



THE DEPARTMENT OF STATE BULLETIN

Volume LXXII • No. 1863 • March 10, 1975

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The Department of State BULLETIN, a weekly publication issued by the Office of Media Services, Bureau of Public Affairs, provides the public and interested agencies of the government with information on developments in the field of U.S. foreign relations and on the work of the Department and the Foreign Service.

The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements, addresses, and news conferences of the President and the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and on treaties of general international interest.

Publications of the Department of State, United Nations documents, and legislative material in the field of international relations are also listed.

For sale by the Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402

PRICE:

52 issues plus semiannual indexes,
domestic \$42.50, foreign \$53.15
Single copy 85 cents

Use of funds for printing this publication approved by the Director of the Office of Management and Budget (January 29, 1971).

Note: Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated. The BULLETIN is indexed in the Readers' Guide to Periodical Literature.

Secretary Kissinger Visits the Middle East and Western Europe; Meets With the Shah of Iran and Soviet Foreign Minister Gromyko

Secretary Kissinger left Washington February 9 for a trip to the Middle East and Western Europe and returned February 19. Following are remarks by Secretary Kissinger and foreign leaders during the trip, including a news conference held by Secretary Kissinger and the Shah of Iran at Zurich, and the text of a joint statement issued following meetings between Secretary Kissinger and Soviet Minister Andrei A. Gromyko at Geneva.

ARRIVAL, BEN GURION AIRPORT, FEBRUARY 10

Press release 59 dated February 11

Israeli Foreign Minister Yigal Allon

We are delighted to receive Dr. Kissinger and Mrs. Kissinger and their companions on their official visit to this country, a visit which was decided upon when I was in Washington recently, when the Secretary of State and Mrs. Kissinger accepted my invitation to pay us an official visit. But as you well know, Foreign Ministers today are less fussy about the official side of visits and protocol and so on, and I am sure that their short stay with us will be used for some political talks in which we shall be able to exchange views to assess the situation together in our common effort to achieve peace or at least some progress toward peace.

Welcome to this country. The floor is yours, Mr. Secretary.

Secretary Kissinger

Mr. Foreign Minister, Mrs. Allon: I do not quite know how to interpret the stress

on the official side of my visit, because I cannot quite imagine what my previous visits were. At any rate, it is always a great pleasure to come and see my friends in Israel.

I am here to discuss with my friends—in the spirit of cooperation and partnership that has characterized our relationship—what further progress can be made toward peace in an area which has long needed it and for a people that has long yearned for it.

I welcome the decision that was announced yesterday by the Israeli Cabinet endorsing the step-by-step approach. The United States, of course, is not committed to any particular approach; it is committed to rapid progress. We will work closely and cooperatively and in a spirit of friendship with our colleagues of the Israeli Cabinet. We agree with them that the step-by-step approach is likely to be the most productive. We are prepared to explore other means and other forums, if necessary, in order to make rapid progress. But whatever we do, it will be in a spirit of friendship, and with the attitude that the survival and security of Israel are a basic American concern.

Thank you.

EXCHANGE OF TOASTS AT A DINNER AT JERUSALEM, FEBRUARY 11

Press release 60 dated February 12

Foreign Minister Allon

Upon his arrival, Dr. Kissinger asked me what was the difference between an official visit and an ordinary visit. I must say I had to think a little bit about it and even

ask for some advice from my colleagues in the Foreign Office. And then we discovered what should be the answer: First, in an official visit there are no demonstrations. Only when the shuttle diplomacy begins, we still have some demonstrations here and there. Secondly, from an official visit nobody expects any results and then one can confine himself to some preliminary talks, clarifications, exploration, with a sufficient excuse to go back home without claiming any new miracle or any other achievement.

Nevertheless I do hope that even if we have to expect demonstrations, that the second round of the Kissinger trip to the Middle East will take place as a result of this official visit. I know that some of the demonstrators—people whom I appreciate, many of them I knew personally—were unhappy probably with the results of the disengagement agreements. Being a member of the former Cabinet, as some other of my colleagues were, let me tell you that if anybody is to be blamed for the disengagement agreements, it's the Golda Meir Cabinet and not Dr. Kissinger, because the terms of those two agreements were accepted by the Cabinet and were not forced upon us.

Whether they are good or not, I still think that none of the parties concerned—we, the Egyptians, and the Syrians—should regret that those agreements, which I am sure served equally the interests of both parties. And we highly appreciated and still appreciate the special contribution that Dr. Kissinger made in order to achieve those agreements, which could be considered not only as the reinforcement of the cease-fire but also as the first step toward peace.

During the service of Henry Kissinger, first as the head of the National Security Council of his country and later on as Secretary of State in his dual capacity, the relationship between our respective countries which reached new peaks, new heights in every aspect of our relations—on the bilateral level, the economic aid, the military supplies, political cooperation—and I would like to exploit this opportunity in order to express our thanks to the United States of

America, to the government, the Administration, the Congress with its two Houses, the people, and the press.

But sometimes the press is wrong, but this can be tolerated. And of course all of us remember very vividly the famous airlift and even the unusual step that the American Administration took by declaring a global alert in a very grave situation during the Yom Kippur war. What else can we ask from a friendly government?

And I would like to tell you from first-hand knowledge that Dr. Kissinger was one of the architects, if not the architect, of the new heights of relationship between our countries. This does not mean that we have to agree on every point, neither with Henry and his colleagues nor even with the President of the United States. From the eight months of my service as the Foreign Minister of this country, I can testify that in our frequent meetings in the United States and here, we didn't always agree.

But all our differences could be discussed in the friendliest possible manner as well as with complete candor and frankness; and I really hope that this fashion, these manners of relationship, between a great country and a small one—and as you know in my view I don't think that greatness is always related to size and wealth and strength; greatness is a qualitative aspect, and I am inclined very modestly to believe that, although we are small in size we are not small in quality here and America, in spite of being big, is really great in many aspects.

This is the sort of relationship we have to nourish, we have to develop, while keeping of course our freedom of argument and our position and so on. Now, it is an open secret that Dr. Kissinger will try his best to find out whether there is any chance or any hope to revive the political momentum in our region. It is agreed between us that nobody is looking for a permanent status quo. All of us want movement—calculated, carefully planned, not run amuck, nevertheless not to stand still, in a most responsible way to search for peace, to leave no stone unturned in our search for peace. And I

don't have to tell Henry Kissinger, who is maybe a little younger than I am—but he gathered a lot of experience—that the process of peacemaking cannot be achieved as quickly as the cooking of instant coffee.

And I discovered with his appearance in the Geneva Conference that he masters also the Arabic language. But in order to be safe, I will translate an Arabic phrase into English. That is an Arabic aphorism saying that *Allah mach sabism, wiz a mas sabara kaporo* [sic], which means “God is on the side of the patient; impatience is a sin”; and I am sure that by patience we may gain our ultimate goal.

There is also a Hebrew proverb saying: *Sop ma'useh ve vemach shavat chila*. In a free translation I would have said: “Thinking, planning is done”; and everything we are doing should be well planned and well thought of beforehand. Nevertheless, I don't believe it could be possible to make sure of the positive result of a mission before the mission stops. This would be self-defeating.

It is impossible to embark on such a great mission without taking some risks, one's own risks, even one's own country's risks, because I think this risk is part and parcel of the peacemaking process, although all the parties concerned should really do their best to minimize the risk and to make the political progress possible. We are being told that diplomacy is the art of the possible. This is an old saying, maybe out of date. It seems to me that diplomacy today is the art of achieving the impossible, or at least targets which seem to be impossible to get at. And this is the situation in which we live.

After 27 years, almost 28 years, of a state of belligerency, with all the accumulation of hatred and psychological reluctance on our neighbors' side, it isn't an easy mission, particularly when there are forces inside the region and outside the region who are doing their best to encourage extremism across the lines. And extremist ideas can never help to achieve anything mutual, but some compromise which will serve all sides is the right manner, and we trust Dr. Kissinger's intentions. We trust his ability, and ever since Nancy is around him, our confidence is even

greater than before, and even before it was great enough.

I would like to conclude by saying that one needs a very deep belief in the idea of peace, not only as a necessity but as a conviction, as an integral element in our fate. And I think, with all the difficulties that one can see, he can also witness from a distance a ray of hope, because I simply believe that peace or at least progress toward peace is needed, not only by us but also by our neighbors.

And although we are talking now about Egypt, we are willing to negotiate peace treaties with each one of the neighboring countries with no discrimination, to negotiate without preconditions. And this is the difference between real negotiations and an attempt to impose dictates against the other side. We all know, after many years of experience, that there will not be a military solution to the Arab-Israeli conflict, and we should do our best to confine all the countries in the area to political means, and this is really the great duty and mission of Henry Kissinger.

All Foreign Ministers who happen to serve their countries in peril, in time of tension, in the absence of peace, must maintain a certain degree of guarded optimism, even when the situation looks desperate. It was a great American President who accomplished great accomplishments in his country—and also probably committed some great mistakes—I am referring to F.D.R., who said very rightly that there are no desperate situations, there are people who get desperate of a situation. As far as we Foreign Ministers of the region—and you can deliver this message to my counterparts across the lines—we must not get desperate, because if we get desperate, who is going to struggle for peace? Pessimists are bound to lose hope. Hope is needed as fuel in order to encourage people to struggle for peace, to work for peace.

Now ladies and gentlemen, let us raise our glasses, for the health of the President of the United States and the ever-great friendship of our two countries. *L'chaim*. [“To life.”]

Mr. Foreign Minister, Mrs. Allon: I nearly said "fellow members of the Cabinet," since I am sure I have seen more of the Israeli Cabinet than of our own. I would like to express my great pleasure at being in a country whose political disputes are relatively tame, which has only one house of Parliament and that is only comprised of less than 150 members.

I know many of you are here for many reasons. The distinguished members of the opposition, to study the depths human depravity can reach. The members of the Israeli negotiating team—the Prime Minister, Foreign Minister, Defense Minister, and the Chief of Staff—take very seriously what the Foreign Minister said, that it is not necessary for Israelis to agree with everything that Americans say; and having read your newspapers—and our Embassy is very careful to send me a selection of all unfavorable articles—I am aware of the fear that the United States may be applying "salami" tactics to Israel. Now, for those of us who have had—I don't know whether "privilege" is the right word—the experience, shall we say, of negotiating with the Israeli negotiating team, the idea that Israelis would be pushed back inadvertently—without noticing it, so to speak, and without obtaining a quid pro quo—is so inconceivable that it requires almost no discussion.

All of us on the American side are well aware of the affection of your Chief of Staff for any point, any territorial point, possessing any elevation whatsoever, and therefore withdrawals involving hills present very special difficulties for American negotiators even to mention.

So I want to assure Israelis present that they should not feel an uncharacteristic lack of confidence in their negotiators, who are keeping us very honest indeed. But, speaking seriously, I came to Israel in an official capacity for the first time on the day that the war ended. Indeed, the war had not yet ended, and I had the pleasure then of meeting men I grew to admire very much after-

ward, the former Chief of Staff, "Dado" [David] Elazar, with whom I had the privilege of working during the disengagement agreement with Egypt and, of course, many other senior leaders. And no one who met Israel's leaders on that day can forget the exhaustion and the relief and to some extent the uncertainty of what would happen now that this unbelievable effort was over, that this terrible shock had been honorably survived.

No one who was in Israel on that day can ever doubt that there is no people in the world that deserves peace more than the people of Israel or could be more dedicated to achieving it. Of course, given the special relationship of friendship and affection that exists between us and Israel, our disagreements, when they occur, are in the nature of family quarrels—loud and noisy—but we always know when they start that they are going to be settled.

And we always know that we are engaged in a common effort—to bring peace to an area and to a people that has suffered throughout its history and that deserves nothing so much as for once to live in recognition of it by its neighbors and in safety for its children. I agree with the Foreign Minister that Israel, which was built on faith, is now asked to undertake another act of faith.

I said once to a group in Washington, and indeed I would say, if I did not want to jeopardize his reputation, that it occurred at the house of your Ambassador, that on the occasion that the Foreign Minister visited Washington, that I will never forget my visit to his kibbutz, where I was taken around in a very matter-of-fact way, and every square yard has been paid for with lives or with some suffering.

And therefore a decade and a half ago, before I ever thought that I would be in any official position, this reality of Israel was very clear to me. And now the process of peace requires another act of faith on the part of all of us, because as we make peace we have to balance the requirements of physical security against the needs of good faith and good will and recognition. And we have to relate the tangible possession of ter-

ritory to the intangible necessities of legitimacy and acceptance and the desire for peace. And that is a very difficult process. And as the Foreign Minister said, in the nature of things no one can possibly know at each stage with certainty where the balance is to be struck.

But one thing we do know for certain: Serious people—as those of us who sit, if I may say so, in comradeship around the negotiating table—serious people can occasionally have different views. Although I regret to tell the assembled press that this did not happen today—I don't know whether now the Israeli Cabinet can survive a confidence vote tomorrow—but they may differ occasionally, and we have, and I am sure we will again.

But one thing cannot happen: We will not knowingly sacrifice Israel to the considerations of great-power politics. Whatever differences have occasionally arisen, or may arise again in the future, arise from the fact that in a complex problem, serious people may sometimes have a different perspective. They cannot arise from the fact that the United States considers the security of Israel expendable or a pawn in some game of great-power politics.

Of course we have to take many factors into account as well, because we all have to survive in the same environment. And in a world in which great powers sacrifice small powers, the integrity of the large powers, and ultimately their security, is jeopardized as well. So we have embarked today in a review of the considerations, the categories, purposes, and the strategies involved not just in another step, but involved in a process toward that state of peace that we both desire.

We share your aspirations for peace. And we hope that we can in the not too distant future look back to that day which I met the Israeli leaders at the end of their difficult war as the day when we began to turn toward a period when mothers in Israel no longer had to fear for the future of their children and where therefore the peace of the whole world became more secure. And it is in this spirit that I would like to pro-

pose a toast to the President of Israel and to the friendship of the United States and Israel.

DEPARTURE, BEN GURION AIRPORT, FEBRUARY 12

Press release 61 dated February 12

Secretary Kissinger

I wanted to thank the Foreign Minister and the Israeli negotiating team—the Prime Minister, all the other friends with whom we discussed here—for what I consider very constructive, very useful talks. We did not attempt to reach any final conclusion on this trip, but rather to explore the basic principles and categories of a possible interim settlement; and I will now go to Egypt, and I will have similar discussions with the Egyptian leaders.

The area needs progress toward peace. All the peoples in the area need it. The United States will do what it can to promote it, and the talks here were a very useful and important step in that direction.

Thank you.

Foreign Minister Allon

Thank you very much, Mr. Secretary, for your kind words. I, too, consider your visit to this country as a very important one and indeed very successful. We didn't expect too much from the first move. Nevertheless, as a preliminary move it was a very constructive one.

I sincerely believe that an interim agreement is badly needed by all the parties concerned—by Israel, by Egypt—and I am happy that this coincides also with the policy of the United States of America. I can understand that there may be different approaches as to how this interim agreement should be achieved and what should be the results of it, but once we start we must stick to the initiative, until we get positive results, with great patience and good will on both sides. I wish you a very successful trip to Egypt, and come back as soon as you can.

REMARKS BY SECRETARY KISSINGER AND
PRESIDENT SADAT OF EGYPT, FEBRUARY 12¹

Q. Is there going to be a statement?

President Sadat: Yes, Dr. Kissinger will tell you.

Secretary Kissinger: The President and I reviewed the whole situation. First we met as delegations with Foreign Minister [Ismaïl] Fahmi, Under Secretary [Joseph J.] Sisco, and Ambassador Eilts [Hermann F. Eilts, U.S. Ambassador to Egypt]. Afterward the President and I met alone for a couple of hours for a detailed review of every aspect of the situation. I think we have made progress in clarifying the issues and indicating the directions in which a solution should be found. And we will continue our talks this evening, and I'm hopeful that further progress will be made. In fact I'm confident that further progress will be made.

Q. Do you expect a change in program and to come back again in the coming few days?

Secretary Kissinger: Not in the coming few days, but in the very near future.

Q. This will help your mission in Israel, sir?

Secretary Kissinger: I don't have a mission to any particular country. My mission is to help bring peace to the area. And I find that my talks with the President today were very constructive in that direction.

Q. Are you optimistic now?

Secretary Kissinger: As I indicated, I think we indicated the direction in which progress can be made.

Q. You mean you are more hopeful than before, Dr. Kissinger?

Q. Are you satisfied, Mr. President?

President Sadat: Yes, I am satisfied. We had very fruitful talks and then we shall

be resuming these talks because Minister Fahmi was very kind to invite me for dinner with Dr. Kissinger. [Laughter.]

Foreign Minister Fahmi: It is my honor, Mr. President.

Q. Mr. President, you seem a little bit subdued today, not as happy as you were before after some of these talks.

President Sadat: How can you reach this conclusion?

Q. Well, we're reduced to that sometimes.

President Sadat: Not at all, not at all. I'm very happy. As I told you, I am optimistic.

Q. Mr. President, are you optimistic that you will see an early withdrawal of Israel from the Sinai passes and from the oilfields?

President Sadat: Well, as Dr. Kissinger said, we have made a survey for the whole problem, and I think this is quite sufficient for the moment.

Q. Well, I wondered if your optimism extended from something physical on the ground in the way of withdrawal?

President Sadat: Well, I'm always optimistic when I receive my friend Henry.

Q. Dr. Kissinger, is your visualization of the next steps already made?

Secretary Kissinger: Well, the basic problem is to bring peace to the entire area and that is the fundamental problem. In reaching that, there will undoubtedly be individual steps, and I personally have some ideas what these steps might be in the context of an overall peace.

Q. Mr. Secretary, do you mean one country at a time?

Secretary Kissinger: Well, I don't want to speculate on how these various stages might get carried out.

Q. Mr. President, do you feel that the Israeli and Egyptian positions are reconcilable?

¹ Made to the press following their meeting at the Barrage Residence, at Cairo on Feb. 12 (text from press release 63 dated Feb. 13).

President Sadat: Well, you should ask Dr. Kissinger this.

Q. Dr. Kissinger?

Secretary Kissinger: I'm here because I think they're reconcilable.

DEPARTURE, DAMASCUS AIRPORT, FEBRUARY 13

Press release 66 dated February 13

First of all I wanted to thank the President and the Foreign Minister for the very warm and courteous reception that we have had here in Damascus. We first of all reviewed the state of bilateral relations between Syria and the United States, which is good and improving. We also reviewed in very great detail all the elements of a just and lasting peace in the Middle East and the indispensable role of Syria in a final solution of the problems of the Middle East.

The talks throughout were very friendly and constructive. We agreed to stay in close contact. The President and the Foreign Minister invited me on the occasion of my next visit to the Middle East in a few weeks' time to visit Damascus, and I accepted with great pleasure.

REMARKS AT JERUSALEM, FEBRUARY 13²

Secretary Kissinger

I wanted to report to you that the Israeli negotiating team and my colleagues and I had a very good and constructive session this evening. I reported to the Israeli negotiating team about my visits to Cairo and Damascus. I did not bring as a result of these visits any concrete proposals, plans, or lines but, rather, a continuation of the considerations that were part of my exploratory mission.

I plan to return to the Middle East by the middle of March, and I will meet again with the Israeli negotiating team tomorrow morn-

² Made following a working dinner with Prime Minister Rabin (text from press release 68).

ing to prepare this next visit. The talks were conducted in a very friendly atmosphere, and I consider them fruitful and positive.

Foreign Minister Allon

I would like to thank the Secretary of State for the candor and open way in which he reported to us about his impressions from his recent visits to Cairo and Damascus. May I remind you that when I came back from Washington, I expressed my hope that the Secretary of State would be visiting the Middle East around the dates that this trip has been carried out. And I also expressed my hopes that as a result of his exploration in this short visit he will find it necessary and desirable to come again for a further effort in order to achieve political progress.

I am very glad that Dr. Kissinger found it possible to promise another visit to this part of the world. Thank you for that, too.

ARRIVAL, AQABA, FEBRUARY 14

Press release 70 dated February 14

I want to say it is always a special pleasure for me to see our friends in Jordan. I am here to tell the King and Prime Minister Zaid Rifai about my trip through the area, to get their advice about how peace in the Middle East may be promoted, and to discuss how to strengthen the already very good bilateral relations between Jordan and the United States. I look forward very much to seeing His Majesty.

Thank you very much.

ARRIVAL, RIYADH, FEBRUARY 15

Press release 72 dated February 18

Petroleum Minister Sheikh Ahmed Zaki Yamani

It's always a pleasure to welcome Secretary Kissinger to this country and to exchange views with him in order to help achieve peace in this area. We appreciate his efforts and wish him the best of luck.

Secretary Kissinger

I would like to express my own great pleasure at returning to Riyadh and to see our old friends in Saudi Arabia. I will report fully to His Majesty about the trip I have now taken through the area and the determination of the United States to contribute to rapid progress toward peace in the Middle East. We will also talk about other problems, including the problems of cooperation between consumers and producers and the American attitude of conciliation, cooperation, and traditional friendship.

DEPARTURE, RIYADH, FEBRUARY 15

Press release 73 dated February 18

Secretary Kissinger

Really, I can record only that I reviewed with His Majesty and his advisers the state of negotiations toward peace in the Middle East, and I listened with great interest to the advice of His Majesty, that we take, always, extremely seriously. We also reviewed bilateral relations and other matters of common interest. The talks were warm, friendly, and constructive; and my colleagues and I are grateful for the reception we have had.

Petroleum Minister Yamani

Well, every time we receive our friend Dr. Kissinger, he leaves with us more confidence in his ability, his sincerity, and we wish him good luck. We believe that it is in the interest of the United States to create peace in this area, and we believe that he is doing his best to create that interest and to maintain it.

ARRIVAL, BONN, FEBRUARY 15

Press release 75 dated February 18

I wanted to say how delighted I am to have this opportunity to meet my friend and colleague the Foreign Minister. I will re-

port to him and to the Chancellor about my trip to the Near East and about the prospect for further steps toward peace as I see them.

Naturally, we will also review German-American relations and world problems in general. I am not aware of any problems that exist in the relationship between the Federal Republic and the United States. So it will be a meeting among friends who will talk about how to make close relationships even closer.

Q. Did you get the support of King Faisal for your efforts?

Secretary Kissinger: I think Minister Yamani said at the airport that the Government of Saudi Arabia supported the approach that I am following.

REMARKS AT BONN, FEBRUARY 16³

Foreign Minister Hans-Dietrich Genscher

The visit of the Secretary gave us an opportunity for an exchange of views on Middle East developments. In these discussions it became clear that our evaluations are in agreement. The same applies to the situation in the Mediterranean. It is natural that we talked about the Cyprus situation. Other topics this morning included the status of discussions on CSCE [Conference on Security and Cooperation in Europe] as well as the status of MBFR [mutual and balanced force reduction] negotiations. We were able, which for us is not surprising, to agree fully on all these questions.

Secretary Kissinger

Both for the benefit of the American press here and for the sake of German-American relations, I will not inflict my German on you, which the Foreign Minister maintains is not German at all, but Franconian [laughter].

I would like to underline the remarks of the Foreign Minister. We reviewed my trip

³ Made to the press following a meeting at Schloss Gymnich (text from press release 76 dated Feb. 18).

to the Middle East, the European Security Conference, mutual force reductions, and the situation in the Mediterranean with particular emphasis on Cyprus. And on all these matters there was a complete unanimity of view, and the discussions were conducted in the warm and friendly spirit which has characterized our relationship.

Thank you very much.

Q. Did you discuss the position of the PLO [Palestine Liberation Organization]?

Secretary Kissinger: The American position on the PLO is well known, and I am obliged to repeat it at every press conference. We have nothing to discuss with the PLO until the PLO recognizes the existence of Israel and of the relevant resolutions. At that point we can think about the problem.

Q. Mr. Secretary, did you discuss the question of German arms shipments to Turkey in view of the American embargo?

Secretary Kissinger: Well, this is a matter for the Federal Republic to decide. We discussed, rather, the political situation in the eastern Mediterranean, and of course the Administration's position on that matter has been made abundantly clear.

INTERVIEW WITH GERMAN TELEVISION (ZDF), FEBRUARY 16

Press release 77 dated February 18

Q. Have you made progress in pursuit of your policies in the Near East?

Secretary Kissinger: I think that my trip to the Middle East outlined the main positions with a much greater precision than I had understood them before. It indicated the difficulties, but it also indicated the possibilities, and therefore I shall return to the Middle East within a few weeks with hope that some progress can be made.

Q. Has your trip placed you in a good position for your talk with Foreign Minister Gromyko in regard to improving relations with the Soviet Union in the Middle East?

Secretary Kissinger: The United States recognizes that a final settlement in the Middle East cannot be achieved without the participation, cooperation, and possible guarantee of the Soviet Union, and I will talk to Foreign Minister Gromyko this evening in that spirit. We have both taken trips to the area, and we will exchange ideas, and we will do so from the attitude, certainly on the American side, that good relations with the Soviet Union are an essential aspect of our policy.

Q. What role can Europe play in your view in that part of the world?

Secretary Kissinger: As you know, I have always been a very convinced believer in the proposition that the United States and Europe must cooperate closely and coordinate their policies closely. One reason I stopped in Bonn, and will stop in London and Paris, is to inform our European colleagues of the results of my trip. Coordinated policies do not mean it has to be identical, and I think that Europe can with its own influence and with its own relations exercise a rule of moderation and conciliation and at crucial moments can use its influence to help bring about a peaceful solution.

Thank you very much.

ARRIVAL, GENEVA, FEBRUARY 16

Press release 79 dated February 18

I would like to express my pleasure at being in Geneva to review with Foreign Minister Gromyko the state of U.S.-Soviet relations and also the situation in the Middle East. I agree with Foreign Minister Gromyko that the state of U.S.-Soviet relations is of great importance to the peace of the world, and therefore the United States attaches considerable importance to the relaxation of tensions between the Soviet Union and the United States and will continue to pursue this policy with energy and conviction.

The Soviet Foreign Minister and I will review the whole range of Soviet-American relationships and will of course pay attention

to the Middle East, to which both of us have paid visits in recent weeks, and we will no doubt exchange impressions.

Thank you very much.

REMARKS AT GENEVA, FEBRUARY 17

Press release 81 dated February 18

Soviet Foreign Minister Gromyko

Now, we had lunch by the Secretary of State of the United States. Before luncheon we had a discussion. We also had a discussion after lunch. You know that we also met for discussions yesterday night. Many questions were touched upon in the conversations, and I believe that all of these questions are important. There were questions on which our positions are close or coincide. I won't divulge a secret, and I think the Secretary of State will agree, that there were questions on which our positions did not exactly coincide. But we agreed by expressing the opinion of our countries and in general the leadership of our states that it is necessary to work in the direction of narrowing the differences—on questions where these differences exist, to work in the spirit of those relations which have been established between the Soviet Union and the United States. And the United States and the Soviet Union have covered a great distance in a positive direction.

I must firmly say that the Soviet leadership and the Soviet Government firmly pursue the line which has been formed in relations between our countries in recent times. In this connection I would like to underline the great importance of the Vladivostok meeting between the General Secretary of the Central Committee of the Communist Party of the U.S.S.R., Comrade Brezhnev, and the President of the United States, Gerald Ford. Of course, you are aware that the Secretary of State, Mr. Kissinger, actively participated in that meeting and I also had a little bit to do there.

I would like to express my satisfaction that our talks, this is our view, our discus-

sions here yesterday and today were fruitful for the relations between the United States and the Soviet Union; and we are convinced that for other states as well, and from the point of view of the international situation as well.

And in front of you, I would like to say my thanks to Mr. Kissinger, the Secretary of State, for the hospitality showed to us today. I would like to take this opportunity to convey my best wishes to the people, citizens, of this wonderful city of Geneva and to the citizens and to the people of Switzerland and to the administration of the canton and the Swiss Government for their hospitality and the creation of good conditions for our work.

Secretary Kissinger

I do not profess the oratorical skill of my Soviet colleague. I therefore will confine myself to confirming his evaluation of our meeting. We deepened our understanding on those issues where our views coincide; and on those issues where our views did not coincide exactly, we attempted to bring our views into closer harmony.

The United States proceeds in these meetings, which we consider a regular part of our exchanges, from the assumption that the United States and the Soviet Union have a special obligation to preserve international peace and therefore must be in close contact on all major international issues that can affect the peace of the world.

I also, on behalf of my colleagues, consider these talks to have been fruitful, and I shall report to the President that we are moving within the spirit of the previous agreements.

The United States attaches very great importance to the Vladivostok agreements, on the implementation of which negotiations have started here and which both our governments will endeavor to bring to conclusion during this year.

I would also like to thank the city of Geneva and the canton for having received us here and for having the occasion for this very useful meeting. Thank you very much.

Q. Mr. Gromyko, Mr. Brezhnev recently complained that certain persons were offering the Arabs a soporific in the form of a partial settlement in the Middle East. Do you have any idea who those certain persons are and why he was complaining?

Foreign Minister Gromyko: He did not mention any particular persons. [Laughter.]

Secretary Kissinger: I asked the Foreign Minister the same question. [Laughter.] I offered to share in the condemnation of such efforts. [Laughter.]

Foreign Minister Gromyko: So there is no basis for criticizing.

Q. Mr. Secretary, did you talk about the resuming of the Near East conference here in Geneva and about dates?

Secretary Kissinger: Well, we will issue a communique later today in which these and related questions are addressed.

Q. This is tonight for the German television?

Secretary Kissinger: Well, you can read it on German television this evening. Thank you.

TEXT OF U.S.-U.S.S.R. JOINT STATEMENT ISSUED AT GENEVA FEBRUARY 17

Press release 80 dated February 18

As previously agreed, a meeting between Henry A. Kissinger, Secretary of State of the United States of America and Assistant to the President for National Security Affairs, and Andrei A. Gromyko, Member of the Politburo of the Central Committee of the CPSU [Communist Party of the Soviet Union] and Minister of Foreign Affairs of the USSR, took place on February 16 and 17 in Geneva.

They exchanged views on a number of questions of bilateral American-Soviet relations, including the various negotiations currently in progress between them, and on certain international issues of mutual interest. Both sides emphasized their determination to adhere to the course of continu-

ing to improve Soviet-American relations in accordance with existing understandings and agreements of principle, which they firmly believe are in the interest of the peoples of the United States of America and the USSR and of international peace.

Both sides stressed the great significance of the agreement regarding the further limitation of strategic offensive arms reached in the course of the meeting between the President of the United States of America Gerald R. Ford and the General Secretary of the Central Committee of the Communist Party of the Soviet Union, L. I. Brezhnev in November, 1974, in Vladivostok. On the basis of this agreement, both sides intend to continue energetic efforts to work out an appropriate long-term agreement this year.

It was noted that a great deal of progress has been achieved at the Conference on Security and Cooperation in Europe. The two sides stated that they will continue to make active efforts jointly with the other participants to have the Conference successfully concluded at an early date.

They assume that the results achieved permit its conclusion at the highest level.

They also agreed that active efforts should be made to achieve positive results in the mutual reduction of forces and armaments in Central Europe on the basis of the principles referred to in the American-Soviet communique of November 24, 1974.

In the course of the conversations, particular attention was given to the Middle East. The two sides remain concerned over the dangers persisting in the situation there. They reaffirmed their intention to make every effort to promote a solution of the key issues of a just and lasting peace in the area on the basis of UN Resolution 338, taking into account the legitimate interests of all the peoples of the area, including the Palestinian people, and respect for the right to independent existence of all states in the area.

The two sides believe that the Geneva Conference should play an important part in the establishment of a just and lasting peace in the Middle East, and should resume its work at an early date.

They exchanged views on Cyprus. Both sides reaffirmed their firm support for the independence, sovereignty and territorial integrity of Cyprus. They recognize the present Cypriot Government as the legitimate government of Cyprus. Both sides continue to consider that a just settlement of the Cyprus question must be based on the strict implementation of the resolutions adopted by the Security Council and the General Assembly of the United Nations regarding Cyprus.

The talks were held in a business-like and constructive atmosphere and both sides expressed their satisfaction with the results.

REMARKS AT LONDON, FEBRUARY 18

Press release 82 dated February 18

Secretary Kissinger

The Foreign Secretary, Prime Minister, and I reviewed the trips that both sides have been taking. We think that the British visit to Moscow was extremely successful—a contribution to the relaxation of tension within the framework of allied friendship and solidarity. I reported to our British friends about my visit to the Middle East and our plans for the future.

We also had an opportunity to review all other international matters in a spirit of friendship, cordiality, and agreement.

Thank you.

U.K. Foreign Secretary James Callaghan

It's always a great pleasure to have Dr. Kissinger here. He's one of the world's great statesmen, and he's been on a mission of peace. I hope that his efforts meet with the reward that the world needs and that certainly they deserve. We think that as a result of the efforts that are being made by him—and we were able to discuss the Middle East situation in some detail—that there is good prospect for another step being taken. That is certainly our desire and our inten-

tion, and we are working with the United States, and with all others, in order to achieve that.

As far as our visit to the Soviet Union was concerned, I agree with Dr. Kissinger that it has had the impact of strengthening the policy of détente, which is in the interest of all of us. I hope that it has reinforced other efforts that are being made in other directions. And I think as far as 1975 is concerned, that we may well see some progress in further relaxation of tension and in the growing together of people whatever their economic or political systems may be.

Q. Mr. Callaghan, did you have the impression in Moscow that the Russians would cooperate with a step-by-step approach to these negotiations?

Foreign Secretary Callaghan: Well, I think Dr. Kissinger has talked to Mr. Gromyko since I did. I think he could answer that question better than me.

Secretary Kissinger: I hope that the Soviet Union will understand that any step toward peace is in the interest of everybody. We have always asserted that a final settlement will require the cooperation and participation of the Soviet Union, so these measures are not considered incompatible by us.

Q. Mr. Callaghan, did you talk to the Secretary about energy, in particular the oil price floor that the Secretary has proposed?

Foreign Secretary Callaghan: Yes, we've had a number of conversations about this particular subject in Washington, and this time we haven't carried it very much further, because not much progress has been made beyond our talks in Washington.

Q. Generally does Britain go along with this concept?

Foreign Secretary Callaghan: Of a price floor? We're going to be very big producers of oil ourselves by 1980, and we think there is a lot to be said for having some stability in the market, especially when there is ex-

pensive oil being produced. So we would want to examine this kind of proposal very sympathetically.

Secretary Kissinger: I've got to maintain my friendship with the Foreign Secretary in case he becomes president of OPEC [Organization of Petroleum Exporting Countries]. [Laughter.]

Q. Could Dr. Kissinger tell us his impressions of Mrs. Thatcher [Margaret Thatcher, leader of the Conservative Party]?

Secretary Kissinger: I have already stated that I was impressed.

NEWS CONFERENCE BY SECRETARY KISSINGER AND THE SHAH OF IRAN, ZURICH, FEBRUARY 18 ⁴

Q. Is Iran prepared to play a role in the Secretary's step-by-step diplomacy? Specifically, I have in mind supplying oil to Israel, should Israel be compelled to give up the Sinai oilfields.

The Shah of Iran: Well, I think that I have answered this question before by saying that our policy is to sell oil to [remainder of sentence inaudible]. Once the tankers are loaded it doesn't matter where or to whom the oil goes, because it is a strictly commercial transaction for my country.

Q. So certainly you would be part of no boycott of Israel, which seems to be growing big?

The Shah of Iran: We have never really boycotted anybody. It is not part of our policy. We think that politics and commerce are separate. We have not taken part in the first oil embargo, and we will not take part in any other embargo. No embargo can work anymore, because we have tremendous oil reserves in both Europe and other countries of the world. I believe they have 90 days' reserve, and today's wars cannot last more

than three weeks. So I don't really believe in that. But if it comes, we are not going to put an embargo on oil.

Q. Your Majesty, you and the Secretary discussed prices surely. What do you see as a future price [inaudible] and Mr. Kissinger's plan for a floor price on oil?

The Shah of Iran: We are going to go to the OPEC meeting in Algiers very soon. Anything I say before that meeting you will hear about. What I want to say is that in my opinion, for good or bad, the price of oil has increased. If we consider inflation and that the Western countries—or the industrialized countries—are selling their goods to us at about 35 percent more, and then, with the devaluation of the dollar, in the matter of fact of purchasing power a barrel of oil corresponds today to about \$7 or \$8, if you want my opinion. So the price of oil has gone up.

Q. Excuse me, but that brings up indexing. We are familiar with your position. Are you and the Secretary getting together on a view of the value of indexing?

The Shah of Iran: In principle he agrees with me on the indexing of prices. The question is a floor price for oil and also a floor price for other commodities. But the other commodities are 20 or 30, and oil is one. It won't be easy to index it, but it can be done.

Q. Mr. Secretary, what was the main concern between yourself and His Majesty?

Secretary Kissinger: Well, as you know, the relations between Iran and the United States are extremely close; and I think that His Imperial Majesty and I have agreed that they have probably never been better. Therefore it was natural that as a result of my tour to the Middle East I would inform His Imperial Majesty of what the United States is intending to do and to get the benefit of his advice on those matters. It naturally gave us an opportunity to review other issues such as the general issue of energy and the

⁴ Held following a luncheon at the Dolder Grand Hotel (text from press release 84 dated Feb. 19).

bilateral Iranian-American relations. We will have a meeting in Washington of the Iranian-U.S. Commission.

Q. [Inaudible.]

The Shah of Iran: I am not one of those to believe that the price of oil will go lower—

Q. Will go up, did you say?

The Shah of Iran: No, go lower. If you force us to raise the prices by your inflation, it might go up. But what will be the purchasing power? I am not interested in raising the price of oil. But if I have to go and buy more expensive goods, what really concerns me is to keep a constant purchasing power.

Q. Mr. Secretary, in context with His Majesty's remarks about the decline of the dollar, I understand the United States is planning to do something about the dollar now.

Secretary Kissinger: As I understand it, the value of the dollar has stabilized; and we are very interested in maintaining it. We will do our best to do so.

Q. We have not seen it in Switzerland yet.

Secretary Kissinger: It will come here. Everything comes here sooner or later.

Q. What, according to your ideas, are the means of getting down inflation? For instance, you buy products from industrialized countries, but at the same time you are paying much more. But what is the way out?

The Shah of Iran: The way out is for you people to check your inflation.

Q. Mr. Secretary, how can one check this inflation?

Secretary Kissinger: That is an extremely complicated matter; but as you know, the Administration is attempting to deal simultaneously with both inflation and recession, and we agree with the concern of His Imperial Majesty about bringing inflation under control and, above all, to have a fruitful dialogue.

Q. Your Majesty, I am sorry, but we did not hear your answer about the possibility of selling oil to Israel. Would you please repeat it?

The Shah of Iran: I said that when we sell our oil and fill up the tankers in our terminal ports we do not mind and do not care where it goes.

Q. Would you be willing to play an active role in promoting step-by-step diplomacy?

The Shah of Iran: I am not one of those who loses his head very easily in believing that he is a big deal, but for the little influence that we could eventually have, is to see every possible way of defusing the present, maybe explosive, situation that will permit more meaningful and constructive talks later.

Q. Your Majesty, do you believe that after your meeting in Algiers the price of oil will be higher?

The Shah of Iran: I can't say what will be the result of that meeting. This meeting will probably study what to do if the inflation in Europe and elsewhere continues. And if our purchasing power becomes less and less, we will have to defend ourselves somehow.

Q. You see a direct link between inflation and the price of oil that will be set? If inflation goes higher, the price of oil could go higher?

The Shah of Iran: If inflation goes on the price of everything will get out of control.

Q. Your Majesty, have you discussed with the Secretary recent reports that Diego Garcia is to be built up as a naval position, in view of your disagreement with big powers moving in the Indian Ocean?

The Shah of Iran: I have spoken about it before, but our principal first-choice policy will be first to see the Persian Gulf and then the Indian Ocean eventually free of outside powers. That means nonriparian states. But as long as some powers are there, we would

not only not object to the presence of the United States but on the contrary we would welcome it.

REMARKS AT PARIS, FEBRUARY 18⁵

French Foreign Minister Jean Sauvagnargues

I have had the honor and pleasure of receiving the Secretary of State for a working dinner. Unfortunately I was not able to offer a dinner as sumptuous as the one he gave for me in Washington. But I have told him that I hope to meet him again soon with Madame Kissinger in Paris in order to offer him a reception comparable to the one he arranged for me in Washington.

This evening we had a working dinner that consisted of a detailed exchange of views on a certain number of problems, problems facing the United States, France, and the entire Occidental world—the problem of energy, the problem of the CSCE. There is also the problem of Cyprus, which occupied us for quite some time. And we have of course spoken of other important questions. Throughout, the atmosphere was very cordial, very frank. Mr. Kissinger will continue this exchange tomorrow with the President.

Secretary Kissinger

First, I want to apologize that I do not speak to you in French. While I understand it well, I never speak it to civilized people with my accent. I agree with everything that the Foreign Minister has said. The discussions covered a variety of subjects and were carried out with great cordiality in a very friendly atmosphere, and I considered them extremely useful.

Q. What role is France going to play in the energy crisis? Do you think that the conflict in the Middle East is going to be more important in the future?

⁵ Made to the press following a dinner at the Quai d'Orsay (text from press release 87).

Secretary Kissinger: I believe that France has played a useful role in the energy crisis, and we are always exchanging ideas about the Middle East, and we are working for the same objectives.

Q. In the Middle East conflict has France for the next few years an important role?

Secretary Kissinger: France has pursued an active policy in the Middle East. We have always benefited from the advice that France from time to time was able to give us, and in turn we keep the French Government closely informed about our activities.

REMARKS AT PARIS, FEBRUARY 19⁶

Foreign Minister Sauvagnargues

The Secretary of State has had a very thorough conversation with the President of the Republic. Most of the problems were discussed; most of these indeed were those we had already discussed yesterday. The Secretary of State has brought a very detailed report on the trip he has just made through the Middle East and which he will resume during the course of the month of March.

The question of energy was treated, and these discussions were carried on in the spirit of Martinique and conform with decisions taken at Martinique. We have made good progress in the direction which we have agreed to follow together.

Secretary Kissinger

I agree with the Foreign Minister that the discussions were very interesting. We covered the whole agenda of Franco-American relations. I reported to the President about my recent trip and the prospects of another step toward peace in the Middle East, and we exchanged views about energy and the preparation of the consumer-producer con-

⁶ Made to the press following a breakfast at the Elysee Palace (text from press release 91).

ference which is going ahead satisfactorily, and all the discussions were conducted, as the Foreign Minister pointed out, in the spirit of Martinique; that is, cooperation, frankness, and friendship.

Q. Is the United States going to participate in the preparatory conference next month?

Secretary Kissinger: I think that good progress has been made in that direction.

ARRIVAL, ANDREWS AIR FORCE BASE, FEBRUARY 19

Press release 93 dated February 19

I will be reporting to the President in about an hour.

The trip that I've just completed was designed to explore the possibilities of another step toward peace in the Middle East; to exchange views with the Soviet leaders, Foreign Minister Gromyko, about U.S.-Soviet relations and the Soviet role in Middle East negotiations; and to stay in close contact with our allies in Europe both about the prospects for peace in the Middle East—which is of such great concern to them—as well as about problems of energy and other international affairs.

I believe we have made some progress toward establishing a framework for negotiation in the Middle East, and I plan to return there in a few weeks to see what can be accomplished concretely. With respect to the Soviet Union, we have always considered our relationship central to the maintenance of peace, and we will continue to stay in touch with the Soviet leadership as we negotiate another step in the Middle East and also in the preparations for a final settlement.

And of course the central element of our foreign policy is close relationship with our allies in Europe and Japan. I believe that my visit to Bonn, London, and Paris has strengthened that relationship. As you know, I also had very fruitful talks with the Shah of Iran.

Now I will report to the President.

U.S. Loan To Assist in Financing of Bangladesh Fertilizer Plant

Following is an announcement issued by the Agency for International Development on February 13.

AID press release 75-12 dated February 13

The Agency for International Development is lending \$30 million to Bangladesh under a joint internationally financed project to help that country construct a urea fertilizer plant, which is expected to have a major impact on the agricultural sector.

The total cost of the joint fertilizer project will be an estimated \$249.4 million, including \$142.3 in foreign exchange costs. In addition to the \$30 million AID loan, the balance of the foreign exchange will come from: International Development Association, \$33.4 million; Asian Development Bank, \$30 million; the United Kingdom, \$18 million; Iran, \$12.4 million; Federal Republic of Germany, \$12 million; and Switzerland, \$6.5 million. Bangladesh will provide the required local currency costs for the project.

Increased use of fertilizer is critical to Bangladesh's effort to produce more food to feed its growing population because more than half of the country's gross domestic product and employment for more than 75 percent of the total labor force comes from the agricultural sector. The agricultural sector also is the primary source of foreign exchange.

The plant will have an annual capacity of 528,000 tons of urea and will more than double the country's urea production capacity, raising annual production capacity from the present 450,000 tons to 950,000 tons. The plant will be located in Ashuganj, about 36 miles northeast of Dacca on the bank of the Meghna River, with rail and water transport connections to the country's important agricultural areas. The plant will use natural gas from the nearby Titas gasfield as feedstock and fuel, and will provide jobs for about 1,200 persons, some of whom will receive training in Bangladesh and abroad. Although there are no statutory regulations in Bangla-

desh for industrial pollution, the plant will be designed in accordance with European and U.S. standards in respect to solid, liquid, and gaseous emissions.

Although the loan proceeds will be available to finance purchases in many countries, the proceeds probably will be spent for U.S. goods and services. In addition, based on past experience, AID expects that U.S. suppliers will provide materials and services for the project financed by some of the other lenders.

Besides the \$30 million fertilizer loan, AID made two other agricultural input loans to Bangladesh within the past five months, a \$25 million loan last September and a \$30 million loan in January. The U.S. Government also has donated more than \$500 million in grants for economic assistance to Bangladesh since that country achieved independence in 1971.

The AID loan is to be repaid in dollars in 40 years, with an initial grace period of 10 years, during which no repayment of principal is due. Interest is payable at 2 percent annually during the grace period and 3 percent thereafter.

U.S. Loan to Egypt To Finance Development Imports From U.S.

AID press release 75-11 dated February 13

Secretary of State Henry A. Kissinger and Ismail Fahmi, Egyptian Minister of Foreign Affairs, on February 13 signed an agreement under which the United States will provide \$80 million to the Arab Republic of Egypt to finance essential imports from the United States.

The \$80 million loan is the first major transaction under the \$250 million economic assistance program of the Agency for International Development recently authorized by the U.S. Congress for Egypt. The funds will be used to finance imports of agricultural and industrial equipment, spare parts, and other essential commodities and related services needed to reactivate and expand the productive capacity of the Egyptian economy. The imports will contribute to increased indus-

trial output and to the social and economic development of the Arab Republic of Egypt.

The loan is repayable over 40 years with a 10-year grace period for repayment of the principal and bears an interest rate of 2 percent per annum during the grace period and 3 percent per annum thereafter.

The United States is already assisting Egypt in several areas. AID has financed U.S. participation in clearing the Suez Canal and intends to provide assistance in the reconstruction of cities and towns along the Canal as well as central development activities. In addition, 300,000 metric tons of Food for Peace have already been authorized this fiscal year at a cost of about \$52.5 million.

Representatives of the two governments are meeting to develop a list of the imports to be financed under the loan and the procurement procedures to be followed.

U.S. Donates 50,000 Tons of Food to CARE for Drought Areas in India

AID press release 75-7 dated February 10

The Agency for International Development announced on February 10 that the United States through the Food for Peace program is donating 50,000 metric tons of food grain to the Cooperative for American Relief Everywhere, Inc. (CARE), for distribution in drought areas in India.

The grain, consisting of 25,000 tons of soy-fortified bulgur and 25,000 tons of soy-fortified sorghum grits, will be distributed by CARE to Indians participating in a Food for Work program in areas susceptible to drought. Value of the grain, including ocean freight, is about \$16 million.

The Government of India hopes by providing jobs on public works projects to raise incomes of rural families, as well as to create new employment opportunities, and to increase agricultural production.

Projects to be undertaken in the Food for Work program will include watershed development, pasture improvement, foresta-

tion, and soil conservation. CARE will focus the programs in districts with largest numbers of small marginal farmers and landless laborers.

This Food for Peace donation is part of a continuing U.S. program to provide India with food aid. In fiscal year 1974, the U.S. Government donated 232,000 tons of food to India, valued at \$77.7 million, including ocean freight. In fiscal year 1975, AID expects to provide a total of 265,000 tons of food valued at \$92 million, including the new donation of 50,000 tons.

U.S. Makes Grant to Israel for Purchase of U.S. Goods

AID press release 75-6 dated January 28

John E. Murphy, Acting Administrator of the Agency for International Development, and Simcha Dinitz, Israeli Ambassador to the United States, on January 28 signed an agreement providing \$150 million to Israel for the import of U.S. commodities.

Following the signing of the documents, Acting Administrator Murphy expressed the hope of the American people that "the people of Israel will look on this agreement as further indication of the U.S. continued concern and commitment to a lasting peace in the Middle East."

The grant is part of the \$652 million authorized by Congress to assist the nations of the Middle East "in their efforts to achieve economic progress and political stability, which are the essential foundations for a just and durable peace."

The grant will be made available to Israel in the form of credits for the purchase of chemical products, agricultural products, pharmaceuticals, textiles, metal products, structural steel, agricultural implements, computer hardware, manufacturing machinery, electrical transmission equipment, trucks, medical equipment, and other goods.

U.S. and Iran Agree in Principle on Investment in U.S. Airline

Following is a joint U.S.-Iranian statement regarding Iranian Government investment in Pan American Airways issued at Washington on February 16.

In recent weeks the Government of Iran and Pan American World Airways Inc. have sought agreement in regard to the possible investment by the Iranian Government in Pan American. The United States Government has been informed of these developments and has been in consultation with both Pan American and the Government of Iran on this subject.

The United States Government and the Government of Iran recognize that any final agreement reached between Iran and Pan American World Airways Inc. is subject to approval by the United States Civil Aeronautics Board, using its normally applied laws and regulations. It is also understood that there be appropriate provisions in such an agreement which would satisfy various requirements of the United States Department of Defense vis-a-vis Pan American. Both Governments note that in entering into such an arrangement, the Government of Iran has no interest in controlling the management or operations of Pan American. For its part, the United States Government has no objection in principle to the proposed agreement.

Both the United States Government and the Government of Iran regard the fruitful consultations they have had on this issue as an expression of their close cooperation and a further contribution to the strengthening of their relationship.

DEPARTMENT OF STATE
IMPERIAL EMBASSY OF IRAN
16 February 1975
Washington, D.C.

The Global Economy: The Issues of Energy and Trade

Address by Deputy Secretary Robert S. Ingersoll¹

The President has had long personal experience with the concerns of Michigan and the Detroit economic community. He has asked me to emphasize today that this Administration knows that foreign economic policy cannot be divorced from the domestic economy. Decisions bearing on your economic well-being and on the general prosperity of this nation will not be made without your interests in mind. We—the Department of State and the entire Administration—are determined to blend the creativity and expertise of business into the policymaking process.

We cannot succeed in a foreign policy that dwells increasingly on economics without your support and understanding. We cannot afford a policy that does not succeed.

As a former businessman and still a member of the Chicago Economic Club, I can sympathize with and relate to your concerns. I would like to discuss some of them with you. But first let me turn to some specific economic problems, and opportunities, facing this nation.

With so many aspects of the global economy experiencing severe stress, there are scores of issues to be addressed. But I will restrict my comments today to two issues in the international economy of most immediate concern to Detroit—energy and trade.

In 1974 we paid over \$24 billion to other nations for energy. This is three times what we paid in 1973. The sudden mammoth drain of real national wealth is central to our pres-

ent economic crisis. It contributes to inflation, unemployment, and recession.

There are two essential issues in the energy crisis: price and assured supply. Both are of deep concern to us. But ultimately the supply of energy, our economy's lifeline, is of fundamental importance. It is inconceivable that we might permit the economic and military security of our nation to become more dependent on foreign sources of energy that are vulnerable to interruption at any moment.

Our dependence on imported oil increased from virtually none in 1950 to 35 percent in 1973. If this trend is permitted to continue, we will be dependent on imported oil for fully half our oil needs in the 1980's.

Let us have no illusions about the impact of such growing dependence on imports on the security and prosperity of this nation. An oil embargo lasting less than six months and at its worst reducing our supply of imported oil by only 15 percent created severe economic dislocations in this country. Imagine the consequences if half our total oil supply suddenly were to be denied.

The decision to reverse the trend of growing dependence can only become harder as we become increasingly reliant on foreign sources of energy.

The time for action on conservation has arrived. In the next few weeks we must reach agreement on a comprehensive national energy program. If Congress does not agree with the Administration's program, then it has the responsibility to set forth a workable alternative of its own. We cannot continue to attack one another; let us attack the problem instead of one another.

¹Made before the Economic Club of Detroit at Detroit, Mich., on Feb. 18 (text from press release 74).

International Energy Strategy

While much of the debate over energy has concerned what we should do here at home, we have proceeded internationally to orchestrate and implement a far-reaching strategy. This has been done without much public attention. But it is one of the major foreign policy accomplishments of the postwar era.

Last February at the Washington Energy Conference, Secretary Kissinger defined our overall approach: First to create unity among the major consumers, then to take the measures necessary to strengthen the consumers' position, and finally—from the position of unity and strength—to engage the producers in the search for a long-term solution. We have come a long way toward meeting our objectives.

By November 1974 we had made significant progress toward consumer unity and in limiting our vulnerability to future embargoes. The International Energy Agency (IEA) was established, and consumer nations reached an unprecedented agreement to share oil supplies in future emergencies. Each participating nation is committed to build an emergency stock of oil. In case of an embargo such as we saw in 1973, each nation will cut its consumption by the same percentage, and available oil will be shared. An embargo against one will be an embargo against all.

In his November speech in Chicago Secretary Kissinger set forth a program to reduce consumer weakness in the face of the oil producers' new financial power and to prepare for a dialogue with the producers.

In the past three months we have made concrete progress:

—The International Energy Agency is working to coordinate national conservation programs and launch a massive campaign to develop new sources of energy. The purpose is to reduce our consumption of imported oil and develop alternative sources so that there will be significant downward pressure on cartel fuel prices.

—And so that no single nation will be forced by balance-of-payments problems to attempt to save itself at the expense of

others, we have agreed to establish in the Paris-based Organization for Economic Cooperation and Development (OECD) a \$25 billion financial safety net. This solidarity fund will provide financing to those hardest hit by payments deficits. It will safeguard all the member nations against shifts, withdrawals, or cutoffs of funds by the producers.

These measures give us considerably enhanced security in the present situation. But we must look to the future as well—to the long-term effort to develop an abundant and reliable supply of energy. We must accept the fact that energy from these new sources will cost considerably more than that from the old ones and will never compete in cost of production with Middle Eastern oil.

The United States has proposed a floor price on imported oil or similar mechanisms to encourage and protect the investments required to help us meet our energy needs for the next decade—oil from the continental shelf, coal, and nuclear energy. If the price of OPEC [Organization of Petroleum Exporting Countries] oil drops on the market, these new sources of energy will remain competitive. The floor price, however, might not be high enough to encourage the development of more expensive sources of energy such as oil and gas from coal, tar sands, and shale. We have proposed the establishment of a synthetic fuels consortium with governmental investment or guarantees to develop our energy sources for the eighties—and beyond.

With the increased solidarity and security achieved over the past 18 months, the major consumers are now approaching a crucial dimension of our international energy program: negotiations with the producers. It has long been clear to the Administration that no solution to the energy problem is possible without a cooperative dialogue between producer and consumer countries. It has also been clear that no dialogue could succeed unless the consumers had a position of their own.

We now have an agreed consumer position on a financial safety net and a common approach to conservation. We are working with

our IEA partners to forge a cooperative framework to accelerate the development of alternative energy sources. Hopefully, we can achieve agreement on this element in time to hold a preparatory meeting with the producers late next month.

Business-Government Cooperation on Energy

But the best laid international plans will be of no avail unless we can do what is required of us at home. In no other area is the success of our foreign and domestic policy more closely linked. We cannot ask other major consumers to reduce their consumption of energy unless we are prepared to do so as well. Nor can we expect the oil producers to respect our position in the negotiations ahead unless we launch a serious effort to develop new sources of supply.

There are legitimate differences about tactics, but it is imperative that we get on with a comprehensive program in the weeks ahead.

Achieving our goal of an assured supply of energy at a reasonable cost will require the close cooperation of business and government. You can help assure that our reduced consumption goals are realized by producing more energy-efficient cars. I note that Detroit will be taking a major step toward reducing gasoline consumption by spending \$5 billion over the next four years to make smaller and lighter cars.

You can also make the investment decisions which will channel our enormous research and development resources toward finding new methods of conservation.

And on the political front, business can play a key role in persuading the Congress and the American people of the urgency of the problem we face.

Finally, we seek your participation in a new diplomatic initiative.

During the past year the United States has established Cabinet-level Joint Commissions with Middle Eastern countries. Two of these, Saudi Arabia and Iran, are of obvious political and economic concern to us. The government is a catalytic agent in this Joint Commission undertaking.

A primary purpose of our Joint Commission activities is to broaden with these countries our common interest in political and economic stability. With improved standards of health and education and better living conditions, these governments should become a force for peace and development in the region. We expect they will want to tie their future to the benefits gained by close association with Western societies.

The Joint Commissions obviously cannot succeed without the active interest and participation of the private sector. Government can establish the political and economic framework. It is up to you to seize the opportunity for trade and investment in the area.

A More Open World Trading System

If energy is the number-one challenge posed to this nation by the global economy, trade cannot be far behind. And trade is an issue in which the business community has an indispensable role to play.

Since 1972 our exports have more than doubled, to nearly \$100 billion. Last year alone the value of American exports increased by 38 percent—and this at a time when our total economic output was beginning to slow down. Our new level of exports supports over 3½ million American jobs. Had there not been an increase in the cost of imported oil, we would have shown an unprecedented trade surplus of \$14 billion in 1974. These figures prove that this country is competitive in world markets.

I know that Detroit feels threatened by automotive imports. It is true that in the first 11 months of 1974 we imported \$11 billion worth of automotive vehicles, parts, and engines. But let us not lose sight of the fact that our automotive exports for the same period were over \$7.4 billion, and tractors accounted for an additional \$1.36 billion in exports.

I am confident that with freer trade and the enormous investment you are now making to decrease size and weight and increase efficiency, American automobiles will soon be able to meet the competition head-on anywhere in the world.

This test of trade requires a new approach on the part of both government and business. We must realize that foreign markets are increasingly important to our economic well-being. We must continue to seek export opportunities. And we must fashion an international trading system that will allow American goods to compete worldwide on equal terms.

An important milestone in realizing our objective of a freer and more equitable international trading system will be the multilateral trade negotiations getting underway in earnest this year.

We can now approach those negotiations with confidence. The Trade Act of 1974 passed by the Congress in December gives us the authority to further America's interests and the cause of interdependence by helping to shape a more just and open trading system.

Much of the commentary to date on the Trade Act has centered on controversial issues such as Soviet emigration and preferences for OPEC countries. We should not let these comments obscure the fact that the Trade Act of 1974 is a tremendous step forward in opening up the international trading system. It provides real opportunities for the American business community.

Equally important, that act specifically calls upon the President to obtain the private sector's advice on negotiating objectives and bargaining positions. For example, 26 Industry Advisory Committees have been formed to act as a liaison between the government and key American industries on trade matters. These committees include many prominent members of the Detroit business community.

Objectives in Trade Negotiations

But what about your specific concerns and objectives related to trade? How does this Administration plan to address them?

First, we must work to lower existing tariff barriers to American exports. Most industrialized nations are facing substantial balance-of-payments deficits due in large

part to the rising cost of their oil imports. Unilateral attempts to erase these deficits by raising trade barriers would only lead to a general decline in trade and could prompt an economic collapse on the scale of the 1930's. An international economic crisis of this magnitude would have obvious political repercussions. It could divide the world into fiercely competing blocs—consumer against producer, "have" against "have-not."

Last May the major trading nations of Europe, North America, and Japan joined in the OECD in a formal pledge not to react to the present crisis by raising new barriers to trade.

When you consider the strained state of economic relations among these nations as recently as 1972, and the widespread domestic pressures to respond to economic difficulty with protectionism, this pledge must be considered a foreign policy accomplishment of major proportions.

As we succeed in reducing or eliminating tariffs, nontariff barriers become a tempting instrument for unilateral protective action. The reduction of nontariff impediments to trade is thus the second major objective of our negotiating strategy.

We must assure that nontariff barriers such as export subsidies, product standards, and restrictive government procurement rules do not place American goods at a competitive disadvantage.

Third, the multilateral trade negotiations will also address the issue of an international safeguard mechanism to cushion the impact of freer trade on severely affected domestic industries and labor. We plan to negotiate a new international code for this purpose.

Fourth, we must insure access to the raw materials our economy requires. The United States is dependent on imports for 82 percent of its bauxite, 93 percent of its nickel, 31 percent of its iron ore, and 100 percent of its tin and platinum.

The oil cartel must not become a model for global trade in other raw materials. Restricted production and rigged prices will

only lead to stagnation of the global economy on which all nations depend. The United States, as one of the world's leading exporters and importers of commodities, has a uniquely flexible and vital role to play.

We are beginning to study the problems that arise when commodities are in short supply and how we might best cope with such situations in the future. At the same time we understand and sympathize with the concern of the exporting nations that the boom-bust cycle of commodity prices must be tempered.

In responding to the challenge of the global economy, we have accepted interdependence. We are looking outward. The establishment of floating exchange rates which preclude foreign currencies from being undervalued has proven to the American people that our business and industry are up to the challenge of the world market.

As the potential for international trade develops, business and industry have a responsibility to help us design a coherent trade policy and to get out and compete wholeheartedly for the world market.

Role of the Department of State

Some of you may harbor unflattering impressions of the State Department and may be surprised, or even alarmed, to hear that the State Department is playing a leading role in meeting the new economic challenge to our nation. I know, because when I traveled overseas in the fifties and early sixties I refused to contact our Embassies after learning that they had little interest in business or commercial operations. But I have traveled extensively in the seventies and can attest that this is no longer the case.

The State Department today is actively, effectively, engaged in international economic policy—in meeting the challenge of energy, in formulating a coherent, comprehensive policy on food and critical minerals, in encouraging American exports, and in providing services to American businessmen. We are working to negotiate a freer world trad-

ing system and to build an economic and political environment in which trade can flourish and American industry can compete. As further evidence of our interest in commercial operations, Secretary Kissinger has appointed Charles Robinson, a businessman, as Under Secretary for Economic Affairs.

Economics and politics have become inseparable ingredients of international affairs. Any breakdown in the world economic order would have political consequences, at home and abroad, of deep concern to all of us. The State Department is determined to improve its ability to deal with the global economy, but we do not pretend to have a monopoly on economic wisdom. This Administration and this Secretary of State are acutely aware of the requirement to read the business community into the foreign policy process. I encourage you to join us in the search for improved means to get our ideas across and talk out our problems.

Nowhere is the interaction between international affairs and domestic concerns more evident than in Detroit. With the distinctions between national and international problems becoming increasingly irrelevant, I urge each of you to take a more active role in the nationwide debate and foreign policy discussions which alone can develop a broad consensus on where we are going and how we want to get there.

For many years Detroit was tarred with the image of a city which cared primarily about production lines and sales quotas. Today there can be no doubt that this city is inseparably a part of the world community. There are Detroit organizations concerned with foreign policy—the Chamber of Commerce, the Detroit Committee on Foreign Relations, your local universities—that deserve your support.

As part of our effort to make communication between the government and the private sector more useful, I would like to ask Russell Swaney [president of the Economic Club] to select 10 members of the Detroit Economic Club who will come to Washington in March for a dinner with State Depart-

ment, Commerce, Treasury, and other Administration officials to discuss international economic problems. We want you to decide on the agenda, to come armed with the issues of concern to you, and to give us an opportunity to exchange ideas on how we can best come to grips with them. In an era of shifting trade patterns and the energy crisis, America must adapt to change and learn to manage new realities.

The interdependence of the global economy has rendered obsolete the concept of "fortress America." If reduced to this kind of isolation we would occupy a prison, not a fortress.

Our efforts to curb energy dependency do not imply that the United States can, or should, exist in an economic vacuum. We will have to accept the inevitability of change, adapt to new circumstances, and compete. Our country has the capacity to insure that change becomes change for the better, and we in government know full well that we will not solve our critical economic and trade problems without your counsel and support.

Mildred Marcy To Be Coordinator for International Women's Year

Deputy Secretary Ingersoll announced on February 11 the assignment of Mildred Marcy as Coordinator for International Women's Year within the Department of State. Ms. Marcy is on detail to the Department from the U.S. Information Agency, where she has been Deputy Director of the Office of Equal Employment Opportunity, as well as Women's Activities Adviser and Federal Women's Program Coordinator, since September 1973. (For biographic data, see press release 54 dated February 11.)

In announcing the appointment, Deputy Secretary Ingersoll said: "I am establishing in the Department of State the position of Coordinator for International Women's Year with the primary responsibility of heading the Secretariat that will work with the National Commission for International Women's Year, soon to be appointed. In addition, the

Coordinator will maintain liaison with the United Nations, other governments, and the U.S. Center for International Women's Year, and be responsible for coordinating the U.S. participation in the Mexico City conference."

U.S. Makes Contribution to U.N. for Women's Year Conference

USUN press release 205/corr.1 dated December 30

The United States, acting through the Agency for International Development, on December 30, 1974, made a contribution of \$100,000 to the United Nations to help pay the costs of the International Women's Year Conference.

The United Nations has designated 1975 as International Women's Year. The year will serve to emphasize three themes: equality for women, the role of women in development, and the contribution that women can make to world peace. A focal point of the year will be a major U.N. governmental conference to be held in Mexico City from June 23 to July 4, 1975. Sponsored by the U.S. delegation in cooperation with the delegations of a number of developing countries, the proposal for a conference won overwhelming support at the 25th session of the Commission on the Status of Women in January 1974. The Commission's decision was endorsed at the spring session of the Economic and Social Council.

U.N. funds for the conference are limited, and an appeal has gone out to member governments for voluntary contributions. In response to this appeal and to help insure the success of the conference, Senator Charles H. Percy, a public member of the U.S. delegation to the 29th General Assembly, announced in October that the United States would make a \$100,000 contribution to help pay the costs of the conference.

In a brief ceremony December 30 at U.N. Headquarters Ambassador Barbara M. White, acting on behalf of Ambassador John Scali, U.S. Permanent Representative to the United Nations, signed a letter authorizing

the \$100,000 grant to the United Nations. Ismet Kittani, Executive Assistant to U.N. Secretary General Kurt Waldheim, signed on behalf of the Secretary General.

President Establishes Commission on International Women's Year

AN EXECUTIVE ORDER¹

ESTABLISHING A NATIONAL COMMISSION ON THE OBSERVANCE OF INTERNATIONAL WOMEN'S YEAR, 1975

There is increasing recognition of, and interest in, the contributions of women to the national life of this country in all its important aspects—cultural, political, economic, and social. Significant progress continues in advancing the rights and responsibilities of women, in opening new opportunities, and in overcoming political, legal, social, and economic handicaps to which women have long been subject. Americans must now deal with those inequities that still linger as barriers to the full participation of women in our Nation's life. We must also support and strengthen the laws that prohibit discrimination based on sex.

The United Nations General Assembly, by proclaiming 1975 as International Women's Year, has offered us an exceptional opportunity to focus attention throughout the country on the rights and responsibilities of women. Presidential Proclamation No. 4262 of January 30, 1974, called upon the Congress and the people of the United States, interested groups and organizations, officials of the Federal Government and of State and local governments, educational institutions, and all others who can be of help to provide for the national observance of International Women's Year with practical and constructive measures for the advancement of women in the United States. . .

I have now determined that it would be in the public interest to establish a National Commission on the Observance of International Women's Year, 1975.

Now, THEREFORE, by virtue of the authority vested in me as President of the United States, it is ordered:

SECTION 1. *Establishment of a National Commission.* (a) There is hereby established a National Commission on the Observance of International Women's Year, 1975.

¹No. 11832; 40 *Fed. Reg.* 2415, Jan. 13. For remarks made by President Ford upon signing the Executive order, see *Weekly Compilation of Presidential Documents* dated Jan. 13, p. 29.

(b) The Commission shall consist of not more than 35 members to be appointed by the President from among citizens in private life. The President shall designate the presiding officer, who may designate from among the members of the Commission as many vice presiding officers as necessary.

(c) The President of the Senate and the Speaker of the House of Representatives are invited to designate two Members of each House to serve on the Commission.

(d) The members of the Commission shall serve without compensation, but shall be entitled to receive travel expenses, including per diem, in lieu of subsistence as authorized by law (5 U.S.C. 5703).

SEC. 2. *Functions of the Commission.* (a) The Commission shall promote the national observance in the United States of International Women's Year. To this end, it will focus attention on the need to encourage appropriate and relevant cooperative activity in the field of women's rights and responsibilities.

(b) The Commission shall take as its action agenda the relevant parts of the resolution adopted by the United Nations General Assembly proclaiming 1975 as International Women's Year:

(1) To promote equality between men and women.

(2) To ensure the full integration of women in the total development effort, especially by emphasizing women's responsibility and important role in economic, social and cultural development at the national, regional and international levels, particularly during the Second United Nations Development Decade.

(3) To recognize the importance of women's increasing contribution to the development of friendly relations and cooperation among States and to the strengthening of world peace.

(c) The Commission shall keep itself informed of activities undertaken or planned by various organizations and groups in the United States in observance of the Year and shall consult with such groups including the United States Center for International Women's Year.

(d) The Commission shall encourage the public and private sectors to set forth objectives to be achieved as part of the program observing International Women's Year, as provided in the Presidential Proclamation.

(e) The Commission shall, through close liaison with appropriate Government agencies and their public advisory committees, keep itself informed about and make known to the public all major programs and special efforts during International Women's Year which are supported by those agencies.

(f) The Commission shall hold meetings at such times and places as the presiding officer shall determine. It may assemble and disseminate information, issue reports and other publications and conduct

such other activities as it may deem appropriate to provide for effective participation of the United States in the domestic observance of International Women's Year.

(g) The Commission may establish, within the limits of available funds, such subcommittees or working groups as may be necessary for the fulfillment of its tasks. The membership may include persons not members of the Commission.

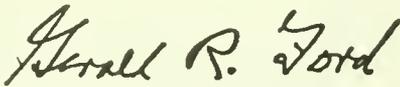
(h) The Commission shall conclude its work by the end of the year 1975 and make a report to the President within thirty days thereafter. The Commission shall then be terminated.

SEC. 3. *Assistance and Cooperation.* (a) The Commission may request any agency of the Executive branch of the Government to furnish it with such information, advice, and services as may be useful for the fulfillment of the Commission's functions under this Order.

(b) The agencies of the Executive branch are authorized, to the extent permitted by law, to provide the Commission with administrative services, information, facilities and funds necessary for its activities.

(c) The Commission may procure, subject to the availability of funds, the temporary professional services of individuals to assist in its work, in accordance with the provisions of Section 3109 of Title 5 of the United States Code.

SEC. 4. *Responsibilities of Government Departments.* Each agency of the Executive branch shall designate at least two persons, preferably a man and a woman, to be responsible for planning and implementation of projects and programs within such departments and agencies for the domestic observance of International Women's Year. Persons so designated shall constitute membership of an interdepartmental task force for International Women's Year. The Department of State shall designate the presiding officer. The task force will coordinate the activities undertaken by the Executive branch of the United States Government as well as those undertaken by the Commission in the domestic observance of International Women's Year.



THE WHITE HOUSE, January 9, 1975.

United Nations Documents: A Selected Bibliography

Mimeographed or processed documents (such as those listed below) may be consulted at depository libraries in the United States. U.N. printed publications may be purchased from the Sales Section of the United Nations, United Nations Plaza, N.Y. 10017.

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The International Energy Program and U.S. Obligations as a Member of the International Energy Agency

*Statement by Thomas O. Enders
Assistant Secretary for Economic and Business Affairs*¹

I am pleased to have this opportunity to appear before your committee to provide testimony on that portion of the President's energy proposals related to the International Energy Program and our obligations as a member of the International Energy Agency (IEA).

Over the past year, the central objective of our international energy policy has been the development of a comprehensive framework for consumer country cooperation. These efforts had their formal beginning with the Washington Energy Conference in February 1974 and continued through the work of the Energy Coordinating Group set up at the time of the Washington Conference. This group of 12 nations (the United Kingdom, the Federal Republic of Germany, Italy, the Netherlands, Belgium, Luxembourg, Denmark, Ireland, Norway, Canada, Japan, and the United States) undertook to develop a cooperative international action program to deal with the world energy situation.

The result was the establishment, last November, of the International Energy Agency under OECD [Organization for Economic Cooperation and Development] aus-

pices.² The Agency initially had 16 participating countries: Belgium, the Netherlands, Luxembourg, Germany, Italy, Denmark, Ireland, the United Kingdom, Spain, Sweden, Switzerland, Austria, Turkey, Canada, the United States, and Japan. In the period since its formation, New Zealand has also become a member and Norway has become an associate member.

Throughout the negotiations which led to the formation of the IEA, we pressed for a common and comprehensive approach by consumer countries to energy problems. From the outset the United States has believed that only through such an approach can we hope to solve the world energy crisis. Last year's oil embargo and the subsequent sudden massive increase of oil prices clearly demonstrated the high cost of an uncoordinated approach by consumer countries to their growing dependence on imported oil. Evidence of this cost was visible in the scramble for oil at any price, in the serious economic disruption in importing countries, and in the threat to the political, economic, and security cohesion of the industrialized countries. Indeed, the independence of political decision of the industrialized democracies was put under a shadow by the oil embargo. It became clear that if that independence, and the integrity of the political, economic, and

¹ Presented to the Senate Committee on Interior and Insular Affairs on Feb. 13. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

² The Agreement on an International Energy Program was signed at Paris on Nov. 18, 1974.

social systems of the West, are to be maintained, the energy crisis and the threat of future oil embargoes had to be dealt with by the cooperative action of the industrialized democracies.

In order to avoid a recurrence of the unacceptable costs of the oil embargo, we and our partners set as our first objective the development of a capability to deal with future supply interruptions in a cooperative framework. The emergency program which has emerged from these negotiations provides us with a safety net which would be in place should a supply emergency develop in the future. We and our partners have also agreed on the need to develop a long-term program to reduce the dependence of the industrialized democracies on imported oil through joint programs and efforts in the fields of conservation and the development of alternative energy supplies.

In addition to these efforts, which are part of the International Energy Program adopted by the International Energy Agency, the major industrial countries have also decided to create a financial safety net in the form of a \$25 billion solidarity fund for mutual support in financial crisis.

Together, the International Energy Program of the IEA and the financial solidarity fund represent the first concrete steps in the development of the cooperative consumer approach to energy crisis issues which the United States has sought from the outset. In an energy picture which is largely grim, these vital initiatives reassuringly stand out. The security and well-being of the people of the United States require that these initiatives be implemented and developed to their full potential.

In view of the focus of today's hearing, I wish to concentrate my statement on the International Energy Program and its implementation. This committee is, of course, informed about the basic elements of the emergency program. However, because this program is central to the energy strategy of the industrialized democracies, I would like to review its main features. Under this program IEA countries have agreed to undertake three interrelated commitments:

—To build common levels of emergency reserves, measured in terms of ability to live without imports of petroleum for specified periods of time;

—To develop pre-positioned demand restraint programs which will enable them in the event of a supply interruption immediately to cut oil consumption by a common rate; and

—To allocate available oil in an emergency, both domestic production and continuing imports, in order to spread the shortfall evenly among the member countries.

Emergency Reserves and Demand Restraint

Emergency reserves are defined under the program in terms of emergency self-sufficiency; i.e., a country's ability to live without imports for a given period of time. The initial self-sufficiency target has been set at 60 days but will be raised to 90 days within three to four years. The targets can be met by stocks, standby production facilities, or by switching in an emergency from oil to other energy sources.

In fixing the self-sufficiency targets, we have sought to strike a reasonable balance between the emergency needs of the members of the IEA and the imposition of an unacceptably high stockholding requirement which would both be expensive and have an undesirable impact on world oil prices. Emergency stocks are defined as total stocks under the OECD stock definition, minus those which would be physically unavailable in even the most severe emergency. Under this definition, present U.S. stocks equal more than 100 days of normal imports. All other IEA countries now have emergency reserves either in excess of or very near the 60-day level. The IEA presently has under review this stock definition to determine whether it offers an adequate degree of protection.

Each member country further agrees to cut its consumption by a common percentage during an emergency. Such reductions would be triggered as supply shortfalls reach specific thresholds. In the event of a 7 percent shortfall to the group as a whole, all countries would cut oil consumption by 7 percent.

Were supplies to fall by as much as 12 percent, consumption would be reduced by 10 percent throughout the group. In the case of a very severe or protracted crisis the group can decide upon further emergency measures, including additional demand restraint measures.

Allocation of Oil

The program of oil allocation would come into operation in either a general supply emergency affecting the group as a whole or in response to a selective embargo aimed at one or more individual countries. The mechanism would operate in this way: When the supply shortfall reaches a preestablished threshold, all countries will restrain demand by a common rate and draw down emergency supplies and share available oil so they can all live for the same period of time at the common agreed level of consumption. The program responds to both a general supply crisis and a selective embargo against one or more participating countries. The integrated mechanism would operate as follows:

Selective embargo. In the case of a selective embargo, when one or more members lose more than 7 percent of their oil consumption but the group as a whole loses less than 7 percent of its total consumption, the embargoed country absorbs its embargo loss up to 7 percent of its consumption (this is the self-risk element under the program) and the other members share the shortfall beyond 7 percent among themselves on the basis of consumption. For the United States and Canada, the 7 percent loss can be applied to our eastern regions since our domestic markets are not completely integrated.

General crisis. In the case of a general crisis, as contrasted with a selective embargo:

On the first level: When the group as a whole loses between 7 and 12 percent of its normal consumption:

—Each country restrains demand 7 percent.

—The remaining shortfall is shared among all members on the basis of imports.

—Countries draw upon emergency supplies as necessary to maintain consumption at 90 percent of normal levels.

On the second level: When the group as a whole loses at least 12 percent of its normal consumption:

—Each country restrains demand by 10 percent.

—The remaining shortfall is shared among all on the basis of imports.

—Countries draw down their emergency supplies as necessary to maintain consumption at 90 percent of normal levels.

An important element of the program is its strong presumption of action by the group in facing a supply shortfall. The sequence of activation of the demand restraint and allocation arrangements in the event of a given cutback in supply is highly automatic and can be reversed only by a very strong majority of the participating countries.

Benefits for Participating Countries

The program contains a positive balance of benefits and costs for the United States as well as for the other participating countries. In summary, all members of the IEA benefit from:

The program's deterrent effect. In demonstrating our determination as a group to face a possible supply interruption we lessen its very likelihood, thus lessening the effectiveness of oil as an economic and political weapon.

Tangible evidence of political solidarity. By agreeing in advance on our reaction to and behavior in a future supply cutback we greatly reduce the risk of conflict and strain in our relationship should another embargo be imposed.

A fair sharing of burdens among all the participating countries. Those countries with domestic production, such as the United States and Canada, undertake to cut oil consumption by a common percentage in the event of an emergency whereas those countries with high import dependence, such as

Japan and much of Europe, bear a proportionally greater share of the emergency stockpiling requirement. Furthermore, the psychological assurance of shared oil provides a strong incentive for them to actually use these reserves.

Finally, all IEA members will benefit by avoiding pressure on price during any future crisis; the provisions for emergency reserves, demand restraint, and sharing of available oil should provide the necessary protection against the chaotic situation and irrational behavior which triggered soaring prices during the last embargo.

In principle, U.S. domestic oil production is available for international allocation under the emergency program. In practice, however, only under the most extreme emergency situation would the United States ever be called upon to share any of its domestic production with the other IEA countries. We would of course be called upon to share imports still flowing to the United States. In the event of a selective embargo against the United States which cut back our available oil by more than 7 percent, we would receive oil from the other member countries of the International Energy Agency.

Oil Market Information System

The IEA member countries have also agreed that the success of the Agency's work requires a mechanism to assure that the participating governments are sufficiently informed regarding the operation of the complex international oil market and the activities of the international oil companies. To this end, the International Energy Program provides for a two-part information system:

—A general section which would include data on the international oil market and the operations of oil companies during noncrisis periods; and

—A special section to provide the additional information required for efficient operation of the emergency program in a period of crisis.

Both elements of the system will be de-

veloped in close consultation with the oil industry, to assure operation in a manner which will guarantee the confidential nature of the information made available and to protect the proprietary nature of information where required. In addition, care has been taken not to reduce competition within the industry and to observe the requirements of U.S. antitrust and other laws. A framework for consultations with individual companies is also envisaged to handle the implementation of the emergency program and other problems that may arise from time to time.

International Energy Agreement

The Agreement on an International Energy Program shall remain in force for a period of 10 years from the date of its entry into force and will remain in force thereafter until such time as the Governing Board [of the IEA], acting by majority, should decide its termination. There is a provision for a general review of the agreement after May 1, 1980. Any participating country may withdraw from the Agency upon 12 months' written notice to the depositary government, but not less than three years after the first day of the provisional application of the agreement.

Why an executive agreement and not a treaty? The choice between the two alternative legal vehicles was influenced by what our partners could do. Some of the original members of the negotiating group informed us that ratification of a treaty would require up to four years—clearly too long in an emergency when there is a high premium on immediate action. With the group opting for what in our practice is termed an executive agreement, it seemed to us inappropriate to present the agreement as a treaty.

More than this, we felt that we were and are on sound constitutional ground in agreeing to conclude an executive agreement rather than a treaty for two reasons: First, much of the Agreement on an International Energy Program is authorized by legislation currently in force; second, we have had and have every intention of seeking the

fullest concurrence of the Congress by the means of the adoption of implementing authority, as we now do in the legislation on whose behalf I am testifying today.

Legislative Requirements

I would like to refer now to the relationship between title XIII of the Energy Independence Act [S. 594] and the commitments we have undertaken in the Agreement on an International Energy Program. At the present time, the agreement binds us only provisionally; that is, we are obligated to apply it only to the extent that is not inconsistent with existing legislation until we give notice that the United States, having complied with its constitutional procedures, consents to be fully bound. It was our view in negotiating the agreement that implementing legislation would be both necessary and appropriate before the United States could agree to be bound by the full range of commitments embodied in the International Energy Program. Title XIII would, we believe, provide us with the authority we need to confirm, complete, and implement our commitments.

Section 1304, and to some extent 1305, provide the authority we need for the time being to continue to fulfill the commitment to maintain stocks or equivalent means of insuring self-sufficiency in oil consumption for at least 60 days in the event that imports are cut off. As both the definition of stocks and the number of days of self-sufficiency required are reevaluated, title II of the Energy Independence Act, which provides for a national strategic petroleum reserve, is also likely to be particularly relevant to our obligations.

Sections 1306 and 1307 of the bill provide the authority to fulfill our commitment to develop contingent oil demand restraint measures which could be implemented during an emergency to cut consumption by the amount required under the agreement.

Section 1311 provides the authority we need to insure that the allocation among IEA members required by the agreement is carried out by requiring oil companies to

take action which may be necessary. The members are agreed, however, that to the extent possible oil companies should voluntarily make the adjustments required by the agreement in a period of emergency shortage under the close supervision of the IEA. Section 1312 would authorize voluntary agreements, with appropriate limitations and safeguards, to enable oil companies to prepare for and carry out this function in an emergency without risk of liability under the antitrust laws.

Section 1313 is intended to permit persons to comply with mandates issued under authority of title XIII without risking liability, e.g., for violation of antitrust laws or for breach of contract.

I have referred earlier to two other important aspects of the international energy agreement: long-term cooperation in the field of energy and the exchange of information on the oil market. Sections 1312 and 1315 of the bill support these objectives.

Certain elements of the authority provided in the bill introduced by Senator Jackson would undoubtedly be useful in the implementation of U.S. obligations under the international energy agreement. As I understand it, however, this bill does not, and is not intended to, cover all of our commitments under that agreement. Therefore we are strongly of the view that title XIII of S. 594 should be enacted.

Under the agreement, it is contemplated that the participating countries, including the United States, will bring the agreement fully and definitively into force in accordance with their respective constitutional and legal procedures by May 1, 1975. It is of the highest importance that the United States meet this deadline in order to maintain the momentum of international cooperation achieved in the IEA and in order to demonstrate to OPEC [Organization of Petroleum Exporting Countries] that we are serious in our efforts to meet the energy crisis. Accordingly, I wish to express the earnest hope that the Congress will act quickly and decisively to grant the authority that will permit us to move ahead in this critical international endeavor.

The Role of Financial Mechanisms in the Overall Oil Strategy

Statement by Thomas O. Enders

*Assistant Secretary for Economic and Business Affairs*¹

You have asked me to discuss the \$25 billion financial solidarity fund which Secretaries Kissinger and Simon [Secretary of the Treasury William E. Simon] proposed last November. You also requested information on IMF [International Monetary Fund] facilities to recycle surplus oil revenues.

I will concentrate on the foreign policy dimensions of these financial mechanisms and relate them to our overall strategy on the oil crisis. Assistant Secretary [for International Affairs Charles A.] Cooper of the Treasury, when he testifies next week, will be the best source on technical questions. As you know, he is representing us in Paris at the discussions to draft the agreement establishing the \$25 billion OECD [Organization for Economic Cooperation and Development] facility.

The Arab oil embargo of 1973 and the subsequent quadrupling of oil prices have profoundly altered international economic relations. In fact, they have given the world economy its greatest shock since the Great Depression of the thirties. Higher oil prices have substantially reduced real income in consuming countries, added significantly to inflationary pressures, and presented a long-run balance-of-payments adjustment problem of impressive magnitude.

¹Presented to the Subcommittee on Multinational Corporations of the Senate Committee on Foreign Relations on Feb. 14. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

In response, the industrial nations have shaped an integrated strategy. It has three principal elements:

—To protect against a new embargo, major consuming nations need to stockpile more oil and agree on how to share oil in an emergency. The new International Energy Agency (IEA) now has such arrangements virtually in place.

—For the long run, we have no alternative to reducing severely our dependence on imported oil. This means joint action by oil-consuming nations to conserve energy and develop new energy sources. We are making progress in this direction in the IEA framework.

—For the short and medium term, we must insure that consuming nations have the balance-of-payments financing they need. Such financing is not a permanent solution. What it does is buy time. It tides us over the disequilibrium period before energy conservation and development measures create the necessary conditions for full adjustment in the volume and price of oil imports.

These three elements are interrelated and mutually reinforcing. Success of any one depends in part on implementation of the others. It does no good to agree on a concerted plan to withstand a new oil emergency if at the same time we leave ourselves exposed to sudden, predatory shifts of assets by OPEC [Organization of Petroleum Exporting Countries] members. It does no good to adopt a long-term policy to get the

oil price down through conservation and development of alternative sources unless industrialized countries can avoid financial crisis while waiting for those programs to take effect. And it does no good to protect the consuming countries from financial crisis through devices such as the financial safety net unless we have a convincing strategy to bring the price of oil down in the future; for only if the price falls can the structure of petrodollar debts now being built up be stabilized and paid off.

Balance-of-payments financing also relates directly to the health of the world economy in terms of output and employment. Growth of real GNP [gross national product] both here and abroad is now in a period of decline, and governments are taking measures to reflate their economies. They will be more successful in their efforts to return to full employment at moderate rates of inflation if they have the assurance that balance-of-payments deficits caused by higher oil prices can be temporarily financed. The success of renewed growth abroad will of course help U.S. exports, and increased export sales will in turn boost the recovery of the U.S. economy.

If we do not find ways to assure financial security, we face these risks:

—Some of our trading partners may be forced to seek immediate adjustment through trade and payments restrictions. This is the beggar-your-neighbor approach which was so destructive in the thirties. It is an illusion. Attempts to shift the distribution of an unavoidable aggregate deficit only invite retaliation. They inevitably leave everyone worse off.

—Some countries may attempt to balance their oil deficits by reducing aggregate economic activity and employment to intolerable levels. The domestic economic pain resulting is obvious. Less obvious but just as important are the political repercussions. Economic unrest often builds the power base of extreme factions on both the right and left, as we saw in the thirties. And recession in one country means slower economic activity in all.

—Some countries may seek to protect their interests in special bilateral trade, providing inducements to attract OPEC funds, or trying to bargain off access to oil for industrial goods. These policies also would be self-defeating; for other consuming countries would follow suit, and we would all end up with less favorable investment and oil terms.

Clearly there is no alternative to common action by consumers. Before turning to what this means for finance, we should be more precise about the nature of the recycling problem.

Nature of the Recycling Problem

One side of the coin is the vast accumulation of funds by key OPEC nations. Their current account surplus last year totaled \$60 billion. Most observers expect the figure for 1975 to be of the same order. Beyond that, the crystal ball gets cloudier.

Recently, there have been a number of optimistic projections regarding the future evolution of OPEC surpluses. Some estimates indicate that the surplus peaked in 1974 and will disappear by 1980. I hope they are right. To the extent that we act wisely they will tend to be. To a certain extent, however, the most optimistic forecasts assume away the problem. They make some very critical assumptions about the price of oil, the distribution of OPEC production, and the growth of OPEC imports. For example, press reports have cited estimates in a Brookings study called "Energy and U.S. Foreign Policy." It assumes that the OPEC governments' take will drop to \$5.50 per barrel by 1976 if we think in 1973 prices. The average price for the 1974-85 period is hypothesized at roughly the same level. Finally, all countries but Saudi Arabia, Kuwait, Libya, and the United Arab Emirates are assumed to spend their entire oil revenues on imports of goods and services, regardless of the capacities of existing ports and internal distribution systems to handle such an enormous increase in trade.

We can hope for such a result. But with

oil at \$11, it would be wrong to base our policy on such hopes. It is doubtful that the oil price will drop by 50 percent within a year. It is thus probable that OPEC as a group will run substantial surpluses on current account throughout this decade, reaching balance-of-payments equilibrium only in the 1980's. In any case, almost all of the projections show substantial accumulations over the next two-three years, which in itself is enough to cause us real problems. The power of the petrodollar weapon is there, whether the accumulation by 1980 is \$300 billion or \$500 billion.

In the aggregate, the OPEC investable surpluses must return as capital flows to oil-consuming nations. There is literally nowhere else for them to go. The distribution of the return flow is, however, far from optimal. There is no coincidence between the most favorable investment markets from the OPEC standpoint and the financing needs of consuming countries. This is the essence of the recycling problem. The investment strategies of key OPEC countries are still very conservative. The excess oil revenues go mostly in liquid form to highly developed capital markets. Forty billion dollars of the \$60 billion accumulated last year flowed to the U.S., U.K., and Eurodollar markets. Precious little went to the nations experiencing the worst balance-of-payments problems as a result of the oil crisis. There is automatic financing neither for developed countries considered less creditworthy nor for those developing nations to which higher oil prices have dealt a crippling blow.

Up until last summer, many thought that the private market could set things right without government intervention. In fact, private financial markets have handled well the major burden of the problem caused by the disparity between OPEC investment flows and oil importers' deficits. But it is not reasonable to test their capacity in the face of continued large surpluses. The banking environment is not conducive to allowing banks to carry the entire recycling task without some backup or safety-net facility of official financing.

In recent years, we have witnessed an ex-

pansion of bank credit which has left the capital-asset ratios of many institutions at low levels. In addition, bad management and excessive foreign exchange speculation have led to several well-publicized bank failures. Under such circumstances, international banks are hard pressed to use volatile short-term deposits as a base for long-term lending. It would also not be prudent for them to develop an excessive exposure in countries not considered creditworthy by traditional banking standards.

By last fall, it was apparent to us that new multilateral approaches to balance-of-payments financing were in order. Our analysis indicated the need for a three-track approach. The first two involve expanded use of the IMF. The third is the \$25 billion OECD facility. Let us turn first to the IMF.

IMF Recycling Facilities

In the IMF, we supported the establishment last spring of a special oil facility. Its purpose was to provide oil deficit countries access to a special fund based on a formula which took into account incremental oil deficits and international reserve positions. Borrowers must make necessary policy adjustments to lower their financing needs. The oil facility was financed by loans from oil producers with a 7 percent interest rate and seven-year repayment terms. The producers in 1974 agreed to put over \$3½ billion on call. So far, several developed countries, notably Italy, and many underdeveloped ones have made drawings totaling over \$2½ billion. The rest should be used shortly.

We always envisaged expanded IMF lending in 1975 as the first, and most important, of the three financial tracks of our overall oil strategy. For a number of reasons, however, we felt that an enlarged oil facility was not the best way to go about this:

—As time goes on, simple incremental oil deficits take on less and less meaning as indicators of oil-related balance-of-payments problems. This happens because adjustments to higher oil prices takes place in all components of the balance of payments, not just in the oil portion of the trade account. For

example, some countries receive more OPEC investments. Others are better able to expand exports to OPEC nations.

—Also, we felt that the IMF should use its own large resources directly to provide balance-of-payments financing rather than using them, in effect, as collateral for borrowing.

We therefore proposed that the IMF expand its lending through liberalization of its lending in the so-called credit tranche. Most other nations strongly supported, however, an additional expansion of the oil facility. In the end, a compromise was reached. The IMF Interim Committee in mid-January agreed on an enlarged oil facility for 1975. The committee approved a figure of \$6 billion for its level, substantially less than earlier talked about. At the same time, it was agreed that the IMF would make greater use of its normal lending resources in 1975 and consider credit-tranche liberalization for 1976.

The oil facility will be of particular benefit to the better-off of the less developed countries, those who have some access to private capital markets but need further residual financing. We realized, however, that its near-commercial terms were not appropriate for the poorest developing countries. Secretary Kissinger therefore proposed last November a second financing track for these nations. It consisted of a special trust fund to be set up under IMF management to lend to them on highly concessional terms. We envisaged major contributions to the trust fund coming from oil producers, from other countries in a strong reserve position, and from the proceeds of sales of IMF gold.

There is general agreement that some sort of concessional arrangements in the IMF are needed for the hardest hit developing nations. For this purpose the Interim Committee has endorsed for 1975 the idea of a special account of the oil facility which would reduce the interest burdens of borrowings by these countries from the facility. In addition, our trust fund proposal is still being considered in this connection along with a number of similar concepts advanced by others.

Basic Approach of Financial Solidarity Fund

Contrary to many press reports, we never visualized the financial solidarity fund as a competitor of IMF recycling mechanisms. Rather, it is a complement. We need to do both. We proposed a fund for OECD nations outside the IMF because of the vast magnitude of the sums involved. In addition, we thought it very important to link access to these funds with policies of consumer solidarity designed to improve the supply-and-demand conditions for internationally traded oil. As I see them, the key features of the solidarity fund are the following:

—It is temporary. Its main purpose is to enable and encourage consuming countries to follow responsible policies both on the domestic and the international plane while waiting for basic energy policy decisions to take effect. Borrowing from the facility will be solidly conditioned on the pursuit of such policies.

—It is not a giveaway program or an aid fund. Rather, it is a mutual support facility. Every member has the possibility of receiving support when needed in an amount at least equivalent to its commitment to help others. Lending will be on market-related terms and on the basis of established criteria regarding appropriate economic and energy policies.

—Its purpose is not to create new capital funds, but to reshuffle net flows of already existing funds, which of course include the large collective financial surplus of the oil producers. Thus it is not a call on the real economic resources available to consumers.

—It is not the first line of financing for participating countries. We do not visualize that a nation must be on the verge of bankruptcy before obtaining access to the facility. Borrowing nations must have, however, made a reasonable use of other available sources of financing, including the IMF.

—It is structured so as to distribute risk equitably among participating consuming nations.

—It is subject to approval by Congress and the legislatures of most other participating countries.

In conclusion, I will try to answer the specific questions you have raised about the financial solidarity fund. You will realize, however, that all the details have not yet been worked out, although we expect final agreement shortly in the ad hoc working group of the OECD.

Fundraising Methods

The OECD ad hoc working group, which is now preparing the draft agreement on the facility, is considering the methods whereby participants may finance their creditor obligations. The Group of Ten Ministers suggested in mid-January that the financing methods might include direct contributions and/or joint borrowing in capital markets. They also agreed that, until the full establishment of the new arrangement, there might also be temporary financing through credit arrangements between central banks. How each participating government finances its contribution will hinge on its own legal and political constraints. We feel, however, that direct government loans to the facility are cheaper and more efficient than the use of joint government guarantees. Direct loans also provide more operational flexibility.

Eligibility Requirements for Borrowing

The new mechanism is a financial safety net. It is not the first source of external assistance to which governments should turn. The facility's governing board would be expected to assure itself that a prospective borrowing government had already exhausted readily available sources of financing. The board would of course have to use its judgment in determining what was a reasonable effort along these lines, given existing circumstances and the seriousness of the situation. The board would also expect that the borrowing government was taking reasonable, basic economic policy measures to move toward long-term balance-of-payments equilibrium. We would expect the board in reaching its judgments to look not

just at a borrowing country's oil deficit but at its overall balance-of-payments position. In addition, there would be a proscription that nations putting on new trade and payments restrictions would not be eligible for loans. Finally, and most importantly, borrowing governments would have to show that they are making a strong effort, in conjunction with other IEA members, to conserve energy and develop new energy sources.

When other participants consider a borrower's request for a loan, they will normally decide on the matter by a two-thirds majority. Their decision will encompass whether to grant the loan and, if so, what its terms and conditions will be. The granting of a loan beyond the amount of a country's original quota in the facility will require a very strong majority. A loan beyond 200 percent of a member's quota will require a unanimous decision.

U.S. Contribution

The size of its quota in the facility will determine a participating country's voting power as well as its lending obligations and right to borrow. Quotas will reflect the size of different industrial countries' economies and shares in international trade. In accordance with these criteria, the U.S. share ought to be between 25 and 30 percent. This means the United States could conceivably lend or borrow under the facility an amount on the order of \$7 billion.

Three aspects of the U.S. contribution should be noted. First, the figure for a U.S. share is a maximum which may or may not be laid out depending on the extent to which the facility is used. Ideally, of course, the mere existence of the facility will inspire enough confidence in capital markets so as to minimize the need for recourse to it. Second, funds are only laid out as borrowing countries are able to gain approval for their loan requests. Third, I would anticipate that we would normally finance our direct contribution to loans through borrowing in the

U.S. capital market. Our participation should involve neither more taxes nor a drain on Federal expenditures.

Role of Multinational Banks

The facility is designed to supplement existing channels of international financing, not to replace them. Private institutions will find it easier to operate knowing that the countries with which they deal have the possibility of using the financial safety net. Increased confidence will enhance the private markets' role as a financial intermediary between savers and investors. The solidarity fund will bolster the balance-of-payments position of borrowing countries, reduce exchange risk, and enhance creditworthiness. Private financial intermediaries underwriting deficit countries' loans will have more insurance against possible default. They will be more prepared to provide credits to these countries than would otherwise have been the case. In brief, the solidarity fund should help private markets perform their role more effectively and thus reduce the need for further intergovernmental assistance measures. On the other hand the fund will not finance or bail out private corporations that have invested in the securities of a member country.

Above all, the solidarity fund and our other financial and energy proposals should be viewed together as key parts in an overall strategy on the energy crisis. The interrelationships are explicit and vital. No creditor nation will choose willingly to lend to a borrowing nation which lacks a serious energy policy. Conversely, no mechanism to stabilize the financial impact of petrodollar flows can be effective for long unless all of the major consumer nations have effective energy programs to reduce their oil imports in the short run and to bring down oil prices in the medium term.

Finally, of course, we must recognize the potential threat of petrodollars as a weapon of foreign policy by the oil producers. Should they choose, they may try to do with money

what they are doing with oil. We must be prepared at least on a contingency basis. Short-term central-bank swaps are among the first line of defense against massive short-term destabilizing shifts in oil producer funds. But swaps must be quickly renewed. The OECD financial solidarity fund gives industrial nations the means of defending themselves by reallocating financial flows on terms which they themselves, rather than the oil producers, determine.

Without financial independence for the consuming countries, there can be no solution to the oil crisis.

U.S.-Poland Tax Convention Transmitted to the Senate

*Message From President Ford*¹

To the Senate of the United States:

I transmit herewith, for Senate advice and consent to ratification, the Convention between the Government of the United States of America and the Government of the Polish People's Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Income as well as a related exchange of notes.

I also transmit for the information of the Senate, the report of the Department of State with respect to this Convention.

The Convention was signed on October 8, 1974, during the visit to Washington of Polish First Secretary Edward Gierak and is the first income tax convention between the two countries. The Convention is similar to other income tax conventions recently concluded by this Government and it is expected to encourage and support the growing interest in bilateral trade and investment

¹ Transmitted on Jan. 23 (text from Weekly Compilation of Presidential Documents dated Jan. 27); also printed as S. Ex. A, 94th Cong., 1st sess., which includes the texts of the agreement, a related exchange of notes, and the report of the Department of State.

between the two countries. It provides rules of tax jurisdiction, reduces or eliminates tax liability in certain cases, ensures nondiscriminatory tax treatment and provides for administrative cooperation.

I recommend that the Senate give this Convention and related exchange of notes early and favorable consideration and give its advice and consent to ratification.

GERALD R. FORD.

THE WHITE HOUSE, *January 23, 1975.*

Congressional Documents Relating to Foreign Policy

93d Congress, 2d Session

Détente: Prospects for Increased Trade With Warsaw Pact Countries. Report of a special study mission to the Soviet Union and Eastern Europe August 22 to September 8, 1974. House Committee on Foreign Affairs. October 24, 1974. 52 pp.

Foreign Assistance Act of 1974. Report of the Committee on Foreign Affairs together with opposing, separate, supplemental, additional, and minority views. H. Rept. 93-1471. October 25, 1974. 80 pp.

Congressional Oversight of Executive Agreements. Report of the Senate Committee on the Judiciary to accompany S. 3830. S. Rept. 93-1286. November 18, 1974. 14 pp.

An Act to Amend Tariff Schedules of the United States. Message from the President of the United States vetoing H.R. 6191, an act to amend the tariff schedules of the United States to provide that certain forms of zinc be admitted free of duty, and for other purposes. H. Doc. 93-397. November 26, 1974. 4 pp.

Emergency Marine Fisheries Protection Act of 1974. Report, together with minority views, to accompany S. 1988. S. Rept. 93-1300. November 27, 1974. 9 pp.

The Geneva Protocol of 1925. Report to accompany Ex. J, 91st Cong., 2d sess. S. Ex. Rept. 93-35. December 13, 1974. 7 pp.

Convention on the Prohibition of Bacteriological and Toxin Weapons. Report to accompany Ex. Q, 92d Cong., 2d sess. S. Ex. Rept. 93-36. December 13, 1974. 5 pp.

Amended Text to Article VII of the 1965 Convention on Facilitation of International Maritime Traffic. Report to accompany Ex. D., 93-2. S. Ex. Rept. 93-37. December 13, 1974. 8 pp.

Duty-Free Entry of Telescope and Associated Articles for Canada-France-Hawaii Telescope Project. Report to accompany H.R. 11796. S. Rept. 93-1355. December 14, 1974. 7 pp.

TREATY INFORMATION

Current Actions

MULTILATERAL

Astronauts

Agreement on the rescue of astronauts, the return of astronauts, and the return of objects launched into outer space. Opened for signature at Washington, London, and Moscow April 22, 1968. Entered into force December 3, 1968. TIAS 6599. *Ratification deposited:* Canada, February 20, 1975.

Judicial Procedure

Convention on the taking of evidence abroad in civil or commercial matters. Done at The Hague March 18, 1970. Entered into force October 7, 1972. TIAS 7444.

Signatures: Czechoslovakia, Italy, February 6, 1975.

Labor

Instrument for the amendment of the constitution of the International Labor Organization. Adopted at Geneva June 22, 1972.

Entered into force: November 1, 1974.

Maritime Matters

Amendment of article VIII of the convention on facilitation of international maritime traffic, 1965 (TIAS 6251). Adopted at London, November 14, 1973.¹

Accepted by the President: February 13, 1975.

Space

Convention on international liability for damage caused by space objects. Done at Washington, London, and Moscow March 29, 1972. Entered into force September 1, 1972; for the United States October 9, 1973. TIAS 7762.

Accession deposited: Canada (with a declaration) February 20, 1975.

Convention on registration of objects launched into outer space. Opened for signature at New York January 14, 1975.¹

Signature: Canada, February 14, 1975.

Telecommunications

International telecommunication convention, with annexes and protocols. Done at Malaga-Torremolinos October 25, 1973. Entered into force January 1, 1975.²

¹ Not in force.

² Not in force for the United States.

Accession deposited: Swaziland (with reservations), January 20, 1975.

Wheat

Protocol modifying and extending the wheat trade convention (part of the international wheat agreement) 1971 (TIAS 7144). Done at Washington April 2, 1974. Entered into force June 19, 1974, with respect to certain provisions; July 1, 1974, with respect to other provisions.

Ratification deposited: Portugal, February 29, 1975.

Accession deposited: Algeria, February 19, 1975.

BILATERAL

Malaysia

Agreement amending the air transport agreement of February 2, 1970 (TIAS 6822). Effected by exchange of notes at Kuala Lumpur September 6, 1974, and February 5, 1975. Entered into force February 5, 1975.

Upper Volta

Agreement on general conditions for the employment of Peace Corps volunteers. Signed at Ouagadougou February 6, 1975. Entered into force provisionally February 6, 1975; enters into force definitively on the date of ratification by Upper Volta.

DEPARTMENT AND FOREIGN SERVICE

Confirmations

The Senate on February 19 confirmed the following nominations:

Mark "Evans" Austad to be Ambassador to Finland.

Peter H. Dominick to be Ambassador to Switzerland.

Holsey G. Handyside to be Ambassador to the Islamic Republic of Mauritania.

Arthur W. Hummel, Jr., to be Ambassador to Ethiopia.

Robert J. McCloskey, now Ambassador at Large, to be also an Assistant Secretary of State [for Congressional Relations].

Elliot L. Richardson to be Ambassador to Great Britain.

Wells Stabler to be Ambassador to Spain.

PUBLICATIONS

Department Releases 1975 Edition of "Treaties in Force"

Press release 50 dated February 5

The Department of State on February 5 published "Treaties in Force: A List of Treaties and Other International Agreements of the United States in Force on January 1, 1975."

This is a collection reflecting the bilateral relations of the United States with 162 countries or other political entities and the multilateral relations of the United States with other contracting parties to more than 375 treaties and agreements on 89 subjects. The 1975 edition lists some 300 new treaties and agreements including the revision of the universal copyright convention; the agreements with Japan on cooperation in the field of energy research and development and the protection of migratory birds; the agreement with Peru on the settlement of certain claims; the agreement with India on Public Law 480 and other funds; the agreements with Poland on cooperation in agricultural trade and health; and the consular convention with Belgium.

The bilateral treaties and other agreements are arranged by country or other political entity and the multilateral treaties and other agreements are arranged by subject with names of countries which have become parties. Date of signature, date of entry into force for the United States, and citations to texts are furnished for each agreement.

This edition includes citations to volumes 1 through 12 of the new compilation entitled "Treaties and Other International Agreements of the United States of America" 1776-1949 (Bevans).

"Treaties in Force" provides information concerning treaty relations with numerous newly independent states, indicating wherever possible the provisions of their constitutions and independence arrangements regarding assumption of treaty obligations.

Information on current treaty actions, supplementing the information contained in "Treaties in Force," is published weekly in the Department of State Bulletin.

The 1975 edition of "Treaties in Force" (446 pp.) is Department of State publication 8798 (GPO cat. no. S9.14:975). It is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (\$5.05).

GPO Sales Publications

Publications may be ordered by catalog or stock number from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. A 25-percent discount is made on orders for 100 or more copies of any one publication mailed to the same address. Remittances, payable to the Superintendent of Documents, must accompany orders. Prices shown below, which include domestic postage, are subject to change.

Trade in Cotton Textiles. Agreement with Hong Kong modifying the agreement of December 17, 1970, as amended and extended. TIAS 7896. 2 pp. 25¢. (Cat. No. S9.10:7896).

Trade in Textiles. Agreement with Hong Kong. TIAS 7897. 16 pp. 35¢. (Cat. No. S9.10:7897).

Cooperation in the Field of Housing and Other Construction. Agreement with the Union of Soviet Socialist Republics. TIAS 7898. 12 pp. 30¢. (Cat. No. S9.10:7898).

Cooperation in the Field of Energy. Agreement with the Union of Soviet Socialist Republics. TIAS 7899. 14 pp. 30¢. (Cat. No. S9.10:7899).

Assistance to the Trust Territory of the Pacific Islands. Agreement with the United Nations Development Programme. TIAS 7900. 13 pp. 30¢. (Cat. No. S9.10:7900).

Air Transport Services. Agreement with Romania. TIAS 7901. 37 pp. 50¢. (Cat. No. S9.10:7901).

Military Assistance—Payments Under Foreign Assistance Act of 1973. Agreement with the Khmer Republic. TIAS 7902. 4 pp. 25¢. (Cat. No. S9.10:7902).

Finance—Contribution to the Multi-Purpose Special Fund. Agreement with the Asian Development Bank. TIAS 7903. 4 pp. 25¢. (Cat. No. S9.10:7903).

Finance—Rescheduling of Certain Debts. Agreement with Sri Lanka. TIAS 7904. 3 pp. 25¢. (Cat. No. S9.10:7904).

Cooperation in the Field of Energy Research and Development. Agreement with Japan. TIAS 7905. 15 pp. 40¢. (Cat. No. S9.10:7905).

Narcotic Drugs—Provision of Helicopters and Related Assistance. Agreement with Mexico. TIAS 7906. 10 pp. 30¢. (Cat. No. S9.10:7906).

Narcotic Drugs—Provision of Helicopters and Related Assistance. Agreement with Mexico. TIAS 7907. 8 pp. 30¢. (Cat. No. S9.10:7907).

Finance—Consolidation and Rescheduling of Certain Debts. Agreements with Chile. TIAS 7908. 60 pp. 75¢. (Cat. No. S9.10:7908).

Agricultural Commodities. Agreements with the Khmer Republic amending the agreement of July 25, 1973 as amended. TIAS 7909. 9 pp. 30¢. (Cat. No. S9.10:7909).

Check List of Department of State Press Releases: February 17–23

Press releases may be obtained from the Office of Press Relations, Department of State, Washington, D.C. 20520.

Releases issued prior to February 17 which appear in this issue of the BULLETIN are Nos. 50 of February 5, 54 of February 11, 59–61 of February 12, 63, 66, and 68 of February 13, and 70 of February 14.

No.	Date	Subject
*71	2/18	Kissinger: departure, Aqaba, Feb. 15
72	2/18	Kissinger, Yamani: arrival, Riyadh, Feb. 15.
73	2/18	Kissinger, Yamani: departure, Riyadh, Feb. 15.
74	2/18	Ingersoll: Economic Club of Detroit.
75	2/18	Kissinger: arrival, Bonn, Feb. 15.
76	2/18	Kissinger, Genscher: Schloss Gymnich, Feb. 16.
77	2/18	Kissinger: interview on German television, Bonn, Feb. 16.
*78	2/18	Kissinger: departure, Bonn, Feb. 16.
79	2/18	Kissinger: arrival, Geneva, Feb. 16.
80	2/18	U.S.-U.S.S.R. joint statement, Geneva, Feb. 17.
81	2/18	Kissinger, Gromyko: remarks, Geneva, Feb. 17.
82	2/18	Kissinger, Callaghan: remarks, London.
*83	2/18	Kissinger: arrival, Zurich.
84	2/19	Kissinger, Shah of Iran: news conference, Zurich, Feb. 18.
*85	2/19	Kissinger: arrival, Paris, Feb. 18.
86	2/19	Secretary's Advisory Committee on Private International Law, Mar. 14.
87	2/19	Kissinger, Sauvagnargues: remarks, Paris, Feb. 18.
*88	2/19	Advisory Panel on Music, Mar. 24–25.
*89	2/19	Advisory Panel on Academic Music, Mar. 26.
*90	2/19	Advisory Panel on Folk Music and Jazz, Mar. 27.
91	2/19	Kissinger, Sauvagnargues: remarks, Paris.
*92	2/19	Kissinger: departure, Paris, Feb. 19.
93	2/19	Kissinger: arrival, Andrews Air Force Base.
*94	2/20	U.S. and Portugal extend textile agreement, Dec. 30, 1974.
*95	2/20	Northwest Fisheries Advisory Committee, Mar. 13.
*96	2/20	Advisory Committee on International Intellectual Property, Apr. 2.
*97	2/21	McCloskey sworn in as Assistant Secretary for Congressional Relations (biographic data).

*Not printed.

† Held for a later issue of the BULLETIN.

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