

MESSAGE FORM

ROUTING

ORIG : R. L. Bannerman
UNIT : ADD/S
EXT :
DATE : 29 August 1964

INDEX
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 FILE IN CS FILE NO.

~~S-E-C-R-E-T~~

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APPROVED FOR RELEASE DATE: 06-Apr-2009

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PRIORITY
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TO :
FROM: DIRECTOR
CONF: DD/S

INFO c/DU/st
ADD. c/SID 4, c/FE6, OG 2,
OR copy to B/PAM on 10 Sept 64

TO :
INFO:
CITE DIR:
REF:

1. ~~RE~~ PARAS 2 AND 3 OF REF CONCERNING MEETING MR.
INDICATES MORE FAVORABLE CLIMATE ON TAX PROBLEM. THE PROMISE THAT TAX OFFICIALS WOULD HEAR COMPANY'S ARGUMENTS BEFORE REACHING DECISIONS LAYS PROPER GROUNDWORK IN HQS OPINION FOR A NEGOTIATED SETTLEMENT.

2. RE PARAS 4 AND 7 OF REF CONCUR IN IMMEDIATE OPENING OF TAX RECORDS WITH OFFICIALS CONDUCTING NEGOTIATIONS WITH TAX BUREAU. FURTHER CONCUR THAT NEGOTIATORS SHOULD NOT REPEAT NOT BECOME INVOLVED AS SET FORTH IN PARA 6.

3. IT IS ASSUMED THESE NEGOTIATIONS WILL EXTEND OVER SOME PERIOD OF TIME AND THE ATTITUDE OF GRC WILL BE CONDITIONED BY ACTIONS IN ALL FIELDS OF ACTIVITY. THEREFORE, FEEL THAT SHOULD CONSIDER ADDITIONAL ACTIONS THAT READILY CAN BE CONSIDERED BY GRC AS AN EFFORT TO IMPROVE PUBLIC POSTURE. CONSIDER: (A) INCREASED PARTICIPATION BY CHINESE NATIONALS IN CATCL MANAGEMENT, AND (B) EFFORT TO INCREASE PROPORTION OF CHINESE AIR CREW PERSONNEL TO THAT OF AMERICAN, AND (C) CONSIDER INCREASE IN SALARY SCHEDULE OF CHINESE EMPLOYEES.

RELEASING OFFICER

COORDINATING OFFICERS
~~S-E-C-R-E-T~~

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CONF: INFO (X PAGE TWO)

TO INFO CITE DIR

RECOGNIZE THAT THESE PROPOSALS WILL TAKE TIME TO ACCOMPLISH AND CONSIDERABLE INTERNAL [] DISCUSSIONS AND READJUSTMENTS MAY BE NECESSARY BEFORE THESE CAN BECOME EFFECTED, EVEN PARTIALLY. HOWEVER, THE OPEN DISCUSSION OF THESE WITHIN THE COMPANY AND BEING MADE KNOWN INFORMALLY TO THE GRC WOULD CLEARLY ESTABLISH A BETTER CLIMATE UNDER WHICH NEGOTIATIONS CAN BE CONDUCTED. IN REGARD TO INCREASING SALARIES OF THE CHINESE EMPLOYEES, THIS LOGICALLY CAN ONLY BE ACCOMPLISHED IF [] FINANCIAL POSITION IS NOT JEOPARDIZED BY AN EXCESSIVE TAX ASSESSMENT. WHILE [] WOULD NOT WANT TO TIE THESE TWO ASPECT TOGETHER AS PART OF A SETTLEMENT, CERTAINLY CONSIDERATION OF SALARY INCREASE MUST BE IN REGARD TO SIZE AND AFFECT OF TAX SETTLEMENT.

4. HQS RECOMMENDS [] PROCEED IMMEDIATELY WITH TAX NEGOTIATION AND OPENING OF TAX RECORDS. REQUEST COMMENT ON PROPOSAL PARA 3 ABOVE.

END OF MESSAGE

SOD

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[]

W.E. Colby
 William E. Colby
 Chief, Far East Division
 RELEASING OFFICER

R. L. Bannerman
 Acting Deputy Director
 for Support
 AUTHENTICATING OFFICER

COORDINATING OFFICERS

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