

May 2, 1967

Highness:

The USAID Mission to Laos, as requested by our Washington office, has recently held a review of the AID program to Laos. One of the primary goals of the AID program to Laos was determined to be "To assist Laos to move steadily toward economic independence so that it can carry on without extraordinary outside assistance". This, I am confident, is one of your main objectives as well.

To accomplish the above, it is the policy of this Mission to assist in accelerating development by shifting resources as circumstances permit. One of the greater drains on USAID resources available to Laos is the support provided for stabilizing the economy through various devices such as the Foreign Exchange Operations Fund. The best way to reduce this drain and still have a stable currency is through programs which will increase Government revenues and provide foreign exchange.

As one looks at the possibilities for development which will produce foreign exchange or, as the fact now is, reduce the outflow of foreign exchange, the field of agriculture immediately stands out. Laos has a vast potential in the field of agricultural development.

There are many areas in the secure parts of the country where potential irrigation water can be developed. Many of these areas have a reliable 12-month supply of water which would allow for two crops of rice per year from the same land. Some of these areas have already been developed through your irrigation program; there are many more in the planning and construction stage which will add to the potential.

His Highness

Tiao Somsavath Vongkoth  
Director of Agriculture  
Royal Lao Government  
Vientiane

His Highness

Tiao Soussavath Vongkoth

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Water alone, however, is not the complete answer, even though it forms the base for the program we envisage. Laos has one of the lowest rice productivity levels in the world. The average production is probably about 1 to 1.2 tons per hectare. You have made a good start in increasing the production per hectare through your seed improvement program. However, to accomplish the twin goals of self-sufficiency and then a surplus of production for export, the program needs to be rapidly accelerated. To do this, it appears to me that some short-cuts must be taken and further inputs of energy and resources should be placed into the program.

Experience over the present dry season has proven that, with the use of IR-8 seed, proper fertilizer and insecticide application, coupled with better cultural practices, the production per hectare can, at least on certain land, be pushed above five tons. The Taiwan variety gives promise of producing nearly as much, and our technicians hold high hopes for the variety Sanpathong, which you will be receiving from Thailand shortly.

In short, we propose that a goal of double-cropping 50,000 hectares per year on improved irrigated land and using the IR-8 variety with full application of fertilizer and insecticides and with concentrated technical assistance to the farmers be adopted. The USAID is prepared to divert the maximum amount of its resources possible toward the accomplishment of this goal. We have already shifted enough resources to procure some 3,000 tons of fertilizer for delivery for use during the coming dry season. We propose to shift funds to allow for the procurement and delivery of the additional nitrogenous fertilizer needed for dry season planting and for the necessary insecticides. We further propose to allocate funds for sufficient additional fertilizer and insecticides to make full application on 8,000 hectares during the 1968 wet season. In all, this will make some 6,000 tons of fertilizer and 560 tons of insecticides available during fiscal year 1967-68.

This is a major start toward the accomplishment of the 50,000-hectare goal and the wiping out of the average 70,000 ton rice deficit each year. It points the way toward the production of an additional 200,000 tons for export by 1972. We suggest you establish this figure as a national target.

To accomplish this goal, it is going to require the fullest effort and concentration of all resources available. This means concentration of the technical assistance available to you and of your resources of men and equipment. You have in hand the resources during the coming wet season to increase the necessary seed supply. We need to sit down together and go over the possibility of concentrating the other resources needed. This would include the pinpointing of the available and potential irrigation development and then concentrating on these areas with sufficient people and programs so that the farmers there will join in the program. Here again we will make every effort to assist you.

His Highness  
Tiao Somsavath Vongkoth

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I realize that this is an ambitious program. I can, however, think of no program more vital to the long-range interests of Laos or of one that holds more promise for accomplishment.

Please accept my assurances that my staff and I will bend every effort to help you in achieving this goal. You will have, I am confident, the fullest possible support from your own Government.

Joseph A. Mendenhall  
Director

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