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THE DEPARTMENT OF STATE BULLETIN

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THE DEPARTMENT OF STATE BULLETIN

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

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Secretary Kissinger Attends IEA and OECD Meetings at Paris

Secretary Kissinger visited Paris May 26-28, where he headed the U.S. delegations to the ministerial meetings of the Governing Board of the International Energy Agency (IEA) and the Council of the Organization for Economic Cooperation and Development (OECD). Following are his arrival statement, his statements in the meetings, and a news conference and informal remarks, together with the texts of a communique issued at the conclusion of the IEA meeting and a communique and declaration issued at the conclusion of the OECD meeting.

ARRIVAL STATEMENT, MAY 26

Press release 299 dated May 27

Ladies and gentlemen: Secretary Simon [William E. Simon, Secretary of the Treasury] and I are here to attend the meetings of the International Energy Agency and of the OECD, two institutions which are designed to deal with the problem of interdependence of the industrialized societies as well as of the relationship of the industrialized societies with the developing countries. We consider the problems of energy, the problems of growth, and the problem of the relationship between the industrialized and the developing countries among the principal issues of our time.

We have come here with an attitude of cooperation and with the conviction that only through the close cooperation of the countries that will be represented here can major progress be possible. While I am here, I also look forward to an opportunity to exchange ideas with the President of France, who has kindly invited me to breakfast tomorrow with several other colleagues.

Thank you very much.

REMARKS TO THE PRESS, MAY 27¹

Q. What is the best birthday present you could wish?

Secretary Kissinger: Just to continue to make progress toward peace in all areas.

The President and I had a very good, a very cordial talk. We reviewed the state of our bilateral relations, which I judge to be excellent. The President explained his views about the formation of Europe, with which we are in general agreement. He informed me of the French contacts with various energy producers, and I told him of similar contacts that the United States had had. We discussed the energy preparatory conference in the spirit of reconvening it. We think the conditions are favorable to resume the work of the preparatory conference, and the United States will support whatever efforts France may make as the convening power to reassemble the conference.

Q. When do you expect the conference to resume, sir?

Secretary Kissinger: Well, this we will have to discuss, of course, in detail, and we also will have to discuss it with some of our partners in the IEA, but I think within the next months.

Q. Did you talk about the Middle East, sir?

Secretary Kissinger: We had just a very brief discussion, a brief reference.

Q. And the Atlantic alliance?

Secretary Kissinger: We discussed the Atlantic alliance and the forthcoming meeting between your President and President Ford.

¹ Made following a breakfast meeting with President Valéry Giscard d'Estaing of France (text from press release 301).

Q. What do you expect from the meeting between President Ford and President Sadat?

Secretary Kissinger: As I pointed out before, we would like to learn the precise views of the President of Egypt about how peace in the Middle East can be advanced. We, of course, have been undertaking an assessment of our policy, and we will inform President Sadat of our present tentative thinking which will not be concluded until we have also talked to Prime Minister Rabin [of Israel]. But we will make clear, as we have stated repeatedly publicly, that the United States is not prepared to accept a diplomatic stalemate in the Middle East and that we are convinced that progress toward peace in the Middle East must continue.

The press: Thank you, sir.

STATEMENT BEFORE MINISTERIAL MEETING OF THE IEA GOVERNING BOARD, MAY 27

Press release 298 dated May 27

Today we begin a week of deliberation on the central problems of the industrial democracies: energy, economic prosperity, the building of a constructive relationship with the developing nations, and insuring the security of our own countries.

Of these, no issue is more basic to the future than the challenge of energy. The fundamental achievements of our economies, and the modern civilization they sustain, have been built upon the ready availability of energy at reasonable prices.

The energy crisis of 1973 first brought home to us the full implications of the new reality of global interdependence. Energy stands as the first and most fundamental of these new problems; its magnitude compels us to cooperation. Without that cooperation, we risk a return to nationalistic rivalry and economic decline comparable to the bitter experience of the thirties. Now all nations—rich and poor, industrialized and developing—must decide whether growing interdependence will foster common progress or common disaster.

Our objective must be to construct a world

energy system capable of providing, on terms fair to all, the fuels needed to continue and extend the progress of our economies and our societies. The path that the members of this Agency have chosen begins with consumer solidarity. But a durable international system must ultimately encompass, and be built by, both the consumers and the producers of the world's energy.

This Agency has made remarkable progress since the Washington Energy Conference 15 months ago. We recognized at Washington that the energy crisis was the most severe challenge to industrial civilization since the Second World War. For a generation North America, Europe, and Japan increasingly allowed oil imports to replace their own energy production. In 1950 the industrialized world imported 5 percent of its requirements. In 1960, this had grown to 17 percent; by 1972, it had reached 39 percent.

The embargo and price rises of 1973 taught us how vulnerable we had become. We saw that neither the supply nor the price of a central factor in our economies was any longer under our control. Our well-being and progress had become hostage to decisions in which we could not take part. At the Washington Energy Conference we recognized that only collective action could reduce our excessive dependence on imported oil and restore to our governments mastery over our own economies and foreign policies. Separately we could never create conditions for lower oil prices. Nor could any one of us, except at exorbitant cost, defend against a new embargo. Our security, our economic growth, our role in the world, were at risk.

Nothing so vividly demonstrates the cooperative vitality of the industrial democracies as the speed and imagination with which this Agency acted on these conclusions. It articulated a realistic strategy for attacking the problems of price and supply and launched a series of major steps which together make up the elements of a comprehensive program:

—To safeguard against future energy emergencies, we committed ourselves to build

stocks of oil and, in the event of an embargo, to cut our consumption by an equal percentage and to share available oil.

—For financial solidarity, the nations comprising the OECD agreed on a fund of \$25 billion to protect against financial disruption from oil deficits or from arbitrary shifts of funds by the producers.

—To prevent an increase in our vulnerability over the next few years, we set conservation goals and agreed on procedures to verify their implementation.

—To lessen our long-term vulnerability, we agreed on an ambitious policy to develop new energy sources through cooperation on individual development projects and safeguarded by a minimum price mechanism.

—To develop the technology to achieve independence by the end of the century, we established a far-reaching program of cooperation in energy research and development.

—Finally, we recognized the reality of the new economic and political conditions in which we are acting. Over the long term, a stable world energy economy must have the support and serve the interests of both consumers and producers. Therefore we in this Agency have committed ourselves to seek a long-term cooperative economic relationship with the energy-producing nations. This Agency has been the principal forum for our preparation for the dialogue with the producers.

In the short term, our objective in this Agency has been to restore the balance in the international energy market. Through rigorous conservation and the development of alternative sources, we have sought to create such a surplus of capacity that the flexibility of decision of the producers will be reduced. As our conservation policies gain momentum, our dependence on imported oil can at least be kept constant, while our economies recover from the recent recession. As the proportion of our energy needs from our own production increases, the producers' market will begin to shrink, first relatively and then in absolute terms. The producers will have to distribute ever-larger cutbacks among themselves to maintain the high

prices, and even larger cutbacks to support an increase. Individual producers, especially those with ambitious development, defense, and other spending programs, will be under pressure to increase sales or at least to refuse further production cuts. Thus at some point, if this process succeeds, the cartel will have lost the exclusive and arbitrary control over prices.

We acknowledged from the start that our countries vary widely in energy needs and potential. Some of us have major and as yet untapped oil, gas, and coal reserves. Others must rely almost entirely on nuclear energy and new technology to reduce national dependence on imported oil.

This very diversity gives a strong impetus to our cooperation. Because of our interdependence, we all have an interest in each other's success. The action each country takes to reduce its vulnerability reduces the vulnerability of us all. And the decision to work cooperatively assures an equitable sharing of costs and benefits. The sacrifices of one country will not simply be offset by the failure of other nations.

All elements of our strategy are linked. Plans to deal with an emergency will prove empty if we permit our dependence on imported oil to mount year by year. Efforts to develop a new relationship with the producers will be thwarted if we fail to create the objective conditions for a new equilibrium through programs of conservation and the development of alternative supplies.

Many of the basic building blocks of our strategy are in place. But much remains to be done. This first ministerial meeting of the IEA faces the following urgent tasks:

—To impose determined conservation programs before our economies begin to expand again;

—To put into effect strong new incentives for developing alternative sources;

—To accelerate research on long-term development of nonconventional energy supplies; and

—To prepare thoroughly for a dialogue with the producers.

Let me deal with each of these in turn.

The cardinal objective of any energy program must be the limitation of growth of consumption. However much we augment our own energy production, in the medium term it cannot keep pace with the extravagant annual consumption increases of the 1960's.

Conservation will be particularly important over the next few years. Until North Sea and Alaskan oil and additional coal and nuclear power become available in quantity, it is the only means we have to limit our vulnerability.

In February, we agreed that the IEA countries should save 2 million barrels a day by the end of this year. The recession has put us ahead of that target. But the reduction in consumption caused by the recession has also led to complacency about the need for a strong conservation policy. This has delayed—in America and elsewhere—the imposition of conservation measures that will assure us of future savings.

We must recognize that most of our current savings result not from policy decisions but from the reduction in overall economic activity caused by the recession. During this spring's decline in demand for oil, the oil producers have absorbed the production cuts required to keep supply in line with demand, leaving the basic price structure intact. Price rises have been difficult. But as growth resumes in the industrial economies, and with a normal or cold winter, our demand for oil will inevitably increase.

Unless we convert our recession-induced conservation to policy-induced conservation, the producers will benefit from a stronger market. We will become increasingly vulnerable to price rises and the political manipulation of energy supply. Indeed, we have already been warned of new price increases. These would be economically unjustified, for there is much surplus production capacity, inflation is slowing, and oil prices are already at historic highs. Yet the market remains under the substantial control of the producers; it will become more so unless we impose upon ourselves a rigorous energy program and put immediate impetus behind our conservation efforts.

In January, President Ford set a goal for the United States of saving 2 million barrels a day by the end of 1977. Later today, the President will announce additional measures to discourage the consumption of imported oil.

Together with actions already taken, this will bring the total estimated U.S. savings to 1.2 million barrels a day by the end of 1977. The President hopes that the Congress will join him in common action to bring about the remaining savings needed to meet our goal of 2 million barrels. But should this not prove possible, he is prepared to use the powers available to him to assure that the United States does its part in the common conservation effort.

We believe it essential that the IEA develop conservation goals which will prevent our vulnerability from increasing during 1976 and 1977. Because the United States is responsible for half the total oil consumption of IEA members, it pledges itself to half the savings. If, together, we can save 4 million barrels a day by the end of 1977, we can prevent our collective imports of oil from increasing above present levels even after a period of economic growth. OPEC's [Organization of Petroleum Exporting Countries] ability to raise prices arbitrarily will have been diminished. And we will have reduced our oil payments deficit by many billions of dollars. But should we fail, the cost will be not only higher prices but also increasing economic and political vulnerability.

Alternative Sources

Over the longer term, our dependence on imported oil will become irreversible unless we rapidly develop new energy sources—oil, gas, coal, nuclear power. This is all the more urgent because the economic costs of the current level of high prices will multiply over time. At present, much of the producers' surplus revenues are recycled into investments in the industrialized countries. This is welcome as a short-term alleviation of the balance-of-payments drain. But, if current prices hold, sooner or later the im-

ports of producers will rise dramatically. There will occur an increasing drain of goods and services from our economies.

If we are to lessen our vulnerability, energy production from alternative sources must, at a minimum, substantially reduce current IEA imports of 25 million barrels per day. Three actions are needed to accomplish this:

—We must remove or modify many of our governmental constraints on energy production. Energy development is encumbered everywhere by legal, environmental, and regulatory limitations. Many of these reflect valid social goals; others could usefully be reviewed or modified, or alternative safeguards could be devised. We should use this organization as a clearinghouse for ideas to remove unnecessary obstacles to alternative energy sources.

—We must make sure that sufficient financing is available to assure energy development. Enormous amounts of capital will be required—perhaps a thousand billion dollars in the next 10 years. Each country should decide the arrangements best suited to meet this requirement, but we should proceed now to establish an IEA framework for project-by-project cooperation, including joint guarantees or other financial assistance to large cooperative projects.

—We must insure that our energy investments are protected against disruptive competition. For much of the Persian Gulf, production costs are only about 25 cents a barrel. Most of the major continental energy sources—new Alaskan North Slope oil, the U.S. outer continental shelf, North Sea oil, nuclear power everywhere—will be many times more costly to produce. If the cartel decides to undercut alternative sources by temporary, predatory price-cutting, investment in alternative sources may be inhibited or abandoned. The producers' pricing policies could thus keep us in a permanent state of dependence, and we would hardly have assurance that the price would not be raised again once our dependence was confirmed.

This is why we in the IEA have agreed in principle on the safeguard price mecha-

nism. Only if consumers develop massive new energy sources will the oil producers lose their ability to set prices at high, artificial levels. But these sources will not be developed if producers retain the ability to thwart our energy programs by temporary, predatory price cuts. A minimum safeguard price—well below the current world price level—can help insure that these alternative sources will be developed.

We are obviously not proposing a guaranteed price for OPEC. On the contrary, if our policy succeeds, and as large quantities of new energy become available, OPEC's selling price could fall below the protected level. The minimum safeguard price can be implemented in a variety of ways—through tariffs, quotas, or variable levies. The difference between the world price and the higher domestic price would thus accrue to our governments in the form of import taxes and levies. These could be used for social programs or rebates or other national programs of our own choosing. In short, the minimum safeguard price is not a device for maintaining artificially high world oil prices. On the contrary, it is a device for making sure that they come down. And it can be designed to yield the benefits from such reduction to the industrial countries.

The agreed deadline for elaboration of the IEA overall alternative sources program is July 1. We must meet it. President Ford has asked me to emphasize the urgency of this task. Without clear incentives for major new energy investments rapidly put into place, IEA countries can never hope to reduce their current excessive vulnerability.

Nuclear Power for Energy Production

In the quest for greater energy self-reliance, nuclear power will be critical. By 1985, the European Community hopes that nuclear power will generate about one-quarter of its electricity; Japan, a third; the United States, perhaps a third. But there are major problems associated with the orderly, safe, and prudent introduction of this important new technology.

In all our countries, the growth of nu-

clear power produces both hope and anxiety. On the one hand, we recognize it as the only potential large-scale energy substitute for the inevitable exhaustion of supplies of oil and gas which would occur by the end of this century. On the other hand, there are increasing doubts that sufficient nuclear fuel will become available. Enormous amounts of capital will be needed to build reactors, severely straining existing capital markets. And we all know of the questions raised by the public and some legislators regarding the environmental impact of the widespread construction of nuclear facilities.

Thus we must move urgently and decisively within the IEA on the following program:

—We must insure that needed uranium enrichment facilities are constructed on schedule. In this regard, the United States recognizes its responsibility to continue providing nuclear fuel under long-term contract. Our policy is to bring into being—preferably by private industry but by the Federal Government if necessary—additional enrichment capacity which will insure adequate future supply. Negotiations are now underway with a potential private source. These discussions will proceed quickly, and by June 30, the President will decide which course of action, private or public, is in the best interests of our own country and those abroad who rely on us. We will then be in a position to accept long-term orders.

—We must intensify our joint efforts to map and analyze future demand and supply of fuel, including assessing the availability of uranium resources.

—We should jointly project the capital requirements of the nuclear sector for the next 10 years and consider how our governments, individually and cooperatively, can assist in meeting those requirements.

—We should evaluate the economic necessity, plant requirements, and safety implications of plutonium reprocessing, recycling, and storage.

—We must undertake intensive efforts to improve the safety and security of nuclear materials, equipment, and operation.

—And finally, we should develop balanced information programs to bring perceptions

of the risks and benefits of nuclear energy in line with reality.

Several of the technical issues involved are already being dealt with by the OECD's Nuclear Energy Agency. That work should of course continue.

Research and Development

Beyond the next decade, a central issue will be how to create new nonconventional energy sources. It is in developing these new sources that IEA's program of cooperation may make its most important and lasting contribution.

For the long-range energy future depends not on the Persian Gulf, or the North Sea, or Alaska. It does depend on what we do in our laboratories to make better use of conventional newer sources and to develop more exotic sources.

The advanced nations have vast scientific and technical capabilities. Over the past year and a half, IEA member countries have expanded their national programs in energy research and development. In the United States our new Energy Research and Development Administration will spend more than \$2 billion in the fiscal year beginning next month. American industry will invest far more than that.

The U.S. program emphasizes improving the efficiency of energy generation, transportation, and use; improving the recovery of oil and new uses of coal; and converting coal to synthetic oil and gas. These projects are designed to produce major advances in energy production and use in this century. For the period beyond the year 2000, only three known potential sources of energy have virtually infinite potential for expansion: the breeder reactor, nuclear fusion, and solar energy. These all have a high priority in the U.S. program.

The IEA program in these fields reflects the conviction that technical advance will be accelerated through cooperative efforts and facilitate the flow of information and knowledge. We have decided to link our national programs through coordinated planning, intensified information exchange, and through

joint projects which pool our capital, industrial skills, and technology.

The early results are promising. We have moved forward rapidly on nine joint projects ranging from energy conservation to nuclear power. Important programs in coal processing, which involve substantial joint investments of money and manpower, are about to begin.

But a sustained program of cooperation requires much more. We have identified the existing and potential technologies that will have a critical impact on the future. We must now ascertain when these technologies can be implemented, what their production potential is, and which are best suited to large-scale joint projects.

As our cooperation expands, projects will increasingly operate at the frontier of technology. We will each have to recognize that we cannot retain the most promising projects solely for our own national purposes. We must establish guidelines which, while taking account of understandable concern over the sharing of information and the possible loss of commercial advantage, give impetus to multilateral cooperation.

Therefore, I propose that our leading research and development officials meet in early autumn at the special session of the Governing Board. Their goal would be to complete the design of a joint energy research and development program that will receive high priority in all of our national planning.

Relations With Producers

The final element of our energy strategy is the development of a cooperative relationship with producers. We must face the fact that the producers have the ability now and for some time to come to determine the supply and the price of our oil. But the decisions we make now on conservation and alternative sources will determine whether in the future prices will be set by political decision or economic competition.

Yet there exists no institution or agreed framework in which the exercise of the undoubted powers of both groups can be subject

to discussion and mutual accommodation.

Since its start, IEA has been committed to the search for a new relationship with the producers which would take into account the needs and aspirations of both sides. The solidarity we have achieved in IEA is a necessary condition for building that broader structure.

Before the recent preparatory conference between producers and consumers, the IEA agreed on several possible areas for joint action by producers and consumers. These remain fruitful topics for dialogue:

—First, we should discuss the management of financial recycling. Both producers and consumers have an interest in the effective reinvestment of surplus funds.

—Second, we should jointly examine the incoming-investment policies of the industrialized countries. The oil producers need attractive outlets for their revenues; the industrial countries, while they welcome new investment, will want to retain control of those sectors of their economies which they consider critical.

—Third, we can examine cooperative efforts to accelerate the development programs in producer countries. New industries can be established, combining the technology of the industrialized world with the energy and capital of the producers. Fertilizer is a promising example.

—Fourth, the oil-producing countries and the industrial consuming countries share responsibility for easing the plight of the poorest nations. International development efforts have been undermined by the current economic crisis; high prices for energy have shattered the hopes of developing nations for industrialization; high petrochemical costs have made needed fertilizer prohibitively expensive and compounded the difficulties of producing enough food to feed the hungry. Special efforts must be made on behalf of those most seriously affected. The newly rich producing nations have an obligation to join us in this effort.

—And finally, there is an obvious need for a forum in which producers and consumers can discuss the difficult issues of oil prices and security of supply. This dialogue

is not, of course, a substitute for our own efforts on conservation and the development of new supplies. But while we cannot protect these vital interests only by discussions with producers, both consumers and producers can benefit from a serious dialogue regarding their respective interests and objectives.

It has become clear—as a result of the April preparatory meeting—that the dialogue between the producers and consumers will not progress unless it is broadened to include the general issue of the relationship between developing and developed countries.

We in the IEA have no reason to recoil from a discussion of all the issues of concern to developing countries. I recently set forth my country's ideas on raw materials and commodities problems; I proposed that these now be addressed in the multilateral trade negotiations, in individual commodity groups, and in the World Bank. I shall put forward further proposals at the OECD tomorrow. I hope that these ideas as well as proposals put forward by others can help overcome the impasse in the producer-consumer dialogue.

The United States is prepared to have the preparatory meeting reconvene in Paris in the same format as before. In order to carry its work forward, commissions should be created to deal with critical areas such as energy, problems of the most seriously affected nations, and raw materials. Each commission would review the range of issues under its heading: finance, investment, trade, production. The commissions could meet consecutively or simultaneously, but without an arbitrary deadline for concluding their work. The commissions on raw materials and the problems of the most seriously affected nations would not supplant the already substantial work which is being done elsewhere. Rather, they would monitor, supplement, and orient that work and give it needed impetus.

Membership in these commissions should be limited if they are to be effective. We suggest that this be decided by objective criteria. In energy, for example, countries exporting or importing more than a certain

volume of energy in the world market should be members. On the commission dealing with the most seriously affected countries, those with the lowest per capita income would participate along with traditional and new aid donors. The commission on commodities could include the principal exporters and importers of food and non-oil raw materials.

We suggest that the IEA discuss these concepts and coordinate our contacts with the countries that attended the April meeting, and especially with France as the convening country, to determine when and how the preparatory meeting could be re-assembled.

This Agency has already demonstrated what can be accomplished if nations have the vision to perceive their interest and the will to act upon it. We have set ourselves important goals including broadening the pattern of cooperation already established here. We are called upon to make concrete progress; this will require readiness to look beyond our own concerns as industrialized nations to the broader needs of all mankind.

The progress we have made in a short 15 months should give us great hope for the future. Goethe said that "The web of this world is woven of necessity and chance." We stand at a point where those strands intertwine. We must not regard necessity as capricious nor leave chance to chance. Necessity impels us to where we are but summons us to choose where we go. Our interdependence will make us thrive together or decline together. We can drift, or we can decide. We have no excuse for failure. We have it in our power to build a better future.

TEXT OF IEA COMMUNIQUE, MAY 27

PARIS, 27th May, 1975.

The Governing Board of the International Energy Agency met at Ministerial level in Paris on 27th May, 1975, under the Chairmanship of Mr. Renaat van Elsdande, Minister for Foreign Affairs of the Kingdom of Belgium.

1. Ministers noted that the events of recent years have highlighted the importance for the world economy of a regular and stable energy supply. Solutions to current economic problems must rest upon the principles of inter-dependence of all coun-

tries, mutual support and shared responsibility, so that all countries, whatever their level of development, may be recognised as partners in the world economic system. Their continued economic and social development must be based upon world economic growth in conditions of stability and equity.

Ministers reiterated their determination that the Agency should contribute, as far as problems connected with energy were concerned, towards achievement of these objectives.

2. Ministers reviewed developments in the world energy situation since the establishment of the Agency on 15th November, 1974. They laid down guidelines and priorities for the Agency's future work and for the full implementation of the International Energy Program [IEP] and re-affirmed their commitment to work for the development of a co-operative multilateral relationship among oil producing and oil consuming countries.

3. They noted with approval that an emergency system has now been established to reduce oil consumption and to allocate oil supplies in conditions of shortage. This emergency system can be brought into operation at short notice if required, and will substantially reduce the economic effects of any future oil supply difficulties. They noted the importance of emergency reserves to insure the effectiveness of the emergency system, and noted that the Governing Board would reach a decision by 1st July, 1975, as to the date by which these emergency reserves should be raised to 90 days supply.

4. Ministers noted the importance of the collection and analysis of information on the oil market in order to ensure greater understanding and transparency in international oil trade. They agreed that the oil market information system should be promptly completed and evaluated.

5. Ministers confirmed their determination to begin the implementation of a programme on long-term co-operation on energy by 1st July, 1975, with a view to achieving the overall objectives of the Agency by making more efficient use of the world's limited available resources of energy in the interest of the world economy; by diversifying the sources of energy; and by reducing dependence on imported oil.

Ministers agreed that co-operation in the Long-Term Program, to be equitable and effective, should take into due consideration the specific economic and social conditions of Member countries. The program should ensure that the burdens and benefits deriving from joint efforts of participating countries are shared among them on an equitable basis, and that policies directed at achieving such a balance should be implemented within existing legislative and constitutional limitations. They further stressed that the overall efforts and undertakings of each participating country with respect to energy conservation, production of energy and research and development in the energy field should

be regularly reviewed within the Agency.

6. Ministers noted with satisfaction the progress that has been made in the field of conservation, in particular through the adoption of a group conservation target for 1975.

Ministers decided that the work of the Agency should be actively continued, and agreed that governments of the participating countries would need to increase their efforts to ensure that the energy conservation objectives of the Agency are achieved.

Ministers laid down as priorities for future work:

- the consideration of conservation objectives for the group for 1976 and 1977;

- the establishment of medium-term goals for 1980 and 1985; and

- the intensification of individual country reviews to strengthen the effectiveness of conservation programmes.

7. The Ministers agreed on the need to elaborate a co-ordinated programme of co-operation for the accelerated development of alternative energy sources as provided in the decision already taken by the Governing Board, including in particular a commitment to increase, encourage and safeguard investment by general and specific measures.

The Ministers agreed that the Agency should initiate promptly an examination of the potential for expanded co-operation in the area of nuclear energy. This co-operation in all fields will be directed toward ensuring the development of this important alternative source of energy with due regard to safety and environmental conditions. Amongst other questions shall be discussed the availability of nuclear fuel and technology to meet the problems of safety and waste management.

On the basis of the above mentioned decision Ministers insisted on the importance of the establishment of co-operative projects in the research and development fields specified in the IEP Agreement, particularly coal and nuclear questions. In this connection, they agreed to build further upon the progress already achieved by the Agency in the area of energy research and development. They resolved that productive results in this area will require a sustained effort to develop concrete international co-operation. In support of this objective, they agreed that a special session of the Governing Board, with attendance by senior research and development officials, should be held in the Autumn of 1975 to complete the formulation of a research and development program.

8. Ministers reviewed the relations among oil producing and oil consuming countries, developing and developed alike. With this in view they were aware of important and pressing problems of the developing countries which are not directly related to energy, and they were determined that these should be tackled with political determination and within a reasonable time-frame. Ministers noted that the Council of the OECD meeting at Ministerial

level on May 28th and 29th proposes to discuss the problems of development and of commodities, including foodstuffs, and expressed the hope that steps will be taken toward effective action for finding solutions to these problems. For its part, the Agency will do all within its competence to work for the solution of the problems of the developing countries, so far as they are concerned with energy.

Ministers noted that the Preparatory Meeting held in Paris from 7th-16th April, 1975, had provided an opportunity for full and serious discussion of the means of establishing closer relations among oil producing and oil consuming countries.

Ministers declared themselves ready to pursue discussions at any time and in any manner found mutually convenient, and reaffirmed their common willingness to continue the dialogue and to encourage initiatives directed towards further progress.

Ministers exchanged views on possible ways of pursuing the dialogue. They agreed to continue bilateral contacts with interested countries. They instructed their representatives in the Governing Board to address these questions as a matter of urgency, to co-ordinate their efforts to ensure that formal deliberations responsive to the interest of all countries concerned can be held as soon as possible, and to examine the manner in which the dialogue should be continued.

9. Ministers agreed that the work carried out in the Agency thus far has made an important contribution towards meeting the difficulties that have been encountered in the energy field. They stressed the importance of the solidarity among the Member countries, and emphasised the need for an intensification and, wherever possible, a broadening of co-operative efforts undertaken in this area. Acting in its operational capacity, the Agency will continue to develop further its co-operative energy programme in order to improve the overall energy supply and demand situation, which is of vital importance to the further development of the world economy as a whole.

NEWS CONFERENCE, MAY 27

Press release 304 dated May 28

Ladies and gentlemen: I will just make a very few remarks. The series of meetings that are taking place this week, at the IEA today, the OECD tomorrow, followed by the NATO summit, represent a kind of architecture of the structure of the world as we can foresee it developing.

I will not talk about the NATO summit today. I will make a few remarks about the IEA and the OECD. We consider the prog-

ress that has been made in energy cooperation among the members of the IEA one of the most significant achievements of the recent period. It symbolizes the ability of the industrial democracies to work together on a common problem. They have laid a foundation of major accomplishment in a very brief period of time since the Washington Energy Conference of February 1974.

The meeting today and the American position at that meeting was designed to take stock of what has been achieved and to chart the course for the future. It outlined the American proposals—outlined the objectives in the field of conservation, the development of alternative sources, the emphasis on nuclear power, the joint efforts in research and development that we believe can be undertaken by the IEA in the immediate future and that must be undertaken if the objective conditions that produced the energy crisis are to be alleviated and, over a period of time, eliminated.

We believe that these objectives are within our capacity to achieve. An important aspect of our view and that of our colleagues in the IEA has to do with producer-consumer relations, and this has to be seen in the context of what we shall do at the OECD tomorrow, mainly to sketch a new and, we hope, constructive approach to the relationship between the industrialized countries and the developing countries.

With respect to the consumer-producer dialogue, we have proposed a means by which the stalemate of the last conference can hopefully be overcome, by which it is possible to have discussions on energy which take place concurrently with discussions on raw materials and development in probably different forums that are related to each other but where each works on its own schedule.

Together with the specific proposals that we have made with respect to raw materials previously and that we shall elaborate tomorrow, we hope that the possibility has been created for a constructive dialogue between consumers and producers on energy and between industrialized and developing countries on a local basis. This is the approach that the United States is putting

forward, which we believe has the substantial support of our partners, and it offers hope for progress in the field of energy and, we hope, for a constructive dialogue with the developing countries.

Q. Mr. Secretary, the commissions you proposed today, are they entirely discussion groups and, if not, what else would they do?

Secretary Kissinger: The commissions we proposed—three commissions, although we are openminded on this, on energy, on raw materials, and on development—these commissions are to review the whole range of problems in their fields. In the case of energy, the commission should be, in effect, the energy conference. In the case of raw materials and development, there are other negotiations going on in other forums, and the role of these commissions would be to pull together the work in these other forums, to monitor it, to orient it, and therefore perhaps the emphasis in each group would be somewhat different. But we are not looking at them as simply discussion groups, but as groups that will contribute to the solution of the outstanding problems.

Q. Mr. Secretary, how do you respond to the reactions you are bound to get from some of the producing nations that this merely postpones coming to grips with the issues and that it puts the discussion off into the distant future?

Secretary Kissinger: First of all, I do not believe that this is the reaction that we will get from the producing nations, because we have had some preliminary talks with at least some producing nations in which that particular view—in which that particular criticism was not raised.

Secondly, if it were raised, it would not be a valid criticism, because in our government, as is well known, there was a rather firm objection to discussing the issue of raw materials at all, and therefore the readiness of the United States to discuss raw materials within the framework that we have proposed is a step that was deliberately intended to tell the developing nations that we were listening to their concerns and that while we may not agree with their solutions—and in

many cases do not agree with their solutions—we are willing to listen to their concerns, to discuss them, and to try to find equitable answers.

The particular procedure that we have proposed is not intended to postpone the solution, but rather to accelerate it. If everything were discussed in one commission or in one conference, it would be incapable of being brought to a point. By discussing it in separate commissions, each of which can then review the work that may already be going on in other forums, but supplement it when that is necessary, we believe we have proposed a procedure that can lead to as rapid a conclusion as the technical complexity of the subject permits.

Our intention was not to put it into the distant future but to come forward with a proposal that is something other than a huge meeting like the special session of the General Assembly and is specific enough to meet the concerns of the developing countries as well as reflect our own interests.

Q. Mr. Secretary, how do you explain the change in opinion since last April [in the United States, regarding commodities]?

Secretary Kissinger: You have to separate two things. One is the attitude we took at the producer-consumer conference, and we are still opposed to discussing energy development and raw materials all in one big meeting. But we are not opposed to discussing them in a way where their relationship is established. So we have not in this respect changed our view totally.

With respect to the second, we have had a study in our government looking at the problem of raw materials which has been going on for months and which came to fruition in recent weeks. That study had always been pointed toward the time of the OECD meeting and the special session of the General Assembly.

With respect to this, what the United States wants to do is to show its willingness, as I pointed out, to discuss issues that are of great concern to a major part of mankind. We will not necessarily accept their views on the specific remedies. We, for example,

are not in favor of indexation, but we have turned attention to the relationship between the industrial and developing countries. This is not a change and is not sudden. It has been in preparation for months as a result of a series of interdepartmental studies, and it was just brought to a focus at this moment.

Q. Mr. Secretary [Inaudible. In substance, asks if the Secretary has received support for his approach in bilateral discussions with any major OPEC nation].

Secretary Kissinger: Yes, we have. I do not want to embarrass any OPEC country, and obviously they are going to make their own decisions, but we have had exploratory talks with a number of OPEC countries, and my impression is that this general approach will find some support. In fact, it has found support among the countries with which it was discussed, which is, however, not all the OPEC countries.

Q. Mr. Secretary, what would be the relationship between various commissions? Would progress in one commission depend on progress in other commissions?

Secretary Kissinger: In our view that is not necessarily the case. As I understand the view of at least some of the OPEC countries, their view was not that all work had to be concluded simultaneously, but that they wanted to make sure that we would not talk only of the commodity that concerned us while all other issues were left for some indeterminate future. Therefore, each commission should set its own pace, and its conclusions should not necessarily be dependent on the conclusions of the other commissions.

But no doubt as the work develops there will be opportunities for exchanges of views between the commissions, and I think we should keep an open mind as this work continues. The point I want to make is that the United States is prepared to make a serious effort with good will and a cooperative attitude to deal with these problems and that we are calling on the developing countries in the energy field and on the producing countries to avoid confrontation and to deal with the practical problems. That will be

the theme of my speech at OECD tomorrow.

Q. With respect to the conference in Geneva on the Middle East, what is your expectation about it?

Secretary Kissinger: With respect to the conference at Geneva. As you know, President Ford is meeting President Sadat this weekend. He will subsequently be with Prime Minister Rabin. Until those discussions have been completed, it will be difficult for us to make a judgment when the Geneva Conference can be resumed. I have stated publicly that we believe that the Geneva Conference is a probable outcome of the present evolution.

I am also planning to meet again with Soviet Foreign Minister Gromyko, probably in July. At that point we will be able to give a clearer view as to when the Geneva Conference is likely to be reassembled.

Q. In what time frame would you put the resumption of the preparatory conference?

Secretary Kissinger: We have had a preliminary talk today with our partners in the IEA, and I had the impression, although I do not think any formal decision has yet been taken, that the general approach outlined was favorably received. We will, of course, be in close touch after completing our discussions in the IEA with the Government of France, as the convening country; and we would of course expect that France would again act as the convening country. We set no exact time frame, but we have no particular reason for delay either; so sometime over the next few months I believe that the time would be appropriate.

Q. Do you believe that this new American proposal will head off an oil price increase in September?

Secretary Kissinger: Well, the oil price increase, the projected oil price increase, depends of course on many considerations. We cannot gear our negotiations to an attempt to head off an oil price increase.

The U.S. position is that an oil price increase would be economically unjustified, that oil prices are at historic highs, and as recent studies have shown, that the price of other raw materials has not been out of

line. So we would oppose an oil price increase, and we hope that the OPEC countries will reflect further on the impact on the world economy of a continual increase in oil prices.

Q. [Inaudible. In substance asks why the Secretary did not mention the U.N. Conference on Trade and Development in his IEA speech, and if he opposes an UNCTAD role in dealing with the commodity problem.]

Secretary Kissinger: With respect to commodities? These are the specific proposals that we have put forward. We are prepared to examine other forums where this might be considered.

Q. Mr. Secretary, you spoke at the outset of developing a kind of architecture to structure the world as we can see it develop. In your talks this morning with the French President, did you find him looking at the same structure, or did he have a housing plan of his own?

Secretary Kissinger: Well, I think that France prides itself on its independent foreign policy. Obviously, we have no objections to France having an independent foreign policy. On the whole my impression was of a considerable mutuality of approach. There could be occasional differences in tactics. There might be a difference in emphasis, but I thought on the overall approach that the talks were very satisfactory and were conducted in a very constructive and positive atmosphere.

Q. Mr. Secretary, I notice that there is some change in the time frame; when you spoke this morning, I believe it was "a month," and now you are speaking of "a few months."

Secretary Kissinger: It could be a question of my accent—that you did not hear the "s." Nothing has changed between what I said this morning and what I said this afternoon. We are prepared to begin discussions immediately. We are in discussions now with our IEA partners. We will be discussing in the near future after conclusions have been reached with the Government of France and will continue exploratory talks with the

producers. We have no reason to hold up the resumption of the preparatory conference. Sometime in the next months, with an "s" at the end; and that's what I intended to say this morning.

Q. Following President Ford's discussion with President Sadat in Salzburg and Prime Minister Rabin in Washington, do you plan to go back to the area for a new shuttle diplomacy?

Secretary Kissinger: Well, the method of the diplomacy is not what is crucial, and it depends, of course, on what progress is made and toward what particular end. The United States has not excluded any particular approach. On the contrary, we are prepared to pursue any approach that makes progress toward peace. We have excluded a stalemate of any duration. So in principle we are prepared to be helpful in whatever direction the parties concerned believe would be most useful to them.

STATEMENT BEFORE THE MINISTERIAL COUNCIL OF THE OECD, MAY 28

Press release 302 dated May 28

When free nations join forces for the common good they can achieve great things.

This organization embodies the legacy and the hope of the Marshall plan, one of the most creative achievements of international collaboration. The nations represented here have every reason to be proud of the advances which they have achieved for their peoples during the past 30 years. Our progress has fostered global progress. Our success has demonstrated that hope, prosperity, and human dignity are not utopian dreams; they can be practical possibilities for all nations.

But the economic system which we labored so hard to construct is now under stress. The energy crisis of 1973 first dramatized the forces of change which threaten to outrun our capacity for cooperative action. A food crisis, a global recession, and a rate of inflation unprecedented in the postwar pe-

riod have further strained the structure of international cooperation. At the same time, the poorer nations have increasingly pressed their demands for greater benefits and more participation in the international system.

Economic expansion in the industrial world and economic cooperation with the less developed countries go hand in hand. Only economic growth can satisfy competing demands for more income and more opportunity within and among countries. An expanding world economy is essential for development. It stimulates trade, investment, and technology; it supports necessary bilateral and multilateral aid programs; it assures growing markets for the raw materials, manufactures, and agricultural products of the developing countries; it provides the best framework for accommodation on the difficult, potentially divisive issues of food, energy, raw materials, trade, and investment.

These issues go far beyond economic considerations. Economic stagnation breeds political instability. For the nations of the industrialized world, the economic crisis has posed a threat to much more than our national income. It has threatened the stability of our institutions and the fabric of our cooperation on the range of political and security problems. Governments cannot act with assurance while their economies stagnate and they confront increasing domestic and international pressures over the distribution of economic benefit. In such conditions, the ability to act with purpose—to address either our national or international problems—will falter. If they are to contribute to world security and prosperity, the industrialized nations must be economically strong and politically cohesive.

The Organization for Economic Cooperation and Development reminds us of our strengths. It calls attention to the wisdom of our predecessors, who saw that we multiply our effectiveness by our cooperation. This organization was originally created to promote cooperation among those few nations which were already most advanced. This is still a worthwhile objective, but today's realities demand that we also increas-

ingly base our policies on the recognition that growth in the industrial world is inextricably linked to our relationship with the rest of the world.

We thus face two important challenges:

—First, the challenge to the nations of the industrial world to restore sustained and stable economic growth, so essential to maintain confidence in their institutions.

—A challenge to all nations to improve the system of international economic cooperation, and thus provide greater opportunity for the less developed countries to share both the benefits and responsibilities of a growing world economy.

The industrialized nations are now experiencing the most serious economic crisis since the Great Depression of the thirties. We see it in widespread recession. We encounter it in the inflation that has become the bane of our societies. We note it in the increasing difficulty of governments to manage their economies and even to control their budgets. We observe it in the declining incentives to investment that many of the industrial democracies are willing to offer.

We see now how much all our social and economic objectives depend on the general trend of prosperity. A democratic society thrives on a political and social consensus. The distribution of economic benefit must be broadly accepted as just or as offering opportunity for those who seek it. Otherwise escalating wage and price demands, lagging work performance, and labor unrest will undermine productivity; and inflation, which destroys growth and shatters hope, will be the arbiter of social priorities. Stagnation magnifies all our difficulties; stable growth enhances our possibilities.

The Finance Ministers, meeting tomorrow, will discuss specific measures to achieve our goal. Secretary Simon will then describe in detail the trend of American economic recovery. Today, let me offer some general propositions about our long-term future.

Our first task is to rebuild confidence through decisive, coordinated, and mutually supportive action to promote sustained expansion. We must recognize, especially in

the short- and medium-term management of our economies, that the economic policies of one nation can have a profound impact on others. And the United States, because of the size and impact of its economy, has a particular obligation to recognize the magnitude of its responsibility.

In the past we have kept each other informed on short-term policy measures. In a new departure, this past winter President Ford consulted with Chancellor Schmidt [of the Federal Republic of Germany], Prime Minister Wilson [of the United Kingdom], President Giscard d'Estaing [of France], and former Prime Minister Tanaka [of Japan] on our efforts to combat the recession. The major industrial countries need to do so. It will greatly improve the chances of avoiding the sequence of boom and bust experienced these last three years. The United States is prepared to cooperate fully in such efforts.

Second, we must collaborate to sustain the growth of international trade and investment. The great postwar effort to liberalize trade, to lessen barriers to investment, and to maintain free monetary exchanges has nourished our prosperity for over a generation. Trade has consistently expanded at a rate twice that of our domestic economy. We must carry this momentum forward in the OECD by renewing our pledge not to resort to restrictive trade measures to cover deficits resulting from current world economic difficulties. And we must take advantage of the multilateral trade negotiations to lower tariffs and nontariff barriers and improve the world trading system.

Third, as I outlined yesterday in the IEA, we must collectively adopt strong national and international policies on energy conservation and the development of alternative energy sources. This is indispensable if we are to lower prices and inhibit the political exploitation of a scarce resource. We must end, or at least reduce, the vulnerability of our economies to external economic or political manipulation.

Finally, we must develop longer term growth strategies by systematically addressing some fundamental questions:

—How can the industrial nations bring about the massive capital formation required over the next decade for an adequate rate of growth and for a new quality of life?

—What policies are needed to restore a noninflationary environment, without which long-term growth cannot occur?

—How can we encourage the research and development necessary to advance the technology vital to growth and to share it with others?

To begin the search for answers to such questions, I propose that we constitute a special group of distinguished economists both in and out of government. Their purpose should be to identify measures that OECD nations can adopt to assure long-term growth. This group should draw on the projections now being developed within the Economic Policy Committee and turn them into policy recommendations for the next ministerial meeting.

The importance of our economic cooperation transcends immediate economic utility; it also fosters our sense of community and common interest. If we are to cooperate in times of political and military crisis, we cannot, in calmer periods, afford to be economically weak, or disunited, or preoccupied with clashing economic interests. The interrelationship of our political, economic, and security interests which the United States suggested two years ago is a fact, not a theory.

Moreover, eased relations with the Communist world presuppose the political unity and economic vitality of the industrialized countries. The East's incentive to play a responsible role in the world economy and to improve political relationships with the industrialized nations will be enhanced as its stake in our economic success grows. This has been one of the more hopeful trends of recent years and it is up to us to assure its continuation.

Cooperation With the Developing Nations

Let me now turn to another crucial issue: the relationship between the industrialized nations and the developing world.

The world's prosperity will depend primarily on the industrialized nations since we account for 65 percent of the world's output and 70 percent of its trade. But our economic well-being depends on a structure of international cooperation in which the developing countries are, and perceive themselves to be, participants. The new problems of our era—insuring adequate supplies of food, energy, and raw materials—require a world economy that accommodates the interests of developing as well as developed countries.

We in this organization all face the same challenge, and we must face it together. The political evolution and economic growth of the last 30 years have brought about a new diffusion of power. No nation or bloc can dominate any longer. Economic issues are turning into central political issues. Thus it has become a central test of statesmanship to insure the orderly reconciliation of conflicting interests and to prevent a slide into political and economic warfare. Misused economic power—as the past two years have borne stark witness—can reverse the trend of worldwide growth and retard progress for everyone. An international system will be stable only so long as its economic benefits are widely shared and its arrangements are perceived as just. The United States, and I am sure all of us in this room, are ready to seek solutions to the problems of international cooperation with imagination and compassion.

But it is evident that others must be ready to follow a similar course. Confrontation and cooperation cannot be carried on simultaneously. International meetings that exhaust themselves in self-indulgent rhetoric or self-righteous propaganda help no one and no cause. We do not consider it constructive to participate in such exercises; we have a clear interest in resisting bloc pressure tactics or attempts to impose solutions through hostility. Such methods are futile and counterproductive. If the terribly complex issues before us are to be resolved through tests of strength, it is not the advanced industrial powers who will pay the highest price. Instead, it will be the poorest and most dis-

advantaged—those in whose name and for whose benefit these tactics are purportedly used.

It is time to end the theoretical debate over whether we are seeking a new order or improving the existing one. Let us deal in reality, not rhetoric. Let us address the practical common concerns of all the world's peoples with realism, maturity, mutual understanding, and common sense. The United States welcomes a dialogue in that spirit. We will do all we can to make it succeed.

Simple labels falsify the many real communities of interest which exist—some overlapping, some competitive, some complementary. One of the striking features of the modern world economy is the diversity of its participants. Among the countries formerly classed as “developing,” there have emerged in the last decade new economic powers with a growing capacity to export manufactures and raw materials. The most successful have fostered investment and growth at home. To these emerging powers have now been added the oil-rich countries. Any nation with a moral claim to world leadership—we as well as the newly wealthy—must contribute to easing the plight of the poorest countries. For who can deny that every economic problem—stagnation, inflation, high energy prices, food shortages—hits them hardest?

The United States recognizes the responsibility that accompanies its economic power. We are prepared to do our part, in a spirit of equality, mutual respect, and cooperation. Yesterday I discussed our proposals for achieving a successful multilateral energy dialogue. Today let me turn to food, raw materials, and trade and finance. A breakdown of the system in these areas would foster economic chaos and instability. Successful collaboration could usher in a new era of economic advance and human progress.

Food—A Moral and Political Challenge

The global problems in food are a central moral and political challenge. A world order in which tens of millions starve and millions more are undernourished will never be ac-

cepted as just. The good harvests expected this year should not make us complacent, for the world's total food requirements continue to grow dramatically. The gap between what developing countries can produce and what they need currently amounts to about 25 million tons. At current rates of production and population growth, that gap is expected to double or triple in 10 years. Unless we act now, the world may face a series of increasingly unmanageable food crises over the next quarter century.

For the short term, food aid will continue to be vital to feed the victims of poverty and natural disaster. It is an international responsibility—to be shared by all financially able countries. The United States has pledged that it will make every effort to provide at least 4 million tons of food aid annually.

But this will not be enough. A long-term solution to the food problem requires that world food production capacity be greatly increased, especially in the developing countries, and an international system of grain reserves be created.

Let me turn to the U.S. proposals in these areas.

Fortunately, the less developed nations which are in greatest need also have the greatest potential for increased production. They possess large quantities of unused water and cultivatable land and the greatest possibility for improvement in crop yields. Their success, however, requires vast amounts of capital, new methods of planning and funding, and more effective agricultural policies and practices.

To these ends, the United States supports two new international mechanisms:

First, the International Fund for Agricultural Development—this Fund, proposed by the oil-producing nations, is designed to bring together all nations who are prepared to contribute additional resources, over some agreed base year, to agricultural development. President Ford has asked me to announce that the United States will participate in the creation of such a fund. We believe its resources should total at least \$1,000 million a year.

The link between funding and effective agricultural development strategies should be provided by a second organization, the Consultative Group on Food Production and Investment, which has already been organized as a result of the World Food Conference. This Group, sponsored by the World Bank [International Bank for Reconstruction and Development (IBRD)], the U.N. Development Program, and the Food and Agriculture Organization, plans its first meeting in July. It should be the central mechanism for cooperation among traditional donors, new donors, and the developing countries.

A crucial element in a long-term food strategy is grain reserves. Short-term fluctuations in food production, due to weather or natural or other catastrophes, cause sharp swings in price and availability of precious grains and cause plagues of starvation. A system of grain reserves would make it possible to alleviate famine in bad years as well as reduce pressures on supply and markets.

At the Rome Food Conference we agreed to negotiate a new international system of nationally held grain reserves. I recently outlined the suggested principles for such a system which the United States is prepared to begin negotiating immediately:

—First, total world reserves must be large enough to meet potential shortfalls in food-grains production.

—Second, grain exporters and importers should agree on a fair allocation of reserve holdings, taking into account wealth, productive capacity, and volume of trade.

—Third, there should be agreed international rules or guidelines to encourage members to build up reserves in times of good harvest.

—Fourth, each participating country should be free to determine how its reserves will be maintained and what incentives will be provided for their buildup and maintenance.

—Fifth, rules or guidelines should be agreed for the drawdown of reserves, triggered by shortfalls in world production. There must be a clear presumption that all members will make reserves available when

needed and, conversely, that reserves will not be released prematurely or excessively, thereby depressing market prices.

—Sixth, in times of shortage the system must assure access to supplies for participating countries.

—Seventh, there must be special provisions to meet the needs of the poorer countries.

—Finally, the system must encourage expanded and liberalized trade in grains.

The United States is prepared to hold an important part of an agreed level of world reserves. If others join us, agreement on the outlines of a reserve system can be achieved before the end of the year.

Commodity Issues, Trade, and Finance

A second area of increasing concern is commodities. The time is ripe for a detailed look at problems of commodity trade—for solutions that will benefit producers and consumers alike. The current system is marked by volatile prices, disruption of supplies, investment disputes, and increasing hostility to the private capital investment which remains indispensable for the transfer of resources and management skills.

Thus consumers as well as producers have an interest in effective arrangements. The consuming nations seek reliable supplies and prices. The producing countries seek reliable and growing export earnings to finance development and an adequate return on investments. All nations share an interest in ending the friction which characterizes the issue of raw materials. The debate is becoming more polarized and has already damaged other efforts for international cooperation. The failure of the preparatory energy conference last month is but a symptom of the larger problem we now confront. The longer we delay, the more difficult and painful it will be to find solutions.

The United States offers the following suggestions:

—First, we propose that new rules and procedures for access to markets and supplies be negotiated in the multilateral trade nego-

tiations now taking place in Geneva.

—Second, we do not believe that exclusive producers organizations are the best way to solve the commodity problem. In our view consumers and producers should jointly discuss their problems and possible remedial actions. We are prepared to do so. Specifically we are ready to discuss new arrangements for individual commodities on a case-by-case basis. We have already made proposals for a new International Coffee Agreement. We are ready to discuss other commodities as circumstances warrant.

—Third, I have recently suggested that the World Bank increase its financing of resource investments and explore new ways of combining its financing with private management, skills, technology, and capital.

—Finally, for most less developed countries, the key issue is the need for reliable long-term stability and growth in export earnings. Proposals have been made to review mechanisms for the stabilization of earnings, notably that of the IMF [International Monetary Fund] to protect the developing countries against excessive fluctuations in their export income. We are prepared to join others in this effort.

Others here will have their own views on how to proceed and on new ways of addressing the concerns of the developing nations. Cooperative action among the industrialized nations will multiply the effectiveness of our individual efforts and will insure that we have a clear understanding of common needs. The United States therefore strongly supports the OECD recommendation of a high-level group to study proposals on commodities.

The traditional areas of international economic cooperation, trade and finance, remain central elements of the economic structure. We cannot adequately provide for new areas of cooperation unless we first assure that the trading and monetary system is functioning effectively. While the present system has come through the last few years quite well, two problems stand out:

—First, developing countries with large and growing industrial sectors, particularly in East Asia and Latin America, require

expanding markets for their manufactured goods. The Tokyo Declaration's pledge to provide improved access to industrial world markets for developing countries must be implemented urgently for these countries.² And they should be given an opportunity to participate in the negotiations.

—Second, the poorest countries are badly in need of additional financial help. They now bear a double burden of higher prices for imported energy, food, fertilizer, and industrial goods and of reduced export earnings due to worldwide recession. We therefore support the creation by 1976 of a special trust fund of up to \$2,000 million under the IMF. We have proposed that gold now held by the IMF be supplemented by other contributions, especially from oil producers, and be used to provide resources for half of this total. I hope that the countries of the OECD could put this proposal forward for action at the meetings of the IMF Interim Committee and IMF-IBRD Development Committee two weeks from now.

In short, we propose to base the relations on a spirit of cooperation and good will. We urge the developing countries to approach the issue with the same attitude. We must all realize that the actual diversity of parties and interests demands a variety of responses, that no single solution can be adequate, and that cooperation among the parties most concerned is the most effective means of addressing common problems.

The United States welcomes the Secretary General's proposal for a comprehensive review of our economic relationships with developing countries. We also support the proposal of the Government of Japan for a major study within the OECD of the longer run development of the advanced industrial societies in harmony with the less developed countries.

It is not often in history that a fundamental challenge is so clearly visible and

presents such an opportunity to shape our future. We are summoned to seize the possibilities inherent in the new era which the whole world is now entering. We should be confident and not timid; others are seeking to join in what we have built. Our challenge is to encourage progress and not abstract ideological confrontation. With this attitude we can look forward with optimism to the major international deliberations before us such as the seventh special session of the U.N. General Assembly this fall.

Politically as well as economically, our era has been shaped by the Industrial Revolution and the progressive economic growth that it brought. Its impact has been rapid, its results prodigious, its effects remarkable. It has created a new age of well-being and helped rapid economic growth, which was confined to Western Europe and the United States a century ago, expand into many parts of the globe.

At home, this economic progress has been an essential underpinning of our democracies. It is the basis of a stable, progressive, and just political and social environment.

The new nations now striving to industrialize have, with our help, a similar opportunity. We have every reason to expect similar success in working together with them on the new challenges of food, raw materials, and energy. But progress will not happen automatically.

So a great deal depends on our determination and vision. There are no plateaus in the affairs of mankind. What is not a step forward is at best stagnation; more often, it is a pause before retreat. There is no need to be dismayed by the problems we face, for progress implies problems. Circumstances have already provided the nations of the world with a unique perception of their interdependence. The opportunity to write a new and enduring chapter in the story of international cooperation is up to us.

We are prepared to respond to the imperatives we face. We have the awareness, the tools, and the determination. Let us now resolve to build the new era that our times demand.

²For 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.

COMMUNIQUE

PARIS, 29th May, 1975.

1. The Council of the OECD met at Ministerial level on 28th May, under the chairmanship of the Right Honourable James Callaghan, MP, United Kingdom Secretary of State for Foreign and Commonwealth Affairs, and on 29th May, with the Right Honourable Denis Healey, MBE, MP, United Kingdom Chancellor of the Exchequer, in the chair.

The Economic Situation

2. Ministers expressed confidence that the policies of OECD governments will lead to a recovery of demand and employment and that this will be combined with further reductions in the average rate of inflation. They are determined to achieve these goals, and to ensure, by timely adjustments of policies, that the recovery is under-pinned should this prove necessary, and that, once under way, it does not degenerate into a new period of excessive demand pressures and inflationary tendencies. Ministers noted that the substantial international payments deficit on current account of OECD countries as a group, which has recently declined, is nevertheless likely to persist for some years. They also underlined the importance of ensuring that economic policies are such as to secure, among OECD countries, a less unbalanced distribution of current account positions, more compatible with a sustainable pattern of capital flows. Given such policies, Ministers were confident that, backed by official bilateral and multilateral arrangements, the financing of existing and prospective deficits could be continued on an orderly basis; in this connection they welcomed the steps being taken to obtain early ratification of the agreement establishing the OECD Financial Support Fund.

3. Ministers stressed that policy decisions concerned with the immediate future had to be related to the foreseeable medium and longer-term problems of structural change, and to broad strategies for resolving them. Ministers agreed that the OECD should carry forward and accelerate its re-assessment of the prospects for sustained economic growth and the constraints on such growth, particularly those arising from inflation, under the changing circumstances. They noted with interest the proposal made by the United States Government that a number of economists of international repute should be invited, drawing on this work, to examine the policy issues and make recommendations. In a broader and longer run context, Ministers also noted with interest a proposal initiated by the Japanese Government for a study of the future development of advanced industrial societies in harmony with that of developing countries.

Trade

4. Ministers^a decided to renew, for a further period of one year, the Declaration adopted on 30th May, 1974, stating the determination of all OECD governments to avoid recourse to new restrictions on trade and other current account transactions and the artificial stimulation of visible and current invisible exports. In renewing the Declaration, Ministers stressed that the present situation required a high degree of economic co-operation. Noting that there had been a marked difference in the balance-of-payments situations of OECD Member countries, they welcomed the economic measures taken by certain of them; and they reaffirmed that, in the present state of the world economy, it remained of the highest importance to follow an economic policy which combatted inflation but also aimed at maintaining a high level of employment and expansion of world trade. The way in which this policy should be implemented must take account of the respective situations of Member countries.

5. Ministers agreed that, given the importance of the terms of export credits in international competition, an arrangement of a general nature in this respect, between as many as possible of the industrialised countries of the OECD, should be achieved. This would constitute significant progress in international co-operation. They also agreed on the need to continue close consultations on exchange-rate developments in the appropriate bodies. They noted that the problems of the developing Member countries have become more serious in several respects during the past year, and deserve to be considered with special attention within the OECD.

6. Ministers reaffirmed that liberal and expanded trade was of the utmost importance for the further development of the world economy and that, to this end, they would work together for the success of the multilateral trade negotiations now under way.

Energy

7. Ministers stressed the importance they attached to continuing and developing co-operation in the field of energy. A report from the Belgian Foreign Minister, Mr. Renaat van Elslande, Chairman of the Governing Board of the International Energy Agency's meeting at Ministerial level on 27th May, described the progress being made and the new impulse given to energy co-operation within that body.

8. Ministers agreed that increased co-operation between producer and consumer countries was needed in order to ensure equitable and stable conditions in the world energy market.

Commodities

9. Ministers stressed that adequate supplies of commodities at equitable and remunerative prices

^a The Government of Portugal is not, at this stage, in a position to renew the Declaration. [Footnote in original.]

are essential to the world economy. They recognised the interdependence and common interest of producers and consumers, both developed and developing countries, particularly in relation to the avoidance of excessive fluctuations in commodity markets, as well as the importance attached by producers to assured access to markets and by consumers to secure supplies. These questions, together with other aspects of the commodity problem, are of special concern to the developing countries in making the best possible use of their natural resources to foster economic development.

10. In responding to the concerns of developing countries in the commodity field and while recognising that circumstances vary greatly between commodities or groups of commodities and that this must be taken into account when working out practical arrangements, Ministers agreed on the need for a more active and broadly based approach to commodity problems aiming in particular, at:

- reducing market instability and promoting a better balance between production and consumption, including, where appropriate, through commodity agreements;

- ensuring adequate levels of investment in production of commodities;

- improving and increasing market outlets and local processing of commodities.

In addition, Ministers indicated their readiness to consider improved international mechanisms to stabilize export earnings of developing producing countries.

11. Ministers stressed the need for progress in the various international discussions on grains. In this context they noted that the better agricultural crops expected this year offered the opportunity to begin rebuilding stocks of essential foodstuffs, notably grains, and to ensure greater world food security. Ministers also re-iterated their readiness to contribute to the efforts needed to increase food production in the developing countries.

12. Ministers agreed that these questions should be pursued actively in all appropriate bodies with a view to reaching concrete solutions based on co-operation between producing and consuming countries. They welcomed the establishment of a high level group in the OECD to further develop Member countries' attitudes both on general aspects of their commodity policies and on specific action concerning particular commodities.

Relations with Developing Countries

13. Ministers adopted an OECD Declaration on Relations with Developing Countries (annexed to this Communiqué). They further agreed on a review within the OECD of economic relations between Member countries and developing countries, with a view to identifying what new and other constructive approaches could be adopted on selected substantive issues, and to giving support and new

impetus to negotiations in other bodies working on specific problems. Ministers invited the ad hoc high-level Group which has been created for this purpose to begin its work as quickly as possible and to submit a preliminary progress report before the end of July 1975.

14. Ministers agreed on the need to continue the dialogue between developed and developing countries. They recognised that, concurrently with the problems of energy and oil, there are other problems such as commodities, including foodstuffs, development questions and the intensified difficulties of the most seriously affected countries, which will have to be tackled with increased vigour in co-operation with all countries concerned. The need for renewed efforts along these lines was a recurring theme throughout the meeting of the OECD Ministers. Ministers expressed the hope that their deliberations will have provided a basis for the resumption at an early date of the dialogue which was initiated in Paris last April.

OECD DECLARATION ON RELATIONS WITH DEVELOPING COUNTRIES

PARIS, 28th May, 1975.

1. Ministers of OECD Governments meeting in Paris on 28th May, 1975, discussed relations with developing countries and agreed that, in the present situation, the widest measure of international co-operation is required.

2. They considered that while many developing countries have made major progress in their economic and social development, a large number of them have not been in a position to advance sufficiently and many are still faced with extremely severe problems of poverty.

3. Recalling the contribution which their countries have made to further the economic development of the developing countries, Ministers resolved to intensify their efforts to co-operate with these countries in their endeavours to improve the conditions of life of their people and to participate increasingly in the benefits of an improved and expanding world economy.

4. Given the fact of world economic interdependence, they believed that progress could best be made through practical measures which command wide support among all concerned—developed and developing nations alike.

5. They determined to consider policies aimed at strengthening the position of the developing countries in the world economy and expressed their willingness to discuss with the developing countries the relevant issues, with particular emphasis on food production, energy, commodities and development assistance for the most seriously affected countries.

6. They therefore expressed their firm determination to pursue the dialogue with the developing countries, in all appropriate fora, in particular the

forthcoming Seventh special Session of the United Nations General Assembly, and in more restricted fora along the lines suggested by the President of the French Republic, in order to make real progress towards a more balanced and equitable structure of international economic relations.

REMARKS FOLLOWING MORNING SESSION OF OECD MEETING, MAY 28⁴

Mr. Koppel: Could you tell us something about the kind of mood you have found among European leaders? What will the President find on his trip?

Secretary Kissinger: I think the President will find a very constructive mood of friends wanting to work together and realizing what the fundamentals are.

Mr. Koppel: Now, in your speech today you talked about U.S. desire for cooperation, but you also warn against confrontation. Did you find any mood of confrontation?

Secretary Kissinger: Not among our European friends. That warning against confrontation was directed against some countries in larger forums such as the United Nations.

Mr. Koppel: Do you sense the same spirit of unity within NATO that existed when the Soviet Union was perceived as more of a threat?

Secretary Kissinger: Well, it is a different situation, more complicated, as is shown by the fact that this week we are putting so much emphasis on energy and economic cooperation. But I am very encouraged by the atmosphere in these meetings and by the very serious effort everyone is making to find a new basis for a new period of creativity.

Mr. Koppel: What will be the principal issues that the President takes up beginning tomorrow before NATO?

Secretary Kissinger: He will take up some of the conventional issues, such as security. He will then take up some of the issues that

have been discussed here, namely, the new problems that we are all facing—energy, economic cooperation, relations with the newly developed countries. And he will take up relations with the East. how détente fits into this whole structure.

Mr. Koppel: How about the internal problems of NATO—for example, Portugal, the problems between Turkey and Greece?

Secretary Kissinger: As you know, he is spending tomorrow morning with the Greek and Turkish Prime Ministers. These are subjects that will come up more in bilateral meetings than in the formal sessions.

U.S. Condemns Terrorist Murder of American Officers in Iran

Department Statement¹

The Department of State was deeply distressed to learn of the murder of two U.S. Air Force officers in Tehran today: Col. Paul R. Schaffer, Jr., and Lt. Col. Jack H. Turner.

We deplore and condemn this terrorist act of calculated brutality against American personnel assigned to duties in a country with which we enjoy close and friendly relations. We extend our deepest sympathy to the families of these two officers.

We are also confident that these murders, evidently carried out by a band of professional assassins, do not represent the sentiments of the Iranian people toward Americans serving there. The strong ties between our two countries, reinforced by the Shah's conversations during his recent state visit, remain.

I understand that the Prime Minister and Chief of the Supreme Commander's staff in Tehran have expressed their condolences for these killings.

We have also been assured that the Iranian authorities are launching an investigation to apprehend the murderers.

⁴ Made in response to questions by Ted Koppel of ABC-TV (text from press release 304A).

¹ Read to news correspondents on May 21 by Robert L. Funseth, Director, Office of Press Relations.

Panama and the United States: Toward a New Relationship

*Address by Ambassador at Large Ellsworth Bunker
Chief U.S. Negotiator for the Panama Canal Treaty*¹

I am happy to be with you this afternoon and to have this opportunity to speak on the efforts now underway to create a new relationship between Panama and the United States.

I know that the arrangements for the future operation of the Panama Canal are of great interest to a major maritime city such as Seattle.

But there are broader reasons why negotiations over the future of the canal should concern Americans. For the successful conclusion of a new agreement on the canal:

—Would demonstrate the possibility, in the conduct of our foreign relations, of resolving problems when they are susceptible to accommodation and compromise, rather than waiting until they raise the danger of confrontation and possible use of military force;

—Would provide concrete evidence of our country's willingness to move toward a more mature partnership with Latin America, where we have often in the past been accused of paternalism or neglect; and

—Would serve as an example of practical cooperation, between a large and a small country, a developed and a less developed country. Such cooperation is indispensable if we are to achieve what the Secretary of State recently described as the aim of U.S. foreign policy: "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."²

In the past, when serving as a U.S. negotiator, I have made it a habit to keep my mouth shut publicly while negotiations were in progress. The fact that I have decided to discuss today some of the key issues in the current canal negotiations reflects another basic element of this Administration's conduct of foreign policy—the awareness that no foreign policy decision, and particularly no significant change in foreign policy, can take place without the advice and consent of Congress and the informed support of the American people, on the basis of candid and reasonable public discussion.

The story begins 72 years ago. In 1903 the newly independent Republic of Panama granted to the United States—in the Hay-Bunau-Varilla Treaty—a strip of its territory 10 miles wide and 50 miles long for the construction, maintenance, operation, and protection of a canal between the Atlantic and the Pacific. Panama also granted to the United States, in perpetuity, all of the rights, power, and authority to act within that strip of territory as "if it were the sovereign."

That the treaty favored the United States was acknowledged promptly. John Hay, then Secretary of State, told the Senate when it was considering the treaty for ratification, "... we shall have a treaty very satisfactory, vastly advantageous to the United States and, we must confess . . . not so advantageous

¹ Made before the Rainier Club at Seattle, Wash., on May 22 (text from press release 284).

² For Secretary Kissinger's address at Houston, Tex., on Mar. 1, see BULLETIN of Mar. 24, 1975, p. 361.

to Panama." Hay added, in writing to Senator John C. Spooner, "You and I know very well how many points are in the Treaty to which many patriotic Panamanians would object." The Senate ratified the treaty promptly.

The exploits of Goethals, Gorgas, and Walter Reed led to a magnificent engineering achievement which has served us well and of which we are justly proud.

For 60 years world shipping has been served efficiently and at low tolls. Today the canal, despite its age, is still of value to the United States. Economically, we continue to benefit from the shortened shipping lines and lower transportation costs it permits. Recent studies have estimated, for example, that some 9 percent of the total value of our exports and imports transited the canal in 1972.

However, we must be careful in assessing the canal's long-term value. It appears now that trading patterns are evolving and that alternatives to the canal have begun to emerge. As canal users take advantage of these alternatives, it appears likely that the canal's value will generally decline relative to our economy.

Militarily, the canal has also been important to the United States. Although our largest warships cannot use the canal now, it clearly enables us to shorten our supply lines to some areas. Its large contributions during the Second World War, Korean war, and Viet-Nam war have been amply documented.

But, again, we should bear in mind the canal's growing vulnerability to hostile attack, which points to the fact that we should not rely too heavily on it.

The point that I wish to make is that the canal's value, while of continuing importance, is probably not as great relatively speaking as in earlier years.

Moreover, our world today is a far different one than that of 1903.

No nation, including ours, would accept today a treaty which permits exercise of rights as if sovereign on a foreign land in perpetuity.

Panama has grown increasingly conscious of the fact that the treaty is heavily weighted

in our favor. Consequently, the level of its consent to our presence there has, over the years, persistently declined. And by Panama, I mean the Panamanian people of all strata, not simply their governments.

Causes of Decline in Consent

Among the aspects of the 1903 treaty which have caused this decline in consent, Panama cites the following:

—The United States occupies a strip across the heartland of its territory, cutting the nation in two and curbing the natural growth of its urban areas.

—The United States rules as sovereign over this strip of Panama's territory, the Canal Zone.

—It maintains a police force, courts, and jails to enforce the laws of the United States, not only upon Americans but upon Panamanians as well.

—It operates, on Panama's territory, a full-fledged government—a government which has no reference to the Government of Panama, its host.

—It operates virtually all commercial enterprises within the Canal Zone and denies to Panama the jurisdictional rights which would permit private Panamanian enterprise to compete.

—It controls virtually all the deep-water port facilities which serve Panama.

—It holds idle large areas of land and water within the Canal Zone.

—The United States pays Panama \$2.3 million annually for the immensely valuable rights it enjoys on Panamanian territory.

—Finally, and perhaps most importantly, the United States can do all these things, the treaty says, forever.

To these conditions Panama objects, saying that they deprive their country of dignity, of the ability to develop naturally, and indeed of full independence.

The United States attempted to respond to some of the Panamanian objections in the past. Treaty revisions were made in 1936 and 1955. But the most objectionable feature from Panama's viewpoint—U.S. exercise of rights as if sovereign in the Canal

Zone in perpetuity—has remained unchanged.

Panamanian frustrations over this state of affairs, and over the apparent disinclination of the United States to alter it, have intensified over the years. These frustrations culminated in demonstrations and riots in January 1964 when 21 Panamanians and three Americans were killed. Diplomatic relations were broken.

Following a major reassessment of our policy toward Panama, President Johnson after consultations with President Truman and President Eisenhower committed us—publicly and with bipartisan support—to negotiate a wholly new treaty to replace the old one. President Nixon and President Ford subsequently renewed that commitment. Our purpose was, and continues to be this: to lay the foundations for a new, a more modern, relationship between the two countries.

Partnership and U.S. Interests

Without such a changed relationship I believe it safe to say that Panama's already low level of consent to our presence will become lower still. It will approach zero.

While it is true, of course, that we could attempt to maintain our present position with regard to the Panama Canal, we would have to do so in an increasingly hostile atmosphere. In these circumstances we would likely find ourselves engaged in hostilities with an otherwise friendly country—a conflict that, in my view, the American people would not long accept.

At the same time, we should bear in mind that the canal is vulnerable to sabotage and terrorist acts. We would find it difficult, if not impossible, to keep the canal running against all-out Panamanian opposition.

The problem, in my opinion, simply will not go away.

Attitudes, not only in Panama but in the hemisphere at large, have changed. The Latin American nations have made our handling of the Panama negotiation a test of our intentions in the hemisphere.

When the Latin American Foreign Ministers met in Bogotá, Colombia, in November 1973 they voted to put the Panama ques-

tion on the agenda of the new dialogue proposed by Secretary Kissinger. In March of this year the Presidents of Colombia, Costa Rica, and Venezuela publicly expressed their support for Panama's cause. More recently, the General Assembly of the Organization of American States, meeting in Washington in the last two weeks, approved unanimously a resolution reaffirming their interest in the negotiation.

We no longer can be—nor would we want to be—the only country in the world exercising extraterritoriality on the soil of another country.

The evidence, it seems to me, strongly favors some form of partnership with Panama.

Partnership with Panama would help the United States preserve what it needs most respecting the canal. Partnership would provide an environment conducive to effective operation and defense of the canal by the United States. It would provide Panama with a meaningful stake in the operation and defense of the canal. It would help stimulate the cooperation and friendship both of the Panamanian people and of whatever government exists in Panama at any given time.

In short, partnership would mean that the United States would not have to divert any of its energies in Panama from the functions required for the efficient operation of the canal.

Putting it simply, I believe our interest in keeping the canal open and operating for our own strategic and economic purposes is best served by a partnership agreement for a reasonable additional period of time. The plain fact of the matter is that geography, history, and the economic and political imperatives of our time compel the United States and Panama to a joint venture in the Panama Canal.

We must learn to comport ourselves as partners and friends, preserving what is essential to each, protecting and making more efficient an important international line of communication, and, I suggest, creating an example for the world of a small nation and a large one working peacefully and profitably together.

Such a new relationship involves giving up something of what we now possess. We want to keep the power but discard what is nonessential to our purpose in Panama. Three examples should serve to explain my meaning:

—First, we will retain control over canal operations for the duration of the treaty, but Panama will participate progressively in these operations in preparation for its future role.

—Second, we will keep the lands and facilities we need to control and defend the canal but return what we can do without.

—Third, we will have defense rights but perform our defense tasks with Panamanian participation.

Simply stated, we will work together with Panama, but for the treaty's life we will operate the canal. We will secure the lands we need by releasing what we do not need. By having Panamanian participation in operation and defense we will have a more secure canal. In sum, we see a new treaty as the most practical means for protecting our interest.

Whereas continuance of the status quo will lead surely to prolonged problems—possible loss of what we are trying to preserve—partnership promises a greater assurance of success in achieving our essential interest: a canal that is open, efficient, and neutral.

The Negotiating Process

Turning to the negotiations, they have proceeded step by step during the past 21 months through three stages.

Stage 1 ended 15 months ago when Secretary of State Kissinger journeyed to Panama to initial with the Panamanian Foreign Minister a set of eight principles to serve as guidelines in working out the details of a new treaty.³ Perhaps General Torrijos, the Chief of Government in Panama, best characterized these principles when he said they constitute "a philosophy of understanding." Their essence is that:

—Panama will grant the United States the rights, facilities, and lands necessary to continue operating and defending the canal; and

—The United States will return to Panama jurisdiction over its territory and arrange for the participation by Panama in the canal's operation and defense.

We have also agreed in the principles that the treaty will provide for any expansion of canal capacity in Panama that may eventually be needed, that Panama will get a more equitable share of the benefits resulting from the use of its geographical location, and—last but surely not least—that the new treaty shall not be in perpetuity but rather for a fixed period.

Stage 2 involved the identification of the major issues under each of the eight principles. This in turn provided the basis for substantive discussions.

Stage 3 began last June and continues. For almost one year now we have been discussing, with the helpful cooperation and support of the Department of Defense, the substantive issues associated with the statement of principles to which we agreed in February 1974.

Economic Benefits, Land Use, and Duration

We have made significant advances in important subjects, including agreements relating to jurisdiction, canal operation, and canal defense.

Besides these three issues several other major elements of a treaty package still require resolution. They concern:

—Increased economic benefits to Panama;

—Some capability to expand the canal should we wish to do so;

—The size and location of the land/water areas we will need for control of canal operation and defense; and

—Finally, and perhaps most importantly, the extent of duration of the treaty period.

I shall comment now on only three of these questions—economic benefits, land use, and duration—and then only in a general way.

On economic benefits, Panama for many years has complained that it receives a direct

³ For text of the joint statement of principles initiated on Feb. 7, see BULLETIN of Feb. 25, 1974, p. 184.

of only \$2.3 million. It has complained that the low tolls charged to canal users mean in effect that Panama has been subsidizing world shipping.

Moreover, Panama believes that it can obtain additional benefits from greater Panamanian exploitation of its geographic position and the presence of the canal by developing a wide range of commercial and service activities in the canal area and by deriving tax revenues from these activities—something Panama could do once it exercised jurisdiction over the area. For example, Panama says it could develop certain unused land areas; improve the Atlantic and Pacific ports by installing larger, more efficient cranes for handling cargo and developing greater port facilities; and expand the Colón Free Zone. Already Panama has plans which call for construction of an oil pipeline which would reduce the cost of transporting petroleum across the isthmus.

The United States agreed in the eight principles that Panama would receive greater economic benefits from the operation of the canal.

As for the issue of land use—that is, the land and water areas that the United States will need to continue to operate and defend the canal—it is not easily susceptible to rapid resolution.

Panama wishes to recover sizable land and water areas, especially those adjacent to its urban centers, that are now under U.S. jurisdiction and would be the most logical areas for urban expansion. For our part we want use, through the life of the treaty, of those lands and waters that are necessary for the operation and defense of the canal. The problem will be to insure that we get sufficient areas to efficiently perform these functions while at the same time reducing the physical presence which is so objectionable to Panama.

Closely linked to the question of land use is the issue of treaty duration. Panama has publicly said that “there is no colonial situation which lasts for 100 years or a Panamanian who could endure it.” For the United States it is difficult to predict with any accuracy the duration of the canal’s utility to

us. And yet we believe that the canal will have an importance for an extended period of time.

The agreements we reach on these issues will determine the final outcome of the negotiation. For better or worse, they could shape our relationship with Panama—and indeed with all Latin America—over the next decades. Although we have no fixed timetable, we are proceeding, as I have said, with all deliberate speed.

Misconceptions To Be Overcome

There is opposition in both countries.

In Panama some stand ready to challenge any “surrender” by their government of Panamanian aspirations to immediate control of the canal.

Here at home, I recognize that there are some who hold the view that we should not relinquish any rights acquired under the 1903 treaty. I understand this point of view. But for the reasons I have mentioned I believe it is time for a new relationship. I hope that it will be understood:

—That a new relationship means good foreign policy and good defense policy;

—That a new relationship based on partnership is consistent with good business management; and

—That a new relationship signals a new era of cooperation between the United States and the rest of the hemisphere.

We need to overcome several misconceptions. I will mention four:

First, we need to overcome the belief that sovereignty is essential to our needs.

In reality we have never claimed sovereignty over the Canal Zone. Under the 1903 treaty we have extensive rights. The new treaty would grant us continued rights to operate and defend the canal, but we would relinquish some rights which we don’t need to accomplish these missions. Our essential requirement is not abstract sovereignty but the specific rights—accepted by Panama—that give the control we need.

Second, we need to overcome the idea that perpetuity is essential to defense and operation of the canal.

On the contrary, U.S. insistence on perpetual control is likely to create the kind of hostile environment which will jeopardize our ability to operate and defend the canal for an extended period of time. What is required is a relationship based on mutual respect and dignity.

Third, we must overcome the belief that the Canal Zone is part of the United States or a U.S. territory.

In the 1903 treaty Panama granted us "rights, power and authority within the zone . . . which the United States would possess . . . if it were the sovereign of the territory . . ." We were not granted "sovereignty" as such. The United States for many years has considered the Canal Zone as Panamanian territory, albeit under U.S. jurisdiction.

Fourth, and last, we must overcome the notion that a new treaty will somehow lead inevitably to the canal's closure and loss.

This concern appears based upon an erroneous view of the Panamanians as well as a lack of knowledge about our negotiating objectives. There are still people who believe that Panamanians lack the technical aptitude and the inclination to manage the operation of the canal. These people ignore the fact that Panamanians already comprise over three-quarters of the employees of the canal enterprise. While it is true that many of these employees have not held supervisory positions, no one who has been to Panama and seen its thriving economy can persuasively argue that Panamanians, given the proper training, would not be able to keep the canal operating effectively and efficiently.

Whereas Panama's participation in the canal's operation and defense would increase its stake in the canal and provide it with a greater incentive to help us keep the canal open and operating efficiently, adherence to the status quo would more likely lead to the canal's closure and loss.

I firmly believe that our most critical prob-

lem at home is not fundamental antipathy to a new relationship with Panama. It is ignorance of why the new relationship is needed to protect our interests. We need a straightforward and productive dialogue. Considerable public education is needed if a new treaty is not to be regarded as bad politics domestically.

Debate on an issue of such national import is not only inevitable but desirable. After education, dialogue, and debate I believe that we will emerge with a reasonable and mutually satisfactory treaty which will be examined and which will stand on its merits.

U.N. Disaster Relief Organization To Receive U.S. Grant

USUN press release 36 dated May 6

Ambassador John Scali, U.S. Representative to the United Nations, signed a grant agreement on May 6 for a \$750,000 U.S. contribution to the U.N. Disaster Relief Organization to strengthen that body's capacity to provide an efficient and effective worldwide service of mobilizing and coordinating disaster relief.

Secretary Kissinger, in his address to the 29th General Assembly, first called for a substantial strengthening of the world's capacity to deal with natural disaster, especially the improvement of the U.N. Disaster Relief Organization. The United States subsequently introduced a resolution to this effect, which was approved by the 29th General Assembly.

This grant—pursuant to the provisions of Resolution 3243 (XXIX)—will cover a large portion of the first year's cost of improving UNDRO's coordination, prevention, and preparedness capabilities in accordance with a program drawn up by experts and approved by the U.N. Director of the Budget.

The United States and the Future of the United Nations

Statement by John Scali

*U.S. Representative to the United Nations*¹

The Chinese word for "crisis" combines the characters for danger and opportunity. This is a good description of the current state of the United Nations, an organization in crisis, poised between imminent opportunity and eventual disaster.

Over the past two years the United Nations has in assorted forums approved a series of thoroughly one-sided economic declarations. It has taken discriminatory action against Israel in UNESCO [United Nations Educational, Scientific, and Cultural Organization], invited Yasir Arafat to speak in New York, and illegally suspended South Africa.

Yet during this same period the United Nations played an indispensable role in limiting and eventually halting dangerous wars in the Middle East and on Cyprus. It convened successful world conferences on two of the most critical issues of our time, those of food and population. In just the past few weeks, it has moved swiftly to seek to bring relief to the war victims in Indochina.

Unpalatable and arbitrary as some recent U.N. decisions are, we must face the possibility that there may be worse in store. Unless we move with care and understanding, our confrontation with the Third World will worsen. If we, as a government, stand im-

movable in a rapidly changing world, we may wind up standing alone. If, on the other hand, we choose to lead the way, we can still lead the United Nations into an era of historic achievement.

No one can predict with any certainty which of these paths the United Nations will take. I do believe, however, that the decisive turning point will be reached sooner rather than later. I also believe that the United States can have a critical, perhaps a decisive, influence over this organization's future.

It is not hard to pinpoint the present sources of tension at the United Nations. There are three—the Arab-Israeli dispute, the battle for racial justice in southern Africa, and the growing gap in living standards between developed and developing nations. These three issues dominate all U.N. deliberations for a good reason: these are the problems that most of the world's people feel most keenly. For most member nations a United Nations which cannot promote progress on these issues is not worth having.

On December 6, I spoke to the General Assembly about the unfair, unrealistic, one-sided, and even illegal actions which the Third World majority was forcing on the United Nations in pursuing these goals. I warned of the damage these decisions were doing to the United Nations and to the real interests of all its members.

These remarks set off one of the most comprehensive and, in my opinion, most constructive debates in the Assembly's recent history. Representative after representative frankly laid out his country's policies, fears,

¹ Made on May 22 before the Senate Committee on Foreign Relations hearings on the role of the United States in the United Nations (text from USUN press release 44 dated May 21). 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.

and hopes about the fundamental problems now faced by us all. This debate was helpful, but it did not resolve our differences. It did, however, create a more hopeful atmosphere and gave us a better idea of the deep-seated emotions that exist on both sides.

We and the nations of the Third World are divided on issues of major importance. We differ on how to achieve peace in the Middle East, how to bring social justice to southern Africa, and how to insure a more equitable sharing of the world's wealth. We are not divided on goals, however, and we are not fundamentally divided on the role which the United Nations can play.

There is no single sure-fire formula which can reform the United Nations and reverse the trend toward confrontation there. The tone in which we conduct our dialogue can soothe or it can inflame our current differences. Our language, our posture, can enhance or set back the prospects of compromise. But only sincere negotiation on the problems of critical importance to the Third World can halt the continued deterioration in our relations with these nations.

If, because of choice or neglect, the world community fails to make the United Nations work, the alternative is not cooperation elsewhere in some other more promising forum but inevitably a fundamental breakdown of the main path to international cooperation. The dream of an open and cooperative world order to which mankind committed itself 30 years ago will wither and die. In its place, there certainly will arise a world divided into exclusive, selfish, and rival camps, where each nation's gain is another's loss.

I see a different future, however. I see a United Nations capable at last of fulfilling the mandate of its founders. I see a United Nations serving as the international community's principal forum for peacemaking and peacekeeping. I see the United Nations being used by its members as the court of first resort to settle differences, rather than as the court of last resort for their conflicts. I see a world in which 150 nations live at harmony and in peace—their security preserved collectively and their prosperity pursued cooperatively. I see a world in which

nations frankly recognize that there may be deep differences on fundamental issues but continue to work at narrowing these differences and at the same time move ahead in areas where they are able to agree. And there are such areas where patient diplomacy can make the difference.

This is no dream. It is a realistic alternative. It requires only that we and other nations begin to use the United Nations to its capacity to help it fulfill its potential. In the Middle East and in Cyprus, the United Nations is showing that it can keep the peace. In crisis after crisis, the United Nations is demonstrating that when called upon in time it can respond effectively to the task at hand. At conference after conference, the United Nations is proving that 100 and more countries can be brought to meaningful agreement even on the most complex and controversial issues when they have the will to do so.

The United Nations need not be the sole institution for negotiating and managing the complex problems of interdependence. But it should have a central role in that process as the single universal organization that expresses in broadest terms the collective hopes and needs of all who inhabit this planet.

The fate of the United Nations rests with all of its members, but it rests most heavily with those in a position to help resolve the issues confronting it. The United States cannot singlehandedly bring peace to the Middle East, majority rule to southern Africa, or economic justice to the world. We can, however, continue to support these goals, and we can seek to lead—not as the sole headquarters of justice and wisdom, but as one who recognizes that new and exciting doors can be opened by many countries in an increasingly interdependent world.

The record of our country as a champion of freedom, social justice, and economic opportunity is one in which every American can take pride. No nation, however, can expect to be judged on its past. To the peoples of the Third World we can show that we are still the same nation which issued the Declaration of Independence, promulgated the Emancipation Proclamation, advanced

the principle of self-determination of peoples, created the concept of international development, and pressured its closest allies to free their vast colonial empires.

In southern Africa we can do more than decry racism—we can disassociate ourselves from it entirely. In the Middle East we can commit ourselves unequivocally to the pursuit of a just settlement which recognizes the rights and national aspirations of all the people of that area. In our relations with the developing nations we can move once more

into the forefront of those seeking to close the gap between rich and poor.

If the United States follows this course steadfastly, I believe we can realistically require that others meet their responsibilities to move with us on the course of cooperation.

If we listen as well as lead, I am convinced that the current trend toward confrontation will be reversed and that this will open a new era of achievement at the United Nations.

Preparations for the Seventh Special Session of the United Nations General Assembly

*Following are statements made on May 21 before the Subcommittee on International Organizations of the House Committee on International Relations by Roy D. Morey, Deputy Assistant Secretary for International Organization Affairs; Paul H. Boeker, Deputy Assistant Secretary for Economic and Business Affairs; and Clarence Clyde Ferguson, Jr., U.S. Representative on the U.N. Economic and Social Council.*¹

DEPUTY ASSISTANT SECRETARY MOREY

This afternoon I would like to describe the nature of the General Assembly's seventh special session and the U.S. approach to it. Deputy Assistant Secretary Boeker will speak in greater detail on the economic issues which are expected to form the bulk of the substantive agenda for the session. Ambassador Ferguson will describe the situation in New York during this preparatory phase.

¹ 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.

Considering the prominence which the Assembly's sixth special session has acquired, I believe it would be useful to our discussion first of all to describe the background to the upcoming seventh special session, the impact of the sixth special session and other recent U.N. meetings on preparations for it, and the differences—which we hope will be significant—between the two.

The sixth special session, which met from April 9 to May 2 last year, was totally unexpected. It was convened at the request of President Boumediene of Algeria, largely as a reaction to the Washington Energy Conference and a French proposal to hold a world energy conference under U.N. auspices. The move served to divert attention from the oil price issue and to rally the developing countries around the theme of their allegedly disadvantageous trade position as commodity exporters. After only a few weeks of hurried preparation, the Assembly met and, under Algerian leadership, pushed through a call for the establishment of a "new international economic order." The declaration and the lengthy program of action which the developing countries pushed to adoption did not gain the concurrence of

the major developed countries on the principal substantive elements and, in general, represented only LDC [less developed country] views on trade, development assistance, monetary reform, and other economic issues.

The seventh special session has quite different antecedents. The economic problems of the developing world have been an issue of growing importance in the United Nations since the early 1960's. By the fall of 1973, the LDC's were pressing the case for their economic interests with great vigor in the General Assembly. Resolutions were adopted, with the support of both developed and developing countries, on the first review of implementation of the International Development Strategy, on international monetary reform, on the soon-to-be-opened trade negotiations and other economic matters. The compromise texts did not alleviate the intense dissatisfaction of the developing countries with what they felt to be the inadequate concern for their needs on the part of the developed countries.

This dissatisfaction resulted in the introduction of a resolution calling for what would have been the first special session of the General Assembly devoted to economic issues. As originally conceived, the General Assembly at its special session in 1975 was to consider the broad range of international economic issues, those of concern to the developing countries in particular, as well as the related reform of the structure of the United Nations itself. The United States, while concerned over the growing propensity of the LDC's to use the General Assembly as a forum to seek policy concessions from the industrialized world, did not object to their call for a special meeting to consider their problems.

Thus, while the sixth special session represented the immediate reaction to a critical world economic situation, the seventh special session is really the expression of longstanding concerns of the developing world which have had growing importance to the United Nations as a whole. At the same time, the adoption last fall of resolutions on the new international economic order and the Char-

ter of Economic Rights and Duties of States and the adoption of an equally unacceptable UNIDO [U.N. Industrial Development Organization] Declaration and Plan of Action of Lima in March of this year, reflect a new militancy on the part of the developing countries. The LDC's have demonstrated over the past year and a half a tight tactical unity, a determination not to compromise on issues of principle, and a conviction that they have the upper hand as a result of the success of OPEC [Organization of Petroleum Exporting Countries].

We have, fortunately, a considerably longer preparatory period for the seventh special session than for the sixth. The time is being used well, and the arrangements for the work of the session—both as to formal structure and substantive content—will be more careful and more thoughtful. The United Nations began working on its preparations in February. The United States began to consider the issues and problems as soon as the 1974 General Assembly session drew to a close in December.

Allow me to turn now to our preparations for the seventh special session and the opportunities and challenges presented to the United States.

Following our preliminary evaluation of the prospects for the session, a preparatory group was established in the State Department in February 1975. This group was launched under the chairmanship of Assistant Secretary [William B.] Buffum of the Bureau of International Organization Affairs. Under Secretary Sisco [Joseph J. Sisco, Under Secretary for Political Affairs] began to chair the group last month. In addition, our preparations have engaged the attention of Under Secretary Robinson [Charles W. Robinson, Under Secretary for Economic Affairs] and Secretary Kissinger.

The preparatory group has served to further identify the issues with which we will deal, to clarify the options available for our overall approach to the session, and to determine the various bilateral and multilateral channels we have available for us to achieve our goals.

With regard to this last point, we have been holding extensive bilateral consultations with developed country representatives for the past three months. Our contacts with the developing countries have centered in New York; Ambassador Ferguson will describe the situation there in greater detail. Last week we instructed our Embassies in about 25 major developing countries to initiate discussions on the seventh special session with their host governments.

We intend to establish close bilateral contacts with both developed and developing countries during the entire preparatory period.

With regard to the issues, we have instructed our Mission in New York and our Embassies in the field to inform the developing countries that we believe the special session can most usefully consider five general topics:

1. International commodity trade;
2. International food needs;
3. Transfer of financial resources;
4. Problems of the poorer developing countries; and
5. Structural changes in the U.N. system.

The problems of commodity trade are a principal concern of the developing countries. As Secretary Kissinger indicated in his speech in Kansas City [on May 13], we are prepared to discuss this problem with them in a responsible manner. We believe that further international action is needed in the area of food, building on the accomplishments of the World Food Conference. The potential sources of financial resources to finance the development efforts of the LDC's must be examined as a critical element of the world economic order. And we feel the international community must turn its attention to meeting the needs of the poorest developing countries in particular, for they are least able to help themselves.

Deputy Assistant Secretary Boeker will discuss these issues in greater detail. I would like to describe at this point our views on the fifth problem area, U.N. structural change.

The effectiveness of U.N.-system economic structures has drawn increasing criticism from both developed and developing countries. As I indicated previously, the dissatisfaction of the developing countries with the responsiveness of the U.N. system to their problems was a major reason for calling the seventh special session.

I do not need to remind this committee of the criticisms that the United States and other developed countries have expressed regarding inefficiencies in the U.N. system. Although the United States and the developed countries on the one hand and the developing countries on the other still find important benefits from their participation in the U.N. system, they are all convinced that major improvements in the structure and operations of the U.N. system can and must be made.

Our specific proposals to deal with the issue of U.N.-system structural change remain to be developed in detail, awaiting further consultations with other countries and more review within the government. However, I can indicate the basic objectives that will be guiding our efforts:

1. We believe that there should be a rationalization and streamlining of the presently fragmented and too-often duplicative development assistance mechanisms in the U.N. system.

2. We are anxious to have U.N. development assistance programs more heavily oriented toward helping those countries that are most in need—those that are least able to finance their own development or to attract and obtain other resources, both public and private, for their economic development.

3. We would like to see the specialized agencies of the U.N. system freed of their heavy responsibilities for executing development assistance projects and rededicated toward their original mandates which called for promoting international cooperation through activities such as information exchange, harmonization of national policies, the promotion of research, and the setting of standards.

4. We think that opportunities exist to streamline U.N.-system secretariat operations through the consolidation of matters such as personnel recruitment and management, payrolling, accounting, procurement, and buildings management activities.

5. Finally, we need to establish within the U.N. system an independent program-evaluation mechanism, a longstanding U.S. proposal. This sort of mechanism reporting directly to member governments on the effectiveness of U.N.-system operations should help to keep the U.N. system self-correcting and should suggest other structural changes as they become necessary.

What do we expect from the seventh special session? On the one hand, we do not believe that the General Assembly can be the scene of detailed negotiations on specific economic issues. Therefore, we will continue to resist the efforts of the developing countries to "legislate" issues of economic importance on the basis of their numerical majority in a one-country-one-vote situation.

However, the General Assembly has two characteristics which distinguish it from other international economic institutions. First, it is the only body that can look at all economic issues in their broadest context. Second, it is particularly a forum for the consideration of the problems of the have-not and weaker members of the world community. Thus we believe that the special session can provide an opportunity for the entire membership to identify problems, to discuss their priorities and interrelationships to reveal where consensus exists and to stimulate it where it does not, and to point the way for implementation of agreed conclusions or to further negotiations in areas of disagreement.

The session in particular presents the challenge of reestablishing a more productive discourse with the developing countries. We will make every effort to keep the debate away from the level of ideology and empty exhortation; we will try to chart channels of common effort aimed at practicable and effective solutions. This will not be easy.

But we are going to try to create mutual

understanding and to strengthen a common commitment to international cooperation, not confrontation, in meeting the urgent economic needs of both the developed and developing nations of the world.

DEPUTY ASSISTANT SECRETARY BOEKER

In the course of our participation at the seventh special session of the U.N. General Assembly in September, the United States intends to exercise its traditional role of leadership in addressing the array of economic problems besetting developing nations of the world. At the present time—with the cumulative effects of the energy crisis, widespread recession, and changing relationships between rich and poor nations—the environment for international cooperation is under severe strain. This is particularly noted in multilateral forums such as the United Nations, where the developing nations have banded together to achieve a dominant position in the deliberations on economic issues.

In essence, the developing nations are demanding the right to exercise greater influence in world affairs. In the economic field they are endeavoring to secure:

- Special access to markets for their export goods.

- Integrated regulation of commodity markets.

- "Indexation" of prices so that prices of raw materials are linked with those of manufactured goods.

- Increased transfer of real financial resources to developing nations, preferably through automatic mechanisms.

- Monetary reform, specifically including a greater voice by developing countries in the affairs of international financial institutions.

- Greater access to and control of technology as well as more rapid industrialization.

Although the U.N. General Assembly cannot be the forum for detailed negotiation of economic issues, the upcoming session does provide an important opportunity for the international community to discuss key prob-

lems, attempt to narrow differences of approach, and to lay a basis for follow-on work in appropriate international bodies.

There are indications that many of the developing nations are willing to use this special session for consideration of a limited list of economic problems, as opposed to earlier instances when the primary objective seemed to be to cite a wide array of demands in an extreme posture. Recently, the so-called "Group of 77" nations—the U.N. caucus of developing countries—circulated a modified list of questions to be discussed: international trade, transfer of real resources for financing the growth of developing nations, monetary reform, science and technology, industrialization, and restructuring of the economic and social sectors of the U.N. system.

For our part, we are suggesting an agenda which would include: international food needs, problems of poorer developing countries, transfer of financial resources including private investment and financial arrangements to mitigate the plight of nations most affected by the current economic crisis, plus international commodity trade.

Meeting World Food Needs

In the area of food needs, the United States last November initiated a major international effort to eliminate the cycles of famine which periodically plague the developing nations. At the World Food Conference in Rome we reached agreement with other nations to expand food production in traditional food-exporting countries, promote greatly expanded production in developing countries, and develop a system of food reserves to be used for emergencies. We will affirm those goals at the special session.

In the shortrun period, however, many nations will continue to rely on food aid from the United States and other donor nations. We perceive this as the responsibility of all well-to-do nations, including major oil-exporting nations whose income has increased dramatically in the past two years.

In his May 13 speech in Kansas City, Secretary Kissinger called attention to the

fact that the United States has provided more than 4 million tons of food aid in all but one of the past 20 years, and he reaffirmed that we will do our utmost to maintain this high standard. This year's bilateral food aid program is nearly \$1.5 billion.

Some of the best prospects for increased food output are in developing nations. Increased production by these nations decreases their reliance on food aid and can lead to increased exports. The Administration is endeavoring to concentrate U.S. aid capital in this sector in LDC's with the best potential.

The World Bank [International Bank for Reconstruction and Development (IBRD)], with U.S. support, also is taking steps to double its lending to agricultural development. Increasingly, American assistance both in bilateral as well as multilateral forums will place emphasis on research, fertilizer supply, and improved transport, pest control, and storage of food grains.

For the past three years there has been a shortage of some grains in international trade despite the all-out efforts of U.S. farmers. This year the outlook for such crops is promising. To take advantage of this situation the United States is proposing a comprehensive international system of grain reserves. Secretary Kissinger recently advocated that a reserve system be created based on the following principles: agreed rules to engender stockpiling of grain in time of good harvests; fair allocation of the cost of such reserves by both grain importers as well as exporters; determination by each participant of how its reserve portion will be maintained; agreed guidelines for the use of the reserves so that the grain is available when needed but does not unnecessarily depress market prices; special provision to meet the needs of poorest developing nations; and lastly, a more liberalized trade in grains.

The Poorer Developing Countries

For more than a decade, the least developed nations have been lobbying for increased foreign assistance. At the first UNCTAD [U.N. Conference on Trade and

Development] conference in 1964, the LDC's secured adoption of the principle that they should receive "special attention." By 1968, at UNCTAD II in New Delhi, a resolution was passed calling for "special measures" for the as-yet-unidentified least developed countries.

By 1971, the United Nations formulated a list of 25 "least" developed nations (LLDC's). In 1974, the United Nations published a list of nations most severely affected by the current economic crisis (MSA's). Predictably, many countries have wished to be included in such lists in the expectation that tangible benefits would be forthcoming.

We recognize the special developmental problems of poorer nations and support the view that special measures are needed. This has been reflected in the modification of AID [Agency for International Development] allocations and procedures which are designed to serve the unique and differing needs of the poorer of the poor wherever they live.

Although we continue to be flexible and forthcoming with regard to emergency needs of LDC's, we still need to emphasize that external assistance to LDC's must be coupled with self-help policies in recipient nations which are aimed at increasing production, not just redistributing it.

Financial Resources and Commodity Issues

Many developing countries, particularly those characterized as the most severely affected by the current economic crisis are facing urgent balance-of-payments problems arising out of increased oil prices, higher food-import requirements, and the recession in industrial countries. These countries require an infusion of balance-of-payments assistance on highly concessional terms if they are to maintain even minimum acceptable rates of growth without incurring non-sustainable debt burdens. An international framework is needed within which this additional assistance can be provided. The U.S. Government has proposed that the framework best suited for this need would be a

trust fund under the International Monetary Fund (IMF).

The fund we propose would be legally separated from, but administered by, the IMF. It would obtain its funds in part by direct contributions from countries in a position to contribute—particularly the major oil-exporting countries—and in part from the use of a portion of IMF holdings of gold, which are currently valued at about one-fourth the market price. The fund as conceived would provide balance-of-payments loans to needy low-income countries at highly concessional terms, with a maturity of perhaps 10 years and a substantial grace period. The United States has suggested that the organization start with a lending capacity of \$1.5–\$2 billion per year.

We are pursuing vigorously our efforts to establish this loan facility—in consultations with other OECD [Organization for Economic Cooperation and Development] nations. The subject also is being discussed in the IMF–IBRD Development Committee. The developing nations are well represented in these negotiations, holding nine of the 20 seats on the committee. After the next Development Committee meeting on June 12–13, we should have a clearer idea of the prospects for this proposal. We may at that time wish to discuss it further in the course of the U.N. special session.

In the light of global attention currently focused on commodity problems, commodity trade will be a major issue at the seventh special session. We are aware of the dependence of countries on internationally traded commodities and recognize their interests in seeking steady supplies of internationally traded commodities.

A number of measures have been proposed in various forums to address commodity problems, including price-fixing arrangements, centrally managed stocks, indexation, endorsement of activities by producer associations, compensatory financing schemes, and integrated approaches using a combination of these mechanisms.

The United States recognizes that excessive shifts in commodity prices can entail unjustifiably heavy costs and uncertainties.

During periods of slack demand, the maintenance of excess capacity is costly in terms of investment and employment. When the demand cycle soars, rapid price hikes can be equally disruptive to orderly market operations. To deal with these issues, Secretary Kissinger has presented the main elements of a U.S. approach:

—The multilateral trade negotiations (MTN) now underway in Geneva should develop new rules and procedures on issues such as freer access of nations to supplies and markets, promoting of mining and processing industries vital to commodity trade, and settlement of international disputes in this field.

—The United States is prepared to discuss new arrangements for marketing of commodities on a case-by-case basis. Presently, for example, we are discussing marketing arrangements for tin, coffee, and rubber; discussions on other commodities may be initiated later.

—Finally, we will propose that the World Bank investigate ways to finance investment in raw material production in developing countries; the United States is especially interested in mobilizing new capital for commodities and combining it with existing management and technology skills.

Both producers and consumers have much to gain in settling differences and cooperating to assure adequate supplies and remunerative prices for commodities traded. The United States is prepared to respond to legitimate concerns of developing countries in this regard.

Overall, the U.S. objectives at the seventh special session are to engage in a cooperative, positive dialogue with the developing nations and to be responsive to legitimate economic objectives, consistent with our own economic and political interests. We enter into the preparatory phase of these meetings with the best of good will.

We will not shy away from a general discussion of the broad principles of development cooperation. We also wish, however, to have the discussions at this special session contribute to a record of specific accomplish-

ments in North-South issues. The United States, for example, already has initiated a major proposal to alleviate world hunger. The United States continues to support the establishment of a major capital fund through the IMF which would service the immediate balance-of-payments needs of poorer nations. We are now engaged in bilateral discussions designed to assure both adequate supplies and fair prices for particular commodities. At this U.N. special session we would hope to lay the basis for further action on such specific initiatives.

AMBASSADOR FERGUSON

I am pleased to have this opportunity of appearing before your committee, which is considering the matter of the upcoming seventh special session of the General Assembly. I should like to focus my testimony on the state of preparations for the seventh special session in New York.

Understanding the preparatory phase, the aims and objectives of the various groups, and the likely outcome of processes now in train requires some understanding of the groups which have emerged and evolved in the United Nations, particularly on economic issues.

We have heard much of such broad-scaled descriptions as the Third World, the non-aligned, the least developed, the developing, the developed, and the Group of 77.

The so-called Third World is not a monolithic entity, despite the impression created by the admittedly monolithic voting techniques applied recently in the General Assembly. The present Third World groupings in the United Nations evolved from two separate sources.

As you recall, the nonaligned movement was formed over a decade ago, principally under the leadership of Prime Minister Nehru of India and President Tito of Yugoslavia. It was conceived principally as a political alignment of developing non-Western countries to stake out an independent position between the Western countries and the Socialist countries. The emphasis—to repeat—was on political alignment or, as the title

implies, political nonalignment as between the two super blocs of the world.

On the other hand, the Group of 77—now numbering well over 90—originated as a grouping of developing countries designed to deal almost exclusively with economic problems. As a result of the sixth special session, and in particular certain attributes of the leadership of Algeria in that session, there has been a very substantial, but yet still not complete, merger of the Group of 77 and the nonaligned on economic issues.

In preparation for the seventh special session, General Assembly Resolution 3343 (XXIX) of December 17, 1974, called for (1) the preparatory committee for the special session to hold an organizational session in March and its major substantive session in June; (2) the Secretary General to submit to the second session of the preparatory committee a report on the state of international economic activities focusing on constraints of a general policy nature affecting the interests of developing countries in the overall pattern of international economic relations; and (3) the establishment of a group of high-level experts to submit to the second session of the preparatory committee a study containing proposals on structural changes in the U.N. system to make it more capable of dealing with the problems of international economic cooperation. A final report from the preparatory committee will be considered by the summer session of the Economic and Social Council this July in Geneva.

The first organizational session of the preparatory committee (March 3-7, 1975) agreed on plans for its second substantive session and urged further dialogue through informal consultations under the guidance of the preparatory committee bureau. During the session, developed country spokesmen stressed the need for cooperation on specific issues rather than confrontation over general declarations. Although Mexico and Algeria sounded the traditional themes concerning a new international economic order and the Charter of Economic Rights and Duties of States, the Group of 77 was relatively muted.

In the informal meetings of the preparatory committee to date (March 25, April 2, May 2, and May 9, 1975), although primarily focused on organizational matters, two substantive suggestions have surfaced.

First, on April 2, the United Kingdom informally circulated its procedural proposal for a three-tier approach to the session: (1) a general statement of principle; (2) specifications of areas of possible agreement and constructive action; and (3) identification of areas where agreement does not appear to be possible at this time and hence further work needs to be carried out.

Second, on May 2, the Group of 77 circulated a provisional list of specific areas for consideration at the special session grouped into five general categories: (1) international trade; (2) transfer of real resources and monetary reform; (3) science and technology; (4) industrialization; and (5) structural reform.

We welcome this "provisional list" as a significant effort by the Group of 77 to move away from an all-encompassing consideration of the broad spectrum of international economic relations and to focus on a limited number of problem areas. However, we believe that the list still covers too many areas and in its language it prejudices answers to problems rather than just stating the problems themselves.

Parenthetically, we are impressed that though these informal consultations are essentially exploratory, the mood has been conciliatory with an emphasis on finding areas and procedures for constructive action.

The Experts Group on United Nations Structure, appointed in accordance with General Assembly Resolution 3343 by the Secretary General is a group of 25 experts serving in their personal capacities. The experts come from countries in all of the major geographic regions. The U.S. expert and rapporteur for the group is Richard Gardner, professor of law and international relations at Columbia University and former Deputy Assistant Secretary for International Organization Affairs, Department of State.

The U.S. governmental preparations are

moving apace. Both the Department of State and the U.S. Mission to the United Nations have, over the last half year, been engaged in continuing consultations with key representatives of both developed and developing countries.

In our consultations we have stressed, first, the importance we attach to the seventh special session and the need to avoid confrontation; second, our willingness to be responsive to the legitimate needs of developing countries in "meaningful and realistic" ways; third, the seriousness of efforts being taken within the U.S. Government to review both substantive and structural questions; and finally, our belief that the outcome of the session will have an important bearing on American attitudes toward the United Nations.

The Mission and the Department have established special working groups to review U.S. policy on the issues most likely to be raised at the seventh special session. These reviews are not as yet complete. The effort, however, is to find effective ways to meet the growing concerns of both the developed and the developing world and, if possible, to field initiatives on substantive and structural issues.

Although not strictly defined in terms of preparing for the seventh special session, it is nonetheless clear that the Group of 77 countries are and have been preparing for the session in a series of meetings, the more important of these being: the conference of developing countries on raw materials in Dakar, February 3-8, 1975; the Group of 77 second ministerial meeting in Algeria, February 15-18, 1975; the OPEC heads of state conference in Algeria, March 3-6, 1975; and the third ministerial meeting of the coordinating bureau of nonaligned countries in Havana, March 17-19, 1975. This series of meetings will culminate in the meeting of Foreign Ministers of the nonaligned countries scheduled to be held in Peru in late August, just prior to the opening of the seventh special session. There is little in the formal final reports of these meetings to suggest any major weakening in the strong positions taken by

the Group of 77 at the sixth special session or the 29th General Assembly.

In addition, the Group of 77 countries have been pushing strongly their viewpoints in meetings of U.N. subsidiary bodies over the past half year, most notable being the U.N. Industrial Development Organization meeting held in Peru, March 12-26, 1975, and the preparatory conference for the French-proposed energy conference in Paris, April 7-15, 1975. However, our private bilateral consultations and the informal sessions of the preparatory committee have indicated that many of the developing countries are seriously interested in having positive pragmatic results come from the seventh special session.

Finally, Mr. Chairman, I am aware that self-quotation, if not a major vice, is at least one that must be forgiven. I beg your permission therefore to repeat a few words of my own delivered in New Delhi on February 28, 1975:

"Even at this stage in our deliberations it has been more than amply confirmed that the international community in all of its aspects is in the midst of a year of crisis. It is not an overstatement to assert that never before has the entire world been faced with such ominous choices. Failure to resolve the problems occasioned by current economic dislocations could result in the death of more people than in World War II. Failure to resolve our crisis could witness shifts in the global monetary system far exceeding any such in history. Failure to resolve the crisis could result in social and political collapse unprecedented in history as we know it. Consequently, the enormity of the responsibility on the international community and on the United Nations literally must bring forth our best, most compassionate, and most profound efforts.

"My government is prepared to examine, discuss, and compromise those issues which for various reasons divide us now.

"We look not to the past but to the future. We seek not to adjudge guilt but to fashion justice. Our hope for a better world may well lie in what we do in the course of the brief span from now until September."

Report on Development Coordination Transmitted to the Congress

*Message From President Ford*¹

To the Congress of the United States:

I hereby transmit to the Congress the First Annual Report on Development Coordination, in accordance with Section 640B(d) of the Foreign Assistance Act of 1961, as amended.

This is an appropriate time for the first report on the policies and actions of the United States affecting the development of the low-income countries. Over the past decade, the economies of the developing countries have grown at an encouraging rate. This was partially because of American assistance. Consequently, many nations no longer need assistance on the concessional terms we once extended.

Unfortunately, there remain a number of very poor nations suffering from malnutrition and disease, poor educational opportunities, and very low incomes. Our policies must continue to reflect our belief that American well-being is intimately related to a secure and prosperous international environment and humanitarian and economic concerns that have for so long motivated our assistance programs. The increase in petroleum prices and the food crop shortfalls of the past several years—as well as world recession and inflation—have hit the poorest countries with particular severity.

In 1974, the United States worked with other industrialized nations and with various international agencies to adjust our assistance and trade policies toward the less-developed countries to meet the new situation and to ensure a coordinated and constructive response from the international community.

¹ Transmitted on May 22 (text from White House press release). The report, prepared under the supervision of the Development Coordination Committee, is entitled "Development Issues, First Annual Report of the President on U.S. Actions Affecting the Development of Low-Income Countries."

We have:

—adapted our bilateral development aid program to give more assistance to the poor majority in the developing countries.

—supported multilateral institutions as a means for worldwide cooperation to promote economic and social development.

—responded to the world food problem by increasing food aid to the needy countries by increasing our assistance to help them grow more of their own food and by working with other nations to get a fully multinational response to food issues in accordance with the recent World Food Conference.

—signed into law a new Trade Act which will help enable poor countries to increase their trade with us, both by preferential treatment for their exports and by general lessening of barriers to world trade.

Much remains to be done. We must:

—work with other high income countries to help meet the continuing needs of the poorest countries in the present world economic situation.

—continue our efforts to meet the long-run problems of food scarcities through a coordinated program of increased food production in the poor countries, improved nutrition, increased food stocks and food aid, and research and development to boost food output everywhere.

—continue to provide opportunities for the developing countries to expand their trade with the United States and other industrialized nations.

—build on the results of the World Population Conference, fostering the maximum international cooperation in dealing with world population problems.

—find new techniques for working with those rapidly advancing countries that no longer require our concessional assistance, but are anxious to benefit from American skills and resources in their development programs.

The Development Coordination Committee was created to assist in ensuring that our

policies and actions with respect to the developing countries are coordinated to reflect our interest in their welfare and improved quality of life, and to advise me on how our actions are affecting these poor countries and our own economy.

In recent years, there has been disillusionment with our ability to help others in this world. Our efforts have slackened. We have looked too much at our failures and not enough at our successes. While our economic problems at home are serious, we remain one of the most productive countries in the world. We have much to contribute and we have much to gain from economic cooperation with developing countries and from their economic progress. Our own prosperity will be enhanced if we remain true to our long tradition of assisting those in need.

If we help them to help themselves, we can work towards a stronger and more just international economy for the future, lessen human suffering, and increase our own security in a rapidly changing world.

GERALD R. FORD.

THE WHITE HOUSE, May 22, 1975.

Final Report on NATO Offset Transmitted to the Congress

Message From President Ford¹

To the Congress of the United States:

In accordance with Section 812(d) of the Department of Defense Appropriation Authorization Act, 1974 (Public Law 93-155), I am pleased to submit to the Congress the sixth and final report on our progress toward offsetting the fiscal year 1974 balance of payments deficit resulting from the deployment of U.S. forces in NATO Europe.

Section 812 (the Jackson-Nunn Amendment) states that if our European NATO Allies fail to offset this deficit, then U.S. troops in Europe must be reduced by the percentage of offset not provided. I am pleased to report that our Allies have fully offset the U.S. fiscal year 1974 deficit and that the troop reduction provision will not have to be implemented.

The U.S. NATO-related balance of payments expenditures during fiscal year 1974 totaled \$1.997 billion. We sought to cover these expenditures in two ways. First, we negotiated with the Federal Republic of Germany (FRG) an Offset Agreement which had a total value of \$2.218 billion over the 1974-75 time period. The fiscal year 1974 portion of the agreement has come to \$1.150 billion. Secondly, our other NATO Allies have placed substantial military procurement in the U.S. They have been able to identify \$1.016 billion in such procurement, of which \$917 million can at this time be applied against FY 1974 expenditures. The NATO Allies and the NATO Economic Directorate deserve our special recognition for their cooperation in establishing a liaison mechanism for identifying these purchases. Appendix A provides an accounting of our compliance with the provisions of the Amendment.

The Jackson-Nunn Amendment also called upon our Allies to assist the U.S. in meeting some of the added budgetary costs that result from maintaining our forces in Europe rather than in the continental United States. The major form of this budgetary support is contained in the two-year U.S.-FRG Offset Agreement. The agreement includes approximately \$224 million to rehabilitate badly deteriorated barracks and other troop facilities used by American military personnel in the FRG. The FRG also agrees to absorb about \$8 million of real estate taxes and landing fees directly related to U.S. forces in Germany. Finally, very considerable budgetary relief is implicit in the FRG agreement to purchase DM 2,250 million in special U.S. Treasury securities at a con-

¹Transmitted on May 27 (text from White House press release); also printed as H Doc. 94-166, which includes the text of the annex.

cessional interest rate of 2.5 percent. The interest rate which Germany could have obtained through investment of these funds in marketable U.S. Treasury securities would, of course, have been much higher. The purchase of securities made by the FRG pursuant to the agreement were made at times when the market was paying just under eight percent interest. As a consequence, the FRG will have foregone approximately \$343 million in interest over the life of these securities. Essentially this represents a budgetary gain to the U.S.

A final provision of the Amendment requires that we seek to reduce the amount paid by the U.S. to support NATO's Infrastructure Program. NATO recently agreed to a new five-year program (CY 1975-79) totaling \$1.35 billion. The Allies have agreed to reduce the U.S. percentage from the current official level of 29.67 percent to 27.23 percent. The new program also includes a special category of projects totaling \$98 million which benefit only American forces and which would normally have been funded in the U.S. budget. When this special category is considered, the effective U.S. share is approximately 21 percent. Likewise, the U.S. share of funding for the Common European Pipeline deficit has been reduced from 36 percent to 25 percent.

The Amendment specifies that 22½ months (July 1, 1973-May 16, 1975) of Allied balance of payments transactions can be applied against the FY 1974 deficit. The balance of payments data we have used have been based on only the first 12 months of this period. We do not yet have complete data on Allied procurement expenditures during the last 10½ months of the statutory period. However, assuming that Allied expenditures in Foreign Military Sales (FMS) and commercial accounts remain at about the same levels as in FY 1974, there would be available an additional \$1.3 billion to offset our FY 1974 expenditures.

It should be noted that the Allied financial transactions reported here do not repre-

sent the total financial burden incurred by the Allies in support of U.S. forces in Europe. Our Allies absorb many of our troop-related operation and maintenance costs for facilities, building and repairing roads, and other payments which have a total value of several hundred million dollars a year.

A good economic argument can be made that some of our balance of payments expenditures would have occurred whether or not our troops were in Europe, and hence should not have been charged against the NATO balance of payments account. For example, the Department of Defense purchased approximately \$137 million of petroleum, oil, and lubricants (POL) in Europe during FY 1974, mostly for our Sixth Fleet operations. The great majority of these products were purchased from the Middle East. However, if the fleet had been brought home, its shift to U.S. POL resources would have forced other U.S. consumers to purchase their POL requirements from abroad. Thus, the impact on our balance of payments expenditures would have remained unchanged.

We should also recognize that, even if our troops were returned to the continental U.S., there would still be personnel-related expenditures for European goods and services. These personnel would continue to purchase some European goods. Also, we should not overlook the fact that some of our military-related balance of payments expenditures in Europe generate Allied or third nation purchases in the U.S.—both military and commercial.

Finally, we must consider that more than \$300 million of the U.S. defense expenditures in Europe merely reflect the effect of dollar depreciation. This depreciation was a contributing factor to the substantial improvement in the U.S. trade balance, but it has made relatively more expensive the goods and services purchased by our military forces in Europe.

GERALD R. FORD.

THE WHITE HOUSE, May 27, 1975.

U.S. Discusses Human Rights Items in OAS General Assembly

The General Assembly of the Organization of American States (OAS) met at Washington May 8-19. Following are texts of a statement by William D. Rogers, Assistant Secretary for Inter-American Affairs, who was Vice Chairman of the U.S. delegation, made in an informal session of heads of delegations on May 16; a statement by Francis J. McNeil, Alternate U.S. Representative to the OAS, made in Committee I (Juridical-Political Matters) on May 17; and two resolutions adopted by the Assembly on May 19.

ASSISTANT SECRETARY ROGERS, MAY 16

I wish to take this opportunity, Mr. Chairman, to make a few comments on the agenda item concerning the Inter-American Human Rights Commission report on Chile.

In article 3 of the Charter of the OAS, the member states affirm, and I quote:

The American States proclaim the fundamental rights of the individual without distinction as to race, nationality, creed, or sex.

The United States heartily endorses and reaffirms, for its part, these words from our charter. We deplore human rights violations wherever they occur.

In 1959 the member states established the Inter-American Human Rights Commission (IAHRC). The Council of the OAS prepared and approved its statute in 1960. The Second Special Inter-American Conference in 1965 increased its functions and powers.

The Commission, in carrying out its duties, has issued a number of significant reports over the years, including the report on the human rights situation in Chile.

The Chilean Government is to be com-

mended for having permitted the Commission to come to Chile. It has taken issue with certain aspects of the Commission's report. The report and the observations of the Government of Chile have merited the careful attention of us all.

The primary issue here, now, is not whether there may have been some defects or inadequacies in the IAHRC report. It is now somewhat dated. The more important issue is the future—the deep concern which we all have for the promotion of respect for human rights and the elimination of human rights violations wherever they occur, and our ability to build and strengthen an international system to consider matters so vital to the common human values of this hemisphere. In this connection the suggestions and recommendations of the Commission for the future deserve the attention of all, including the Government of Chile.

The U.S. position on such questions is clear. On June 27, 1974, Deputy Secretary of State Ingersoll wrote Chairman Morgan of the House Committee on Foreign Affairs with reference to our obligation under the U.N. Charter to promote respect for and observance of human rights and fundamental freedoms for all. Mr. Ingersoll said:¹

No matter where in the world violations of human rights occur, they trouble and concern us and we make our best efforts to ascertain the facts and promote respect for human rights and fundamental freedoms.

We do not regard human rights as an exclusively domestic concern. The states who are members of our organization adopted and have subscribed to an international series of standards. These standards are set down in the Universal Declaration of Human Rights [Dec. 10, 1948] and in the American Declaration of the Rights and Duties of Man [May

¹ For text of the letter, see BULLETIN of Aug. 26, 1974, p. 310.

2, 1948]. We are fortunate that the OAS has given the responsibility of inquiry, reporting, and recommendation, when violations of these standards are alleged, to its autonomous, independent, and expert Inter-American Human Rights Commission.

The Commission, except in certain respects as noted, received extensive cooperation from the Government of Chile. It has filed the report that is now before us. The Government of Chile has made observations about that report. I will not take the time of the Assembly to review the findings of the Commission and the comments of the Government of Chile. But I think it appropriate that we note our appreciation of the efforts of those who have now been able to place this matter before us so fully, and to commend what I sense to be a spirit, on all sides, of seeking an outcome fully consistent with our shared commitments and aspirations concerning human rights and fundamental freedoms.

We hope to continue to unite our efforts with those of the other members of this organization, including especially the Government of Chile, in placing the great weight of this Assembly behind constructive steps toward the promotion of human rights, here and elsewhere in the hemisphere. We are especially encouraged in this hope by the reaffirmation by the Government of Chile of its constructive attitude toward impartial international visits, observation, and study. Its decision to welcome and cooperate with a U.N. study group acting under a U.N. Human Rights Commission resolution recently approved by the U.N. Economic and Social Council was not lightly taken. It deserves the attention and respect of all member states in this regard.

We believe that this Assembly should take note of the forthcoming visit of the U.N. working group, applaud the Chilean Government's decision to cooperate with it, and state that we will keep the issue before us pending receipt of the forthcoming U.N. working group reports.

My delegation further believes that the Inter-American Human Rights Commission should remain seized of the issue. A process

of interaction between the Government of Chile and the Human Rights Commission is desirable, including opportunity for the Commission to keep its information up to date by all means appropriate.

In conclusion, I would stress that this agenda item represents a test of the system and of the capacity of the members of the Organization of American States rationally, objectively, and effectively to weigh human rights issues collectively. In a sense, all of us are on trial here—all of us, in our capacity to articulate a continuing standard and to develop fair and effective procedures for the application of that standard to individual cases.

It would be idle to pretend that this is an easy or simple task. Temptations exist in such circumstances, either to maintain silence or, in speaking out, to exceed somewhat the rhetorical needs of the matter before us.

But this, it seems to me, is a high challenge. No issue is more fundamental to the business of the hemisphere than the humane tradition which is common to us all—the sustenance of human freedom and individual dignity. It was this which drove us all to independence, and it is this which, above all else, tests the adequacy of our efforts to govern and lead our peoples.

As we have said, in the American Declaration of the Rights and Duties of Man:

All men are born free and equal, in dignity and in rights, and being endowed by nature with reason and conscience, they should conduct themselves as brothers one to another.

MR. MCNEIL, COMMITTEE I, MAY 17

I would like to say simply that, in the view of this delegation, the annual report of the Inter-American Commission on Human Rights contains various general recommendations in the part of the report dealing with areas in which further steps are needed to give effect to the human rights set forth in the American Declaration of the Rights and Duties of Man.

These general recommendations deal with provisions concerning powers for exceptional

situations, rules for habeas corpus or amparo, and the availability of information about persons who have been detained.

My delegation believes that these recommendations merit the most careful consideration of all member governments so that each, according to its own constitutional and juridical situation, may determine how the basic objectives of these recommendations may best be achieved in its own country.

TEXT OF RESOLUTION²

REPORT OF THE INTER-AMERICAN COMMISSION ON HUMAN RIGHTS ON "THE STATUS OF HUMAN RIGHTS IN CHILE"

WHEREAS:

It has received the report of the Inter-American Commission on Human Rights on "The Status of Human Rights in Chile," based upon materials presented to the Commission by various sources, including the Government of Chile, and on its *in situ* investigation of the facts during its visit to Chile from July 22 to August 2, 1974;

This report, together with the observations of the Government of Chile, was sent to the United Nations and was considered at the Thirty-first Session of the United Nations Commission on Human Rights;

As a result of this consideration, in which seven member states of the OAS took part, the United Nations Commission on Human Rights unanimously decided to send a working group to Chile to study the present status of human rights in that country; and

Consequently, both the Inter-American Commission on Human Rights and the next session of the General Assembly will have the additional benefit of a report based on further investigations to assist them in their work in the coming year,

THE GENERAL ASSEMBLY,

RESOLVES:

1. To take note, with appreciation, of the report of the Inter-American Commission on Human Rights on "The Status of Human Rights in Chile," as well as the observations of the Government of Chile on that report.

2. To take note, with approval, of the acceptance by the Government of Chile of the visit of the working group of the United Nations Commission on Human Rights.

3. To respectfully call upon all the governments, including the Government of Chile, to continue to

give the most careful attention to the suggestions and recommendations of the Inter-American Commission concerning human rights.

4. To request the Inter-American Commission to secure, by all appropriate means, additional information, to consider that information, and to submit a report on the status of human rights in Chile to the next session of the General Assembly, ensuring that the Government of Chile has reasonable time to submit its own observations.

TEXT OF RESOLUTION³

ANNUAL REPORT OF THE INTER-AMERICAN COMMISSION ON HUMAN RIGHTS

THE GENERAL ASSEMBLY,

HAVING SEEN the annual report presented to its fifth regular session by the Inter-American Commission on Human Rights (AG/doc.520/75),

RESOLVES:

To take note of the annual report of the Inter-American Commission on Human Rights and to thank the Commission for the important work it has been doing.

Progress on Panama Canal Treaty Noted by OAS General Assembly

Following is a joint U.S.-Panama statement read by Secretary Kissinger on May 10 in an informal session of heads of delegations at the General Assembly of the Organization of American States, together with the text of a resolution adopted by the Assembly on May 15.

STATEMENT READ BY SECRETARY KISSINGER

The negotiations looking toward an agreement for a new canal treaty between the Republic of Panama and the United States of America began 11 years ago, when both countries signed a joint declaration on April 3, 1964, under the auspices of the Council of the Organization of American States.

In reviewing the present state of the nego-

² OAS doc. AG/RES. 190 (V-0/75); adopted by the Assembly on May 19.

³ OAS doc. AG/Res. 192 (V-0/75); adopted by the Assembly on May 19.

for a new canal treaty, we wish to emphasize that the recent efforts of both parties to be frank and open in their presentations has opened the door to advances in the negotiating process. We continue to believe that this is an indispensable prerequisite to the success of the conversations being held by the representatives of our respective governments and peoples.

We view the negotiations as a search for a total and complete agreement directed at eliminating all causes of conflict between the Republic of Panama and the United States of America, as an elaboration of that which was first set down in the statement of eight principles signed by the representatives of both countries on February 7, 1974. These eight principles constitute the fundamental framework within which the present negotiations are going forward, and it is on those principles that an entirely new treaty, of fixed duration, will be based.

The negotiations are a single whole; the subjects cannot be separated one from another. To arrange the procedures for the negotiations, the work has been divided into subjects taken up in a predetermined sequence so that the two parties in an objective and honest fashion might arrive at partial agreements leading to a single, coherent transaction.

During the last year there have been significant advances in important subjects; these include agreements relating to jurisdiction, to the administration of the canal, and to conceptual aspects on protection and defense of the canal. But it is still necessary to negotiate other fundamental subjects, among them the duration of the new treaty and the use of land and water.

It is clear that the negotiation is a delicate political process. The need for a new treaty is clear, but it has been developing over too long a time. We look toward a new type of relationship between Panama and the United States which will be truly equitable to both. We are convinced that it is imperative to achieve real and visible progress in the subjects to be negotiated, and both governments are bending their best efforts to that end, attempting to avoid unsurmountable difficul-

ties which might frustrate the ultimate success of the negotiation.

We realize that the hemisphere, which considers the canal issue a matter of common interest, will welcome with profound satisfaction that day in the not too distant future when two sovereign nations of the continent—Panama and the United States—present the final results of their efforts in the form of a new, just, and equitable treaty and lay to rest the possibility of an event of international political turmoil which would be of concern to all.

TEXT OF RESOLUTION¹

NEGOTIATIONS BETWEEN THE GOVERNMENTS OF PANAMA AND THE UNITED STATES OF AMERICA ON THE QUESTION OF THE PANAMA CANAL

THE GENERAL ASSEMBLY,

HAVING HEARD the report on the negotiations concerning the Panama Canal question made by the representatives of the United States and Panama and

CONSIDERING:

That the Meetings of Foreign Ministers held in Bogotá, Tlatelolco, and Washington proclaimed the Panama Canal question to be of common interest for Latin America;

That on March 24, 1975, the Head of the Panamanian Government and the Presidents of Colombia, Costa Rica, and Venezuela signed in Panama City a Joint Declaration concerning the Panama Canal question; and

That the Declaration has as antecedents the Joint Declaration signed by the United States and Panama in the Council of the Organization of American States on April 3, 1964, and an eight-point agreement signed by the two countries on February 7, 1974, known as the Tack-Kissinger Statement,

RESOLVES:

1. To note with satisfaction that on February 7, 1974, the Foreign Minister of the Republic of Panama and the Secretary of State of the United States signed an eight-point Statement setting forth basic principles that will serve as a guide for the negotiators of the two countries, in which it is stipulated, *inter alia*, that the Panamanian territory of which the Panama Canal forms a part will soon be returned to the jurisdiction of the Republic of Panama, and that the Republic will assume total

¹ OAS doc. AG/RES. 174 (V-0/75); adopted by the Assembly on May 15.

responsibility for the inter-oceanic canal on the termination of the new treaty.

2. To note with satisfaction the report presented by the Delegations of the United States and of Panama, which records the progress made.

3. To express the hope that a prompt and successful conclusion will be reached in the negotiations that the governments of the United States and the Republic of Panama have been conducting for eleven years for the purpose of concluding a new, just, and fair treaty concerning the Canal, which will definitively eliminate the causes of conflict between the two countries and be efficacious in strengthening international cooperation and peace in the Americas.

TREATY INFORMATION

Current Actions

MULTILATERAL

Antarctica

Recommendations relating to the furtherance of the principles and objectives of the Antarctic treaty of December 1, 1959 (TIAS 4780). Adopted at Wellington November 10, 1972 at the Seventh Antarctic Treaty Consultative Meeting.

Notification of approval: United Kingdom, May 29, 1975, with the exception of Recommendation VII-5.

Entered into force: May 29, 1975 for Recommendations VII-1 through VII-3, VII-7, and VII-8.

Aviation

International air services transit agreement. Done at Chicago December 7, 1944. Entered into force February 8, 1945. 59 Stat. 1693.

Effective date of succession: Bahamas, June 26, 1975.

Convention on international civil aviation. Done at Chicago December 7, 1944. Entered into force April 4, 1947. TIAS 1591.

Adherence deposited: Bahamas, May 27, 1975.

Biological Weapons

Convention on the prohibition of the development, production and stockpiling of bacteriological (biological) and toxin weapons and on their destruction. Done at Washington, London and Moscow April 10, 1972. Entered into force March 26, 1975.

Ratification deposited: Jordan, June 2, 1975.

Coffee

Agreement amending and extending the international coffee agreement 1968. Approved by the

International Coffee Council at London April 14, 1973. Entered into force October 1, 1973. TIAS 7809.

Notification that constitutional procedures completed: Peru, February 19, 1975.

Accession deposited: Yugoslavia, March 31, 1975. Protocol for the continuation in force of the international coffee agreement 1968, as amended and extended, with annex. Approved by the International Coffee Council at London September 26, 1974.¹

Signatures: Ecuador,² Indonesia, January 28, 1975; Nicaragua,² February 14, 1975; Trinidad and Tobago,² February 19, 1975; Colombia,² March 3, 1975; Bolivia,² Cyprus, Ivory Coast, March 17, 1975; United Kingdom,² March 14, 1975; France,² March 18, 1975; Jamaica,² Paraguay,² March 19, 1975; Ghana, Switzerland, March 24, 1975; Norway, March 25, 1975; Australia, Belgium,² El Salvador,² India, Kenya, Luxembourg,² Madagascar, March 26, 1975; Canada, Gabon, Federal Republic of Germany,² Haiti,² Honduras, Netherlands,² New Zealand, Nigeria, Peru,² Portugal,² Spain, Sweden, Togo, Cameroon, March 27, 1975; Czechoslovakia, Ethiopia, Tanzania, March 28, 1975; Burundi,² Central African Republic, Congo, Dahomey, Panama,² Sierra Leone, Yugoslavia,² Venezuela, March 31, 1975.

Ratifications deposited: Bolivia, April 1, 1975; Ecuador, February 11, 1975; Trinidad and Tobago, April 2, 1975.

Conservation

Convention on international trade in endangered species of wild fauna and flora, with appendices. Done at Washington March 3, 1973. Enters into force July 1, 1975.

Ratification deposited: Mauritius, April 28, 1975.

Customs

Convention concerning the international union for the publication of customs tariffs, regulations for the execution of the convention, and final declarations. Signed at Brussels July 5, 1890. Entered into force April 1, 1891. TS 384.

Accession deposited: Zaire, May 5, 1975.

Protocol modifying the convention signed at Brussels July 5, 1890 relating to the creation of an International Union for the Publication of Customs Tariffs. Done at Brussels December 16, 1949. Entered into force May 5, 1950; for the United States September 15, 1975. TIAS 3922.

Accession deposited: Zaire, May 5, 1975.

Economic Cooperation

Agreement establishing a financial support fund of the Organization for Economic Cooperation and Development. Done at Paris April 9, 1975. Enters into force on the tenth day following the day on which member countries of the OECD holding at

¹ Not in force.

² Subject to approval, ratification, or acceptance.

³ Shall apply to Hong Kong.

⁴ Shall apply to Berlin (West).

least 90 per cent of the quotas, having complied with certain conditions, have deposited instruments of ratification, acceptance or approval, or notifications of consent to be bound.

Signatures: Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Finland, France, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States, April 9, 1975.

Health

Amendment of Articles 24 and 25 of the constitution of the World Health Organization of July 22, 1946, as amended (TIAS 1808, 4643). Adopted at Geneva May 23, 1967. Entered into force May 21, 1975.

Accessions deposited: Congo (Brazzaville), May 28, 1975; Mauritania, May 21, 1975; Sudan, May 28, 1975; Uganda, May 22, 1975.

Ocean Dumping

Convention on the prevention of marine pollution by dumping of wastes and other matter, with annexes. Done at London, Mexico City, Moscow and Washington December 29, 1972.¹

Accession deposited: Afghanistan, April 2, 1975.

Space

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

Signature: Iran, May 27, 1975.

Telecommunications

Telegraph regulations, with appendices, annex and final protocol. Done at Geneva April 11, 1973. Entered into force September 1, 1974.³

Notification of approval: Yugoslavia, March 20, 1975.

Telephone regulations, with appendices and final protocol. Done at Geneva April 11, 1973. Entered into force September 1, 1974.³

Notification of approval: Yugoslavia, March 20, 1975.

International telecommunication convention with annexes and protocols. Done at Malaga-Torremolinos October 25, 1973. Entered into force January 1, 1975.⁵

Ratification deposited: Trinidad and Tobago, March 13, 1975.

Partial revision of the radio regulations, Geneva, 1959, as amended (TIAS 4893, 5603, 6332, 6590, 7435) to establish a new frequency allotment plan for high-frequency radiotelephone coast stations, with annexes and final protocol. Done at Geneva June 8, 1974.¹

Notification of approval: Norway, April 2, 1975.

Tourism

Statutes of the World Tourism Organization (WTO). Done at Mexico City September 27, 1970. Entered into force January 2, 1975.³

Declarations to adopt the statutes deposited: Belgium,² May 12, 1975; Ireland,² May 1, 1975; Jamaica, April 24, 1975; Malaysia, May 8, 1974;

Mauritania,² May 3, 1975; United Kingdom,² May 13, 1975.

Weights and Measures

Convention concerning the creation of an international office of weights and measures, with annexes. Signed at Paris May 20, 1875. Entered into force January 1, 1876; for the United States August 2, 1878. TS 378.

Accession deposited: Iran, February 25, 1975.

Convention amending the convention relating to weights and measures. Done at Sèvres October 6, 1921. Entered into force June 23, 1922; for the United States October 24, 1923. TS 673.

Accession deposited: Iran, February 25, 1975.

Wheat

Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement) 1971 (TIAS 7144, 7988). Done at Washington March 25, 1975. Enters into force June 19, 1975, with respect to certain provisions and July 1, 1975, with respect to other provisions.

Declaration of provisional application deposited:

Portugal, June 5, 1975; Tunisia, June 4, 1975.

Accession deposited: Bolivia, June 2, 1975.

BILATERAL

Bangladesh

Agreement amending the agreement for sales of agricultural commodities of October 4, 1974 (TIAS 7949). Effected by exchange of notes at Dacca May 16, 1975. Entered into force May 16, 1975.

People's Republic of China

Agreement amending the agreement of October 28, 1974 regarding the holding of "The Exhibition of Archeological Finds of the People's Republic of China" in the United States, with related note. Effected by exchange of notes at Peking April 15, 1975. Entered into force April 15, 1975.

Hungary

Agreement amending the air transport agreement of May 30, 1972 (TIAS 7577). Effected by exchange of notes at Budapest May 9 and 16, 1975. Entered into force May 16, 1975.

Poland

Agreement regarding fisheries in the northeastern Pacific Ocean off the coast of the United States, with annexes and agreed minutes. Signed at Washington May 30, 1975. Entered into force June 15, 1975.

Romania

Agreement relating to trade in cotton textiles, with annex. Effected by exchange of notes at Washington June 2, 1975. Entered into force June 2, 1975.

¹ Not in force.

² Subject to approval, ratification, or acceptance.

³ Not in force for the United States.

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Check List of Department of State Press Releases: June 2-8

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

Releases issued prior to June 2 which appear in this issue of the BULLETIN are Nos. 284 of May 22, 298, 299, and 301 of May 27, 302 and 304 of May 28, and 304A of May 29.

No.	Date	Subject
*310	6/2	Soviet WWII veterans visit U.S., May 28-June 5.
†311	6/2	U.S. and Poland sign agreement on North Pacific fisheries.
†312	6/2	Kissinger: news conference, Salzburg.
†313	6/2	NATO summit communique, May 30.
†314	6/4	"Foreign Relations," 1949, Vol IV, Western Europe, released.
*315	6/4	Government Advisory Committee on International Book and Library Programs, June 17.
*316	6/4	Shipping Coordinating Committee, Subcommittee on Safety of Life at Sea, June 26.
†317	6/4	Kissinger: Council of the Americas.
*318	6/5	Summary of NATO CCMS activities.
*319	6/5	U.S. and Romania sign textile agreement.
*320	6/5	U.S. Advisory Commission on Educational and Cultural Affairs, June 26.
*321	6/6	Loughran sworn in as Ambassador to Somalia (biographic data).

* Not printed.

† Held for a later issue of the BULLETIN.