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AIR MAIL

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Confidential

Habana, Cuba,
May 3, 1940.

The Honorable
Henry Wallace,
Secretary of Agriculture,
Washington, D. C.

Dear Mr. Secretary:

I believe you will be interested to know that recently there has arisen in Cuba a good deal of interest in the possibility of the exportation of a certain amount of live cattle from Cuba to the United States. This has now reached a point where it is certain that our Government will be approached on this matter.

It is interesting that in the attempts which Cuba has so far made towards diversification, particularly in agriculture, the development of the cattle industry has already reached the point where there is surplus production of live cattle. The inability to dispose of this surplus, which is relatively small, is already weighing heavily on this developing industry in Cuba and is making more difficult the development of better herds. The cattle industry has been, therefore, particularly active in this matter, and recently Dr. Velasco, who is the President of the Corporación Ganadera de Cuba, made a trip to Mexico and to the United States.

The cattle raisers here learned that cattle were being exported to the United States from Mexico in considerable quantities from tick-infested areas and that there was a BIA order under which these cattle were disinfected at the border. Velasco seems to have gone thoroughly into this matter, and on his return here he raised the question with the Cuban Government. The Cuban cattle industry seems to take the point of view that if there is a possibility of exporting cattle from Mexico to the United States, there would seem to be no reason why, under similar arrangements, the exportation of a small number of live cattle from Cuba to the United States should not also be permitted. They say that, according to the Department of Commerce figures, some 450,000 head of live cattle were exported from Mexico to the United States last year, and that these came largely

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from tick-infested areas. Dr. Velasco says that as a matter of fact he finds that all cattle from Mexico exported to the United States are treated at the border as though they all came from tick-infested areas. The Cubans are particularly impressed by the fact that their own surplus which they wish to export is only some 50,000 head a year.

On his return here, Dr. Velasco discussed this matter with the President of Cuba who is very much interested in diversification and in reducing the dependence of Cuba on sugar. The President is also very much interested in this cattle industry which has made very real strides here and which, as you know, has contributed a great deal to the general situation in Cuba. Dr. Velasco, therefore, found a ready ear in the President, and the President has named him as one of the members of the Cuban Delegation to the Scientific Congress about to be held in Washington. Dr. López Castro, the Secretary of Agriculture, is also going as a Delegate, but on account of his rather shaky health he may spend most of his stay in the United States at Johns Hopkins. According to Dr. Velasco, the President has authorized López Castro and him to discuss this question of Cuban exports of live cattle to the United States with the appropriate officials of our Government.

Yesterday, Dr. Velasco, accompanied by Mr. Barker, an American who has a herd of some 4,000 cattle, came in to see me, and they told me of their plan to take up this matter in Washington. I told Dr. Velasco very frankly that while I was sure that the Cuban Secretary of Agriculture and he would have a sympathetic and understanding ear from the officials of the Department of Agriculture and our Government, that it was a most inopportune moment to take up this question. I said that we were about to enter into an electoral campaign in the United States in which certain agricultural policies and policies in foreign trade might play a part. I said that this was most unfortunate because these policies which we were following were very sound, but that the fact that they might become a subject of discussion could not be ignored. I pointed out what a fuss had been made over the proposed purchase by the Navy of a very small amount of Argentine tinned beef. I pointed out also the opposition of some of the western Senators to the renewal of the Trade Agreements Act, and that the question of cattle played an important part in their attitude. I pointed out, therefore, that it might be a most inopportune moment to raise this question, particularly if it became a matter of public discussion. Their taking the matter up at this time might result in prejudicing in the end the possibility of a relatively small number of live cattle being admitted from Cuba into the United States. Dr. Velasco said that he appreciated thoroughly the weight of the observation which I had made and which had not occurred to him. He indicated that they would be quite prepared to abandon taking up the matter.

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I told Dr. Velasco that in view of all that they had done here, and the interest of the President and of the Secretary of Agriculture, I saw no reason why they should not discuss this matter while they were in Washington if only in an informal way. They could express full understanding of the fact that our Government might not wish to discuss the matter formally at this time and for some months. I suggested that they might keep down publicity here with regard to their intention to discuss this matter in Washington, and that it depended a good deal on them whether there would be any discussion in the press of any conversation which they might have in the United States. López Castro and he were going to the United States as members of the Cuban Delegation of the Scientific Congress and no one need have any knowledge of their being interested in this other problem unless they themselves gave publicity to any conversation they might have. Dr. Velasco said that there had been a little publicity here with regard to the matter. I told him that I had seen it, but that I did not consider that it was of sufficient importance to become an embarrassment.

Dr. Velasco said that he understood that the arrangement with Mexico under which cattle came into the United States was largely based on a sanitary convention between Mexico and the United States. He appreciated that there might be difficulty in applying the BIA order to Cuba under which these cattle are now admitted from Mexico into the United States. The way out, he suggested, might be the negotiation of a sanitary agreement between Cuba and the United States. This might take a little time and would carry the matter into November of this year. I told Dr. Velasco that these were matters which Dr. López Castro and he could discuss informally in the United States. I have wanted to give you this background as I think you should know that the Cubans are very much interested in this matter of getting a few live cattle into the United States. It will mean a lot for their cattle industry. Psychologically, of course, it will mean a great deal more here. I doubt whether a question of discrimination by us against Cuba can be raised in fact. If, however, it should be given wide publicity here that live cattle are going from Mexico from tick and non-tick infested areas into the United States, and that no such arrangement can be made for Cuba, I think it would do us a good deal of harm at this time when Cuba is making her new Constitution and when it is so important that no measures be put into it discriminatory of American interests. While we are not in any way interfering with, or intervening in, this making of the Constitution here it is, of course, my duty to keep constantly pointing out in such ways as I can the absolute necessity of there being given to American capital and initiative proper security and guarantees in Cuba and that there be no discriminatory provisions in the Constitution or in the law. Whether or not admitting cattle

from Cuba is discrimination or not in fact, I think you will agree that it would be advisable, if the Cuban Government raises this question with us in this informal way through López Castro and Velasco, that we should be prepared to talk with them.

I am not sufficiently informed of the details, but from all that I can learn, it would be years before Cuba could export more than around 50,000 head of live cattle a year into the United States. This, of course, would mean practically nothing to us, or to our cattle industry, but I think it would mean a great deal for us here if some arrangement can be made. One feature which I think I should point out is that just at this time Mexico is courting Cuba in every way possible. It is well known here that Mexico is discriminating against us in various ways. It would therefore make a very bad impression here, and particularly at this time, if we should refuse to talk with the Cubans about a few thousand head of cattle when we are admitting so many from Mexico. There is a very real desire here in Cuba to cooperate with us more fully in the future than in the past. There is therefore a psychological element in this particular matter which I think we should not ignore. The Mexican Ambassador here went so far on May 1st (Labor Day) as to participate in a labor celebration which turned out to be in some respects anti-American. The Mexicans are doing everything they can to make trouble among the laboring class here for us.

You will know better than I how to deal with this problem in a practical way. I merely wanted to give you this background for such value as it may have. I do believe that we should give López Castro and Velasco an understanding hearing, and I am hopeful that some arrangement can be worked out. Knowing López Castro and Velasco as I do, I am confident that you will find them equally understanding and prepared not to press the matter at this time if it should prove embarrassing. On the other hand it is necessary to note that they are deeply interested and our failure to find some favorable issue of this cattle matter might easily affect much more important situations with which we have to deal here. When we are doing everything we can to avoid discrimination, it is particularly important not to give any opportunity for it to be said that we are discriminating. The developments here in Cuba, if they are on the right line, and on the line that they are now going, will go a long way towards helping us to counteract certain trends in the way of discrimination and expropriation. The situation is developing favorably here, and it is, of course, in our interest to see that no such relatively minor question as this should be

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permitted to become a matter of popular agitation and arouse prejudice and misunderstanding.

With all good wishes,

Cordially and sincerely yours,

George S. Messersmith
American Ambassador.

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