

CABLE SECRETARIAT DISSEMINATION

CLASSIFIED MESSAGE

TOTAL COPIES 27

INITIALS - SEEN BY

PERSON/UNIT NOTIFIED

~~SECRET~~  
(When Filled In)

1	6
2	7
3	8
4	9
5	10

REPRODUCTION OF THIS COPY PROHIBITED

ADVANCE COPY  ISSUED  SLOTTED

INDEX:  YES  NO

BY: di AT: 1610 Z

CLASSIFY TO FILE NO. \_\_\_\_\_

X-REF TO FILE NO. \_\_\_\_\_

DISSEM BY: 12 PER \_\_\_\_\_

FILE RID  RET. TO \_\_\_\_\_

BRANCH

DESTROY  SIG.

ACTION

C/DIS  ND COPY

ADS 2

~~SECRET~~ 051300Z APR 68 CITE

PRIORITY DIRECTOR

REF

CATCL RECEIVED THE FOLLOWING NOTICE, AND A TRANSLATION BECAME AVAILABLE 4 APRIL:

NOTIFICATION NO. YEH-2-57-03184 DATE APRIL 3, 1968

TO CIVIL AIR TRANSPORT COMPANY LIMITED

FROM CIVIL AERONAUTICS ADMINISTRATION

SUBJECT SUSPENSION - INTERNATIONAL PASSENGER FLIGHTS

UNDER CONTRACT

1. REFERENCE IS MADE TO YOUR C-57-24942 OF 27 FEBRUARY 1968.
2. AS RULED BY THE MINISTRY OF COMMUNICATIONS UNDER ITS CHIAO-HONG-5703-0943 OF 22 MARCH 1968, "UNTIL THE TAKING OF EFFECTIVE MEASURES BY CATCL RELATIVE TO RECTIFICATION AND PUTTING THINGS IN ORDER, ALL CATCL INTERNATIONAL AIR TRANSPORT OPERATIONS SHOULD BE SUSPENDED FOR THE SAKE OF SAFETY."

APPROVED FOR RELEASE DATE: 05-May-2009

~~SECRET~~

CLASSIFICATION		CLASSIFICATION		CLASSIFICATION											
<del>SECRET</del>		<del>SECRET</del>		<del>SECRET</del>											
ADVANCE COPY <input type="checkbox"/> ISSUED <input type="checkbox"/> SLOTTED <input type="checkbox"/>		REPRODUCTION OF THIS COPY FURNISHED		<table border="1"> <tr><td>1</td><td>6</td></tr> <tr><td>2</td><td>7</td></tr> <tr><td>3</td><td>8</td></tr> <tr><td>4</td><td>9</td></tr> <tr><td>5</td><td>10</td></tr> </table>		1	6	2	7	3	8	4	9	5	10
1	6														
2	7														
3	8														
4	9														
5	10														
INDEX: <input type="checkbox"/> YES <input type="checkbox"/> NO		CLASSIFY TO FILE NO. _____		X-REF TO FILE NO. _____											
DIBSEN BY _____ PER _____		FILE NO <input type="checkbox"/> KEY TO _____		SEARCHED <input type="checkbox"/> INDEXED <input type="checkbox"/>											
ACTION <input type="checkbox"/> NO COPY		INFO: _____		FILE _____ VR _____											

PAGE TWO

~~SECRET~~

3. YOU WILL, AS FROM 11 APRIL 1968, SUSPEND  
 OPERATING INTERNATIONAL PASSENGER FLIGHTS  
 UNDER CONTRACT.

CIVIL AERONAUTICS ADMINISTRATION

THE FOLLOWING ARTICLE APPEARED IN THE 5 APRIL CHINA POST IN THE  
 TYPICAL UPPER LEFT CORNER OF PAGE 4 USED FOR IMPORTANT NEWS.  
 TRANSLATIONS OF CHINESE PAPERS ARE NOT AVAILABLE YET BUT ORAL  
 REPORTS OF CHINESE READERS SAY THEY WERE IN CASES THEY NOTED,  
 REPORTED ALONG THE FACTIAL LINES OF THE ABOVE CCAA NOTICE.

QUOTE CAT ASKED TO PHASE OUT ALL 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 COMMUNICATIONS  
 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.

~~SECRET~~

CABLE SECRETARY DISSEMINATION  
PERSON/UNIT NOTIFIED

CLASSIFIED MESSAGE

COPIES

READING AND/OR INITIALS - SEEN BY

~~SECRET~~  
(When Filled In)

GROUP 1  
EXCLUDED FROM AUTOMATIC  
DOWNGRADING AND  
DECLASSIFICATION

1	6
2	7
3	8
4	9
5	10

ADVANCE COPY  ISSUED  SLOTTED

REPRODUCTION OF THIS COPY PROHIBITED

INDEX:  YES  NO

CLASSIFY TO FILE NO. \_\_\_\_\_

X-REF TO FILE NO. \_\_\_\_\_

DISSEM BY \_\_\_\_\_ PER \_\_\_\_\_

FILE NO  RET. TO

BRANCH

DESTROY  SIG.

ACTION

NO COPY

INFO:

FILE, VR.

PAGE THREE

~~SECRET~~

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 THE CONCLUSION OF WORLD WAR TWO.

ABOUT 60 PERCENT 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, HOW-EVER, ARE NOT AFFECTED. CAT WAS ALSO URGED TO IMPROVE ITS "LAX ADMINISTRATION IN CLOSE COOPERATION WITH CAA."

THE ORDER ALSO REQUIRED CAT TO "ATTEND 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.

~~SECRET~~

CABLE SECRETARIAT DETERMINATION		CLASSIFIED MESSAGE	FILE NUMBER	GROUPING AND/OR OTHER INDEX	
ADVANCE COPY <input type="checkbox"/> ISSUED <input type="checkbox"/> SLOTTED <input type="checkbox"/>		SECRET (When Applicable)	GROUP 1 RESTRICTED CONFIDENTIAL SECRET	1	13
BY: _____ AT: _____		REPRODUCTION OF THIS MESSAGE	INDEX: <input type="checkbox"/> YES <input type="checkbox"/> NO	2	17
CLASSIFY TO FILE NO. _____		FILE NO. <input type="checkbox"/> EXT. TO _____	SEARCHED <input type="checkbox"/>	3	18
DIRECTIONS BY _____		INFO: _____	FILE _____	4	19
ACTION <input type="checkbox"/> NO COPY		FILE _____	NO. _____	5	20

PAGE FOUR

~~SECRET~~

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

1. THE MINISTER OF COMMUNICATIONS IS SCHEDULED TO BE INTERPOLATED AT 0930L SATURDAY 6 APRIL AT THE LEGISLATIVE YUEN ON THE SUBJECT OF CAT, AND OTHER PROBLEMS ACCORDING TO CCAA. A PRIMARY POINT PROMISES TO BE COMPENSATION PAYMENTS. CCAA ASKED THAT CATCL PROVIDE AN ADVISER, PREFERABLY DR WANG VEN SAN, TO ACCOMPANY CCAA/NDC TO THE SESSION. DR WANG DECLINED TO GO UNLESS HE COULD ANNOUNCE THAT THE LIMIT AMOUNT OF HAGUE WOULD BE PAID FOR ALL DEATHS OR SERIOUS INJURIES, PASSENGERS AND EMPLOYEES ALIKE. DR WANG ALSO ADVISES AGAINST [REDACTED] ATTENDING SAYING THAT EITHER HE OR [REDACTED] WOULD BE "USED" BY NOC AND LEGISLATORS. INSTEAD, A BRIEFING ON COMPENSATION STATUS WAS OFFERED CCAA WHICH THEY FOUND QUITE SATISFACTORY.

2. REGARDING COMPENSATION STATUS: MR PETER MARTIN DEPARTED TAIPEI APRIL 3 STATING HE WAS SATISFIED ON ALL COVERAGE QUESTIONS AND WOULD SHIP US\$ 500,000 TO HONGKONG IMMEDIATELY ON RETURN TO LONDON TO COVER IMMEDIATE SETTLEMENT COSTS. SETTLEMENTS ARE PROCEEDING RAPIDLY BOTH IN TAIPEI AND HONGKONG WITHIN HAGUE LIMITS WITH AGREEMENT IN PRINCIPLE REACHED WITH

~~SECRET~~

CABLE SECRETARY DISSEMINATION  
PERSON/UNIT NOTIFIED

CLASSIFIED MESSAGE

TOTAL COPIES

READING AND/OR INITIALS - SEEN BY

~~SECRET~~  
(When Filled In)

1		6
2		7
3		8
4		9
5		10

ADVANCE COPY  ISSUED  SLOTTED

REPRODUCTION OF THIS COPY PROHIBITED

INDEX:  YES  NO

BY: \_\_\_\_\_ AT: \_\_\_\_\_

CLASSIFY TO FILE NO. \_\_\_\_\_

X-REF TO FILE NO. \_\_\_\_\_

DISSEM BY \_\_\_\_\_ PER \_\_\_\_\_

FILE RID  RET. TO

BRANCH

DESTROY  SIG.

ACTION

RID COPY

INFO:

FILE. VR.

PAGE FIVE

~~SECRET~~

VIRTUALLY ALL NON-AMERICAN PASSENGERS OR DECEDENT REPRESENTATIVES. AMERICAN PASSENGERS AND DECEDENT REPRESENTATIVES ARE NOT PRESSING FOR PAYMENT BUT WE INTEND TO UNDERTAKE SETTLEMENTS OF THOSE CASES IMMEDIATELY. CATCL IS NOT PUTTING FIGURE ON CLAIMS OF PASSENGERS OR DECEDENT REPRESENTATIVES HAVING COMPANY CONNECTION OF ANY KIND BUT IS REQUESTING DEACONS TO DO SO IN EACH INSTANCE. PRINCIPAL DISSATISFACTION IS COMING FROM FAMILIES OF DECEASED FLIGHT ATTENDANTS BECAUSE OF \$6,500 LIMIT IN AIR ASIA PERSONNEL MANUAL FOR LINE OF DUTY DEATH AT THEIR SALARY RANGES. CATCL IS BEING THREATENED WITH \$75,000 LAW SUIT IN EACH OF THESE THREE CASES.

3. WE WILL HAVE EARLY RECOMMENDATIONS ON A COURSE OF ACTION BUT WISH FIRST TO CHECK CONFLICTING REPORTS ON THE STATUS OF GRC'S RESPONSE TO CATCL'S CARGO PROPOSAL AND THEIR REQUIREMENTS IN RESPECT OF REORGANIZATION. IN ANY EVENT WE THINK DOMESTIC PASSENGER SERVICE SHOULD BE TERMINATED PROMPTLY.

~~SECRET~~



~~SECRET~~