The President has reviewed the response to NSSM 211, together with the departmental and agency views thereon, and has decided the following:

-- The United States will complete its obligation to the Republic of Korea Force Modernization Plan at an early date, in order to demonstrate the United States commitment to the security of the Republic of Korea.

-- The shift from grant military assistance to FMS credits should be accelerated to the rate defined in Option 2 in the NSSM response.

-- No termination date should be set for grant military assistance to the Republic of Korea. The downward trend in grant military assistance defined in Option 2 should be continued beyond FY 77, but should look toward the maintenance of a modest investment and training program with an annual ceiling of $10 million.

-- The F-4D squadron now on bailment to the Republic of Korea should be transferred to the Republic of Korea by sale. The Republic of Korea should be asked to pay the $3.3 million cost for rehabilitating the two F-5A squadrons being returned to South Korea under the Enhance Plus Agreement, but this should not be a condition for the sale of the F-4D squadron if the Republic of Korea raises serious and persistent objections.

-- The review of the North Korean threat and the Republic of Korea air defense requirement contemplated by NSDM 227 should be
forwarded with recommendations to the President no later than March 3, 1975.

Henry A. Kissinger

cc: The Director of Central Intelligence
    Director, Office of Management and Budget
    The Chairman, Joint Chiefs of Staff