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FM AMEMBASSY SAIGON  
TO SECSTATE WASHDC IMMEDIATE 4439  
BT

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LIMITED OFFICIAL USE SAIGON 3869  
AIDAC

FOR GLAEXON A/GC FROM JACOBSON  
E.O. 11652: N/A

SUBJ: AIR AMERICA REPLACEMENT

REF: A) STATE 068553; B) SAIGON 3701

1. FURTHER TO OUR TELECON THIS CONFIRMS MY VIEW ON THE URGENCY OF CONTRACTING WITH CASI ON SOLE SOURCE BASIS TO PROVIDE CONTINUITY AND INTENSIFIED AIR SERVICES WHICH US MISSION ANTICIPATES IT WILL NEED AS SOON AS PRACTICABLE ON HIGHEST PRIORITY BASIS. AIR VIETNAM IS UNABLE TO ASSUME THE ROLE FORESEEN IN REPTTEL (A). THE NEED TO FOCUS ALL ITS ENERGIES AND RESOURCES ON EVACUATIONS FOR NATIONAL SURVIVAL AT GVN DIRECTION PREVENTS AIR/VN TAKING ON THE ADDED BURDEN OF A USG CONTRACT. WE ARE IN THE FINAL 90-DAY RUN DOWN NOT ONLY OF AIR AMERICA CONTRACT BUT OF AIR AMERICA AS AN ENTERPRISE AND SKILLED AIR AMERICA PERSONNEL SUCH AS CHOPPER PILOTS, RADIO OPERATORS, AVIATION MECHANICS AND ROTARY WING PILOTS ARE SEEKING EMPLOYMENT IN AREAS NEEDING THEIR CAPABILITIES SUCH AS INDONESIA AND IRAN. THE MANPOWER EXODUS IS BEING STIMULATED BY PRESENT EVENTS SO THAT REAL DANGER LOOMS THAT AIR AMERICA MAY NOT HAVE SUFFICIENT STAFF TO ADEQUATELY SERVICE EXISTING CONTRACT TO ITS END. MOREOVER QUALITY OF REMAINING STAFF LIKELY TO BE INFERIOR TO THAT OF STAFF THAT LEAVES FOR OTHER EMPLOYMENT.

2. EVENTS OF PAST WEEKS HAVE COMPLETELY ALTERED THE CIRCUMSTANCES AFFECTING PROCUREMENT OF AIR SERVICES AND U.S. MISSION NOW REQUIRES AN AIR AMERICA SUCCESSOR CAPABLE AND ON ALL CONSIDERATIONS ABLE TO PHASE IN TO PROVIDE ON-GOING SERVICES WHILE AIR AMERICA PHASES OUT. HAVE FULLY DISCUSSED WITH BJORLYKKE WHO UNRESERVEDLY SHARES JUDGMENT THAT OUR ONLY PRACTICABLE COURSE IS TO NEGOTIATE SOLE SOURCE CONTRACT WITH CASI ON CPFF BASIS, COORDINATING THEIR PHASE-IN WITH AIR AMERICA PHASEOUT. THIS WILL ENABLE US TO OFFER CONTINUITY TO ESSENTIAL AIR AMERICA PERSONNEL, ARRANGE TRANSFER OF [ ] ROTARY WING AIRCRAFT AND ORGANIZE IMMEDIATE BUILD-UP OF CARRYING CAPACITY THAT IS FORESEEN AS MISSION'S NEED IN WEEKS AHEAD.

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3, REFTEL (A), PARA 6 APPROVES EMBASSY CONTRACT WITH CASI. WOULD APPRECIATE CLARIFICATION OF AID/W ATTITUDE ON AID CONTRACTING WITH CASI REF B INDICATES AMBASSADOR'S APPROVAL IF THIS APPEARS MOST FEASIBLE. WHILE FORMER IS POSSIBLE, EMBASSY WOULD REQUIRE AID ASSISTANCE WITH CONTRACTING AND OTHER TECHNICAL SERVICES. SINCE REFUGEE EVACUATION AS WELL AS U.S. MISSION NEEDS WILL HAVE TO BE SERVED AND AID IS STAFFED FOR SUCH CONTRACTING FUNCTIONS WHEREAS THIS IS NOT USUAL EMBASSY FUNCTION I STRONGLY RECOMMEND THAT AID BE AUTHORIZED TO UNDERTAK THIS CONTRACT. IN ANY CASE WHATEVER DECISION IS REACHED WE ASSUME THAT AID PERSONNEL, BOTH AID/W AND USAID, BE AUTHORIZED TO PROVIDE CONTRACT SERVICES AS NEEDED. PLEASE CONFIRM.

4, DIRECTOR ROBINSON AGREES FULLY WITH MESSAGE.  
DECONTROL FOLLOWING 4/1/77. MARTIN

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