

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

8225

ACTION

CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger

SUBJECT: FY 1970 Aid Program for Pakistan

State (Tab A) requests your approval of a \$102.5 million economic assistance program in Pakistan for FY 1970. Added to the \$90 million in PL 480 assistance, which you approved in November, this would bring the total FY 1970 U. S. assistance level to \$192.5 million. The amount requested is within your budget and within the Foreign Assistance appropriation approved by Congress.

The proposed program of \$102.5 million represents a drop in our level of non-PL 480 assistance from \$140 million in FY 1969 and \$158 million in FY 1968. This low level is the result of budgetary constraints. It is quite possible, however, that an extra \$20 - \$30 million will become available later in the year and the Pakistan program has a top priority claim on these funds. The \$87 million loan component represents about 25 percent of the international consortium total of \$370 million, a drop from former years when we supplied about 40 percent of the consortium's total.

The major component in the proposed program is \$83 million to permit Pakistan to increase its general imports, especially of fertilizer and industrial raw materials, to support growth in the agricultural and industrial sectors. It complements Pakistan's own efforts to liberalize its exchange system, increase agricultural production, and build a buoyant private sector.

Our technical assistance program of \$8 million, and most of our PL 480 commodities and currency generated by them, assist President Yahya in raising agricultural productivity and the standard of living in depressed and politically troublesome East Pakistan.

RECOMMENDATION:

That you approve State's proposed \$102.5 million economic assistance program in Pakistan. Treasury, Agriculture, and Budget (Tab B) concur.

Approve

*H for KN*

Disapprove \_\_\_\_\_

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