

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION  
August 25, 1973

CONFIDENTIAL (S)

MEMORANDUM FOR: DR. KISSINGER

FROM: RICHARD T. KENNEDY *RTK*  
HAROLD H. SAUNDERS *HHS*

SUBJECT: Response to Pakistan's Flood Needs

This memorandum suggests a preliminary response to Pakistan's disaster needs. Sultan Khan so far has emphasized our responding to Pakistan's grain request, but a comprehensive response will have to include other kinds of aid as well both because the food alone would not meet the problem and because our overall wheat availabilities will not permit us to provide what the Pakistanis are asking for.

Ambassador Khan relayed a Pakistani request for one million tons of wheat and 30,000 tons of vegetable oil as soon as the floods began. This memo addresses our response to those requests and other things we can do to complement that response in addition to the helicopters, boats, medicines and other relief supplies we are already providing.

Wheat

Ambassador Khan asked for one million tons as soon as the floods began on the assumption that large amounts of grain from their exceptionally large crop had been destroyed in storage areas after harvesting. This is the same amount that Pakistan had earlier requested routinely for this fiscal year's normal PL 480 program. The Pakistani disaster relief chief in Islamabad has told our people there that it is too soon to estimate what has been lost. Undoubtedly substantial quantities have been destroyed in local storage areas, but it will be at least a couple of weeks before the real picture will be clear.

As you know, our own situation is very tight. Agriculture this week made an initial allocation of 1.13 million tons of wheat for the rest of FY 1974

CONFIDENTIAL (S)

DECLASSIFIED  
A/ISS/IPS, Department of State  
E.O. 12958, as amended  
October 11, 2007

DECLASSIFIED  
Authority: 2012958  
By: [Signature] NARA Date: 8-18-06

CONFIDENTIAL (GDS)

PL 480 needs. Thus the total FY 1974 allocations are only about one-third of the allocation made during FY 1973. Even this figure is reasonably high considering the present high prices and pressures for export controls.

At this point we can make an initial commitment of 100,000 tons for Pakistan, but we cannot be at all sure that, given the extreme shortage of wheat against all demands, we will be able to increase this later. This will not satisfy the Pakistanis, but it is about all we can do at the moment. We will watch carefully to see whether more wheat becomes available, and as Pakistan's needs become clearer we will watch to see whether they warrant further adjustments in other priority PL 480 programs. But for the moment the way to supplement our response on wheat is better found in other forms of aid than in trying to increase the amount of wheat significantly.

To understand the Pakistani grain problem fully, it is essential to recognize that the problem is not one of a starvation threat. There is other food in the country. The purposes behind Pakistan's request in past are (1) to prevent price increases and (2) to avoid having to dip into their rice stocks for domestic consumption since the rice can be exported to earn foreign exchange. Pakistan's current foreign exchange position is not bad, but either substantial wheat purchases in today's expensive world market or loss of earnings from the export of rice could cut deeply into their exchange holdings.

Because of our limited response to the Pakistani request and because of the essentially economic nature of the Pakistani problem, it seems desirable for us to shift the focus of Pakistani attention to other things that we can do to be helpful to supplement the grain allocation we can make. These other things lie in the area of providing foreign exchange aid.

Providing Foreign Exchange Assistance: Recovery Assistance Loan

This option has two parts.

The first is our response to a variety of further relief requirements that are daily being identified and met. These include the medicines, clothing, blankets, seeds, roof material, and specialized foods that we are already putting into the pipeline as the needs become known. These are being paid for out of disaster relief funds.

CONFIDENTIAL (GDS)

DECLASSIFIED  
A/ISS/IPS, Department of State  
E.O. 12958, as amended  
October 11, 2007

DECLASSIFIED  
Authority 8012958  
By NARA Date 8-18-06

The second consists of such items as pesticides and fertilizers that would enable the Pakistanis to make a quick recovery with their next crop. These cannot be paid for with disaster relief funds and would require regular aid money. For planning purposes, Williams feels we could think now in terms of a recovery assistance loan of up to \$30 million. This would require reductions in other programs, although he would propose reporting this new need to the Congress in an effort to raise the overall aid total to soften the impact of these cuts.

The point here is that a special loan might begin to meet some of Pakistan's economic and rehabilitation problems and at the same time help them to supplement their food imports under PL 480. It used to be that it was easier for us to provide food than money, but at this point -- tight as funds are -- it is necessary and sensible to supplement food with money. The Pakistanis would not use this AID money directly for food, but it would release some of their own resources to buy food if that were judged necessary.

To establish a starting assessment for this recovery assistance program, Maury Williams is prepared to go to Pakistan next weekend on his way to Africa. This is not a trip he is asking for, but he recognizes that the gesture may be important as a sign of the President's attention, especially since we will not be able to respond to all of Pakistan's needs. There is the danger that a visit would raise Pakistani expectations too high. However, it would make the important point that U. S. help for recovery will be a continuing thing -- not just a one-time response to one request for grain. It serves our interest to diffuse our response over time.

Vegetable Oil

The vegetable oil problem involves existing export controls which remain in effect until September 30. These prohibit any export until then. However, we are working with the Department of Agriculture to see whether there is a way to set the wheels in motion for early shipments at least at that time. Meanwhile, although some oil will definitely be needed, the problem is not one of immediate shortage. We will send you a separate memorandum on this subject later.

RECOMMENDATION:

That you approve our telling Maury Williams that the concept below is approved and ask him to draft a Presidential statement for use Tuesday

DECLASSIFIED  
Authority: E.O. 12958  
By: NARA Date: 8-18-06

