

SIGNAL CENTER USE C
AGE COI ACP TOG TPE MRO DCI
OMF 0 0 0 0 0 0 0 0
PAGE OF PAGES 1

CLASSIFICATION
~~SECRET~~

MESSAGE HANDLING INDICATOR STAFF [] DATE-TIME GROUP 122100Z CITE DIRECTOR MESSAGE REFERENCE NUMBER []
CONF [] INFO: FILE []
 INDEX DISSEM BY: []
 NO INDEX
 RETURN TO PER
 IF FILES #

TO: PHNOM PENH, [] SAIGON.Y

[] AIR Y

- REF: A. STATE 41251 [*] (NOTAL)
- B. STATE 41618 [**] (NOTAL)
- C. AMEMB PHNOM PENH [] [***] (NOT SENT [] SAIGON)
- D. SAIGON [] IN [] [] Y

1. AS STATIONS AWARE, HQS HAS BEEN INVOLVED IN DIVESTITURE AIR PROPRIETARY ASSETS UNDER CONGRESSIONAL ADVICE. AIR AMERICA, WHICH PROVIDING CURRENT SERVICE TO VIETNAM AND CAMBODIA, WILL CEASE OPERATIONS 30 JUNE 1975. EFFORTS HAVE BEEN UNDERWAY FOR PAST 22 MONTHS TO ARRANGE FOR SMOOTH DIVESTITURE AND PROPERLY PHASED CONTINUED AIR SUPPORT SERVICES TO SAIGON AND PHNOM PENH MISSIONS. UNFORTUNATELY, THOUGH PLANS ARE BEING IMPLEMENTED FOR SALE OF AIR AMERICA ASSETS, TERMINATION OF PERSONNEL AND FINAL DISSOLVING OF COMPANY, FOLLOW-ON ASPECTS HAVE NOT BEEN AS SMOOTH. Y

2. IN ESSENCE, SAIGON MISSION HAS RECEIVED FROM GVN STATEMENT THAT, IN FUTURE, THE "EXTRATERRITORIALITY" PRIVILEGES ACCORDED AIR AMERICA WILL NOT BE EXTENDED TO SUCCESSOR CONTRACTOR. GVN

DATE: 12 MAR 75
ORIG: []
UNIT: []
EXT: []

APPROVED FOR RELEASE
 DATE: 18-Sep-2009

[]

RELEASING OFFICER COORDINATING OFFICERS AUTHENTICATING OFFICER

CLASSIFICATION
~~SECRET~~

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED

[]

OMF 0 0 0 0 0 0 0 0

2

CLASSIFICATION

~~SECRET~~

MESSAGE HANDLING INDICATOR

DATE-TIME GROUP

CITE

MESSAGE REFERENCE NUMBER

CONF:

INFO: FILE



0 INDEX DISSEM BY:
0 NO INDEX
0 RETURN TO PER
0 IP FILES #

NOTES THAT EITHER AIR VIETNAM (AVN) DIRECTLY, AVN THROUGH SUB-
CONTRACT TO CONTINENTAL AIR SERVICES, INC. (CASI), OR CASI (WHICH
HAS A JOINT VENTURE RELATIONSHIP WITH AVN) ARE ACCEPTABLE. FURTHER,
NO OTHER CONTRACTOR WOULD BE ALLOWED BASE RIGHTS FOR CAMBODIAN
CONTRACT. Y

3. USAID/WASHINGTON, WHICH HAS PROVIDED JOINT SERVICES
CONTRACT FOR MISSIONS, HAD PREVIOUSLY TAKEN POSITION THAT FOLLOW-ON
AIR SERVICES COULD ONLY BE CONTRACTED FOR BY U.S. CARRIER AFTER
SUCCESSFUL BIDDING. HOWEVER, ON RECEIPT OF GVN NOTE, USAID/WASH-
INGTON FIXED ON POSITION THAT IT WOULD CONTRACT ONLY WITH AVN
AND PAYMENT WOULD BE IN PIASTERS DERIVED FROM A FORM OF COUNTER-
PART TRUST FUND GENERATED FROM THE SALE OF ITEMS BROUGHT INTO SVN
UNDER THE COMMODITY IMPORT PROGRAM. ONLY USAID, AMEMBASSY AND
SAAFO FLIGHTS COULD BE PAID FOR UNDER TERMS OF THIS TRUST FUND;
STATION AND DAO WOULD HAVE TO ARRANGE THEIR OWN PIASTER PAYMENTS.
USAID/WASHINGTON TOOK POSITION IT DID NOT CONCERN ITSELF WITH
METHOD BY WHICH CASI MIGHT EXCHANGE PIASTERS AND ^{REPARATE} ~~REHABILITATE~~ *2*
DOLLARS, IF CASI WERE USED AS A SUB-CONTRACTOR BY AVN. (INDICATIONS

DATE:
ORIG:
UNIT:
EXT:



RELEASING OFFICER

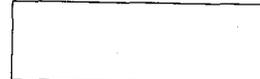
COORDINATING OFFICERS

AUTHENTICATING OFFICER

CLASSIFICATION

~~SECRET~~

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED



SIGNAL CENTER USE ONLY
AGE COI ACP TOG TPE MRO DCI

0	0	0	0	0	0	0	0	0	0
---	---	---	---	---	---	---	---	---	---

PAGE OF PAGES
3

CLASSIFICATION
~~SECRET~~

MESSAGE HANDLING INDICATOR DATE-TIME GROUP CITE MESSAGE REFERENCE NUMBER

CONF: INFO: FILE



INDEX DISSEM BY:
 NO INDEX
 RETURN TO PER
 IP FILES #

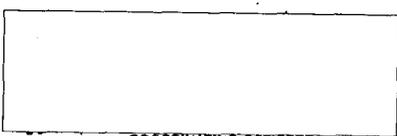
ARE THAT CASI HAS BEEN BURNED IN CAMBODIA IN NOT HAVING BEEN ABLE TO EXCHANGE/^{REPARATE}REHABILITATE RIELS; THE LIKELIHOOD OF ITS BEING ENTHUSIASTIC ABOUT SUB-CONTRACTING TO AVN ON SUCH TERMS IS REMOTE.} FURTHER, USAID/WASHINGTON TOOK POSITION THAT CAMBODIA CONTRACT SHOULD BE SPUN OFF AND HANDLED SEPARATELY, HENCE REFS. 4

4. WHILE HQS WAS INITIALLY INVOLVED AS HONEST BROKER FOR COMMUNITY IN DETERMINING CASI INTEREST IN FOLLOW-UP CONTRACT, SITUATION HAS DEVOLVED INTO A CONTEST OF WILLS BETWEEN USAID/WASHINGTON AND SAIGON MISSION (READ AMB MARTIN), MORE RECENTLY JOINED BY AMEMBASSY PHNOM PENH (REF C). HQS HAS BACKED OFF FROM ^{MADE} ~~AN~~ ACTIVE ROLE IN WHAT IS LIKELY TO BECOME MORE OVERT CONFLICT BEFORE IT IS OVER. ^{HQS} ASSUMING POSITION THAT ANY COMPETENT AIR

SERVICE CONTRACTOR WHO CAN ENSURE FLIGHT SAFETY, PROPER SCHEDULE OF AIRCRAFT MIX AND SECURITY FOR OUR UNIQUE REQUIREMENTS WOULD ^{IF ECONOMICALLY FEASIBLE.} BE ACCEPTABLE. ^{PERSUADE} WE HAVE, HOWEVER, TRIED TO ~~INDUCE~~ USAID/WASHINGTON AND VISITING AMB MARTIN TO RESOLVE THEIR DIFFERENCES IN TIME TO ENSURE FOLLOW-ON CONTRACTOR TAKES OVER BY 1 JULY 1975. 4

5. THERE DOES APPEAR TO BE SOME SLIGHT GIVE DISCERNIBLE IN

DATE:
ORIG:
UNIT:
EXT:



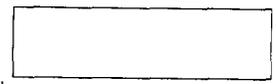
RELEASING OFFICER

COORDINATING OFFICERS

AUTHENTICATING OFFICER

CLASSIFICATION
~~SECRET~~

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED



SIGNAL CENTER USE ONLY

AGE COI ACP TOS TPE MRO DCI

SECRET	A	B	C	D
--------	---	---	---	---

PAGE OF PAGES

4 4

OMF 0 0 0 0 0 0 0 0

CLASSIFICATION

~~SECRET~~

MESSAGE HANDLING INDICATOR

DATE-TIME GROUP

CITE

MESSAGE REFERENCE NUMBER

CONF:

INFO: FILE

[Redacted]

INDEX DISSEM BY:
 NO INDEX
 RETURN TO PER
 IP FILES #

THEIR POSITIONS AND WE WOULD HOPE FOR EARLY RESOLUTION. IN THE MEANTIME, WHILE WE ARE TRYING TO KEEP YOU INFORMED OF PROGRESS, TRUST YOU TOO WILL MAINTAIN EQUANIMITY. YOUR EXPERTISE CAN USEFULLY BE GIVEN IN RESPONSE TO MISSION REQUESTS, AND HQS CERTAINLY WELCOMES HELPFUL COMMENTS, BUT AGAIN URGE THAT NONE OF ADDRESSEES GET OUT IN FRONT OF MISSIONS ON THIS PROBLEM. [Redacted]

* AND ** NOT AVAILABLE BUT CONCERNED NEGOTIATIONS ON FOLLOW-UP AIR CONTRACT.
 ***OBJECTED TO REFS A AND B IN REGARD TO SEPARATE CAMBODIAN AIR CONTRACT.
 ****COMMENTED ON REF C AND SUPPORTED PHNOM PENH MISSION'S POSITION.

AA/DDA-

C/
C/
C/
C/

[Redacted]

DATE: 12 MAR 75

ORIG: [Redacted]
UNIT: [Redacted]
EXT: [Redacted]

[Redacted]

[Redacted]

[Redacted]

RELEASING OFFICER

COORDINATING OFFICERS

AUTHENTICATING OFFICER

CLASSIFICATION ~~SECRET~~

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED

[Redacted]