

time consuming. USAIDs would be willing, if necessary, to pay more than the current 15% charge to have these improvements made by EPRO's.

2. In the Philippines, the provincial governments are paying through a trust fund arrangement for the Section 608 equipment and for its transport. Under this arrangement, it is especially important that the quality of rehab be of a high order. Recently 20 dump trucks were acquired by Laguna and Tarlac Provinces. The tires on these trucks appeared to be in good condition on arrival, but 30 tires were blown out within the first month. They were manufactured in 1950-1951, and had deteriorated in storage. I urge AID/FE to present this case to AA/MR and to recommend replacement of the tires without cost to USAID or Laguna and Tarlac Provinces.

3. I anticipate in the near future additional purchase of 608 equipment by host governments. The Royal Irrigation Department in Thailand has shown an interest since it has learned that spare parts support is available through FE-RLO from USADCF.

4. The Korean government also is preparing to purchase large quantities of Section 608 excess equipment with its own foreign exchange. Any dissatisfaction with the quality of rehab will reflect unfavorably on the USA. We should improve the product and stand ready to make prompt restitution in those exceptional cases when deficiencies are discovered.

5. Copies of this memo are being furnished to FE USAIDs for comment and/or concurrence in the policy changes proposed herein.

DEPARTMENT OF STATE,

March 21, 1967.

To: TOKYO USAID A-14. *transfers, engines, transmissions, transfer cases, air compressor, etc., to consider.* We have no problem in rebuilding transmissions, but what overloads us now and is so expensive, is the number of defective engines and transmissions on M-211 trucks upon receipt or short use. These vehicles have to be load tested for about 10 miles with at least a 5 ton load or dynamometer tested.

Other M-Series type such as M-215, M-221 Truck Tractors and M-37 are in great demand in this Mission. These we would be willing to pay extra costs for rehabilitation that are beyond R-1 condition, provided they were completely overhauled, tested and new parts used.

SULLIVAN.

DEPARTMENT OF STATE,

January 27, 1967.

To: SAIGON USAID A-40, VIENTIANE USAID A-10, BANGKOK USAID A-12.

From: Tokyo.

Subject: Excess Property Sect. 608, Special Maintenance Procedures.

At various times Mission representatives have expressed an interest in obtaining Sect. 608 property with accessories, modifications or special maintenance not covered by the standard charge of 15% of acquisition price which is the regular