

THE WHITE HOUSE
WASHINGTON

CONFIDENTIAL

Thursday, March 20, 1969

MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger *K*

SUBJECT: Economic Policy Toward India

In line with our planned new procedure to give you a chance to review our economic aid policy in major aid-receiving countries once a year, we have set in motion papers on aid to India to come to you in April. This will be shortly after the NSC discussion of general aid policy.

However, a food aid program for India is in the works that should go ahead before that date. It involves sale of \$30 million worth of rice and vegetable oil and \$25 million worth of sorghum. The reasons for letting these move ahead at their normal pace are:

1. The Department of Agriculture wants to move rice as quickly as possible. The US heavily overproduced last year to meet Vietnam requirements which did not turn out to be nearly so high as expected. Agriculture wants to avoid the cost of buying and storing the surplus.

2. The Indians are anxious to get the sorghum. While the issue is not starvation this year, this low-price grain sold through their fair price shops helps keep urban food prices down.

Both these programs are follow-ons to an ongoing FY 1969 food aid program (\$170 million). The programs you will review next month will include a \$150 million new wheat and cotton program, the entire development lending program for FY 1970 and a few cleanup loans for FY 1969.

I would be inclined to stand aside and let Agriculture and AID go ahead with these programs in their normal way. However, I do not want to tell them they are free to do so if you would prefer to review them in detail.

Recommendation: That you approve the scenario outlined above--allowing the on-going sales to proceed and planning an over-all review of the next year's Indian aid program in April.

Approve *[Signature]* I'd like to see them _____ Other _____

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