mixture of early and late bearing seed, with the result that the crop had to be harvested when half of it was still unripe.

Root vegetables. There will be a scarcity this year since, owing to the spring drought, almost none has been planted.

Coffee. After two years of volunteer picking the coffee bushes are badly mauled and the yield is likely to drop.

/Tomatoes...



Tomato Large areas have been planted but much of the crop was left unharvested or rotted through delays in collection and distribution. Several small canning plants in the Bayamo area have been closed down.

Sugar. As in 1962, volunteer cutters have spoiled much of the cane. Fields cut in June will not be sufficiently grown for cutting next year; new planting has been quite extensive but as it was done without expert advice or supervision, much of it is on unsuitable land. Garcia had no personal experience of cutting machines but had been told they were not very satisfactory since they uprooted much of the cane.

4. Dr. Garcia told me that the area of land under cultivation in Oriente was now greater than it had been before the revolution. This being so it was hard to understand why the drop in production should be so great. In answer to my question, he said he was inclined to disbelieve rumours that agricultural produce was being exported in large quantities. He thought the answer was an aggregate of several factors. There was the disorganization mentioned above. There was the lack of financial incentive; the Government claimed to have abolished middlemen, but, for example, avocado pears were bought from smallholders at 3 pesos per quintal and sold in the supermarkets at a price equal to 15 pesos per quintal. Other factors were the small rainfall of the past three years; the fact that many who formerly worked on the land were now in the army or militia, and passive resistance amongst those still working on state farms. He told me it was by no means uncommon to find that a field treated with fertilizer had been given a good dressing round the edges and the rest of the fertilizer dumped in a heap, out of sight, in the middle of the field.

5. The food situation around Bayamo was worse than in Havana. Milk in particular had been very short and limited to one tin of condensed milk per month for children under seven. However, with the beginning of the rains this should improve.

6. There are a considerable number of Russian agricultural advisers in Oriente. I gather Dr. Garcia does not have much direct contact with them. He said that, though some of them were certainly agricultural specialists with considerable knowledge, a large number were really no more than skilled agricultural workers with a good knowledge of the use of agricultural machinery.

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7. Dr. Garcia had come to Havana for two purposes. Firstly to report to his boss, the man in charge of pasture and fodder production on the national plane: he found that the appointment had not yet been made. Secondly to attend the first I.W.R.A. National Production Congress which took place between June 5 and 8. He discussed this as a "terrific lot of talk" about increased production and new plans which, so far as he could see, were more likely to succeed than the last lot.

8. Though this catalogue of ills may be rather more coloured I doubt if it could be entirely wishful thinking, and Dr. Garcia is in a position to know at least some of the facts.

9. I have had copies of this minute made in case you wish to pass them to Washington, American Department and J.I.B.

(R.A.C. Byatt)  
June 19, 1963.

H. of C.  
Mr. Clubs.

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BRITISH EMBASSY,  
HAVANA.

(1011/63)

June 20, 1963.

*Dear Sir,*

You may have seen the summary of Castro's speech in the Financial Times of June 6, which contains two inaccuracies. Although we have already sent you a summary of this speech in our telegram No. 16 Saving of June 6, these two points call for some comment.

2. The article states that Cuba "was prepared to discuss compensation for United States investments nationalized under Cuban revolutionary law, if the United States agreed to buy Cuban sugar at more than 5½ cents per pound". Castro did, in fact, mention 5½ cents but in the context of Cuba's earlier offer to negotiate with the United States, when the world sugar price was well below this figure. When referring to any possible future discussions about compensation Castro said that the figure of 5½ cents was now meaningless. (See paragraph 6 of our telegram No. 16 Saving of June 6).

3. The article also said that the increased sugar price offered by the U.S.S.R. would not benefit the Cuban treasury directly, but would be used to pay off the Cuban debt to the U.S.S.R. which Castro put at \$200 million. This might well be true but all Castro did, in fact, say, was that the increased sugar price would have to benefit all Cubans and not just the sugar workers. He used the figures of the debt to Russia (\$150 to \$200 million) to show that Cuba was in no position to simply distribute the increase as higher pay, etc., but that it should be ploughed back into the economy by being used to increase the means of production (see paragraph 3 of our telegram No. 16 Saving of June 6).

4. I am sending a copy of this letter to Brown in American Department and to J.I.B.

*Yours sincerely,*

(S.D. Eccles)

I.J.M. Sutherland, Esq.,  
British Embassy,  
WASHINGTON.

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BRITISH EMBASSY,  
HAVANA.

(1301/63)

June 20, 1963.

Dear Sir,

Below is some further information on the sugar harvest, in continuation of my letter 1301/63 of June 6 and June 12.

2. The latest figures from the notice board in the Empresa Consolidada del Azúcar refer to the amount of sugar cane actually milled by June 11 and are in metric tons.

<u>Province</u>	<u>Norm</u>	<u>Actual Total</u>
Las Villas	10,356,834	7,446,147
Oriente	13,142,580	9,126,193
Habana (no change)	3,665,927	2,503,138
Pinar del Rio	2,035,947	1,269,276
Matanzas	5,885,176	3,695,050
Camagüey	11,917,641	7,130,181
National Total	47,004,105	31,169,985

We have no new confidential totals to give you.

3. At the First National Meeting of cane growers from the "Granjas del Pueblo", some information was given by the I.N.R.A. directorate, all referring to "Granjas del Pueblo" -

(a) the yield of cane in 1963 was some 40 thousand arrobas per caballería, and must be increased to 60 thousand in 1964 (i.e. approximately 14 tons per acre up to 20 tons per acre).

(b) the target for re-sowing is 1,327.4 caballerías. All the spring sowings (796.44 caballerías) are to be completed by June 30.

4. The number of machines to be used for lifting cane in the next harvest has now gone up to 4,100 because of 600 of an "improved Cuban model", which have been added to the 3,500 from the Soviet Union. It is claimed that these 4,100 machines will liberate between 80 and 100 thousand workers who can now be used for cutting. The claim that all cane lifting will be mechanised next year, has now been reduced to "all the State sector and between 75 and 80 per cent. of all the cane". The rate of "lift" for these machines is said to be 3,000 arrobas per day if the fields they are working in have an average yield of 40 thousand arrobas per caballería (i.e. approximately 91 tons a day in fields yielding approximately 14 tons per acre).

5. I am sending a copy of this letter to Brown in American Department and to J.I.B.

*Yours sincerely*  
*S. D. Eccles*  
(S.D. Eccles)

I.J.M. Sutherland, Esq.,  
WASHINGTON.

RESTRICTED

1501/63

BRITISH EMBASSY

RESTRICTED

HAVANA

June 12, 1963

Please refer to paragraph 7 of my letter 1501/63 of June 6, about the Cuban sugar harvest.

2. The second person mentioned has told us that the confidential Cuban Government estimate of sugar production is between 3.6 and 3.8 million tons. This information came from a Government department, but not one directly concerned with the sugar industry.

3. I am sending a copy of this letter to Michael Brown in the Foreign Office and to the J.I.B.

(S. D. Eccles)

I. J. H. Sutherland, Esq.,  
WASHINGTON.

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BRITISH EMBASSY,

HAVANA.

June 20, 1963.

(1301/63)

After the announcement in the joint communiqué issued at the end of Castro's visit to Russia that the U.S.S.R. would buy Cuban sugar at the world price, Castro's reference to a price of 6 cents per pound in his speech of June 4 (our Tel. no. 16 Saving of June 6), was rather an anticlimax. It is true that Castro did not say that 6 cents was the final offer. He was at pains to point out that Russia offered 4 cents per pound when the world price was between 2 and 3 cents, and that, when the offer of 6 cents was made, the world price was still very unstable and nobody knew where it was going to settle.

2. At the Queen's Birthday party a member of the Embassy staff met a junior official of the Ministry of Foreign Affairs, who had been with Castro on his Russian trip. When asked about sugar, the official said that the actual price was 6½ cents per pound and that this was a final figure. He was quite insistent on this figure of 6½ cents, although I am not sure whether this shows that the official was badly informed or whether he was telling us something new. However, he also confirmed that only the U.S.S.R. had agreed to this increase and that, as yet, the other Communist countries would not be following suit.

3. I am sending a copy of this letter to Sutherland in Washington and to J.I.B.

(S.D. Eccles)

A.D. Parsons, Esq., M.C.,  
American Department,  
FOREIGN OFFICE, S.W.1.

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BRITISH EMBASSY,  
HAVANA.

June 20, 1963.

(1397/63)

Please refer to Brian Hitch's letter 1397/63 of March 12, about the Cuban merchant fleet.

2. The "Andrés González Lines" arrived here on June 15. Unlike its sister ship, the "Camilo Cienfuegos", the sons, rather than the parents, of the revolutionary martyr after whom the ship was named had flown out to Poland to attend the launching ceremony and returned to Cuba on board. As before it was intended to hold a mass demonstration of welcome but this was cancelled because of the death of Carlos Fernández R., a senior executive of the C.T.C.R.

3. In addition to the details given in paragraph 3 of the letter under reference (which are applicable to this ship, except that the crew is given as 41), the following have also been given in the press:

depth of hold - 12.55 metres; draught - 9 metres;  
water capacity - 292 tons; power - 7,800 H.P.;  
net tonnage - 5,500; gross tonnage - 9,200.

The ship has five holds, and can carry 18,156 cubic metres of grain, or 16,853 cubic metres of packaged goods. In terms of weight, the carrying capacity is claimed to be 10,040 tons.

4. It is said that the third ship of this type, the "Aracelio Iglesias" will arrive in October.

5. I am sending a copy of this letter to Sutherland in Washington, Chancery, Warsaw, and Senior Naval Officer, West Indies, and an enclosing an extra copy for the Ministry of Transport.

(S.D. Eccles)

J.M. Brown, Esq.,  
American Department,  
FOREIGN OFFICE, S.W.1.

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BRITISH EMBASSY

HAVANA

(10219/63)

June 27, 1963.

Jones letter 1023/63 of May 17, which crossed with Scott's letter of May 21, reported the latest exchange of notes between Uruguay and Cuba on the asylum question. According to the Cuban press, the remaining 104 asylum seekers in the Cuban Embassy here left the country in four flights last week. The Uruguayan Embassy now have no asylum seekers.

2. This newspaper version is slightly at odds with the account given us by the official responsible for making the arrangements for the asylum seekers' departure. According to him, two plane loads went off to Miami, and a smaller group of people who were unacceptable to the United States went to Mexico, making a total of about 369. They were allowed to take trunk-loads of "personal effects" with them, much of it obviously smuggled into the Uruguayan Embassy by outsiders. I believe the American customs relieved them of the thousands of cigars with which their pockets were stuffed.

3. I am copying this letter to Jones in Montevideo and Sutherland in Washington.

( B. Hitch )

J. M. Brown, Esq.,  
American Dept.,  
FOREIGN OFFICE.

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BRITISH EMBASSY,

HAVANA.

July 4, 1963.

(1301/63)

Below is some further information on sugar, in continuation of my letter 1301/63 of June 20.

2. The final "chequeo" has been carried out, but no production figures of any sort were mentioned. In his closing speech, Fidel Castro said that the sugar harvest this year was the worst since the revolution, but it would be the last of the "worst years". The only other point of interest in his speech was that the small farmers would receive 4 cents per arroba (25lb.) of cane instead of 3.75 cents, partly because of the bad harvest, and partly to stimulate future productions.

3. The latest figures from the notice-board in the Empresa Consolidada del Azúcar refer to the amount of sugar cane actually milled by June 25, and are in metric tons. Only three mills are still working (two in Oriente and one in Camagüey).

<u>Province</u>	<u>Norms</u>	<u>Actual Total.</u>
Las Villas	10,368,005	7,449,335
Oriente	13,510,029	9,181,661
La Habana (no change)	3,665,927	2,503,138
Pinar del Rio	2,132,359	1,309,612
Matanzas	5,930,409	3,709,050
Camagüey	11,995,193	7,235,348
Total ...	47,401,922	31,388,164 [sic]

These figures ring true to us -

- (a) because their development over the past month or so has been steady and reasonable, and
- (b) because the amount of sugar at yields of 11% and 12% would be 3.45 million tons and 3.77 million tons, respectively, and these figures tally with the various unofficial estimates which we have been reporting recently.

4. We have had two private estimates during the past fortnight which are worth reporting:

- (i) An Economist not in sympathy with the Government said that he had heard that the actual sugar harvest was about 3.4 million tons, to which about .4 million tons had been added from reserves, to give a grand total of about 3.8 million tons. (We got this at second hand).

/ (ii) A technical ...

I.J.M. Sutherland, Esq.,  
British Embassy,  
WASHINGTON.

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(1301/63)

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(ii) A technical adviser responsible for sugar machinery in Oriente Province told a member of the staff that the final estimate was 3.6 million tons and that he thought that that was about right. He also added that about 3 million tons of cane had been left uncut, but he did not think that either this or the newly planted cane would enable the harvest to be more than 4 million tons next year.

5. In an article in El Mundo for July 2, the fact that this year's sugar crop would be less than 4 million tons was admitted publicly for the first time.

6. The Economist mentioned (mentioned in paragraph 4(i) above) also said that, according to his information, the increase in price offered by Russia would only apply as from 1964.

7. As far as new sowings are concerned some facts were given by Carlos Rafael Rodriguez, President of I.N.R.A., on June 26 (and published in Hoy on June 27). These tie up fairly well with those given in my letter 1301/63 of June 6. All figures refer to estimates of plantings completed by June 30;

(a) National total - 5,100 caballerías, that is, 39% of the annual norm of 13,200 caballerías.

(b) The Havana total of 550 caballerías (65% of its norm), and the Oriente total of 2,000 caballerías (53% of its norm) were described as good.

(c) The Camagüey total of 700-750 caballerías (21% of its norm) was described as very bad.

8. Some figures have been given about the progress of the fight against the bug known as "bórer". A means of attack is by breeding flies of the "LIXOPHAGA" variety which, I believe, lay eggs which feed off these bugs, thus killing them. Up to June 15 of last year only 24,000 flies had been bred. But this year the total on June 15 was 274,000! Samples of such bugs taken on May 31, 1962 showed that between 0.2% and 6.1% of them had been attacked; but for samples later taken, on May 31, 1963, the range was between 4% and 24.7%.

9. I am copying this letter to Brown in American Department and to J.I.B.

(S.D. Eccles)

I.J.M. Sutherland, Esq.,  
WASHINGTON.

CONFIDENTIAL

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BRITISH EMBASSY,

HAVANA.

June 29, 1961.

(1597/63)

An Agreement was signed here on June 21 between the Cuban national shipping line "Lineas Nacionales" and the Spanish shipping company "Compania Internacional Latinoamericana de España." Under the agreement a monthly shipping service is to be established between Spain (Barcelona) and Cuba, the two countries providing the ship in alternate months. A Cuban ship "Risar del Rio" is already on its way to Barcelona, and the first Spanish ship "Sierra Maria" is said to be loading in Valencia.

2. The new shipping line, which was announced within a few days of the conclusion of a commercial agreement with Uruguay, has been hailed in the press as yet another example of the bankruptcy of the United States policy of blockading Cuba.

3. The Director of "Lineas Nacionales", announcing this to the press, spoke of plans to "rationalise" the use of the Cuban merchant fleet. With the recent acquisition from Poland of the "Sierra Maestra", "Castillo Cienfuegos" and "Gonzalez Linea" (my letter 1597/63 of March 12) and the impending construction of the "Aracelio Iglesias" and "Manuel Aceunse", Cuba will obviously try to carry more of its foreign trade in its own bottoms. The Director spoke of opening offices in various parts of the world to promote this, and I believe one of the terms of the Cuban/Uruguayan trade agreement is that only ships of the two countries should be used.

4. I am copying this letter to Sutherland in Washington, Chancery in Madrid and enclose copies which you may wish to pass to the Board of Trade, the Ministry of Transport and J.I.B.

(B. Hinch)

J.S. Brown, Esq.,  
American Department,  
FOREIGN OFFICE, S.W.1.

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BRITISH EMBASSY,

HAVANA.

July 3, 1963.

(1011/63)

Our telegram no. 456 of June 19 mentioned unfavourable references in Castro's speech made at Cardenas on June 18 to the use of small islands around Cuba - obviously the Bahamas were meant - for illicit counter-revolutionary activities. In subsequent conversation with the Ambassador (our telegram no. 469), Fidel Castro claimed that he was sometimes carried away by the excitement of the moment and that he did not intend any attack on Britain.

2. As you will see from our telegram no. 456, the references in the speech to France were rather more pointed. The French Chargé d'Affaires told us that he made a protest to the Cuban Government about these remarks, which we believe to be based on counter-revolutionary claims originating in Miami that, even if the Americans and the British refused to allow their territory to be used to liberate Cuba, other more friendly countries would. The French Chargé d'Affaires confirmed that there was no French territory closer than Martinique and Guadeloupe and that the French would not countenance the use of these islands, even if this were practicable.

3. We did not think Castro's remarks unduly offensive and did not, therefore, propose to protest. There was, therefore, no question of liaising with the French. The French Embassy did not tell us in advance of their intentions. We do not know whether they had instructions from France or decided to take action on their own initiative.

4. I am copying this letter to Sutherland in Washington and Chancery in Paris.

(B. Hitch)

H.M. Brown, Esq.,  
American Department,  
FOREIGN OFFICE, S.W.1.

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## ECONOMIC REPORT, April - June 1963

### General

1. This quarter has been relatively quiet politically, the main point of interest being Dr. Fidel Castro's visit to the USSR during which it was announced that Russia would pay Cuba world prices for her sugar. The new price is apparently to be 6 cents per pound (as opposed to the original 4 cents). This increase is to be used for expanding means of production in Cuba generally, although it is not known whether Cuba will receive any of the increase as additional convertible currency. Since Dr. Castro's return from the USSR, he has placed great emphasis on the need for Cuba to concentrate on the development of production and the expansion of the economy.
2. Competition on a points basis has been introduced between units and individual workers under the title of "Socialist emulation", (to replace "capitalist competition"). Points are awarded for such things as attendance and productivity and rewards are in the form of honours such as being the "best worker of the month", and holidays at seaside camps.
3. A new system of wages has been announced and is being tried out in a pilot scheme. This fixes eight different rates of pay for a worker who completes his "norm". The rate to be drawn will depend on the workers technical qualifications.
4. May 1 saw the introduction of a Social Security scheme under which workers who are ill for more than three days will receive 40% of their normal pay.

### Agriculture - Sugar

5. The sugar harvest is virtually over, the main economic concern of the Government during the last quarter having been to bring in as much sugar as possible. Officially the harvest is described as the worst since the revolution and unofficial estimates are now in the region of 3.5 to 3.8 million tons of sugar. The latest official figure is that at June 25, 31,388,164 tons of sugar ~~cane~~ had been milled.
6. On his return from Russia Dr. Fidel Castro said that the USSR would be able to solve all the problems about cutting cane by machine, within two years. He claimed that for the 1964 harvest, Cuba would have at its disposal 4,100 machines for lifting cane, thus releasing 80 to 100 thousand workers for cutting and other work.
7. Targets for future production are given as 5.5 million tons of sugar in 1964 and 7 million in 1965.

### Agriculture - general

8. This quarter has seen the arrival of 100 Soviet technicians to help in the development of cattle farming

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and 96 Bulgarians to help in increasing vegetable production.

9. The agreement between Cuba and the U.N. Food and Agricultural Organization for the setting up of an agricultural research station near Havana was signed in Rome on April 10. The cost of approximately \$3 million will be shared between the U.N. Special Fund (\$1,157,600) and the Cuban Government (\$1,137,000). Cuba made the necessary deposit of \$18,300 with the U.N. on June 13.

#### Fishing

10. All five of the Japanese fishing vessels mentioned in the last economic report have now arrived and two of these have completed their first operational trip. As a result tinned tunny fish is now available in Cuba again, after a lapse of over a year. At present the quantities available are small.

11. Although shell fish have always been popular in Cuba, ordinary fish is seldom eaten although Cuba is an island. An advertising campaign is now in operation trying to persuade Cubans to eat merluza (a kind of hake) as this is now being landed by Soviet ships. Fish was taken off the ration on June 3 and an increase in fish consumption of 220% over 1962 is planned for this year.

12. All-wood Cuban fishing boats are now beginning to come from local shipyards. Dr. Fidel Castro launched 17 of them on June 18, each 47' long and capable of carrying 16,000 lbs. of fish.

#### Petrol

13. The price of petrol was raised from 34 cents to 60 cents per American gallon on June 28.

#### Industry - General

14. Details have recently been given of some light industrial plants which are in the course of construction and some of which have actually started production:

a) In Santa Clara, a factory making dies and moulds for use in other Cuban factories is completed and is to start production soon. It cost \$1,415,000 and uses machinery from the USSR, Czechoslovakia, Bulgaria, China and North Korea. Production capacity - 149 tons per year.

b) Also being constructed at Santa Clara is a factory for making domestic appliances. The cost is \$12,489,000 and the machinery is Czech. Planned production capacity per year: 40,000 refrigerators (of 230 litres), 45,000 electric cookers, 100,000 pressure cookers, and 85,000 enamel sink and shower units.

c) A Russian-built file factory in Guantanamo, which has been in pilot production since 1962, is now to produce 750,000 files a year and to employ 135 workers. Later, production is to go up to 1,500,000 files a year, employing 137 workers in two 8 hour shifts. Cost of construction was \$1,400,000.

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d) A Czech-built nut, bolt and washer factory in Santiago de Cuba has started limited production with 100 workers training and producing at the same time. Planned production is 1,500 tons per year with 150 workers in two shifts of 8 hours. The cost of construction was \$568,000.

e) A Czech-built factory for making picks, axes, and hammers has been completed in Guantánamo but is not yet in full production because of a shortage of electric power. Annual production is expected to be 100,000 picks, 50,000 large axes, 20,000 small axes, 25,000 hammers, 25,000 sledge hammers and 25,000 spades.

f) A Czech-built factory for making knives, forks and spoons has started production in Santiago de Cuba.

g) It is claimed that 27% of Cuba's need for machets will be met by a factory recently opened near Havana. Costing \$70,000 this factory should produce each year 174,000 machets for the sugar cane industry, 4,000 small saws for use in coffee plantations, 10,000 tobacco workers knives and 3,000 tin openers.

h) East Germany has built a brush factory in Ciego de Avila, Camaguey, costing \$437,600. It is intended to produce 740,000 brushes a year of four kinds: hair, shoe, clothes and floor.

i) To be opened shortly is another East German factory in Nuevitás, Camaguey, which will provide for all Cuba's needs for soldering wire - 2,200 metric tons per year. Cost of factory was \$850,000.

j) A tobacco processing plant being built at La Coloma, Pinar del Rio, is to be inaugurated in 1964, processing 3 million pounds of tobacco leaf per year.

k) On April 1, a cacao processing plant was opened in Baracoa. Costing \$800,000 this can process 1,800 metric tons per year, employing 55 workers.

l) The factory for making sacks out of Kenaf, which was mentioned in our Economic Report for 1962 has now started production. The cost of this factory was \$3,916,400. Estimated production, employing 254 workers, is 18 million light sacks per year, this figure being 50% of the Cuban demand.

#### Industry - Power

15. The finishing touches are now being given to the hydroelectric scheme at Hanabarella which will eventually produce 90 million kilowatt hours per year although only 56 million this year. The reservoir has need of two dams, one 46.5 m high, the other 39.5 m and covers an area of 19 square kilometers. The two generators are of 16,500 KW each.

#### Shipping

16. The new Russian ship "Cosmonaut" arrived in Havana on May 27 from Riga, on its maiden voyage. The "Cosmonaut",

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which has a displacement of 21,400 tons and a speed of 20 knots, will probably be used continuously on the Riga-Havana or Leningrad-Havana runs.

17. The second ship built in Poland for the Cuban State lines "Mambisa" arrived in Havana on June 15. The "González Lines", it is a sister ship to the "Camilo Cienfuegos", 17,450 tons, mentioned in the last economic report. A third ship, the "Aracelio Iglesias" is expected in October.

18. A monthly shipping service for freight to and from Spain is the subject of an agreement between "Mambisa" and a Spanish company, Compañía Internacional Latino Americana de España.

#### Civil Aviation

19. The Spanish Airline "Iberia" has increased its flights from a fortnightly to a weekly frequency and C.M.A. (Mexicana) inaugurated a weekly flight from Mexico City on June 26.

#### Government Organizations

20. The Ministry of Public Works has been re-styled the Ministry of Construction and will also take on responsibility for hydroelectric schemes, drainage, water supply, cartography and censuses.

21. Four new Institutes have been set up under the Ministry of Industries to develop the country's natural resources. These are for the investigation into the development of

- a) the manufacture of sugar derivatives
- b) the use of machinery
- c) mining and mineralogy
- d) the chemical industry

#### Foreign Trade - General

22. Some export figures have recently been published in a magazine in Havana.

<u>Year</u>	<u>Sugar and by-products</u>	<u>Tobacco and by-products</u>	<u>Others</u>	<u>Total</u>
	\$	\$	\$	\$
1958	593,556,000 (81%)	49,577,000 (7%)	90,549,000 (12%)	733,682,000
1959	491,525,000 (77%)	54,331,000 (9%)	91,749,000 (14%)	637,655,000
1960	493,162,000 (80%)	62,953,000 (10%)	62,111,000 (10%)	618,226,000
1961	532,289,000 (85%)	39,759,000 (6%)	52,362,000 (9%)	624,910,000
1962	436,748,000 (84%)	25,121,000 (5%)	58,859,000 (11%)	520,728,000

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#### Soviet Union

22. In a recent speech Dr. Fidel Castro said that Cuba's trade deficit with the Soviet Union was now \$150 - \$200 million.

#### Hungary

23. The trade protocol for 1963 was signed in Budapest on March 27 and provided for a general increase in trade of 20%, over 1962.

24. On May 2 contracts were signed for Hungarian buses and lorries, worth \$2,462,375, which will be delivered later this year. Spares are guaranteed for 10 years for the vehicles involved, namely 150 Ikarus buses, model 630 and 25 Dutra DR-50 tipper lorries.

25. Cuba is considering buying more Hungarian buses in 1964 and two demonstration models will come for "tropical trials" - one is the Ikarus model 66 (already arrived) and the other is "two buses in one", capable of carrying 200 passengers.

#### Czechoslovakia

26. On April 17 a contract was signed for 406 Skoda buses for delivery this year. The cost is \$6,300,000 plus \$1,200,000 for spare parts. Half of this will be paid for in 1964 and half in 1965. When these and 40 other buses already ordered for this year have been delivered, there will be 391 Czech buses in Cuba. 600 Czech lorries of various types will be supplied this year.

#### Poland

27. The trade protocol for 1963 was signed in Warsaw on April 4. Cuba will supply oranges and apple concentrates, raw sugar, tobacco and tobacco products, synthetic fibres, citrus fruit, juices, processed fruit, coffee and other products. Poland will supply electric motors, building machines, machine tools, laboratory equipment, medical equipment, tractors and agricultural machines, cars, bicycles, drugs, chemicals and textiles. Films, books, periodicals, records, slides and stamps for philatelists will also be included.

#### Rumania

28. A contract for 1,500 "Uros 45-55" tractors, worth \$3 million, was signed on May 15. Spare parts for these, total \$1,300,000. This is part of a \$15 million credit to be paid back in goods between 1966 and 1970, or "whenever Cuba can produce them".

#### Morocco

29. A trade and payments agreement was signed in Rabat on May 16. The text has not been announced but it is reported that the new agreement is for three years, beginning on June 1, 1963. In this period Morocco will import one million tons of unrefined sugar and some tobacco. Cuba will receive fish meal, tinned sardines, cork and phosphates. No particulars of quantities or value are

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available.

Uruguay

30. A Cuban trade mission has been in Montevideo for some weeks. There has been a great deal of press coverage in Havana and, although the agreement is not yet completed, it is reported that Cuba will supply sugar (20,000 tons in 1963 and 30,000 tons in 1964), tobacco and cocoa, and that Uruguay will supply rice (15,000 tons in 1963), beef, flour and car tyres.

Chile

31. It has been announced that a trade delegation will be going to Chile.

United Kingdom

32. For the three months January - March, Cuba-U.K. trade has been as follows:-

	<u>1961</u>	<u>1962</u>	<u>1963</u>
Imports from Cuba	£463,238	£1,669,743	£356,412
Exports to Cuba	£1,349,137	£966,826	£513,912
Re-exports	£5,569	£15,783	£9,457