

THE WHITE HOUSE

WASHINGTON

ACTION

502

April 27, 1973

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER *HK*

SUBJECT: Reply to Prime Minister Bandaranaike
on Aid to Sri Lanka

Mrs. Bandaranaike writes to you every year well in advance of the annual World Bank Aid Group meeting for Sri Lanka urging the US make a substantial pledge. She did so again this year [Tab B].

Mrs. Bandaranaike annually describes in detail steps Sri Lanka has taken to provide a sound framework for economic development. The problem in our view and that of other consortium members is that these steps have not produced the results necessary to establish a sound framework for economic assistance. In recent years our aid has taken the form of food assistance--last year \$10 million--which the government converts into support for its budget or other programs and it was deeply appreciated. Sri Lanka would be eligible for development loans if its government policies could justify them, but thus far this has been difficult.

As in the past, a US position consistent with our own limitations was presented at the Aid Group meeting recently held in Paris--a range of \$15-18 million for Sri Lanka in FY 74. State has noted that this statement of intention was carefully made subject to budget and supply availabilities which have been affected by the current uncertainty of food grain supplies and prices.

Our action in Paris was essentially the response to Mrs. Bandaranaike's letter, but a short, sympathetic reply from you now would be consistent with our good bilateral relations, expressing the intention to do all possible to carry through.

The suggested reply at Tab A avoids committing you to a specific figure and does not refer explicitly to the \$15-18 million (although it is presently anticipated we will be able to meet this commitment) but alludes generally to the position taken in Paris. The warm tone is a reflection of the fact that Mrs. Bandaranaike has enjoyed the relationship with you ever since her meeting here in October 1971.

RECOMMENDATION: That you sign the letter to Prime Minister Bandaranaike at Tab A. [Text cleared by Mr. Gergen.]

THE WHITE HOUSE

WASHINGTON

May 3, 1973

Dear Madame Prime Minister:

Thank you for writing to me in connection with the Aid Group meeting for Sri Lanka. I have appreciated the opportunity to have your personal report on measures taken to enhance Sri Lanka's economic development. Some of these, I know, may not have been easy decisions for you.

I want personally to reaffirm our sympathetic understanding of the problems which you face in this regard and to assure you of our desire to be as helpful as possible within the limits of our available resources. As you know, we hope to provide additional food assistance during our Fiscal Year 1974 as described by my representative at the Aid Group meeting in Paris. Wheat supply and budgetary availabilities may affect the actual quantity and dollar level reached because of the uncertainty of pressures on the world's supply of food grains, but I am confident that you understand these problems.

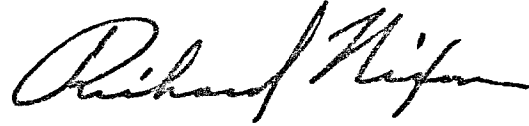
The skill and courage with which you are facing a very trying situation are greatly admired here.

The intention of my Government is to support to the extent we are able your efforts to promote the independence and well being of the people of Sri Lanka.

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OF THE MANUSCRIPT DIVISION
LIBRARY OF CONGRESS

Mrs. Nixon joins me in sending you our warm
personal regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Nixon".

Her Excellency
Sirimavo R. D. Bandaranaike
Prime Minister of Sri Lanka
Colombo