

UNITED STATES  
DEPARTMENT of the INTERIOR

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OFFICE OF THE SECRETARY

For Release November 10, 1967

CONTINENTAL AIRLINES SELECTED FOR AIR SERVICE IN MICRONESIA

Secretary of the Interior Stewart L. Udall today announced that after extended negotiations with all interested airlines and careful evaluation of the proposals the Interior Department has selected Continental Airlines as the carrier to provide service to and within the Trust Territory of the Pacific Islands for the next five years.

The Secretary said that "the jet age has come to Micronesia. Continental has agreed to inaugurate its service with the Boeing 727-100 QC. This will permit the carriage of both passengers and cargo at speeds that will encourage tourism and promote economic development in the area."

Continental will undertake a vigorous program of travel promotion to the Trust Territory designed to improve the economy of the islands. As part of this promotion it will construct a hotel in each of the six principal population centers of the Territory, on a schedule of two starts in each of the first three years.

Continental is committed to substantial expenditures each year throughout the term of the contract for tourist promotion. Moreover, Continental will provide passenger and cargo rates and promotional arrangements which will further encourage the development of a tourist industry.

Continental will conduct operations through an organization known as Air Micronesia. Initially, Air Micronesia will be owned 31 percent by Continental, 20 percent by Aloha Airlines, and 49 percent by the United Micronesian Development Association.

The United Micronesian Development Association is a Trust Territory corporation representing business interests throughout all districts of the Territory. After five years it will be afforded an opportunity to acquire an additional 2 percent of the stock and effective control of the corporation.

Continental will engage in a vigorous training program for Micronesians and will staff its entire operation with Micronesians as rapidly as possible.

Direct service between Honolulu and the Trust Territory is contingent upon action by the Civil Aeronautics Board. The Secretary said that the Interior Department would urge action to permit service to Honolulu, because, as he stated, "The Honolulu gateway is crucial to all phases of Trust Territory development."

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