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SECRET.

R E P O R T

OF THE

A I R C O M M I T T E E

ON THE

POLICY IN RELATION TO

THE TRANS-PACIFIC AIR ROUTE

AND

UNITED STATES ACTIVITIES IN THE PACIFIC

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POLICY IN RELATION TO TRANS-PACIFIC AIR ROUTE
AND UNITED STATES ACTIVITIES IN THE PACIFIC

1. The Conference agrees that the objective to be aimed at is the establishment of a through British air service running side by side and in close co-operation with a United States service from New Zealand, via the Western Pacific Islands, Hawaii and San Francisco to Canada.

2. It is agreed that every effort should be made to bring the proposed British service into operation at the earliest possible date. Provided this is done, the Conference is of the opinion that there will be no need for many years to come for a direct service from Australia to Canada, excluding New Zealand.

3. Having regard to the Interim Report of the New Zealand Pacific Aviation Survey Expedition (November 1938--March 1939), a copy of which is attached, the Conference considers that, subject in each case to final surveys, it is desirable that the first step after Auckland should be Suva or Tonga. Both offer facilities for either land or marine aircraft. As between the two, Suva is more important than Tonga and facilities at Suva would link up with the contemplated defence scheme for that area. Tonga lies more on the direct route and has slightly better weather conditions. Taking everything into consideration, however, the Conference agrees that Suva is more suitable and should be prepared as the first alighting place on the route. At the same time arrangements should be made for emergency alighting facilities at Tonga in the event of hurricane weather at Suva.

4. The Conference considers that the best alternatives for the step next before Hawaii are Fanning Island and Christmas Island. At Fanning Island there is an area which could be made suitable for marine aircraft with very little work, but

unfortunately it is restricted, and could not be extended; in addition there is no suitable area for a land aerodrome. At Christmas Island there are suitable areas for aerodromes and a larger area is available for marine aircraft, but to prepare the lagoon would require extensive blasting. Weather conditions are better at Christmas Island than at Fanning Island. The Conference thinks it unnecessary at this stage to reach a decision as between the two islands. Whichever may finally be chosen for development as the main halting place, it would be advisable to prepare the other as an alternative. It is therefore recommended that both Fanning Island and Christmas Island should be prepared for survey flights. It is estimated that Fanning Island could be prepared in three months and preparations at Christmas Island for a survey flight could be made in about the same period, but complete preparations there for a service would probably take between one and a half and two years.

5. The Conference considers that the best point between Suva/Tonga and Fanning Island/Christmas Island appears to be Nukunono, Western Samoa, or Hull Island. Nukunono offers suitable facilities for marine aircraft and the necessary blasting would be of a minor nature, but there is no possibility of establishing a land aerodrome there. Western Samoa also offers suitable facilities for marine aircraft and little preparation would be required. It also has facilities for land aircraft. At Hull Island the blasting necessary in order to make it suitable for marine aircraft would be extensive but there would be the possibility of establishing an emergency land aerodrome there at a later date.

In all the circumstances the Conference recommends that it would be advisable to proceed with the preparation of Nukunono and Western Samoa simultaneously for survey flights and places on record the need for Hull Island as an alternative. It is

considered that the colonisation at present in progress at Hull Island should contribute towards reaffirming British sovereignty there, but any further steps that can be taken to demonstrate the exercise of that sovereignty would be useful.

6. The Conference thinks it important for the survey flights to Suva, Tonga and the other islands recommended, to be undertaken as soon as practicable in order to demonstrate the intention of establishing the British route, and recommends that further engineering surveys of the islands in question should be put in hand with the least possible delay.

7. The route proposed, therefore, is as follows: (i) Suva, with emergency alternative Tonga; (ii) Nukunono, with emergency alternative Western Samoa, and possibly Hull Island; (iii) Fanning Island, and later Christmas Island. It will be seen that these proposals have taken into consideration the possibility of the route being operated by land aircraft at some future date.

8. The Conference considers that on the understanding that the British title to Fanning Island and Christmas Island is maintained, the six islands of the Line Group--Malden, Starbuck, Filippo, Vostok, Flint and Caroline--not being on the route proposed, are of no value in the Trans-Pacific air route scheme, except possibly as meteorological reporting stations. The Conference is informed, however, that the islands possess considerable value for native colonisation purposes, particularly Flint and Caroline Islands, and that the question of colonisation to provide an outlet for the surplus native populations of islands such as those of the Gilbert and Ellice Group is becoming increasingly important.

The Conference understands that the question has been raised whether these islands should, if necessary, be offered to the United States of America as a part of a comprehensive agreement regarding the operation on a reciprocal basis of air services across the Pacific. The Conference has, therefore, also examined

their strategic value but does not set this value so high as to render their retention essential if their cession were desirable on other grounds as part of a comprehensive agreement with the United States.

9. If it were decided at any time to establish an air service between New Zealand and South America, Henderson, Ducie and Oeno Islands would be on the direct route and might be of value to the establishment of the service, but the Conference considers that there is not sufficient information available at the present time to enable a judgment to be formed as to their suitability for land and marine aircraft facilities. It is suggested that the British title to these islands would be strengthened if it were possible for them to be visited from time to time by one of His Majesty's ships. Any such visits would afford opportunities for making general engineering reports.

10. The Conference next examined the stage reached by Pan-American Airways in their development of the Trans-Pacific air route and were informed that an application was made to the New Zealand Government on the 14th March by Pan-American Airways for permission to vary the route to Auckland by the substitution of Noumea for Pago Pago, and that Pan-American Airways had asked for urgent consideration of this application as they were contemplating considerable immediate expenditure both at Noumea (where it is understood that arrangements have already been concluded with the French authorities) and at Canton Island, and had stated that if this request were granted they thought it would be possible to commence the service in July 1939.

11. It is felt that the intention of Pan-American Airways to use Noumea as well as Canton Island changes the position as previously envisaged, inasmuch as the bargaining counters, on the British side, so far as Pacific islands are concerned, have disappeared. The most important counter of all, namely the right to refuse permission to enter New Zealand and Australia, is left,

but the weight of even this counter may be lessened when Pan-American Airways start a regular service to Noumea, as they would then be within flying distance of Brisbane and of Auckland and the force of public opinion might render it difficult for the Commonwealth and New Zealand Governments indefinitely to resist pressure for an air connection to Noumea.

It is therefore of the utmost importance that the Governments of Australia and New Zealand should employ to the fullest advantage this important counter in an endeavour to secure rights for a British service through American territory to Canada.

The Conference considers that the most appropriate means of meeting the immediate position seems to be to offer Pan-American Airways landing rights at Suva with the intention of attracting the company to use this as an alighting place, rather than Noumea.

At the same time immediate steps should be taken to establish a British service as far as Suva, as the first stage of the British Trans-Pacific service, as the existence of such a service to Suva would assist the Governments of the Commonwealth of Australia and of New Zealand most materially in resisting pressure for air connections with Noumea.

12. The next question that arises is as to the company to be entrusted with the task of developing the British Trans-Pacific Air Service. The Conference realises that for the operation of this service it will probably be desirable to constitute a new company and it hopes that, in such a company, Canadian interests would participate as well as those of the other members concerned of the British Commonwealth. The constitution of such company, however, and the determination of the proportionate participation of the interests of each country, will call for careful consideration and might best be settled by direct discussion between Governments. Meanwhile, early action is essential in regard to the making of survey flights over the route and in the establishment of a British service to Suva. The only British company in Australia or New Zealand which will in the immediate future

possess suitable aircraft is Tasman Empire Airways Limited. It is appreciated that this company was not constituted with a view to operation on the Trans-Pacific route and that the participation of the United Kingdom, Australia and New Zealand was settled largely by reference to their proportion of the mails to be carried across the Tasman Sea. This proportion is not necessarily applicable in the case of the company operating the Trans-Pacific service. On the other hand, Tasman Empire Airways, besides possessing suitable aircraft, will have the advantage of representing the three British Governments initially concerned, and in view of its association with both Imperial Airways, Qantas Empire Airways and Union Airways, should be able to draw on these companies for advice and assistance. In the circumstances, the Conference recommends that Tasman Empire Airways Limited should be the company which should undertake the survey flights and, until further arrangements can be made, operate the proposed service between New Zealand and Suva. The survey flights and the service should be undertaken on behalf of the British Governments concerned on terms to be arranged between them and the company. If necessary the memorandum of association of Tasman Empire Airways should be drafted so as to empower the company to undertake the work proposed in this report.

13. The Conference recommends that the New Zealand Government be requested to undertake on behalf of all the British Commonwealth Governments concerned, the work of surveying and constructing the ground organisation of the section between New Zealand and Hawaii and that the necessary steps be taken at the same time to extend the meteorological organisation at Suva so that it may act as an aviation forecasting centre.

14. As regards the question of cost, it has been estimated, on such limited information as is available, that the cost of the preliminary ground organisation for the survey flights would be approximately £35,000 (sterling), of which £17,000 (sterling) can

be regarded as a contribution towards the permanent organisation for the route; and that the cost of the flights (two from New Zealand to Suva and back, and one from New Zealand to Suva, Nukunono, Fanning Island, Christmas Island, Western Samoa, Tonga and return to New Zealand) would be, on the basis of 7/6d. per mile and allowing for a margin, £5,000 to £6,000 (sterling).

The Conference recommends that the cost of the preliminary survey flights should be borne in equal proportions by the three Governments concerned, pending consultation between the Governments as to the apportionment of the cost of operating the proposed permanent service. As regards ground organisation, the Conference recognises that the principle normally adopted with regard to the cost of ground organisation of Empire air services has been that each member of the British Commonwealth should be responsible for the cost of those facilities on its own territory. It is a matter for determination by the Governments concerned whether this principle should apply in the special circumstances of the case under review. It is desirable that early agreement on this matter should be reached so that the work of preliminary ground organisation for survey flights may be put in hand without delay.

15. As regards the question of negotiations with the United States Government, the latter have been approached on the basis that a conference would offer the best prospect of reaching agreement. A further effort to persuade the United States Government to agree to a conference was made in the Note, the lines of which were agreed between the United Kingdom, the Commonwealth and New Zealand Governments, addressed to the United States Government by His Majesty's Ambassador at Washington at the end of March. So far no answer to that Note has been received from the United States Government and it is understood that His Majesty's Ambassador does not think it likely that an early reply will be forthcoming.

16. With a view to expediting a reply, the Conference suggests that application should now be made through the diplomatic channel to the United States Government for permission for a British company

to operate a regular service from New Zealand via Hawaii and the United States to Canada. (It would be necessary that at the same time Pan-American Airways should be notified of the application.) If it is decided that Tasman Empire Airways Limited should make the proposed survey flights in the South Pacific and begin to operate the proposed service between New Zealand and Suva, it would seem appropriate that it should be the medium for lodging the application to the United States Government; it would be possible later for the permission to be transferred to the company that may ultimately be formed for the purpose of operating the Trans-Pacific service.

It should be explained that it was contemplated that the service should be opened in sections with the intention of operating from New Zealand to Hawaii as soon as the essential ground organisation can be provided, and of continuing to Canada as soon as aircraft having the requisite range are available to the company operating the service.

17. The Conference would suggest that, in forwarding the application, His Majesty's Ambassador at Washington should reiterate orally the general point of view of the British Commonwealth Governments concerned as explained in his recent Note, namely that in the development of the proposed British Commonwealth service it is desired to work in the closest possible co-operation with the United States. He should explain in general terms that it is proposed to develop the necessary ground organisation on various British Pacific islands on the route, but that these facilities would be available for use by the United States Government on the basis of complete reciprocity over the whole route from New Zealand to America. The Ambassador should once more stress the desire to work in the closest harmony with the United States, and should again urge on the United States the desirability of entering into conference with the British Governments concerned as the best means of reaching general agreement regarding Trans-Pacific aviation in a spirit of amity and co-operation.

18. If no satisfactory reply can be obtained from the United States Government and it becomes clear that that Government is unsympathetic to the principle of reciprocity, the Conference suggests that serious consideration should be given to the New Zealand Government terminating the agreement with Pan American Airways. In such event both the company and the United States Government should be notified accordingly.

19. In the above case the only alternative that the Conference can see at the moment which would provide an air connection between New Zealand and America, operated by United States and British interests in conjunction, is a scheme under which the northern half of the Trans-Pacific service would be operated by the United States company and the southern half by a British company, the services meeting at some intermediate point. The Conference does not regard such a scheme as nearly so satisfactory as a scheme of complete reciprocity between the two services, but it feels it may be necessary to consider this as at least an interim measure, should the United States Government show any unwillingness to grant rights for a British service to Hawaii and the United States.

20. While making the above suggestions as to the course to be pursued in the event of the United States showing no willingness to accept the principle of reciprocity, the Conference is impressed with the desirability of directing the general approach to the questions involved in such a manner as will establish more firmly mutual friendship and co-operation between the British Commonwealth and the United States in the Southern Pacific, and it feels sure that the British Governments concerned will bear in mind this important aspect of the matter.

21. The proposed air service across the Pacific must necessarily concern Canada and an approach to the United States Government with regard to a service between New Zealand and Canada could hardly be made without the co-operation of His Majesty's Government in Canada. It is therefore recommended that a copy of the report of the Conference on this subject should be

communicated to the Canadian Government as soon as possible. This might be done by the New Zealand Government as the Headquarters Government of the Conference.

It is further recommended that the United Kingdom, Commonwealth and New Zealand Governments should seek the support of the Canadian Government in the proposed approach to the United States Government and their active participation in the proposed company and their co-operation in the preparations for the through service when the necessary permission is secured.

22. In conclusion the Conference desires to record the view that it regards early action concerning the various matters referred to in this report as of the utmost importance, and recommends that the New Zealand Government should be asked to take the initiative in promoting such action.

SUMMARY OF RECOMMENDATIONS

<u>Serial No.</u>		<u>Paragraph</u>
1.	That the objective be the establishment of a through British air service running side by side in close co-operation with the United States service, from New Zealand via the Western Pacific Islands, Hawaii and San Francisco to Canada	1
2.	That every effort be made to bring the proposed British service into operation at the earliest possible date	2
3.	That the route of the proposed British service be from New Zealand via Suva (with emergency alternative Tonga), Nukunono (with emergency alternative Western Samoa and possibly Hull Island), Fanning Island (and later Christmas Island) to Hawaii, San Francisco and Canada	3-7
4.	That the retention of the six islands of the Line Group might be waived if it will assist in the securing of reciprocal rights for a British service	8
5.	That visits by one of His Majesty's ships to Henderson, Ducie and Oeno Islands be made from time to time	9
6.	That to meet the position created by the Pan-American Airways' intention to use Noumea, the Company should be offered landing rights at Suva	10-11
7.	That immediate steps be taken to establish a British service to Suva as the first stage of a Trans-Pacific service	11
8.	That the initial service to Suva and a survey flight to Christmas Island and other Pacific islands be undertaken by Tasman Empire Airways Limited	12
9.	That application be made by Tasman Empire Airways to the United States Government through diplomatic channels for permission to use Hawaii and San Francisco, this company being nominated provisionally pending the ultimate formation of any new company to operate the service	16
10.	That the New Zealand Government be requested to undertake the work of surveying and constructing the ground organisation for survey flights	13
11.	That pending determination of the final apportionment of the costs of the permanent service, the costs of the initial flights to Suva and the Pacific islands be borne equally by the United Kingdom, Australian and New Zealand Governments. Further, that the Governments concerned determine as promptly as possible how the ground organisation costs are to be allocated.	14

<u>Serial No.</u>		<u>Paragraph</u>
12.	That in presenting the application by Tasman Empire Airways, His Majesty's Ambassador should press again for a conference on the general question of reciprocity in the Pacific	17
13.	That if no satisfactory reply is obtained from the United States, the termination of the agreement between the New Zealand Government and Pan-American Airways should be seriously considered	18
14.	That if such a situation does arise the Governments concerned should seriously consider the alternative of a British service operating in the southern sector junctioning at some intermediate point with the American company operating in the northern sector	19
15.	That before finally adopting such a course the British Governments concerned should seriously consider the desirability of maintaining United States interests in the South Pacific	20
16.	That the co-operation of Canada in the establishment of the Trans-Pacific service should be sought	21
17.	That early action is important and that the New Zealand Government should be asked to take the initiative in promoting such action.	22
