TO: The Secretary of State  
The Secretary of Defense  
The Secretary of the Treasury  
The Secretary of Agriculture  
The Director, Office of Management and Budget  
The Administrator, Agency for International Development

SUBJECT: South Vietnam Economic Support

The President has decided that the U. S. will provide sufficient assistance to permit the level of imports necessary for rapid recovery of the economy, the initiation of major reconstruction and refugee resettlement efforts, and an acceleration of economic development to begin moving the Vietnamese toward self-sufficiency. At the appropriate time Congressional authority will be sought for a level of funding for next year sufficient to assure continuation of essential economic stability and rehabilitation in South Vietnam.

The President has directed the following actions based on the VSSG Working Group study to assure adequate timely support during the next months:

-- The PL-480 program should be increased to at least $170 million in 1973, providing whatever commodities are available and are needed by the South Vietnamese;

-- A development loan of at least $40 million should be made from FY 73 funds;

-- Department of Defense polymer purchases for official purposes should be increased by an estimated $40 million for this calendar year to a total of at least $136 million; such DOD purchases are for local
procurement, operating and maintenance activities, military construction, AID/DOD realignment, RD cadre and other official programs (accommodation and civil plaster purchases are additional and wherever possible surplus property should be turned over to the GVN);

- AID will reprogram $5 million of FY 73 funds from technical assistance to supporting assistance and the Vietnam project program for FY 73 will be reduced to provide $3 million additional import financing in 1973.

The U.S. will actively and strongly support GVN efforts to involve other donors including the international financial institutions in financing reconstruction, development and stabilization. Such assistance should be on grant or concessional terms to the maximum extent possible.

The GVN will be urged to continue taking all feasible steps to encourage an inflow of private foreign investment. At the appropriate time U.S. agencies such as the Export-Import Bank and OPIC will be encouraged to facilitate U.S. private investment and to fund development in South Vietnam.

The VSSG Working Group should monitor economic developments in South Vietnam and the provision of U.S. assistance to assure that the U.S. assistance is responsive to South Vietnam's requirements. Studies on options for additional support should be pursued to permit timely implementation should further action be required.

Henry A. Kissinger

cc: The Director, Central Intelligence
    The Chairman, Joint Chiefs of Staff