

**U. S. FOREIGN AID
IN
EAST ASIA**

BEST AVAILABLE

PROPOSED FISCAL YEAR 1970 PROGRAM

AGENCY FOR INTERNATIONAL DEVELOPMENT

GENERAL NOTE

This is an excerpt from the Agency for International Development's Program Presentation to the Congress outlining the President's foreign aid request for fiscal year (FY) 1970.

Unless otherwise stated, the terms "foreign assistance" or "economic assistance," as used in this volume, refer only to economic aid programs conducted under the Foreign Assistance Act and exclude other foreign assistance such as the Food for Peace Program under Public Law 480, the Peace Corps and the Military Assistance Program, as well as other economic programs such as those carried out by the Export-Import Bank.

Figures for fiscal years prior to 1969 are actual commitments. FY 1969 figures are estimates made at the time this volume went to press in May 1969. FY 1970 figures are illustrative proposed programs based on the FY 1970 appropriation request and anticipated carryovers, receipts and recoveries.

Countries in East Asia where AID proposes programs for FY 1970 are shaded in the cover map.

(Vietnam is not part of A.I.D.'s East Asia region and is, therefore, not included in this booklet.)

U.S. FOREIGN AID IN EAST ASIA

INDONESIA

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans	-	20.0	50.0	60.0
Technical Assistance . . .	-	3.3	5.1	6.5
Supporting Assistance . . .	13.0	-	1.5a/	-
Contingency Fund	18.1	12.5	-	-
Total A.I.D. Assistance	31.1	35.8	56.6	66.5

a/ Represents grants for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

The objectives of U.S. assistance to Indonesia are to help stabilize Indonesia's economy, assist its recovery from the severe economic dislocations inherited from the Sukarno regime, and support Indonesia's sensible development of its own resources. Through the ten-nation Inter-Governmental Group on Indonesia (IGGI) the United States is assisting in a coordinated burden-sharing effort to bring about these goals. Because Indonesia is now making sufficient headway towards stabilization, the country can turn increasingly during the coming year to economic rehabilitation and development.

PROBLEMS AND PROGRESS

Indonesia, under President Suharto, has made substantial economic progress since the abortive Communist coup in 1965. While continuing on the path of political non-alignment with major powers, Indonesia has turned away from international adventurism and towards domestic problem solving. The country has also drawn closer to its neighbors.

Fifteen years of Sukarno rule made a shambles of Indonesia's monetized economy. The main objectives of Indonesia's two-year-old stabilization program have been to bring down the rate of inflation (which was 639% in CY 1966) and to reestablish sensible pricing of goods and services. The main tools employed for these purposes by the Indonesian Government--which was advised by the International Monetary Fund (IMF)--were fiscal and credit restraints, abandonment of the direct economic controls of the Sukarno era, rescheduling of existing foreign debts, and stabilization aid from abroad.

These actions are now showing significant results. The annual rate of inflation was cut to 113% in 1967. The 1968 rate was 85%, but more than half of the rise occurred in the first two months of 1968 because of 1967 rice shortages. With the help of sensible pricing policies, a bumper rice crop, and large-scale food imports from abroad, the Government has been able to hold price increases to about 2% a month since March 1968. This success has held firm through the early 1969 rice scarcity season. Consequently, the Government has a strong base of political and economic confidence on which to press forward with reconstruction programs.

The Indonesian Government has removed itself from direct foreign exchange control and allowed the market to set a realistic exchange rate. Commercial trade has been revitalized, and private firms are now able to obtain much-needed spare parts, replacement equipment and raw materials. Numbers of export and domestic production incentives have been provided through new foreign exchange regulations and import duties. Thus 1968 exports are estimated at \$868 million, or about 13% above the 1967 level.

The Suharto Government, unlike its predecessor, eagerly seeks foreign and domestic private investment. Such investment has been encouraged by new laws giving many tax and other incentives to new foreign and domestic investors, by return of almost all nationalized properties to their former private owners, and by the 1967 enactment of liberalized banking laws which have led to the establishment of U.S. and other foreign banking operations.

The Indonesian Government has welcomed a number of American businessmen--representatives of the International Executive Service Corps (IESC)--who are helping to increase the productivity of selected private industries in addition to advising the government on how to transfer ownership of certain industries from the public sector to private hands. A.I.D. plays a catalytic role, not only in assisting IESC, but through investment guaranties to potential U.S. investors in Indonesia.

Along with aid from other donors, U.S. economic assistance--primarily stabilization loans and P.L. 480 to date--has encouraged Indonesia to pursue these rational and constructive policies. In particular, this assistance has given the Indonesian Government courage to undertake such necessary but unpopular economic self-help measures as increased taxes and price policies which provide incentives for production. To continue its efforts and assure that the rapid inflation of previous years is not repeated, Indonesia requires substantial external aid.

At the same time, the Government must complement its stabilization measures with some visible signs of development. Substantial working capital is required if domestic production is to be revived, especially in industry and on rubber and coconut palm estates, but resources have not been available in sufficient quantity.

The development of agriculture, transportation and new industries remain major problems for Indonesia's planners and managers.

FY 1970 PROGRAM

The proposed FY 1970 A.I.D. program includes \$60 million for Development Loans and \$6.5 million for Technical Assistance. In addition, depending upon Indonesian grain production and U.S. rice and wheat availabilities, a P.L. 480 sales program of about \$135 million composed of cotton, rice and wheat products is now contemplated. P.L. 480 grants for Food-for-Work and voluntary agency programs, school lunch programs, and maternal child welfare programs will amount to around \$25 million.

The Multilateral Framework

Aid to Indonesia from the United States and ten other nations is being coordinated through the IGGI chaired by the Dutch. Both the IMF and the IBRD play key roles in advising the donor nations on Indonesia's policies and assistance needs and have established sizeable resident missions in Djakarta.

The IMF assists the Indonesian government on general stabilization policy and provides much-needed technical assistance in budget, finance, tax policy and administration, and related fields. The IMF backed up the stabilization programs last year with a \$52 million standby arrangement, which was renewed for \$70 million in April 1969.

The IBRD Mission is helping the government develop capital projects and overall economic policy while helping coordinate assistance from the many nations, international organizations and private groups offering support to Indonesia. The IBRD--through the International Development Association (IDA)--is expected to make available about \$20 million in loans in FY 1969, with substantially more envisaged for FY 1970.

Following recommendations from the IMF and IBRD, the IGGI nations contributed over \$200 million to Indonesia in calendar year 1967 and about \$300 million in calendar year 1968. Of this latter amount, the United States provided \$110 million--\$25 million in A.I.D. loans (from FY 1968 funds) and \$85 million in P.L. 480 commodities (\$22 million in FY 1968 and \$63 million in FY 1969). In addition, the United States offered \$50 million of P.L. 480 wheat to help meet Indonesian emergency food needs.

The Indonesian Government has requested, with IMF/IBRD endorsement, \$500 million in aid from the IGGI for CY 1969. The IBRD has estimated that substantially more capital projects will be ready for financing in CY 1969, thus accounting for the increase in requirements over last year. In April 1969, the U.S. delega-

tion to the IGGI pledged, subject to appropriations, to contribute one-third of the \$365 million non-food aid requirements and a "fair share" of the \$135 million estimate of food aid needs. We negotiated, as part of this pledge, a \$44 million stabilization and food production loan, \$31 million in non-food P.L. 480 aid (cotton and tobacco) and \$48 million in P.L. 480 rice. Other nations had by April announced non-food aid commitments totaling \$200 million.

Part of the \$60 million requested for FY 1970 Development Loan funds will be used to fulfill our contribution for Indonesia's CY 1969 program, while the remainder will be used as part of anticipated U.S. aid to Indonesia in CY 1970.

While in FY 1967 and FY 1968 A.I.D. loans and most aid from other donors took the form of stabilization assistance for general balance-of-payments support, emphasis will shift in FY 1969 and 1970 to rehabilitation and development of priority areas identified by the Indonesian Government and the IBRD. During FY 1969, about \$6 million of A.I.D. loan funds will be used for project assistance and \$44 million for a stabilization and food production loan to provide fertilizer, essential equipment, spare parts and raw materials. In FY 1970, however, A.I.D. expects to use \$50 million in Development Loans for capital projects and only \$10 million for a food production loan.

Agriculture

Indonesia's top priority in its new 5-year plan is increased food production leading to self-sufficiency by 1973. Use of fertilizer, pesticides, and new rice varieties is expanding, but supply and distribution of these inputs at a reasonable price is still a major unsolved problem, as is the development of a competent extension service to teach the new techniques. Inadequate transportation and distribution systems cause food gluts and depressed prices in some areas, while other regions suffer from shortages. Elimination of internal restrictions on rice movement is a major government aim in the coming year. The rural credit system is still inadequate, but a recent Asian Development Bank study has recommended specific improvements.

Solution of these problems poses considerable administrative and organizational challenges as well as substantial additional capital investment. Self-help measures for agriculture were worked out with Indonesia's economic leadership and incorporated in recent P.L. 480 agreements. Future P.L. 480 agreements will continue to help strengthen sound agricultural policies.

Irrigation and drainage systems are in need of major repair. Indonesia's new five-year plan places major emphasis on rehabilitation of existing systems and will be supported by IDA loans as well as by the A.I.D. Food-for-Work program which, provides P.L.

480 Title II commodities to civilian workers on these projects. In addition, \$300,000 of FY 1969 loan funds will be spent on repair of American-made river dredgers used for irrigation and flood control purposes.

The Bimbingan Massa or Mass Guidance (BIMAS) extension program continues to be a bright spot in agriculture. BIMAS enlists agricultural student volunteers to augment the extension service in advising farmers and making available improved seeds, fertilizers and pesticides. A.I.D. Technical Assistance of \$550,000 in FY 1970 (up from \$245,000 in FY 1969) finances a group of highly qualified U.S. advisors to work with the Indonesian Ministry of Agriculture and the National Extension Service and provides for U.S. and third-country training for 65 Indonesian participants.

A related project, designed to increase the quality of graduate-level agricultural education, will use \$785,000 in Technical Assistance in FY 1970 (compared to \$690,000 in FY 1969) for a contract with a consortium of midwestern American universities.

In FY 1969 A.I.D. is providing \$10 million in Development Loans for fertilizer. Another \$10 million in Development Loans will be needed for fertilizer and pesticide imports in FY 1970. A.I.D. also plans to provide financing, through a project loan, for a portion of a multinational-funded project to expand Indonesia's urea production capacity. Other financing for this project will come from the IBRD, Japan, and the Asian Development Bank.

Family Planning

In FY 1970 A.I.D. will continue to concentrate on developing and strengthening Indonesia's national family planning program. For its economic gains to have real impact, Indonesia will have to take effective measures to reduce its population growth rate, which is now probably about 2.5% a year. While the family planning program is a combined government and private effort, the Indonesian Government is taking increasing responsibility as the program progresses from the pilot demonstration stage to a major national effort.

President Suharto signed the Declaration of World Leaders on Population, endorsing family planning efforts, in December 1967. In September, 1968, he directed that a national Family Planning Institute be created to coordinate and supervise all Indonesian activities in this field.

The Indonesian Planned Parenthood Association (IPPA) long-range target is to reduce the birth rate from 45 per 1,000 in 1968 to 30 per 1,000 in 1979, and to make family planning services available by 1974 to all of Java's female population in the 15-44

year age group. A voluntary organization of part-time medical and social workers, IPPA has trained staffs of 70 health service clinics in the major cities of Java and Bali participating in its program, and has provided contraceptives financed by the Population Council, the International Planned Parenthood Federation, and the Pathfinder Fund. In both FY 1969 and FY 1970, \$1.5 million will be used to provide commodities and training for the strengthened family planning program.

Industry and Natural Resource Development

Indonesia's human and other national resources, including vast mineral and petroleum deposits, provide the basis for considerable private and public development. As indicated above, Indonesia is eagerly seeking foreign private investors. A.I.D.'s investment guaranty program continues to encourage American investors, and to date about 85 preliminary guaranty applications have been made. These cover a wide variety of industrial interests, particularly in the extractive industries. Smaller private U.S. ventures are being planned in such labor-intensive industries as electronics assembly and pharmaceutical manufacture, while other U.S. investors are interested in lumber production and land development. Four major U.S. commercial banks have recently opened branches in Djakarta.

A.I.D. will begin in FY 1970 a geological survey project costing \$250,000 in Technical Assistance, under which a team from the U.S. Geological Survey will help train Indonesian geologists to chart mineral resources throughout the country, an important prerequisite to effective development of Indonesia's natural resources by domestic and foreign investors alike.

In FY 1970, A.I.D. is planning Development Loans to two industrial projects recommended by the IBRD for IGGI member financing. In addition to the fertilizer plant project, A.I.D. is considering a \$10 million loan for electric power rehabilitation in Central Java. According to the IBRD, rehabilitation of generating capacity resulting from this proposed project is urgently needed; the lack of adequate capacity has been a major factor in the poor growth of this region in recent years. A feasibility study will be conducted for this project.

Transportation

Indonesia's transportation system -- roads, railways, airlines, shipping, ports and harbors -- are all in substantial need of repair. The poor shape of Indonesian transportation is a serious bottleneck to progress in all sectors of the economy, and a number of donor nations are, or will soon be, involved in assistance in this field.

The IBRD, with U.N. Development Program financing, has begun a major survey of highway transportation, from which will flow recommendations for assistance from the IGGI nations. The IBRD has also recommended financing of a variety of equipment needed to rehabilitate and develop Indonesian railways. Subject to findings of a feasibility survey, A.I.D. is considering a \$10 million Development Loan in FY 1970 for highway reconstruction, and another \$5 million loan for railway rolling stock.

We, and the Indonesian Government, are considering the use in FY 1969 of \$1.3 million of loan funds to finance structural steel and other materials needed to repair or replace 131 bridges, as well as to establish and equip three highway workshops for use in road repair and rehabilitation. This activity will also require, in FY 1970, \$115,000 in Technical Assistance for master mechanics to organize the workshops, and for U.S. training for five Indonesian participants.

Through provision of P.L. 480 commodities to civilians in Food-for-Work projects, A.I.D. is assisting (as is the U.S. Military Assistance Program) the Indonesian military's extensive efforts to upgrade primary and secondary roads.

Education and Training

The Indonesian government has just begun to determine its educational priorities and projects. The Ministry of Education has approached the Ford Foundation for help in overall assessment of needs and priorities. Pending such a determination, A.I.D. will continue bilaterally its highly diversified participant training program, which currently sends over 300 participants annually to the United States and third countries.

Emphasis is increasingly on advanced degree training in the physical and social sciences, including school administration, general public administration, economics, and health. The FY 1969 general participant training program will require \$2 million in Technical Assistance, while \$1.5 million is proposed for FY 1970.

Implementation of the educational materials development project (\$385,000 in Technical Assistance in FY 1969 and \$265,000 in FY 1970) will increase the availability of domestically produced and imported books, through assistance in textbook writing and translations as well as provision of basic libraries to key universities. Other proposed A.I.D. education activities in FY 1970 include a civic action training program (\$240,000 in Technical Assistance in FY 1969 and \$270,000 in FY 1970) designed to train military officers in civilian administrative functions.

KOREA

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans	60.7	32.0	20.0	30.0
Technical Assistance . . .	9.0	6.7	4.1	4.8
Supporting Assistance . . .	45.0	36.5	21.7	15.0
Total A.I.D. Assistance	114.7	75.2	45.8	49.8

U.S. AID OBJECTIVES

The A.I.D. program supports the basic U.S. objective of helping Korea to remain a stable, democratically-oriented and increasingly self-reliant nation capable of resisting North Korean subversion and aggression.

Specific A.I.D. objectives are to help Korea maintain its significant economic growth by assisting in efforts to achieve: (1) monetary stabilization, (2) industrialization, (3) sufficiency in food production, and (4) improved planning and organization of social and governmental institutions. The United States also helps Korea to maintain a military force which is serving our mutual security interests in both Northeast and Southeast Asia.

PROBLEMS AND PROGRESS

As recently as the early 1960's, South Korea was generally characterized as an impoverished nation, fraught with discontent and political chaos. It now enjoys relative political stability and is making dramatic economic progress.

The economy, shattered by war and runaway inflation in the 1950's, is now experiencing sound and extraordinarily rapid growth. Inflation has been controlled. Moreover, the Koreans are playing a significant role in the common defense of Southeast Asia, with about 50,000 Korean troops fighting in Vietnam.

Overall growth (GNP) averaged 11% a year in real terms over four years between 1964 and 1968, and estimates for 1968 show a strong increase of 13% in real GNP in spite of serious drought damage to the rice crop for the second straight year. Per capita real GNP has risen an average of 8% a year since 1964, reaching an estimated \$171 in 1968.

Exports jumped from \$119 million in 1964 to an estimated \$460 million in 1968, an average yearly increase of 40%. Domestic savings have gone from \$238 million in 1964 to an estimated \$660 million in 1968, an average annual increase of 29% over the four year

period. Domestic government revenue as a percent of the GNP has almost doubled from 7% in 1964 to 13.7% in 1968.

The second Five-Year Plan that began in 1967 has an overall investment goal of about \$3.5 billion, two-thirds of which is expected to be private investment, with government investment making up the balance. Korea is making rapid progress under the plan. It is expected that additional foreign investment will be required until the late 1970's when domestic savings and export earnings should cover most investment needs. Concessional foreign loans, however, may be ended by the mid-1970's.

A.I.D. has played a significant role in Korea's progress in the mid and late 1960's by (a) participating in the formulation of development plans; (b) providing Development Loans for government infrastructure projects (power, transportation, etc.), intermediate financial institutions (Medium Industry Bank, Korean Development Finance Corporation) and private concerns (cement, chemicals); (c) helping Korea to reach agreed economic stabilization goals through financing needed imports; (d) helping to relieve heavy budgetary pressures, especially military, through allocation of U.S.-owned or controlled local currency for military budget support; and (e) providing technical assistance to Korean government agencies such as those dealing with agriculture, education and revenue collection.

The Korean Government has incorporated in its planning the phasing out of Supporting Assistance and Development Loans in the early 1970's. Technical Assistance and P.L. 480 loans will continue to be needed beyond that date.

FY 1970 PROGRAM

The proposed FY 1970 A.I.D. program consists of \$30 million for Development Loans, \$4.8 million for Technical Assistance and \$15 million for Supporting Assistance grants.

As Korean efforts are increasingly successful, A.I.D.'s program is diminishing. The FY 1970 request is approximately 40% of the FY 1967 program. This reflects a continuation of reductions in A.I.D. requirements as Korea's economic progress increases its ability to finance a growing share of its development requirements from its own resources and from foreign loans on less concessional terms.

The proposed \$49.8 million FY 1970 program is well below the \$75.2 million FY 1968 program, but more than the \$45.8 million FY 1969 program. The precipitous decline between FY 1968 and FY 1969 was not due to the absence of valid additional concessional aid requirements, but rather was necessary because of the substantial FY 1969 cutbacks made necessary by the severe reduction in A.I.D.'s worldwide Development Loan funds.

This reduction in Development Loan availabilities in FY 1968 and FY 1969 required too steep a cut in A.I.D. lending in Korea (from \$60.7 million in FY 1967 to \$32 million in FY 1968 and \$20 million in FY 1969). An increase to the \$30 million proposed for FY 1970 will help make it possible for Korea to implement valid investment proposals not able to be financed in the international market, and hence to maintain a rapid rate of growth.

P.L. 480 local currency sales will amount to approximately \$53 million in FY 1970. As Korea's ability to meet budgetary requirements from its own revenues grows, and if domestic grain production increases, P.L. 480 sales for local currency will also be reduced. The Korean Government is also continuing to assume more and more responsibility for the large Food-for-Work and Child Feeding programs currently implemented with P.L. 480 commodities. P.L. 480 donations for these programs are diminishing from \$24.7 million in FY 1969 to \$16 million planned for FY 1970.

A.I.D. efforts are coordinated with those of other donors through an IBRD-led Consultative Group. Participation includes West Germany, Italy, Japan, the United Kingdom, the International Monetary Fund (IMF) the U.N. Development Program and the United States. This group has endorsed Korea's Second Five-Year Plan, and it monitors and reviews developments in periodic meetings. Increasingly, other countries are providing a greater share of Korea's external capital needs.

The total of medium and long-term foreign loans and investments in Korea as of April 1968 was over \$1.2 billion, of which 25% was provided by A.I.D. Japan continues to meet its commitments to Korea under the 1965 Japan-Korea Settlement Agreement. Japanese loan disbursements under this agreement during the first six months of 1968 amounted to approximately \$76 million in private, government guaranteed loans. About \$30 million in grants were made by the Japanese Government during 1968. The Asian Development Bank has approved two loans for highways and cold storage facilities totaling \$13.8 million, and has under review two more loan projects amounting to \$17.5 million. Loans to Korea are also under current consideration by the World Bank, the International Finance Corporation and the International Development Agency.

Korea continues to carry a large military burden which it cannot finance alone. This military force is still needed not only in Vietnam but also to maintain internal and external security against increased North Korean threats. In 1970 about two-thirds of the local currency generated from the Supporting Assistance and P.L. 480 imports for Korean budget support is planned for military expenditures. The balance will be allocated to economic development.

As domestic revenues grow, Korea has been financing an increasing portion of her defense budget. For instance, self-financed defense expenditures have grown from 39.8% of total defense expenditures

in 1964 to an estimated 63.7% in 1968. Korea is expected to finance her total military budget requirements in the early 1970's.

The decrease to \$15 million in Supporting Assistance in FY 1970 from \$21.7 million in FY 1969 continues the steady downward trend from the peak years -- \$181 million in FY 1961 and \$92.4 million in FY 1962.

Monetary Stabilization

Korea's excellent record of improved revenue collection and allocation of resources, together with monetary stability must be continued to facilitate the steady increases in domestic revenues and total savings required to finance development.

In FY 1970, A.I.D. in concert with the International Monetary Fund (IMF) will continue to encourage sound Korean decisions on key economic policies. As did its predecessors, the \$10 million commodity import loan for FY 1970 will be an effective instrument in implementing such policies.

In March 1969, A.I.D. completed negotiations with the Government of Korea on a stabilization agreement (including Supporting Assistance, P.L. 480 sales and a commodity import loan) for the first half of 1969 which is consonant with targets in the current IMF Standby Agreement covering the last half of this year. Combined, these two agreements require Korea to maintain total money supply within agreed limits, liberalize its domestic capital market, and place limitations on external trade and credit arrangements.

Releases of P.L. 480 commodities (\$82 million in wheat, cotton, tallow, lard and corn), Supporting Assistance (\$20 million for commodity imports from the U.S.), and the first half of the commodity import loan (\$5 million in U.S. exports to Korea) were made contingent upon Korea's satisfactory negotiation of the IMF Standby Agreement and other self-help measures. The release of the second half of the loan (\$5 million) depends upon Korea's attainment by June 30, 1969 of agreed targets in the A.I.D./IMF stabilization program.

Along with the fiscal, monetary and external trade policies agreed to with A.I.D. and the IMF, Korea is undertaking additional self-help measures including the following policy improvements in agriculture and family planning during 1969:

- increasing chemical fertilizer availability by 15% over the 1968 level;
- arranging distribution of 500,000 metric tons of limestone to farmers;
- using the P.L. 480 grain sales proceeds to expand agricultural credit and development;

- reviewing grain pricing policies in an effort to provide greater incentives to farmers;
- improving agricultural research, dissemination of new seeds, and land and water use policies; and
- increasing the Government's family planning budget to approximately double the 1968 level to help meet goals agreed to with A.I.D.

In FY 1970, \$444,000 in Technical Assistance will also be needed to assist the Koreans in economic planning, banking administration and the promotion of private investment. A.I.D. economists will assist the Korean Government in the formulation of the Third Five-Year Plan, tentatively scheduled to be drawn up by June 1970.

Industry

To maintain Korea's burgeoning industrial growth (estimated at 28% during 1968), considerable foreign capital is required. While Korean capital requirements are being met increasingly from other international financial sources (IBRD, Export-Import Bank, and other governments' commercial credits) and less from A.I.D., this is straining Korea's debt servicing capacity.

Korea needs greater financial strength before the country can carry only credits on the harder terms offered by most international lending institutions. A.I.D. and the IBRD, through the Consultative Group, have taken the lead in encouraging other countries to provide a mix of conventional and concessional terms for Korea's capital needs during the life of the Second Five-Year Plan. Of the Development Loan funds requested for FY 1970, \$10 million will support Korean industrial development in such areas as electric power distribution and transmission.

The rapid growth in Korea's industry to date has been achieved mainly through the expanded production of small and medium industries. A.I.D. provides technical advisors and training in such areas as industrial development, extension, testing, standards and quality control, planning and marketing. A joint U.S. Bureau of Reclamation and Geological Survey team expects to complete in FY 1970 a land resources appendix and several technical appendices to the final report for the development of the Han River Basin. For these activities, A.I.D. proposes \$561,000 in Technical Assistance for FY 1970.

A.I.D. will continue to provide general management and technical guidance to the Korea Institute of Science and Technology, which performs industrial research, conducts pilot plant tests and develops technology for Korea's export and domestic industries. Final A.I.D. funding of this project was provided through a \$2 million Development Loan in FY 1968.

Agriculture

Korea's agricultural output has increased at the rate of about 5% a year in all agricultural production since 1960.

The original Korean goal of self-sufficiency in foodgrain production by 1971 now appears impossible to reach, primarily because of increased per capita consumption as family incomes rise. However by the mid-1970's, total agricultural self-sufficiency may be attained through rapidly expanded exports of cash crops and fishery products.

During FY 1970, A.I.D. proposes \$813,000 in Technical Assistance for training and U.S. advisory services in Korea's agricultural sector and a \$10 million Development Loan to help Korean agriculture continue its 5% annual growth rate.

A.I.D. advisors at both the national and provincial levels place primary emphasis on:

- closing the food gap by increasing both total production and unit yields through expanded irrigation, land re-arrangement, adequate inputs of fertilizer and limestone, improved seed, expanded research and extension, and bringing new lands into production;
- increasing rural income by encouraging shifts in types of crops, improvements in farm management and marketing techniques, and supporting agri-business activities; and
- recommending legislative and institutional changes that will contribute to the above as well as to rational commodity pricing policies and expansion of the rural credit program.

Family Planning

The primary Korean goal is to reduce the population growth rate from approximately 3% in 1960 to 2% or less in 1971. (The current rate is estimated at 2.4%). For this purpose the Korean Government is now extending the family planning program to the rural areas.

The FY 1969 A.I.D. program is helping finance the establishment of a National Family Planning Maternal and Child Health Training and Research Center with \$1.7 million to fund technicians' services, participant training, and commodities and equipment for the Training Center and provincial sub-centers.

In FY 1970 A.I.D. proposes a \$1 million Technical Assistance program including \$861,000 for medical equipment and vehicles for Family Planning Health Centers in rural and urban areas, and for 20 provincial hospitals not previously equipped.

The family planning program -- planned, organized and implemented by Korean Government officials -- is supported by private and voluntary agencies within Korea, with assistance from A.I.D., the Population Council, International Planned Parenthood Federation and the Swedish International Development Authority. A.I.D.'s assistance is closely coordinated with that of these organizations.

Improving Social Development and Government Efficiency

The Korean Government, aware of the need for personnel trained and experienced in the planning aspects of public administration, has placed high priority on receiving assistance in such fields as urban and regional planning, national and local taxation, and central and local government administration. Success in increasing tax collections following the reorganization of the Taxation Bureau into a Tax Systems Bureau and the Office of National Tax Administration has led the Korean Government to request extension of A.I.D. assistance in these areas.

Assistance in education, designed to help the system sustain social and economic progress, will focus in FY 1970 on the development of comprehensive long range education planning, analysis of manpower requirements, and legal education.

Armed North Korean infiltrators are accelerating disruptive activities which threaten the development of South Korea. The capacity and willingness of the North to escalate such activity was again demonstrated last November when over 100 armed agents were landed in the South. A.I.D. assists the Korean National Police with both training and equipment, such as radios needed to coordinate efforts to locate and capture agents. During FY 1970 A.I.D. advisors, essential commodities, and participant training support will be continued.

In FY 1970 Technical Assistance funds for these A.I.D. activities are proposed at \$819,000, of which \$485,000 will be for assistance to the Korean National Police.

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Technical Assistance . . .	10.4	9.7	10.5	11.9
Supporting Assistance . . .	45.3	53.2	41.0	36.3
Contingency Fund.	0.8	-	-	-
Total A.I.D. Assistance	56.5	62.9	51.5	48.2

U.S. AID OBJECTIVES

The primary U.S. objective in Laos is to maintain an independent Laos, neutral within the framework established by the 1962 Geneva Agreements and capable of protecting itself and the security of the Mekong River Valley from North Vietnamese and Lao People's Liberation Army aggression.

A.I.D. assistance required to advance this objective is concentrated primarily in two areas: (1) control of inflationary pressures which threaten the economic and political stability of the country and (2) build-up of the Lao Government's presence and services in rural areas in order to win and hold the public's confidence in the Government.

PROBLEMS AND PROGRESS

The war in Southeast Asia continues to be the most significant factor affecting Laos. With a population of less than two million located in the 50% of the territory under Government control, Laos is forced by communist aggression and insurgency to maintain nearly 20% of its military-age men under arms.

The Lao army has resisted continued assaults by the North Vietnamese and the Lao People's Liberation Army on territory held by the Government. However, the largely non-monetized subsistence agricultural economy falls far short of providing an adequate tax base to finance this military effort. Although increasing, total domestic revenues still equal only the non-military costs of the Lao Government -- less than half of total budgeted expenditures. The deficit financing thus required to pay for military operations of the Government creates new spending power within the country each year and consequent strong inflationary pressure.

Stabilization programs, largely financed by the United States and other foreign aid donors, have brought relative price stability to Laos since 1964 despite mounting military and government costs. For its part, the Government reduced its budgetary deficit from the equivalent of about \$40 million in FY 1966 to \$37 million in

FY 1967. An expected further decrease in FY 1968, however, failed to develop because of a sudden and prolonged loss of customs revenues on the gold trade in Laos, which declined sharply following an increase in the price of gold in the spring of 1968.

To decrease budget deficits further, the Government has agreed to impose more controls in budget and fiscal management, increase the tax rates and enforce better collections of customs and other revenues. A resident representative of the International Monetary Fund (IMF) provides advisory assistance in monetary and fiscal affairs, and donor nations as a group will follow budget performance closely in order to assist Government efforts to keep deficit spending within the projected limits.

While revenue collections and budget planning have improved in the past few years, little progress has been made toward implementing planned collections of special fees and local taxes in rural areas. Local administrative problems remain complicated by enemy offensives, but gradual improvements are being made in the quality of local administration, resulting partially from A.I.D. - assisted programs.

FY 1970 PROGRAM

The proposed FY 1970 program totals \$48.2 million, of which \$36.3 million is Supporting Assistance and \$11.9 million is Technical Assistance. Of these amounts, U.S. support to the multilateral stabilization program will require \$19.2 million in Supporting Assistance while security and development projects will require \$29 million -- \$17.1 million from Supporting Assistance and \$11.9 million from Technical Assistance funds.

In addition, P.L. 480 donations of about \$979,000 (mainly for corn-meal) will aid Lao refugees coming from contested areas of northern Laos.

Aid totaling about \$10 to \$12 million in FY 1970 is expected to continue from other donor countries and the United Nations for stabilization assistance and support of a variety of small project activities. Assistance from France is second to that of the United States in size (about \$6 to \$8 million a year) and includes the services of technical advisors in government, some 300 teachers in Lao secondary and normal schools, and a hydroelectric dam.

Stabilization

Support of the multilateral economic stabilization program must be accorded highest priority if economic, and therefore political, stability is to be maintained.

Prior to 1964, the United States and other donor countries financed commodity import programs to absorb excess domestic spending

power in an effort to maintain price stability. These programs did not adequately serve the needs of Laos, where a large number of small private imports require small, quickly available foreign exchange purchases. To meet this need, the Lao Government and a group of donor nations instituted in 1964 a comprehensive, multi-lateral stabilization program recommended by the International Monetary Fund. The core of this program is the Foreign Exchange Operations Fund (FEOF), which reduces kip in circulation by buying local currency on the open market with the foreign exchange contributed by the United States, Australia, France, Japan and the United Kingdom.

Small commodity import programs of the United States, Australia and the United Kingdom supplement FEOF by financing the foreign exchange costs of selected equipment and raw materials needed to promote local industries. Eligible commodities under the U.S. program are industrial and agricultural machinery, utility vehicles and certain petroleum products.

The \$19.2 million requested for the stabilization program for FY 1970 will be divided between FEOF (\$16 million) and the commodity import program (\$3.2 million).

Security and Development Projects

Although economic stability provides the base on which Laos security must be built, more direct action is required to secure the active support of the populace in resisting communist pressures. Thus, the FY 1970 project program -- \$17.1 million of Supporting Assistance and \$11.9 million of Technical Assistance -- will continue to support essential government services and construction of facilities in rural areas within the project areas described below. These projects are designed to help villagers make better lives for themselves and to identify their improved well-being with the national government.

Rural Development. Supporting Assistance funds of \$4 million are proposed for FY 1970 for rural development. A.I.D. rural development activities center in clusters of villages with strategic importance and basic potential for economic and social growth. American and Lao community development advisors help villagers identify basic needs, organize local resources, and work together through local leaders and government officials.

Activities financed include construction of schools, dispensaries, wells and rural roads, and improvement of local skills and techniques, particularly in agricultural production. While the initial aim is to bridge the gap between the central government and the rural population, the program also lays the groundwork for expanded agricultural production, the key to ultimate economic independence.

During the past two years, the use of local resources has been encouraged by making rural construction contingent upon the provision of local materials and labor by villagers. Many local projects are now proceeding without A.I.D. financing. Of a total of some 14 cluster programs started by A.I.D., twelve were still primarily dependent on U.S. support in FY 1968, with one closed due to security problems and another successfully terminated because immediate objectives had been achieved. Three are now scheduled for successful termination as special cluster projects in FY 1969 and FY 1970.

Public Health. The country has only a few Lao doctors and nurses to combat the high prevalence of such diseases as malaria, dysentery and influenza and to reduce a high infant mortality rate. In addition, the prolonged military action in Laos produces a stream of casualties which must be treated.

The public health project provides minimum medical care for the rural population in cluster areas through some 230 A.I.D.-supported facilities. Seven municipal hospitals are operated by foreign medical personnel under A.I.D. contract. Training programs provide medics to operate dispensaries, as well as assistant nurses and midwives. However, the dearth of qualified candidates able to pursue a medical career limits the development of a long range program to improve the standards and services of public health.

In FY 1970 A.I.D. will continue to provide technical assistance and supplies to Government health facilities. The project will require \$2.1 million in FY 1970 Supporting Assistance funds.

Family Planning. During FY 1969, assistance was begun to help develop a national maternal and child health center. The services of the center will be extended to rural areas in FY 1970 and beyond. This program will provide improved clinical care, additional medical training, and a channel for dissemination of information on improved mother and infant health care and family planning through the central and provincial clinics. The program will require \$447,000 in FY 1970 Technical Assistance funds.

Roads. Laos has an extremely poor system of surface transportation. It has no railroads, the navigability of its rivers and streams is seasonal, and its road system is primitive. A.I.D. assists in the construction and maintenance of major arteries and military roads contributing to security objectives. This road-building has also helped join villages, hitherto unreachable except by boat or air, to the rest of the nation and its commerce.

The program also develops local capacity to build and maintain the eventual road network needed for national integration and economic growth. Improvement in the Government's capability is demonstrated by the steady growth in its maintenance activities. Dur-

ing FY 1966 about 1,000 miles of road were maintained; this increased to 1,256 miles by FY 1967 and is expected to reach 1,551 miles in FY 1969. Lao trainees completing training programs in this field increased from 113 in FY 1967 to 222 in FY 1968.

The FY 1970 funding requirement for the roads program is \$2 million in Supporting Assistance for commodity support and assistance in priority construction, training and maintenance. Construction is expected to be completed during FY 1969 on the largest single activity, the major north-south all-weather road connecting Vientiane with the royal capital of Luang Prabang. Barring security problems in the mountainous terrain, which could delay the final construction phase, crews will be moved to other construction work during the first quarter of FY 1970.

Refugees. A.I.D. provides war refugees with emergency food and other essentials for survival. Commodities and technical assistance are also provided refugees being relocated or permanently resettled to enable them to become self-sufficient as soon as possible.

The number of refugees and amount of support required vary in accordance with enemy advances, crop conditions and other factors. FY 1969 and FY 1970 program requirements are based on projections of 95,000 and 93,000 aided refugees respectively. Increasing responsibility for administering and financing the program will be shifted to the Lao Government in FY 1970. Junior Lao Government officials are being trained to work at both the provincial and national levels. Security conditions permitting, the road construction program is expected to reduce costs of transporting refugee supplies, most of which are airlifted, into the northern mountains by FY 1970.

Supporting Assistance costs for the refugee programs will be about \$1 million in FY 1970. The Department of Defense will continue to pay the cost of feeding dependents and refugees in isolated zones of tactical military operations.

Civil Police Administration. A.I.D. assists the Lao Government in developing the capability of its National Police Force to enforce law, maintain public order and combat subversive elements through advisory services, training for police officials, provision of communications and transportation equipment, and development of physical facilities.

Completion in 1968-69 of the national police radio network linking rural and mobile stations with some 16 provincial posts and central headquarters has vastly improved control and efficiency of police operations. At the same time administrative and operational training has expanded steadily at the central police academy which is scheduled for completion in FY 1970.

For these activities, Supporting Assistance of \$630,000 is proposed in FY 1970.

Agriculture. An accelerated rice production program is a major A.I.D. undertaking in Laos aimed at improving the lives of the people. As security permits, project activities center on building the necessary infrastructure -- roads, irrigation systems, storage facilities, etc. -- and farmer motivation. The immediate objective is to eliminate the chronic need for rice imports.

The use of improved seed varieties, fertilizers and insecticides has already yielded dramatic production increases in selected areas. A widespread and successful campaign to distribute new seeds, demonstrate new methods and train farmers was mounted in FY 1968. Introduction of double cropping in FY 1968 has demonstrated that with use of improved seed varieties, farm chemicals and irrigation, production can be expanded up to five times the present yield.

In FY 1969 and 1970, A.I.D. will assist the Government in developing more effective and expanded facilities for providing credit to small farmers and assuring guaranteed markets for increased production. The agriculture program will continue to require the import of fertilizer and insecticides, additional feasibility surveys and construction of large irrigation systems, assistance in developing rice-milling and storage facilities, vaccination of water buffalo and other livestock, and A.I.D. advisory assistance. With development of credit facilities and expanded production, farmers have begun to pay for some equipment and other supplies previously furnished by A.I.D.

In FY 1970, \$4.4 million will be required. Of this amount, \$580,000 in Supporting Assistance is earmarked mainly for purchase of fertilizers and insecticides and \$3.8 million in Technical Assistance is proposed for continuation of technical advisory services and support of expanding irrigation facilities.

Human Resources Development. The extreme shortage of trained manpower in Laos is one of the chief obstacles to national unity and effective government services. In addition, the continuing popular demand for education in the rural areas is a challenge to the Government's efforts to retain popular support. Consequently, the Lao Government devotes about 20% of its civil budget to education.

A.I.D. is helping the Government expand the elementary education base and increase the number of trained teachers. A.I.D. will concentrate during the next several years on the Lao normal schools, aiming at a total enrollment of 3,500 by 1971 -- compared to the current figure of nearly 3,000 -- and a Lao-language secondary education system, begun in FY 1968, which includes both

vocational and academic training. Limited assistance will be provided for village self-help elementary school construction. The Lao Government has agreed to devise and set up a system of local contributions or taxes which will provide the necessary long range financing for adequate teachers' salaries and operating costs of the elementary system, and for the expansion of the Lao-language secondary school system.

During FY 1970 Technical Assistance totaling \$1.9 million is proposed for support of six normal schools, advisory services to the elementary school system throughout the country, and inauguration of the second Lao-language comprehensive secondary school under supervision of a University of Hawaii contract team.

Public Administration. A.I.D. provides advisory and training assistance designed to improve the administration and operations of two key Government ministries, Finance and Planning. In addition to upgrading personnel skills, U.S. advisors to the Finance Ministry have assisted in improving budgeting, taxation and expenditure controls.

A.I.D. advisory and training services are helping the Lao Planning Ministry draw up a national investment and economic development plan, and develop basic manpower research and planning techniques. The Lao Government improved markedly its collection of domestic taxes in FY 1968, collecting direct taxes at a rate of 154% of monthly budget estimates, indirect taxes at 105%, and custom/excise taxes at 135%. The Government also completed the drafting of a general, broad-gauge development plan for the years 1970-1975. For FY 1970, \$400,000 in Technical Assistance is proposed to continue this program.

Export Promotion. A major aim of the A.I.D. industry program is to increase Lao foreign exchange earnings by promoting local industries which have potential export as well as domestic markets. Initial emphasis has been placed on developing the timber industry, which has an immediate market in Thailand. Export earnings from timber increased from \$720,000 in 1967 to about \$1.1 million in 1968. A.I.D. and other donors have provided technical services for a forest inventory and training of Lao foresters.

A.I.D. has helped the Lao Government establish an Industry Loan Fund, which has assisted local sawmillers to acquire equipment through the U.S. import program at a subsidized price. For example, in FY 1968 the Lao Timber Company, a limited partnership of eight sawmill operators in the Vientiane area, invested the kip equivalent of about \$166,000 in equity which, along with a loan from the Industry Loan Fund, enabled the timber company to procure new U.S. equipment to modernize its operations.

In addition to continuing support to the timber industry, additional technical assistance will be provided in FY 1969 and FY 1970

to determine priorities and assist development in prime industrial sectors. Medium-term loan capital will be made available for expansion or creation of new enterprises, which will be supported by the U.S. commodity import program where feasible.

\$350,000 in Technical Assistance will be required in FY 1970 for these activities.

THAILAND

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans	3.5	-	-	-
Technical Assistance . . .	13.5	10.0	9.5	10.0
Supporting Assistance . . .	36.1	36.7	26.3	35.0
Contingency Fund	0.2	-	-	-
Total A.I.D. Assistance	53.3	46.7	35.8	45.0

U.S. AID OBJECTIVES

Thailand's importance to the United States lies in its geographic position in Southeast Asia, its key role in the economic and political development of the region, and its close cooperation with the United States. A communist-supported insurgency threatens Thailand's security. The basic U.S. assistance objective is to improve the Thai capacity for dealing with this threat. Both the United States and Thai Governments recognize, however, that the fundamental responsibility for countering the insurgency belongs to the Thai.

PROBLEMS AND PROGRESS

Communist-supported aggression has existed for some time in Thailand. However, it was not until late 1965 that the insurgency became seriously disruptive. In late 1966 the number of assassinations of village chiefs, local officials, school teachers and police, armed propaganda meetings, and armed encounters with the police and military units increased sharply, mainly in the Northeast.

Until 1968 the incidents were concentrated in the Northeast, and to a lesser degree in the South. This past year the number of incidents has declined in the Northeast, but there have been increasing numbers of them in the North and North Central parts of the country. Thai police and military units have had a number of major encounters with insurgents, resulting in considerable loss of life in the hill tribe areas where previously the level of such activity had been very low.

We continue to concentrate our assistance in the North and Northeast where conditions conducive to insurgency are most acute. In combating insurgency in other areas, the Thai Government is using the strategy developed in our joint programs in the Northeast.

In response to the rise in insurgency, Thai army units have been deployed in the North and Northeast. Together with units from the police, these forces have conducted sweeps and engaged in civic action and other activities as a means of countering the insurgents' efforts. The results of these measures are mixed. In the Northeast we believe they have contributed to a decline in overt insurgent activity this past year.

The Thai also have moved in other ways to combat the insurgency threat. Plans recently approved to almost double the size of the Provincial and Border Patrol Police by 1972 are gradually being carried out. The Thai Government has been assigning some of its best personnel to security-sensitive areas. Rural development programs have been expanded. The Northeast, for example, is receiving an increasing share of total government resources as a result of a conscious policy to correct an historic imbalance.

Overall Thai budget performance has been good. Total budget expenditures have been growing at about 19 to 20% for the last few years. The bulk of the budget continues to be devoted to economic and social development, with defense expenditures accounting for only about 14-15% in recent years. Recognizing that monetary and fiscal policies of the early 1960's were somewhat conservative, the Government has greatly expanded its 1967-1971 development plan and expects to increase its borrowing from the public and private sector to finance this plan, with little if any increase in inflationary pressure expected.

The economic growth of Thailand is an essential element of its struggle for continued national independence. Progress has been very good. Since 1963 GNP has been growing an average of 7.8% a year in real terms, with 1968 GNP growth estimated at 8.5%. Until the last couple of years when prices rose about 3 to 4% annually, Thailand experienced almost no inflation. Its foreign exchange position also improved, mainly because of U.S. expenditures for military construction which are now decreasing. These foreign exchange reserves will be a major source for financing the foreign currency requirements of the current Thai development plan.

While we do not expect serious economic trouble, foreign exchange holdings have leveled recently. Accordingly, the Thai will find it increasingly difficult to provide adequate services for the rapidly growing population and at the same time satisfy growing capital requirements necessary to maintain continuing economic growth.

The Government has increased its budget for the Accelerated Rural Development Program and many other joint U.S./Thai projects. The Thai Government contributes about two dollars equivalent for every dollar provided by the United States to these projects. All local costs of these projects are financed by the Thai.

A new Constitution was promulgated in 1968, and municipal and provincial council elections were held in 1967 and 1968. As provided in the Constitution, members of the Upper House of Parliament have been appointed and elections were held to select the members of the Lower House in February 1969.

Thailand has provided facilities and troops in support of the allied military effort in Vietnam. Thailand has also participated in various regional organizations and, in general, has done a great deal to promote regional cooperation in Southeast Asia.

In dealing with the pressure of insurgency, Thailand has a number of strengths -- its history of national independence, a widely respected royal family, its well-established structure of government, and its strong economy. However, its highly centralized government does not yet provide adequate channels for responding to local needs. Awareness and understanding on the part of Thai government officials of the needs and aspirations of rural people and increased commitment of resources are essential to the solution of Thailand's security problem. This weakness, even more than limitations of Thai manpower and fiscal resources, has been the greatest constraint on Thai government efforts. It is this problem which is the principal focus of the A.I.D. program.

Our assistance is designed to strengthen the link between government officials in Bangkok and provincial centers and the villagers and to improve the effectiveness of the civil security forces. We are also working with the Government to increase the allocation of Thai resources to security-sensitive areas for the purpose of accelerating development in these areas.

FY 1970 PROGRAM

A program of \$45 million is proposed for FY 1970, consisting of \$35 million in Supporting Assistance and \$10 million in Technical Assistance. This increase of \$9 million above estimated FY 1969 obligations of approximately \$36 million (\$26 million in Supporting Assistance and \$10 million in Technical Assistance) is due to growing requirements for the Civil Police and Accelerated Rural Development programs consonant with increased Thai managerial capacity.

As in the past, the FY 1970 program will be concentrated in North and Northeast Thailand. Within the FY 1970 program, Supporting Assistance funds will be used primarily to facilitate Thai efforts

to improve security in rural areas and to support Thai rural development programs. Technical Assistance will be used to assist in developmental programs such as agricultural research and training, a river basin survey, family planning, private sector development, and improvements in Thai administration and civil service.

Thailand has received substantial assistance from sources other than A.I.D. From FY 1964 through FY 1967, international agencies provided \$90.3 million (of which the World Bank contributed \$77.5 million and UN agencies, including the UN Special Fund and the UN Development Program, contributed \$12.6 million).

In Bangkok there is a Development Assistance Committee working group which currently is chaired by the Netherlands Ambassador. This group meets periodically to review assistance being provided to Thailand from countries belonging to the Development Assistance Committee. From 1964 through 1967, member countries of the Committee other than the United States assisted Thailand with total disbursements of \$78.1 million.

Rural Security

About \$14.6 million of Supporting Assistance is proposed in FY 1970 for rural public safety programs. Our primary objective will be to help develop a rural security capacity of sufficient strength and efficiency to counter anticipated threats of communist terrorism and subversion. A.I.D. assistance will emphasize advisory services and participant training to raise operational efficiency and improve police training capability, and commodities to enhance police mobility, armament and communications. A.I.D. will continue to equip the new township police stations, and also will provide radio links between these stations and provincial headquarters.

Vehicles, helicopters and ammunition will be provided to the expanding police forces in the villages and to mobile back-up units now being manned. Commodities will account for about \$11 million of the U.S. support to these activities.

Rural Development

The FY 1970 A.I.D. program includes \$14.1 million in Supporting Assistance and \$1.7 million in Technical Assistance for rural development.

A.I.D. will support a number of projects aimed at increasing the Government's responsiveness to village needs and promoting economic development in the security-sensitive areas. We will continue to assist the Accelerated Rural Development (ARD) organization, primarily with advisory services to organize local farm groups and with commodities such as trucks, earthmoving, construction and well-drilling equipment to be used for impact projects such as feeder roads, wells and small ponds.

A.I.D. will assist the newly-formed Thai Agricultural Extension Division. Our rural agriculture development program will also support programs of agricultural credit -- through farmers' cooperatives -- research, soil and water conservation, and production of livestock and poultry in the Northeast. We will work with the Thai to find ways of increasing the interest of private enterprise in agri-business projects, and in strengthening community development services.

Education

Despite rapidly rising expenditures for education, an enormous task faces the Thai Government in this area. For example, the percentage of Thailand's school age youth actually in school decreased from 58% in 1960 to only 48% in 1967, even though school enrollment increased.

A.I.D. will help the Thai expand the number of mobile training units which provide vocational training to villages in the North and Northeast through technical assistance and commodity support. We will also work with the Thai in increasing the amount and improving the quality of textbooks and instructional material used in this area. Since large numbers of teachers in rural areas have completed only six years of schooling themselves, we plan to assist Thai in-service teacher training programs.

A.I.D. will also provide technical advisory services to a \$32 million Thai Government vocational education project. The Thai have borrowed \$6 million from the IBRD to finance the cost of equipment and have added domestic resources for school construction. U.S. assistance will account for 8% to 9% of the cost of this 5-year project.

Technical Assistance of \$790,000 and Supporting Assistance of \$1.1 million will be needed in FY 1970 for these education programs.

Health

A.I.D. has been assisting Thai Government efforts to extend and improve its medical services, primarily in the North and Northeast. Extending these services has proved an effective way of establishing rapport with the people in security-sensitive areas. Rural health centers will receive our assistance in FY 1970 in the form of medicines, clinical instruments and vehicles, and efforts will be made to improve the training program for their staffs. We will provide similar assistance to the mobile medical units which travel from the permanent health centers to surrounding villages.

FY 1970 will be the last year A.I.D. will obligate funds for malaria eradication. The Thai Government has agreed to finance malaria activities in the future.

Thai research efforts to improve nutrition in rural areas, particularly in the development of an inexpensive high protein food supplement, will receive limited U.S. support. A.I.D. will also help the Thai develop village-operated potable water systems in security-sensitive provinces. Nearly 2 million people will benefit upon completion of this project in 1972.

For assistance in health, \$1.2 million in Technical Assistance and \$1.2 million in Supporting Assistance are proposed for FY 1970.

Family Planning

With its population growing at about 3.3% a year, Thailand's family planning efforts are of great importance. Our assistance (\$1.7 million in Technical Assistance) will support two activities -- the family planning program of the Ministry of Public Health and the efforts of the School of Public Health to strengthen its family planning training curriculum.

Operational research in family planning methods and the acceptability of intra-uterine devices and contraceptive pills have proved so successful that the Ministry of Public Health has implemented a 3-year family planning project extending these services to clinics to serve about 3.3 million women within the 20-44 age group. Some participant training will be provided, but most of the U.S. assistance to this project will be in the form of commodities.

A contract with an American university is planned to assist the School of Public Health, the major Thai institution for specialized training of public health personnel, to strengthen its teaching and research in the area of family planning.

Government Administration

Narrowing the gap between the villager and Government officials has been mentioned as a primary aim of our assistance. Activities in the field of local government contribute directly to this purpose.

A.I.D. support for in-service training programs will devote particular attention to provincial and district local officials. Training programs will also involve villagers in the North and Northeast in local self-government and project planning techniques. The Thai Government is providing budget support to village organizations to help finance local projects.

We are also working with the Thai in implementing changes in civil service rules and regulations. A new system has been developed with U.S. assistance for classifying positions, setting pay schedules, and determining staffing and performance standards. It is being installed in selected ministries before expanding these changes to the entire country.

\$350,000 in Technical Assistance is proposed for this purpose in FY 1970.

Longer Range Regional Development

To establish a more logical framework for allocating Thai and U.S. resources to the development of the security-sensitive Northeast, we are providing advisory assistance to the Thai economic planning agency in developing a plan for that area. Operating ministries also are involved deeply in this planning process. The plan, expected to be completed during FY 1970, will identify priority projects. The proposed FY 1970 program includes \$4 million in Supporting Assistance for these projects.

Technical Assistance funds (\$415,000) for the continuation of the Mun and Chi river basin survey in Northeast Thailand are also proposed in FY 1970.

PHILIPPINES

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	
Development Loans	6.7	4.4	-	-
Technical Assistance	4.6	6.0	5.1	6.7
Supporting Assistance	-	-	1.4*	
Total A.I.D. Assistance	11.3	10.3	6.5	6.7

* Represents amount for population programs under Title X of the Foreign Assistance Act

U.S. AID OBJECTIVES

U.S. aid is designed to help the Philippines accelerate economic and social growth within a democratic framework that includes a vigorous and growing private sector. A.I.D.'s primary objective is to help the Philippines accomplish its national goals in agriculture and rural development. Also, we will work toward a solution of economic problems exacerbated by the high population growth rate within the framework of a broader health program. Assistance will also be provided to improve Philippine law enforcement capabilities.

PROBLEMS AND PROGRESS

The Philippines has a largely literate population, rich natural resources and a favorable climate. Still, it has not been able consistently to sustain a development program sufficient to assure political and social stability. Continuing guerrilla activities in central Luzon are symptomatic of dissatisfaction with the pace of social and economic progress.

With a population expanding by 3.5% a year, the Philippines faces the increasingly difficult problem of providing enough jobs, schools, food, health services, housing, power networks, transportation and communications.

Despite rather sharp increases in tax and customs collections in 1967 and 1968, inadequate Government resources and high regular operating expenses have severely limited development programs. Public investment in badly needed transportation, communications, power, irrigation and other basic facilities remains inadequate.

The Philippines is experiencing an increasingly severe balance of payments problem. For most of 1967 and 1968 foreign exchange reserves have been precariously low, forcing the Government to expand its short-term borrowing abroad, to refinance maturing obligations, to negotiate new standby arrangements with the International Monetary Fund and to impose major restrictions on foreign exchange transactions at home.

President Marcos, recognizing the major problems confronting his nation, has instituted a number of corrective measures, and has made considerable progress in getting necessary legislation enacted. Some notable advances, under his leadership over the past three years, include:

- Self-sufficiency in rice, achieved in 1968 (the Philippines was a net importer of approximately 570,000 metric tons in 1965);
- Significant improvements in highway and road construction with 8,100 kilometers of roads completed -- approximately 5,600 in 1968;
- Expanded irrigation (200,000 additional acres of land were brought under cultivation including 55,000 in 1968);
- An anti-smuggling campaign that contributed to a 37% rise in customs revenues in FY 1967, and a further rise of 35% in FY 1968;
- Improved tax administration that resulted in a 20% increase in FY 1967 revenues and a further rise of 14% in FY 1968;
- Accelerated school construction (2,500 schools constructed in 1967 and 3,500 in 1968);
- A national nutrition program designed to combat malnutrition presently estimated to affect about 80% of the population, started in 1968;
- A program to strengthen law enforcement, mounted late in 1967; and

- Significant legislative acts, including an FY 1968 tax package adding nearly 300 million pesos (equivalent of \$76.9 million) annually to revenue collections, and a rural electrification bill calling for area coverage, territorial protection and long-term low interest government loans to cooperatives.

Although less successful, other efforts are being undertaken by the Government in land reform, aviation, port facilities, and housing and urban development.

A.I.D. has played an important catalytic role in many of these achievements, especially in the areas of rice production, irrigation and revenue collection. Ten to twelve American technicians working closely with Filipinos have been instrumental in expanding the use of high-yield rice strains by Filipino farmers. U.S.-controlled local currencies have stimulated the expansion of agricultural credit through rural banks, supported intensive training of supervised credit workers and agriculture extension workers in rice culture, and accelerated the completion of a multi-purpose dam.

A.I.D. loans of \$3.1 million approved in FY 1968 are financing the equipment needs of two rural electrification cooperatives. Follow-up A.I.D. technical assistance and feasibility studies are helping in the planning of a nationwide program to provide service to the 90% of the population without electric power.

From FY 1968 through the present, A.I.D.-financed surveys in such areas as water resources, telecommunications, airports and airways, grain storage and marketing, and law enforcement have helped point out deficiencies and have facilitated the extension of loans from the World Bank, the Asian Development Bank and the Export-Import Bank. During this same period, A.I.D.-financed tax, customs, treasury, aviation, health and reclamation experts have contributed to improvement in their respective fields.

FY 1970 PROGRAM

The proposed FY 1970 Technical Assistance program of \$6.7 million will be concentrated on (1) agriculture and rural development; (2) health, nutrition and family planning; and (3) public safety. Some limited assistance is programmed for planning efforts related to growing urban problems.

Donations of about \$6.5 million in P.L. 480 commodities for Food-for-Work, school feeding, and maternal and child health activities are planned for FY 1970.

Overall reductions in Development Loan appropriations resulted in no Development Loan authorizations for the Philippines in FY 1969.

Other external assistance has contributed significantly to the Philippines. Since 1960 Japanese reparations and commercial loans and credits have totaled \$587.8 million. United Nations Special Fund and Technical Assistance projects have amounted to \$27.7 million. The World Bank and International Finance Corporation have authorized project loans of \$144.5 million for infrastructure development, education and agriculture.

In 1968 the Philippines received its first loan from the Asian Development Bank (\$5 million). The Peace Corps is continuing to provide nearly 800 volunteers, primarily for educational programs. In addition the Export-Import Bank has loaned \$292.9 million, primarily for port facilities, heavy industry and electrical transmission and distribution.

Agriculture and Rural Development

For agriculture and rural development, Technical Assistance totaling \$1.1 million is proposed for FY 1970. Building on the success of the past two years, emphasis on further expansion of rice production will continue. More attention will be given to storage, handling and marketing problems. Emphasis will also be placed on crop diversification.

Modern rice production methods will be adapted to the production of corn, sorghum, vegetables and other crops. Additionally, poultry, livestock and fish production programs will be supported. The combined efforts of national and local government agencies, private institutions, farmers' organizations and U.S. technicians are being applied to raising farm outputs, improving and expanding government support and services, increasing the availability of agriculture credit and marketing information, promoting the expansion of agro-industry, and supporting efforts to introduce rural electrification cooperatives.

Health, Nutrition and Family Planning

Filipinos are growing increasingly aware of the implications of their extraordinarily high population growth rate of 3.5%. At that rate the current population of 36 million will double in the next 20 years.

While the government has not formulated a national policy on family planning, it agrees that the United States should continue to provide technical assistance to various private and governmental agencies in support of health training and educational programs, family planning and public health clinics, demographic studies and research activities.

An A.I.D.-supported pilot program begun in 1968 to increase the nutritional intake of infants and pre-school children will continue. At present, this program utilizes high-protein P.L. 480 foods, but

these will be replaced gradually with products developed from locally grown commodities. Subject to satisfactory performance on the part of the Philippine Government, A.I.D. will continue to provide technical assistance to the malaria eradication program. A total of \$3.4 million in Technical Assistance is proposed for health nutrition and family planning programs in FY 1970.

Public Safety

The problem of law and order in the Philippines has attracted increasing attention in recent years. With improved statistics, the appearance of a rise in crime as well as greater concern about the crime rate has made this a major social and political issue. Statistics show that the crime rate seems to rise with population growth in certain areas and drops as improvements in police administration take place.

In support of Philippine programs to improve law enforcement capabilities, \$700,000 of Technical Assistance funds in both FY 1969 and FY 1970 will help to establish badly needed training facilities, improve national and local police communications and better equip police forces.

EAST ASIA REGIONAL PROGRAM

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Technical Assistance . . .	9.2	8.4	13.0	14.8
Supporting Assistance . . .	-	1.3*	2.5*	3.0
Contingency Fund	-	-	2.7	-
Total A.I.D. Assistance	9.2	9.7	18.2	17.8

*Includes \$1,325,000 in FY 1968 and \$1,750,000 in FY 1969 for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

The major objective of U.S. support for regional programs in East Asia is to help improve the prospects for long-range peace and stability in the area by supporting regional cooperation through participation in jointly administered economic development projects. A.I.D. supports Asian proposals for cooperative economic and social development involving several countries working together on common problems. A.I.D. also encourages maximum involvement of other developed nations and international organizations in such programs.

Current specific program objectives are:

- to help the Mekong Committee and the four riparian nations develop the resources of the Lower Mekong Basin.
- to help the Southeast Asian Ministers of Education organization and its secretariat (SEAMES) establish regional centers of academic excellence.
- to assist the Southeast Asian countries to prepare plans and project feasibility studies for regionally significant transportation and telecommunications projects.
- to support multilateral and cooperative efforts for improving the quality and supply of food.
- to support regional projects in Southeast Asia in such additional fields as family planning, industrial productivity and economic planning.

Growing regional cooperation among East Asians is evidenced by their increased political, economic and technical consultation and cooperation. Historical animosities and political and cultural differences remain, but there are indications that regionalism is growing.

The Asian Development Bank (ADB) has already proven to be a catalytic force for development and regional cooperation in Asia. The Bank has agreed to requests from seven Southeast Asian countries and Brunei to prepare a plan for regional integration of transport systems. By March 1969 it had made 11 loans, totaling \$64.4 million, to Thailand, Ceylon, Korea, Malaysia, Taiwan, Pakistan and the Philippines. It is also providing technical assistance to Indonesia, Laos, Nepal, the Philippines and Taiwan.

Japan has shown evidence that it plans substantial aid to Southeast Asia. It has confirmed its willingness to contribute \$100 million over five years to the Special Funds of the ADB. In November 1968, Japan signed an agreement with the Bank committing the first year's increment of \$20 million. In March 1968, Japan made a contribution of \$100,000 in technical assistance to the Bank and also offered in July 1968 to provide additional technical assistance up to \$31,000. Japan has also accelerated its support for the Mekong Program by conducting a feasibility study of the Nong Khai Bridge and by financing approximately half of the \$18 million foreign exchange costs of the Prek Thnot Dam in Cambodia.

Canada signed an agreement in December 1968 with the ADB to provide \$25 million to the Bank's Special Funds over five years. In November 1968, it offered to make available to the Bank a grant equivalent to \$100,000 for technical assistance. The

United Kingdom has offered to provide consultants to the ADB for technical assistance up to \$250,000. West Germany has agreed to provide \$40,000 for services of German experts to be utilized by the ADB for technical assistance.

The Economic Commission for Asia and the Far East (ECAFE) expanded its activities by establishing the Division of Population Affairs, the Regional Trade Promotion Center, and the Typhoon Committee. The Asian Industrial Development Council, another organization sponsored by ECAFE, is working on the establishment of an iron and steel institute for Southeast Asia. ECAFE's Third Ministerial Conference on Asian Economic Cooperation in December 1968 passed a resolution establishing a "Council of Ministers for Economic Cooperation" under the supervision of the ECAFE Secretariat.

The Second Ministerial Meeting of the Association of Southeast Asian Nations (ASEAN), held in Djakarta in August 1968, agreed to establish a number of permanent committees on food production, transportation, communications, shipping and financial matters. This group has asked ECAFE to undertake a study of the possibilities for economic integration among member countries.

The Third Conference of Southeast Asian Central Bank Governors was held in February 1968 at Kuala Lumpur. The conferees decided to study establishment of regional centers for training bank personnel and for research on monetary matters.

FY 1970 PROGRAM

A.I.D. proposes \$17.8 million for the East Asia Regional Development Program in FY 1970. This includes \$14.8 million in Technical Assistance and \$3 million in Supporting Assistance. This compares with an estimated FY 1969 total of \$18.2 million including \$13 million of Technical Assistance, \$2.5 million of Supporting Assistance, and \$2.7 million of Contingency Fund.

A.I.D. funds will be used for programs where Asian initiative has resulted in Asians working together to achieve mutual benefits by solving common economic development problems. This includes the Mekong program, education, agriculture and transportation/communications.

Mekong Program

This program will assist the Mekong Coordinating Committee in the development of the Lower Mekong River Basin. The Mekong River is the most important single natural resource of mainland Southeast Asia. Exploitation of its hydro-power and irrigation potential could transform the Mekong Basin into one of the greatest power and food production river basins in the world.

A.I.D.-financed data and computerized systems analysis used by the Mekong Committee has speeded completion of the first draft of an amplified basin plan, expected to be completed by June 1969. The plan will identify development strategies and project priorities and recommend administrative and financial arrangements for its implementation. It is also expected to identify additional planning and research requirements needed to supplement economic and engineering project feasibility studies. In FY 1969 A.I.D. financed the services of the Development and Research Corporation to assist the Committee in identifying these additional requirements.

An A.I.D.-financed U.S. Bureau of Reclamation team completed in December 1968 an interim report on Stage I of a Pa Mong Dam project which would be located on the mainstream 20 miles west of Vientiane. The final feasibility report of Stage I is due in January 1970. It is expected to show that the project is economically feasible. Its size would be impressive:

- Annual power output would be around 20 billion kilowatt-hours (one and a half times that of Grand Coulee Dam).
- Reservoir capacity would be over 88 million acre-feet (enough to irrigate up to 5 million acres in Thailand and Laos) with no more than 10% power generation loss.

Construction of the Nam Ngum dam, 50% financed by the United States and located 30 miles north of Vientiane, is well under way. An access bridge to the site was completed and dam construction contracts were awarded in September 1968. In December 1968 the King of Laos and the King of Thailand dedicated a 115-KV electric power transmission line across the Mekong River carrying power from Thailand's Nam Pong hydroelectric power plant to Vientiane. The line is being extended to the Nam Ngum damsite and will be financed under the Nam Ngum agreement. Laos will repay the power it receives from Thailand with power from the Nam Ngum when it is completed.

In July 1968, an A.I.D.-financed feasibility study of a proposed Mekong River ports and cargo handling development plan between Pakse and Luang Prabang in Laos was completed. This study provides the basis for the proposed financing of \$3 million in Supporting Assistance for construction of these facilities in FY 1970.

Along with our regional program, A.I.D. bilateral programs are also contributing substantially to the development of the Mekong Basin. In Vietnam, an A.I.D. contractor has studied flood control problems in the Delta in relation to increased agricultural productivity in that country. In northeast Thailand, the U.S. Bureau of Reclamation and Harza Engineering are examining the

feasibility of a system of tributary dams on the Mun and Chi Rivers. In Laos, the A.I.D. Mission is training farmers on the Vientiane Plain in the use of irrigation.

As one of 27 countries, in addition to 12 UN agencies, participating in this work, the United States is contributing considerably less than 50% of the total resources devoted to the Mekong Committee's development program. Among other contributions are Japanese engineers who have prepared a feasibility report on the Sambor mainstream project located in Cambodia. In the fall of 1968 under United Nations auspices, pledges of \$27 million were made by the United Nations Development Program, Cambodia and 10 other countries for construction of the Prek Thnot tributary dam project in Cambodia. The United States is not participating in this project.

A.I.D. Technical Assistance proposed for FY 1970 will support the following Mekong activities: \$600,000 for planning and survey services related to comprehensive development planning for the Mekong Basin and \$1.5 million for continuation of the Pa Mong feasibility study being carried out by the Bureau of Reclamation.

Supporting Assistance of \$3 million is proposed in FY 1970 for financing engineering and construction of the Mekong River ports and cargo handling development project which includes navigation improvements, ferry crossing sites, landing sites, cargo handling facilities and boatyards.

Education

A.I.D.'s regional education program is helping to establish regional centers of excellence and to encourage Asian cooperation in education. Since November 1965, when the Education Ministers of seven countries (Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam) met for the first time, the Southeast Asian Ministers of Education Council (SEAMEC) with a permanent Secretariat (SEAMES) has been created. The Ford Foundation has made a grant of \$197,000 to cover half of the Secretariat's administrative costs for the first three years; the other half is being met by the participating countries.

Under SEAMEC, project planning is well advanced for the Regional English Language Center (Singapore), the Regional Center for Education in Science and Mathematics (Malaysia), and the Regional Center for Graduate Study and Research in Agriculture (Philippines) Preliminary planning is in progress on a proposed Tropical Biology Center (Indonesia) and an Educational Technology Center (Vietnam). A cooperative program under SEAMES is also under way in the field of tropical medicine research among the seven South-east Asian countries.

The Trustees of the Asian Institute of Technology (AIT) in January 1969 authorized a \$5 million construction program after receiving pledges equivalent to half of this amount from the Thai, Australians and British, with the other half to be financed by A.I.D. Much of the operational cost of the Institute will be met through the use of seconded faculty from similar institutions in England, France, Australia, the United States and other donor countries, and through special scholarships supported by donor countries.

A.I.D. Technical Assistance of \$5.9 million is proposed in FY 1970 for regional education (compared with \$4.5 million in FY 1969). This will provide for part of the construction of, and other technical assistance to, the Asian Institute of Technology, the Regional English Language Center, the Science and Mathematics Center, and the Tropical Agriculture Center, which are in more advanced stages of planning. Continued assistance is also proposed for the program of cooperation in Medical Research and for planning of the Tropical Biology Center and the Educational Technology activity.

Transportation and Communications

A.I.D.'s objective is to stimulate coordinated transportation and telecommunications development in Southeast Asia, thereby promoting both economic development and greater cohesion in the region. In this regard, the United States will contribute \$1 million in FY 1969 to a regional transportation survey of Southeast Asia to be administered by the Asian Development Bank. The Bank plans to obtain another \$1 million from the United Nations Development Program, and the balance from its own resources.

In FY 1969, \$1.5 million of A.I.D. funds will support priority transportation and communications feasibility studies of regional interest in seven Southeast Asian countries (Malaysia, Singapore, Thailand, Indonesia, Laos, South Vietnam and the Philippines) and Brunei. Funds for the construction phase would be sought from international banking and donor sources.

The FY 1970 Regional program proposes \$1.1 million in Technical Assistance for additional regional transportation and communication studies identified as high priority at the 1967 meeting in Kuala Lumpur.

Agriculture

The objective is to promote regional cooperation in agricultural development.

A total of \$1.1 million in A.I.D. Technical Assistance is proposed in FY 1970 for the following regional agricultural activities:

- Support for research and training activities at the International Rice Research Institute (IRRI) in the Philippines (\$350,000). A.I.D. is providing U.S. equipment to help expand IRRI facilities, which in turn will permit the Institute to work on food problems of other countries in the area.
- Release of the first year's tranche in support of the regional Asian Vegetable Development Center in Taiwan (\$500,000). Project plans have been completed and pledges of support are being received in order to establish the project in FY 1970. The Center will develop new varieties of vegetable seeds and improved cultural practices adapted to the conditions in Southeast Asia.
- Provision of planning assistance for the proposed regional Coconut Research Development Center in the Philippines (\$150,000). Project planning is under discussion with the Philippines. In FY 1969, A.I.D. is financing a survey to determine the scope and direction of future coconut research. FY 1970 funds will help to establish the new Center by providing U.S. organizational and research skills.
- Release of the second increment of U.S. commodity support to the Japanese-initiated Southeast Asia Fisheries Development Center (\$100,000). The Center includes a research department in Singapore and a training department in Bangkok. It is financed by Japan, \$500,000 for two research vessels; Singapore, \$800,000 for land and buildings; and Thailand, \$1 million for land and buildings. In addition, all three countries and the United States are sharing operational costs amounting to about \$300,000 a year.

Family Planning

A.I.D., through the regional program, will help international organizations to develop and maintain expanded family planning programs.

In FY 1969, \$1.8 million of Supporting Assistance has been programmed for population activities. In FY 1970, \$710,000 of Technical Assistance funds are proposed to finance: (1) a contract with the Population Council, Inc. for advisory services and other assistance in population matters to countries in the

region, (2) a family planning advisor working in the Colombo plan, (3) regional seminars and workshops held under Asian auspices, and (4) support for Church World Services population activities in East Asia.

Other Programs

A.I.D.'s East Asia regional program includes a number of other activities in FY 1970: (1) continued assistance to the SEATO Cholera Research Laboratory, which is concentrating on development of an effective cholera vaccine (\$680,000), (2) support for the Southeast Asia Development Advisory Group and its research program (\$625,000), (3) support for the Asian Regional Manpower and Labor Ministry Center project (\$180,000), (4) financing for the Asian-American Free Labor Institute activities (\$600,000) and (5) funding for the Regional Logistical Center in Japan, which provides advisory logistical support for A.I.D. programs in East Asia (\$175,000).

In addition, A.I.D. will provide \$1.1 million in Technical Assistance through the Regional Technical Advisory Services project for a number of activities including: support for the Regional Development Office in Bangkok, funding for A.I.D. personnel assigned to the Office of the U.S. Director of the Asian Development Bank and for other regional support activities in Manila and Tokyo and contribution of advisors for and participation in surveys and seminars for regional organizations (e.g., ECAFE, Asian Industrial Development Council) and other regional activities such as the Asian Manpower Seminar.

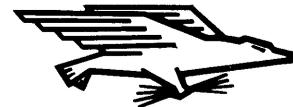
PROPOSED FY 1970 PROGRAM

(Thousands of Dollars)

COUNTRY	Type of Assistance			
	Total	Develop- ment Loans	Technical Assistance	Supporting Assistance
<u>EAST ASIA</u>				
<u>TOTAL</u>	<u>\$233,885</u>	<u>\$90,000</u>	<u>\$54,625</u>	<u>\$89,260</u>
Indonesia	66,500	60,000	6,500	--
Korea	49,800	30,000	4,800	15,000
Loas.	48,160	--	11,900	36,260
Philippines	6,675	--	6,675	--
Thailand.	45,000	--	10,000	35,000
Regional Programs . . .	17,750	--	14,750	3,000

**AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523**

OFFICIAL BUSINESS



**POSTAGE AND FEES PAID
AGENCY FOR INTERNATIONAL DEVELOPMENT**