

DECLASSIFIED

E.O. 12958, as amended, Sect 3.5

NSC/Sowers to Smith 09/06/2002

By            Date 02/13/07

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

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January 29, 1970

National Security Decision Memorandum 39

TO:           The Secretary of State  
              The Secretary of Treasury  
              The Secretary of Commerce  
              The Secretary of Agriculture  
              The Administrator, Agency for International  
                  Development  
              The Chairman, NSC Under Secretaries Committee

SUBJECT:     U. S. Position for the Special Meetings of the Inter-  
              American Economic and Social Council

The President has made the following decisions, in addition to those set forth in NSDM 37, with regard to the U. S. positions for the IA-ECOSOC meeting at Caracas:

1. Standstill Commitment for Latin America. The President has approved a restatement of the existing GATT standstill commitment for Latin America as recommended in proposal 3 of the Under Secretary's memorandum of January 21. He has authorized the U. S. Delegation to incorporate the commitment, as stated in the memorandum, in an IA-ECOSOC document as appropriate.
2. Untying of Local Currency Loans. The President has approved the proposal by Dr. Hannah (contained in his memorandum of November 21, 1969) that AID institute complete untying of its local currency loans in all Latin American countries, including those receiving program loans. The President has also approved Dr. Hannah's recommendation of January 2, 1970, that similar action be taken with respect to the U. S. contribution to the Fund for Special

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Operations of the Inter-American Development Bank, and he has authorized the U.S. Delegation to make announcement of these positions at the IA-ECOSOC meeting.

3. Componentry Rule--AID Untying. With regard to proposal seven in the Chairman's report submitted by the Chairman of the NSC Under Secretaries Committee on January 21, 1970, the President has approved adoption of a 50/50 test of origin for Latin American products financed under AID loans to Latin America, but he has decided to retain the 90/10 test of origin for United States products financed under such loans. AID should continue to assure that waivers of the 90/10 rule are granted as appropriate for US products which are traditionally dependent on higher than 10% imported componentry.

The President has authorized the NSC Under Secretaries Committee to coordinate Congressional consultations on the decisions set forth in NSDMs 37 and 39, as appropriate.



Henry A. Kissinger

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