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Remarks:		
<p>Attached is an agenda item for the ExComAir meeting scheduled for Monday, 13 April 1970, 10 a.m., DDS Conference, [] Also on the agenda is the item on Royal Nepal Airlines Corporation, which was forwarded to you earlier.</p>		
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> APPROVED FOR RELEASE <input type="checkbox"/> DATE: 14-Sep-2009 </div>		
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Chairman, ExComAir		4/8/70
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FORM NO. 1-67 237

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DD/S

7 APR 1970

MEMORANDUM FOR: Chairman, ExComAir

THROUGH : Assistant Deputy Director for Support : APR 1970

SUBJECT : Commercial Possibilities

1. Attached is a copy of a blind memorandum, subject: Employment for Spare Aircraft Presently in the Far East. This memorandum is self-explanatory. It concludes by requesting advice on whether or not Southern Air Transport, Incorporated should respond to commercial interests wanting air service support in Indonesia.

2. It is suggested that this be put on the agenda for an early meeting of ExComAir.

Alan M. Warner
Special Assistant to the
Deputy Director for Support

Att.:

cc: DD/S

APPROVED FOR RELEASE
DATE: 14-Sep-2009

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ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	
Remarks: Additional agenda item for ExComAir Meeting scheduled 8 April 1970, 10:30 a.m., DDS Conference Room, <input style="width: 40px; height: 15px;" type="text"/> <i>4/6 - [redacted] - This item will not be on the Agenda, will be rescheduled or withdrawn.</i> <i>R</i>			
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3 APR 1970

MEMORANDUM FOR: Chairman, ExComAir

SUBJECT : Royal Nepal Airlines Corporation (RNAC)

1. The President of the National Air Carriers Association (NACA) has circulated to NACA members a message he received from the Department of State which reads:

"1. Royal Nepal Airlines (RNAC) Administrator informed EmbOff March 10 that RNAC definitely interested in collaboration with foreign airline. He envisions training and management arrangement plus, importantly, equity participation as means secure needed aircraft. Such collaboration seen by RNAC official as non-competitive with Asian Development Bank aviation program, which concentrates largely on airport and communications improvement with relatively small advisory input.

"2. Any U.S. airline interested in exploring possible collaboration with RNAC should contact Mr. Tej Bahadur Prassain, Chief Administrator, Royal Nepal Airlines, RNAC Building, Kathmandu. Laise"

2. Southern Air Transport (SAT), Miami is a NACA member and, therefore, received this solicitation. A check with the Department of State by the President of SAT, Mr. Stanley G. Williams, reveals that there is no USAID technical assistance program, that a few supplemental carriers have made casual inquiries, and that the Department of State favors an up-grading of RNAC. A check with the Chief, NE Division, Mr. indicates that he would not be opposed to further exploration of the feasibility of entering into an arrangement with RNAC.

3. Our air proprietaries in the Far East have a B-727 aircraft available due to a serious reduction in Military Airlift Command contract flying. This aircraft is ideally suited to the flying envisaged; indeed, it was acquired with the Himalaya Mountains in mind as one possible future requirement. This aircraft plus parts and ground support equipment would

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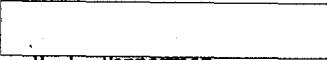
- 2 -

mean that SAT would be investing assets worth about \$4 million. SAT would also take on the difficult task of staffing a training and management team in Kathmandu.

4. In return, SAT would expect to have self-supporting employment for one large jet aircraft in Asia and a presence in the area should there be future need for air transport in support of Agency requirements.

5. RNAC has an active service as illustrated by the attached schedule, "RA" being the RNAC designator. It needs improvement and better aircraft. Given these, the future is promising. Kathmandu could well become a popular tourist point in around-the-world travel. The climate is favorable and it is a more exotic stopover than most capitals. A "collaboration" with RNAC could well lead to an active operation in Nepal, Pakistan, India, and perhaps beyond. Expansion would be purely Nepalese, but SAT would have to assist in an aggressive manner.

6. The above paragraphs are in some degree speculation. Facts are few and can only be developed through discussion with RNAC. This paper is intended merely to determine if there is a positive interest in the Agency in such an undertaking. Without a positive interest, there would be no point in taking on the task. If there is an interest, SAT would initiate talks with RNAC as suggested in the cable from Ambassador Laise.


R. L. Bannerman
Deputy Director
for Support

Att.

cc: C/NE Division
DD/S 

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~~SECRET~~*Mr. Worfield*

SUBJECT: Employment For Spare Aircraft Presently in
The Far East

1. We have had a substantial number of inquiries from mining companies, petroleum exploration combines, and others operating in Indonesia, who are seeking utility-type airlift to support their activities. The most recent was from Gulf & Western Industries, Inc. who are commencing oil exploration on and in the vicinity of the island of Ceram. They are operating, as all exploration companies must, through a joint venture with Pertamina, the Indonesian Government's Petroleum Development Company.
2. G&W have asked for quotations on the operation of one, possibly two, Twin Beech aircraft on a yearly contract. They have chosen the Ten Two for the first and are interested in a Volpar as a second aircraft. G&W say they particularly selected the upgraded Twin Beech because of the cargo door installed, the particular size and configuration of the aircraft's cabin, its range and landing strip requirements. The aircraft would be employed in island-hopping throughout the Sula Group, to Makasar and to Surabaja. Flight and

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maintenance crews would be required at operating bases at Ambon and Bula. G&W appear to be adequately aware of what is required to get an aircraft into Indonesia and are aware of the nature of the permissions which are required from the Indonesian Government for its operation on behalf of G&W. The terms of their agreement with the government-owned Pertamina appear adequate for such operations.

3. If an arrangement were made, it is assumed no Taiwan-based organization would be used in Indonesia and the name Air America would not become involved. We would suggest using Southern Air Transport, Inc. or its sister company Actus Technology, Inc., reporting directly to their U.S. Headquarters.
4. Heavy maintenance and engine overhaul might still be taken to Taiwan. Air Asia Company Limited is currently working with the Bank of Indonesia for engine and airframe overhaul on their fleet of four Twin Beeches, and no difficulties have appeared.
5. Enough other American companies starting up operations in Indonesia have expressed interest, especially in the upgraded

Twin Beech, to absorb all of the 6 or 7 Ten Twos which we might have available and which are not presently used by firm long-term customers. Contracting would be at profitable rates and circulation of cleared flight crews throughout Indonesia would be facilitated.

6. It is requested that we be advised whether or not Southern Air Transport, Inc. should respond to any of these requests.

