

~~SECRET~~ [] - TELEPOUCH
 DISP NO - []
 FILE NO - NONE
 DATE - 22 APRIL 1968
 INDEXING - NONE
 MICROFILM - NONE
 TO - CHIEF, [] ATTEN-- [] AND []
 INFO - CHIEF, []
 FROM - []
 SUBJECT - []
 ACTION - FOR YOUR INFORMATION
 REFS - NONE

1. FOLLOWING ARTICLE QUOTED FROM 19 APRIL 1968 CHINA POST.
 QUOTE CAT MAY HAVE TO RENDER CARGO ALONE SERVICES
 CIVIL AIR TRANSPORT /CAT/, FREE CHINA'S OLDEST FLAG CARRIER,
 MAY HAVE TO CONFINE ITS OPERATIONS TO CARGO FLIGHT SERVICES, BOTH
 DOMESTIC AND INTERNATIONAL, A SPOKESMAN SAID.

WHEN CONTACTED BY THE CHINA POST LAST NIGHT, A CAT SPOKESMAN
 SAID HIS COMPANY IS NOW LAYING OFF PART OF ITS STAFF.

SAM YUAN, DIRECTOR OF CAT'S SALES DEVELOPMENT DIVISION, SAID
 ONLY 30 PER CENT OF THE STAFF OF ITS TAIPEI MAIN OFFICE WILL BE MAIN-
 TAINED. ABOUT ONE-THIRD OF ITS TAIPEI INTERNATIONAL AIRPORT COUNTER
 STAFF WILL BE LAID OFF, HE ADDED.

EXCEPT BANGKOK, WHERE CAT HAS MAINTAINED A TIGHT SCHEDULE OF
 CARGO FLIGHTS, THE AIRLINE KEEPS ONLY DISTRICT REPRESENTATIVES IN
 SEOUL, OSAKA, OKINAWA AND MANILA.

CAT HAS BEEN HANDLING CARGO SERVICES BETWEEN TAIPEI AND
 BANGKOK TWICE WEEKLY BY A FLEET OF THREE DC4 AIRCRAFT. AFTER SUS-
 PENDING INTERNATIONAL PASSENGER OPERATIONS, CAT WILL INCREASE THREE

~~SECRET~~ [] - TELEPOUCH, [] PAGE 1 CONTINUED

[] COPY



~~SECRET~~ []

- TELEPOUCH, [] PAGE 2

ROUND-TRIP CARGO FLIGHTS TO THAILAND. THE COMPANY MAY ALSO CONSIDER STARTING CARGO FLIGHTS BETWEEN TAIPEI, OKINAWA AND TOKYO.

CAT, JOINTLY OWNED BY THE CHINESE AND AMERICAN INVESTORS STOPPED ITS SCHEDULED INTERNATIONAL PASSENGER SERVICES AFTER ITS SOLE MANDARIN JET CRASHLANDED NEAR LINKOU LAST FEBRUARY 16 WITH 63 PERSONS ABOARD. TWENTY-ONE OF THEM, ALONG WITH A CHINESE FARMER AT LINKOU, WERE KILLED IN THE ACCIDENT. UNQUOTE

2. FOLLOWING IS RECENT QUOTE FROM TAIPEI VERNACULAR NEWSPAPER QUOTE THE REORGANIZATION AND PERSONNEL CUT OF CAT BY CYJP REPORTER WEI HAN /7614/3466/ /CHUNG YANG JIH PAO, TAIPEI, 18 APR 68/

IT ALREADY TWO FULL MONTHS SINCE THE CAT AIR ACCIDENT OCCURRED. RECENTLY, SEVERAL RESPONSIBLE PERSONNEL WERE BEATING THEIR BRAINS TO WORK OUT A CONCRETE AND FEASIBLE PLAN FOR THE MANAGEMENT AND OPERATIONAL DEVELOPMENT OF THE CAT IN THE FUTURE.

CAT OPERATIONAL DEVELOPMENT DEPARTMENT DIRECTOR YUAN CHUNG-SHAN /5913/0112/3790/ SAID A COUPLE OF DAYS AGO THAT THE CAT HAS NOT YET REACHED A FINAL DECISION ON THE PROBLEMS OF REORGANIZATION AND PERSONNEL LAY-OFF BUT WILL CAREFULLY SEEK A PROPER PLAN TO REVAMP ITS OPERATIONS.

FROM YUAN'S STATEMENT, THERE SEEMS NO TELLING WHAT STEPS THE CAT WILL TAKE. NONETHELESS, VIEWED FROM ITS RECENT ADOPTION OF VARIOUS MEASURES, THE CAT NOT ONLY HAS ARRIVED AT PRELIMINARY DECISIONS ON THE PROBLEMS OF REORGANIZATION AND PERSONNEL CUTS BUT PROCEEDED TO DISCUSS THE DETAILS ALSO.

EARLY THIS MONTH, THE HEADS OF MAJOR CAT TERMINALS AT HOME AND ABOARD MET AT THE TAIPEI HEAD OFFICE FOR A THREE-DAY CONFERENCE AND HAD GENERALLY DECIDED ON THE PLAN OF CURTAILING THE CAT ORGANIZATION AND REDUCING ITS PERSONNEL. IT IS LEARNED THAT THE PLAN ENVISIONS--

1/ THE ORGANIZATIONAL CURTAILMENT - TWO-THIRDS OF THE

~~SECRET~~ []

- TELEPOUCH, [] PAGE 2 CONTINUED

TAIPEI AIRPORT OFFICE PERSONNEL WILL BE RETAINED, AND 70 PER CENT OF THE TAIPEI HEAD OFFICE PERSONNEL WILL BE LAID OFF. THE HEAD OFFICE MAY BE RELOCATED IN A SMALLER BUILDING. THE TOKYO AIRPORT OFFICE WILL RETAIN ONE-THIRD OF ITS STAFF, AND THE BRANCH IN TOKYO AS WELL AS OFFICES IN SEOUL, OSAKA, OKINAWA, AND MANILA WILL BE CLOSED, LEAVING ONLY BUSINESS REPRESENTATIVES IN THESE AREAS. THE OFFICE IN BANGKOK WILL REMAIN UNCHANGED BECAUSE OF HEAVY FREIGHT BUSINESS.

2/ THE DEVELOPMENT OF CARGO OPERATIONS - THE CAT HAS THREE DC-4S FLYING TWO ROUND-TRIP CARGO SERVICES A WEEK BETWEEN TAIPEI, HONG KONG, AND BANGKOK. IT WILL LIKELY INCREASE TO THREE ROUND-TRIPS A WEEK AS THE SITUATION WARRANTS AND WILL OPEN A NEW CARGO LINE FROM TAIPEI THROUGH OKINAWA TO TOKYO. BESIDES, THE CAT WILL SUBSTITUTE DC-6A FOR DG-6B AS PASSENGER-CARGO AIRCRAFT SO ITS OWN PERSONNEL MAY TRAVEL WITHOUT PATRONIZING OTHER COMPANIES.

3/ PERSONNEL CUTS - UNDER THE PRINCIPLE OF CURTAILING THE CAT ORGANIZATION, IT BEGAN LAYING OFF PERSONNEL AFTER IT STOPPED FLIGHTS TO SEOUL AND MANILA. IT IS ESTIMATED THAT SOME 400 CAT STAFF MEMBERS WILL BE DISCHARGED- MOST OF THEM ARE CHINESE. THE FOREIGN PERSONNEL REMAIN MOSTLY UNCHANGED.

TO FULLY DEVELOP ITS CARGO OPERATIONS, THE CAT HAS THE INTENTION OF SUSPENDING ITS ROUND-ISLAND PASSENGER SERVICE AND TURNING IT OVER TO THE FAR EASTERN AVIATION COMPANY. HOWEVER, THE FEAC IS REPORTED TO HAVE NO INTEREST IN THIS BECAUSE IT IS ALREADY TOO BUSY SERVING THE TAIPEI-KAOHSIUNG LINE AND HAS NO EXTRA PLANE FOR ROUND-ISLAND SERVICE.

.. IN FACT, THE CAT HAS LONG INTENDED TO STOP ITS DOMESTIC FLIGHTS. BUT THE MINISTRY OF COMMUNICATIONS DID NOT GIVE APPROVAL. YESTERDAY, THE CAT STAFF REVEALED THAT THE CAT PREPARES TO STOP ITS DOMESTIC FLIGHT SERVICE BEGINNING ON THE 20TH OF THIS MONTH BUT WILL HAVE TO WAIT FOR THE APPROVAL BY THE AGENCY CONCERNED. ..

~~SECRET~~ []

- TELEPOUCH, [] PAGE 4

JUDGING FROM THE ABOVE, THE CAT WILL HEREAFTER DIRECT ITS MAIN EFFORT TO CARGO SERVICE. THIS IS A BIG CHANGE. A SENIOR CAT STAFF TOLD THIS REPORTER-- "MANY AIRLINES IN THE WORLD ARE SPECIFICALLY ENGAGED IN CARGO FLIGHTS. SHOULD THE CAT HEREAFTER CHANGE TO OFFERING CARGO SERVICES, ITS PROSPECT IS STILL ROSY. PERHAPS, IT MAY TURN OUT TO BE THE BIGGEST CARGO AIRLINES IN ASIA SEVERAL YEARS LATER." UNQUOTE

[]

DISTRIBUTION--

BY TELEPOUCH

2-C/ []

1-C/ []

~~SECRET~~ []

- TELEPOUCH, [] PAGE 4 ENDS

[]