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ORIG: [redacted]  
 UNST: DD/S  
 EXT: [redacted]  
 DATE: 26 February 1968

~~SECRET~~

CABLE SECRETARIAT DISSEMINATION  
 BY: 24 PER # [redacted]  
 CONF: RDS-2 [redacted]

INDEX  DESTROY  RETURN TO \_\_\_\_\_ BRANCH  FILE RID  
 NO INDEX  FILE IN CS FILE NO.

INFO: FILE , VR , [redacted]

[redacted] (classification) [redacted] (date and time stamp) [redacted] (reference number) [redacted] (pic)

FEB 26 21 54 Z

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CITE [redacted]

TO ~~PRIORITY~~ [redacted] ~~INFO~~ [redacted]

REF: [redacted]

1. RE PARA 3 REF., IN VIEW FACT THAT FOR MANY MONTHS IN LATTER HALF 1967 IT WAS OPEN SECRET THAT A GROUP OF OVERSEAS CHINESE INVESTORS WERE SEEKING OBTAIN GRC APPROVAL PURCHASE CATCL, BELIEVE IT COUNTER-PRODUCTIVE TO GIVE MISLEADING RESPONSE TO REF. INQUIRY. IN ADDITION TO COVERAGE OF CATCL INVESTMENT PROPOSAL IN TAIPEI ENGLISH LANGUAGE PAPERS AND VERNACULARS, STORY WAS CARRIED IN JAPAN TIMES AND HONG KONG STANDARD. ALSO, DR. WANG AND MR. MAU DISTRIBUTED COPIES OF GRC RESPONSES OF 19 AUG AND 9 SEPT TO THEIR 23 MAY 67 PROPOSAL RATHER WIDELY IN U.S. AVIATION AND INVESTMENT CIRCLES.

2. ACCORDINGLY, IF [redacted] AND [redacted] CONCUR, HQS. PROPOSES RESPONSE TO MR. ANDREWS AS FOLLOWS:

5 APPROVED FOR RELEASE  
 4 [ ] DATE: 05-May-2009  
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[redacted]

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PAGE II

QUOTE FOR SOME TIME IT HAS BEEN OBVIOUS THAT IT WAS IN THE BEST INTERESTS OF THE REPUBLIC OF CHINA FOR IT TO DEVELOP ITS OWN <sup>WHOLLY</sup> INDIGENOUS CAPABILITY IN THE FIELD OF INTERNATIONAL AVIATION. WITH THIS END IN MIND, CHINA AIR LINES HAS EMERGED AS A FULL-FLEDGED <sup>D</sup> CHINESE INTERNATIONAL AIR-LINE WITHIN THE PAST YEAR.

QUOTE AT THE SAME TIME, THE AMERICAN INTERESTS IN CIVIL AIR TRANSPORT LET IT BE KNOWN THAT THEY WERE OPEN TO ANY REASONABLE OFFER TO DISPOSE OF THEIR HOLDINGS IN THE COMPANY TO LOCAL CHINESE CITIZENS OR OVERSEAS CHINESE INTERESTS WHO MIGHT BE ABLE TO REORGANIZE AND REFINANCE CATCL WITH THE CONCURRENCE OF THE CHINESE GOVERNMENT. ACTIVE DISCUSSIONS ON THIS SUBJECT WERE CONDUCTED IN THE LATTER HALF OF 1967 WITH A REPRESENTATIVE GROUP OF OVERSEAS CHINESE AND WITH THE GOVERNMENT ON TAIWAN. HOWEVER, THE ISSUE WAS NOT RESOLVED AT THE TIME OF THE B-727 CRASH AND NO FORMAL TENDER HAD BEEN RECEIVED BY THE AMERICAN PRINCIPALS IN THE COMPANY UP TO THAT TIME UNQUOTE.

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[Redacted box]

TO

PAGE III

3. IN EVENT MR. ANDREWS SEEKS TO ESTABLISH IDENTITY OF PROSPECTIVE INVESTORS, BELIEVE IT APPROPRIATE TO ADVISE HIM THAT SINCE THIS IS A CONFIDENTIAL BUSINESS RELATIONSHIP, IT WOULD BE INAPPROPRIATE TO NAME THE INTENDED INVESTORS. REALIZE THAT MR. ANDREWS CAN PROBABLY ESTABLISH FOR HIMSELF THAT DR. WANG AND MR. MAU WERE THE PRINCIPALS IN THE OVERSEAS CHINESE GROUP SINCE LOCAL PAPERS ON MANY OCCASIONS REFERRED TO THEM IN THIS ROLE DURING NEGOTIATIONS, BUT DO NOT BELIEVE IT NECESSARY FOR [Redacted] TO GO BEYOND PROPOSED RELEASE ABOVE OR TO COMMENT ON REASONS WHY SALE WAS NOT APPROVED BY GRC.

~~END OF MESSAGE~~

4. [Redacted] MR. ANDREWS IS TIME MAGAZINE, NEW YORK TIMES LOCAL REP TAIPEI.

END OF MESSAGE

[Redacted] (in person)

[Redacted box]

OGC

Mr. L. Bannerman  
DD/S

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[Redacted]

J.A. Cunningham, Jr.  
DD/S

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