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SECRET [] - TELEPOUCH

HR70-14

DISP NO - []

FILE NO - NONE

DATE - 8 APRIL 1968

INDEXING - NONE

MICROFILM - NONE

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

INFO - CHIEF, []

FROM - []

SUBJECT - []

ACTION - FOR YOUR INFORMATION

REFS - NONE

1. FOLLOWING QUOTED FROM 6 APRIL CHINA NEWS. QUOTE CAT'S SUSPENSION--

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PRESUMABLY THE ORDER SUSPENDING INTERNATIONAL FLIGHTS OF CIVIL AIR TRANSPORT WAS MADE FOR GOOD AND SUFFICIENT REASON.

THIS ALL BUT DOOMS CAT AS ANYTHING MORE THAN A SMALL DOMESTIC CARRIER. SOME 3,000 PEOPLE STAND TO LOSE THEIR JOBS.

THE AIRLINE HAD A FATAL CRASH BACK IN 1964 BUT SHOOK THAT OFF AND STAYED IN BUSINESS.

THEN CAME THE FEBRUARY ACCIDENT AT LINKOU, KILLING 21 OF THE 63 PERSONS ABOARD A BOEING⁶ 727.

CAT DID NOT OBTAIN THE REPLACEMENT EQUIPMENT NECESSARY TO CONTINUE SCHEDULED INTERNATIONAL FLIGHTS. PROCEDURES FOR COMPENSATING THE SURVIVORS OF VICTIMS HAVE NOT BEEN COMPLETED. MANSLAUGHTER CHARGES ARE PENDING AGAINST THE TWO AMERICAN PILOTS OF THE 727.

NOW THE CIVIL AERONAUTICS ADMINISTRATION OF THE COMMUNICATIONS MINISTRY IS CHARGING CAT WITH POOR MANAGEMENT.

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APPROVED FOR RELEASE [] DATE: 05-May-2009

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IF THIS IS THE END OF THE ROAD FOR CIVIL AIR TRANSPORT, IT IS A SAD TERMINATION FOR AN AIRLINE THAT PIONEERED ON ASIA ROUTES.

GENERAL CLAIRE CHENNAULT, WHOSE FLYING TIGERS FOUGHT SO VALIANTLY AGAINST JAPAN IN THE PACIFIC WAR, AND HIS GREAT PILOTS PUT CAT IN BUSINESS. WHILE GENERAL CHENNAULT LIVED AND LONG AFTERWARD, IT WAS A SPIT-AND-POLISH OUTFIT.

GENERAL CHENNAULT WAS KNOWN TO REQUIRE A CHANGE OF AIRCRAFT FOR THE SMALLEST MECHANICAL MALFUNCTION OR EVEN FOR OIL STAINS. CAT'S SHOPS CAME TO BE KNOWN AS AMONG THE BEST IN THE WORLD.

CAT'S LOSS WILL BE CHINA'S LOSS, TOO

NOW WE HAVE CHINA AIRLINES, BUT FOR MANY YEARS IT WAS CAT THAT CARRIED OUR FLAG FROM SEOUL TO BANGKOK. CAT OFTEN HAS BEEN IDENTIFIED AS AN AMERICAN COMPANY, YET A MAJORITY OF ITS STOCKHOLDERS AND MOST OF ITS EMPLOYEES ARE CHINESE.

THE REASONS FOR CAT'S FAILURE SHOULD BE CAREFULLY STUDIED TO MAKE SURE THAT THERE IS NO REPETITION.

LAX MANAGEMENT SHOULD HAVE BEEN DISCOVERED A LONG TIME AND CORRECTED. AN AIRLINE MAY BE A PRIVATE COMPANY BUT IT ALSO HAS A VITAL PUBLIC OBLIGATION AND IS THEREFORE SUBJECT TO CLOSE GOVERNMENTAL SUPERVISION. UNQUOTE

2. FOLLOWING IS RECENT ARTICLE QUOTED FROM TAIPEI VERNACULAR NEWSPAPER. QUOTE CAT TO SUSPEND ALL INTERNATIONAL FLIGHT ROUTES BEGINNING APRIL 11 /LIEN HO PAO, TAIPEI, 4 APR 68

THE CIVIL AVIATION ADMINISTRATION'S /CAA/ ORDER TO CAT TO SUSPEND ALL INTERNATIONAL FLIGHT ROUTES WILL BE EFFECTIVE 11 APRIL. THE CAA INDICATED THAT WHEN THE ORDER BECOMES EFFECTIVE, THE EXISTING INTERNATIONAL CHARTER FLIGHTS OF CAT SHOULD ALSO BE SUSPENDED, BUT ITS DOMESTIC FLIGHTS

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WILL NOT BE AFFECTED.

A CAA OFFICIAL SAID THAT THE GOVERNMENT'S SUSPENSION OF CAT'S INTERNATIONAL FLIGHTS IS TO ENABLE CAT TO READJUST ITS FLIGHT OPERATIONS AND WILL NOT BE LIFTED UNTIL A SUITABLE FLIGHT OPERATION MANAGEMENT CAN BE MAINTAINED.

THE CAT BOEING 727 CRASH ON 16 FEBRUARY WAS INVESTIGATED, AND IT WAS FOUND THAT DEPUTY FLIGHT OPERATIONS DIRECTOR HICKS TOOK OVER THE PLACE OF CHIEF PILOT DEW IN PILOTING THAT FLIGHT, WHICH WAS CONSIDERED MISMANAGEMENT OF FLIGHT OPERATIONS BY CAT.

THE CAA ALSO ISSUED AN ORDER STIPULATING THAT CAT IS NOT PERMITTED TO BORROW PILOTS FROM THE AMERICAN AVIATION AND THE SOUTHERN AVIATION CO. BECAUSE THESE TWO COMPANIES HAVE NOT REGISTERED WITH OUR GOVERNMENT FOR TRANSPORTATION PERMITS. IF CAT BORROWS PILOTS FROM AIR ASIA, THE OFFICIAL SAID, THE GOVERNMENT WILL NOT OBJECT BECAUSE AIR ASIA HOLDS OUR PERMIT. UNQUOTE

3. FOLLOWING QUOTED FROM CHINA NEWS AGENCY RELEASE OF 7 APRIL.
QUOTE GOV'T TO SEE CAT PAY COMPENSATIONS

TAIPEI, APRIL 7 /CNA/-- MINISTER OF COMMUNICATIONS SUN YUN-HUAN SAID YESTERDAY HIS MINISTRY WILL SEE TO THAT THE CIVIL AIR TRANSPORT /CAT/ PAY COMPENSATIONS AT AN EARLY DATE TO THE VICTIMS OF THE FEBRUARY 16 CRASH OF THE BOEING 727 JETLINER NEAR TAIPEI.

"IT IS THE RESPONSIBILITY OF THE MINISTRY OF COMMUNICATIONS TO PROTECT THE INTEREST OF THE PUBLIC. AND WE WILL SEE TO THAT THE BEREAVED FAMILIES OF THOSE KILLED IN THE ACCIDENT GET THEIR COMPENSATIONS," HE SAID.

SUN MADE THE PLEDGE IN HIS TESTIMONY BEFORE THE COMMUNICATIONS COMMITTEE OF THE LEGISLATIVE YUAN YESTERDAY MORNING.

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HE TOLD THE COMMITTEE THAT THE HAGUE AGREEMENT WHICH RULES THAT THE MAXIMUM COMPENSATION TO A VICTIM OF AIR ACCIDENT AMOUNTS TO 250,000 FRANCES IS APPLICABLE IN THE CAT CASE BECAUSE THE AGREEMENT IS FOR INTERNATIONAL AIRLINES AND THE CAT BOEING 727 WAS ON AN FLIGHT FROM HONG KONG TO TAIPEI WHEN IT CRASHED NEAR TAIPEI, KILLING 21 OF THE 63 PASSENGERS AND CREW MEMBERS ON BOARD.

THE REGULATIONS GOVERNING COMPENSATIONS FOR VICTIMS OF AIR ACCIDENTS INVOLVING CHINESE AIRCRAFT IS NOT APPLICABLE TO THE CASE BECAUSE THEY WERE STIPULATED FOR DOMESTIC AIR SERVICE ONLY, SUN SAID.

ACCORDING TO THE REGULATIONS, THE FAMILY OF A VICTIM IN AN AIR ACCIDENT IN DOMESTIC FLIGHT IS ENTITLED TO A COMPENSATION OF NT\$300,000 /US\$7,500/. UNQUOTE

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