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~~SECRET~~ [] - TELEPOUCH

DISP NO - []

FILE NO - NONE

DATE - 5 APRIL 1968

INDEXING - NONE

MICROFILM - NONE

TO - CHIEF, [] ATTN-- [] AND []

INFO - CHIEF, []

FROM - []

SUBJECT - []

ACTION - FOR YOUR INFORMATION

REFS - NONE

1. FOLLOWING QUOTED FROM 5 APRIL 1968 CHINA POST. QUOTE CAT
ASKED TO PHASE OUTMUTX INTERNATIONAL FLIGHTS

CIVIL AIR TRANSPORT /CAT/ WILL STOP ALL INTERNATIONAL
CHARTERED AND CARGO FLIGHTS APRIL 11, STEPPING DOWN FROM
THE ASIAN CIVIL AVIATION STAGE AS THE REPUBLIC OF CHINA'S
LEADING FLAG-CARRIER AND SLIPPING INTO OBSCURITY AS A
SECOND-RATE DOMESTIC AIRLINE.

CESSATION OF CHARTERED AND CARGO FLIGHTS WAS ORDERED
BY THE CIVIL AERONAUTICS ADMINISTRATION /CAA/ OF THE COM-
MUNICATIONS MINISTRY WEDNESDAY.

CHARTERED AND CARGO SERVICES ABROAD HAVE CONTINUED
AFTER CAT'S SOLE JET PASSENGER LINER, BOEING 727 MANDARIN
JET, CRASHLANDED NEAR LINKOU LAST FEBRUARY 16 WITH 63
PERSONS ABOARD. TWENTY-ONE OF THEM WERE KILLED IN THE
ACCIDENT.

IN AN ORDER HANDED TO CAT, CAA SAID THE SINO-AMERICAN
JOINT VENTURE'S INTERNATIONAL FLIGHTS SHOULD BE SUSPENDED
AFTER APRIL 11. THE AIRLINE WAS STARTED BY THE LATE LT.
GEN. CLAIRE CHENNAULT OF FLYING TIGERS FAME SHORTLY AFTER

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THE CONCLUSION OF WORLD WAR II.

ABOUT 60 PER CENT OF CAT IS OWNED BY CHINESE INVESTORS.
AMERICAN INVESTORS HOLD THE REST OF THE SHARES.

POOR MANAGEMENT

THE ORDER GAVE POOR MANAGEMENT AS THE REASON WHY CAT'S
INTERNATIONAL CHARTERED AND CARGO SERVICES HAVE TO BE
STOPPED. DOMESTIC FLIGHTS, HOWEVER, ARE NOT AFFECTED.

CAT WAS ALSO URGED TO IMPROVE ITS 'LAX ADMINISTRATION
IN CLOSE COOPERATION WITH CAA.'

THE ORDER ALSO REQUIRED CAT TO CRYTTEND IMMEDIATELY
TO ALL MATTERS PERTAINING TO COMPENSATION FOR THE VICTIMS.'

CAT OFFICIALS WITHHELD COMMENTS ON THE CAA ORDER,
WHICH WILL TAKE EFFECT NEXT THURSDAY.

BARRING ANY UNEXPECTED DRASTIC CHANGE IN THE SITUATION,
CAT WILL HAVE TO STEP DOWN FROM THE CIVIL AVIATION STAGE
WHERE IT DOMINATED FOR OVER A DECADE AS THE REPUBLIC OF
CHINA'S SOLE FLAG-CARRIER.

CHINA AIRLINES /CAL/ IS NOW THE SOLE FLAG-CARRIER OF
THE REPUBLIC OF CHINA. UNQUOTE

2. FOLLOWING QUOTED FROM 3 APRIL 1968 HONG KONG STANDARD.

QUOTE CAT OUT OF PASSENGER BUSINESS

CIVIL AIR TRANSPORT /CAT/ WHICH SUSPENDED INTERNATIONAL
FLIGHTS FOLLOWING THE CRASH OF ITS BOEING 727 NEAR TAIPEI
ON FEBRUARY 16 WILL ONLY OPERATE CARGO FLIGHTS IN FUTURE.

CAT SOURCES SAID TODAY THE CARGO FLIGHT WOULD COVER
TAIPEI, HONG KONG, BANGKOK AND VIENTIANE.

FOREVER

GOVERNMENT SOURCES IN CONFIRMING THE DECISION SAID THE
MINISTRY OF COMMUNICATIONS WAS YET TO DECIDE WHETHER TO
CAT PERMISSION TO OPERATE CARGO FLIGHTS.

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THE SOURCES SAID THE GOVERNMENT HAD DECIDED SKFZK-
PEND FOREVER THE INTERNATIONAL PASSENGER FLIGHTS OF CAT
AND ITS DOMESTIC FLIGHTS IN THE NEAR FUTURE.

SINCE 1949, CAT A TAIWANESE FLAG CARRIER, HAD INAUGU-
RATED SCHEDULED PASSENGER FLIGHTS COVERING TAIPEI, OSAKA,
TOKYO, SEOUL, MANILA, HONG KONG AND BANGKOK. UNQUOTE

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