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THE DEPARTMENT OF STATE BULLETIN

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UNITED STATES DEPARTMENT OF STATE
BUREAU OF PUBLIC AFFAIRS

OFFICE OF
PUBLIC AFFAIRS
WASHINGTON, D.C.

THE OFFICIAL WEEKLY RECORD OF UNITED STATES FOREIGN POLICY

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The Panama Canal Negotiations: Popular Myths and Political Realities

*Address by Ambassador at Large Ellsworth Bunker
Chief U.S. Negotiator for the Panama Canal Treaty¹*

I am here today to discuss with you the Panama Canal negotiations. It is a controversial subject that has evoked emotion and opposition. But my travels in the United States, the letters I get from concerned citizens, the articles I read in the press, and my many consultations with Congressmen have convinced me that much of this opposition stems from a number of false impressions about the basis for our presence in the Canal Zone.

Because of this, I would like today to talk about the background of the problem we face and comment on some of the myths surrounding the canal treaty and negotiations. And I want to talk about the political realities which make it desirable, in my judgment, to bring the negotiations to an early and satisfactory conclusion.

By speaking to you today I am departing from a practice I have long followed. Previously, while serving as a negotiator, I have avoided making public statements. I am here today because this negotiation is unique. No effort to improve our policy concerning the canal can succeed without the full understanding and support of the Congress and the American people.

Our presence in the canal has a constituency among the American people—but our negotiations to solve our problem there do not. So, if we are to gain support, we must find it through candid and reasonable public discussion.

Our 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 land 10 miles wide and 50 miles long for the construction, maintenance, operation, and protection of a canal between the Atlantic and Pacific.

The treaty also gave the United States—in perpetuity—the right to act within that strip of land as “if it were the sovereign.”

It was quickly and widely acknowledged that the treaty favored the United States. When Secretary of State John Hay submitted the treaty to the Senate for ratification he said: “. . . we shall have a treaty very satisfactory, vastly advantageous to the United States and, we must confess . . . not so advantageous to Panama.”

For many years Panama has considered the treaty to be heavily weighted in our favor. As a result, the level of Panama's consent to our presence has steadily declined. And by Panama, I mean not simply the government, but the Panamanian people.

The Panamanians point out:

—*First, that the existence of the Canal Zone impedes Panama's development.* The Canal Zone cuts across the heartland of Panama's territory, dividing the nation in two. The existence of the zone curbs the natural growth of Panama's urban areas; it holds, unused, large areas of land vital to Panama's development; it controls all the major deepwater port facilities serving Panama; and it prevents Panamanians from

¹ Made before the World Affairs Council at Los Angeles, Calif., on Dec. 2.

competing with American commercial enterprises in the zone. And for the rights we enjoy on Panamanian territory, we pay Panama only \$2.3 million a year.

—*Second, that the Canal Zone infringes on Panama's nationhood.* Panama says the privileges exercised by the United States deprive their country of dignity and, indeed, of full independence. Within the Canal Zone the United States operates a full-fledged government without reference to the Government of Panama, which is its host. It maintains a police force, courts, and jails to enforce U.S. laws, not only upon Americans but upon Panamanian citizens as well. And, the Panamanians point out, the treaty says the United States can do all these things forever.

Panamanian frustration over this situation has increased steadily over the years.

In January 1964, demonstrations and riots took place which cost the lives of 21 Panamanians and 3 Americans. Diplomatic relations were broken.

As part of the settlement we reached with Panama then, President Johnson, after consultation with Presidents Truman and Eisenhower, committed the United States to negotiate a new treaty.

Possible Consequences of Inaction

In our negotiations, we are attempting to lay the foundations for a new—a more modern—relationship which will enlist Panamanian cooperation and better protect our interests.

Unless we succeed, I believe that Panama's consent to our presence will continue to decline—and at an ever more rapid rate. Some form of conflict in Panama would seem virtually certain, and it would be the kind of conflict which would be costly for all concerned.

Now, some have held that the mere mention by U.S. officials of the possibility of violence over the canal will help to assure that such violence occurs. I am aware of that concern, but I believe the situation demands candor. It would be irresponsible to fail to point out to the American people the

possible, indeed the likely, consequences of inaction.

It is my firm belief that failure to conclude a reasonable treaty can only work to damage the interests we seek to protect.

As we contemplate this situation, we should understand that the canal's physical characteristics make it vulnerable. The canal is a narrow channel 50 miles long. It operates by the gravity flow of water and depends for its efficient operation on an integrated system of locks, dams, and other vital facilities. At best, it is susceptible to interruption, and interruptions would mean not only reduced service to world shipping but lower revenues.

But the most enduring costs of confrontation over the canal would not be commercial.

Our Latin American neighbors see in our handling of the Panama negotiations a test of our political intentions in the hemisphere.

Moreover, the importance of the canal, and our contribution to it, are recognized throughout the world. It is a measure of our standing and the respect in which we are held that people everywhere—including, I am sure, yourselves—expect the United States to be able to work out an arrangement with Panama that will guarantee the continued operation of the canal in the service of the world community.

Were we to fail—particularly in light of the opportunity created by the negotiations—we would in a sense be betraying America's wider long-term interests.

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.

In sum, we are negotiating because we see a new treaty arrangement as the most practical means of protecting our interests. If we try to maintain the status quo we will face mounting hostility in both Panama and Latin America and possible loss of the very interest we want to preserve.

But a new arrangement based on partnership promises a greater assurance of safeguarding that interest—a canal that is open, safe, efficient, and neutral.

The real choice before us is not between the existing treaty and a new one but, rather, between a new treaty and what will happen if we should fail to achieve a new treaty.

These, then, are some of the political realities we face in Panama.

Myth and Reality: The View From the U.S.

We must face political realities here at home as well. We know that a treaty must receive the advice and consent of two-thirds of the Senate of the United States. And we expect that both Houses of Congress will be asked to approve implementing legislation.

There is opposition in Congress to a new treaty; it reflects to a considerable degree the sentiments of many citizens. Our job is to make sure that the public and Congress have the facts they need if they are going to make wise decisions about the canal.

Unfortunately, the basis for our presence in the zone is widely misunderstood. Indeed, a number of myths have been built up over the years—about Panama's intentions and capabilities, about the need for perpetuity, and, most important, about ownership and sovereignty. We need to replace these myths with an accurate understanding of the facts.

First, there is the matter of *Panama's intentions and capabilities*—and the suggestion that a new treaty will somehow lead to the canal's closure and loss. The fact is that Panama's interest in keeping the canal open is far greater than ours. Panama derives more income from the canal than from any other single revenue-producing source.

Even so, some argue, canal operations would suffer because Panamanians lack the

technical aptitude and the inclination to manage the operation of the canal. The fact is that Panamanians *already* comprise over three-fourths of the employees of the canal enterprise. No one who has been to Panama and seen its increasingly diversified economy can persuasively argue that the Panamanians would not be able to keep the canal operating effectively and efficiently.

These considerations indicate that Panama's participation in the canal can provide it with a greater incentive to help keep the canal open and operating efficiently. In fact, the most likely avenue to the canal's closure and loss would be to maintain the status quo.

Second, there is the notion that the canal cannot be adequately secured unless the U.S. rights there are guaranteed in *perpetuity*—as stipulated in the 1903 treaty.

I can say this: To adhere to the concept of perpetuity in today's world is not only unrealistic but dangerous. Our reliance on the exercise of rights in perpetuity has become a source of persistent tension in Panama. And clearly, an international relationship of this nature negotiated more than 70 years ago cannot be expected to last forever without adjustment.

Indeed, a relationship of this kind which does not provide for the possibility of periodic mutual revision and adjustment is bound to jeopardize the very interest that perpetuity was designed to protect.

Third and finally, there are two misconceptions that are often discussed together: ownership and sovereignty. Some Americans assert that we own the canal; that we bought and paid for it, just like Alaska or Louisiana. If we give it away, they say, won't Alaska or Louisiana be next? Others assert that we have sovereignty over the Canal Zone. They say that sovereignty is essential to our needs—that loss of U.S. sovereignty would impair our control of the canal and our ability to defend it.

I recognize that these thoughts have a basic appeal to a people justly proud of one of our country's great accomplishments. The construction of the canal was an American achievement where others had failed. It was every bit as great an achievement for its

era as sending Americans to the moon is for ours. It is a historic success that will always be held to America's credit.

But let us look at the truth about ownership and sovereignty. The United States does not own the Panama Canal Zone. Contrary to the belief of many Americans, the United States did not purchase the Canal Zone for \$10 million in 1903. Rather, the money we gave Panama then was in return for the *rights* which Panama granted us by the treaty. We bought Louisiana; we bought Alaska. In Panama we bought not territory, but rights.

Sovereignty is perhaps the major issue raised by opponents of a new treaty.

It is clear that under law we do not have sovereignty in Panama. The treaty of 1903 did not confer sovereignty, but speaks of rights the United States would exercise as "if it were the sovereign." From as early as 1905, U.S. officials have acknowledged repeatedly that Panama retains at least titular sovereignty over the zone. The 1936 treaty with Panama actually refers to the zone as "territory of the Republic of Panama under the jurisdiction of the United States." Thus, our presence in the zone is based on treaty rights, not on sovereignty.

It is time to stop debating these historical and legal questions. It is time to look to the future, and to find the best means for assuring that our country's *real* interests in the canal will be protected.

What are our real interests?

—We want a canal that is open to all the world's shipping—a canal that remains neutral and unaffected by international disputes.

—We want a canal that operates efficiently, profitably, and at rates fair to the world's shippers.

—We want a canal that is as secure as possible from sabotage or military threat.

—And we want full and fair treatment for our citizens who have so ably served in the Canal Zone.

The negotiations we are now conducting with Panama for a new treaty will insure that all these interests of our country are protected.

Progress of Negotiations

Let me now talk a bit about where we are in the negotiations. During the past two years, the negotiations have proceeded step by step through three stages.

Stage 1 ended in early 1974, when Secretary of State Kissinger went to Panama to initial with the Panamanian Foreign Minister a set of eight "principles." Since then, we have used these principles as guidelines in working out the details of a new treaty.

The best characterization of these principles came from the Chief of Government of Panama. 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; while

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

It has also been agreed in the principles:

—That the next treaty shall not be in perpetuity but, rather, for a fixed period;

—That the parties will provide for any expansion of canal capacity in Panama that may eventually be needed; and

—That Panama will get a more equitable share of the benefits resulting from the use of its geographic location.

Stage 2 involved the identification of the major issues under each of the eight principles. Agreement on the major issues, concurred in by the Department of Defense provided the basis for substantive discussions.

Stage 3 began with our meetings in Panama in June of 1974 and continues. For over 16 months now we have been discussing the substantive issues involved—again, with the helpful support of the Department of Defense. Indeed, our most senior military officials regard the partnership we are at tempting to form as the most practical means of preserving what is militarily im

portant to our country respecting the Panama Canal.

We have reached agreement in principle with the Panamanians on three major issues:

Jurisdiction: Jurisdiction over the zone area will pass to Panama in a transitional fashion. The United States will retain the right to use those areas necessary for the operation, maintenance, and defense of the canal.

Canal Operation: During the treaty's lifetime the United States will have the primary responsibility for the operation of the canal.

There will be a growing participation of Panamanian nationals at all levels in day-to-day operations in preparation for Panama's assumption of responsibility for canal operation at the treaty's termination.

The Panamanian negotiators understand that there are a great many positions for which training will be required over a long period of time and that the only sensible course is for Panamanian participation to begin in a modest way and grow gradually.

Canal Defense: Panama recognizes the importance of the canal for our security. As a result, the United States will have primary responsibility for the defense of the canal during the life of the treaty. Panama will grant the United States "use rights" for defending the waterway, and Panama will participate in canal defense in accordance with its capabilities.

Several other issues remain to be resolved. They concern:

—The amount of economic benefits to Panama;

—The rights of the United States to expand the canal should we wish to do so;

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

—A mutually acceptable formula for the canal's neutrality and nondiscriminatory operation of the canal after the treaty's termination; and

—Finally, the duration of the new treaty.

Quite obviously, we still have much to do to resolve these issues.

Although we have no fixed timetables, we are proceeding with all deliberate speed. We are doing so with the full support of the Department of Defense.

While I cannot predict when completion of a draft treaty will be possible, I am persuaded that a new treaty which satisfies our basic interests is attainable. Though a great deal of hard negotiating will be required to complete a satisfactory agreement, we are confident that our efforts will produce a treaty which will be judged on its merits and will be approved by the people of both countries.

The stakes are large. They involve not only the legitimate interests of both the United States and Panama and the future contribution of this important waterway to the world community; they involve as well our nation's relations with Latin America as a whole and the credibility and reputation of our country as a force for creative leadership.

America has always looked to the future. In the Panama Canal negotiations we have the opportunity to do so again:

—To revitalize an outmoded relationship;

—To solve an international problem before it becomes a crisis; and

—To demonstrate the qualities of justice, reason, and vision that have made and kept our country great.

The Challenge to Governments and the Private Sector in an Interdependent World

*Address by Charles W. Robinson
Under Secretary for Economic Affairs¹*

We are moving into a world of interdependence, a world that calls for a change in intergovernmental relationships, and certainly for basic changes in the way in which the private sector relates to the government. This is a great challenge. It's one that does require change, and change is painful. But we must accept this challenge on that basis.

Much of the discussion about private enterprise is mired in unrealistic ideological disputes about the government-business relationship. However, the real problem is how both business and government are going to deal with an increasingly interdependent global environment. This is a complex problem. Let me talk about two aspects of it.

First, new government-to-government relationships are needed if the private sector is to enhance its contribution to global development. We require a new international structure which will permit the market system to function more effectively, for only a relatively open market can assure the prosperity every person and nation desires. Secondly, business and government, both in this country and abroad, must consult closely on the nature of the newly evolving government-to-government relationship and determine how both business and government shall respond to this new challenge.

Let me give you some examples of how these questions are influenced by real events. I came into the government thinking that policies are largely made while sitting at a

desk in Washington. I found that that is not true. Policies evolve out of events, events which create the need for or the opportunity for new policies. I've been deeply involved in three events of this past year which I would like to discuss with you in some detail, because I think it will give you a clear picture of how policies do evolve.

The first example involves the grain negotiations between the United States and the U.S.S.R. The second deals with U.S. efforts to assist the developing countries to accelerate their economic development. And the third concerns the accelerating efforts in various international forums to regulate the global climate in which transnational enterprise must operate.

U.S.-U.S.S.R. Grain Agreement

First, with regard to East-West relations, or more specifically, Soviet agricultural trade, the global food economy had been plagued by cycles of oversupply and shortage, accompanied by large price variations. There are many causes. Some, such as weather, are not within our power to control.

In recent years, however, it has become clear that one major source of market instability must be dealt with: unexpected, massive, and destabilizing Soviet grain purchases. This was a fact which became clear to me as I began to study this problem earlier this year. We began to develop plans for dealing with this eventuality.

Several years ago the Soviets made a very

¹ Made before the Conference Board at New York, N.Y., on Nov. 20 (introductory paragraphs omitted).

important political decision. That decision was to upgrade the diet of the Russian people. This involved increasing the percentage of meat in their diet, which greatly expanded the amount of grain required to sustain that program. They moved into marginal areas which were much more subject to the vagaries of weather. This created the threat of great variation in the quantity of grain produced. There wasn't sufficient emphasis given to stockpiling of grain in good years, and we knew that this inevitably would result in a repetition of what we faced in 1972 and 1973.

At that time we experienced what is sometimes referred to now as the "great grain robbery." But in any event, the sudden massive purchases of grain in the United States resulted in an upsurge of prices that brought about a domestic political reaction and serious criticism of the government. So we recognized that we could not repeat this, and we began to think about how we could avoid the problem in the future.

In May or June of this year, we began to get evidence of a serious crop crisis in Russia. They had projected at that point a 216 million metric ton harvest, but our estimates began to go down and down. Today, perhaps 155-160 million tons may be produced in the Soviet Union, resulting in a 50-60 million ton deficit. They began to purchase grain in our market, purchasing over 10 million tons. Corn and wheat prices went up. We knew that this could not be sustained without very serious political repercussions in our country. We also had a threatened embargo against the export of grain by our AFL-CIO, who were concerned with the impact of grain sales on domestic prices.

In these circumstances, we decided that we had to move ahead with a plan that had been developed to help solve this problem. The President announced a moratorium on further sales of grain to the Soviet Union and announced that he was sending me to Moscow to negotiate an agreement.

After over a month of arduous negotiations, I concluded the grain agreement, which provides for a minimum of 6 million tons of purchases a year, come good crop

year, or bad. This should result in stockpiling of grain in years in which they also have surpluses. The agreement also allowed the U.S.S.R. to purchase up to 8 million tons of grain without consultation. Beyond 8 million tons there's a requirement for the U.S.S.R. to consult with the U.S. Government before additional purchases are made.

I want to emphasize that the government did become involved in establishing a new relationship with the Soviet Union in grain. But it is not the intent of this Administration to interfere with the process of private enterprise.

This agreement provides support for the farmers—the assurance of a higher level of exports—which will encourage increased production in the normal fashion. It supports consumers because we have gone a long way toward avoiding the wide variation in export volume; 80 percent of the fluctuation of our export grain trade is the result of variations in the demand of the Soviet Union. We have supported the grain traders because all sales will be made through the normal private channels. The government is not selling this grain, merely establishing the basis on which it will be sold. We have also supported the shipping industry in providing, in this long-term, five-year contract, assurance of employment of U.S.-flag vessels. So this is a new development, in inter-governmental relationships, but one that does support the private sector.

At the same time, I concluded a letter of intent on oil which establishes the parameters within which we will negotiate a parallel agreement which will give the United States an option, not a commitment, to purchase oil in the Soviet Union of about the same annual value as that of our grain sales—about a billion dollars. The U.S. Government may purchase this oil on favorable terms for its own requirements. Or it has the option of turning the oil over to the private sector. So again we've created a new relationship which is going to influence supply-and-demand relationships throughout the world, but it is not done in a way that interferes with the process of the private sector.

The U.S.-Soviet grain agreement not only maximizes the potential for gain to our private sector; it contributes to our national objective of easing tensions between Communist powers and the West and our sincere belief that greater economic contact between East and West can stimulate this process. In addition, the agreement helps assure that poorer countries and other industrialized countries that depend on grain imports from the United States and elsewhere will not face as volatile a world grain market. Our relationships with them are thereby strengthened.

The Soviet-American grain agreement, then, is an example of how government-to-government negotiations may help set an environment in which the private sector of the economy can prosper and serve the interests of the American public. It is also an example of how the government-business relationship can be mutually supportive.

New Approach to Economic Development

Let me turn to my second example, the relations between developed and developing countries. A year ago the confrontation between developed and developing countries threatened to reach grave dimensions. At the sixth special session of the United Nations in 1974, and in subsequent international meetings, the developing countries made increasingly strident and unrealistic demands on the developed countries. The rhetorical clash between North and South threatened to divide the world. The political confrontation was forcing developing countries into political blocs and economic decisions which bore little relationship to the wide variety of needs which their diverse systems, resources, and potential actually generated.

Much of the increasing militancy of the developing world was triggered by the success of OPEC—the Organization of Petroleum Exporting Countries—in imposing a fivefold increase in oil prices since October 1973. The developing countries saw this as a model through which they might accom-

plish strong cooperative action in exercising control over natural resources.

This problem came to a head in April this year, when a group of 10 nations, seven developing nations and three industrialized nation-groups—the EC [European Community], Japan, and the United States—met at what we call the Prepcon, the preparatory conference for the producer-consumer dialogue. I was chairman of the U.S. delegation at that meeting, and we went in anticipating a discussion on energy. It didn't take more than a minute of the meeting to find that we were suffering a very serious illusion. The developing nations—OPEC and the other developing nations—had formed an alliance, and it was their intent to broaden that discussion to include raw materials and all of the financial-monetary problems that we face throughout the world.

After 11 days of intensive and sometimes even bitter debate, we reached an agreement to disagree, the meeting broke down, and we all went home.

This has been characterized as a failure by some. To me, it was not a failure. It was perhaps the most important single international meeting of this decade. Certainly it made all of us aware of the broad, deep gulf that separated the industrialized and the developing world. It forced us to sit down and reassess our position and determine how we were going to relate to the developing world in this growing confrontation.

As a result of this experience, the United States endeavored to establish a different atmosphere. We undertook an intensive examination of our policies toward existing countries. We wished to determine the areas in which we might advance concrete proposals to benefit both developed and developing countries.

The U.S. approach was articulated in Secretary Kissinger's September 1 speech before the seventh special session of the United Nations. The speech downplayed rhetoric and ideological debate. It advocated instead a global consensus to concentrate on practical measures to deal with well-defined

problems. The United States made specific proposals designed to accelerate economic development in the developing countries and to sustain our own growth. We made it clear that one of the most important contributions we could make in creating opportunities for progress in the developing countries was to provide access to our markets, to our sources of international finance, and to our management and technological expertise, assets which Secretary Kissinger emphasized were most effectively supplied by the private sector.

Thus, as in East-West relations, our basic approach has been to foster a mutually supportive relationship between government and the private sector. In doing this, we seek to strengthen the market system and make it more effective in sustaining our own economic progress while accelerating economic growth in developing countries. This new approach, led by the United States, has changed the international climate, placing us in a much better position to work toward the resumption of the important dialogue that lies ahead between the industrialized nations, the oil-producing nations, and the developing nations.

Opportunity for Constructive Dialogue

At the same time that we were working with attitudes and basic policies, we recognized that we needed to deal with some procedural questions. We had to develop a mechanism whereby this kind of a dialogue could proceed effectively. I spent a great deal of time on this problem during this period, from April until the reconvening of the Prepcon, which took place on the 10th of October in Paris. During this period I visited with President Boumediene in Algeria, with King Khalid and Crown Prince Fahd in Saudi Arabia, and with the Shah of Iran; I spent some time in Venezuela, in Brazil—these are important countries which had participated in the dialogue. And out of that came a general plan for reconvening this important process and getting it back on track.

As a result of this, we held the second

preparatory conference in Paris in October, as I mentioned, and it was highly successful. In fact, the difference between the Paris climate in October and in April led me to the conclusion that I should write a new song. I had a very clever, catchy title—"October in Paris." I'm told it wouldn't sell, so haven't gone further with the idea. But the idea does help illustrate the extent to which things had improved between April and October.

The bilateral talks that I had during this period were largely responsible for getting the dialogue back on the track. They also built a new kind of understanding as to our objectives. It was an educational process on both sides, which I think will be very important in leading us to the next step in the dialogue, which is the Conference on International Economic Cooperation, or CIEC. This meeting will take place in December, or possibly shortly thereafter because there have been some procedural questions which may delay it. It will result in an expansion of the group of nations to 27 from the original 10. These nations will be representative not only in geographical terms but also in terms of need, interests, and objectives.

These 27 nations will meet at ministerial level to give political will to a dialogue which will then be carried forward over the next year in four commissions: one on energy, one on development, one on raw materials, and another on those financial matters that evolve out of the discussion of energy, raw materials, and development. This can be a most important exercise, and one that can have a very significant influence on the course of events in the future.

It is an experiment. The one-year period is to give us all an opportunity to determine whether or not there is the intent, the will, to make this into a constructive dialogue out of which positive progress will be made. If the attitudes are not positive, the dialogue will end up as a failure and we will go on to something else. However, I am confident that the participants intend to make this an important new step in the institutionalizing of interdependence.

There is a need for this kind of an institution, of limited size, made up of countries that are involved and interested and dedicated to finding solutions to our very critical problems. The dialogue is a process which should have a major impact on our relationships with the developing world. I urge that from both the private sector and the government side, we seek to take advantage of this opportunity to build the kind of relationship between the private sector and government which will be important to the success of this effort.

Climate for Transnational Enterprises

The third example which I'd like to discuss with you is the challenge that we're facing as to the shape of forward-looking policies and actions regarding transnational enterprises. I know that you've spent a good part of your morning discussing this challenge. It's a very timely subject, and I wish that I'd had an opportunity to share in the views that were expressed in your meetings this morning.

I like to think of the transnational enterprise as the international extension of a historical economic development within single countries, particularly within the United States. The development of national corporations in the United States near the end of the last century reduced the distortions arising from separation of regional markets. Early in the 20th century, firms moved their operations from the higher wage areas like New England and the Middle Atlantic to the lower wage South and Midwest. Capital was available at lower interest rates in financial centers such as New York or Boston so firms borrowed there, but used the money elsewhere. Companies increased their efficiency and improved markets by bringing capital and technology to labor because labor was a less mobile factor in production.

This development of national companies was not an unalloyed blessing. Many local and regional firms found that they could not compete; consequently, some died and others were absorbed. Many local banks lost con-

trol of the economic life of their localities. Fears grew that competition was dying out; and as a result, we developed antitrust laws to allay these concerns.

Thus we witnessed in this country the establishment of new rules of the game for business operation. In spite of its deficiencies, this did create an environment under which private enterprise could prosper with public support. The transnational enterprise is now facing similar problems on a global scale. As technological leaders, transnational enterprises are now introducing coordinated management, production, and marketing techniques throughout the world. These enterprises are important as global architects, contributing to the integration of the world economy by reducing the distortions erected by both man and nature, just as national companies integrated the U.S. economy in the past.

But like our national companies, transnational enterprises have brought problems as well as benefits. And as in the national experience, the development of new guidelines is inevitable as we endeavor to optimize the benefits of transnational enterprises in an increasingly interdependent world.

However, transnational enterprises have a greater challenge before them today than did the national company at the turn of the century. Whereas our domestic businesses operated in an environment supported by a consensus of liberal capitalist values, the transnational enterprise has no such luxury. It is under attack at home and abroad by labor unions, consumer groups, and the general public. These and other groups are suspicious of big business and concerned about the impact of transnational operations on their own welfare. They call for more controls, tougher treatment of foreign-source income, and stricter enforcement of antitrust laws internationally.

Abroad, many countries, self-conscious about their identities and claims to national sovereignty, are calling for similar controls. Unlike our national scene, the international arena has no highly developed network of enforceable laws and institutions. Each government asserts its sovereignty and, in the

name of national interest, tries to obtain what it considers to be appropriate benefits for itself from national enterprises operating within its boundaries. As a result, there is little sense of order in dealing with the transnational enterprise. This will inhibit its effectiveness and deprive the national governments of the unique contributions they can offer.

The challenge our leaders face, both business and government, is to recognize our interdependence by building a more orderly environment for transnational enterprises that will enhance their contribution to global growth.

A substantial portion of the challenge falls upon our corporate leadership as represented here today. We are living in a world in which change in the global environment is proceeding at an accelerating pace; yet the time required to mobilize corporate and financial resources for development is ever increasing. The demands for more sophisticated technology, the growing scale of efficient investment, the increasingly sophisticated arrangements required for financing, and the complex government negotiations at home or abroad all greatly increase the time required to launch an investment.

The pace of change and the long leadtime for investment combine to place an ever greater premium on our vision and, perhaps more importantly, on our courage. There will be progressively larger benefits for those business leaders who are willing to devote their time and their corporate energy and resources to systematic and farsighted planning for the future.

The challenge also falls squarely on our government leadership. We are in an age of interdependence in which government-to-government contact with respect to economic issues is expanding daily. It is a time when government leaders must cooperate with business leaders to respond to the challenge of interdependence.

I have just returned from Rambouillet, where we participated in the economic summit, which to me was important in that it evidenced the perception of the leaders of the six largest industrialized countries of

the world of the interdependence of our economies. There was a declaration which evidenced the political will and determination to carry forward with a recognition of the global nature of our economies and the importance of working together in solving our common problems.²

Development of Standards of Conduct

There are four areas which I'd like to cite in our international business relations which I believe require priority attention.

First, the time has clearly come when we must discuss standards of conduct for business and government. The U.S. Government and the U.S. business sector together must seek standards of behavior for global business or they will be forced on us by the international community. The only climate conducive to an efficient international marketplace is one characterized by the rules of the game that everyone understands, acknowledges, and respects. Companies should know what is expected of them, and governments, equally, should conform to internationally accepted guidelines.

The Conference Board played an important role in establishing a better understanding of this issue. Four or five years ago I arranged for the Conference Board to study this problem to determine why codes of conduct had failed in the past. And this study was later reported and made public in a pamphlet known as "The Search for Common Ground." This study represents one of the earliest significant involvements of the private sector as an active participant in the development of guidelines of this sort.

As we in the U.S. Government seek answers in this area, we will be guided by the four principles which Secretary Kissinger articulated in the United Nations in September. First, transnational enterprises are obliged to obey local laws and refrain from unlawful intervention in the domestic affairs of host countries. Second, host governments must treat transnational enterprises

² For text of the Declaration of Rambouillet, issued on Nov. 17, see BULLETIN of Dec. 8, 1975, p. 805.

equitably, without discrimination among them, and in accordance with international law. Third, both governments and business must respect the contractual obligations that they freely undertake. Fourth, principles for transnational enterprises should apply equally to domestic enterprises where relevant. These are basic principles which will guide us in our search for answers to these problems.

In this search we are calling on the private sector to cooperate and support this effort. The State Department has formed an advisory committee which will deal with the problem of the transnational enterprises. I'm pleased to say that the Conference Board will be an active participant in that program, as will other executives represented by member companies of the Conference Board.

Multilateral International Investment

A second aspect of international business which deserves attention is the growing negative attitude toward multilateral international investment. The reasons are well known. The issue of national sovereignty and control over transnational firms may lead to growing investment disputes. The traditional bilateral direct-equity investment mode often exposes an individual firm to an unacceptable degree of political risk, especially when large investments are required. Historical trends toward larger fixed-capital needs and toward greater national control could lead to a situation in which the flow of capital, management, and technology for global development is seriously inhibited. The pattern of development could become badly distorted as a result. This poses a great challenge to leaders of transnational enterprises. We must display vision and imagination and courage in developing new modes of operation as the world changes around us.

I believe that we will witness more investments through joint or multiple ownership with increased participation of international financial institutions. The World Bank Group has a special role to play. The

participation of the World Bank, or investment by its affiliate, the International Finance Corporation, is often critical in obtaining finance and achieving host country acceptance of an investment proposal.

We believe that this role for the World Bank Group as facilitators of investment projects and intermediators between private enterprise and government should grow. To accomplish this task, the capital base of the World Bank Group, particularly the International Finance Corporation, must expand. We have proposed a fourfold expansion of the capital of the IFC, from \$100 million to \$400 million. We are strongly urging other nations to join us in this capital-expansion effort.

In some situations, national governments are reluctant to approve investments unless either the government or local nationals can participate in the equity. The IFC may purchase equity in a project under an agreement to sell that equity to host governments or nationals gradually over a period of time. Arrangements such as this can facilitate our international investment program. I also believe that with greater multilateralization of investments the role of the transnational enterprise as a purveyor of managed technology will become even more important. By managed technology, I refer to a form of investment in which technology and management is packaged for international transfer in a flexible set of private sector arrangements, bilateral or multilateral.

These arrangements would ideally permit technology to be continuously adapted to host country needs and integrated with host country material and human resources. The idea that technology can be simply picked off the shelf, or transferred through blueprints or discrete sales of equipment or know-how, is a common illusion which we must overcome.

Regulations and Disclosure Requirements

A third area in which we must concentrate is the harmonization of conflicting international regulations. It is increasingly clear that the transnational enterprise is in

danger of being squeezed by legal jurisdictional disputes among nations. The natural desire of governments to reduce foreign-source income and maximize national taxable income threatens to place an ever-tighter squeeze on the transnational enterprise. The U.S. Government is concerned about these difficulties which transnational enterprises encounter while trying to operate with different rules in different countries. The Department of State and Department of Justice are actively working to harmonize the various laws on antitrust, restrictive business practices, patents, mergers, and joint ventures. This work is being pursued through international forums such as the OECD [Organization for Economic Cooperation and Development] and various U.N. committees and also through bilateral negotiations.

Finally, there is the difficult issue of disclosure. It is a natural inclination for governments to seek maximum public disclosure of facts on private enterprise operations, particularly transnational enterprises under foreign ownership. However, this may lead to many competing demands for information that are costly to accumulate and that occupy top management unnecessarily, both in compliance and in dealing with unreasonable requests. A great deal needs to be done in this area, and we seek your assistance in carrying forward on this important program.

These, then, are four critical areas in which there is a need for international consensus and greater international action. The U.S. Government is determined to act and to solicit business community participation in this effort. The search for constructive solutions to serious international problems is not an exercise in which some are bound to gain while others lose.

We are engaged in a long and laborious set of negotiations among the industrialized nations, and with the developing world, to construct a better environment for international investment and world prosperity. All participants in these negotiations, whether from governments or the private sector, must cooperate to gain the broader

objectives. This is the essence of true statesmanship. We cannot forget this truth in our common search for a more stable world order. I only hope that I can contribute to a more effective partnership relationship between government and the private sector, because this cooperation is so important in our pursuit of this elusive but critical goal.

President Ford's News Conference of November 26

Following are excerpts relating to foreign policy from the transcript of a news conference held by President Ford in the Old Executive Office Building on November 26.¹

Q. Mr. President, in view of recent revelations, are you fully satisfied that you are aware of everything that the CIA does since you became President, and do you accept full responsibility?

President Ford: Miss Thomas [Helen Thomas, United Press International], I certainly hope that I am fully aware of everything the CIA is doing. I can assure you that if I am not fully informed, I will welcome any information that people may have that I don't know about. But I have specifically asked for all information that I think I need concerning matters of the CIA.

Q. Can you say what steps you are taking to guarantee that the American people will never again learn that a Federal agency plotted on the life of a foreign leader or tried to defame a domestic leader like Martin Luther King [Jr.]?

President Ford: I have issued specific instructions to the U.S. intelligence agencies that under no circumstances should any agency in this government, while I am President, participate in or plan for any assassination of a foreign leader. Equally emphatic

¹ For the complete transcript, see Weekly Compilation of Presidential Documents dated Dec. 1, 1975, p. 1318.

instructions have gone to any domestic agency of the Federal Government and/or the CIA, or intelligence agencies, that they should not violate the law involving the right of privacy of any individual in the United States.

Q. Mr. President, have the Soviets offered any kind of proposal that could be considered enough of a breakthrough in the SALT talks [Strategic Arms Limitation Talks] to justify a visit to Moscow by Dr. Kissinger after the China trip?

President Ford: Well, we are of course in communication with the Soviet officials trying to narrow the differences between our last proposal and their last proposal. I can't say this evening that the differences have yet been sufficiently narrowed to justify that the Secretary go to Moscow, but I think it is worthwhile to continue the process. And if we decide that it looks reasonably optimistic, the prospects are that the Secretary will go to Moscow.

Q. Then if he goes to Moscow, it will signal a breakthrough, is that correct, Mr. President?

President Ford: It will signify there has been significant progress.

Q. Mr. President, you do leave for China on Saturday. Do you foresee making any progress on any substantive matters there and, if so, in what areas?

President Ford: I believe that it is always advantageous for the heads of government of two nations, our nation with 214 million people and the Chinese leaders of a country with 800-plus million people, to sit down and talk about our areas of agreement and to discuss how we can eliminate any areas of disagreement.

It is vitally important that we consult rather than confront. And I can't tell you particularly what the outcome will be on a substantive basis—it will depend on how the talks go—but I think it is very worthwhile for those meetings to be held.

Q. Would you say it is worthwhile from a symbolic standpoint because that you have set a meeting and must follow through with it or can it amount to more than that?

President Ford: I think it is definitely a meeting that can have far more meaning than symbolism. I think that the meetings, the talks, can and will be constructive.

Q. Mr. President, there has been increased speculation that there may be another Ford-Brezhnev [Leonid I. Brezhnev, General Secretary of the Central Committee of the Communist Party of the Soviet Union] get-together in the works in either December or January, perhaps when and if Secretary Brezhnev goes to Cuba. Can we expect a Ford-Brezhnev get-together in the next two months?

President Ford: As I said earlier, at the present time on the SALT Two negotiations we are making some headway, but we have not come close enough to justify Secretary Kissinger going to Moscow and certainly not to justify a meeting between Secretary Brezhnev and myself.

On the other hand, we are going to pursue as much as we can and maintain our own position of strength because I think it is in the national interest to put a cap on the strategic arms race. But I can't forecast at this time if and when any such meetings will be held.

Q. Well, do you think it would be helpful to have a Ford-Brezhnev meeting to perhaps break the SALT deadlock or are we still insisting on an agreement in SALT as a prerequisite for any Ford-Brezhnev meeting?

President Ford: I believe that Mr. Brezhnev and I should not meet until we make additional progress.

Q. Mr. President, has Secretary Kissinger talked to you recently or to any top officials in your Administration about the possibility of resigning? Has he complained to you or others in the White House that he felt he

was not receiving sufficient support from the White House, particularly on the House contempt citation move? And, if he has, are you in a position to say whether you—to repeat your earlier promise, or your earlier statement, that you wanted him to stay on through the completion of this term?

President Ford: Secretary Kissinger has not spoken to me about resigning. I continue to give him full and complete support because I think he is one of the finest Secretaries of State this country has ever had. I know of no criticism within the White House staff of his performance of duty and I strongly—and I want to emphasize and re-emphasize that I think he has done a superb job under most difficult circumstances. I certainly want him to stay as long as Secretary Kissinger will stay.

Q. A followup question, if I could, Mr. President, to the earlier statement on the Central Intelligence Agency. As you know, there is a gray area in which the CIA might take an action which could eventually lead to danger or assassination of a political leader. Now, in your first news conference you indicated that you supported such covert activities, particularly in the case of Chile. Do you still support those activities, and if so, what kind of philosophy should the constitutional democracy of America take into the situation?

President Ford: I repeat, under this Administration, no agency of the Federal Government will plan or participate in any assassination plot of a foreign leader. The United States, however, in many cases for its own protection, its own national security, must undertake foreign covert operations, but I am not going to discuss the details of them.

Q. Will you allow the country to involve itself in situations which could potentially be dangerous to other leaders?

President Ford: The people in the intelligence agencies know what my instructions

are. If they violate them, proper action will be taken.

Q. Mr. President, in Angola the Soviets are reported to be heavily involved. Do you find this to be consistent with your understanding of détente?

President Ford: I agree with the content of the speech made by Secretary Kissinger in Detroit last night where he said that the Soviet actions in Angola were not helpful in the continuation of détente. I agree with that, and I hope and trust that there will be proper note taken of it.

Q. Do you intend to do anything about it other than making this statement?

President Ford: I don't want to get into the method or procedure. I said that I agree with the statement made by the Secretary, and I believe that the Soviet Union is not helping the cause of détente by what they are doing. And I hope the message comes across.

Q. Mr. President, there is considerable pessimism these days as to whether peace progress can be maintained in the Golan Heights in the Middle East. The issues seem to be primarily those of land and participation by the Palestine Liberation Organization in negotiations. On the issue of land, it has been reported that the United States has assured Israel that it need make only cosmetic changes in its present lines in the Golan Heights. Is that the fact?

President Ford: That is pure speculation, and we do hope that the process of negotiation will continue in the Middle East. And I hope and trust that we can get the parties together for a just and permanent peace.

Q. On the issue of Palestine Liberation Organization participation, State Department officials suggested that the Palestinian issue was the core of the problem in the Middle East. Do you agree with that?

President Ford: It certainly is a very important part of the problem because the Palestinians do not recognize the State of

Israel, and under those circumstances, it is impossible to bring the Palestinians and the Israelis together to negotiate. So unless there is some change in their attitude, I think you can see a very serious roadblock exists.

Secretary's News Conference of November 28

Following is the transcript of a news conference held by Secretary Kissinger at the Old Executive Office Building on November 28.

Press release 587 dated December 2

Q. Dr. Kissinger, who was your recommendation for the Supreme Court?

Secretary Kissinger: Well, I wanted to say my recommendation was that it should be somebody who had a mind uncluttered by legal knowledge—political scientist with a foreign perspective. [Laughter.]

Q. Have you volunteered?

Secretary Kissinger: That was one of the obstacles I had. [Laughter.]

Q. Can you give us your expectation and not your hope of the chances for an extension of the United Nations toward a mandate on the Golan Heights issue?

Secretary Kissinger: The Security Council is meeting today. I don't know whether it has formally met yet, but there are intensive consultations. The Secretary General has reported about his trip to the Middle East, and I want to take this occasion to pay tribute to his untiring efforts and to his effective role. I think progress is being made and the chances are much better than they looked earlier this week.

There are still one or two problems that have to be ironed out, but I am more optimistic than I was earlier this week.

Q. Mr. Kissinger, the President said at his press conference that he hoped the Soviet

Union would get the message from this country on the intervention in Angola, a sentiment that you indicated you shared when you were in Detroit. Do you have any sign that they have gotten the message? Have you had any response from them?

Q. Question?

Secretary Kissinger: The question is whether the Soviet Union has gotten the message about Angola. We have not yet had a conclusive reply. We have had a preliminary exchange.

Q. Mr. Secretary, I was going to ask you if you feel thoroughly comfortable now with Mr. Moynihan [Daniel P. Moynihan, U.S. Representative to the United Nations]?

Secretary Kissinger: I have always felt thoroughly comfortable with Mr. Moynihan. I don't know how often I can repeat it. Mr. Moynihan has been a good friend of mine whom I recommended for every diplomatic position he has held in this and in the previous Administration. Give or take an adjective, I have agreed with what he has done and said in New York. It is my responsibility, as Secretary of State, to relate what happens in New York to other aspects of our foreign policy, so I inevitably have to think of the broader canvas.

On Ambassador Moynihan's role in New York, I was comfortable with him before, I am comfortable with him now; he was a good friend of mine before, he is a good friend of mine now; he had my full support, and he continues to have my full support.

Q. Mr. Secretary, in the confirmation hearings you testified the United States played only a minor part in the 1970 election in Chile. Since then we have had the Senate report where Director Helms testified about the September 15, 1970, meeting which you attended where President Nixon ordered the CIA to help stage a military coup to block Allende from taking power. Now, do you think those two statements, that the United States played a minor role in the events listed in the Senate report, can be reconciled?

Secretary Kissinger: The essential elements of the report, when all the mass of

detail is stripped away from it, are that the President asked that they look into the possibility of a coup and that this was turned off on October 15 and that the group which did it was not the group with which they looked into it. Those are the essential elements, and this is in the report.

If you strip away all the phrases and all this massive documentation, those are the key facts and those are absolutely consistent with what was said.

Q. May I follow that up? The CIA was not turned off. Why weren't you supervising the CIA so it did get turned off?

Secretary Kissinger: I stick by what I have said. What was done on October 22 was not what was done by the CIA.

Q. What about all the CIA activities after October 15, when you said they were turned off?

Secretary Kissinger: I have made the essential point that can be reconciled; that is in the report; and beyond that I do not want to go now.

Q. Mr. Secretary, back to Angola for a moment. Can you foresee any set of circumstances under which the United States might intervene militarily in Angola?

Secretary Kissinger: The United States has no plans to intervene militarily in Angola.

Q. That is either by direct or sending military arms there by MAP [military assistance program]?

Secretary Kissinger: I said the United States cannot be indifferent to what is going on, but the United States will not intervene militarily in Angola.

Q. Mr. Secretary, on that, some of us at the President's news conference the other night sensed a certain hardening of the U.S. position toward the Soviet Union from his reaction to the question on Angola and also his reaction on a possible Ford-Brezhnev meeting, saying there will be no meeting until progress is made. Is the United States more unhappy now with the Soviet Union

because of the Angola situation, and has there been a hardening of the U.S. attitude toward Moscow?

Secretary Kissinger: I have never liked characterizing foreign policy in terms of soft or hard. The United States objects to what the Soviet Union is doing in Angola. The United States believes that the policy of relaxation of tensions with the Soviet Union is essential for our two countries and for the peace of the world. We have seen no viable alternative that anybody has put up to the policy of relaxation of tensions except rhetoric. We will therefore pursue it.

We believe that the limitation of strategic arms is essential. We are prepared to modify our position if the Soviet Union is prepared to modify its own, and we will make a serious effort to bring about a limitation of strategic arms.

The relationship between us and the Soviet Union must clearly be based on reciprocity. It cannot be done by one country alone. When we take the effort seriously, we will resist unilateral efforts and unilateral measures by the Soviets, and we will not make the unilateral concessions in SALT [Strategic Arms Limitation Talks]. But the basis for a relaxation of tensions exists, and we will pursue it with great seriousness of purpose.

Q. Mr. Secretary, what is your view on the alleged help given by South Africa to one of the factions in Angola? Do you see that as seriously as you do the Soviet's alleged intervention in Angola?

Secretary Kissinger: To the best of my knowledge, the South Africans are not engaged officially; that is, they are not engaged with their own military forces. But we would prefer all outside forces, all outside intervention, to cease.

Q. Is each side seemingly ready to change its proposal on SALT, and are you going to Moscow?

Secretary Kissinger: We are discussing the possibility of a trip to Moscow; and, if I go, you can assume that it is on the basis that both sides will modify their position. It

does not mean that the modified position necessarily will lead to an agreement, but at least we will not be talking on either side on the basis of the old proposals.

Q. Mr. Secretary, may I ask one more question on Chile? Were you saying that the CIA was out of control when they shipped three submachineguns by diplomatic pouch?

Secretary Kissinger: I have said the essence of this; I have said what is in the report. I do not think it is appropriate for me to get into any further questions, and I have stated the essence of the issue in relation to your first question.

Q. Mr. Secretary, what are the chances of your going to Moscow to discuss SALT in the near future?

Secretary Kissinger: The possibility exists.

The press: Thank you, Mr. Secretary.

President Ford Announces Measures Against Discrimination

*Statement by President Ford*¹

I am today announcing a number of decisions that provide a comprehensive response to any discrimination against Americans on the basis of race, color, religion, national origin, or sex that might arise from foreign boycott practices.

The U.S. Government, under the Constitution and the law, is committed to the guarantee of the fundamental rights of every American. My Administration will preserve these rights and work toward the elimination of all forms of discrimination against individuals on the basis of their race, color, religion, national origin, or sex.

Earlier this year, I directed the appropriate departments and agencies to recommend firm, comprehensive, and balanced actions to protect American citizens from the discriminatory impact that might result from the

boycott practices of other governments. There was wide consultation.

I have now communicated detailed instructions to the Cabinet for new measures by the U.S. Government to assure that our antidiscriminatory policies will be effectively and fully implemented.

These actions are being taken with due regard for our foreign policy interests, international trade and commerce, and the sovereign rights of other nations. I believe that the actions my Administration has taken today achieve the essential protection of the rights of our people and at the same time do not upset the equilibrium essential to the proper conduct of our national and international affairs.

I made the basic decision that the U.S. Government, in my Administration, as in the Administration of George Washington, will give "to bigotry no sanction." My Administration will not countenance the translation of any foreign prejudice into domestic discrimination against American citizens.

I have today signed a directive to the heads of all departments and agencies.² It states:

1. That the application of Executive Order 11478 and relevant statutes forbid any Federal agency, in making selections for overseas assignments, to take into account any exclusionary policies of a host country based upon race, color, religion, national origin, sex, or age. Individuals must be considered and selected solely on the basis of merit factors. They must not be excluded at any stage of the selection process because their race, color, religion, national origin, sex, or age does not conform to any formal or informal requirements set by a foreign nation. No agency may specify, in its job description circulars, that the host country has an exclusionary entrance policy or that a visa is required;

¹ Issued on Nov. 20 (text from White House press release).

² For text of the directive, see Weekly Compilation of Presidential Documents dated Nov. 24, 1975, p. 1306.

2. That Federal agencies are required to inform the State Department of visa rejections based on exclusionary policies; and

3. That the State Department will take appropriate action through diplomatic channels to attempt to gain entry for the affected individuals.

I have instructed the Secretary of Labor to issue an amendment to his Department's March 10, 1975, Secretary's memorandum on the obligation of Federal contractors and subcontractors to refrain from discrimination on the basis of race, color, religion, national origin, or sex when hiring for work to be performed in a foreign country or within the United States pursuant to a contract with a foreign government or company. This amendment will require Federal contractors and subcontractors that have job applicants or present employees applying for overseas assignments to inform the Department of State of any visa rejections based on the exclusionary policies of a host country. The Department of State will attempt, through diplomatic channels, to gain entry for those individuals.

My Administration will propose legislation to prohibit a business enterprise from using economic means to coerce any person or entity to discriminate against any U.S. person or entity on the basis of race, color, religion, national origin, or sex. This would apply to any attempts, for instance, by a foreign business enterprise, whether governmentally or privately owned, to condition its contracts upon the exclusion of persons of a particular religion from the contractor's management or upon the contractor's refusal to deal with American companies owned or managed by persons of a particular religion.

I am exercising my discretionary authority under the Export Administration Act to direct the Secretary of Commerce to issue amended regulations to:

1. Prohibit U.S. exporters and related service organizations from answering or complying in any way with boycott requests that would cause discrimination against U.S.

citizens or firms on the basis of race, color, religion, sex, or national origin; and

2. Require related service organizations that become involved in any boycott request to report such involvement directly to the Department of Commerce.

Related service organizations are defined to include banks, insurers, freight forwarders, and shipping companies that become involved in any way in a boycott request related to an export transaction from the United States.

Responding to an allegation of religious and ethnic discrimination in the commercial banking community, the Comptroller of the Currency issued a strong Banking Bulletin to its member national banks on February 24, 1975. The bulletin was prompted by an allegation that a national bank might have been offered large deposits and loans by an agent of a foreign investor, one of the conditions for which was that no member of the Jewish faith sit on the bank's board of directors or control any significant amount of the bank's outstanding stock. The bulletin makes it clear that the Comptroller will not tolerate any practices or policies that are based upon considerations of the race or religious belief of any customer, stockholder, officer, or director of the bank and that any such practices or policies are "incompatible with the public service function of a banking institution in this country."

I am informing the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Federal Home Loan Bank Board that the Comptroller's Banking Bulletin reflects the policy of my Administration, and I encourage them to issue similar policy statements to the financial institutions within their jurisdictions, urging those institutions to recognize that compliance with discriminatory conditions directed against any of their customers, stockholders, employees, officers, or directors is incompatible with the public service function of American financial institutions.

I will support legislation to amend the

Equal Credit Opportunity Act, which presently covers sex and marital status, to include prohibition against any creditor discriminating on the basis of race, color, religion, or national origin against any credit applicant in any aspect of a credit transaction.

I commend the U.S. investment banking community for resisting the pressure of certain foreign investment bankers to force the exclusion from financing syndicates of some investment banking firms on a discriminatory basis.

I commend the Securities and Exchange Commission and the National Association of Securities Dealers, Inc., for initiating a program to monitor practices in the securities industry within their jurisdiction to determine whether such discriminatory practices have occurred or will occur. I urge the SEC and NASD to take whatever action they deem necessary to insure that discriminatory exclusion is not tolerated and that non-discriminatory participation is maintained.

In addition to the actions I am announcing with respect to possible discrimination against Americans on the basis of race, color, religion, national origin, or sex, I feel that it is necessary to address the question of possible antitrust violations involving certain actions of U.S. businesses in relation to foreign boycotts. The Department of Justice advises me that the refusal of an American firm to deal with another American firm in order to comply with a restrictive trade practice by a foreign country raises serious questions under the U.S. antitrust laws. The Department is engaged in a detailed investigation of possible violations.

The community of nations often proclaims universal principles of human justice and equality. These principles embody our own highest national aspirations. The antidiscrimination measures I am announcing today are consistent with our efforts to promote peace and friendly, mutually beneficial relations with all nations, a goal to which we remain absolutely dedicated.

Generalized System of Preferences To Take Effect January 1, 1976

Following is a statement issued by the Office of Special Representative for Trade Negotiations (STR) on November 24.

STR press release 211 dated November 24

Ambassador Frederick B. Dent, Special Representative for Trade Negotiations, announced on November 24 that the President has signed an Executive order which implements the grant of duty-free entry, up to certain dollar-value and import-percentage limits, of imports from eligible developing countries.¹ This U.S. generalized system of preferences (GSP) will take effect on January 1, 1976.

The product list includes 2,724 items, which on the basis of 1974 trade data accounted for \$2.6 billion in trade from eligible countries, or approximately 2.6 percent of total U.S. imports. Of U.S. dutiable non-petroleum imports from eligible developing countries, this accounts for 19 percent.

In making this announcement, Ambassador Dent emphasized that GSP is one element in a coordinated and concerted effort by the world's industrialized trading nations to bring developing countries more fully into the international trade system. Along with other major developed countries, Ambassador Dent stressed, U.S. policy is to encourage developing countries to diversify their production and exports in order to earn their own way more competitively in world trade, thus decreasing their need for external assistance over the long run and also contributing to expanded market opportunities for all nations, including the United States. Generalized tariff preferences, he pointed out, are one way of implementing that policy. Other ways also are being sought in the multilateral trade negotiations currently in progress in Geneva, Switzerland.

¹ For text of Executive Order 11888 signed Nov. 24, see 38 *Fed. Reg.* 55276.

Notwithstanding its relatively small impact on the total U.S. import market, the GSP now being implemented is expected to offer broader export opportunities to beneficiary countries to the extent they make use of it as an incentive to diversify their industrial production. Trade opportunities in the article classifications eligible for GSP currently total \$25 billion a year. Preferences will give developing countries a margin over developed countries in competing for this \$25 billion worth of imports, plus any growth in these import categories, up to competitive-need ceilings.

The President's Executive order also makes certain revisions in the list of developing countries and dependent territories designated as eligible for GSP last March.² Principal changes in the March list include the addition of five countries and three dependent territories and the removal of two countries. The revised list included 98 countries and 39 territories.

Six of the additions are those whose eligibility for GSP has been under consideration since last March, under the statutory requirements of title V of the Trade Act of 1974, which authorized GSP. Now determined to be eligible are: Cyprus, Israel, Romania, Somalia, and Turkey. In addition, Christmas Island and the Cocos (Keeling) Islands and Hong Kong also have been found eligible dependent territories.

The two countries which were eligible last March but which no longer qualify are the Khmer Republic (Cambodia) and Viet-Nam (South). In addition, six countries which were designated as dependent territories in March had their status modified to reflect their attainment of independence. These countries are: Angola, Cape Verde, Mozambique, Papua New Guinea, Sao Tome and Principe, and Surinam.

In determining eligibility, the law provides for the following factors to be taken

into account: an expression by a country of its desire to be designated as a beneficiary developing country; its level of economic development; whether or not other major developed countries extend to it similar generalized tariff preferential treatment; and the extent to which it has assured the United States of reasonable access to its markets and basic commodity resources.

In addition, the law precludes GSP for any country which:

a. Is a Communist country, unless it is a member of the General Agreement on Tariffs and Trade and the International Monetary Fund, receives most-favored-nation tariff treatment, and is not dominated or controlled by international communism;

b. Is a member of the Organization of Petroleum Exporting Countries or any other cartel and withholds vital commodity supplies from international trade, or raises prices to an unreasonable level which causes serious disruption of the international economy;

c. Grants preferential treatment to exports of a developed country which causes a significant adverse effect on U.S. commerce, unless it has given satisfactory assurances that it will remove such preferences or their significant adverse effect;

d. Has nationalized or effectively nationalized U.S. property or abrogated a contract without prompt, adequate, and effective compensation, unless it is engaged in good-faith negotiations or has submitted to binding arbitration such actions;

e. Does not cooperate with the United States in preventing illegal entry of narcotics into the United States; or

f. Fails to abide by arbitral awards in favor of the United States.

The last three exclusions may be waived by the President, but only in the national economic interest. All designated beneficiaries are under continuous review to assure they meet statutory requirements for eligibility.

The law provides for competitive-need

² For a Department statement issued Mar. 24 and text of Executive Order 11844 issued that day, see BULLETIN of Apr. 21, 1975, p. 506.

limitations on the extent to which countries may benefit from GSP. If imports of any eligible article from any one beneficiary country in any one year exceed \$25 million (modified each year to reflect changes in the U.S. gross national product) or 50 percent of total U.S. imports of that article, duty-free treatment is automatically withdrawn for that country for that article for the following year and until such time as those imports fall below these ceilings and their eligibility is reinstated.

In addition to regular import-relief procedures, the law provides for special safeguards against domestic injury authorizing the President to suspend, modify, or withdraw preferences for any article or for any country. Regulations to govern these special safeguards will be issued shortly. Also, articles receiving GSP are subject to countervailing-duty actions if they cause or threaten domestic injury and to restraints authorized against dumping or other illegal or unfair trade practices.

The Congress specifically excluded from GSP imports of products subject to outstanding escape clause proclamations or national security actions; such "import-sensitive" articles as watches, textiles subject to international trade agreements, and certain footwear; and articles, including electronic products, products of iron and steel, and glass, which are determined to be import sensitive. In addition, the law excludes from GSP other articles determined by the President to be import sensitive.

An initial list of some 3,000 articles was published last March, along with the list of 29 eligible beneficiary developing countries and 43 territories, and a list of 24 countries and territories under consideration for GSP. This list excluded some 2,000 items declared import sensitive in the statute. After the required competitive-need limitations were applied, the trade value of the 3,000 items came to \$3.5 billion.

The U.S. International Trade Commission and an interagency panel chaired by STR held extensive public hearings throughout the United States last spring and summer

to determine import sensitivity of these articles.

Further, the revised list of eligible countries and articles was reviewed by all interested U.S. Government agencies, up through the Cabinet-level Trade Policy Committee chaired by Ambassador Dent, which advised the President on country and product eligibility. As a result of these procedures, some 300 additional items worth about \$1 billion were found to be import sensitive and thus ineligible for GSP.

In addition to the statutory exclusions, items the President determined to be import sensitive include automobiles; certain items of glass, china, and earthenware; honey and certain fruits and vegetables; bicycles, certain sporting goods, firearms, hardware, clocks, and electronic products; certain leather and wood products; and some chemicals.

The United States is the 23d nation to adopt comparable systems of generalized tariff preferences for exports of developing countries. Implementation of GSP will fulfill a longstanding commitment of the United States, made by the past several Administrations.

In addition, the United States is committed to consider certain special and differential treatment of developing countries in the current multilateral trade negotiations in progress in Geneva, Switzerland. However, in these considerations, in contrast to the nonreciprocal grant of GSP, the United States will be seeking trade contributions from developing countries consistent with their financial development and trade needs in exchange for measures to encourage their further trade expansion. Priority is being requested by all developing countries for expanded export opportunities in certain tropical products.

These measures taken to expand the two-way trade, development, and economic growth of the developing countries also are expected to expand job-creating export opportunities for the United States as well as increase assurance of access to sources of vital commodity supplies.

Protocol of Amendment to Rio Treaty Transmitted to the Senate

*Message From President Ford*¹

To the Senate of the United States:

I am transmitting for the Senate's advice and consent to ratification the Protocol of Amendment to the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) signed at San Jose July 26, 1975. I also am transmitting, for the information of the Senate, the report of the Department of State with respect to the Protocol.

The signing of the Protocol of San Jose was a major development for the Inter-American System and a reaffirmation of the importance of our own relationship with the countries of Latin America. The Amendments, taken as a whole, do not alter the Rio Treaty's fundamental thrust; rather, they are for the most part constructive changes which will make the Treaty more flexible and politically viable in the years ahead.

The San Jose Conference of Plenipotentiaries for the amendment of the Rio Treaty constituted the final step in a process which began in April 1973 when the General Assembly of the Organization of American States, with the support of the United States, began an effort aimed at modernizing the instruments of the Inter-American System so as to make them more responsive to today's needs. The Protocol thus represents the end product of a conceptual and drafting process which began more than two years ago.

The most significant changes embodied in the Protocol in the Rio Treaty are (1) a provision for lifting sanctions by majority vote rather than the two-thirds vote required for all other decisions under the Treaty; (2) specific provision for non-binding recommendations and for conciliatory and peace-making steps as well as for binding measures; (3) a narrowing of the geographic area in which the "attack against one, attack against all" applies, eliminating

Greenland and some high seas areas, and limiting its applicability to attacks against other states parties (instead of all "American states"); (4) the incorporation of a more complete definition of aggression than appeared in the original treaty, following the lines of the definition approved in 1974 by the General Assembly of the United Nations; and (5) the addition of an article providing that "collective economic security" shall be guaranteed by a special treaty (a provision to which the United States submitted a reservation at the time of signature).² While the inclusion of an article on collective economic security represents an unfortunate detraction from the Protocol's balance and good sense, on the whole, the amendments improve this basic instrument of inter-American security and peacekeeping.

It is significant from the point of view of the United States that many other proposed changes were *not* embodied in the Protocol. For example, a proposal supported by some that would have limited the "attack against one, attack against all" concept to attacks coming from within the hemisphere was soundly defeated. Similarly, efforts to limit the authority of the Organ of Consultation to deal with a broad range of acts which could endanger the peace of America were unsuccessful. The result, in our view, was a reaffirmation of the basic principles of the Rio Treaty rather than a weakening of them. Nevertheless, I believe the protection of interests of the United States with respect to its position on the concept of collective economic security requires a formal reservation to that Article when the United

¹ Transmitted on Nov. 29 (text from White House press release); also printed as S. Ex. J, 94th Cong., 1st sess., which includes the text of the protocol and the report of the Department of State.

² The reservation reads as follows:

"The United States, in signing this Protocol of Amendment to the Inter-American Treaty of Reciprocal Assistance, accepts no obligation or commitment to negotiate, sign or ratify a treaty or convention on the subject of collective economic security."

States deposits its instrument of ratification, along the lines of the reservation made at the time of signing.

The various amendments to the Treaty are dealt with in detail in the enclosed report by the Department of State and the summary of amendments.

I strongly believe that it is in the national interest of the United States to ratify the proposed amendments. I therefore urge that the Senate give its advice and consent to ratification by the United States of the Amendment to the Rio Treaty contained in this Protocol, and that it do so as promptly as possible consistent with its constitutional responsibilities.

GERALD R. FORD.

THE WHITE HOUSE, *November 29, 1975.*

U.S. and Japan Hold Conference on Natural Resources

Joint Statement, November 7

Press release 570 dated November 14

The Eighth Meeting of the U.S.-Japan Conference on the Development and Utilization of Natural Resources (UJNR) was held in Washington, D.C. on November 6-7, 1975. The Conference was called to order by the Chairman of the U.S. Delegation, Acting Deputy Assistant Secretary of State [for Advanced and Applied Technology Affairs] Oswald Ganley. The Japanese Delegation was headed by Dr. Keishin Matsumoto, General Director, Agency of Industrial Science and Technology, Ministry of International Trade and Industry.

Remarks and welcoming addresses were given by Acting Assistant Secretary of State [for Oceans and International Environmental and Scientific Affairs] Myron B. Kratzer and Minister Seiya Nishida of the Embassy of Japan.

Since its inception in 1964 the UJNR has offered a beneficial forum for bilateral co-

operation between Japan and the United States through increased communications and cooperation among technical specialists, and the exchange of information, data, research findings, equipment and samples. Almost 300 scientists and technicians have participated in joint projects.

At the Conference held in Washington, reports were presented by representatives of the following 17 UJNR panels and 1 committee:

- Desalting
- Forage Germ Plasm
- Forestry
- National Parks and Equivalent Reserves
- Protein Resources
- Toxic Microorganisms
- Wind and Seismic Effects
- Aquaculture
- Mycoplasmosis
- Marine Resources Engineering and Coordination Committee
- Marine Mining
- Marine Facilities
- Marine Electronics and Communications
- Diving Physiology and Technology
- Seabottom Survey
- Marine Geology
- Marine Environmental Observation and Forecasting.

Among the achievements which were noted during the Eighth General Conference are the following:

1. Forage Seeds

The original activities of the Forage Seeds Panel have been brought to a very successful conclusion. The results give Japan a source of forage seeds, since due to climatic conditions seed production is difficult in that country. For the United States this opens an important market for certified forage seeds.

2. Diving Physiology and Technology Panel

The Diving Physiology and Technology Panel will continue and expand the cooperative program with the University of Hawaii and JAMSTEC [Japan Marine Science and Technology Center], and will initiate a program on mutually agreed-upon standard methodology for measuring diver performance, diving equipment standards, methods

of standardized data collection, and an agreed-upon protocol for obtaining long bone x-rays. An extensive dry chamber dive at the JAMSTEC facilities on Yokosuka was most successful.

3. Toxic Microorganisms

The Panel on Toxic Microorganisms has continued its activity in the encouragement of research and the dissemination of information regarding two groups in microorganisms responsible for foodborne illness in both countries. Immediate results of these efforts have been (1) the discovery by a joint research effort, that the Japanese method of botulism antitoxin manufacture produces a product superior to that manufactured in the United States; (2) the publication of an improved nomenclature for distinguishing types of botulinal toxins; (3) the dissemination of information, gained in Japan, regarding the potentials of a marine bacteria, *Vibrio parahaemolyticus*, to cause acute foodborne illness in the U.S., and the establishment of methods for avoiding such outbreaks; (4) the encouragement of research on the isolation, identification, and characterization of mycotoxins; (5) the planning for an international symposium on mycotoxins to be held in October 1976 in the Washington, D.C. area.

At the concluding session of the conference the following actions were taken:

1. Creation of a new panel on Fire Research and Safety.
2. The conference agreed that the functions of the UJNR Energy Panel come within the jurisdiction of the US-Japan Energy Research and Development Agreement and also that the UJNR Energy Panel be dissolved.
3. The UJNR reserves the right to retain competence in energy-related topics of interest to UJNR panels.

The date of the 9th UJNR Conference will be discussed by the Japanese and United States Coordinators at their next administrative meeting.

Congressional Documents Relating to Foreign Policy

94th Congress, 1st Session

To Promote Improved Relations Between the United States, Greece, and Turkey, To Assist in the Solution of the Refugee Problem on Cyprus, and To Otherwise Strengthen the North Atlantic Alliance. Report of the House Committee on International Relations, together with opposing, supplemental, dissenting, additional and separate views on S. 846, to authorize the further suspension of prohibitions against military assistance to Turkey, and for other purposes. H. Rept. 94-365. July 16, 1975. 37 pp.

Disapproving Proposed Sales to Jordan of Hawk Missile and Vulcan Antiaircraft Systems. Report of the House Committee on International Relations, together with minority and additional views, to accompany H. Con. Res. 337. H. Rept. 94-392. July 24, 1975. 11 pp.

The Effectiveness of Turkish Opium Control. Hearing before the Subcommittee on Future Foreign Policy Research and Development of the House Committee on International Relations. Part I; July 28, 1975; 99 pp. Part II; September 11, 1975; 71 pp.

Multinational Corporations in Brazil and Mexico: Structural Sources of Economic and Noneconomic Power. Report to the Subcommittee on Multinational Corporations of the Senate Committee on Foreign Relations by Richard S. Newfarmer and Willard F. Mueller, University of Wisconsin, with foreword by Senator Frank Church. August 1975. 212 pp.

The Third U.N. Law of the Sea Conference, Geneva Session, March-May 1975. Report to the Senate by Senators Claiborne Pell, Thomas McIntyre, Clifford Case, Charles McC. Mathias, Jr., and Ted Stevens, with additional views by Senator Mike Gravel. August 1975. 156 pp.

Analyses of Effects of Limited Nuclear Warfare. Prepared for the Subcommittee on Arms Control, International Organizations and Security Agreements of the Senate Committee on Foreign Relations. September 1975. 156 pp.

The Multinationals: The View From Europe—Munich: 1975. Report on the seventh meeting of Members of Congress and of the European Parliament, April 1975. September 1975. 130 pp.

Expansion of Membership of the Inter-American Development Bank and Lending to the Caribbean Development Bank. Communication from the Secretary of the Treasury transmitting a special report of the National Advisory Council on International Monetary and Financial Policies. H. Doc. 94-237. September 3, 1975. 195 pp.

Sense of Congress With Respect to International Women's Year. Report of the House Committee on International Relations to accompany H. Con. Res. 309. H. Rept. 94-450. September 3, 1975. 6 pp.

United States Reviews Status of Implementation of Decisions of Seventh Special Session of the U.N. General Assembly

Following is a statement made in Committee II (Economic and Financial) of the U.N. General Assembly by U.S. Representative Jacob M. Myerson on November 20.

USUN press release 156 dated November 20

As speakers have repeatedly emphasized in the present session of the General Assembly—and during the discussions in this committee—the seventh special session marked what we all hope will be a new beginning, a process of negotiation in the cause of international economic cooperation and development.

For my own government, this view has been underlined here by Secretary Kissinger and by Ambassador Moynihan. It has also been reflected in a report to the Congress by an advisory group of that body which participated in U.S. preparations for the special session and in the session itself.

Mr. Chairman, I wish to speak to these matters on the present occasion for several reasons. First, the outcome of the special session illustrates dramatically the fact that our governments and our delegations can find important areas of agreement over and beyond differences of ideology or philosophy. Secondly, we thought it worthwhile, with the passage of two months, to review where we stand in carrying out Resolution 3362, even though completing the process will inevitably be long and difficult.¹ Thirdly, we consider these matters relevant to several items that are still before this committee.

A considerable number of international

actions have already been undertaken with a view to the earliest implementation of essential elements of Resolution 3362. For example:

—The International Monetary Fund (IMF) is actively considering the various elements of the U.S. proposal to provide protection against severe fluctuations in export earnings.

—Negotiations are moving ahead in the quest to establish an International Fund for Agricultural Development (IFAD).

—The International Wheat Council has begun the discussion of world food reserves.

—Negotiations on the fifth replenishment of the International Development Association (IDA) begin in Paris this month.

—Discussions on commodities are continuing in the UNCTAD [U.N. Conference on Trade and Development] and in other forums, and negotiations are either completed or underway regarding several important commodities. The tin and cocoa negotiations are completed, and coffee negotiations are in process.

—The multilateral trade negotiations in Geneva are considering questions relating to special treatment for developing countries in the areas of nontariff barriers, modification of tariff rate escalation for processed goods, and special tariff rates for tropical products.

These are illustrations of the numerous important proposals which the members of the General Assembly agreed to pursue in the consensus resolution of September 16. Naturally, implementation of these and other elements of this multifaceted resolu-

¹ For text of the resolution, adopted by the seventh special session of the U.N. General Assembly on Sept. 16, see BULLETIN of Oct. 13, 1975, p. 558.

tion must proceed on many fronts concurrently.

We are pleased, therefore, that the second preparatory session in Paris last month succeeded in laying the foundation for the Conference on International Economic Cooperation, which will begin its deliberations at the ministerial level in December. We hope and expect that the commissions on energy, raw materials, development, and related financial questions will make substantial progress in building areas of consensus between the developing and developed countries—and will give impetus to negotiations on individual issues.

We also look forward to the fourth meeting of the U.N. Conference on Trade and Development in Nairobi next May. It will afford an opportunity to continue negotiations on relevant subjects in greater detail.

Proposals for Development Financing

One of the more significant initiatives contained in Resolution 3362 concerns the establishment of a development security facility in the International Monetary Fund. The facility will provide substantial financial support to developing countries in years in which their export earnings fall short of their trend. This financing should allow recipient nations to maintain essential elements of their development programs. This would be accomplished in two ways under the proposals: First, by considerably liberalizing the existing IMF compensatory financing facility; and second, by utilizing funds from the proposed Trust Fund in the IMF to finance grants to the poorest countries.

I understand that the Executive Directors of the IMF have these and other proposals under active consideration. The aim is to reach agreement on the expanded features of the facility by the time the IMF Interim Committee meets in January.

The IMF Executive Board is working intensively on implementation of the proposed Trust Fund, as agreed in principle by the IMF-IBRD Development Committee in September, to be financed in part through use of the proceeds of the IMF gold sales. The

United States continues to believe that the Trust Fund represents a desirable and appropriate response to the urgent balance-of-payments financing needs of the most seriously affected developing countries.

A number of other specific actions following the seventh special session are going forward. I have already referred to the replenishment of the IDA, which is of enormous importance in providing concessional loans to the poorest developing countries. It is our understanding that the World Bank [International Bank for Reconstruction and Development (IBRD)] hopes the IDA negotiations will be completed next year. We were pleased to join the consensus on a resolution of this committee last week intended to mobilize support for the replenishment of this major development body.

There are now two specific proposals for liberalizing the IMF's buffer stock facility. One would allow drawings to be separate from a country's unconditional access to its IMF gold tranche and the other would sever the existing link between drawings from this facility and the compensatory financing facility. These proposals are now under active discussion by the IMF Executive Directors.

The World Bank is soon expected to present to members a proposal regarding expansion of the International Finance Corporation. The IFC has broad experience in supporting private enterprise in many developing countries. The proposed enlargement of its capital base should greatly strengthen the scope and effectiveness of that institution's contribution to development. Also, there is a proposal before the IFC under which that body would manage an international investment trust to attract new capital for investment in individual firms—public, private, and mixed—in developing countries. This proposal could stimulate the investment of billions of dollars of essential resources in developing countries. We hope that it will move forward rapidly.

There appears to be general agreement that the developing countries should have better access to private foreign capital markets. A special working group of the IMF—

IBRD Development Committee is now studying the capital markets. We expect that this work will clarify the conditions under which international capital movements actually take place and will lead to practical suggestions for improvement.

Commodities and Other Trade Matters

In the field of commodities, we believe that proposals to improve compensatory financing for export earnings and improved conditions for investment can ameliorate the problems for developing countries caused by instability of supplies and gyrating prices. For most significant commodities, discussion forums already exist, although ways to improve their functioning are now being considered. In some cases—copper, possibly iron ore and bauxite—we need to consider the establishment of forums where both producers and consumers are represented. Overall, we recognize the fundamental importance of commodity issues to all countries and urge participants to persevere in finding solutions in UNCTAD and elsewhere that take into account the interests of both producers and consumers.

In other trade matters, we intend to implement the American system of generalized preferences at the beginning of the year. This system is intended to expand opportunities for developing countries' exports, particularly in the manufacturing sector.

The multilateral trade negotiations continue to offer a major forum for seeking improvements in the world trading system. We believe that countries in the earlier stages of economic development should receive special treatment in a variety of ways. We also continue to believe that the quality of participation and obligations of the developing countries in relation to the world trading system should reflect their evolving levels of development.

With regard to nontariff barriers in the multilateral trade negotiations, the question of special treatment for the developing countries is under active discussion in the context of an international export subsidy and countervailing duty code.

The Tropical Products Group in the multilateral trade negotiations recently agreed to continue active consultations with a view toward tabling tariff offers by March 1 of next year. We need to maintain, and to quicken if possible, the pace of work in the negotiations on issues of interest to developing countries. This is necessary in our view to insure that they share in the benefits of the Tokyo round and that they have full opportunity to participate in the world trading system.

Food Security and Agricultural Self-Help

Mr. Chairman, Resolution 3362 also gives recognition to the importance of food and agriculture in the total mosaic of economic development. Not only are adequate food supplies a sine qua non for economic and social development, but the growing international trade in foodstuffs is also a reflection of the interdependence of nations.

We take great satisfaction from the reinforcement provided by the special session to the commitments made at the 1974 World Food Conference. The international community has made considerable progress in implementing the recommendations of the Rome Conference. We trust that the political will evidenced at the special session will lead to the progressive removal of remaining obstacles so that a solution to the world's longer range food problems may be achieved. This will require sustained effort by all nations, developing as well as developed.

Among the recommendations of the seventh special session in the field of food and agriculture, we believe the following deserve priority attention:

—First, the solution to world food problems lies primarily in increasing food production in the developing countries. There is also, however, a need to increase the volume of food assistance to developing countries, and all those in a position to do so should increase their contributions.

—Second, as a transitional measure, all countries should accept the principle of a minimum global food aid target.

—Third, to provide a basic system of world food security, agreement on an internationally coordinated system of national food reserves should be achieved promptly.

There are other positive recommendations in the food and agriculture sections of Resolution 3362, including those bearing on the need to support the expansion of the work of existing international agricultural research centers, reduction of postharvest food losses, and expansion of agricultural trade opportunities for all countries.

In pursuit of the key objectives of improving world food security, the United States continues to accord highest priority to agricultural development and nutrition in its own development assistance programs. During the present fiscal year we plan to double our direct aid for these purposes.

Resolution XIII of the World Food Conference calling for the establishment of an International Fund for Agricultural Development is a matter of major current interest. This Fund is designed to mobilize substantial additional resources for agricultural production in the poorest developing countries.

The United States is encouraged by the progress that has been made thus far in negotiating the articles of agreement for IFAD, and we are confident that this negotiating process will be completed early next year. Our Congress has recently authorized a contribution of up to \$200 million for IFAD, and we trust that all countries in a position to do so will soon make concrete pledges to IFAD so that the target figure of at least \$1 billion can be reached. We are pleased that the Second Committee will soon be considering the Secretary General's report on the meeting of interested countries.

In recognition of the importance of food aid as a short-term measure in helping to meet the interim needs of developing countries, our own food aid budget provides for the shipment of almost 6 million tons of food on concessional terms. This represents 60 percent of the global target of 10 million tons. We urge that others, traditional as well as prospective new donors, do their part.

In fulfillment of the recommendations in the World Food Conference Resolution XVII on world food security, the United States has presented before a working group of the International Wheat Council a proposal for the establishment of an international system of nationally held grain reserves. We continue to hope for early progress on this matter and are working hard to accomplish this end.

The question of a food reserve deserves special attention in our opinion. Concrete results to date are few. Although world grain production and consumption levels have left no current surplus, it is important that understandings be reached to assure accumulation of reserves as soon as this becomes possible. It is because we are convinced that work on a reserves system should move ahead rapidly that we have put forward a specific proposal. We hope that others will join in an effort to negotiate a suitable reserves agreement and that procedural questions will not divert us from the substantive goal.

Having highlighted some of the priority objectives in the field of food and agriculture as we see them, I would be remiss if I did not also recall the need expressed in Resolution 3362 for further efforts on the part of the developing countries themselves to resolve food production problems. Ultimately, the key to solution of the world food problems lies primarily in increasing food production in the developing countries. In this context, the concept of self-help is endorsed by both the World Food Conference and by the seventh special session. While external assistance can complement such efforts, it can do so only when recipient nations accord high priority to agricultural and fisheries development in their domestic programs and when they adopt policies which give adequate incentives to individual producers.

In this regard we believe the Consultative Group on Food Production and Investment should play an important role in identifying those countries with the potential for most rapid and efficient increases in food production. This will help assure the most effective

use of external assistance in the food and agriculture sector.

Mr. Chairman, while my delegation did express a few reservations on section IV of Resolution 3362, it also made various specific proposals in regard to industrialization, science, and technology. We have cooperated in these fields and will continue to cooperate because of the high priority accorded them by the Group of 77 and because their crucial importance for economic development is self-evident. We continue to believe that it is necessary in these areas to proceed in a practical manner with due regard for the crucial role of the private sector. In this spirit we stand ready to play its part in the process of implementation.

The seventh special session also addressed the question of restructuring the U.N. system so as to make it more fully capable of dealing with problems of international economic cooperation and development in a comprehensive and effective manner. We regard restructuring as highly important, and we are pleased that the work of the ad hoc committee is now getting underway.

The list of goals we have agreed to accomplish together is longer and more exhaustive than the one I have just touched on. But it illustrates the fact that our agenda is both sufficiently comprehensive and realistic to occupy our full attention and energy for months, if not years, to come.

Imaginative efforts will be required to translate Resolution 3362 into a successful program of action. But there must be no turning back. We have reached that point in history when the nations of the world have acknowledged their share in a common destiny and, at the same time, specified the means for its realization.

We cannot and must not backslide into the rhetoric of yesterday's disagreements. This can only blur the unity of purpose which we so painstakingly and exhaustively achieved only two months ago.

Mr. Chairman, in the spirit of conciliation and consensus achieved at the seventh special session, my government here and now

reiterates in the strongest possible terms its commitment to our common goal: the building of an efficient and equitable global structure of economic cooperation. We ask the other nations represented here to join with us in helping to assure that the 30th session of the General Assembly endorses this cooperative spirit. The Assembly can do no less if we are to make progress toward our goal in the difficult negotiations that lie ahead.

United States Supports Admission of Comoros to the United Nations

Following is a statement made in the U.N. Security Council on October 17 by U.S. Representative Daniel P. Moynihan.

USUN press release 119 dated October 17

The Security Council has met today to consider the application of the Comoro Islands for membership in the United Nations.¹ The U.S. Government has followed closely the evolution of self-determination in the Comoros. In that connection, we recognize the important role which has been played in that process by France. We hope that the reasons for France's inability to sponsor Comorean membership will soon be overcome and that the two will enjoy good relations.

The United States was pleased to vote for the admission to the United Nations of the Comoros, beautiful islands whose rich volcanic soil is so productive of the fruits of the earth and whose location at a crossroads of the Indian Ocean has brought the islands cultural diversity and richness. We extend the Comoros a warm welcome and all good wishes as they take on the duties and privileges of membership in the United Nations.

¹ The Council on Oct. 17 adopted by a vote of 14-0 (France did not participate in the vote) a resolution (S/RES/376 (1975)) recommending to the General Assembly "that the Comoros be admitted to membership in the United Nations."

TREATY INFORMATION

Current Actions

MULTILATERAL

Aviation

Protocol relating to certain amendments to the convention on international civil aviation (TIAS 1591). Done at Montreal June 14, 1954. Entered into force December 12, 1956. TIAS 3756.

Ratifications deposited: Bahamas, July 25, 1975; Lesotho, September 11, 1975; Nauru, September 3, 1975.

Protocol relating to amendment of article 50(a) of the convention on international civil aviation (TIAS 1591). Done at Montreal June 21, 1961. Entered into force July 17, 1962. TIAS 5170.

Ratifications deposited: Bahamas, July 25, 1975; Lesotho, September 11, 1975.

Protocol relating to an amendment to the convention on international civil aviation (TIAS 1591). Done at Rome September 15, 1962.

Ratifications deposited: Lesotho, September 11, 1975; Union of Soviet Socialist Republics, September 4, 1975.

Entered into force: September 11, 1975.

Protocol relating to an amendment to the convention on international civil aviation (TIAS 1591). Done at New York March 12, 1971. Entered into force January 16, 1973. TIAS 7616.

Ratifications deposited: Lesotho, September 11, 1975; Nauru, September 3, 1975; Uruguay, September 19, 1975.

Protocol relating to an amendment to the convention on international civil aviation (TIAS 1591). Done at Vienna July 7, 1971. Entered into force December 19, 1974. TIAS 8092.

Ratifications deposited: Ecuador, May 2, 1975; Lesotho, September 11, 1975; Uruguay, September 19, 1975.

Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo September 14, 1963. Entered into force December 4, 1969. TIAS 6768.

Accessions deposited: India, July 22, 1975; Morocco, October 21, 1975.

Notification of succession: Bahamas, May 15, 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. TIAS 8062.

Ratification deposited: Singapore, December 2, 1975.

Customs

Customs convention on the ATA carnet for the temporary admission of goods, with annex. Done at Brussels December 6, 1961. Entered into force July 30, 1963; for the United States March 3, 1969. TIAS 6631.

Accession deposited: Greece, October 23, 1975.

Energy

Agreement on an international energy program. Done at Paris November 18, 1974.¹

Notification of consent to be bound deposited: Spain, November 17, 1974.

Fisheries

International convention for the Northwest Atlantic fisheries. Done at Washington February 8, 1949. Entered into force July 3, 1950. TIAS 2089.

Adherence deposited: Cuba, November 28, 1975.

Protocol to the international convention for the Northwest Atlantic fisheries (TIAS 2089). Done at Washington June 25, 1956. Entered into force January 10, 1959. TIAS 4170.

Adherence deposited: Cuba, November 28, 1975.

Declaration of understanding regarding the international convention for the Northwest Atlantic fisheries (TIAS 2089). Done at Washington April 24, 1961. Entered into force June 5, 1963. TIAS 5380.

Acceptance deposited: Cuba, November 28, 1975.

Protocol to the international convention for the Northwest Atlantic fisheries (TIAS 2089), relating to harp and hood seals. Done at Washington July 15, 1963. Entered into force April 29, 1966. TIAS 6011.

Adherence deposited: Cuba, November 28, 1975.

Protocol to the international convention for the Northwest Atlantic fisheries (TIAS 2089), relating to entry into force of proposals adopted by the Commission. Done at Washington November 29, 1965. Entered into force December 19, 1969. TIAS 6840.

Adherence deposited: Cuba, November 28, 1975.

Protocol to the international convention for the Northwest Atlantic fisheries (TIAS 2089), relating to measures of control. Done at Washington November 29, 1965. Entered into force December 19, 1969. TIAS 6841.

Adherence deposited: Cuba, November 28, 1975.

Protocol to the international convention for the Northwest Atlantic fisheries (TIAS 2089), relating to panel membership and to regulatory measures. Done at Washington October 1, 1969. Entered into force December 15, 1971. TIAS 7432.

Adherence deposited: Cuba, November 28, 1975.

¹ Not in force.

Protocol to the international convention for the Northwest Atlantic fisheries (TIAS 2089), relating to amendments to the convention. Done at Washington October 6, 1970. Entered into force September 4, 1974. TIAS 7941.

Adherence deposited: Cuba, November 28, 1975.

Protocol to the international convention for the Northwest Atlantic fisheries (TIAS 2089), regarding payments under the annual administrative budget. Done at Washington April 8, 1975.¹

Approval: Cuba, November 28, 1975.

Health

Amendments to articles 34 and 55 of the Constitution of the World Health Organization of July 22, 1946, as amended (TIAS 1808, 4643, 8086). Adopted at Geneva May 22, 1973.¹

Acceptance deposited: Uganda, November 24, 1975.

Judicial Procedure

Convention on the service abroad of judicial and extrajudicial documents in civil or commercial matters. Done at The Hague November 15, 1965. Entered into force February 10, 1969. TIAS 6638.

Ratification deposited: Netherlands (with declarations) November 3, 1975.

Narcotic Drugs

Convention on psychotropic substances. Done at Vienna February 21, 1971.¹

Accessions deposited: Dominican Republic, November 19, 1975; Thailand, November 21, 1975.

Patents

Patent cooperation treaty, with regulations. Done at Washington June 19, 1970.¹

Ratification deposited: United States (with declarations), November 26, 1975.²

Telecommunications

International telecommunication convention with annexes and protocols. Done at Malaga-Torremolinos October 25, 1973. Entered into force January 1, 1975.³

Accession deposited: Mozambique, November 4, 1975.

Terrorism—Protection of Diplomats

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

Ratification deposited: Paraguay, November 24, 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. Entered into force June 19, 1975, with respect to certain provisions and July 1, 1975, with respect to other provisions.

Ratifications deposited: Iraq, December 4, 1975, Portugal, December 3, 1975.

Accession deposited: Barbados, November 28, 1975.

Senate advice and consent to ratification: December 1, 1975.

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

Senate advice and consent to ratification: December 1, 1975.

BILATERAL

Australia

Treaty on extradition. Signed at Washington May 14, 1974.

Senate advice and consent to ratification: December 1, 1975.

Canada

Treaty on extradition, as amended by exchange of notes of June 28 and July 9, 1974. Signed at Washington December 3, 1971.

Senate advice and consent to ratification: December 1, 1975.

Switzerland

Understanding relating to the operation of charter air services, with annex. Effected by exchange of letters at Bern November 20 and 24, 1975. Entered into force November 24, 1975.

¹ Not in force.

² Extended to all areas for which the United States has international responsibility.

³ Not in force for the United States.

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Checklist of Department of State Press Releases: December 1-7

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

| No. | Date | Subject |
|------|------|---|
| *585 | 12/1 | Saunders sworn in as Director of Bureau of Intelligence and Research (biographic data). |
| *586 | 12/2 | Sayre sworn in as Inspector General of the Foreign Service (biographic data). |
| 587 | 12/2 | Kissinger: news conference, Nov. 28. |
| *588 | 12/3 | Indo-American Chamber of Commerce-sponsored trade delegation visits U.S. |
| *589 | 12/4 | Ingersoll: Union League, Philadelphia, Pa. |
| †590 | 12/4 | Kissinger: news conference, Peking. |
| *591 | 12/4 | U.S.-Poland fisheries discussions convened. |
| *592 | 12/5 | Cutler sworn in as Ambassador to Zaïre (biographic data). |
| †593 | 12/5 | Meeting of U.S.-Yugoslav Joint Board on Scientific and Technological Cooperation. |

* Not printed.

† Held for a later issue of the BULLETIN.