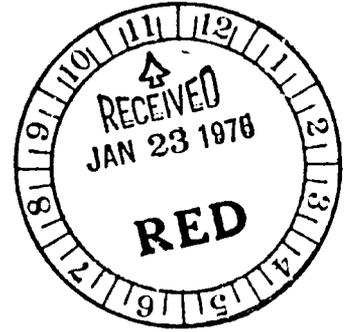


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SURVEY

FOR A COOPERATIVE AIRLINE STUDY

FOR

S E A T A C

AIR VIETNAM, AIR CAMBODGE, ROYAL AIR LAO

Prepared by:

GLEASON ASSOCIATES, INC.
Travel and Transportation Consultants

703 Market Street
San Francisco, California 94103
(415) 362-8900 Cable: GLE

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I - FOREWORD

A. BACKGROUND

There have been a number of studies of the regional air transport system in Southeast Asia over the past 10 years. The largest and most elaborate study was part of the Southeast Asian Regional Transport Survey, (RTS) conducted under the sponsorship of the Asian Development Bank and published in 1972. This report placed very strong emphasis on regional cooperation in air transportation* including government level cooperation as well as airline cooperation.

Although not all of the airlines participated in the RTS, Royal Air Lao, (RAL), Air Vietnam, (AVN), and Air Cambodge, (AC) wished to follow up on this mutual cooperation concept and requested the Southeast Asian Agency Regional Transport and Communication Development (SEATAC) to sponsor and coordinate such a project. US/AID/RED agreed to fund such a project, with the three carriers providing interregional air transportation and ground logistic support.

This project was envisioned to consist of several phases. The first phase would be a survey to determine in which elements of air transport service and operations mutual cooperation would be most productive. The second phase would be in-depth studies of each of the identified elements, followed ultimately by implementation of agreed upon programs. This report is concerned solely with Phase I.

The study team did attempt to determine, in as much as was possible, the desire of governmental officials and airline executives to proceed with Phase II, the in-depth study, as it is central to the whole issue of feasibility. If the genuine desire did not exist, then any expenditure of funds or efforts in a Phase II would be wasted.

*Southeast Asian Regional Transport Survey, Ch. 6, Section H. Book I.

B. METHODOLOGY

SEATAC, the cooperating governments and airlines, and RED contracted with the firm of Gleason Associates, Inc., Travel and Transportation Consultants of San Francisco, to conduct the first phase survey. This was described in the program description as:

1. Objective

a. To determine whether it is feasible to encourage the national airlines of the Khmer Republic, the Kingdom of Laos, and the Republic of Vietnam to enter into a cooperative agreement(s) and/or arrangement that would result in greater efficiency, more economy, improved passenger and cargo services, and improved profitability.

b. Development of a program for a more definitive study to be accomplished at a later date, if it is determined possible for these airlines to realize the benefits set forth above.

It was necessary that the consultants travel through the three countries and other areas served by the carriers and to meet with host countries aviation, government, as well as RED, USAID, and SEATAC officials to determine whether there are potential reasons and willingness to enter into the cooperative airline procedures and to determine the role that aviation is now playing in country and regional development. The survey team was directed to determine what, if any, significant airline activities have potential for improvement by the adoption of cooperative procedures in such areas, as, but not limited to:

- Reservations
- In-Flight Control
- Ground Handling
- Cargo Handling
- Employee Training
- Passenger Pooling
- Flight Schedules, Routes and Fares
- Material and Equipment Maintenance
- Aircraft and other Material Procurement
- Regional Maintenance and Repair Facility
- In-Flight Food, Supply and Preparation
- Publicity and Advertisement

The survey team was specifically instructed that corporate merger, outright acquisition or financial merger was strictly outside the purview of the survey team assignment. It was emphasized that the team should focus on such matters as technical, operational, market development and organizational procedures.

The survey team was limited to approximately one month in the field and, therefore, it is only with the extreme cooperation of the three airlines, host governments, SEATAC, and RED that the survey was so productive. Team members met first in Bangkok with representatives of the three airlines, RED, and SEATAC. They then proceeded to Vientiane, Laos, for meetings with executives of Royal Air Lao, the Laotian Institute of Tourism, Civil Aviation and other government officials, local bankers and businessmen, and members of the travel industry.

The team then traveled to Saigon for similar meetings. Two members of the team traveled to Phnom Penh, Khmer Republic, for four days of consultation with government officials, airline executives and private businessmen. One member of the team later flew in for a one day, (due to in-country ceiling limitations) series of interviews.

The team then separated with two members returning to Vietnam and Laos for further discussions, and a third member traveled to Kuala Lumpur, Malaysia, Singapore, and Hong Kong, which with Bangkok, are the principal destinations served by the three airlines.

As tourism is an inseparable factor in airline development, the team made it a point to visit at least one extra tourist destination within each country outside of capital cities. Therefore, members of the team visited Luang Prabang, in Laos; Da Lat, in Vietnam; and Siem Reap and the road to Angkor Wat in the Khmer Republic.

(Detailed itineraries of the team members will be found in Appendix A.)

The comments and conclusions that are contained in this report are strictly the product of the consultants, and, therefore, direct quotations of the individuals with whom the meetings were held is avoided except in a few circumstances.

A list of the principal parties involved in the meetings and/or interviews is contained in Appendix B.

Another example of the cooperation received was the unexpected large volume of reports and financial statements which were turned over to the team by most of those concerned. These were reviewed and studied by the team members along with the results of the interviews and meetings. It must be noted that the team was not able to independently verify all information provided, upon which some judgments are predicated.

REPORT FORM

This report is a summary of the findings of the survey team and comprises Phase I of the program for cooperative agreements and/or arrangements to result in greater efficiency, economy, and improved passenger and cargo services, and thus profitability for the national flag carriers of the Kingdom of Laos, the Republic of Vietnam, and the Khmer Republic.

It is emphasized at the outset that this report is in no way intended to be a substitute for the extensive reports and studies which will be required by Phase II. Nor is it set out to determine the conclusions which will be reached by Phase II studies. Its principal objective is to set out conclusions and recommendations by acknowledged experts in the field in an objective manner. The report does not attempt to establish implementation priorities, as these can only be determined after further study. It does attempt to pinpoint the primary opportunities for productive cooperation, and these conclusions should lead on, as logically and as simply as possible, into Phase II.

The conclusions and recommendations have been kept as simple and straightforward as possible. Following the conclusions and recommendations there is a chapter devoted to each of the three countries, in order that the reader of this report will have a synopsis of the events and conditions which have led the survey team to reach some of its conclusions.

The Appendix includes the schedules followed by the survey team, and, most importantly, the lists of the names of the personages without whose courtesy and cooperation the survey team would not have been able to complete its work.

In order to manage the complexity of such a wide ranging survey, the team divided the subject matter into four, sometimes overlapping, areas. The report follows the same line. These areas are:

- I. Background
- II. Management and Finance
- III. Maintenance and Communications
- IV. Sales, Marketing and Tourism

II - OBSERVATIONS AND CONCLUSIONS

The primary assignment of the survey team was to determine:

1 - Is there a desire by all concerned to "pool" efforts?
The answer is a definite YES.

2 - Is it feasible to proceed with a Phase II?
The answer is again a definite YES, qualified with respect to
(a) available funds, (b) manpower, and (c) timing as
affected by the internal problems of any of the countries.

In requesting the SEATAC cooperation survey, the three countries recognized the unique role of the airlines in their economic growth, political survival, and future development. Because of the simultaneous technical development of aviation and the pressure of conflict, these countries moved from carts, bicycles, and a primitive road system, to major, if not primary, reliance on commercial aviation for internal passenger and cargo movement.

As peace is restored to the area, the entire complexion of the airline system will change. The unique role, which they have accomplished so well, will be phased out and much heavy cargo and a large part of the internal passenger travel will return to surface transportation. This will provide both a challenge and an opportunity to the three carriers to become a leading, if not the leading, earner of foreign currency and a primary economic asset to their countries.

The three airlines, individually and collectively, are, therefore, on a threshold of change and development. It was the unanimous opinion of the survey team that the survival of the three airlines was vital to restoring the economic health of the region. It was also the unanimous opinion of the survey team that there were many areas in which the airlines could cooperate in order to increase their efficiency, reduce duplication, and make a substantial impact on the international tourist market. In addition, along with the cooperating tourist offices the airlines can be catalysts toward greater cooperation between the three countries in other areas of endeavors.

As one highly placed governmental figure stated, this project is "Operation Survival" for the three countries. The carriers must be successful; they must cooperate to be successful; and their success is vital to the people and the governments they serve.

It was also the conclusion of the team that SEATAC is the very logical and qualified organization to continue as the vehicle for further studies and surveys, as well as the implementation of the recommendations

arising from this survey. In requesting the cooperation survey, SEATAC outlined a number of areas for investigation. Each of these subject headings proved to have possibilities for airline cooperation for their mutual benefit. The degree to which cooperation was possible and the actual benefits would have to be determined in future studies. Also, the timing of the cooperative ventures is unpredictable due to the various internal problems in each country.

Some of the projects could begin immediately. Some of them would take long term studies and preparatory programs, followed by moderate introductions until such time as total peace is restored to the three country area. Therefore, the team did not establish priorities; however, the principal areas for successful cooperation would be as follows:

- I. Sales and Marketing
(in cooperation with the government tourist offices)
- II. Passenger and/or Cargo Pooling
- III. Ground Handling
(at each individual airport)
- IV. Maintenance
(which would include standardization of aircraft and ground handling equipment and some type of central spare parts center)
- V. In-Flight Traffic Control Networks

Each of these is a major subject. It is not the purpose of this initial survey to explore each subject in depth; however, a few further comments may expedite program development toward in-depth study and analysis, as part of Phase II.

Implicit in each of the above is a training program. In some cases, a series of seminars may do. In others, a school may have to be established in order to conduct the proper training. The inefficiency of having three separate schools suggests a requirement that immigration and visa policies of each government be adjusted, so that the personnel of the various airlines would find it possible to attend the training programs wherever headquartered. It is conceivable that under the multinational sponsorship of SEATAC, such arrangements might be worked out.

The following recommendations will elaborate on the various areas of cooperation which are most promising.

III - RECOMMENDATIONS

A. MANAGEMENT AND FINANCE

1. There is a nucleus of excellent middle management currently employed by the three airlines. The potentials of a training school or a series of high level seminars to improve the management skills and to coordinate the activities at this level should be explored. This may not necessarily be a permanent program.

2. A standardized accounting system should be developed, specifically tailored to the needs of the three airlines. A standardized system would facilitate the exchange of information between the three carriers, as well as simplify the settlement of accounts in connection with passenger and cargo pooling, centralized parts depots, interchange of equipment and ground service costs.

3. The potentials of establishing a permanent working group, perhaps as a suborganization within the SEATAC framework, made up of senior executives within the three airlines, should be explored. This group would coordinate flight scheduling, routes, and fares, and establish procedures for such items as food supply and preparation, maintenance, ground handling and reservations.

4. During the interim, while the above required studies are proceeding and implementation is being established; SEATAC should actively encourage programs whose short term objectives would emphasize upgrading of existing technical skills among employees of the three airlines, pointing toward the creation of a higher level of confidence and improving cost effectiveness in operations, air traffic control, maintenance and administrative matters.

B. MAINTENANCE AND COMMUNICATIONS

1. A system for standardization of navigational aids and communications of all kinds is urgent. A series of accidents resulting from the lack of proper air traffic controls and communications can establish an image of unsafe operations which would be extremely difficult to overcome in the future.

2. Pooling arrangements, especially in flight equipment, ground support equipment, and engine and aircraft spares, should be worked out. If a workable model from other successful airline intergrations could be found and readily adopted, it would expedite this recommendation.

The obstacles to such a standardization and intergration are formidable at this time, but it would appear that further study of their possibilities and limitations would ultimately be very profitable.

3. There is presently on hand, largely in South Vietnam, a quantity of useable ground support equipment, point-to-point communications equipment, and air traffic avionics - and possibly extra aircraft. These could be the basis of such commonality suggested above, with little or no new investment of funds or capital expenditures. Investigation of the realistic requirements of the defense needs of the Vietnamese government and the procedures by which this equipment could be made available, either directly, or through pooling arrangements, to each airline, could prove productive.

4. A training school for mechanics and other personnel involved in aircraft maintenance, inspection, air traffic control, and avionics should be established within the three country region. This school should have courses available at least through senior supervisory categories. Further investigation will probably prove that such a school is beyond the capabilities of the three airlines, both in manpower and finance. Therefore, in order to establish such a school, the investment of some fourth country or regional grouping, such as SEATAC or the Asian Development Bank will initially be necessary.

5. While the above long term programs are being studied, evaluated, and implemented, it would appear feasible for a short term study to go into the cost associated with an austere program of repair to navigation systems, landing aids, and runway lighting, and to seek assistance in training personnel to maintain them, possibly with the assistance of ICAO Training Center, Bangkok. It would also appear feasible to work out, under SEATAC auspices, an informal program of traffic controller training in Saigon, with personnel of RAL and Air Cambodge as observers, with primary emphasis on exposing Lao and Cambodian tower operators to the problems associated with handling high density air traffic.

6. In general, the airlines lack full equipment and adequate trained personnel to conduct heavy maintenance and jet engine overhaul. All three airlines rely on outside sources for overhaul of their piston engines and propellers as well. Most of this is done in Hong Kong or Taipei. As the manpower requirements of the military services diminish, the establishment of a major overhaul base within the three country area may become feasible, especially if there is a commonality of equipment. An in-depth study of the capabilities and potentialities of establishing such a base should be commenced so that a program would be ready for implementation when the opportunity arrives.

There is sufficient diversity of equipment on the scene to agree that the time has come to establish a policy that no new equipment will be acquired

without full exchange of views and discussion on the type or types which will be best suited to the long term needs of the three carriers. Each does have its own problems and requirements; however, the continued acquisition of aircraft merely because they become available, is definitely counterproductive and could prove quite costly in the long run. A study of the short term and long term requirements of the three carriers and of the financial feasibility of the acquisition and operation of various types of aircraft is necessary; and investigation of the sources of funding available to the carriers for the acquisition of this aircraft is also required.

C. SALES, MARKETING AND TOURISM

1. An overall sales and marketing strategy plan should be developed for the three countries. This would include sections devoted to each country, as well as sections devoted to each airline. Such a plan should go beyond the narrow definition of the word marketing and include the necessary infrastructure requirements of each country. Special emphasis should also be placed on such things as:

- a. Hotel development and their impact on the nation's economy
- b. Tour operators within the region and their place in the overall marketing strategy
- c. The travel agents, tour operators, and airlines of other countries as a source of international traffic and tourism

A tourism marketing strategy plan would serve the dual function of being the action plan for each country, and the vehicle for coordinating marketing activities of all three countries and airlines.

2. Building on the work which has already been accomplished, hotel feasibility studies should be completed in each country and proper presentations prepared in order to contact international lending bodies and international hotel operating companies. In connection with this recommendation, SEATAC and/or RED might find it profitable to explore, with the United States Overseas Private Investment Corporation (OPIC), the near term possibilities of an investment from the United States under the OPIC insurance program. This may encourage investments which might otherwise not be available under the conditions which currently exist in the three country area.

3. Steps should be taken, presumably through SEATAC, to plan a series of seminars on international airline operations and marketing

with a view toward improving the cost effectiveness of airline/hotel reservations systems, either through SITA or some other established communication network.

4. As part of the program outlined in number 3 above, a regionally combined network for airline/hotel reservations within the three countries would appear to offer some possibilities of good returns without major expenditures if a time sharing plan could be worked out with a computer network in place. This could gradually be expanded to include airline parts and inventory control, scheduling, transportation and traffic models, and traffic forecasting.

5. The airline marketing officials and the government tourist officers should immediately begin to participate in major international meetings of the travel and tourist industry. Some have participated in PATA conferences. All should be represented at the American Society of Travel Agents World Travel Congress meetings (i.e., Rio de Janeiro, October 26-31, 1975). It is at these meetings that contact with the world tourist leaders and tour operators can be originated and maintained.

6. Passenger pooling agreements on overlapping segments of the route structures of the carriers (such as have been in effect between Saigon and Phnom Penh) should be expanded. As noted elsewhere in this report, a standardization of accounting will be necessary to additional passenger pooling. The two airlines currently in a pool agreement have had considerable success in the operational aspect but cannot agree on how to determine the division of revenues.

7. Very high standards of passenger service, cabin decor, and interior maintenance of equipment have been set by other regional air carriers serving Southeast Asia, particularly Cathay Pacific, Malaysian Airlines, Thai International Airways, and Singapore Airlines. Travelers to Southeast Asia have become accustomed to these standards of service. As quickly as operating conditions and finances permit, the three carriers involved in the survey must equal or exceed the standards of their regional competitors. However, it must be emphasized that the three airlines made substantial improvement in passenger service over the past few years under difficult conditions.

8. The wartime conditions under which the carriers have operated in the past has tended to depress the international market for tourists to visit the area, and, conversely, has provided a captive market for domestic travel within the countries. With the cessation of hostilities and the return of surface travel security, the marketing approach of the airlines will have to face a major readjustment. Before this happens there will have to be some policy level meetings among the carrier executives involved to chart the final course the airlines will take. Very careful preparations for these policy meetings will have to be undertaken.

9. Government owned regional carriers must maintain a competitive posture, vis-a-vis other carriers serving the international routes; however, the goals may not be the same. A privately owned airline serving a route must create a fare structure which will be designed to return a profit (or at least not lose more than an acceptable amount), while a government may choose to allow its carrier to operate at a loss, making up the loss with subsidies or other non-operational revenues as a matter of policy. This may be in order to provide low cost air travel within its country, in the same manner that the railroads in Europe and the city transit lines in the United States are government subsidized. It may also be a government's desire to maintain an otherwise unprofitable international route in order to assure communications for mail, business travel, and foreign policy purposes. Employment and training are also considerations of government owned airlines.

If these policies are established and recognized, then the marketing plan may be built around these considerations, and the losses and/or subsidies can be kept to a minimum. When such policies are implemented without recognition of their effect on the profit and loss statement of the air carrier, marketing programs may be established which are, in fact, counterproductive.

A study of the above goals is required.

IV - FIELD SURVEY REPORTS

A. ROYAL AIR LAO

1. Background

The cessation of hostilities in Laos in early 1973 and the eventual formation of a coalition government some months later seemed to provide the basis for a viable climate within which the Laotian flag carrier, Royal Air Lao, could flourish and expand.

Previously RAL had been in competition, in one way or another, with a collection of small airlines in-country, including Lao Airlines, Lao United Air Lines, and even Air Union for their share of the air revenues there. In February 1973 the Lao Government made a conscious decision to authorize RAL to be the sole airline in Laos, and the only remaining competitor, Lao Airlines, was bought out and ceased operations.

In addition, by the end of 1973 USAID commodity airlift, which for years had been the exclusive province of the contract American firms like Air America and Continental Air Services, was shifted to Royal Air Lao and to a much lesser extent the RLAF, which had inherited ten C-123K aircraft from the United States at war's end. These machines had previously been operated by Air America and had furnished much of the in-country heavy airlift capability. Any optimism stemming from these changes was short-lived, however, since the absence of hostilities permitted the greater use of existing roads to carry USAID commodities, and fuel was free to travel on the Mekong River rather than be carried by air as had been the case during the war.

Royal Air Lao needed new equipment to fulfill its role as the flag carrier. Its equipment, then as now, was DC-3's and DC-4's, save for a pair of Lockheed Electras that had been brought into the airline in June of 1972 under a management/leasing arrangement worked out with TRANSAIR of Newport Beach, California. They supplied not only American flight crews for the Electras and DC-3's but American supervisory mechanics and operations supervisors.

The route structure, save for the addition of Hanoi in recent months and the contemplated add-on of Canton, was the same throughout the war. Chiang Mai, Thailand, was added in 1972 after acquisition of the Electras, although low load factors on the twice-weekly Vientiane - Chiang Mai run soon dictated a return to the DC-3.

The relatively high cost of operation of the Electras, the high personnel costs associated with imported American crews, the high cost of acquiring parts and shipping them to Laos, plus sporadic load factors and a high level of discounted fares all combined to render this arrangement financially infeasible. It was discontinued in mid-1974 by RAL. TRANSAIR and its personnel had made significant contributions toward organizing the operations and supply departments of the airline, which had received much needed organizational improvement; and they made considerable strides forward in the training of Lao mechanics and cabin crew personnel, but revenue and expenses failed to match properly and RAL lost money overall.

In this same time period (1972-1974) a considerable amount of valuable ground support equipment, including badly needed vehicles, was acquired, training programs were initiated, airport facilities renovated, and RAL developed its first really effective sales promotion campaign for use outside of Laos. Serious attempts were made to develop the Hong Kong/Vientiane/Chiang Mai route, as well as the Bangkok/Vientiane/Luang Prabang circuit, and for the first time ever, tour groups began making their appearance in Laos. This development, however, has not moved as fast and as profitably as hoped for, primarily for three reasons: (a) the lack of a solid tourism infrastructure in Laos, (b) the general state of the world economy and its effect on tourism the world over, and (c) continued hostilities in the neighboring countries. At the same time, the American community in Laos began dwindling to a point where its membership no longer provided a substantial part of the passenger traffic on RAL.

2. Management and Finance

The Lao government is the principal owner of RAL, holding 93% of the shares. The private sector owns 7% of the company, spread among some 12 Lao nationals. Capitalization is 350 million kip, but as of the time of the survey, the airline's total indebtedness was 1.5 billion Kip, of which 1 billion Kip was in short-term indebtedness (one day to two years). Airline revenue in 1974 was projected at a gross figure of 2.6 billion Kip (4 million U.S. dollars), and January estimates look toward at least a 150 million Kip loss (\$120,000) for 1974. Fuel cost is taking up 40% of RAL's gross operating cost; nevertheless, RAL officials predicted operating in the black in 1975. TRANSAIR is owed a reported 200 million Kip, which is due for amortization in the first half of 1975, and payments on an Air France \$300,000 cash flow loan are due to start in April of 1975.

Local money sources that can be relied on for relatively large-scale loans are currently charging interest of 11% annually, which would simply add to the debt burden. A line of credit is provided RAL by the Laos Development Bank. Cash flow is reported to be satisfactory and employees are being paid on time.

Part of the gross revenue problem of RAL is the fact that its internal fare structure is so low that even without new aircraft it is relatively impossible to run a break-even operation in Laos. The internal fare structure is regulated by the government and is geared to the low income of the average Lao citizen. Raising fares to a break-even or profit point would virtually dry up the passenger/cargo market in-country. This condition is quite common in many countries that are trying to offset losses on domestic air routes by more profitable international carriage.

Plans are underway for an anticipated contract by which RAL will perform maintenance for a major portion of the aircraft of the Royal Laotian Air Force. A key source of maintenance personnel for this project comes from former Laotians employed and trained over the past several years by Air America and Continental Airlines in Laos. Another significant source of income for RAL comes from performing rice drops and related refugee services for USAID. Currently about 30 hours per month on cargo aircraft are being flown for this purpose. The rate received by RAL is \$234 per hour plus fuel.

A major problem of management is the large number of no-shows. Currently, the total is running about 50%. This has been reduced from 70%, but it is still an unacceptable total. These figures pertain to the international flights between Vientiane and Bangkok. Improvement in the reservations systems, both for RAL and the other airlines concerned, was specifically mentioned as an important area of possible mutual benefit to be derived from airline cooperation.

One of the major subjects of discussion involved the development of managerial personnel. It is clearly apparent that RAL is striving to upgrade managerial and supervisory ability. As in the case of the other two airlines concerned with the survey, RAL is promoting promising young supervisory and managerial personnel to positions of increasing responsibility. The effort is a commendable start toward meeting this serious personnel problem. However, much time and effort will be required. Joint training of selected specific personnel categories, including supervisory personnel, was mentioned throughout the survey as potentially beneficial areas of inter-airline cooperation.

No discussion of the state of Royal Air Lao is complete without special reference to the role being played in its affairs by Air France and the Caravelle aircraft which performs most of the present international route structure. The SE-210 Caravelle, in an arrangement similar to those worked out by Air France with Air Cambodge and Air Vietnam, is leased to Royal Air Lao for one French franc per year. It came with a single spare engine, and when engine overhaul is required, the power plant is returned to France by Air France, overhauled, and returned the same way at cost. Spare parts are furnished RAL by Air France at cost.

Two French mechanics are assigned to Vientiane with the airplane, and Air France pays half of their expense, with RAL paying for the other half. They do not work on any plane but the Caravelle, and if airframe or aircraft systems repairs become necessary, the aircraft obtains these repairs on overnight service in Hong Kong, with the work being done by HAECL (Hong Kong Aviation Engineering Company, Ltd.).

Air France supplies two three-man crews for the Caravelle at a reported cost to RAL is to be 80,000FF per month. All aircraft records on the Caravelle are kept separate from RAL records on its machines. In addition, Air France has furnished RAL with a cash flow loan of \$300,000, interest free for at least the first two years. (Payment is scheduled to begin on this loan in April 1975, with a projected two year amortization schedule).

Air France also has furnished RAL with three DC-4 aircraft, of which two are operational and one is being cannibalized for parts. These machines appear to have been sold for an unspecified cash sum (like machines are on the market now at from \$65,000 to \$100,000 each, depending on age, equipment, and condition.) At the time of the survey, RAL was negotiating with Air France for a second Caravelle on the same terms for use on expanded routes, even though the monthly utilization of the first airplane is averaging only 72 hours.

Additionally, the Caravelle is both cargo and passenger limited, (94 passengers and very limited baggage space) which together with its relatively high operating costs makes it a questionable long-term choice for international service. RAL estimates that their all-up costs for the Caravelle run \$1,500 per flight hour, and that they can average \$30 per flight hour per passenger on their Caravelle routes, which means they must average better than 50 passengers per flight segment just to show any profit at all. Experience demonstrates over the years that this sort of load factor cannot be sustained unless there is a significant increase in traffic.

3. Maintenance and Communications

In contrast to South Vietnam, the war in Laos did not expose the Laotians to the sort of technological base in aviation that accompanied the US military into South Vietnam. Aside from the organized efforts of Air America in Laos to train Lao mechanics, supply, traffic, operations, and weather personnel, there was no ready reserve of local manpower for RAL to turn to once the fighting stopped. During the war all essential maintenance for the RLAF aircraft had been performed by contractors under contract to the US government in Thailand. The scope of this contract work included all aircraft systems and major airframe overhaul. It was not possible to train Lao pilots in transport aviation during the war, since all who were available were in the RLAF.

Since the end of hostilities in 1973, RAL has acquired large numbers of former Air America Lao employees, which has given them a breathing spell during which they are attempting to conduct their own essential in-house training in these aviation specialties. In addition, they have acquired the responsibility for heavy maintenance, including IRAN's, on the RLAF C-123K aircraft. With US funding they are doing an excellent job while hoping for enlarged responsibilities in the overhaul of 106 other RLAF military aircraft still being accomplished in Thailand, and piston engine overhauls which are being performed by Air Asia in Taipei. This is an encouraging development that in time could provide them with experienced local manpower, able to work not only on RAL's aircraft but those of other regional carriers as well.

Another result of the termination of Air America's services in Laos was that the support this contract carrier provided in the operation and maintenance of the limited navigation aids and weather forecasting capability, as well as an extensive flight-following communications network and airfield repair and maintenance was also withdrawn. As a result, at the time of the recent survey trip, only two out of a total of eight NDB's (Non-Directional Beacons) in service in-country were operational; one at Sayaboury, which is minimally used, and the other in Vientiane at the International Airport. Only the crash/rescue, firefighting capability, formerly operated by Air America, remained virtually intact under continued funding by USAID.

The Lao Meteorological Service, which had been receiving informal training for a number of years through Air America, has done a good job of providing synoptic weather service, although the number of reporting stations has decreased since the wartime peak and greater reliance must be placed on PIREPS (pilot reports) of prevailing in-country weather. However, the greatly reduced level of air traffic over Laos has resulted in a large decrease in the number of PIREPS available to the Meteorological Service.

In January 1975, because of daily power outages due to repairs in the municipal power grid, the Meteorological Service was not able to receive ESSA satellite weather pictures, a valuable adjunct to synoptic weather forecasting. In addition, the service could no longer take findings from radiosonde balloons at the principal Mekong River stations to obtain upper air data because, although they had an ample supply of balloons, they had none of the expendable radio transmitters.

Except for Vientiane none of the principal airfields in Laos have airfield/taxiway lighting systems. Improvised flare pots can and have been used elsewhere, but for all practical purposes Laos is only able to handle daylight fair weather aircraft operations.

US supplied TACAN (Tactical Air Navigation) systems have been removed or inactivated, and the ILS (Instrument Landing System) supplied by the French government for use at Vientiane is reportedly inactive due to a misalignment of the glide slope which renders it useless and even dangerous if employed.

Reliable communications between the five principal domestic airports in Laos does not exist. Lao airspace is largely controlled by Saigon; although the French government has installed, in the last 18 months, new teletype machines at Wattay Airport to facilitate en route traffic control. The only active direct link is with Saigon ATC. Thus an RAL flight from Vientiane to Bangkok is reported off the ground to Saigon who then advises Bangkok. On an RAL flight, say from Saigon to Phnom Penh, the aircraft departure to Phnom Penh to Vientiane necessarily goes unreported. Only when the aircraft gets within VHF range of the Vientiane control tower are its whereabouts evident.

There is no en route traffic control in existence between Vientiane and Hanoi, although for a time immediately after the cessation of hostilities in 1973 a jury-rigged HF capability was established using US portable radios. Trained tower operators in Laos continue in short supply, and, so far as is known, there is no program extant or funded to train such personnel. Only within recent months was a second active tower frequency made available at Wattay Airport, which had operated for years transmitting and receiving on 118.1.

The existing FIC (flight information control center) at Vientiane only monitors the progress of those few US contractor aircraft remaining in-country: helicopters of Bird Air and fixed wing aircraft of Continental Air Services. It is within such a shaky airways and airport support framework that Royal Air Lao is attempting to operate.

Like its sister airlines in Southeast Asia, Royal Air Lao suffers from a chronic shortage of aircraft engine parts, a feature which sometimes induces them to compromise with recommended parts and/or engine replacement times in a manner that is detrimental to normally accepted safety standards. The reasons for this shortage are severalfold. First of all, there is a finite supply of spare parts for their piston-powered aircraft, some of which are more than 30 years old. Additionally, parts and engines are relatively expensive and time-consuming to overhaul.

The climate in Southeast Asia is conducive to airframe corrosion, which is very expensive to repair and requires major investments in tooling that RAL is not in a position to acquire. Corrosion, if left unchecked, can lead to fatal, catastrophic airframe failures. The DCA's office is not equipped to inspect or enforce regulations regarding airframe/engine airworthiness, and there is little prospect that the DCA will acquire the assets necessary to establish an FAA-like inspection capability.

4. Sales, Marketing and Tourism

It was the unanimous opinion of Laos government and airlines officials that the three airlines of the region are not strong compared to other international carriers serving the region. Therefore, the three carriers will have to work together to be able to compete. Armed conflict in each country has held them back and made sales and tourism marketing almost impossible. As soon as there is peace in the region domestic service will remain somewhat as it is now, a local service, but international will become extremely important in order to help support the cost of providing domestic service. New equipment will then be necessary in order to remain internationally competitive.

Royal Air Lao is in somewhat of a unique position which can be an extremely valuable advantage in future marketing. It has access to the Western world and is also permitted to serve the Communist world as well. It is now serving Hanoi and has been awarded a route to Canton, China. Therefore, RAL's biggest marketing possibility is the large number of overseas Chinese in Southeast Asia who wish to visit their homeland. Vientiane has an obvious advantage over the present gateways of Karachi and Tokyo as the natural gateway to China for all of Southeast Asia.

Visas to visit China should be available in Vientiane for anybody, according to the agreement; and, therefore, the potential for stopover business for overseas Chinese destined for China is an additional inducement to promote this market.

The tourist office reports that in 1973 there were 23,000 tourists visiting Laos. All of the final figures were not in for 1974; however, estimates are that there were approximately 40,000 foreign visitors. Estimates are for 60,000 visitors in 1975.

8,000 Germans visiting Laos in 1974 make them the largest national group, with England, the United States, France, and Japan following, in that order.

There is no statistical control dividing businessmen from pleasure travelers; however, the majority of pleasure travelers are a spin-off from the large charter flights from Europe to Bangkok, principally by Air Condor. There are approximately 1,100,000 visitors to Thailand each year. If Laos could get only 5% of these to visit, it would assure a viable tourist industry.

The basic need, prior to any substantial marketing effort on the part of Royal Air Lao, is to obtain additional hotel accommodations at international standards. RAL has tentative plans to construct a

hotel of 100 rooms in Vientiane to be known as the Royal Palace Hotel, and a 60 bungalow hotel in Luang Prabang. These would be 100% RAL owned. Financing is still a problem.

The tourist office has plans to build a 100 to 150 room hotel in Vientiane. The Laos Commercial Development Bank also has a 200 room hotel on the banks of the Mekong River under consideration. This project, which will include an office building and shops, will cost an estimated US \$5 million. These projects are held up for lack of expert studies and adequate presentation in order to contact the IFC, the Asian Development Bank and other international sources.

The average tourist to Laos spends US \$40 per day. His four day stay often includes a trip to Luang Prabang. Due to the lack of necessary air traffic control and navigational aids, the Luang Prabang trip is subject to weather conditions.

Hotels are still the biggest obstacle to the development of tourism. Business must be turned away because of the lack of hotels. It was estimated that business could be doubled right now with the proper hotel facilities, as 50% of the requests for space must be rejected. Even at that, people show up in Vientiane without reservations and must be sent to Thailand (often by train) because of the lack of space.

Royal Air Lao has a four phase development plan for improving international sales:

Phase I - will offer tourists already coming to Southeast Asia extensions to Laos. These will be inexpensive, because the hotels and prices are reasonable.

Phase II - will promote Laos as a destination, concentrating on Vientiane and Luang Prabang.

Phase III- will emphasize wholesale operations and group tours.

Phase IV - will promote Laos as an in-depth destination with tourism to all parts of the country for both independent and group tours.

More modern aircraft will be required in order to market both the internal and external phases of the program. Present thinking is that the Boeing 737 may be the only jet which can be useful both domestically and internationally.

At the present time reservations are handled by a manual system, and as often customary with this type of system, there is a 50% no-show factor. RAL is trying to tie into the ALPHA 3 computer network of

Air France. The Singapore Airline computer is only using about one-fifth of its capacity, which is another alternative reservations system. At the moment, RAL is tying all domestic destinations by Telex. As this network expands, the no-show factor is getting better.

RAL belongs to the SITA international airlines telecommunications system. This is tied in with most international airline computer networks; and, therefore, it is possible for a travel agent in a remote area of the world to book space on RAL through his local international carrier and get a confirmation within a reasonable period of time.

RAL will take hotel requests coming in from the international computer networks of other airlines. Usually these can be confirmed within 24 hours.

RAL has no intention to fly intercontinental. It prefers to stay a regional carrier and to be the link between the Western world and North Vietnam and China. In this way, RAL can earn foreign exchange and will not have to compete against the large international airlines which would require excessively large passenger fleets and huge advertising and promotional budgets.

One complicating factor in RAL's current marketing program is a load restriction under the present bilateral agreement with Thailand. Subject to prior approval, RAL is limited to 60 passengers. As it is using a Caravelle seating 90 passengers, this barely puts RAL beyond the break even point.

The potential overseas Chinese market is estimated to be approximately 400,000 persons per year. A second Caravelle, flying from Singapore to Kuala Lumpur, Vientiane, and Canton, would be required to serve this market. It is estimated that 300,000 overseas Chinese from Malaysia and Indonesia visited China in 1974. At the present time, RAL has no plans for expanding its routes beyond Canton, but, presumably, the domestic Chinese air and rail system would disperse the visitors throughout that country.

RAL and the government tourist office provided many examples of their advertising and promotional materials. RAL has an extensive advertising campaign outlined, but as yet it has not been implemented. It does have interesting designs for travel agency use - ashtrays, flag stands, matches, flight bags, posters, and destination literature. Time tables, airline literature - including equipment and route information - are lacking. The tourist office also has destination literature and posters.

Two companies are doing the majority of the private sector promotions. Laos Travel Bureau, headquartered at the Lane Xane Hotel, is French managed and is promoting tours to Vientiane and Luang Prabang. Its literature is available at the principal travel agencies in Bangkok.

Manley Enterprises International, owned by an American resident of Laos, is also promoting tours to Vientiane and Luang Prabang. Manley has a branch office in Bangkok, and has extensive contacts with the charter groups coming into Bangkok.

Investigations at other Southeast Asian sources of potential business, principally Kuala Lumpur, Singapore, and Hong Kong, did not turn up any literature from either of these companies; nor were the tour operators and travel agents aware of their services.

The awareness of the interdependence between airline sales and marketing, tourism development, and travel and tour development, among airline executives, government officials, and private sector tour operators was quite apparent. This is the first, and sometimes the most difficult, step in developing an airline and/or tourism marketing plan. Given the necessary opportunity and conditions, this indicates a successful future for turning the unusual assets of Laos into a successful and profitable tourism program. They have also taken the second step, which is the elimination of visas, or any similar documentation requirements, prior to arrival in Laos. A tourist card, valid for seven days, is issued on arrival.

B. AIR VIETNAM

1. Background

Of the three regional airlines under examination in the current survey, Air Vietnam is both the oldest and largest. Starting at the time of the end of World War II, the company operated until 1951 as a subsidiary of Air France, at which point it gained its own identity as Air Vietnam. At that time, ownership of the company was evenly divided, 50/50 between Air France and the Vietnamese government. According to company management, since that time the Air France ownership has dwindled to 4%, with the South Vietnamese government owning the remaining 96%. At this time there is no technical assistance program with Air France.

AVN's routes, in unduplicated miles cover more than 27,000, stretching from Tokyo to Singapore. The Saigon/Manila route was suspended in 1974. Service from Saigon to Phnom Penh was suspended in January 1975, due to the war situation in the Khmer Republic. All other international routes except that between Saigon and Vientiane are served by one or the other

of the two jet aircraft owned by the company - a Boeing 727-100QC and a Boeing 707-320. A maintenance contract with Pan Am is in effect covering the 707.

In addition to the two jets, Air Vietnam currently owns 7 DC-3's, 5 DC-4's, 1 Cessna 206, and 2 DC-6B's. The latter two aircraft were being refurbished during January 1975 for possible reintroduction into service or for sale.

In addition, the company wet leases a Caravelle SE-210 from Far East Air Transport of Taiwan. Ten years ago the Caravelle was the mainstay of the company's international services until the advent of the 727's originally obtained from Pan Am.

Currently Air Vietnam is operating about 60 domestic flights per week and 12 foreign flights per week. The Air Vietnam international schedule as of 30 December 1974 will be found in the Appendix.

During the peak of the conflict about 40 airports were serviced by Air Vietnam. This has at least two significant aspects:

First, it reflects a changing and basically new traffic pattern for Air Vietnam. That it has not resulted in a gross revenue fall-off means that the airline is adjusting to the changing pattern and, together with its external regional network, is increasing gross revenue. With the exception of airports to which service has been discontinued due to enemy action, the reduction of airports serviced is a direct result of the fact that roads in the vicinity of the discontinued service are now open. Business and personnel traffic as well as cargo now can travel by surface transportation and is not solely reliant upon air, as was the situation at the peak of the conflict when so many of the in-country roads and highways were unpassable due to enemy action.

Air Vietnam 1974 revenue was up about 5% over 1973. This figure was adjusted to make allowance for inflation in local currency.

2. Management and Finance

It was not possible to obtain copies of current Air Vietnam financial reports or other documents dealing with the company's organization and personal apportionment; however, company officials stated that Air Vietnam had a banner year in 1974 and that systems profit came to

"roughly \$1,000,000." It is assumed that it included revenue from USAF-funded overhaul contracts for the Vietnamese Air Force, which had been a substantial source of income through July of 1974.

The 1974 load factor on international routes was a healthy 58% compared to the breakeven points of 28% on routes south of Saigon and 32% on routes north of that city. The stated exception was the Saigon/Vientiane route, where a load factor of 47% was claimed on DC-4 flights between these cities. On the domestic services, where fares are fixed at a low figure by the government as in other Asian countries, a load factor of 70% was reported on DC-3/DC-4 flights.

1974 passenger figures for the international routes showed a 28% increase between that year and 1973, while domestic passenger carriage jumped 13% in the same time span. The latter figure may have represented increased carriage resulting from the lack of road security in the interior of the country.

Total incoming tourists for 1974, based on a December 1974 projection, showed 96,000, compared with 79,000 in 1973, and does support a rising trend from the 62,000 tourists entering the country in 1972, although the O&D (Origin and Destination) figures do not state specifically how many of these tourists arrived by Air Vietnam.

Aircraft utilization, often a yardstick for measuring the relative effectiveness of flight crews, operations, traffic and support personnel, shows some respectable figures as reported by Air Vietnam officials: in primarily domestic service, the DC-3's and DC-4's reportedly averaged 180 hours/month, or a DUR of 6 hours/day. At the same time company officials stated that spare parts problems are expected to become critical in terms of availability, cost, and procurement lead times in the very near term.

The Boeing 727 aircraft is said to be averaging 150 hours/month, or 5 hours daily, while the Boeing 707, used on longer route segments, has been averaging 188 hours/month, or a DUR of roughly 6.5 hours. While neither figure approaches maximum economic utilization, they are adequate to indicate a respectable amount of professionalism in the operation, crewing, and dispatch of these aircraft.

Gross airline revenues were stated as \$20 million, so if the \$1 million profit figure were correct, it would represent a return of 5% on investment.

The airline employs 65 pilots, the majority of whom are retired VNAF officers, with 9 Americans and 3 Chinese/Filipinos included.

The total number of Air Vietnam employees, system-wide, stands at roughly 3,600, many times larger than either Royal Air Lao, or Air Cambodge.

The figures furnished by the company show only 171 employees working in overseas locations and 153 in the major in-country stations. However, the Saigon head office has some 819 employees, a figure which is defended by observing that the company is logistically self-sufficient there; i.e., does its own in-house construction, painting, vehicle maintenance, building maintenance, and the like. The supply and aircraft and systems maintenance group in November 1974 numbered 1,092 employees. The main critical shortage in this area appears to be top notch first line supervisors capable of effectively utilizing their manpower. For example, there are 107 vehicle drivers in the company, a figure exactly matching the number of line mechanics (excluding 21 mechanics employed solely in looking after the Boeing aircraft): There are 44 employees in the paint shop and 53 in airline supply, a curious imbalance weighted toward the former category.

In attempting to understand these employment figures, it is necessary to realize that in Air Vietnam, perhaps more than the other two airlines, there is a long-standing tradition of not firing someone simply to adjust employment downward when business falls off; that a job, once obtained, tends to become permanent regardless of business fluctuations. For example, even though service to the old imperial city of Hue was suspended at the time of the survey, there were 35 employees still working at that location. In Manila, where service was suspended last year due to equipment shortages, eight employees remain on the payroll. When enemy action forces the complete shutdown of a domestic station, its employees return to Saigon for inclusion in the work force there.

These employment practices may well be the result of government "full employment" goals and not a reflection on airline management or lack of personnel decisions.

3. Maintenance and Communications

The physical maintenance plant of Air Vietnam in Saigon is rather large and sprawling. Buildings are old, ramp areas are in poor condition and hangers lack good lighting, to the extent that night work seems out of the question. All manner of worn out ground support equipment is

scattered throughout the entire area and great quantities of salvageable airframe and engine components are covered with weeds and debris. There is some suggestion that the abundance of available machinery and material during the long war in Vietnam may have led to more or less unintentional waste and lack of concern for making the most out of equipment from a cost-effective standpoint.

The USAF/AFLC contracts administration section, which oversees the USAF repair contracts with Air Vietnam estimates that between \$3 million and \$5 million worth of parts and equipment have disappeared in the past 15 years.

Aircraft corrosion is a common problem, both within VNAF and Air Vietnam. During a major overhaul of a Boeing 727-100QC aircraft, conducted outside Vietnam, some 12 cabin windows had to be replaced due to corrosion and the fact that aircraft are not washed except when they go through a rainstorm.

Jet engine overhaul in Air Vietnam, as is the case with RAL and Air Cambodge, is not within the present capabilities of the airline, largely because of the lack of tools and engine test stands as well as the experience level among the mechanics.

Of the three countries surveyed, Saigon, with extensive experience in handling high density traffic, is the best equipped in manpower and equipment to fulfill its responsibilities as an Air Traffic Control Center. The Director of Civil Aviation takes an intense personal interest in the regional air traffic responsibilities of his department, and looks at the air assets of the three countries as a single entity with the whole being stronger than the sum of its parts. It would be easy to defend a concept wherein his agency assumed air traffic control responsibility for the three country region.

Yet not all is well within Vietnam as far as navigation aids and airfield facilities are concerned once Saigon is left behind. Conversations with pilots flying up-country in Vietnam are filled with stories about the sad state of beacons and nav aids left behind by the departing U.S. military. They worked well for a while but then went out of service because of lack of parts and manpower skilled in their repair and maintenance.

Current national budgets in Vietnam do not offer promise of funds becoming available to rehabilitate in-place navigation and communication assets now suffering from disrepair; nor is there near-term prospect of funding for any new and perhaps more simplified systems than those inherited. The same is true of the high class airfield

complexes in-country which are now in various stages of neglect, or threatened by hostile forces.

4. Sales, Marketing and Tourism

There is obviously a very close relationship between Air Vietnam and the Vietnamese Tourist Bureau. The Director of Tourism is a former executive of Air Vietnam. On overseas promotions they are working very closely together.

Air Vietnam has overseas offices in Bangkok, Kuala Lumpur, Singapore, Sydney, Hong Kong, Taipei and Tokyo. In the United States Continental Airlines represents Air Vietnam, and in Europe, particularly in France, Air France is the general agent. In Saigon, Air Vietnam is the general agent for Air Cambodge and Lao, although RAL has its own city ticket office. Air France also handles sales and ticketing for Air Cambodge in Saigon.

Air France jet tours from Europe to Bangkok are very low priced. According to Air Vietnam, they are priced at \$250 round trip from Paris. Tourists arriving in Bangkok fly to Saigon for a short stay during their trip. Air France has a better source of tourists than Air Condor out of Bangkok.

Air Vietnam reports load factors in 1974 of 70% domestic (revenue passengers only), which is a 13% increase, over the previous year. Load factors internationally are 58%, which is a 28% increase. While no actual figures were available, Air Vietnam reports that load factors from Saigon south to Singapore are not nearly as heavy as the northbound flights from Saigon to Hong Kong, Taipei and Tokyo.

Foreign visitors as tourists to Vietnam in 1972 numbered 62,000. In 1973 the figure was 70,000 and for 1974, 96,000. This is an increase of 21% in the past year. One of the biggest sales problems which Air Vietnam faces is the fact that it is a member of the International Air Transport Association (IATA). There are a number of non-IATA approved sales agents in Southeast Asia and a number of non-IATA airlines. Predictably this leads to extensive discounting, which is virtually impossible to avoid in order to remain competitive. This causes an erosion of full tariff revenues for Air Vietnam.

The tourist office operates several hotels and expects to get several more to act as pilot projects. By 1977 or 1978 the tourist office should be self-sustaining and may possibly be spun off as an independent corporation. The executives stressed the need for cooperation between the countries and the airlines. The travel agents and other private sector groups have achieved cooperation on their own.

A chapter of the Pacific Area Travel Association (PATA) has just been formed in Saigon. Through trade associations and promotional groups

such as PATA some measure of cooperation may be obtained.

The tourist office in cooperation with Air Vietnam and a number of other international carriers has just introduced a tour program under the slogan, "Follow Me." In spite of hostilities the airline and the tourist office report that there is a curiosity about Vietnam and that the sales on the "Follow Me" package have been encouraging.

The "Follow Me" package is in two grades, first class and deluxe. The prices start at US \$17.50 per day, including hotels, sightseeing, admissions to private clubs, some meals, nightclubs, tours, etc. The package is well programmed and professionally presented. The overseas sales are reported through Air Vietnam and the tourist office acts as a clearing house for the tourist agencies of Saigon participating in the "Follow Me" program.

Air Vietnam has recently started publishing an "in-flight type" magazine, titled Ao Dai. It, too, is very professionally prepared and ranks with any such publication produced by major international carriers.

The tourist destinations available in South Vietnam outside of Saigon are presently limited to several beach resorts.

C. AIR CAMBODGE

1. Background

Air Cambodge, formerly known as Royal Air Cambodge, was founded in 1956 as that country's flag carrier airline. At that time initial capitalization was in the amount of 25 million reils, of which 38% was owned by the Cambodian government, 17% by private sector Cambodians and 45% by Air France/UTA. The name was changed in 1971, except that prior to 1972 little was heard of the airline as a major force in international air carriage. Sporadic service was provided outside Cambodia, using a single DC-6B, the origins of which are unclear, but which is presently grounded in Phnom Penh as being outside approved airframe and engine inspection limits.

At the present time, only three aircraft serving Air Cambodge bear Cambodian registry: one, a DC-4, is described as a "gift" from Air France. A second aircraft, a small Britten Islander 9 passenger plane, is apparently also owned outright, while the third, an SE-210 Caravelle, is leased from Air France for 22 months at a rate of one French franc

annually, much in the manner of like aircraft in service with Royal Air Lao and Air Vietnam.

China Airlines furnishes an augmented crew for the Caravelle. Because of local hostilities at Pochentong Airport in Phnom Penh, the Caravelle never remains in Phnom Penh overnight, remaining instead at one of the out-of-country stations served by the airline: Bangkok, Saigon, Hong Kong or Singapore. Heavy maintenance on the Caravelle is performed in Hong Kong by HAECCL (Hong Kong Aviation Engineering Company, Ltd.) as is the case with the other two regional carriers using the Caravelle.

Based on Air Cambodge's published schedule of international flights, revenue utilization of the Caravelle would appear not to exceed 80 hours per month, which, together with crew costs associated with required overnights away from Phnom Penh, make the international service less than economically feasible.

The company reported that on 21 January 1975 a total of 12 aircraft were engaged in its service, all except the Caravelle being employed on domestic flights. Of the nine leased aircraft, four bear Nationalist Chinese registry (1 DC-4 and 3 DC-3's) and five have U.S. registry (1 DC-4, 1 Convair, and 3 DC-3's owned and leased to Air Cambodge by South-east Asia Air Transport Company, incorporated in the United States).

Since the only secure means of travel and transport within Cambodia is by air, the domestic service of Air Cambodge is busy indeed. Even were peace to come to Cambodia tomorrow, the lack of all-season roads would dictate the necessity for continued reliance on air transport for economic survival and in-country communication.

To fill the gap for the required in-country airlift, Air Cambodge has encouraged foreign unscheduled air carriers to come into the country and operate freely. In return, the Cambodian carriers share in the revenue of the foreign aircraft operating within their borders. The principal emphasis of these other carriers is in air freight, although mixed passenger and freight configurations are not at all uncommon. Each of these airline imports its own pilots and maintenance personnel who operate under extremely difficult conditions, but presumably at a profit.

On 13 November 1974 the Directorate of Civil Aviation identified a total of 53 aircraft in Cambodia belonging to some 23 different aviation enterprises - a figure described by some as being "lower than the actual count". As testimony to the difficulties encountered in this environment, 23 out of 59 aircraft in all (6 were privately owned) were out of commission for an unspecified variety of reasons on that date. The Director of

Civil Aviation controls the operations of the independent airlines and prescribes the routes and services.

Air Cambodge plays a critically important role in the current war situation. Of the approximately 30 airports in the country, Air Cambodge services 10. Five are serviced by the independent airlines. Fifteen, because of the military situation, are serviced by government military aircraft. With large areas of the country under government control but with ground communication to the capital severed by enemy action, the role of commercial aviation in providing passenger, cargo, and priority food movements throughout the country underlines the indispensability of commercial air operations. Air Cambodge continues to have the international monopoly as the flag carrier for the Khmer Republic.

The large number of independent commercial airlines could be considered to be a complicating and inefficient commercial air development. However, in discussions with Air Cambodge and government officials the survey team became convinced that the preliminary evaluation was wrong. Both government and airline officials pointed out that with the heavy responsibility for internal communications placed on commercial aviation, the existence of the non-governmental commercial airlines was a helpful rather than impeding factor.

The reason, when explained, was logical: The independent airlines perform a commercial air mission that needs to be done, and in so doing, during the conflict, lets Air Cambodge avoid making a heavy capital investment in wet leasing or purchase in order to perform the total domestic commercial airline requirement. It was anticipated that with cessation of hostilities the independent airlines would fade out of the picture, and that Air Cambodge and Khmer Airlines would regain status with respect to domestic air transport.

2. Management and Finance

From the standpoint of government and managerial considerations, the following pertinent points emerged from the series of group and individual meetings in the Khmer Republic.

Air Cambodge was started as an independent airline in 1956. It is owned 38% by the government, 17% by private investors and 45% by Air France.

On the basis of approximately four days of conferences, consultation and working sessions with government and airline officials, the following

considerations concerning management and government matters emerged:

a. Air Cambodge is indispensable to the economic development and political existence of its respective government.

b. The financial status of Air Cambodge is, under the circumstances, relatively favorable. The airline reports no long-term capital debt (except on a damaged Caravelle). The individual, non-government airlines during this period of conflict eliminate the need for heavy investment or wet leasing expenditures by Air Cambodge.

c. Relatively young middle management personnel are being selected for promotion to higher positions.

d. Air Cambodge will, like the airlines of the other nations concerned with the survey, of necessity perform a major role in the development of tourism within its own country and regionally among the three countries concerned. A significant increase in tourism, which can be anticipated upon end or significant reduction of hostilities, would be of immediate financial benefit to Air Cambodge, and to the economy of the nation as well.

In spite of the current critical situation, it was noteworthy that senior management of Air Cambodge is placing a heavy emphasis on the selection and development of new managerial talent. As the chairman of Air Cambodge pointedly observed at a group meeting, that at his age he has only a few more years of active service to give to the airline. Therefore, the present effort to develop managerial leadership will permit younger men to replace those who have carried the burden of growth and management for a considerable period of time. There is an obvious enthusiasm on the part of the young middle management and supervisory personnel.

As is the case in the other countries concerned, a need exists for assistance in helping train the personnel for the higher responsibilities. The frank recognition of the need to up-grade managerial skills and promote youthful middle management officials to higher positions is a commendable start in the laborious and time-consuming process of up-grading such talent. Significantly, the present senior officials of the airline, as well as the middle management officials who are to move up in the succession of promotion expressed recognition of the potential advantages that would be gained by inter-airline cooperation.

In the course of the meetings both government and airline officials expressed the opinion that passenger pooling, spare parts exchange - possibly involving a central spare parts center - and even the matter

of equipment exchange in emergency situations, were examples of areas of cooperation that would be helpful to the three airlines concerned. They pointed out that a passenger pooling arrangement with Air Vietnam on the Phnom Penh/Saigon route was now in effect. Financial arrangement with respect to the pooling are unclear even to the participants. Another example of current cooperation is the reduction of landing fees paid by Air Cambodge to the Republic of Vietnam.

Air Cambodge now has a passenger pooling arrangement with Air France. The pooling with Air France began in mid-1973. No figures were yet available. The arrangement was explained as one in which "we share benefits, not losses."

Air Cambodge did not have actual financial report figures to offer at the time of the visit, but volunteered that the line had made "small profits" of around \$70,000 a year for 1972 and 1973 and that they had "made a small profit in 1974" but did not know how much.

A total of 349 people were employed by Air Cambodge as of 31 December 1974, according to figures the airline provided. 234, or 67% were in administrative/financial/management/commercial jobs: 39, or 11% were stationed out of Cambodia or at out-stations in-country; and the remainder of roughly 21% were in operations/maintenance/flight crew status. The presumption is that while large numbers of administrative/management personnel in Far Eastern airlines are not unusual, some of this fairly heavy manpower concentration in Air Cambodge had as its primary task the administration of the other air enterprises using Cambodian airspace. On questioning, one official indicated that if the war were to end, Air Cambodge, after reasserting its primary rights, would hope to attract some of the imported mechanics, air crews, and even aircraft brought into country to assist in the current crisis. Undoubtedly not all would opt for such a future, but quite possibly enough would do so to assist in making up for the fact that under current conditions only minimal training can be conducted by Air Cambodge, principally of the OJT (on-the-job-training) variety.

Currently, Air France is leasing one Caravelle to Air Cambodge on a 30-month term (which has eight months more to go) at the rate of one franc per year. This, as in the case of similar arrangements with the other airlines concerned in the survey, is helpful with respect to the financial statement of the airline. Air Cambodge has a technical and maintenance contract with Air France with respect to the Caravelle. The basic provision provides for payment of \$150 per flight hour to Air France for spare parts and overhaul. Air France trains Air Cambodge mechanics for routine maintenance. It was reported that the Caravelle is making

a modest profit on the international routes. Insurance on the Caravelle is paid by Air Cambodge and is 5% of insured value, which value is currently listed as \$500,000. Insurance on wet leased aircraft is carried by the owners. However, insurance is becoming difficult, if not impossible, to obtain on aircraft operating into Phnom Penh.

Air Cambodge retains the framework of an airline, while striving to continue international service even though most foreign airlines suspended operations into Phnom Penh in late 1974. Under these adverse circumstances, it is difficult to see how more than minimal maintenance is possible. Even the airplanes of Khmer Airlines and those chartered to Air Cambodge by Southeast Asia Air Transport have their heavy maintenance done by Air Vietnam in Saigon, reserving only flight-line and periodic maintenance for Phnom Penh. Even the Cambodian Air Force heavy maintenance is accomplished in Thailand out of sheer necessity and the absence of tools and skills in Cambodia.

For a long time to come, reliance will have to be placed on trained foreigners as air crews, since those few Cambodian pilots available are now in the Air Force doing daylight fighter aircraft duty in single engine aircraft and helicopters. In many respects, the Cambodian situation is like that in Laos, except that Cambodia has even less reserves of technically trained manpower than their northern neighbors.

At the time of this survey, we were informed that there was no operational navigation system in Cambodia available to the civil air fleet. The Phnom Penh traffic control radar, originally installed by the French, is in place but non-operational. A few hand-held portable radios (transceivers) are in use for ground-to-air communications at up-country locations and as backup to the tower at Phnom Penh, but no beacons of any description are operational.

A previous Air France Caravelle owned by Air Cambodge is inoperational and sits on the Pochentong Airport. It is used as a source of spare parts for the leased Caravelle now in service.

No FIC (Flight Information Center) operates in Cambodia; nor is any step in this direction likely until the end of hostilities, whenever that may come.

3. Sales, Marketing and Tourism

Because of the level of hostilities in the Khmer Republic marketing in the words of one airline executive is "dead". The airline has all it can do to fly in supplies and maintain its equipment. Until some

resolution of the present conflict is established there will be no further marketing by the tourist offices or by the carrier.

Prior to the present hostilities, traffic on Air Cambodge was starting to grow and the point was reached where it was enjoying an annual tourist flow of approximately 100,000 per year.

Air Cambodge executives were quite clear on the plans that they would like to have established, with everything on the drawing boards ready to go when peace is restored. Air Cambodge has traffic rights from Paris to Phnom Penh and also from Brussels to Phnom Penh. As a joint venture with Air France they would like to exercise these rights and would like a pooling or joint venture arrangement with a U.S. carrier, presumably Pan Am. Air Cambodge also has traffic rights between Australia, New Zealand, and Japan.

Ten months after peace they want to be able to open a hotel with at least three hundred rooms at Siem Reap. After two years they feel they will need at least 700 more rooms in a 4-star category.

Air Cambodge executives feel that they must proceed with the selection of aircraft, although purchasing will be deferred until peace arrives. But they feel they must be able to move immediately on delivery in order to take advantage of the opportunity and because of the economic necessity of developing tourism to help repair the damage and losses of the war. Their only concern is that it would obviously be better if all three carriers involved in this survey utilized the same equipment. But they are concerned that they will have to go ahead and cannot wait for the other carriers.

They also stated that they would like to have a publicity campaign prepared, with the budget established so that Air Cambodge can move ahead as quickly as possible to capture as much of the international market as can be absorbed when security is restored in the country.

Team members had an opportunity to tour much of Phnom Penh and visited Siem Reap and the road to Angkor Wat. The team was impressed with the obvious tourism development opportunities of the Khmer Republic. Phnom Penh is one of the most beautiful cities in Southeast Asia with large parks; wide, tree shaded boulevards; and excellent museums and public buildings. The former royal palace has been maintained in excellent condition with the court musicians and royal elephants still on duty. . If the palace, museums, Angkor Wat, Angkor Thom and the other archeological wonders of the country survive the hostile actions, and the beach resorts can be properly developed, the country has a superb future in the tourism field. Air Cambodge must be ready to step in and gain its

share of the market as foreign carriers also return to servicing Phnom Penh.

D. REGIONAL RESEARCH OUTSIDE THE THREE COUNTRIES

As part of this project, the entire team visited Bangkok in addition to the project countries. The project director also visited Kuala Lumpur, Singapore, and Hong Kong, the principal cities served by the carriers outside their own countries. In the course of these visits, discussions were held with employees of the airlines, travel agents, tour operators competitive airlines, and local and international businessmen. A list of some of these will be found in the Appendix.

In addition, the project manager, while on another assignment just prior to departing for Southeast Asia, was in Europe and took the opportunity to discuss the potential of travel to Southeast Asia with airline and travel industry personnel.

A summary of these contacts follows:

1. The airlines are not adequately represently in Europe or in other countries of Southeast Asia with the exception of Bangkok and Hong Kong. Air Vietnam does have offices in Kuala Lumpur and Singapore; however, the other carriers to not. Travel agents report difficulty in obtaining information and literature regarding the countries; and tour operators find it difficult to make contact with their counterparts within the countries.
2. There was universal interest in the travel possibilities to the survey countries. In Thailand, tour operators and travel agents were already doing some business to Laos and have established contacts with ground operators in Laos. Their primary market was foreign visitors, who were already in Southeast Asia. There was also some traffic among these foreign visitors to Saigon. The comment was that, in spite of the fighting, some people wanted to go just to say they had been there and that it was something a little bit dangerous to talk about when they returned home.
3. There was considerable interest in Malaysia regarding the service to Canton. However, it was reported that once Royal Air Lao starts to fly the route, Malaysian Airlines would, undoubtedly, claim the same privilege and possibly Singapore Airlines would also fly the route. This would dilute the market for RAL. Tour operators reported the Vientiane stop would be of considerable interest if the hotels were

improved. Malaysians were curious about other places and tour operators and travel agents could see good markets in all three countries. Cambodia would be of particular interest because of its proximity and because of the historical ruins and points of interest.

Food and the culture of the countries were reported as very significant attractions which would provide the impetus to travel. Security would have to be assured prior to any operators beginning service, and business contacts with ground operators are absolutely necessary.

4. In Singapore, tour operators reported some interest in the Canton route. However, they did not feel that the Chinese community in Singapore was as concerned about travel to mainland China as the population of Malaysia. If sales opportunities presented themselves, they would, naturally, try to take advantage of it. Most of the travel from Singapore is expected to be business travel when business contacts can be re-established.

5. Businessmen throughout Southeast Asia reported considerable interest in traveling to the countries to establish or re-establish business connections as soon as a cessation in hostilities permits. Many European businessmen stationed in Southeast Asia were assigned the three survey countries, but most had not visited them for a considerable period of time.

6. The senior agency officer of the International Air Transport Association (IATA) confirmed the report of extensive discounting of tickets previously commented upon in our discussions within the other countries. He confirmed that the number of non-IATA travel agencies and non-IATA airlines made normal enforcement procedures totally ineffective and quite detrimental to the best interests of the IATA carriers. It would take some rather difficult governmental decisions in order to correct this problem.

7. In Europe, the carriers of the UK reported only enthusiastic interest, but virtually no business to the survey area. They do give considerable business to Bangkok, Kuala Lumpur, Singapore, and Hong Kong; and they thought interest could be developed at a future date, particularly among the passengers making their second or third trip to Southeast Asia. They did report that their continental offices, particularly Paris, had some business to the survey area. The market could be developed more quickly once peace was restored.

8. Discussions with travel agents and tour operators in the United States drew mixed reactions. Most were not aware of the tourist attractions of the area, other than Angkor Wat. They felt there would be tremendous interest in visits to the area once the security problems

were overcome. One Los Angeles tour operator has already begun tours to Southeast Asia which include Laos.

All of the above comments in this section are based on discussions held by team personnel. However, they should not be construed as any form of an in-depth survey, nor a marketing study, and are included here for informational purposes.

Appendix A

Field Team Itinerary
 SEATAC Cooperative Airline Study
 Gleason Associates, Inc.

	<u>Gleason</u>	<u>Fanning</u>	<u>Hittle</u>	<u>Cunningham</u>
Hong Kong				Jan. 3-5
Bangkok		Jan. 4-9	Jan. 4-9	6-9
Vientiane		9-14	9-14	9-14
Saigon		14-16	14-16	14-19
Phnom Penh		16-19	16-19	20
Siem Reap		18	18	
Bangkok	Jan. 26		19-26	19-25
Saigon	27-29		27-29	
Vientiane	29-Feb. 1		29-Feb. 1	
Luang Prabang	Feb. 1-2		Feb. 1-2	
Vientiane	2-3		2-3	
Bangkok	3-5		3-5	
Kuala Lumpur		Jan. 19-26		
Singapore		26-28		
Saigon		28-30		
Dalat		29		
Hong Kong		30-Feb. 1		

BANGKOK

Ambassador Kintner
United States Embassy

Mr. K. Rabin
Chief, RED

Mr. Ronald A. Rogers
Program Officer
RED

Col. Alfredo T. Kagawan
Assistant Director (Econ)
SEATAC
Kuala Lumpur

Mr. Seng Kuon Neang
Inspector General
Ministry of Public Works &
Transportation
Phnom Penh

Mr. Wirosna Phanpiriya
Project SEATAC
Kuala Lumpur

S.A. Prince Panya Souvanna Phouma
Royal Air Lao

Mr. Kham Theung
Regional Manager
Royal Air Lao

Mr. Tran Van Lai
Regional Manager Central Far East
Air Vietnam

Mr. Tuan Van Lai
Regional Manager
Air Vietnam

Mr. Chan Leang Chy
Development Director
Air Cambodge

Mr. William Neal Conner
Consultant
Boon Vanit Travel Agency

Mrs. Bessie Punyanitya Samargachan
Managing Director
Boon Vanit Travel Agency

Mr. Karl H. Buhr
Front Office Manager
Hotel Siam Inter-Continental

LAOS

Ambassador Charles S. Whitehouse
United States Embassy

S. A. Prince Panya Souvanna Phouma
President - Managing Director
Royal Air Lao

Mr. Bounpheng Phenglamphanh
Vice President and Deputy
Managing Director & Comptroller
Royal Air Lao

Mr. Duval Bernard
Operations Advisor
Royal Air Lao

Mr. Vong Hong
Reception
Laos Travel Agency

Miss Soudachan Pathoumxad
Assistant Sales Manager
Laos Travel Agency

Mr. Frank W. Manley, Director
Manley Enterprises International &
General Sales Agent - Pan American
World Airways

Mr. Valounna Chounramany
Assistant Manager
Manley Enterprises International

Mr. Virachit Philaphandeth
General Manager
Hotel Lane Xang

S. E. Prince Souvanna Phouma
Prime Minister
Luang Prabang

S. A. Prince Sisouphannouvong
Director General of Civil Aviation
Vientiane

Mr. Bounlenang Vongsouthi
Commercial Assistant
Royal Air Lao

Mr. Souboun Thoraninth
Director
National Tourist Department

Mr. Decho Sithisariputra
Executive Vice President
The Laos Commercial Development
Bank

Mr. Charles A. Mann
Director - USAID
Laos

Mr. Louis Connick
Area Coordinator
United States Agency for
International Development

Miss Banyen Kirivong
Chief - Sales Promotion
Royal Air Lao

Mr. Gordon Ramsey
Acting Director - USAID

Mr. William R. Leonard
Chief - Air Support - USAID

Dr. Tiao Jaisvasd Visouthiphongs
Director, Dept. of Medical
Services and Institute of Public
Health of Laos

Mr. Samlith Ratsaphong
Director General
Information and Tourism

Mr. Le Trong Huan
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Mr. Nicolas Jean
Financial Advisor
Royal Air Lao

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LAOS

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Director of Finance
Royal Air Lao

Mr. K. Sayasith
Director of Transportation
Royal Air Lao

Mr. Somchit Sirimanotham
Commercial Director
Royal Air Lao

Mr. Pan B. Chanthapanya
Administration and
Personnel Manager
Royal Air Lao

Mr. Cham Nien
Assistant to Director
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Mr. Edward T. Peterson
Director Contract Services
Royal Air Lao

Mr. Fiaz Yaganagi
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Assistant Manager
Public Relations
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Mr. Lee Phu Kinh
Engineer for Travel and
Air Telecommunications
Air Vietnam

Mr. Nguyen Thanh Khai
Assistant Director
Planning/Programming
Air Vietnam

Mr. Huynh Van Tuat
Reservations and Space
Control Manager
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Mr. Nguyen Dinh Lan
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of Air Vietnam
Director of Civil Aviation

Mr. Boyd D. Mesecher
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Miss Nancy Putzel
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Mr. Luong - Van - Bang
District Sales Manager - Da Lat
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Mr. Phan Luong Quang
Chief - Tourism Development
Agency

KHMER REPUBLIC

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President Director General
Air Cambodge

Mr. Tat Narac
Director General
Air Cambodge

Mr. Ke Sath
Commercial Director
Air Cambodge

Mr. Seng Kuon Neang
Inspector General
Ministry of Public Works &
Transportation

Mr. Chak Saroeun
President - Director General
Saving and Credit Bank

Mr. Thor Peng Leat
Director Financial
Air Cambodge

Mr. Chan Leang Chy
Director of Development
Air Cambodge

Mr. Vandy Sokhonn
Director Adjoint
Air Cambodge

Mr. Nop Tith
Technical Director
Air Cambodge

Mr. Hok Peng Heang
Engineering
Air Cambodge

Mr. Chean Phorn
Director of Operations
Air Cambodge

Mr. C. H. Ty
Deputy Commercial Director
Air Cambodge

Mr. Loeung Nal
Minister of Tourism

Mr. Ung - Saurél
Under Secretary of State
for Public Works

Mr. Measketh Caimirane
Director of Civil Aviation

Capt. Robert M. Ferguson
President
South-East Asia Air Transport, Inc.

Mr. Kim - Long
Inspector of Development
Air Cambodge

Mr. U Ny
Director Adjoint of
Civil Aviation

SINGAPORE

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Regional Manager, Southeast Asia
Air Vietnam

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Manager
The Marco Polo Hotel

Mr. Prem Paul Ohri
Managing Director
G. C. Nanda and Sons Pte., Ltd.

Mr. Ong Chin Boo
District Sales Manager
British Airways

Mr. Frederick A. Milne
Senior Agency Officer
International Air Transport Association

Mr. V. S. Menon
Station Manager
Air Vietnam

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Transport Economics
SEATAC

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Airports and Aviation Advisor
SEATAC

Mr. Souk Bouriboun Chanthapanya
Project Analyst
SEATAC

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Manager
Harpers Travel

Ms. Amy Ong
Manager - Sales
Pan Am

Mr. Dang Thanh-Van
District Manager, Malaysia
Air Vietnam

Mr. Tang Wai Chin
Deputy Chairman & Chief
Executive
Pembinaan Teknik Malaysia (Sdn.)
Berhad

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Kuala Lumpur Kepong Berhad

Mr. B. Bek-Nielsen
Vice Chairman
United Plantations Bhd.

Mr. R. Panchacharam
Financial Analyst
Federal Industrial Development
Authority

Mr. Karl Floer
F. H. Kocks K.G.
Consulting Engineers
Germany, Federal Republic of

Mr. Bjarne Zachariassen
Managing Director
Alfa-Level Far East Sdn. Bhd.

HONG KONG

Mr. John Paine
Managing Director
Hong Kong Tourist Association

Mr. William Cowden
Vice President - Far East
Pan American World Airways

THAÏLANDE - MALAISIE - SUD VIETNAM CAMBODGE

Classe Economique						Toutes heures locales						
(A)	(D)	(D)	(B)	(A)	(A)	(A)	(A)	(B)	(D)	(D)	(A)	
2-5	5	3	4-6	⑥	①②	J O U R S	①②	⑥	4-6	3	5	2-5
RY422	RY442	RY442	ORY408	RY402	RY400	N° DE VOL	RY400	RY403	RY409	RY441	RY443	RY423
DC4	CVL	CVL	DC3	CVL	CVL	APPAREIL	CVL	CVL	DC3	CVL	CVL	DC4
0745	0730	1430	1400	0900	1430	D. VIENTIANEA	1725	1205	1730	2055	1330	1740
				1005	1535	A. BANGKOK D	1620	1100				
			1530			A. CHIENGMAI			1600			
	1020	1750				A. KUALALUMPUR				1810	1115	
						PHNOMPENH D						1415
						A. SAIGON D						1345
1305												1405

HANOI - CANTON - HONGKONG

Classe Economique						Toutes heures locales					
(A)	(A)	(D)	(D)	(C)	(C)	(C)	(C)	(D)	(D)	(A)	
6	2	5	3	5	2	J O U R S	2	5	3	5	2-7
RY414	RY412	RY452	RY450	RY432	RY430	N° DE VOL	RY43	RY433	RY45	RY453	RY413
CVL	CVL	CVL	CVL	DC4	DC4	APPAREIL	DC4	DC4	CVL	CVL	CVL
1400	0700	1430	0730	1500	1230	D. VIENTIANEA	1040	1910	1330	2015	1325
				1640	1410	A. HANOI D	1530	1730			
		1800	1100			A. CANTON D			1200	1845	
1740	1040					A. HONGKONG D					1140

A) Applicable a/c 07 Octobre 1974

B) Applicable a/c 01 Novembre 1974

C) Applicable a/c 15 Novembre 1974

D) Applicable a/c 01 Décembre 1974 (A confirmer)

DC3 - DOUGLAS DC3
DC4 - SKYMASTER
CVL - Sud Aviation
CARAVELLE.

- | | | | |
|-------------|-------------|-------------|------------|
| 1- Lundi | ! Monday | 5- Vendredi | ! Friday |
| 2- Mardi | ! Tuesday | 6- Samedi | ! Saturday |
| 3- Mercredi | ! Wednesday | 7- Dimanche | ! Sunday |
| 4- Jeudi | ! Thursday | | |

Ces horaires sont susceptibles d'être modifiés sans préavis.

NOTA : a HONG KONG, jusqu'au 19 octobre 1974 arrivées et départs une heure plus tard.

RESEAU DOMESTIQUE

N O R D - L A O S

Classe Economique					Toutes heures Locales				
3-7	1-2 4-5 6	Q	3	1-2 5-7	J O U R S	1-2 5-7	3	Q	Q
RY205	RY202	RY200	RY208	RY210	N° DE VOL	RY211	RY209	RY201	RY203
DC3	DC3	DC4	DC3	DC3	APPAREIL	DC3	DC3	DC4	DC3
1315	1230	1150	0930	0930	D VIENTIANE	A 1130	1400	1400	1730
			1015	1015	A SAYABOURY	D 1045	1315		
			1045		D	A	1245		
	1330	1240	1130		A LUANG-PRABANG	D	1200	1310	1630
	1400				D	A			1600
1445	1445				A HOUEI-SAI	D			1515

S U D - L A O S

Classe Economique				Toutes heures locales		
2-5	Q	1-3 6	J O U R S	1-3 6	Q	2-5
RY422	RY300	RY302	N° DE VOL	RY303	RY301	RY423
DC4	DC4	DC3		DC3	DC4	DC4
0745	0700	0830	D VIENTIANE	A 1100	1120	1805
		0930	A THAKHEK	D 1000	↑	
	0800		A SAVANNAKHET	D		
	0830		D	A		
0915	0910		A PAKSE	D	0940	1635

1- Lundi	Monday	DC3 - DOUGLAS DC3
2- Mardi	Tuesday	DC4 - SKYMASTER
3- Mercredi	Wednesday	CVL - Sud Aviation CARAVELLE
4- Jeudi	Thursday	
5- Vendredi	Friday	
6- Samedi	Saturday	
7- Dimanche	Sunday	
Q- Quotidien	Daily	

Ces Horaires sont susceptibles d'être modifiés sans préavis.

N.B. Le présent horaire annule toutes les éditions précédemment publiées

Vientiane, le 12 Novembre 1974

ALL LOCAL TIME

MON. - VN786 SGN 1150-1205 BKK
 VN787 BKK 1245-1500 SGN
 VN790 SGN 1545-1755 HKG 1840-2010 TPE
 VN721 HKG 0900-1110 SGN

TUE. - VN783 SGN 0900-1110 HKG 1155-1325 TPE 1410-1740 OSA 1820-1920 TYO
 VN780 SGN 0920-0910 PNH 0950-1045 BKK
 VN781 BKK 1130-1225 PNH 1305-1455 SGN
 VN791 TPE 0915-1045 HKG 1130-1340 SGN
 VN748 SGN 1520-1630 KUL 1700-1740 SIN 1825-2035 SGN

WED. - VN720 SGN 1400-1610 HKG
 VN784 TYO 1020-1120 OSA 1200-1345 TPE 1430-1600 HKG 1645-1855 SGN
 VN498 SGN 0920-1125 VTE
 VN499 VTE 1220-1625 SGN

THU. - VN783 SGN 0900-1110 HKG 1155-1325 TPE 1410-1740 OSA 1820-1920 TYO
 VN721 HKG 0900-1110 SGN
 VN780 SGN 0920-0910 PNH 0950-1045 BKK
 VN781 BKK 1130-1225 PNH 1305-1455 SGN

FRI. - VN746 SGN 1410-1520 SIN
 VN747 SIN 1605-1815 SGN
 VN720 SGN 1915-2125 HKG
 VN784 TYO 1020-1120 OSA 1200-1345 TPE 1430-1600 HKG 1645-1855 SGN
 VN786 SGN 1940-2005 BKK

SAT. - VN787 BKK 0745-1010 SGN
 VN783 SGN 0900-1110 HKG 1155-1325 TPE 1410-1740 OSA 1820-1920 TYO
 VN721 HKG 0900-1110 SGN
 VN498 SGN 0920-1125 VTE
 VN499 VTE 1220-1625 SGN

SUN. - VN746 SGN 1200-1310 SIN
 VN747 SIN 1355-1605 SGN
 VN786 SGN 1515-1540 BKK
 VN787 BKK 1615-1830 SGN
 VN784 TYO 1020-1120 OSA 1200-1345 TPE 1430-1600 HKG 1645-1855 SGN
 VN720 SGN 1800-2010 HKG

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3 Patpong Road. Bangkok

1st October 1974

TO ALL CONCERNED

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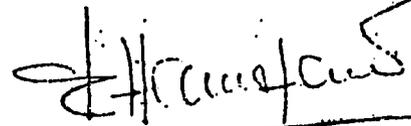
RY 402	RY 400		RY 401	RY 403
SAT.	MON. TUE. THU.		MON. TUE. THU.	SAT.
0900	1430 d	VIENTIANE	a 1725	1205
1005	1535 a	BANGKOK	d 1620	1100

Type of aircraft : Caravelle

Kindly advise all offices under your jurisdiction of the above change

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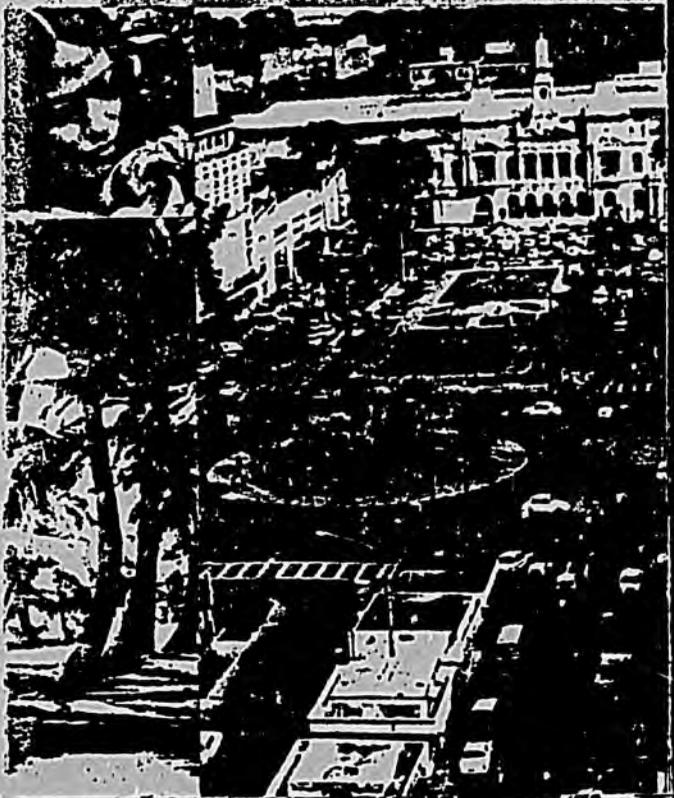
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FOR CHIANG MAI: ROYAL AIR LAO
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TELEPHONE: 3812, 3813 TELEX: 305 MNLYVTE LS
CABLEGRAM: MANLEY VIENTIANE TELETYPE (S.I.T.A.) VTESTPA, VTERRSQ.
OFFICES IN:

LUANG PRABANG, CHIANG MAI, BANGKOK.

CHIANG MAI
MONTRI HOTEL
P O BOX 129
TEL: 2-35582
CABLE: MANLEY CHIANG MAI

BANGKOK
M. E. I. BUILDING
68/2 SATHORN NUA (NORTH)
TEL 30358
CABLE: MANLEY BANGKOK

LUANG PRABANG
C/O NORTHERN HOST
P. O. BOX 77
NEXT TO ROYAL AIR LAO
CABLE: LARRY LUANG PRABANG

301 Sri Bumpen,
Rama 4 Road)
Malaysia Hotel.
at Saen Suk Flat..
5042 or 367070

COUNTRY
29-Feb. 5
38991-9 EXT. 260
kit Bldg.

SIAM HANA TRAVEL
414/4 Mani, Dunant St.
Siam Square
Tel. 516889, 517235

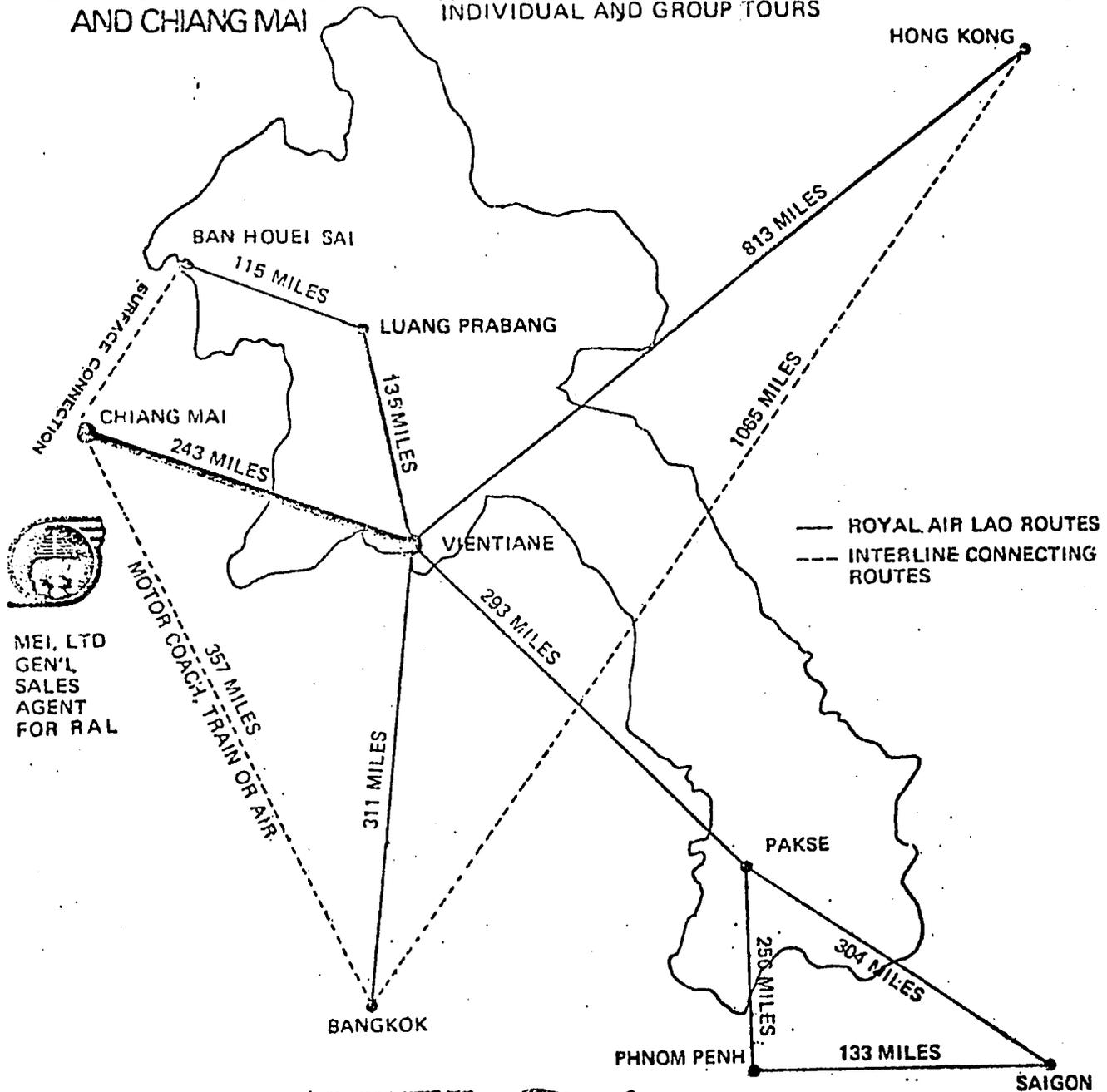
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VIENTIANE LAOS

TELEPHONE: 3812, 3813

TELEX: 305 MNLYVTE LS

CABLEGRAM: MANLEY VIENTIANE

TELETYPE (S.I.T.A.) VTESTPA, VTERRSQ

OFFICES IN:

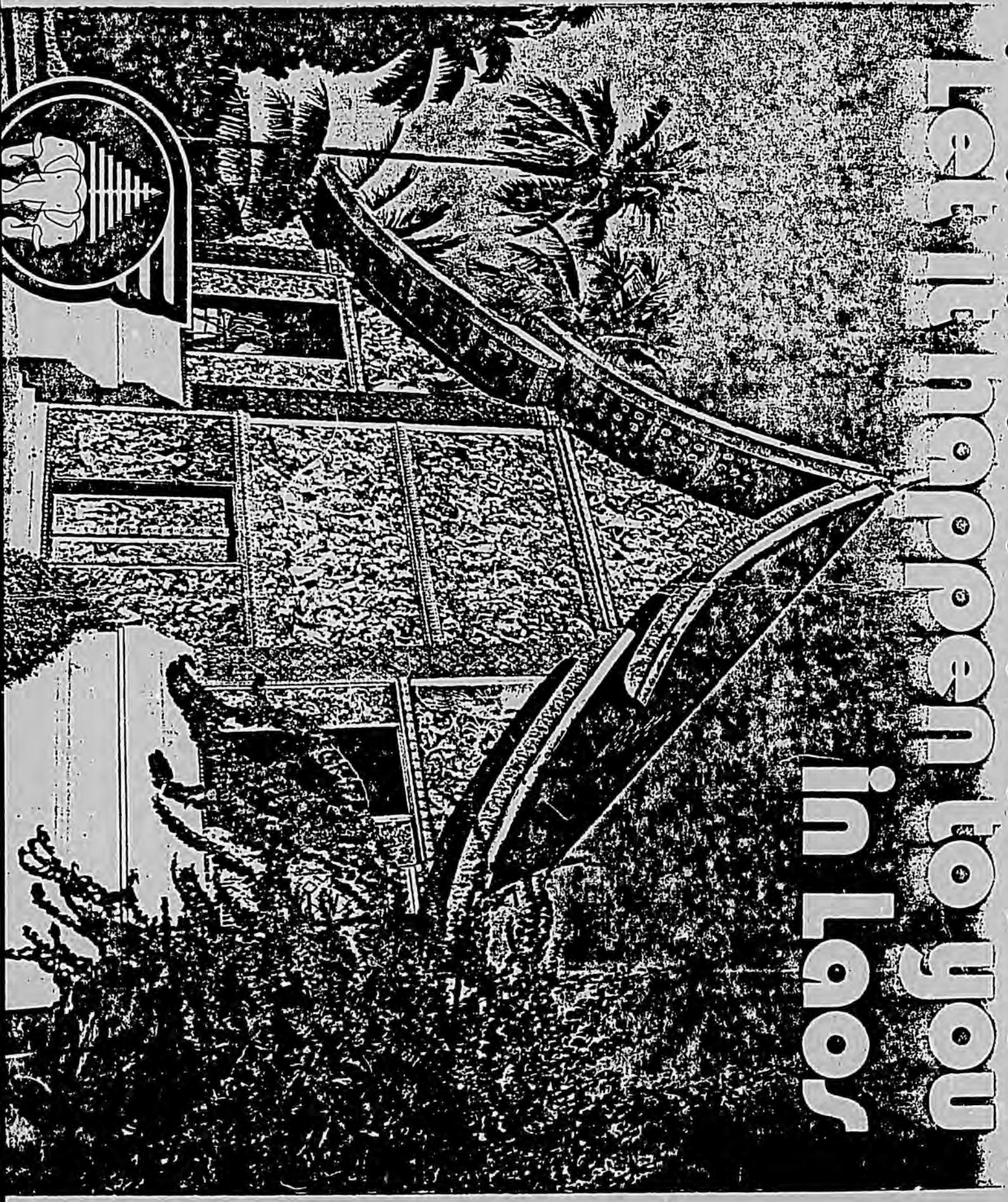
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 P.O. BOX 129
 TEL: 2-35582
 CABLE: MANLEY CHIANG MAI

BANGKOK
 M. E. I. BUILDING
 68/2 SATHORN NUA (NORTH)
 TEL: 30358
 CABLE: MANLEY BANGKOK

LUANG PRABANG
 C/O NORTHERN HOST
 P. O. BOX 77
 NEXT TO ROYAL AIR LAO
 CABLE: LARRY LUANG PRABANG

Let it happen to you in Laos



KHMER REPUBLIC

Battambang



FOR FURTHER INFORMATION:

- **REGIONAL TOURIST BUREAU**

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Battambang, Khmer Republic.
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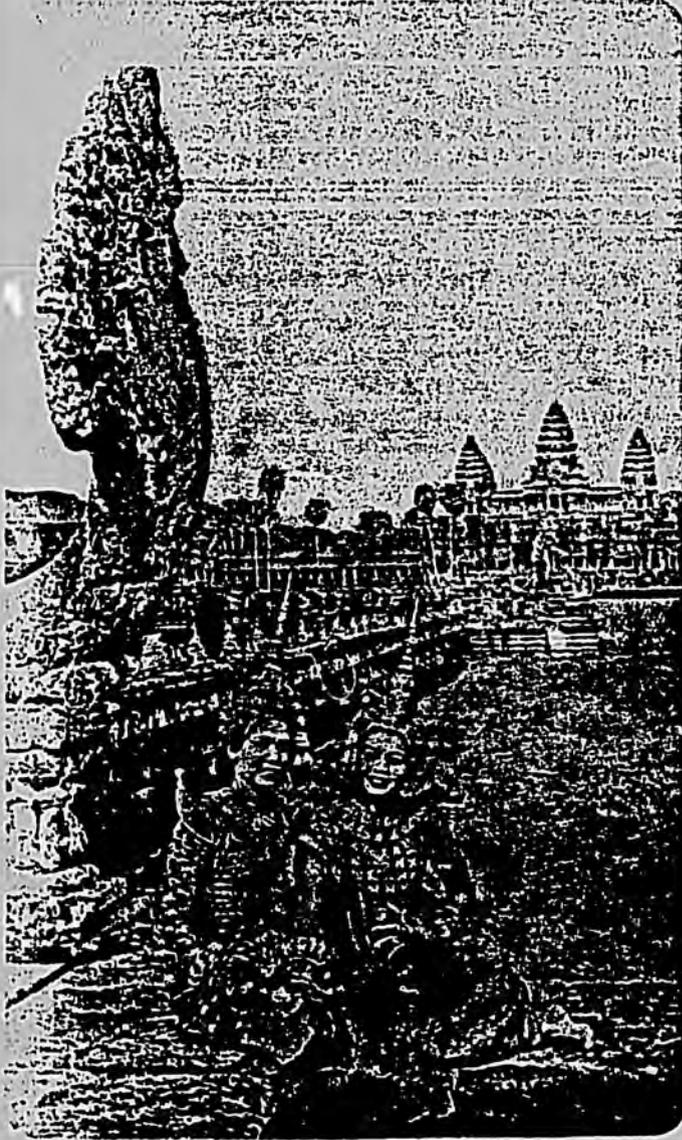


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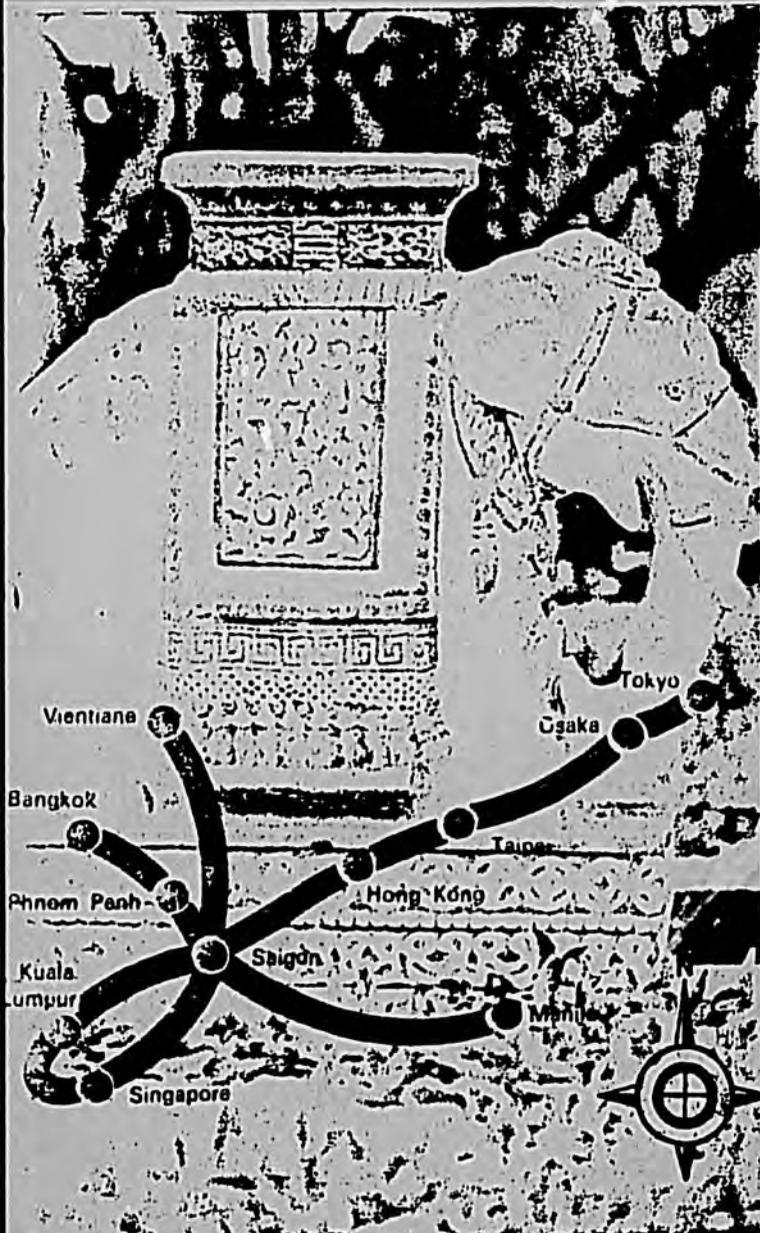


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BREAKDOWN BY ORIGIN OF FOREIGN VISITORS FROM LAST PLACE OF CALL BEFORE ARRIVAL

Source of information : Commission For Tourism Vietnam

TOTAL YEAR 1973

NATIONALITIES	LAST PLACE OF CALL												Total
	BgKok	H Kg	S pore	Manila	P Penh	V tiane	Taipei	Tokyo	Paris	N.Delhi	S.F.O (U.S.A)	Others	
- AUSTRALIA	350	147	291	45	83	20	1	5	5		5	20	972
- CANADA	260	277	80	23	12	50	7	80	8	4	16	329	1.146
- CHINA, Rep. of	1.712	6.085	633	103	2.585	125	2.030	31	7		5	68	13.384
- FRANCE	1.569	694	758	109	616	326	50	48	2.150	6	7	103	6.436
- GERMANY, Rep. Fed.	518	158	153	40	56	15	5	7	40	1	2	22	1.017
- INDIA	149	95	445	15	17	3	1		6	15		7	753
- ITALY	166	50	34	15	8	1	5	1	6	2	1	6	295
- JAPAN	1.013	1.162	364	122	140	36	77	1.524	18		15	29	4.500
- KHMER REP.	252	143	102	61	2.337	8	38	12	22		2	9	2.986
- KOREA	302	818	83	67	127	6	12	33			3	50	1.501
- LAOS	84	27	2	3	7	222	1					13	359
-MALAYSIA	247	99	582	67	11	7	9	1				6	1.029
- NETHERLANDS	40	14	13	2	5	2		1	2			6	85
- NEW ZEALAND	102	38	85	9	22	5	4	1	4			9	279
- PHILIPPINES	332	137	92	897	66	35	6		1	3	6	22	1.597
- SINGAPORE	271	229	1.884	24	17	1	14	3	1			7	2.451
- SWITZERLAND	312	113	50	14	36	9	4		12			13	563
- THAILAND	2.454	249	63	19	44	7	10	1	1	2	2	12	2.864
- UNITED KINGDOM	867	1.293	494	48	103	45	26	19	35	4	1	8	2.943
- U.S.A.	11.174	6.052	2.481	4.228	774	627	1.073	134	95	15	2.859	1.155	30.867
- OTHERS	644	406	334	68	66	46	13	10	30		3	1.572	3.192
TOTAL	22.818	18.286	9.023	5.879	7.132	1.596	3.386	2.211	2.443	52	2.927	3.466	79.219
% of distribution	28,8 %	23,1 %	11,4 %	7,4 %	9 %	2 %	4,2 %	2,0 %	3,1 %	0,1 %	3,7 %	4,3 %	100 %