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29 December 1952

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MEMORANDUM FOR: THE RECORD

SUBJECT : CAT Incorporated - French Indochina

1. Mr. Robert Strong of State Department called me this morning requesting that I attend a meeting at Mr. Bonsal's office at 11:00. Mr. Strong declined to divulge the subject to be discussed until my arrival at his office.

2. The meeting was attended by Messrs. Bonsal, Strong, (Indochina Desk Officer) and myself. Mr. Bonsal introduced the subject by referring to CAT's negotiations of over two years ago with the French in Indochina for a contract to provide aircraft and maintenance to the French Air Force. Mr. Bonsal explained that in forthcoming discussions with the French it was expected that the French would make demands for increased numbers of aircraft for Indochina; he indicated that these demands would receive sympathetic treatment. In the event that an appropriate opportunity developed in the course of these discussions, Mr. Bonsal thought it might be desirable to reopen with the French the possibilities of contracting with CAT for a portion of their airlift requirements. It was his opinion that in view of the substantially changed political and military situation over the past two years the French could be expected to consider such a contract much more favorably than before. Further, in support of this opinion, Mr. Bonsal added the information the French are presently using 50 C-47's (29 of which are borrowed from NATO and the other 21 from USAF) which they will lose in the very near future by reason of the expiration of the loan.

3. Mr. Bonsal asked if advance exploration could be made to determine CAT's present capabilities for entering into a charter similar to the one proposed by Mr. Willauer in June 1950 and also suggested the possibility of CAT's disposing of some of the aircraft evacuated from Hong Kong. I explained that the airline had virtually no control over Hong Kong litigation assets and that the present discussions should be limited to those aircraft comprising the CAT operating fleet. I said that I was confident of the airline's ability to undertake a charter of the nature considered. I mentioned that some consideration is being given to CAT's disposing of certain C-46 aircraft and that these might be available for purchase by the French. I said that before making any definite statements on this subject I would wish to discuss it with my superiors; that it would probably be considered desirable to cable field sources for on-the-spot estimates of the company's present capabilities. Mr. Strong stated, and Mr. Bonsal agreed, that the French would undoubtedly have serious objections to CAT's basing any personnel in

Indochina who were

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Indochina who were either Chinese or Japanese nationals and suggested that our field sources predicate their estimates on the use either of Americans or Americans in conjunction with non-Chinese or non-Japanese personnel.

4. At conclusion of the meeting Mr. Bonsal emphasized the need for treating the subject matter as highly sensitive and asked that any information received from our sources in the field be transmitted by hand to Mr. Joyce directly. I said that the information probably could be handed to Mr. Joyce in sterile form if necessary. After the meeting Mr. Strong briefed Mr. Joyce on the discussion and the arrangement for transmitting the information to State. Mr. Joyce concurred, stating that he preferred to bypass normal channels of transmittal in both agencies due to the sensitivity of the subject.

5. (Attached hereto is a paper written by Mr. Willauer which embodies CAT's proposal to the French but which I believe was prepared for MAAG at Saigon.)

  
1 Attachment

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