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#### NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

January 27, 1970

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# National Security Decision Memorandum 37

TO:

The Secretary of State

The Secretary of Treasury
The Secretary of Commerce
The Secretary of Agriculture

The Administrator, Agency for International

Development

The Chairman, NSC Under Secretaries Committee

SUBJECT:

U.S. Position for the Special Meetings of the Inter-

American Economic and Social Council

To supplement the U.S. positions for the IA-ECOSOC approved in NSDM 30, the President has made the following decisions with regard to the specific proposals contained in the report submitted by the Chairman of the NSC Under Secretaries Committee on January 21, 1970.

## I. PROPOSALS APPROVED

The President has approved proposals 4, 6, 8, 10, and 11 as they are stated in the Under Secretary's memorandum.

#### II. PROPOSALS APPROVED AS MODIFIED

Proposal 1. The President has authorized the Delegation to indicate that we are studying various possibilities for special treatment for "least developed countries" under a generalized preferences scheme and to solicit Latin views on the subject, particularly as to which countries should be treated as "least developed". However, the Delegation should not reveal our current thinking on possible specific measures for the least developed countries until decisions are taken on the recommendations of the interagency study group.

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Proposal 2. The President has approved the expanded "positive list" of products eligible for tariff preferences, including the four tuna and bonito items, deleting only cigars valued at over 15¢.

Proposal 5. The President has approved the proposal as stated in the Under Secretary's memorandum with the following exception: he does not wish to make any promises at this time with regard to the level of U.S. imports of specific commodities, such as meat and sugar. The U.S. Delegation may reiterate, however, that the Administration will give sympathetic consideration to imports from developing countries on a case-by-case basis.

Proposal 9. The President has approved parts 1 and 3 of the proposal as stated in the Under Secretary's memorandum. He has modified part 2 as follows: Should preliminary consultations indicate Latin American opposition to our initial proposal that CIAP request the IBRD and IMF to undertake a study of the debt problem, the U.S. Delegation is authorized to announce that the President is prepared to appoint a special representative to work closely with CIAP and the IDB to determine the best method of studying the debt problem and to develop a joint approach to creditor nations and institutions.

## III. ADDITIONAL PROPOSALS

The President has directed that the Delegation make the following specific offers beyond those specified in the Under Secretary's memorandum:

### Multilateral Frameworks

- A. The U.S. Delegation should offer to provide an initial grant of \$3 million to CIAP and/or IDB to strengthen technical staff and establish field missions. Three million dollars have been earmarked in the President's FY-71 budget request for this purpose.
- B. The U.S. Delegation should offer to provide a \$15 million grant to CIAP and/or IDB to establish a feasibility study/project development fund so they can play a greater role in identification and preparation of project proposals for international financing. The President has directed AID to re-program FY-70 and/or FY-71 funds for this purpose.

The President does not want the U.S. to try to influence the Latin American nations to adopt a particular organizational structure. However, he wishes to demonstrate by these initial offers that the United States is willing to take concrete actions toward the objectives cited in his October 31 address, i.e. "to evolve an effective multilateral framework for bilateral assistance, to provide the agency with an expert international staff and, over time, to give it major operational and decision-making responsibilities."

## Capital Markets

To implement the President's October 31 offer to assist in the establishment of regional and national capital markets, the President has directed the U.S. Delegation to:

- -- Offer to provide up to \$5 million to CIAP as a special fund to help finance country studies on establishment of capital markets. The President has directed AID to reprogram FY 1970 and/or FY 1971 funds for this purpose.
- -- Announce our readiness to call upon high-level advisors with relevant experience in the public and private sectors to provide technical advice on the establishment and operation of capital markets to those countries, regional organizations and private sector groups who wish to utilize their experience. (Such advisors might be drawn from the Securities and Exchange Commission, the New York Stock Exchange, investment banking, mutual funds, and underwriting firms).
- -- Indicate that we are prepared to provide assistance to establish underwriting funds and for equipment to establish or modernize stock exchanges.
- -- Propose and offer to support a special program to bring Latin Americans who are involved in capital market operations to this country for practical training in our capital markets.

### Export Expansion

To implement the President's October 31 offer to support increased assistance to promote Latin American trade expansion, the President has authorized the U.S. Delegation to announce that he has asked the President of the Export-Import Bank to find ways to make the Bank's

experience and expertise in export credit financing available to Latin American countries which wish to establish similar export credit mechanisms.

The President also wishes to be sure that any positions authorized in NSDM 30 which have not yet been made known to the Latin Americans should be announced at the IA-ECOSOC meetings as appropriate.

Proposals 3 and 7 are still pending and will be handled in a separate decision memorandum.

Henry A. Kissinger

cc: Secretary of Defense
Secretary of Labor
Secretary of Interior
Director, Bureau of the Budget
Chairman, Joint Chiefs of Staff
Director, Central Intelligence Agency
President, Export-Import Bank
Special Representative for Trade Negotiations
Chairman, Council of Economic Advisors