

Unless the full text of the Report when you receive it contains more than the cabled extracts, it does not appear that the New Zealand Conference has done much to ^{Solve} ~~the solution of~~ the problem of these Pacific Islands. Apparently the relative value of the islands has not been touched on at all, and only in a subsidiary way the question of the utilisation of some of them as ^{part of} an air route. The main preoccupation of the Conference appears to be the possibility that Pan American Airways would use Noumea instead of Suva, and ^{hence} so Fiji will cease to be of value for bargaining purposes. But the fact remains that apparently Noumea is an alternative and so the value of Fiji is reduced and we get back to our original position that our real bargaining counters are New Zealand and Australia. It is, of course, true that public opinion might press the Governments of these countries to grant facilities to an American company because they want to be able to utilise the service, but the fact remains that for some years the Netherlands East Indies service had to stop at Java because the Australian Government would not grant it facilities to land in Australia and the public acquiesced. The valuable part of the report is the insistence on the fact that the British service should be inaugurated as quickly as possible, and I suggest that we might perhaps express our view as to the importance of this. Otherwise it seems to me the Report leaves us much where we were, viz., if the United States refuse landing rights in Hawaii, is the New Zealand Government prepared to terminate the landing rights of Pan American Airways in New Zealand?

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