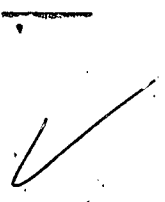


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Air Mike's Chance.....

Having followed with eager interest for several years, the proposed, and coveted route fight between Continental/Air Micronesia, Northwest Orient, and Pan American for the Tokyo-Saipan run, we read with extreme interest the letters from the U.S. departments of State and Interior to the Civil Aeronautics Board Chairman Robert D. Timm.

It's a complicated, complex question that in reality goes back as much as five or six years ago. It was then that Continental decided that it wanted to become an international carrier, as well as a domestic carrier. They saw the opportunity, even at that distant time of serving Okinawa, and eventually, they hoped, to get into Japan via the back door, through their subsidiary, Air Micronesia.

Pan American, on the other hand, figured it didn't need any more competition in this part of the world, and sought to block any entry of a third American carrier into Japan. While Pan Am has changed their views many times over the past six years, the facts are that they've all but ignored the Trust Territory during the time they did have the operating rights for the T.T. in this area. In some ways, they have even ignored Guam as well, by once announcing plans for a hotel, and then backing off after a survey was made that Guam wasn't yet ready for a major hotel.

Yet, Pan Am is well represented in Washington, and has carried on a better than average campaign in the Pacific during the past several years to enable them to secure the route. Incidentally, that Tokyo-Saipan route is getting a lot more attention than it should deserve. After all, Saipan only has 12,000 people. We couldn't imagine Pan Am getting all that worked up over a community that small anywhere else in the world.

But Saipan, as a jumping off point for Micronesia, and as a potential tourist attraction for the 100 million Japanese, does look like it could develop into a profitable route. Besides, if it did go to the mainland as we pointed out, it would mean a third American carrier into Japan.

Continental does have some good things going for it. They have a good faith by flying several charters into Saipan already. They also have the promotional and publicity and sales staff in place to do a good job on selling Saipan to the Japanese. It would be a good deal of building up staff for Continental to reach the level that Pan Am is at today.

Administrative Law Judge Milton H. Shapiro in May recommended that Pan American receive the route. It has been agreed that the full CAB will meet in September to consider the route. The decision is now resting with President Nixon. Judge Shapiro's decision, said that Pan Am should get the route because it is now losing money, and this would be a big help. This argument doesn't really swing much weight with the CAB, who frankly could care less whether Pan Am is making money or not.

Members of the local airline situation might remember that while it's very encouraging at this stage for Pan American, it was the Department of State and Interior that Continental/Air Micronesia was awarded the whole ball of wax the Tokyo routes came up before the CAB.

Now, with the Micronesians becoming more and more concerned about their future political status, they are watching every decision being made in Washington that could possibly affect them in years to come. The route case, said Acting Secretary of State Kenneth Rush in his letter to the CAB, "is an issue which could influence the course of the current important status negotiations," which he termed "delicate." In the eyes of the Micronesians, he said, it is a test case "of how the U.S. Government might exercise its responsibilities and authority under the proposed future political status arrangements."

"Our ability to negotiate such arrangements will depend in very great measure on the current perceptions of the Micronesian leaders of the manner in which the U.S. Government respects their views and protects their interests."

In the past, quite obviously, the CAB, along with many other Washington agencies, have all but ignored the wishes of the Micronesians themselves. If the Micronesians—who after all have to live with the decision of the CAB—do in fact own stock in Air Micronesia, and who have indicated that they want the route to go to Air Micronesia, then their wishes should be carefully considered by the CAB. The Congress of Micronesia, after reading Shapiro's original decision called it "insulting" and "offensive," and took issue with his recommendation that the Congress' position of support of Continental be given "slight weight." Shapiro, the brief said, "looked solely at the interests of Pan American and U.S. interests in competing with Japan Airlines over the Japan-Saipan/Guam route, not the potential for using this air route to develop the economy of all of Micronesia."

Continental, in its brief, asked: "Should this air route be used to provide questionable strengthening for Pan American or should it be used as a critical element in fulfilling the U.S. commitment and responsibility under its Trusteeship Agreement with the United Nations to assure the economic, social, political and educational development of all of Micronesia?"

Continental views the route as "the only foreseeable opportunity to provide an essential air link between all six districts of Micronesia and Japan." It is obvious enough that 90 or 95 percent of all of the tourists (as in Guam) for Micronesia will be coming from Japan. So it does make sense, to the most outside impartial observer, that one airline bring in the tourists from Japan, feeding them throughout the Trust Territory islands.

Continental also charges that Shapiro failed to consider its "national equity in this case." To date, they said, Continental has invested almost \$32 million "in fulfilling its development responsibilities in Micronesia." It is true that six years ago Continental laid out a continuing plan of operation for the area, including the building of hotels on each of the district centers. In the main, they have succeeded in fulfilling its obligations—not only in providing a fairly solid airline operation, with two jet planes, but in building and staffing the hotels.

We on Guam aren't excessively happy with Air Mike's announced plans to provide service between Saipan and the mainland, by-passing Guam. We think that is short-sightedness. Saipan is still the center of population in this area, and a route passing

at least as many passengers (on a per capita) basis as the other islands combined.

We know that in the past the Congress of Micronesia, and even our district legislatures have vacillated back and forth on the question of Pan American vs. Continental. And we're not discounting the very basic fact that Pan American could probably do a better selling job in Japan for Micronesia at this time. What we are saying is that the CAB should stop playing games with the people of the islands—and give them a voice in the route case. After all, the islands are theirs, and the choice should be theirs as well. Certainly, the briefs filed by the departments of State and Interior will put a new light on an old battle. It may be six months or a year before a final decision is made—but it is one decision that is going to be watched with extreme interest, not only by the people of Guam, but the people of Micronesia—and some very powerful people in Washington, and in Japan. JCM.