

VPTAS - TPE (Via Pres - TPE)

2 July 1958

Vice Chairman - DCA

WD-58-742

Increased Competition

Ref.: T&S-58-382, 13 June 1958

Thanks for your memo on JAL. Needless to say we share your concern for the impact increased schedules being operated by JAL will have on CAT's load factor and revenue. The routes you quoted are somewhat different from those in the press of June 9 and published in the Official Airline Guide for July, however, the quantity of additional seats being offered appears to be the same.

Statistics indicate declining earned revenue per aircraft mile on the route between Taipei and Tokyo even with reduced direct frequencies. We presume this is the result of competition from HKA and NKA. If JAL were to come on the route, the results could be disastrous. We calculate that for April and May 1958, CAT earned \$1.70 per (great circle statute) mile on direct flights from Taipei to Tokyo and \$1.49 per mile on Tokyo to Taipei flights.

We find it unusual that JAL should want one of its principal competitors to be its general agent and we certainly shall be a strong competitor when JAL inaugurates services to Taipei. Naturally we should do our utmost to earn maximum commissions by making sales on JAL and others but the additional income which can be derived from overriding commissions on JAL sales are hardly worthwhile when all involvements are weighed. Most important is keeping JAL selling on CAT.

We continue to get the impression that NKA may soon have two frequencies weekly into Hong Kong from Taipei. NKA will then get traffic rights at Okinawa. We understand NKA will want the Chinese Government to agree to 5th Freedom rights for NKA between Taipei and Okinawa and beyond to Tokyo on three frequencies.

Of a more technical nature we are interested in the performance of the HKA Viscounts and would appreciate you or the VPO answering a few questions for us. Does the Viscount consistently operate non-stop between Taipei and Tokyo in both directions in all weather conditions? If so, what fuel reserve do they carry and what alternate airports do they utilize? How many passengers can the Viscount accommodate non-stop between these points under visual and instrument conditions? Does HKA ever operate directly from Hong Kong to Tokyo?

GAD:w

George A. Doole, Jr.

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