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June 30, 1966

MEMORANDUM FOR: ADD/S

SUBJECT: REPUBLIC OF CHINA CAA REPORT ON AASL -
AIR AMERICA ASSOCIATED ACTIVITIES IN SEA

1. From time to time concern has been expressed in some quarters of the CSC about how Air Asia's aircraft furnished to Air America are being used by Air America in SEA. The CSC functions associated with China's political fortunes have shown concern that ROC registered aircraft are not used in such manner as to bring embarrassment to the Republic of China. In good part their concern generated from news reporting and warped confidential reporting, probably from uninformed or misinformed Chinese nationals in SEA, some of them undoubtedly Air Asia or Air America employees.

2. Because of some reluctance to accept company explanations and the increasing red tape affecting our flexibility being generated by the problem, we suggested to the Director of Civil Aviation that he or his representative go to SEA and ascertain for himself the facts, instead of depending on distorted reports or having to accept Air Asia's reports. As a result, a team appointed by CSC undertook a trip to SEA to have a look at Air Asia/Air America operational relationships, China Air Lines, Far East Air Transport and CAT in SEA. Air Asia provided two Chinese escorts and transportation. The party were met by Air America's Base Managers at each point visited where they were shown the base, given appropriate explanations of base activities, extended social courtesies and inspected maintenance and operating practices involving B aircraft.

3. Their report is attached. We find it quite good and it should improve the relationships of both Air Asia and Air America with CSC and hopefully facilitate our work to the benefit of all. Apparently they found some of our arrangements to be models.

George A. Poole, Jr.

Encl. *Transcript # D-128*

(GAD:HS)

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APPROVED FOR
RELEASE DATE
23-Sep-2009