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THE DEPARTMENT OF STATE BULLETIN

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THE DEPARTMENT OF STATE

BULLETIN

Vol. LXXII, No. 1869

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U.S. Discusses Trade Act, Commodities, and Food Problems in Inter-American Economic and Social Council

The 10th annual meeting of the Inter-American Economic and Social Council (IA-ECOSOC) at ministerial level was held at Washington March 10-17. Following are texts of a statement by Deputy Secretary Robert S. Ingersoll, head of the U.S. delegation, made in the inaugural plenary session on March 10; a statement by Maynard W. Glitman, Deputy Assistant Secretary for International Trade Policy, made in Committee I on March 11; and a statement by Deputy Secretary Ingersoll made in plenary on March 12.

DEPUTY SECRETARY INGERSOLL, PLENARY, MARCH 10

I am honored to have the opportunity to head the U.S. delegation to the Inter-American Economic and Social Council. I am further honored by your kind designation of me as third vice president of this meeting.

All of us are aware of the important role of the Economic and Social Council in the OAS framework. We also appreciate the complexity—and sometimes controversial nature—of the economic and social development problems confronting this hemisphere.

We are meeting in the context of new economic realities generally referred to as interdependence. Economic malaise in the developed states is felt in the developing world through a reduced demand for raw materials and manufactured goods. The higher prices of commodities and fuel contribute to economic stagnation in the more industrialized nations.

A successful approach to the problems and opportunities of interdependence will require

the closest possible cooperation between all nations—producer and consumer, developed and less developed, industrialized and agrarian. Equally important will be a willingness to understand each other's problems and concerns, a realization that we must work together to create a new international economic system acceptable to all nations.

It is in this spirit that the Inter-American Economic and Social Council meets today to address the problems of our hemisphere. The cooperative approaches to common problems we are able to fashion during this meeting may well serve as an example for what can be achieved on a global basis.

I recognize, of course, that one of the major items of interest to the Council will be international trade. I hope to return later in the week to address this subject; we acknowledge your concern and your right to understand precisely how our Trade Act of 1974 relates to your national interests.

In closing, Mr. Chairman, I also want to call attention to two areas critical to our future dialogue: hemispheric development and food. I hope that in our discussions we can get useful exchanges of points of view.

MR. GLITMAN, COMMITTEE I, MARCH 11

President Ford signed into law on January 3 what he described as the most significant trade legislation passed by the Congress since the beginning of the trade agreements program some four decades ago. Passage of the Trade Act of 1974, in and of itself a commitment to trade expansion and liberalization and a recognition of the increasing interdependence of nations, was no small accom-

plishment in the midst of one of the most serious domestic and international economic crises since World War II.

Many, following the arguments of the 1930's, would argue that trade liberalization is inappropriate in times of economic distress. As the Trade Act signifies, however, we have learned the lesson of history. We see trade negotiations, improvement of the trading system, and better relations as more essential than ever.

A central U.S. policy objective, now achievable as a result of the passage of the Trade Act, is to improve U.S.-Latin American trade relations. Many of the provisions of the Trade Act, particularly those of title V as developed by the Administration, were shaped with that in mind. As the President noted when he signed the Trade Act, we regret the rigidities contained in some of the provisions of title V. We have noted that many Latin American nations have indeed criticized the mandatory restrictions on countries which may benefit from our system of generalized tariff preferences.

While we thus recognize the concerns which led to such criticisms, we do not believe it is accurate to generalize from these particular concerns to conclude that the overall thrust of the Trade Act is coercive or protectionist.

The Trade Act is a complex and long document, and it is not surprising that different countries focus on different aspects of it. However, when one sees the act as a commitment to a more open trading system and another sees it as a protectionist tool, we have a problem. I hope this meeting can contribute to a better understanding on our part of your concerns and a better understanding on your part of our intentions.

An issue of concern to many delegations here, and particularly to the delegations of Venezuela and Ecuador, is the provision which appears to exclude all members of the Organization of Petroleum Exporting Countries (OPEC) from the benefits of a U.S. system of generalized tariff preferences. President Ford, in an address made on Feb-

ruary 13, and Secretary Kissinger, in his March 1 speech at Houston, have recently expressed publicly the Administration's continued objection to this provision of the Trade Act and supported its modification.

Moreover, bills introduced into Congress by Senators [Lloyd M.] Bentsen and [Edward M.] Kennedy and Representative [Michael J.] Harrington which would modify the OPEC provision in such a way as to permit both Venezuela and Ecuador to benefit are indications that Congress recognizes the problem.

Our consultations with Members of Congress on this matter—which are actively proceeding—reflect a willingness to consider modifications of this provision of the Trade Act in keeping with the President's statement of January 3. The President said: "In the spirit of cooperation with the Congress, I will do my best to work out any necessary accommodations."

Moreover, there is time in a practical sense to work out this problem. Generalized preferences cannot be implemented for at least several more months because of the procedural requirements of the legislation. Thus there is good reason to hope that all developing countries in this hemisphere will be able to benefit from our system of generalized tariff preferences when it actually comes into effect.

Implementation of Preference System

Let me turn now to the technical implementation of our preference system. Despite the complexity of the legislation we are moving promptly to put it into effect. I had hoped to be able to present to you today a list of beneficiaries and a list of products to be considered for preferential treatment. We may still be able to do so before the week is out.

We fully expect that all countries represented here, with the exception of Venezuela and Ecuador, are likely to be designated in the initial listing as beneficiaries.

Apart from the apparent exclusion of OPEC members, we have perceived a wide-

spread apprehension that the cartel provision of the Trade Act may be applied to Latin American countries which are members of or are contemplating membership in other producer organizations. The legislative history of the Trade Act makes it clear that this provision applies only to countries which participate in actions involving vital materials which cause serious disruption of the world economy. We do not consider this provision to be an impediment to legitimate economic action by raw-material-producing countries.

I should caution delegates here, however, that a determination that an action by a producer association is not disruptive of the world economy and does not therefore require a withdrawal of GSP [generalized system of preferences] beneficiary status should not be interpreted as a U.S. endorsement of such an action. We reserve the right to:

- Press our legitimate concerns through normal diplomatic channels;

- Defend ourselves against such egregious actions as politically motivated embargoes; and

- Argue for and seek cooperative negotiated bilateral or multilateral solutions to mutual problems, as opposed to unilateral measures.

As a brief statement of the U.S. position on commodity policy, I can do no better than quote Secretary Kissinger. He said in Houston on March 1:

We strongly favor a world trading system which meets the economic needs of both consumers and producers. Unilateral producer or unilateral consumer actions must not determine the equilibrium. A dialogue between them on commodity issues is therefore essential.

The nationalization provision of the Trade Act, which parallels such acts as the Hickenlooper and Gonzalez amendments which cut off aid in the event of nationalization without adequate and timely compensation, has also been a source of concern in Latin America. This provision provides that in the case of a nationalization, a written determination

must be furnished to Congress that the dispute has been resolved, that good-faith negotiations are in progress or that the country in question is otherwise taking steps to comply with international law, or that the matter has been submitted to arbitration. Since the passage of the Trade Act, the Administration has examined all outstanding investment disputes in the light of this provision. In all cases considered to date involving countries of this hemisphere, we were able to make the required determinations which permit the designation of these countries as beneficiaries.

Very shortly we will be sending a list of products proposed for preferential tariff treatment to the International Trade Commission. This list reflects a thorough and sympathetic consideration of the suggestions and requests made by a number of Latin American countries both bilaterally and through the Special Committee for Consultation and Negotiation. The list includes a broad range of manufactures and semi-manufactures and selected lists of agricultural and primary industrial products. These selected lists are expected to be significantly larger both in terms of the number of items and trade coverage than the illustrative list which the United States prepared in 1970. The studies of the OAS Secretariat on the probable impact of our preference system on Latin America are based on these 1970 lists and consequently may not fully reflect the potential benefits to be derived from our preference system.

Import-Sensitive Items

A major concern of governments represented here is the exclusion of import-sensitive items. Some are explicitly excluded by the act; others would be excluded only upon a determination by the President that they are import sensitive. It is our intention to refer all manufactures and semimanufactures to the International Trade Commission for consideration except textiles, footwear, watches, import-sensitive steel, and articles subject to

import relief and national security actions. Presidential determinations as to what additional items are import sensitive—import-sensitive glass and electronics items are explicitly excluded from GSP—will be made only after the advice on the economic impact on domestic producers given by the International Trade Commission is reviewed.

The Trade Act provides that the President should bear in mind three broad considerations when deciding to use the authority to implement GSP. These considerations are:

- The impact on the economic development of developing countries;
- Action being taken by other major developed countries; and
- The impact on domestic producers.

The United States elected not to apply a system of global ceilings or quotas which limit the overall amount of preferential imports of any product. Furthermore, our GSP will in every case result in duty-free entry for the designated products of beneficiary countries. However, no one can realistically expect that U.S. producers should be required to renounce their economic interests and those of their employees by unconditional inclusion of truly import-sensitive products in our preference system. Tariff reductions on most of the items excluded from preferences will, however, be considered in the context of the multilateral trade negotiations, a subject to which I will turn very shortly.

Mr. Chairman, we realize that the concerns of many delegations here extend beyond whether or not their countries are initially designated as beneficiaries of our preference system. I have heard the beneficiary provisions described as a sword of Damocles which may drop at any moment. I have heard complaints that these provisions constitute a demand for reciprocal treatment whereas GSP is supposed to be nonreciprocal.

We do not see these provisions as a request for reciprocity in the sense which that word conveys in trade negotiations. What they reflect is a natural belief that countries which receive special advantages in the U.S.

market should recognize a certain minimum degree of mutuality in their economic relations with the United States. In the absence of such mutuality, international economic problems in this age of interdependence cannot be resolved.

We have attempted to deal with the concerns noted above in a pragmatic manner taking into account our legal requirements. I can only urge the other countries represented here to respond in a similar way.

Simplicity and Flexibility of System

I have until now concentrated on the more troublesome of the GSP provisions because these are your primary concerns and they should be addressed. My own concern, however, is that preoccupations with the country and product restrictions of GSP have obscured the truly positive features of the legislation as a whole and the GSP provisions in particular. I will comment on only two of the latter: the simplicity of our preference system once in operation and the special features which promote export growth and diversification.

The legislative process has been lengthy and complex, and the implementation procedures are also very time consuming and complicated. Only in this way, however, is it possible for all interests to be taken into account. Once operating, however, our GSP will be quite simple. The virtue of this simplicity is that it is more easily understood by exporters in your countries. The preference system is likely, therefore, to be more effectively utilized. For example:

—All preferential treatment will be duty free;

—A single list of beneficiaries will apply to all categories of products; in other words, there are no special regimes for certain products or countries;

—Instead of global ceilings which vary from product to product, there will be uniform ceilings on the amount of preferential imports of any one item from any one country; and

—A single, quite reasonable, value-added criterion will apply in almost all cases.

Second, we believe that our system is well designed to promote export growth and diversification in the developing countries. The competitive-need ceilings are quite high, when compared with the tariff quotas of the European Community and Japanese systems. Moreover, the ceilings were modified in the Senate, in part in response to requests from Latin American countries, to make them more flexible. Imports of a single article from a single developing country now exceed \$25 million in only a handful of cases. Where the ceilings do operate they encourage not only a sharing of benefits among developing countries but export diversification within any one country.

Benefits of Overall Trade Liberalization

A fundamental objective of the Trade Act is to use trade to promote the economic growth of developing countries and to expand mutual market opportunities between the United States and the developing countries. Latin American countries in general have concentrated their attention on the legislative authority for generalized preferences. This is understandable since the benefits of preferences will begin to flow relatively quickly while the results of the multilateral trade negotiations still seem distant and uncertain.

Nevertheless we have stressed the importance of the authority contained in the act for the United States to enter into the current round of multilateral trade negotiations. We consider this authority to be of greater significance over the longer term than that of GSP. We are concerned that these other provisions, which can be expected to yield significant benefits for the trade of Latin American countries, have been overlooked. Even more disturbing are indications we have received from some countries that they consider these provisions will be applied in a protectionist way.

Behind the difference in emphasis lies a

fundamental difference in perception. Our law represents, in essence, a grant of authority by the Congress, in which the authority rests under the Constitution, to the President. If I may speak very frankly, Mr. Chairman, I feel sure that if my colleagues here will really ponder this important fact in the context of the U.S. constitutional system they will recognize why it is essential that the Congress, in giving such vast powers to the President to negotiate tariff reductions, must also assure itself that the President is not required to exercise those powers to the detriment of the congressional constituencies. We believe that the trade-negotiating authority should be looked upon in this way.

We consider generalized preferences a temporary measure designed to facilitate more active participation by developing countries in all sectors of international trade. Many developing countries believe that generalized preferences should be a more permanent institution. As a consequence of that interpretation, many developing countries tend to consider overall trade liberalization as a threat to the benefits which they enjoy or expect to enjoy under GSP.

I can only reiterate our view that generalized preferences are temporary and non-binding. Moreover, we believe that developing as well as developed countries have more to gain from the continued movement toward a more open international trading system than from a slide backward into protectionism, which would, especially in these difficult times, attend even a standstill in that movement. In addition, it is noteworthy that all the major preference systems have quantitative ceilings which trigger a return to ordinary duty rates and that many sensitive items are now and may well continue to be excluded from preferences. We therefore believe it is in the interest of developing countries to seek binding concessions in the trade negotiations on all items of interest to them, including items subject to preferences.

Many of your governments have brought to our attention the fact that the Trade Act makes no reference to the Tokyo Declara-

tion.¹ The Trade Act does nevertheless recognize as one of its specific objectives the need to enter into trade agreements which promote, inter alia, the economic growth of developing countries. The Trade Act does give us the authority to carry out the commitments made to the developing countries in the Tokyo Declaration, to which we continue to adhere.

Negotiating Authorities Under the Trade Act

I would in this connection like to outline briefly what I consider to be the most important negotiating authorities. I hope there will be time to go into as much detail as you may wish during the working groups.

The Trade Act authorizes the reduction to zero of duties now at 5 percent *ad valorem* or less and permits cuts of up to 60 percent on rates above the 5 percent level. This mandate is the largest in percentage terms that has ever been delegated to U.S. negotiators, and it puts the United States in a position to participate with other countries in a substantial reduction of high and moderate duties and complete elimination of low duties. As the United States indicated at the February 11 meeting of the Trade Negotiations Committee in Geneva, we intend to make maximum possible use of our tariff-negotiating authority to grant concessions on products of special interest to the developing countries.

The Trade Act also contains unprecedented authority to enter into agreements on non-tariff barriers (NTB's), subject to expeditious approval by Congress. U.S. negotiators have already indicated that the United States would like to give priority attention to liberalization of trade barriers resulting from standards, subsidies, and countervailing duties and government procurement practices, all of which can adversely affect

the trade of the United States and Latin American countries.

The potential benefit to developing countries of removal of these barriers is clear. Of particular interest in connection with these nontariff-barrier negotiations is the provision which permits the President to differentiate between countries and categories of countries, such as developing and industrialized, for the purpose of determining benefits and obligations under NTB agreements. We must all recognize of course that working out such arrangements will not be simple and will require close cooperation.

Easing Adjustment to Import Competition

A liberalized international trading system—including provision for greater access by developing countries to the markets of industrialized countries—must go hand in hand with provision for effective domestic adjustment to new competitive conditions. Both tariff preferences and negotiated tariff reductions have less value if safeguards, by which I mean escape clause actions such as quotas or tariff increases in relief of a particular domestic industry, are repeatedly invoked. Title II of the Trade Act establishes an improved program of adjustment assistance for U.S. workers, firms, and communities affected by imports. These improved adjustment measures provide the necessary domestic underpinning for our being able to enter into negotiations leading to the reduction of trade barriers.

In addition, however, the development of an effective multilateral safeguard system to ease the impact of adjustment to import competition should be an essential element of the multilateral trade negotiations. Adjustment assistance is designed to permit longrun structural changes. Also needed as a precondition to serious attempts to reduce or dismantle trade barriers are effective temporary measures to prevent immediate and serious injury caused by imports.

The Trade Act revises the import relief provisions of the 1962 act, which were found

¹ For text of the declaration, approved at Tokyo on Sept. 14, 1973, by a ministerial meeting of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), see BULLETIN of Oct. 8, 1973, p. 450.

in practice to be too stringent. This should not be interpreted as protectionist but, rather, as providing the basis for far-reaching trade expansion. Import relief is to be given only temporarily in cases where there is serious injury for which imports are deemed to be a substantial cause. At the same time we recognize the need for enough multilateral discipline to prevent unwarranted action which negates benefits achieved in the negotiations.

Export Subsidies and Countervailing Duties

The Trade Act incorporates significant changes in the U.S. countervailing-duty law. These reflect the desire of Congress to resolve cases more expeditiously, recognize the potentially adverse effect that countervailing-duty actions could have on the multilateral trade negotiations, and underscore our desire to develop clearer agreed international rules concerning the use of export subsidies.

In the interest of negotiating successful NTB agreements, the act gives the Secretary of the Treasury limited discretion to refrain—until early 1979—from imposing countervailing duties provided certain specific conditions are met in each case. While we anticipate that this authority will be used only in a limited number of cases, we believe it can be useful in facilitating international agreement on the dual problem of subsidies and countervailing duties.

We are hopeful that an international code of conduct can be negotiated on this issue in the multilateral trade negotiations. We recognize the desire of many developing countries that such a code provide for differential treatment for them.

The Trade Act directs the President to take action to strengthen the principles of a fair and nondiscriminatory trading system including those embodied in the GATT [General Agreement on Tariffs and Trade]. Latin American countries share with the United States a common interest in negotiating revisions of goals and procedures embodied in the GATT to take account of current eco-

nomic realities. We look forward to improving the trading system in a way which will provide for the constructive and permanent involvement of the Latin American countries.

The trade negotiations will help countries to review their own trade barriers which can constitute formidable obstacles to the national development of their own human and natural resources. I urge you both in this spirit and in keeping with the give-and-take of the bargaining process to come to these negotiations with some idea of contributions which your countries can make consistent with the Tokyo Declaration.

The Trade Act is only a structure of authorities and objectives, a structure which paves the way for action. The structure is important, but the intentions of the government which utilizes those authorities and works for the objectives is more important.

The United States is strongly committed to an open world trading system. We firmly believe that a liberal and nondiscriminatory world trading system is in all our interests. Passage of the Trade Act at this time of serious international economic difficulties for all countries should be convincing evidence of these commitments and beliefs.

We also are convinced that economic interdependence is a central fact of international and hemispheric relations. However meritorious our intentions, we cannot succeed without the cooperation of our trading partners.

Over the past years we have stressed time and time again the U.S. desire to work closely with the Latin American countries during the trade negotiations. We are ready to coordinate our positions with you in the trade negotiations and to work with your representatives in Geneva on as formal or as informal a basis as you wish.

We intend to be responsive to your needs and objectives. In return we ask that you consider our interests. A careful reading of the Trade Act should convince you that we are both willing and able to meet you more than halfway.

I am honored to head the U.S. delegation to this major meeting of the Inter-American Economic and Social Council. It has been a pleasure to renew acquaintances made in Quito last November and meet for the first time other distinguished delegates to this conference.

Our purpose in gathering is timely and serious. Today the world confronts an unprecedented challenge as it seeks to define new economic relationships. Governments are searching for cooperative solutions to such acute problems as food, population, trade, energy, law of the sea, and industrial development. Within our own hemisphere, we are attempting to fashion new working relationships reflecting the growing interdependence among ourselves and with other nations of the world.

This meeting is an integral part of the regional and world dialogue. Our task is to use this forum to achieve a more equitable, progressive, and stable economic and social order.

At Houston on March 1, Secretary of State Kissinger set forth three objectives of U.S. policy toward Latin America, which guide our delegation:

- To promote with our friends a new spirit of communication tempered by realism, elevated by hope, and free of distrust, despair, or resentment;

- To find new ways to combine our efforts in the political, economic, and social development of the hemisphere; and

- To recognize that the global dialogue between the developed and less developed nations requires answers that will be difficult to find anywhere if we do not find them in the Western Hemisphere.

Interdependence—or mutual dependence— is especially pronounced in this hemisphere. Each of our countries is interlocked in the world economy. We have seen how the shock waves of inflation and recession have spread through the world and have affected all of us.

The Inter-American Economic and Social Council provides a unique opportunity for a high-level examination of some of the key issues of interdependence which we confront

today. We have a common responsibility to ascertain the facts and clarify the issues as we deal with the important items on the agenda.

Trade Policy Objectives

Let me begin with the Trade Act, which I believe to be a much misunderstood issue.

We all recognize that the Geneva multilateral trade negotiations are vital to the health of the international economy. A more open trading system will allow our economies to maximize their productive potential and share equitably in the growth of the world economy. Without serious and productive global trade negotiations, the temptation for each country to seek a unilateral solution to its economic and trading problems may become irresistible. Without a strong and viable world economy, none of us will be able to meet our trade and development objectives.

With these factors in mind, the Administration sought legislation from our Congress enabling us to enter into a new round of trade negotiations. President Ford signed the Trade Act of 1974 on January 3 of this year. We can now begin to work constructively and positively toward an increasingly just and open world trading system.

I am keenly aware of the concern that certain sections of the Trade Act have caused in some Latin American countries. This is one reason my delegation welcomes this meeting and the coming meeting of the General Assembly of the Organization of American States.

We believe that a review of our trade objectives and a thorough examination of the act will lead to a realization that at least some of your concerns are unwarranted.

First, let me reassure you that we are firm in our resolve to implement the Tokyo Declaration with its special consideration for the needs of the developing countries. There is a specific mandate in the Trade Act giving special consideration to developing country interests. We do not expect full reciprocity from the developing countries for concessions we make in the course of the negotiations. We do expect, however, that all coun-

tries will contribute to building a new world trading system in proportion to their levels of development.

We hope the Geneva negotiations will resolve some of the outstanding problems in international trade. For example, if the negotiations produce an effective international code on export subsidies, problems that your countries might have with countervailing duties will become more manageable. We are willing to work together with you, both in Geneva and in the OAS Special Committee for Consultation and Negotiation, to find a satisfactory solution on this and other trade issues.

The Trade Act also gives us the authority to implement a generalized system of tariff preferences for our imports from developing countries. President Ford will soon issue an Executive order designating beneficiary countries. He will then send a proposed list of products for duty-free treatment to the International Trade Commission for public hearings and recommendations. As you know, this proposed list of products was developed in close consultation with your countries. It is a good list which contains a broad range of manufactures as well as some agricultural and primary industrial products.

We are keenly aware of another aspect which has drawn your criticism. President Ford and Secretary Kissinger have personally expressed concern over the rigidities in our Trade Act which would exclude Venezuela and Ecuador from participation in our system of preferences. As Secretary Kissinger said in Houston:

The Administration supports the purpose of the various bills which have been introduced into the Congress . . . to modify the provisions of the Trade Act which involve Venezuela and Ecuador.

We have now completed a series of consultations with the key members of the Senate Finance and House Ways and Means Committees to seek an equitable solution to this problem. Based on these consultations, we expect an early decision on further actions to solve this problem. In any event, we hope to resolve the question well before our system of preferences goes into effect this fall.

U.S. Approach to Commodity Problems

Let me now turn to another important concern of economic interdependence; namely, price and supply of the basic commodities so important to hemispheric trade. Increased pressures on raw material supplies over the past several years ultimately led to shortages and to prices that were not sustainable. Now, with a downturn in the world economy, we are experiencing a sharp fall in demand and prices, with consequent balance-of-payments problems for those countries most dependent on commodity exports other than petroleum products.

Recent events in commodity availabilities and prices have not altered the basic U.S. belief that market forces of supply and demand, when allowed to operate freely, are the best allocator of resources.

This is not to say we approach commodity problems with a closed mind. There may be flaws in the operation of the market system for a particular commodity, or the market may not be allowed to work at all in some instances. We believe, however, that we should attempt to create an atmosphere in which the free market forces can operate effectively, to the greatest extent possible.

We share a common goal in seeking new approaches serving the long-term interests of both producers and consumers. The limits in our Trade Act on who receives the benefits of the U.S. system of tariff preferences are directed only against those groups of countries which act in ways disruptive of the world economy.

We can benefit from earlier cooperative efforts to identify areas in which the self-interest of commodity producer and consumer must, in the longer term, become mutual interest. The London working sessions on drafting a new international coffee agreement demonstrate a real awareness of the need for shared interests in any effort at commodity stabilization.

The Promise of More Abundant Food

The third major subject on which I wish to comment this afternoon is food. This hemisphere can make a far greater contri-

bution to solving the worldwide food crisis. The United States has long been a major food exporter, but Latin America clearly possesses enormous and undeveloped agricultural potential. Developing this potential would mean for your countries higher farm incomes, slowing the population shift to the hard-pressed cities, and improved nutrition for all.

With effective use of new technology, Latin America could play a major role in meeting the food deficits of Africa, Asia, and Europe.

Some of this technology is already available but is not reaching the people who need it. It must be spread throughout the hemisphere. More research is necessary, not only to develop improved methods of cultivation and food varieties but also to increase the efficiency of the distribution system and reduce waste.

The challenge of food cannot be overcome by any nation in isolation.

Secretary Kissinger recently proposed new cooperative efforts to increase food production in the hemisphere, in a complementary effort to the global undertaking begun at the World Food Conference in Rome.

Our suggestion that an agricultural consultative group be established under the auspices of the Inter-American Development Bank could be a key element in this effort. The United States also supports the proposal on the agenda of this meeting for a specialized conference on food with the Inter-American Institute of Agricultural Sciences.

In each of the areas I have indicated—trade, commodities, and food—the United States is taking action or is prepared to take action in cooperation with you to meet the challenge of interdependence. The United States recognizes that its economic capacity gives it special responsibilities. We are willing to walk the extra mile to make interdependence a source of peace and prosperity rather than a cause of weakness and strife. We expect that other nations are also prepared to take our concerns into account.

We have come to an important point in our labors. The initial exchange of views and study of documentation is drawing to an end.

We have the responsibility, in drawing conclusions and in framing policy recommendations, to base them on a balanced and careful consideration of the issues.

I urge you, in considering the Trade Act, to take into account the benefits and the long-range significance of this legislation to the development process and to the future of the world economy.

We hope that this conference will make a constructive step forward in realizing the potential for hemispheric cooperation in trade and other fields. Secretary Kissinger will continue discussion of these issues on his South American trip. When the OAS General Assembly meets in May, we hope all of us will be in a strengthened position to address our mutual problems of interdependence.

President Ford Designates Countries for Generalized Tariff Preferences

Following are texts of a Department statement issued on March 24 and an Executive order signed by President Ford that day.

DEPARTMENT STATEMENT

Press release 169 dated March 24

President Ford on March 24 signed an Executive order designating 89 countries and 43 dependent territories as beneficiary developing countries for the purpose of participating in the new U.S. system of generalized tariff preferences. Issuance of this Executive order will permit the publication in the Federal Register and the transmittal to the International Trade Commission of a list of articles to be considered for preferential tariff treatment in the U.S. market.

The Trade Act of 1974 authorizes the President to join with 18 other developed countries in implementing a generalized system of preferences (GSP). The U.S. system will provide duty-free treatment, within certain specified limits, for imports of a broad range of manufactures and semimanufactures and of selected agricultural and pri-

mary industrial products from developing countries for a period of up to 10 years, for the purpose of stimulating their economic development and improving U.S. economic relationships with them.

An important U.S. foreign policy objective is to facilitate the economic development of less developed nations. Tariff preferences will provide additional export opportunities to these countries and encourage them to shift from reliance on production and export of agricultural and primary industrial products to more broadly based industrial growth. Implementation of a system of tariff preferences is particularly important to the U.S. policy of expanded trade relations with the developing countries in this hemisphere as well as those in other parts of the world. Also, two-way trade tends to expand as nations move up the ladder of production and strengthen their economies. U.S. trade should therefore also benefit.

The designation of beneficiary countries and the publication of potentially eligible articles are required procedural steps in implementing the preference system. During the next several months, the International Trade Commission (ITC, formerly the Tariff Commission) will hold public hearings and advise the President with respect to the probable domestic economic impact of granting preferences for the articles under consideration. The Administration also will hold public hearings concerning the product coverage of the preference system.

The Trade Act prohibits the granting of preferences to articles which the President determines to be import sensitive, as well as several defined categories of import-sensitive articles. The list now to be published contains all manufactures and semimanufactures except textiles, footwear, watches, import-sensitive steel, and articles subject to import relief and national security actions. In addition to the products listed above, import-sensitive glass and electronics items are explicitly excluded by law from GSP. Administration decisions as to what products, in addition to those now excluded from the list, may be import sensitive will be made following the public hearings and receipt of advice

from the International Trade Commission. Any article on the list may be removed by the Administration at that time.

In addition to designating beneficiary countries, the Executive order lists 24 other countries whose eligibility is under active consideration and requests ITC consideration of the impact of duty-free import of articles under consideration from those countries as well. This list includes all members of the Organization of Petroleum Exporting Countries (OPEC) and several other countries which may be affected by the eligibility provisions of the Trade Act which deny participation in the U.S. preference system to countries which engage in such actions as expropriation of U.S. property in violation of international law or which grant more favorable treatment to imports from other developed countries. Communist countries are ineligible for preferences unless they receive most-favored-nation tariff treatment in the U.S. market, are members of the General Agreement on Tariffs and Trade and the International Monetary Fund, and are not "dominated or controlled by international Communism."

The President and Secretary Kissinger have expressed concern regarding certain provisions of the GSP authority contained in the Trade Act, particularly those which relate to oil-producing countries. The President announced when signing the Trade Act that: "In the spirit of cooperation with the Congress, I will do my best to work out any necessary accommodations." Consultations between the Administration and the Congress on possible ways to work out such accommodation are making good progress.

TEXT OF EXECUTIVE ORDER 11844¹

DESIGNATION OF BENEFICIARY DEVELOPING COUNTRIES FOR THE GENERALIZED SYSTEM OF PREFERENCES UNDER THE TRADE ACT OF 1974

Title V of the Trade Act of 1974, hereinafter referred to as the Act (Public Law 93-618, 88 Stat. 1978), provides for a Generalized System of Preferences by which eligible articles from a beneficiary developing country may be provided duty-free treatment.

¹ 40 *Fed. Reg.* 13295.

The Act authorizes the President to designate a country as a beneficiary developing country if such country meets the qualifications of the Act. Prior thereto, the President is to notify the House of Representatives and the Senate of his intention to make such designations and of the considerations entering into such decisions. I have so notified the House of Representatives and the Senate with respect to the countries listed in this Executive order.

In order to implement the Generalized System of Preferences, the Trade Act requires (1) designation of beneficiary developing countries, (2) publication and transmission to the International Trade Commission of the lists of articles which will be considered for designation as eligible articles for purposes of generalized preferences, and (3) submission by the International Trade Commission of its advice to the President within six months as to the probable economic effect on domestic producers and consumers of implementing generalized preferences for those listed articles.

Concurrently with publication of those listed articles and transmission thereof to the International Trade Commission for its advice as required by the Act, I also intend to ask the Commission to provide its advice, pursuant to Section 332(g) of the Tariff Act of 1930, as amended (19 U.S.C. 1332), with respect to articles of those countries designated and those which are still under consideration for designation as beneficiary developing countries.

The President is authorized to modify at any time the list of beneficiary developing countries designated herein, and for that purpose there shall be a continuing review of the eligibility of countries to be so designated under the provisions of the Act.

NOW, THEREFORE, by virtue of the authority vested in me by the Trade Act of 1974, and as President of the United States of America, it is hereby ordered as follows:

SECTION 1. The following named countries are designated as beneficiary developing countries for purposes of the Generalized System of Preferences authorized by Title V of the Act:

(a) *Those Responsible for Their Own External Relations.*

Afghanistan	Chad
Argentina	Chile
Bahamas	Colombia
Bahrain	Congo (Brazzaville)
Bangladesh	Costa Rica
Barbados	Dahomey
Bhutan	Dominican Republic
Bolivia	Egypt
Botswana	El Salvador
Brazil	Equatorial Guinea
Burma	Ethiopia
Burundi	Fiji
Cameroon	Gambia
Central African Republic	Ghana
	Grenada

Guatemala	Niger
Guinea	Oman
Guinea Bissau	Pakistan
Guyana	Panama
Haiti	Paraguay
Honduras	Peru
India	Philippines
Ivory Coast	Rwanda
Jamaica	Senegal
Jordan	Sierra Leone
Kenya	Singapore
Khmer Republic	Sri Lanka
Korea, Republic of	Sudan
Laos	Swaziland
Lebanon	Syria
Lesotho	Taiwan
Liberia	Tanzania
Malagasy Republic	Thailand
Malawi	Togo
Malaysia	Tonga
Maldives Islands	Trinidad and Tobago
Mali	Tunisia
Malta	Upper Volta
Mauritania	Uruguay
Mauritius	Vietnam (South)
Mexico	Western Samoa
Morocco	Yemen Arab Republic
Nauru	Yugoslavia
Nepal	Zaire
Nicaragua	Zambia

(b) *Those for Whom Another Country Is Responsible for Their External Relations.*

Afars and Issas, French Territory of the	Mozambique
Angola	Netherlands Antilles
Anguilla	New Caledonia
Antigua	New Hebrides
Belize	Condominium
Bermuda	Niue
British Indian Ocean Territory	Norfolk Island
British Solomon Islands	Papua New Guinea
Brunei	Pitcairn Island
Cape Verde	Portuguese Timor
Cayman Islands	Saint Christopher-Nevis-Anguilla
Comoro Islands	Saint Helena
Cook Islands	Saint Lucia
Dominica	Saint Vincent
Falkland Islands (Malvinas) and Dependencies	Sao Tome and Principe
French Polynesia	Seychelles
Gibraltar	Spanish Sahara
Gilbert and Ellice Islands	Surinam
Heard Island and McDonald Island	Tokelau Islands
Macao	Trust Territory of the Pacific Islands
Montserrat	Turks and Caicos Islands
	Virgin Islands, British
	Wallis and Futuna Islands

SEC. 2. The following named countries are identified as under consideration for designation as beneficiary developing countries in accordance with the criteria set forth in Title V of the Act:

Algeria	Yemen, Peoples' Democratic Republic of
Cyprus	Portugal
Ecuador	Romania
Gabon	Qatar
Greece	Saudi Arabia
Hong Kong	Somalia
Indonesia	Spain
Iran	Turkey
Iraq	Uganda
Israel	United Arab Emirates
Kuwait	Venezuela
Libya	
Nigeria	

Herbert R. Ford

THE WHITE HOUSE, March 24, 1975.

Administration of the Trade Agreements Program

AN EXECUTIVE ORDER¹

By virtue of the authority vested in me by the Trade Act of 1974, hereinafter referred to as the Act (Public Law 93-618, 88 Stat. 1978), the Trade Expansion Act of 1962, as amended (19 U.S.C. 1801), Section 350 of the Tariff Act of 1930, as amended (19 U.S.C. 1351), and Section 301 of Title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

SECTION 1. *The Trade Agreements Program.* The "trade agreements program" includes all activities consisting of, or related to, the negotiation or administration of international agreements which primarily concern trade and which are concluded pursuant to the authority vested in the President by the Constitution, Section 350 of the Tariff Act of 1930, as amended, the Trade Expansion Act of 1962, as amended, or the Act.

SEC. 2. *The Special Representative for Trade Negotiations.*

(a) The Special Representative for Trade Negotiations, hereinafter referred to as the Special Representative, in addition to the functions conferred upon him by the Act, including Section 141 thereof, and in addition to the functions and responsibilities set forth in this Order, shall be responsible for such other functions as the President may direct.

(b) The Special Representative, except where otherwise expressly provided by statute, Executive order, or instructions of the President, shall be the chief representative of the United States for each negotiation under the trade agreements program and shall participate in other negotiations which may have a direct and significant impact on trade.

(c) The Special Representative shall prepare, for the President's transmission to Congress, the annual report on the trade agreements program required by Section 163(a) of the Act. At the request of the Special Representative, other agencies shall assist in the preparation of that report.

(d) The Special Representative, except where expressly otherwise provided or prohibited by statute, Executive order, or instructions of the President, shall be responsible for the proper administration of the trade agreements program, and may, as he deems necessary, assign to the head of any Executive agency or body the performance of his duties which are incidental to the administration of the trade agreements program.

(e) The Special Representative shall consult with the Trade Policy Committee in connection with the performance of his functions, including those established or delegated by this Order, and shall, as appropriate, consult with other Federal agencies or bodies. With respect to the performance of his functions under Title IV of the Act, including those established or delegated by this Order, the Special Representative shall also consult with the East-West Foreign Trade Board.

(f) The Special Representative shall be responsible for the preparation and submission of any Proclamation which relates wholly or primarily to the trade agreements program. Any such Proclamation shall be subject to all the provisions of Executive Order No. 11030, as amended, except that such Proclamation need not be submitted to the Director of the Office of Management and Budget.

(g) The Secretary of State shall advise the Special Representative, and the Committee, on the foreign policy implications of any action under the trade agreements program. The Special Representative shall invite appropriate departments to participate in trade negotiations of particular interest to such departments, and the Department of State shall participate in trade negotiations which have a direct and significant impact on foreign policy.

SEC. 3. *The Trade Policy Committee.* (a) As provided by Section 242 of the Trade Expansion Act of 1962 (19 U.S.C. 1872), as amended by Section 602(b) of the Act, there is established the Trade Policy Committee, hereinafter referred to as the Committee. The Committee shall be composed of:

(1) The Special Representative, who shall be Chairman.

¹ No. 11846; 40 Fed. Reg. 14291.

- (2) The Secretary of State.
- (3) The Secretary of the Treasury.
- (4) The Secretary of Defense.
- (5) The Attorney General.
- (6) The Secretary of the Interior.
- (7) The Secretary of Agriculture.
- (8) The Secretary of Commerce.
- (9) The Secretary of Labor.
- (10) The Assistant to the President for Economic Affairs.

(11) The Executive Director of the Council on International Economic Policy.

Each member of the Committee may designate an officer of his agency, whose status is not below that of an Assistant Secretary, to serve in his stead, when he is unable to attend any meetings of the Committee. The Chairman, as he deems appropriate, may invite representatives from other agencies to attend the meetings of the Committee.

(b) The Committee shall have the functions conferred by the Trade Expansion Act of 1962, as amended, upon the inter-agency organization referred to in Section 242 thereof, as amended, the functions delegated to it by the provisions of this Order, and such other functions as the President may from time to time direct. Recommendations and advice of the Committee shall be submitted to the President by the Chairman.

(c) The recommendations made by the Committee under Section 242(b)(1) of the Trade Expansion Act of 1962, as amended, with respect to basic policy issues arising in the administration of the trade agreements program, as approved or modified by the President, shall guide the administration of the trade agreements program. The Special Representative or any other officer who is chief representative of the United States in a negotiation in connection with the trade agreements program shall keep the Committee informed with respect to the status and conduct of negotiations and shall consult with the Committee regarding the basic policy issues arising in the course of negotiations.

(d) Before making recommendations to the President under Section 242(b)(2) of the Trade Expansion Act of 1962, as amended, the Committee shall, through the Special Representative, request the advice of the Adjustment Assistance Coordinating Committee, established by Section 281 of the Act.

(e) The Committee shall advise the President as to what action, if any, he should take under Section 337(g) of the Tariff Act of 1930, as amended by Section 341 of the Act, relating to unfair practices in import trade.

(f) The Trade Expansion Act Advisory Committee established by Section 4 of Executive Order No. 11075 of January 15, 1963, is abolished and all of its records are transferred to the Trade Policy Committee.

SEC. 4. Trade Negotiations Under Title I of the Act.

(a) The functions of the President under Section 102 of the Act concerning notice to, and consultation with, Congress, in connection with agreements on nontariff barriers to, and other distortions of, trade, are hereby delegated to the Special Representative.

(b) The Special Representative, after consultation with the Committee, shall prepare, for the President's transmission to Congress, all proposed legislation and other documents necessary or appropriate for the implementation of, or otherwise required in connection with, trade agreements; provided, however, that where implementation of an agreement on nontariff barriers to, and other distortions of, trade requires a change in a domestic law, the department or agency having the primary interest in the administration of such domestic law shall prepare and transmit to the Special Representative the proposed legislation necessary or appropriate for such implementation.

(c) The functions of the President under Section 131(c) of the Act with respect to advice of the International Trade Commission and under Section 132 of the Act with respect to advice of the departments of the Federal Government and other sources, are delegated to the Special Representative. The functions of the President under Section 133 of the Act with respect to public hearings in connection with certain trade negotiations are delegated to the Special Representative, who shall designate an interagency committee to hold and conduct any such hearings.

(d) The functions of the President under Section 135 of the Act with respect to advisory committees and, notwithstanding the provisions of any other Executive order, the functions of the President under the Federal Advisory Committee Act (86 Stat. 770, 5 U.S.C. App. I), except that of reporting annually to Congress, which are applicable to advisory committees under the Act are delegated to the Special Representative. In establishing and organizing general policy advisory committees or sector advisory committees under Section 135(c) of the Act, the Special Representative shall act through the Secretaries of Commerce, Labor and Agriculture, as appropriate.

(e) The functions of the President with respect to determining ad valorem amounts and equivalents pursuant to Sections 601 (3) and (4) of the Act are hereby delegated to the Special Representative. The International Trade Commission is requested to advise the Special Representative with respect to determining such ad valorem amounts and equivalents. The Special Representative shall seek the advice of the Commission and consult with the Committee with respect to the determination of such ad valorem amounts and equivalents.

(f) Advice of the International Trade Commission under Section 131 of the Act, and other advice or reports by the International Trade Commission to the President or the Special Representative, the release or disclosure of which is not specifically authorized or required by law, shall not be released or disclosed in any manner or to any extent not specifically authorized by the President or by the Special Representative.

SEC. 5. *Import Relief and Market Disruption.*

(a) The Special Representative is authorized to request from the International Trade Commission the information specified in Sections 202(d) and 203(i) (1) and (2) of the Act.

(b) The Secretary of the Treasury, in consultation with the Secretary of Commerce or the Secretary of Agriculture, as appropriate, is authorized to issue, under Section 203(g) of the Act, regulations governing the administration of any quantitative restrictions proclaimed in order to provide import relief and is authorized to issue, under Section 203(g) of the Act or 352(b) of the Trade Expansion Act of 1962, regulations governing the entry, or withdrawal from warehouses for consumption, of articles pursuant to any orderly marketing agreement.

(c) The Secretary of Commerce shall exercise primary responsibility for monitoring imports under any orderly marketing agreement.

SEC. 6. *Unfair Trade Practices.*

(a) The Special Representative, acting through an interagency committee which he shall designate for such purpose, shall provide the opportunity for the presentation of views, under Sections 301(d)(1) and 301(e)(1) of the Act, with respect to unfair or unreasonable foreign trade practices and with respect to the United States response thereto.

(b) The Special Representative shall provide for appropriate public hearings under Section 301(e)(2) of the Act; and, shall issue regulations concerning the filing of requests for, and the conduct of, such hearings.

(c) The Special Representative is authorized to request, pursuant to Section 301(e)(3) of the Act, from the International Trade Commission, its views as to the probable impact on the economy of the United States of any action under Section 301(a) of the Act.

SEC. 7. *East-West Foreign Trade Board.* (a) In accordance with Section 411 of the Act, there is hereby established the East-West Foreign Trade Board, hereinafter referred to as the Board. The Board shall be composed of the following members and such additional members of the Executive branch as the President may designate:

(1) The Secretary of State.

- (2) The Secretary of the Treasury.
- (3) The Secretary of Agriculture.
- (4) The Secretary of Commerce.
- (5) The Special Representative for Trade Negotiations.
- (6) The Director of the Office of Management and Budget.
- (7) The Executive Director of the Council on International Economic Policy.
- (8) The President of the Export-Import Bank of the United States.
- (9) The Assistant to the President for Economic Affairs.

The President shall designate the Chairman and the Deputy Chairman of the Board. The President may designate an Executive Secretary, who shall be Chairman of a working group which will include membership from the agencies represented on the Board.

(b) The Board shall perform such functions as are required by Section 411 of the Act and such other functions as the President may direct.

(c) The Board is authorized to promulgate such rules and regulations as are necessary or appropriate to carry out its responsibilities under the Act and this Order.

(d) The Secretary of State shall advise the President with respect to determinations required to be made in connection with Sections 402 and 409 of the Act (dealing with freedom of emigration) and Section 403 (dealing with United States personnel missing in action in Southeast Asia), and shall prepare, for the President's transmission to Congress, the reports and other documents required by Sections 402 and 409 of the Act.

(e) The President's Committee on East-West Trade Policy, established by Executive Order No. 11789 of June 25, 1974, as amended by Section 6(d) of Executive Order No. 11808 of September 30, 1974, is abolished and all of its records are transferred to the Board.

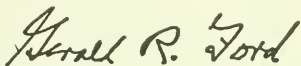
SEC. 8. *Generalized System of Preferences.*

(a) The Special Representative, in consultation with the Secretary of State, shall be responsible for the administration of the generalized system of preferences under Title V of the Act.

(b) The Committee, through the Special Representative, shall advise the President as to which countries should be designated as beneficiary developing countries, and as to which articles should be designated as eligible articles for the purposes of the system of generalized preferences.

SEC. 9. *Prior Executive Orders.* (a) Executive Order No. 11789 of June 25, 1974, and Section 6(d) of Executive Order No. 11808 of September 30, 1974, relating to the President's Committee on East-West Trade Policy are hereby revoked.

(b) (1) Sections 5(b), 7, and 8 of Executive Order No. 11075 of January 15, 1963, are hereby revoked effective April 3, 1975; (2) the remainder of Executive Order No. 11075, and Executive Order No. 11106 of April 18, 1963 and Executive Order No. 11113 of June 13, 1963, are hereby revoked.



THE WHITE HOUSE, March 27, 1975.

Foreign Assistance Appropriation Act of 1975 Signed Into Law

*Statement by President Ford*¹

I have signed H.R. 4592 (the Foreign Assistance and Related Programs Appropriation Act of 1975) [P.L. 94-11, approved Mar. 26] with considerable misgivings. The considerable reductions in overseas assistance programs—which the Congress authorized only three months ago—could prove detrimental to American interests at home and abroad.

The Administration sought appropriations that would reflect the same spirit of constructive compromise that characterized our cooperative efforts in December. I continue to believe that the interests of the United States in an increasingly interdependent community of nations require our purposeful and responsible participation. Such participation is impossible if the Administration's best estimates of a balanced foreign assistance program are subjected to reductions of these drastic dimensions.

I am disappointed that harmful cuts were inflicted in both the development and security assistance sectors. Interdependence applies not only to the present political and economic realities of America's role in the global community but also to the various modes of foreign assistance which we employ in our foreign policy. Programs of a humanitarian or developmental nature cannot be productive if our friends and allies are unable to defend themselves.

In the areas of humanitarian and development assistance, the \$200 million reduction

in food and nutrition funds renders our efforts to alleviate world hunger all the more difficult. The significant reduction in population planning funds will hamper initiatives related to this important factor in the long-term global food and health situation. I deeply regret the action of the Congress in reducing the request for Indochina postwar reconstruction funds by over one-half—from \$939 million to \$440 million. At this crucial time, our friends in Viet-Nam and Cambodia are under heavy attack on the battlefield and must cope with enormous refugee problems.

I am also disappointed that the request for our voluntary contribution to international organizations and programs has been severely reduced. The impact of this reduction will be felt in the lessening of our financial support to the United Nations Development Program. Our deep involvement in the UNDP over the years has been seen by many nations as symbolic of our commitment to work through multilateral as well as bilateral channels to assist the developing world.

In the area of security assistance, I am disappointed in the massive reduction in funding for the military assistance program. The program funds authorized by the Congress would have been barely adequate in terms of supplying needed military materiel to a small group of friendly countries unable to assume a greater financial share of their security burden through credit or cash purchases. However, the appropriation of less than half of this sum has jeopardized these critical programs. Simultaneously cutting its appropriations for foreign military sales credits accentuates the difficulties created by the deep cuts in the military assistance program.

Finally, I am troubled because reductions in the overall quantity and quality of our development and security assistance programs will occur at precisely the time when America's assistance is vitally needed. I fervently hope that the Congress will give urgent attention to the interlocking relationship of America's present problems at home and abroad and provide future funding that will be commensurate with our stated principles and national self-interest.

¹ Issued on Mar. 27 (White House press release).

In this article based on an address he made on February 19 before the Rockland County Rotary Clubs at Bear Mountain, N.Y., Mr. Reich discusses the international dimensions of the Bicentennial commemoration and the importance of people-to-people diplomacy. He also gives suggestions on how community organizations can further international understanding during the Bicentennial.

From Independence to Interdependence—A Bicentennial Challenge

by Alan A. Reich

Deputy Assistant Secretary for Educational and Cultural Affairs

America's Bicentennial commemoration provides a unique opportunity to strengthen ties with other peoples of the world and thus contribute to international mutual understanding.

The Bicentennial commemoration has three major themes—Heritage '76, Festival USA, and Horizons '76. Each has important international implications.

The first, Heritage '76, recalls the ethnic origins and diversity of America. Our way of life owes much to other peoples of the world. Their contributions find rich expression throughout our country. Many ethnic organizations are planning Bicentennial programs linking the United States and their home countries. Reflecting together on our heritage and its meaning will result in significant and constructive international dialogue.

The second theme, Festival USA, suggests the opportunities international visitors have to discover and understand America and our people. The Festival theme is far broader and more meaningful than the view expressed by one foreign visitor on the occasion of our Centennial celebration in 1876. He observed:

The crowds come like sheep, run here, run there, run everywhere. One man start, thousand follow. Nobody see anything, nobody do anything. All rush, tear, push, shout, make plenty noise, say "damn" great many times, get very tired, and go home.

The President, through the Department of State and our embassies, has officially invited other nations to participate in the Bicentennial. There will be cultural, sports, arts, and other attractions both in the United States and abroad which should enhance the appreciation of our respective achievements and societies.

Recently I referred to "our Bicentennial" in a conversation with a Cabinet minister of a nation making plans for the commemoration. He interrupted and noted politely, "The Spirit of '76 belongs to us, too, you know!" His remark made me realize other peoples around the world share with us and hold dear the ideals and values we associate with our Revolutionary period. Other nations have been guided by the American model in establishing their governments. They see the United States as the custodian of democracy. George Washington's words, "The basis of our political system is the right of people to make and to alter their constitutions of government," have had and continue to have worldwide meaning.

Horizons '76, the third theme, is perhaps the most important. It looks to the future. John Adams put it succinctly when he said, "I like the dreams of the future better than the history of the past." The notion of the continuing revolution and all it stands for is captured in the growing awareness that we are interdependent.

If mankind is to survive, we must cooperate. Problems that were national a few years ago are now global. Our neighbors' problems are ours, and vice versa. Improving the quality of life is a worldwide challenge. Problems of population, inflation, food, and the use of resources require cooperative action. Neither we nor our children will have the luxury of working on our domestic problems if we do not succeed in bringing about peaceful cooperation throughout the world during the next few years. Whether we cooperate with our international neighbors because it is good, right, or necessary, we must get on with it while we are improving the quality of life at home.

President Ford stated in an address at Detroit last September:

... a theme of the foreign policy of this Administration is international cooperation in an interdependent world, stressing interdependence.

Secretary Kissinger said last fall at New Delhi:

Our goal is to move toward a world where power blocs and balances are not dominant . . . where countries consider cooperation in the global interest to be in their national interest.

The strengthening of informal relationships on a people-to-people basis helps improve the climate for cooperation in solving these problems which have no national boundaries. The Bicentennial commemoration is relevant not only to the American future but also to the goals and aspirations of mankind.

People-to-People Diplomacy

In a world of constant change, from the diplomat's point of view one of the most profound—and perhaps least understood—changes has been the increasing involvement of individuals everywhere in public affairs. More and more people every day become involved in local and national affairs and also, to an extraordinary degree, in world affairs. We live in an era of people-to-people diplomacy. Concerned citizens and private organizations the world over play key roles in influencing international relations.

Why are people-to-people relations and informal communications activities of concern to the U.S. Department of State? Formal diplomatic channels, of course, are crucial for official business and the resolution of differences between nations. To an unprecedented degree, however, the problems nations confront, the means they choose to solve them, and even the perceptions people of one country have of another, evolve outside official channels. Diplomacy has gone public. Foreign affairs is no longer the exclusive domain of the professional diplomat. Many foreign offices no longer confine themselves to speaking with other foreign offices for peoples; they help and encourage their peoples to speak for themselves across national boundaries. The tone and content of our international relations are set increasingly by the vastly expanded contacts between Americans and other peoples of the world.

This geometric increase in citizen involvement in world affairs has special significance for the diplomat. When people-to-people bonds and networks for two-way communication are fully developed, there will be a greater readiness to seek accommodation and to negotiate. When people know and understand each other and appreciate their differences, likelihood of confrontation diminishes. Prospects for peaceful solutions are enhanced. As Woodrow Wilson said, "When we truly know one another, we can have differences without hating one another." This rationale governs the State Department's interest in the furtherance of meaningful people-to-people interchange.

When you think of the Department's conduct of our international affairs, people-to-people diplomacy and exchange-of-persons programs may not come immediately to mind. It is nonetheless a significant Department activity carried out with 126 nations. The job of the Bureau of Educational and Cultural Affairs is to use its resources to reinforce the work of American individuals and organizations who want to help construct the foundation of better relationships with the rest of the world. The Bureau also coor-

dinates, as necessary, the activities of other government agencies with international exchange programs in such fields as health, education, social welfare, transportation, agriculture, military training, and urban planning.

There are several major elements in this government-sponsored cultural relations program. Annually, some 5,000 professors, lecturers, and scholars are exchanged to and from the United States. The international visitor program brings to this country about 1,500 foreign leaders and potential leaders annually for orientation tours of 4-6 weeks' duration. We send abroad several leading performing arts and sports groups as well as some 150 U.S. lecturers annually for brief lecture tours.

International Dimensions of the Bicentennial

The three Bicentennial themes were selected to provide for involvement of all our states, communities, and people. There will be no *single* national focus in one city. In addition to the American Revolution Bicentennial Administration in Washington and the 10 regional offices, each state has its own commission. Many cities and communities, too, have commissions and active programs.

A number of governments of the world, as well as private individuals and organizations of other nations, have asked the Department of State and the American Revolution Bicentennial Administration for suggestions on how to commemorate the Bicentennial and simultaneously to strengthen ties with the American people. Here are a few examples of Bicentennial projects planned by governments and peoples of other nations:

—Establishment of chairs in American studies in foreign universities.

—Establishment of chairs for studies about other nations in American universities.

—Symphony orchestra tours to the United States.

—National folk group participation in the Smithsonian Folklife Festival and in community festivals throughout the United States.

—Endowment of library collections of Americana, both in the United States and abroad.

—Commissioning of historical books, studies, and films about the American experience.

—Historical and philosophical conferences on American civilization to be held abroad.

—Theater and opera groups, museum collections, and exhibits to tour the United States.

As other nations develop their Bicentennial programs, Americans, too, are incorporating an international dimension in their planning. Many local activities planned by state and community Bicentennial groups involve people of other nations. For instance:

—Operation Sail '76 is a visit of tall-masted sailing vessels from around the world to New York City on July 4, 1976, and to other world ports.

—The World Theatre Festival, a non-profit foundation based in New York, will sponsor appearances of distinguished theatre companies from around the world.

—Utica, N.Y., will hold an ethnic arts festival celebrating America as a conglomerate of peoples. Fourteen nationality groups are expected to participate.

—Numerous international conferences are being planned, such as the world food conference to be held at Iowa University.

—Binational, international exchange, and ethnic organizations are developing new exchange-of-persons programs, such as the Polk County, Nebr., Bicentennial exchange with Japan.

—The American Council of Polish Cultural Clubs is conducting a poster contest on Polish immigration to the United States.

—The American Medical Association is inviting counterpart associations of other countries to attend its 1976 annual convention to review medical contributions to man's well-being over the past 200 years.

—The American Association of Museums is organizing a program for American museums to exhibit foreign contributions to America's development.

—Sister Cities International plans to in-

crease the number of U.S. and foreign cities affiliated in sister city relationships from 1,100 at present to 1,976.

—The American Historical Association is offering a prize to the author of the best historical work on the American Revolution written in a language other than English.

The Bicentennial Challenge

Service clubs and other private organizations are making a significant contribution to international mutual understanding through their people-to-people programs. For example, Rotary's international youth exchange program, its world community service program, and its small-business clinic program have had considerable impact.

Service clubs also contribute to the furtherance of international person-to-person relationships by others in their communities. In visits throughout the United States, I have been impressed with the extent to which service clubs have initiated and developed sister city affiliations, people-to-people exchanges, international hospitality programs, and international activities of local performing arts and sports groups.

I hope community organizations will do more of the same—demonstrating the capacity for commitment of the American people in solving that most important of all human problems, the achievement of a sustained world peace, by sponsoring exchanges, providing community leadership in international programing, helping peoples of other nations become less dependent, and strengthening international ties among key individuals and groups. Specifically, I urge community organizations to undertake in whole or in part the following 12-point program:

1. Expand home hospitality and community orientation programs for international visitors, including professional, business, diplomatic, military, and government leaders.

2. Expand and strengthen exchange programs of youth, cultural, and ethnic organizations.

3. Develop and improve community pro-

grams for foreign students in the United States.

4. Internationalize community involvement by affiliating with an appropriate international organization in cooperation with the U.S. National Commission for UNESCO.

5. Participate directly in and support the international exchange programs of the People-to-People International and of the People-to-People sports, music, handicapped, and other exchange committees.

6. Strengthen or initiate a sister city program or affiliate with a new sister city.

7. Develop programs for strengthening ties with international alumni of area universities and colleges.

8. Invite foreign professional counterparts and students to conferences and seminars.

9. Help expand the international public service activities of U.S. corporations operating internationally.

10. Form international institutional linkages affiliating U.S. and counterpart universities, colleges, hospitals, rehabilitation centers, schools, libraries, and museums for exchange relationships.

11. Establish university chairs of international studies.

12. Maximize the good will generated by insuring public visibility for these activities both here and abroad.

Secretary Kissinger, speaking before the U.N. General Assembly last September, posed the question: "Will our age of interdependence spur joint progress or common disaster?" In our 200 years as a nation we have matured from independence to interdependence. The challenge, the Bicentennial challenge of interdependence, is to increase international mutual understanding. These ties of interdependence should contribute in ways which will not sacrifice private sector initiative, dynamism, and diversity. They will indeed spur joint progress.

Such a Bicentennial program will be in the U.S. national interest and in mankind's interest, too, in providing an improved climate for solving our global problems and in helping to build the human foundations of the structure of peace.

EPA To Be U.S. Information Center for U.N. Environment Program

*Department Announcement*¹

The Environmental Protection Agency (EPA) has been designated as the U.S. information center in the global system established by the United Nations for speedy distribution of environmental data.

Selection of the EPA was made at the suggestion of Dixy Lee Ray, Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs.

"I welcome the opportunity for EPA to play a leadership role in the development of an international environmental information system which will serve the needs of this country as well as provide assistance to other nations within the U.N.," EPA Administrator Russell E. Train said in acknowledging the designation.

The U.N.'s International Referral Service for Sources of Environmental Information, conceived at the 1972 Stockholm Conference on the Environment, has a central office at the headquarters of the United Nations Environment Program (UNEP) in Nairobi. The worldwide network operates through national focal points in each participating country which coordinate efforts for identifying sources of environmental information. They will contribute these sources to a computerized international directory UNEP is compiling. Pertinent sources from this data bank will be supplied upon request to researchers, scholars, managers, technicians, and others who need them.

A committee established by the Department of State provides policy guidance for the service. In addition to EPA, Federal agencies represented on the committee are the Departments of Agriculture, Commerce, Health, Education, and Welfare, Housing and Urban Development, Interior, and State;

the National Oceanic and Atmospheric Administration; the Council on Environmental Quality; the National Science Foundation; and the Library of Congress.

Delegation of State Governors To Visit U.S.S.R.

Press release 153 dated March 18

A delegation of Governors representing the U.S. National Governors' Conference and headed by Governor Calvin L. Rampton of Utah, chairman of the conference, will visit the Soviet Union for 12 days in May of this year.

The visit, to be made under the U.S.-U.S.S.R. General Agreement on Contacts, Exchanges, and Cooperation, is similar to one made to the U.S.S.R. by another group of Governors in October of 1971. The program is reciprocal. The 1971 trip was followed in May 1974 by a visit to the United States of a group of regional Soviet officials.

Soviet authorities are planning an itinerary which includes trips to Moscow, Leningrad, Kiev, and Tashkent. It is expected that during their stay the Governors will be given an opportunity to discuss with their Soviet counterparts matters of common concern, such as urban development, transportation, environmental control, and agriculture.

This visit is funded by the Department of State's Bureau of Educational and Cultural Affairs, which seeks to promote understanding and strengthened ties between the peoples of the United States and other nations through international exchange programs.

The delegation, in addition to Governor Rampton, will consist of Arch A. Moore, Jr., of West Virginia, Robert D. Ray of Iowa, William L. Waller of Mississippi, Thomas P. Salmon of Vermont, Marvin Mandel of Maryland, Wendell R. Anderson of Minnesota, and Richard F. Kneip of South Dakota.

¹ Issued on Mar. 27 (text from press release 174).

United States Discusses Role of Industrialization in the Developing Countries

The Second General Conference of the United Nations Industrial Development Organization (UNIDO) was held at Lima March 12-26. Following is a statement made before the conference on March 18 by W. Tapley Bennett, Jr., Deputy U.S. Representative to the United Nations, who was chairman of the U.S. delegation.

USUN press release 26 dated March 28

We meet in the historic and dynamic city of Lima at a time of unprecedented challenge for the international community. Let us also regard it as a time of opportunity. The familiar patterns of international economic relations are changing. Old attitudes seem no longer wholly relevant to our present problems. Although blueprints for the replacement of the international economic system have been offered, the new community remains to be revealed. Only our growing interdependence is certain.

Let me at the outset of my remarks quote a statement made by Secretary of State Kissinger at the beginning of this month which I think is importantly relevant to the work of this conference. He said, on March 1:

The foreign policy of the United States has one overriding goal: to help shape a new structure of international relations which promotes cooperation rather than force; negotiation rather than confrontation; and the positive aspirations of peoples rather than the accumulation of arms by nations.

These are the concerns—the guidelines—of U.S. foreign policy today. We believe these are common concerns shared by us all. We have come to Lima to participate in a constructive dialogue. If this dialogue can

lead to a common resolve, this conference can contribute to the formulation of international policies and can agree on actions that are essential to encourage and support the efforts of the peoples of the developing countries for industrial development.

International economic activities are infinitely more diverse than was the case 30 years ago when the United Nations organization was created. Many of the older industrialized countries account for important new segments of world industrial production and world trade. Many other countries, including many developing countries, have established significant new industrial sectors. The result of this diversification is that nations are today subject to a degree of interdependence in their economic relationships unprecedented in world history. Any new international economic arrangements must take this growing interdependence into account. It requires a new approach to the problems that face us and a new sharing of responsibilities for decisions.

In the past, trade relationships between developed and developing countries were largely based on the exchange of raw materials for finished goods. We have the impression that, in some quarters, the belief exists that the relationship must therefore be an adversary one and that there is reluctance to help the developing countries industrialize because of a desire to maintain the old arrangements.

That is certainly not the position of the United States, and we do not believe it is the position of any country represented at this conference. The United States fully accepts the proposition that industrial development

has a fundamental role to play in improving the quality of life of the peoples of the developing countries. We have not assembled here to debate whether the developing countries should industrialize. The question before us is how they can most effectively and quickly expand the contribution of industry to their economic and social development. The United States is fully committed to assisting in this effort.

Our national experience reinforces the general view that agricultural and industrial development go hand in hand. It is sometimes overlooked that the industrial strength of the United States rests on a powerful agricultural base. The development of these two sectors of industry and agriculture, both nationally and globally, is a forceful expression of interdependence. Agriculture and agro-industrial development cannot be ignored or given second priority without impairing general economic development goals, including industrialization. Quite clearly, agricultural production can increase significantly only with the assistance of many industrial goods.

Agricultural production in the United States has for decades provided a welcome reservoir of foodstuffs available to all the world. Indeed, large areas of the world have been too dependent on the United States for food grains. The World Food Conference at Rome put emphasis on the urgent need for expanding world food production and stressed the interrelationship of agriculture and industry. We hope that the Lima Conference will be similarly successful in setting general guidelines for future development in the industrial field.

To help developing countries find new markets for the products of their industry in the United States, we are in the process of implementing our system of generalized tariff preferences. In the next few days, President Ford will issue an Executive order designating beneficiary countries. At the same time he will announce the list of products on which the U.S. Administration proposes, subject to public hearings and International Trade Commission advice, to eliminate import duties for developing countries

for 10 years. The system is expected to benefit over \$2 billion in existing developing countries' exports and to stimulate a substantial amount of new exports from these countries. President Ford and Secretary Kissinger have expressed concern with respect to certain provisions of the Trade Act, including those which relate to the eligibility of oil-producing countries. Consultations between the Administration and Congress on this issue are making good progress.

The long-awaited generalized system of preferences has not met, nor can it be expected to meet, all of the expectations of developing countries. We are nevertheless of the view that the U.S. system of generalized preferences is significant. It not only will provide additional trade opportunities in the short term, but it is also a substantive expression of our recognition of the need of developing countries for special treatment. It also demonstrates that we do not require or expect precise reciprocity in every case in our trade relations with developing countries.

However, the major significance of the Trade Act of 1974—its overwhelming importance—lies in the fact that it permits the U.S. Government to participate fully in the multilateral trade negotiations. It is our hope that those negotiations will result in substantially larger and permanent trade opportunities and consequently in improved standards of living for all through a more just division of labor. In accordance with the Tokyo Declaration,¹ the trade negotiations are intended not only further to liberalize general world trade but also to obtain additional benefits for the international trade of developing countries in the form of increased foreign exchange earnings.

No issue is more critical today in economic relations between developed and developing countries than that of commodities. With respect to trade in raw materials, the United States, as a principal exporter as well as

¹ For text of the declaration, approved at Tokyo on Sept. 14, 1973, by a ministerial meeting of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), see BULLETIN of Oct. 8, 1973, p. 450.

importer of raw materials, is especially sensitive to the aspirations of both producers and consumers.

Abrupt swings in the prices for raw materials are harmful to all. We recognize that developing countries, regardless of their stage of development, have been especially vulnerable to these price fluctuations. We strongly favor a world trading system which meets the needs of both producers and consumers, which provides reliable and adequate export earnings for producers and at the same time assures adequate supplies at reasonable cost for the consumers. Unilateral actions by producers or unilateral actions by consumers will not result in a stable equilibrium. The time has come to consider together how these issues should be resolved, and we are ready to join in a serious effort to find a constructive solution which does justice to the concerns of all parties.

We appreciate that one of the fundamental desires of the developing countries is to develop the capacity to transform an increasing proportion of their own natural resources into finished or semifinished products. We agree with the logic of such a development, and we support it. Indeed, the economics of the situation may well point in this direction more and more frequently in the future. In this context, we would view this as a natural step in the achievement of a mutually beneficial division of labor.

General expansion of economic activity is to be expected in the very near future, following some 18 months of declining production. The production capacity of all nations will be strained by the upcoming recovery. In the short run, therefore, there will be fresh opportunities for industrial production in the developing countries. Beyond that, it is projected that over the next 25 years world population will double. Increases in consumption over that same period must at least keep up with the increase of population. Over the longer period ahead, there is no natural competition between developed and developing countries in meeting the challenges that will be presented by this

vast expansion in demand for goods.

Mr. President, the United States is committed to narrowing the gap between the standards of living of the peoples of the developed and the developing countries. It is our view that the best way to remedy existing inequalities is to increase the wealth and standard of living of the developing countries. Real improvement of living standards can only occur through increases in productivity and expanded opportunities for gainful employment.

The proposal that we work to increase over the next 25 years the proportion of the the world's industrialized goods which are produced by developing countries is completely uncontroversial. It represents the very essence of our task. We are all agreed on it. The present share of 7 percent is obviously distressingly low.

However, I must say in all frankness I am skeptical as to the utility of setting a formal target of this kind. There is no reliable, scientific basis upon which any particular figure could be set. The setting of such a target will neither add to nor subtract from the efforts required on the national, regional, and global levels.

If individual governments wish to indulge in indicative planning, including the setting of targets, that of course is their prerogative. And it can be useful. Today, half of the industrial production of the developing countries comes from five of its members. There is a danger, moreover, that the setting of a global target will obscure the special needs of the most seriously affected countries, the landlocked, and other special categories of developing countries.

For nations such as mine, global economic targets pose particular problems with respect to our participation. The U.S. Government is not in a position to guarantee that its private sector will perform in a way to meet any particular target. Our government does not have—nor does it wish to have—that type of control over our private sector. Neither will many other governments of the more successfully industrialized countries represented here.

The dynamic forces of industrial develop-

ment in the United States have always been largely in our people, or what we call our private sector. Decisions have not been centralized in our government. The overall success of our private industry, which operates under orderly government regulations, in producing more goods for more people has long stood in favorable contrast to other systems. Similarly our major contributions to industrialization of the developing countries have come through transfers of technology, management know-how, and capital by our private enterprises. These resources continue to be available, and the U.S. Government stands ready to facilitate access to them.

At the same time, the participation of our private enterprises in the industrialization of developing countries, whether through direct investment, loans, agreements for the transfer of technology, or management contracts, depends upon their reasonable expectations for the safety of the capital and effort they have invested. Actions by receiving countries, both individually and in international forums, will largely create the climate for the participation of the private sector in the industrialization process. This is a matter with respect to which each country will of course make its own choice, depending on whether it wishes to encourage private enterprise to participate in its industrial development or to discourage it from doing so. While we naturally believe that our own experience in achieving a highly industrialized society has relevance for many developing countries, we fully recognize that each nation must decide on its own path to industrial development in the light of the historical experience of its people, the natural and human resources available to it, and the opportunities or constraints of its geography.

One feature of 20th-century economic developments has been the growth of enterprises known as multinational corporations. Although the activities of multinationals, or transnationals, represent only one feature of a complicated set of transactions which link the economies of nations, it is one which has attracted passionate attention in my country as well as in many other countries represented here.

The effect of the multinational corporation on development and on international relations is not yet fully understood, and it is only natural that a study of this important subject is now underway elsewhere in the U.N. system. One thing is clear—the transnationals have proved themselves effective and rapid conveyors of capital and technical know-how.

At this point I find it interesting to note that today's controversy surrounding multinational corporations has much of the same ring as did the earlier controversy over the process of industrialization itself. I am sure we are all familiar with the literature of the 19th century which pictured industrialization as a threat to traditional values, a despoiler of the countryside, and an affront to the dignity of man. Today the general view of the desirability of industrialization has changed. I believe that we will in time come around to the view that multinational corporations, too, are instruments of production and, like any other instrument, are neither inherently good nor bad. I agree with the statement of the President of our conference, Minister Jiménez de Lucio [Rear Adm. Alberto Jiménez de Lucio, Minister of Industry and Tourism of Peru], in his perceptive and thoughtful address, when he said that foreign investment is neither all good nor all bad. The answer lies in orderly regulation.

The United States fully supports the view that national and international private and public development resources can and should be more fully mobilized and expanded to help the developing countries. Our bilateral and multilateral economic assistance will go forward. In short, my country is prepared to make continuing efforts to assist developing nations to achieve rapid economic development for the benefit of their peoples, despite some serious economic problems at home. All we ask is that the program we support be effective in achieving their development objectives.

Some of the most serious obstacles to development, however, are not international and do not arise from financial need. As many speakers have said here, there are problems

of internal structure and institutional shortcomings. These must be overcome by nations themselves if they are to absorb industrial development expenditures efficiently. Clearly, local entrepreneurs must be given proper incentives. Markets must be increased in size and depth—and here regional agreements can help—but more importantly by national efforts to draw more of the rural and urban population into the market.

One of the important subjects that this conference is called upon to consider is the future role of UNIDO—how it should be organized and what resources should be made available to it.

The question of UNIDO's long-term strategy has occupied our attention since the special international conference of June 1971. The United States continues to support the view of the ad hoc committee that the areas of first-priority attention by UNIDO should be the expansion and improvement of its operational activities. Its program of studies and research should support and reinforce the UNDP [United Nations Development Program] country programming process, as well as improve UNIDO's capability for advising countries on industrial development policies and strategy.

We have noted the suggestions which are before the conference looking to broadening UNIDO's mandate into the field of consultations on world industrial developments, and we are prepared to discuss these ideas during this conference.

We see serious difficulties, however, in the proposal that UNIDO be converted into a specialized agency of the United Nations. We believe that it could be seriously counterproductive to undertake such a major change in the organization's status at this time. It would inherently entail a long and costly

period of transition and uncertainty. The energies of the organization would be absorbed in that process rather than in its primary task of helping the developing countries.

We are now engaged in the task which the General Assembly set for this conference—the drawing up of a declaration on industrial development and a plan of action by member states to advance the industrialization of the developing countries. For this purpose, we have before us draft texts presented by the Group of 77.² We have been closely examining those proposals. We would hope that similar close study will be given by the conference to the paper prepared by Group B, a paper which represents very careful consideration by my country and other members of the developed group.

Mr. President, over the past year the industrialized nations and the Third World have seemed more often in confrontation than in harmony. This, I believe, has often been more apparent than real. The purposes we have in common are far more important than the issues on which we may differ. Extreme rhetorical demands and petulant exchanges in U.N. debates get us nowhere. They impede a true consensus, and they depreciate the value of resolutions. They reduce popular support or the work of the United Nations in my country and elsewhere. Let us try in UNIDO to reduce the gap between language and performance, between doctrine and reality. Let us intensify the process of consultation, cooperation, and negotiation. Our growing interdependence leaves us no choice.

² The conference on Mar. 27 adopted the Lima Declaration and Plan of Action on Industrial Development and Cooperation by a vote of 82 to 1 (U.S.), with 7 abstentions (Belgium, Canada, Federal Republic of Germany, Israel, Italy, Japan, U.K.).

Department Testifies on Preliminary IEA Agreement on Accelerated Development of New Energy Sources

Statement by Thomas O. Enders

Assistant Secretary for Economic and Business Affairs¹

You have asked me to discuss the latest developments in our efforts to develop a comprehensive framework of consumer country cooperation in energy.

In testimony before this committee last December, we described the International Energy Program (IEP) and the creation of the International Energy Agency. The IEA then consisted of 16 countries; New Zealand has since become a member and Norway an associate member.

As we emphasized during those earlier hearings, the International Energy Program represented a commitment by the participating countries to deal with the problems of economic and political vulnerability which have resulted from our excessive dependence on imported oil. The arrangement established under the IEP was designed to bring a prompt reduction in our vulnerability. Through a series of integrated commitments on emergency stockpiles, emergency demand restraint, and the sharing of available oil, it provides:

- A deterrent against future supply interruptions;

- A substantial improvement in our ability

to withstand the economic impact of an embargo, should one occur; and

—Assurance that all member countries will come to the assistance of any partner which might be the target of a selective embargo.

However, the emergency program is basically a short-term insurance policy. It does not in itself deal with the problem of excessive dependence on imported oil. Therefore the International Energy Program also provided for the establishment of a long-term cooperative program of energy conservation and the development of new energy sources.

During the past four months we have proceeded to develop within the IEA the basic elements of this long-term program of cooperation. We have also agreed with the other members of the OECD [Organization for Economic Cooperation and Development] to establish a \$25 billion financial safety net to assure that the accumulation of petrodollars does not become an element of financial instability in Western economies. This fund is not an aid mechanism; rather, it will serve as a lender of last resort.

The Governing Board of the IEA agreed in February on the objective of reducing oil imports for the group as a whole by 2 million barrels a day by the end of 1975 below the level we would otherwise have reached. We also agreed to fix similar conservation objectives for the years beyond 1975. The U.S. share of this objective would be 1 million barrels a day, an amount proportionate with

¹ Presented to a joint hearing of the Subcommittees on International Organizations and on International Resources, Food, and Energy of the House Committee on International Relations on Mar. 26. 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.

our share of total IEA oil consumption. This is of course contingent upon the others doing their part. The U.S. contribution will of course be dependent on congressional action on the President's energy program.

In addition, we have established in the IEA a formal procedure for review of our individual national conservation programs and an assessment of their effectiveness. Through this cooperative approach, we can reinforce each other's national conservation programs. In addition, we will obtain assurance that the conservation efforts of one country are not offset by the laxness of other consuming countries.

Alternative Energy Development

On March 20, 1975, the IEA Governing Board confirmed a preliminary understanding of the major elements and basic principles of a coordinated system of cooperation in the accelerated development of new sources of energy. This is an essential part of our overall cooperative effort. Energy conservation can play a critical role in limiting our dependence on imported oil, especially over the next few years. But over the longer term, we must develop new sources of energy if we are both to achieve our reduced import dependence objectives and also to sustain a satisfactory rate of economic growth. In addition, the development of new sources of energy is essential to the creation of supply-and-demand conditions which will eventually force a reduction in the world oil price.

Higher oil prices will by themselves bring about important investments in new energy supplies. But the magnitude of the problem is so great that we cannot rely on market forces alone. Governments must act to reinforce and stimulate these market forces if we are to reduce our import dependence and our vulnerability to embargoes and arbitrary price increases.

The preliminary agreement reached in the IEA on a coordinated system of cooperation in the accelerated development of new energy is explicit recognition of this need for governmental action. The coordinated system would consist of three interlinked elements:

—An agreement to encourage and safeguard investment in the bulk of conventional energy sources through the establishment of a common minimum price below which we would not allow imported oil to be sold within our economies;

—A framework of cooperation to provide specific incentives to investment in higher cost energy on a project-by-project basis; and

—Cooperation in energy research and development, including the pooling of national programs in selected projects.

Common Minimum Price for Imported Oil

The first element of this system, agreement on a minimum safeguarded price, is designed to resolve the critical dilemma which we face in the development of new energy sources. As I mentioned previously, the IEA countries have substantial new energy sources which can be developed. However, most of these, such as outer continental shelf oil, Alaskan oil, coal, et cetera, are relatively high cost. Moreover, their development will require enormous capital investments. The OPEC [Organization of Petroleum Exporting Countries] cartel, with production costs averaging some 25 cents per barrel, would clearly have the capability to undercut the development of these alternative sources at will. Thus, unless we provide some level of protection to domestic investors against possible competition from very low-cost imported oil, we risk a shortfall in the investment needed to meet our reduced dependence objectives. Further analysis will be required before this minimum level of price is set. It would be substantially below current world oil prices, although higher than prices prevailing before October 1973.

It is equally important to underline what this minimum import-price agreement will not provide. It will not be a price guarantee for OPEC; rather, it would be a guarantee of minimum protection for domestic investors in IEA countries. Also, it will not provide a floor price for all energy sold domestically; it would apply only to imported oil.

Why is this proposed commitment to a common minimum price for imported oil in

the U.S. interest? First, as I have explained, it will help to assure that we get the investment needed in new energy to bring about over the medium term a sharp shift in the world supply-and-demand balance for oil. Only by making an unequivocal commitment to the accelerated development of alternative sources can we gain sufficient power in the marketplace to assure that OPEC will not be able to arbitrarily manipulate oil prices in the future.

At the same time it will help to equalize energy costs among the industrialized countries. Without an agreement of this type, the United States, which will make a major commitment to the development of relatively expensive energy, would find itself at a competitive disadvantage when the world oil price breaks and the other industrialized countries have the opportunity to import very low-cost oil.

This system of a minimum import price has several advantages over possible alternative schemes to encourage and protect investment in conventional energy sources such as a deficiency-payments mechanism. A deficiency-payments system would impose a massive financial burden on the taxpayer when world oil prices dropped and, by allowing lower prices, would stimulate consumption and imports. In contrast, the minimum safeguarded price mechanism would not only provide protection for new investment and a check on consumption but would also generate additional tax revenues when the world oil price declined.

At this point we are not inclined to try to dictate the policy mechanism which IEA countries might use to fulfill this commitment. We would propose that countries be left free to use a variable levy, import quotas, or other appropriate mechanisms.

Joint Undertakings and R. & D. Projects

The second basic element of the accelerated development system would promote, on a project-by-project basis, joint undertakings in higher cost energy projects. The development of synthetic fuels and other major energy projects, perhaps including some of a

conventional nature, would be fostered under this program. This measure would deal with projects involving large capital and developmental expenditures and would provide IEA countries with the opportunity to participate in each other's programs under agreed rules covering investment, access to technology, and access to production.

The third tier of the system is designed to encourage cooperative projects in research and development on energy. The IEA would assist in identifying and establishing joint R. & D. projects on which countries would pool national efforts. By definition, projects in this third tier would involve expenditures which are not likely to yield immediate returns but which offer significant potential for longrun cost savings or energy breakthroughs. Under this approach we can avoid duplication of effort and rationalize our spending.

Mr. Chairman, the coordinated system for accelerated development should be viewed in its entirety. It is designed to provide a balance of advantage between those countries with huge potential to develop indigenous energy supplies and those which will continue to have to rely on imported oil to meet a substantial portion of their energy requirements.

All consuming countries stand to benefit directly from the development of new energy in other consuming countries. These new energy supplies will impact directly on world supply and demand for OPEC oil and will contribute to the eventual decline in world oil prices. Thus we all have much to gain from cooperation which stimulates the development of new energy.

We will continue to consult closely with the Congress over the coming months on the elaboration of this preliminary understanding. Its implementation would of course require legislative authority in each country. The Administration has already requested legislation, title IX of the Energy Independence Act of 1975, which would provide such implementing authority. We will seek further consultations with the Congress on the manner in which such authority could be granted and used.

Mr. Chairman, we have had many opportunities for false comfort since the oil crisis began: A surplus of oil in the international market last summer because of seasonal factors and price resistance, some signs of undercover price cutting, and pronouncements that the oil cartel was about to break.

But, Mr. Chairman, the oil crisis will not simply go away. We must act to defuse it by bringing our own consumption of oil under control, by developing our own energy supplies, and by encouraging other consuming countries to do likewise. Only in this way can we achieve our two essential objectives: A significant decrease in the international price of oil and substantial U.S. self-sufficiency in energy.

Congressional Documents Relating to Foreign Policy

93d Congress, 2d Session

Improving the Quality of Filberts. Report to accompany H.R. 2933. S. Rept. 93-1414. December 19, 1974. 6 pp.

Minimum Rate Provisions by Nonnational Carriers in the Foreign Commerce of the United States. Report to accompany S. 2576. S. Rept. 93-1426. December 20, 1974. 12 pp.

94th Congress, 1st Session

Notice of Actions Proposed to be Taken Under the Trade Act of 1974. Communication from the President of the United States. January 14, 1975. H. Doc. 94-8. 5 pp.

Proposing a Supplemental Appropriation for Military Assistance, South Vietnamese Forces. Communication from the President of the United States transmitting a proposed supplemental appropriation for military assistance, South Vietnamese forces, and a budget amendment for military assistance for Cambodia in fiscal year 1975. H. Doc. 94-38. January 29, 1975. 2 pp.

Proposed Increase in the Amount of Enriched Uranium Which May Be Distributed to the International Atomic Energy Agency (IAEA). Report by the Joint Committee on Atomic Energy to accompany S. Con. Res. 13. S. Rept. 94-8. February 13, 1975. 4 pp.

Proposed Increase in the Amount of Enriched Uranium Which May Be Distributed to the European Energy Community (EURATOM). Report by the Joint Committee on Atomic Energy to accompany S. Con. Res. 14. February 13, 1975. S. Rept. 94-9. 6 pp.

Proposed Extension of Existing Research Agreement for Cooperation Between the United States and Israel Concerning Civil Uses of Atomic Energy. Report by the Joint Committee on Atomic Energy to accompany H. Con. Res. 114. H. Rept. 94-8. February 13, 1975. 9 pp.

TREATY INFORMATION

U.S. To Launch Satellites for Indonesia

The Department of State announced on March 26 (press release 171) that the United States and the Republic of Indonesia had that day entered into an agreement under which NASA will launch satellites on a reimbursable basis for the Indonesian Government's Directorate General of Posts and Telecommunications. (For text of the agreement, see press release 171.) The notes concluding the agreement were signed by Dixy Lee Ray, Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, and Roesmin Nurjadin, Ambassador of the Republic of Indonesia. This agreement was concluded pursuant to the launch policy announced by the President on October 9, 1972, which was developed for the purpose of promoting international cooperation in the peaceful uses of outer space and to make the capabilities of space available for all mankind.

The initial effort under this agreement will be the launch of a communications satellite for domestic use. The satellite is being built in the United States and will be launched by NASA in 1976 by a Delta launch vehicle. It will be placed in geostationary orbit near Indonesia. NASA and the Directorate General of Posts and Telecommunications of the Republic of Indonesia signed a memorandum of understanding which establishes the arrangements under which all launches to be conducted are to be coordinated. The communications satellite launch is the only one presently planned, and the launch contract is

being negotiated and will be signed shortly.

Previous reimbursable launches have been conducted for Canada, the United Kingdom, France, Germany, and the European Space Research Organization. Launches are planned for Japan, Canada, Italy, and ESRO, as well as Indonesia.

Current Actions

MULTILATERAL

Arbitration

Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the United States December 29, 1970. TIAS 6997.

Accession deposited: Australia, March 26, 1975.

Consular Relations

Vienna convention on consular relations. Done at Vienna April 24, 1963. Entered into force March 19, 1967; for the United States December 24, 1969. TIAS 6820.

Ratification deposited: Lebanon, March 20, 1975.

Cotton

Articles of agreement of International Cotton Institute. Done at Washington January 17, 1966. Entered into force February 23, 1966. TIAS 5964.

Ratification deposited: Spain, March 31, 1975.

Cultural Relations

Constitution of the United Nations Educational, Scientific and Cultural Organization. Done at London November 16, 1945. Entered into force November 4, 1946. TIAS 1580.

Signatures: Grenada, February 17, 1975; Guinea-Bissau, November 1, 1974; Korea, People's Democratic Republic of, October 18, 1974; San Marino, November 12, 1974.

Acceptances deposited: Grenada, November 29, 1974; Guinea-Bissau, November 1, 1974; Korea, People's Democratic Republic of, October 18, 1974; San Marino, November 12, 1974.

Disputes

Convention on the settlement of investment disputes between states and nationals of other states. Done at Washington March 18, 1965. Entered into force October 14, 1966. TIAS 6090.

Signature: Australia, March 24, 1975.

Program-Carrying Signals—Distribution by Satellite

Convention relating to the distribution of programme-carrying signals transmitted by satellite. Done at Brussels May 21, 1974.¹

Signatures: Argentina, Austria, March 26, 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.

Ratification deposited: Senegal, March 26, 1975.

Convention on registration of objects launched into outer space. Opened for signature at New York January 14, 1975.²

Signatures: Argentina, March 26, 1975; Belgium, March 19, 1975.

Terrorism

Convention to prevent and punish the acts of terrorism taking the form of crimes against persons and related extortion that are of international significance. Signed at Washington February 2, 1971. Entered into force October 16, 1973.²

Ratification deposited: Mexico, March 17, 1975.

Terrorism—Protection of Diplomats

Convention on the prevention and punishment of crimes against internationally protected persons, including diplomatic agents. Done at New York December 14, 1973.¹

Ratification deposited: Hungary, March 26, 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. TIAS 7988.

Accession deposited: El Salvador, March 27, 1975.

Women—Political Rights

Convention on the political rights of women. Done at New York March 31, 1953. Entered into force July 7, 1954.²

Signature: Guinea, March 19, 1975.

BILATERAL

Bangladesh

Loan agreement for the Ashuganj fertilizer project, with annex. Signed at Dacca February 12, 1975. Entered into force February 12, 1975.

Canada

Agreement relating to the exchange of information on weather modification activities. Signed at Washington March 26, 1975. Entered into force March 26, 1975.

Haiti

Agreement for sales of agricultural commodities. Signed at Port-au-Prince March 20, 1975. Entered into force March 20, 1975.

¹ Not in force.

² Not in force for the United States.

Indonesia

Agreement concerning the furnishing of launching and associated services by NASA for Indonesian satellites, with annexes. Effected by exchange of notes at Washington March 26, 1975. Entered into force March 26, 1975.

Iran

Agreement extending the agreement of October 6, 1947 (TIAS 1666), as amended and extended, relating to a military mission. Effected by exchange of notes at Tehran July 16, 1974, and March 16, 1975. Entered into force March 16, 1975.

Portugal

Agreement relating to trade in cotton, wool, and man-made fiber textiles and textile products between Macau and the United States, with annex. Effected by exchange of notes at Lisbon March 3, 1975. Entered into force March 3, 1975; effective January 1, 1975.

PUBLICATIONS

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.

Background Notes: Short, factual summaries which describe the people, history, government, economy, and foreign relations of each country. Each contains a map, a list of principal government officials and U.S. diplomatic and consular officers, and a reading list. (A complete set of all Background Notes currently in stock—at least 140—\$21.80; 1-year subscription service for approximately 77 updated or new Notes—\$23.10; plastic binder—\$1.50.) Single copies of those listed below are available at 30¢ each.

Afghanistan	Cat. No. S1.123:AF3	
	Pub. 7795	7 pp.
Algeria	Cat. No. S1.123:AL3	
	Pub. 7821	7 pp.
Barbados	Cat. No. S1.123:B23	
	Pub. 8242	4 pp.
Botswana	Cat. No. S1.123:B65	
	Pub. 8046	5 pp.
Brazil	Cat. No. S1.123:B73	
	Pub. 7756	8 pp.
Dahomey	Cat. No. S1.123:D13	
	Pub. 8308	4 pp.

Scientific and Technological Cooperation. Agreement with the Socialist Federal Republic of Yugoslavia. TIAS 7914. 15 pp. 40¢. (Cat. No. S9.10:7914).

Space Research Program. Agreement with Australia. TIAS 7928. 8 pp. 30¢. (Cat. No. S9.10:7928).

Trade in Cotton, Wool and Man-Made Fiber Textiles. Arrangement with Japan. TIAS 7934. 73 pp. 85¢. (Cat. No. S9.10:7934).

Agricultural Commodities. Agreement with Guinea. TIAS 7942. 21 pp. 40¢. (Cat. No. S9.10:7942).

Cooperation in the Field of Health. Agreement with the Polish People's Republic. TIAS 7943. 13 pp. 30¢. (Cat. No. S9.10:7943).

Development of Agricultural Trade. Joint statement with the Polish People's Republic. TIAS 7944. 9 pp. 30¢. (Cat. No. S9.10:7944).

Second Nam Ngum Development Fund. TIAS 7946. 32 pp. 50¢. (Cat. No. S9.10:7946).

Joint Commission on Economic, Commercial, Scientific, Technological, Educational and Cultural Cooperation. Agreement with India. TIAS 7947. 10 pp. 30¢. (Cat. No. S9.10:7947).

Economic Assistance—Manufacture and Acquisition of Agricultural Inputs. Agreement with Bangladesh. TIAS 7948. 17 pp. 35¢. (Cat. No. S9.10:7948).

Agricultural Commodities. Agreement with Bangladesh. TIAS 7949. 21 pp. 40¢. (Cat. No. S9.10:7949).

Onchocerciasis 1974 Fund. TIAS 7950. 31 pp. 45¢. (Cat. No. S9.10:7950).

Defense—Ballistic Missile Early Warning Station at Fylingdales Moor, Yorkshire. Agreement with the United Kingdom of Great Britain and Northern Ireland amending the agreement of February 15, 1960, as amended. TIAS 7951. 5 pp. 25¢. (Cat. No. S9.10:7951).

DEPARTMENT AND FOREIGN SERVICE

Confirmations

The Senate on March 21 confirmed the following nominations:

Wiley T. Buchanan, Jr., to be Ambassador to Austria.

Donald B. Easum to be Ambassador to the Federal Republic of Nigeria.

Eugene V. McAuliffe to be Ambassador to Hungary.

John E. Reinhardt to be an Assistant Secretary of State [for Public Affairs].

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Check List of Department of State

Press Releases: March 31—April 6

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

Releases issued prior to March 31 which appear in this issue of the BULLETIN are Nos. 153 of March 18, 169 of March 25, 171 of March 26, and 174 of March 27.

No.	Date	Subject
*177	3/31	McAuliffe sworn in as Ambassa- dor to Hungary (biographic data).
*178	4/1	Memorial service for Steven A. Haukness.
*179	4/2	Davis sworn in as Assistant Sec- retary for African Affairs (bi- ographic data).
*180	4/2	Study Groups 10 and 11 of the U.S. National Committee for the CCITT, May 1.
*181	4/3	Cleveland Orchestra tour of Latin America Apr. 13-29.
†182	4/3	U.S.-Romania trade agreement signed.
†183	4/5	Kissinger: News Conference.

* Not printed.

† Held for a later issue of the BULLETIN.