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CLASSIFIED MESSAGE *C*

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FILE RID  RET. TO BRANCH

DESTROY  SIG. \_\_\_\_\_

~~SECRET~~

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ACTION

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INFO

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~~SECRET~~ 260200Z

PRIORITY DIRECTOR, \_\_\_\_\_ INFO VIENTIANE, \_\_\_\_\_

SECTION 1 OF 2

SENDS

*26 MAY 66*

REF \_\_\_\_\_

1. MR DAVID HICKLER, PRESENTLY AIR AMERICA'S GENERAL MANAGER IN LAOS, IS SCHEDULED AS AIR AMERICA'S MANAGER AT BANGKOK. HE WILL ASSUME THE POST ABOUT THE THIRD WEEK OF JUNE. MEANWHILE, MR HICKLER CAN ATTEND, AS UPCOMING MANAGER, ANY IMPORTANT MEETINGS ON AIR AMERICA THAILAND AFFAIRS. AIR AMERICAN ALSO WILL BE LOOKING FOR A GOOD HIGHER LEVEL THAI LIAISON MAN TO ASSIST HICKLER.

\_\_\_\_\_

\_\_\_\_\_ IS HEAVILY COMMITTED TO CONTRACT NEGOTIATIONS FOR JAPAN, THAILAND, VIETNAM AND LAOS CONTRACTS AND CAN BE BROKEN AWAY ONLY WITH THE GREATEST DIFFICULTY AT THIS MOMENT. BOTH \_\_\_\_\_ SCHEDULED ARRIVE BANGKOK 23 MAY.

2. \_\_\_\_\_

\_\_\_\_\_

APPROVED FOR RELEASE  DATE: 04-Dec-2009

[REDACTED]

A MAJORITY OF AIR AMERICA'S AFFAIRS IN THAILAND ARE ASSOCIATED WITH STRAIGHT FORWARD CONTRACTS WITH USAF AND USAID AND COULD BE HANDLED BY THOSE ACTIVITIES AND THE EMBASSY

[REDACTED]

3. AIR AMERICA'S FLYING CONTRACTS IN THAILAND AND OTHER COUNTRIES PROVIDE THAT ITS GOVERNMENT CUSTOMERS WILL ARRANGE THE RIGHTS TO FLY AIRCRAFT AS, BASICALLY, NEITHER AIR AMERICA NOR ANY OTHER FOREIGN AIR COMPANY CAN OBTAIN IRACKAGE ON THEIR OWN TO FLY TO OR WITHIN A FOREIGN COUNTRY. TYPICALLY, THE USG CAN OBTAIN IRACKAGE FROM A HOST GOVERNMENT FOR AIR OPERATIONS IN THE SUPPORT OF ITS OWN ACTIVITIES.

[REDACTED]

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ENVISION A SITUATION WHERE THE USG MIGHT BE UNABLE TO ARRANGE TRACKAGE AND HAVE TO DEPEND UPON AIR AMERICA'S HAVING A WORKABLE TIE-IN WITH A LOCAL COMPANY, IT IS SURPRISING THAT IN THE PRESENT SITUATION OF SUCH EXTENSIVE MILITARY AND ECONOMIC AID TO THAILAND THE USG HAS AS MANY DIFFICULTIES AS IT HAS IN GAINING THE TRACKAGE AND REAL ESTATE RIGHTS IT NEEDS FOR ITS VITAL SELF SUPPORT ACTIVITIES WHICH MOSTLY ARE NOT COMPETITIVE WITH LOCAL CARRIERS AND WHICH THE LOCAL CARRIERS WOULDN'T BE ABLE OR WILLING TO PERFORM IN ANY EVENT.

4. THE APPARENT ALTERNATIVE MEANS OF AIR AMERICA'S OBTAINING TRACKAGE IS THROUGH A TIE-IN, SUCH AS PROPOSED IN REFERENCE, WITH A THAI COMPANY ABLE TO ARRANGE IT. SUCH AN ARRANGEMENT WILL HAVE ITS BAD AS WELL AS GOOD POINTS. COSTS, AND CONSEQUENTLY PRICES TO CUSTOMERS, ARE LIKELY TO INCREASE BECAUSE THE THAI COMPANY WILL HAVE TO HAVE ITS CUT. FLEXIBILITY MAY SUFFER AS PROBABLY THE THAI PARTNER WILL WANT TO EXERCISE A GOODLY AMOUNT OF CONTROL OVER WHAT IS DONE AND IN ANY EVENT WILL WANT TO KNOW ALL ABOUT ALL THAT'S BEING DONE. THIS MIGHT BE LESS PRONOUNCED SHOULD THE TIE-IN BE WITH A PRIVATE AND SMALLER COMPANY THAN THAI AIRWAYS BUT ANY SMALLER

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COMPANY WOULD OF COURSE HAVE TO BE AN ABLE ONE. BECAUSE OF THE MANY OPERATING AND ECONOMIC COMPLEXITIES INHERENT IN A SHIFT FROM USG CONTROL TO THAI AIRWAYS OR OTHER THAI CONTROL, THE MATTER SHOULD BE CAREFULLY EXAMINED BEFORE WE TAKE THIS FATEFUL STEP.

[ ] MUST HAVE HQS APPROVAL OF SUCH A CHANGE BEFORE IT CAN INVOLVE ITSELF IN SERIOUS DISCUSSIONS ON SUCH AN IMPORTANT MATTER AND A COORDINATED AND APPROVED PLAN SHOULD BE IN HAND.

5. REGARDING THE CARRIAGE OF PASSENGERS IN COMPETITION WITH THAI AIRWAYS, ALL PASSENGERS AND GOODS, EXCEPTING AIR AMERICA'S EMPLOYEES/DEPENDENTS AND CARGO, ARE ASSIGNED BY THE USING USG AGENCIES. USAID LAOS RECENTLY HAS TIGHTENED UP ITS CONTROLS, AS HAS AIR AMERICA, TO AVOID VIOLATIONS ON THE FLIGHT BETWEEN BANGKOK AND VIENTIANE, A MAJOR IRRITATION TO TAC.

6. RECENTLY, IN A MOVE CALCULATED TO REMOVE POSSIBLE IRRITANTS TO TAC, CIVIL AIR TRANSPORT VOLUNTARILY APPROACHED TAC OFFERING TO HAND OVER ITS LUCRATIVE BUSINESS IN HANDLING FOREIGN CARRIERS AT BANGKOK AND TO HELP TAC IN TAKING OVER. THIS BUSINESS HAD GRAVITATED TO CAT BECAUSE OF TAC'S POOR HANDLING REPUTATION. CAT ALSO OFFERED TAC THE BUSINESS OF HANDLING CAT'S AIRCRAFT. THE

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CLASSIFIED MESSAGE

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IN

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FINAL SECTION OF 2

[ ] SENDS  
[ ]

OFFER WAS ACCPETED AND THE BUSINESS HANDED OVER. WITH CAT ACTIVITIES GREATLY REDUCED IN SIZE AND AIR AMERICA CLEARLY NOT INVOLVED IN HANDLING OTHER THAN ITS USG BUSINESS, APPEARANCES SHOULD HAVE IMPROVED.

7. [ ] COMMENTS: SENIOR AIR AMERICA OFFICER WILL BE PRESENT FOR MEETING WITH THAI OFFICIALS. [ ] POSITION SHOULD BE TO LIMIT, AT THIS TIME, THE MEETING TO DISCUSSION OF COMPLAINTS REFERRED TO PARA 1 AND TO HEAR ANY PROPOSALS THAIS MAY HAVE FOR SOME OPERATING RELATIONSHIP WITH THAI AIRWAYS.

[ ] DOES NOT, AT THIS TIME, HAVE A PLAN FOR AN OPERATING RELATIONSHIP WITH THAI AIRWAYS OR ANY OTHER THAI AIR CARRIER. WE NEED TO ESTABLISH AN AGREED PLAN FOR PRESENT AND FUTURE AIR SUPPORT IN THAILAND UNDER SOME FORM OF THAI IDENTITY. TO THIS END [ ] PREPARING PROPOSAL, ON EXPEDITE BASIS,

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SECRET

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ON MEANS BY WHICH SUCH A LOCAL AIR CAPABILITY COULD BE ESTABLISHED WITH CONSIDERATION OF GOALS TO BE ACHIEVED, CONTROL OF OPERATIONS, LEGAL ASPECTS, ETC.

IT DOES NOT APPEAR THAT THAIS ARE TARGETTING AGAINST ALL AIR AMERICA CONTRACTS BUT PRINCIPALLY AT 342. WE SHOULD MEET CURRENT COMPLAINTS OF THAIS, DETERMINE WHAT THAIS REALLY WANT OUT OF THE NEGOTIATIONS, AND BE PREPARED SOONEST TO NEGOTIATE ON OUR OWN PLAN SERVING OUR LONG RANGE INTERESTS.

CAN [REDACTED] FURNISH ADDITIONAL INFORMATION ON THAI INTERESTS AND POSSIBLE PROPOSALS FOR GUIDANCE OF [REDACTED] AND FOR USAID THAILAND AND LAOS, ARPA, USAF, AS THE LATTER HAVE A VESTED INTEREST AND ARE THE HOST US GOVERNMENT CONTRACTORS WHICH PERMIT AIR AMERICA PRESENCE IN THAILAND.

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BT