

CABLE SECRETARIAT DISSEMINATION

CLASSIFIED MESSAGE

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~~SECRET~~ 020720Z DEC 68 CITE \_\_\_\_\_

DIRECTOR INFO VIENTIANE \_\_\_\_\_

~~SECRET~~ IN \_\_\_\_\_

REF DIRECTOR \_\_\_\_\_

1. RAL DIRECTOR GENERAL NIKORN PANKONGSY ADVISED \_\_\_\_\_

\_\_\_\_\_ HE WOULD DO ALL POSSIBLE TO EXPEDITE SETTLEMENT OF OVERDUE ACCOUNTS. WHEN PRESSED AND INFORMED \_\_\_\_\_ COULD NOT CONTINUE TO PROVIDE AND OPERATE THE DC-6'S UNLESS THE OVERDUE ACCOUNTS ARE SETTLED AND PAYMENTS ARE KEPT CURRENT THEREAFTER NIKORN STATED ACCOUNTS WOULD BE SETTLED AS FOLLOWS (A) SEPT INVOICES BY 1 DEC (B) OCT INVOICES BY 15 DECEMBER; AND (C) NOVEMBER INVOICES BY 1 JANUARY 1969. PAYMENT SCHEDULE AS STATED WAS SET FORTH IN A LETTER DELIVERED ON 22 NOVEMBER ADVISING HIM THE DC6B OPERATION WILL BE DISCONTINUED UNLESS THE AGREED PAYMENTS SCHEDULE IS MET.

2. NIKORN REQUESTED CONTRACT PAYMENT PROVISIONS BE AMENDED TO PERMIT PAYMENT WITHIN 30 DAYS FOR DC6B HOURS FLOWN DURING THE PREVIOUS 30 DAY PERIOD VICE THE CURRENT 15 PROVISIONS. NO COMMITMENT WAS MADE ON THIS POINT EXCEPT THAT WE WOULD BE WILLING TO DISCUSS THE SUBJECT WHEN OUTSTANDING ACCOUNTS ARE SETTLED.

APPROVED FOR  
RELEASE  DATE:  
14-Sep-2009

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PAGE 2  ~~SECRET~~

ED.

3. AMBASSADOR SULLIVAN WAS BRIEFED ON THE SUBJECT BEFORE DELIVERY OF SAID LETTER AS REQUESTED BY COS VIENTIANE. HE EXPRESSED CONCERN OVER POLITICAL IMPLICATIONS SHOULD IT BECOME NECESSARY TO DISCONTINUE THE OPERATION AND ASKED THAT HE BE INFORMED PRIOR TO TAKING SUCH ACTION. HE AGREED HOWEVER THAT WE SHOULD PURSUE COLLECTION AND UNDERSTANDS ABSENT SATISFACTORY RESOLUTION OF THIS PROBLEM TERMINATION WILL BE REQUIRED AND COULD COME EARLY DECEMBER IF RAL FAILS TO PAY.

4. PROMOTION AND ADVERTISING PROGRAMS HAVE BEEN PREPARED AND PRESENTED TO NIKORN TOGETHER WITH SUGGESTED WAYS TO IMPROVE TRAFFIC ON RAL SERVICES. WHERE NIKORN INTERESTED IT IS QUITE EVIDENT THAT INTERNAL FRICTION WITHIN RAL MANAGEMENT AND NIKORN'S APPARENT LACK OF AUTHORITY TO COM<sup>M</sup>INT RAL FUNDS FOR SUCH DEVELOPMENT WITHOUT APPROVAL OF ALL INTERESTED PARTIES HAS RESULTED IN EXTREMELY LITTLE PRODUCTIOVE SALES PROMOTION EFFORT. WE HAVE MADE LIMITED PROGRESS AT HONGKONG, SAIGN<sup>O</sup> AND BANGKOK BUT EFFORTS HAVE BEEN HAMPERED BY RALS OWN STAFF CLINGING ON TO YEARS OLD PAY OFF SYSTEMS QUITE OBVIOUSLY INVOLVING MANY RAL MANAGEMENT PERSONNEL WHO ARE POLITICAL APPOINTEES AND WHOM NIKHORN CANNOT OR DOES NOT CHOOSE TO REMOVE. INTERLINE BILLING ASSISTANCE HAS BEEN OFFERED

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BUT NOT ACCEPTED. AN OPEN INVITATION HAS BEEN EXTENDED FOR RAL STAFF TO TAKE ADVANTAGE OF ESTABLISHED COMPANY TRAINING PROGRAMS BUT FOR UNKNOWN REASON RAL HAS NOT, TO DATE, AVAILED THEMSELVES OF THE OPPORTUNITIES EXCEPT TO LIMITED DEGREE. NIKORN WANTS HELP IN BUSINESS DEVELOPMENT AND ADMINISTRATION BUT APPARENTLY DOES NOT HAVE SUFFICIENT GOVERNMENT BACKING TO ACCEPT OUTSIDE HELP AND MAKE NEEDED CHANGES. UNLESS RAL'S "MANAGE BY COMMITTEE" POLICY IS CHANGED PROSPECTS ARE NOT PROMISING THAT RAL OPERATIONS CAN SOON BE PUT ON A GOOD BUSINESS BASIS.

5. SHOULD RAL FAIL TO MAKE THE SCHEDULED 1 DECEMBER PAYMENT WE PLAN UNLESS INSTRUCTED OTHERWISE TO CABLE RAL REFERRING TO OUR 22 NOVEMBER LETTER THAT ABSENT PRIOR PAYMENT OF SEPTEMBER INVOICES AS AGREED, APRECIATION OF DC6B SERVICES WILL BE SUSPENDED ABOUT ONE WEEK AFTER SUCH NOTICE.

6 SHOULD THE RAL OPERATION BE TERMINATED WE ESTIMATE INCREASED COSTS TO MOVE PERSONNEL, PARTS AND MATERIALS AT SOME \$16,000 MONTHLY. FURTHER WE NOW COLLECT ABOUT \$3200. MONTHLY FROM EMPLOYEES FOR TRAVEL ON RAL SERVICES IN EXCESS OF CREDITS TO RAL SINCE A CREDIT IS ONLY DUE RAL FOR CARRIAGE OF MORE THAN 10 FAX ON

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PAGE 4

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AN EACH DC6B FLIGHT. THE REGULAR RAL DC6B FLIGHTS HAVE OTHER  
INDIRECT BENEFITS SO WE ARE HOPEFULL THE PAYMENT PROBLEM CAN BE  
SATISFACTORLY RESOLVED.

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