



# THE DEPARTMENT OF STATE BULLETIN

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THE COHESION OF THE INDUSTRIAL DEMOCRACIES:  
THE PRECONDITION OF GLOBAL PROGRESS

*Statement by Secretary Kissinger and Text of the OECD Declaration  
on International Investment and Multinational Corporations 73*

SECRETARY KISSINGER'S NEWS CONFERENCE AT PARIS JUNE 22 89

THE OFFICIAL WEEKLY RECORD OF UNITED STATES FOREIGN POLICY

*For index see inside back cover*

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## The Cohesion of the Industrial Democracies: The Precondition of Global Progress

*The Council of the Organization for Economic Cooperation and Development (OECD) met at ministerial level at Paris June 21-22. Following is a statement made before the Council by Secretary Kissinger on June 21, together with the texts of a Declaration on International Investment and Multinational Enterprises with its annex (Guidelines for Multinational Enterprises) and Decisions on Inter-Governmental Consultation Procedures on the Guidelines, on National Treatment, and on International Investment Incentives and Disincentives, adopted by the Council on June 21.*

### STATEMENT BY SECRETARY KISSINGER

Press release 311 dated June 21

The purposeful cooperation of our nations has been at the heart of the world's progress for three decades. Today, we are challenged to deepen and advance that common effort. The cooperation of the industrial democracies is decisive for world peace, prosperity, and the cause of justice and human dignity.

No group of nations is better equipped to master these challenges. Ours are the societies that launched the two great events that gave birth to the modern age—the political revolutions of the 18th and 19th centuries that shaped today's community of nation-states and the Industrial Revolution that produced the contemporary world economy. We share a heritage of pioneering effort in all the modern forms of commercial, social, and governmental organization. And we have been able to perceive and respond to new

challenges, especially in giving effect to our recognition of the imperatives of interdependence.

Our democratic systems have disproved the doctrine that only repression and authoritarianism could advance human well-being. On the contrary, the industrial democracies assembled here have demonstrated conclusively that it is in freedom that men achieve the economic advances of which ages have dreamed. There is some irony in the fact that after years of disparaging our economic system, both the Socialist countries and the developing countries have turned to us to help them advance more rapidly. Today it is the industrial democracies which primarily have the resources, the managerial genius, the advanced technology, and the dedication which are needed for sustained economic development under *any* political system.

The advanced industrial nations have conducted themselves of late with vigor, determination, and a sense of shared purpose. Most of the OECD countries are now entering a period of economic expansion. We have worked together in the process of recovery, averting protectionist tendencies in trade and the selfish pursuit of oil and raw materials at each other's expense. Largely due to this, we are recovering quickly and with excellent prospects for continued progress.

We have acted together because we recognize that the world economy has become global. National interests cannot prosper or endure in isolation. And the nations assembled here are the engines of the world economy. Our performance is the pivot around which international trade and finance revolve. Our technology and investment are the

catalysts of development and economic progress in developing nations.

Today the world economy faces new and demanding challenges. Our past cooperation must be given fresh impetus in our twofold task: to improve our performance in areas where we have already begun to work together and to create mechanisms of cooperation to deal with new issues and opportunities.

This organization is well suited to this task. Its history and durability are a demonstration of the unity and cooperation of the industrial democracies. It has provided a unique forum and necessary focus for dealing with the critical link between national aspirations and global opportunity. This is no accident; it reflects our fundamental moral and political fraternity. Our traditions of freedom give moral meaning and political purpose to our technical achievements.

This is why I wish to stress the importance of furthering our unity and progress through the OECD. The objective is not to forge a bloc for our own advantage or for purposes of confrontation. It is to shape a new international environment based on the consciousness that in an age of interdependence national interests can best be served by advancing the aspirations of all mankind through cooperative efforts.

Let me discuss three areas of challenge and opportunity:

- Strengthening the cohesion and prosperity of the industrialized democracies;

- The new issues we face in economic relations with the Communist world; and

- The ongoing international effort to promote economic development and a constructive long-term relationship between the industrial and developing worlds.

#### **Relationship of the Industrial Democracies**

Our first and fundamental concern must be economic cooperation and progress among the industrialized democracies of North America, Western Europe, and Asia. Tomorrow, finance and economic ministers will discuss these economic questions in detail.

Today I want to sketch in broad terms four essential areas of our cooperation which have the greatest significance for world order and the future of the international system:

- Noninflationary economic growth;

- Strengthening our open international trade and monetary system;

- The encouragement of transnational investment; and

- Greater cooperation in energy.

I shall discuss each of these in turn.

First, as our nations move to recovery and expansion, we must insure steady, noninflationary economic *growth*. Only in this manner can we resolve conflicting claims on resources, reinforce the political vitality of our institutions, enhance our freedom of action in world affairs, and enlarge the economic horizons of all societies.

We must overcome cycles of boom and stagnation, which in the past have impaired productivity, constricted investment, and choked off our full economic potential. We can achieve sustained growth by containing inflation. The investment needed to create jobs for our growing labor forces will dry up in an environment of rapidly and constantly rising prices. Inflation erodes the progress made in raising the standard of living of our peoples; it strains the social fabric of our democratic societies.

The responsibility for noninflationary growth rests with national governments. But close consultation and collaboration are essential to insure that national policies are complementary and reinforcing; to contribute to exchange rate stability among us; to give special attention to members that are in difficulty; and to collaborate on policies of trade, energy, and relations with the developing countries. The summit meeting at Rambouillet last November made a major contribution to general recovery and promotion of these goals. The summit next week in Puerto Rico will assess the progress we have made and use it as a point of departure for future advances.

This meeting provides an opportunity for the nations assembled here to reaffirm our

joint commitment to an open economic system, to national responsibility, and to international cooperation. With sound and concerted policies among us and with efforts to coordinate our strategies for expansion, the potential for the world's sustained economic growth can be realized.

At last year's OECD ministerial meeting, at U.S. recommendation, a Group of Distinguished Economists was set up, chaired by Professor [Paul W.] McCracken. It was assigned the task of examining the medium- and long-term and structural problems of sustained economic growth. It is exploring the problems of inflation, investment, structural imbalances, and adequate supplies of raw materials. We look forward to its conclusions and recommendations.

Strengthening our trade and monetary system also requires enhanced collaboration. In recent years, high unemployment and economic uncertainty have revived protectionist pressures in many countries; inflation and drastic differences in the performance of member nations have produced major payments imbalances, exchange rate pressures, and financial strains.

The Rambouillet summit and the IMF [International Monetary Fund] meeting in Jamaica last January were milestones in adapting the international monetary system to a new era. We have agreed to new IMF rules to avoid the shocks and disequilibrium which plagued the Bretton Woods system and to insure a smoother functioning of our trade and investment.

Today and tomorrow the OECD nations are continuing close and detailed consultations. We will examine both current problems and the long-term future, both the existing institutions and institutional reform. A recent example of our capacity for innovation was the agreement on the OECD Financial Support Fund, designed to help us deal cooperatively with serious economic dislocations aggravated by the oil price rises. The United States is seeking swift ratification of this agreement so that the Fund may come into being soon.

In *trade*, two years ago the OECD nations

jointly undertook an extraordinary political commitment to preserve an open economic system despite a period of general economic difficulty. On May 30, 1974, we pledged to avoid new restrictions on trade. We rejected policies which would tend to shift one nation's difficulties onto others. That declaration strengthened our successful efforts to resist protectionist pressures and thus benefit countries with particularly acute balance-of-payments problems. The declaration was renewed last year. We should now renew it for an additional year.

Our economic recovery provides significant opportunities for further progress:

—First, the political commitment represented by our trade pledge should be the basis for wider cooperation among us. The United States proposes that this organization recommend further areas for common action, not only on current trade problems and negotiations but on the long-term operation of our open trading system.

—Second, all nations assembled here should make a political commitment to accelerate the multilateral trade negotiations in Geneva. We are at the point where we must move forward at a more rapid pace if the negotiations are to reach a successful conclusion in 1977. To this end, the United States strongly recommends that we reach agreement this fall in Geneva on a tariff-cutting formula.

—Third, it is our shared obligation to improve the conditions of trade for developing countries. The postwar trading system was built on a consensus among industrial countries in which the developing countries did not participate and which they now challenge in several important respects. We need to reexamine the trading system, prepared to change or strengthen it where necessary. In the multilateral trade negotiations we will be negotiating new provisions in such areas as nontariff barriers, supply access, the settlement of disputes, and trade restrictions that are justified for balance-of-payments purposes. This organization and its members can play a crucial role in building a new global consensus on these issues.



*Transnational investment* is the third area calling for close collaboration among the industrial nations.

Investment is the lifeblood of our economies and vital to worldwide development. It has been a principal source of the economic growth and security and prosperity which the nations represented here enjoy. It has been the single largest source of development capital for Third World nations and a powerful force marshaling management and technology for their benefit. It has developed resources; it has increased income; it has provided jobs. Since the midsixties, foreign direct investment has been growing faster than international trade and global GNP.

The increasing importance of transnational investment to the global economy has been accompanied by no little concern over the activities of private investors, particularly the multinational corporations. Questions have been raised as to how the international firms can serve the national interests of their hosts as well as their own. A few notorious cases of illicit payments have stirred apprehension and cast a cloud over the overwhelming majority of international firms whose behavior has been beyond reproach.

Governments, too, have impeded the flow of capital through inconsistent policies or discriminatory treatment of international firms. And most industrial countries have been under pressure at home to take increasingly nationalistic positions toward international investment.

If this trend is not halted, we shall face a gradual deterioration in the international investment climate, with serious consequences for economic development and the global economy.

It is highly significant, therefore, that this organization undertook two related tasks: to negotiate voluntary guidelines for multinational firms and to clarify governmental responsibilities to preserve and promote a liberal investment climate. We are able to announce today the acceptance by OECD member governments of a declaration on investment. This declaration extends the co-

operation which has characterized our trade and monetary relations into the area of investment. It includes:

—Recommended guidelines for the activities of multinational corporations;

—An agreed statement of the basic responsibilities of our governments with respect to transnational investment;

—Provision for strengthened cooperation on the questions of incentives and disincentives to foreign direct investment; and

—Provision for increased consultations between our governments on all these matters.

The United States strongly endorses this declaration and urges its widest possible adoption and observance.

A framework for investment is now emerging. We must encourage its development. Therefore, in addition to our full support for the OECD declaration, the United States urges the following policies for our nations:

—First, we should support the work of the U.N. Commission on Transnational Corporations and the related U.N. Information and Research Center within its Secretariat, which will develop a comprehensive information system on issues relating to transnational corporations. This will contribute to a fuller understanding of investment issues among all nations.

—Second, we should review the proposal of the International Resources Bank which the United States put forward at UNCTAD [U.N. Conference on Trade and Development] at Nairobi last month. While the Bank will focus on energy and raw materials, its principal features—as a multilateral guarantor against noncommercial risk and as a facilitator of production sharing and technology transfer—have important implications for development generally.

—Third, we should take strong collective measures to eliminate corrupt payments. Bribery and extortion are a burden on international trade and investment. We reiterate our proposal that negotiation of a binding international agreement on corrupt practices

begin at next month's session of the U.N. Economic and Social Council.

—Fourth, we should cooperate to restrain anticompetitive practices of firms which undermine the benefits of our open economic system. The United States proposes a dual effort: to reduce international procedural obstacles to the enforcement of laws against international restrictive business practices and to pursue bilateral and multilateral agreements for international antitrust cooperation similar to that about to be concluded between the United States and the Federal Republic of Germany.

—Fifth, we should strengthen the work of specialized OECD committees which deal with investment problems such as harmonizing statistical systems, cataloguing restrictive business practices, improving the exchange of tax information, dealing with tax haven problems, as well as their work now underway on the general topics of technology transfer and short-term capital movements.

The fourth crucial sphere of cooperation among the industrial nations is *energy*. The cooperation of energy-consuming nations has become an imperative, for the last few years have demonstrated the economic and political costs of loss of control over this critical component of industrial growth.

For the next several years, our nations' heavy dependence on imported oil will contribute to our political and economic vulnerability. The outlook for reducing our dependence in the next decade is not encouraging. Forecasts based on existing energy programs in the industrial countries indicate that our imports of OPEC [Organization of Petroleum Exporting Countries] oil will increase from 27 million barrels a day in 1975 to as much as 37 million barrels per day by 1985. At the same time, it has become clear that oil reserves, while still large, are finite. Thus we must reduce our immediate dependence on imported oil side by side with beginning a long-term transition to alternative energy systems through the most rapid possible development of new and alternative sources of energy.

The industrial countries have begun to respond to the energy challenge. The difficult process of reorienting energy priorities and establishing new energy policies has been started. When the energy crisis became apparent, we moved rapidly to set up the new International Energy Agency (IEA), within the framework of the OECD. Through its impetus, a comprehensive structure of technical cooperation and policy coordination among industrial countries has grown up. At the same time, a dialogue with the OPEC countries has been started in the Conference on International Economic Cooperation (CIEC). And the importance of helping the poorer developing countries—especially those with limited energy resources—to survive the energy crisis has been recognized.

Despite these accomplishments, our efforts have fallen far short of our needs. They will neither adequately reduce our immediate energy vulnerability nor achieve a satisfactory global balance of energy supply and demand over the longer term. The United States therefore proposes that OECD members take the following cooperative steps:

—First, that we establish on an urgent basis joint energy production projects to pool technical know-how and financing in areas such as coal extraction and utilization, uranium enrichment, and synthetic fuels. Such actions would accord with the commitments we undertook in the IEA Long-Term Program. They will contribute to the early availability of commercially attractive additional energy sources.

—Second, that we establish collective and individual goals for substantially reduced dependence on imported oil by 1985. This will require agreed targets for additional energy production, particularly in the coal and nuclear energy sectors; these represent our best hope for substantially reducing our energy dependence in the next decade.

—Third, that we agree to intensify our national efforts to reduce the growth in demand for energy.

The United States urges that the Governing Board of the IEA launch these efforts on a priority basis. Member governments

should endorse these goals for reduced dependence and also make the essential political commitments to specific and concrete actions to achieve them. We should aim for a ministerial meeting in six to nine months to accomplish these objectives. The ministerial meeting should also look beyond the next decade to the post-oil era and seek ways to build on cooperative research and development efforts in such areas as solar power and nuclear fusion. OECD countries not members of the IEA should be given an opportunity to participate fully in this process.

This agenda—of action for growth, trade and monetary affairs, investment, and energy—suggests an expanding role and responsibility for the OECD. Working together, the nations of the OECD face an unprecedented opportunity to advance their common welfare and prosperity. And from this foundation of cooperation we can more effectively deal with the issues which involve us with nations outside the OECD region.

Let me now turn to these relations with the rest of the world.

#### **East-West Economic Relations**

Our relations with the nations of the East turn primarily upon political and security issues. In the past, trade and economic relations with the Soviet Union and Eastern Europe have not been among our central concerns. But a new dimension of economic interaction between East and West has begun to take shape. It is time to act cooperatively so that this new economic factor becomes an increasingly positive element in the world economy.

The Soviet Union has the second largest economy in the world. Together with all COMECON [Council of Mutual Economic Assistance] countries, it accounts for about 20 percent of world output. But despite the size of its economy, the Soviet Union is not a major factor in the world economic system. Its trade is relatively small; it has made little contribution to economic development.

In recent years, however, the Soviet

Union and the countries of Eastern Europe have moved toward greater economic contact with the West. The basic reason is plain. These countries have come to realize that they cannot provide for growing consumer demand or meet the technological imperatives of the more sophisticated economy they seek solely from their own economic resources. Further, many of the countries of Eastern Europe wish to diversify trading patterns that were established in the aftermath of World War II.

As a result, in the last four years, trade between the COMECON countries and the OECD countries has increased nearly fourfold. Most East European countries now depend on and prefer Western machinery, technology, and material imports for the dynamic element of their economic growth. And in matters of finance, the sudden increase in the external debt of the Soviet Union and the countries of Eastern Europe has been striking. Their net debt to private Western banks doubled in 1975 to \$15 billion, and their total hard currency debt has reached nearly twice that amount.

The most familiar example of the impact of Communist countries on the international economy has been Soviet shortfalls in the production of grain, which has become the single most volatile element in the world food picture. In addition the Socialist countries can become an important element in the global energy balance. And in an era where adequate supplies of many other industrial raw materials can no longer be taken for granted, the extensive mineral reserves of the East can expand resource availability worldwide. It is therefore clear that in our multilateral efforts to build a strengthened international economic system, we will have to take account of the potential needs and contributions of the centrally planned economies.

For us, the industrial democracies in the OECD, the growing economic interaction between East and West and the Eastern influence on the global economy are realities that if arranged wisely can be positive developments, stabilizing relationships and



broadening contacts. At the same time, managing relations between free economies and state trading systems has inevitable complications. Dealing with a centrally planned economy under strict political direction can never be treated simply as a commercial enterprise alone.

Certain principles stand out:

—All our nations have been engaged in this process.

—State trading countries must not be permitted to use their centrally directed systems for unfair advantage, nor should they be permitted to play off the industrial democracies against each other through selective political pressure.

—Growing East-West trade also presents hopeful prospects, both economic and political, if approached with understanding, skill, and foresight.

—In short, it is up to the industrial democracies to consult closely and to manage this process cooperatively.

Therefore the United States proposes that the OECD nations adopt a systematic work program for developing objectives and approaches for our economic relations with the Communist countries. To this end, some progress has already been made; for example, in aligning national export credit policies among the industrial countries. If we are to face this issue in an intelligent and harmonious fashion, many additional areas should be examined. Specifically, our nations should seek answers to the following questions:

—How can we insure effective reciprocity in trade between market and nonmarket countries?

—How do we deal with the problem of dumping and other unfair trade practices by countries in which prices need not bear a relation to costs or market forces?

—What are the implications of the growing external debt of the Communist countries?

—How can the industrial democracies deal with possible efforts to misuse economic rela-

tions for political purposes inimical to their interests?

—What should be the relationship between the nations of the East and the multilateral bodies dealing with economic affairs?

—How do we take account of the diversity of interests and needs that has already appeared among Eastern countries?

—And finally, is it possible to bring the Soviet Union and the Eastern European countries into the process of responsibly assisting development in the Third World?

The United States will elaborate its views on these issues at the next meeting of the Executive Committee in Special Session. The results of our examinations of these questions could be embodied in a report to the next ministerial meeting of this organization.

Growing East-West trade presents problems together with great opportunities. It is up to the countries assembled here to understand the process and its complexities and to manage it cooperatively. In that case, it can contribute to the vitality of our economies and to the stability of the international order.

#### **The Relationship Between North and South**

One of the most urgent and compelling challenges that summon our cooperation is the relationship between the industrial and the developing nations. The new era of international cooperation we seek must include economic relations that offer mutual prosperity and widening opportunity for all the peoples of the world.

Every nation has a stake in global stability and world peace. But the ultimate good must be to look beyond the maintenance of peace to a world which offers its children a hope of a better future.

The United States has made its commitment. We have demonstrated our determination at the seventh special session of the U.N. General Assembly, at the Conference on International Economic Cooperation in Paris, at Kingston in January, and at the UNCTAD Conference in Nairobi last month.

Our efforts begin from the conviction that an effective international system must be founded upon a consensus among all nations and peoples. The world community which is our ultimate aspiration can only be realized if all nations and peoples can pursue their goals with a sense of participation and an awareness that their concerns are heeded. If we are to live in a stable world, the preponderant number of nations must be persuaded that their legitimate concerns are taken seriously.

The poor nations cry out for development. Their objectives are clear: economic progress, a role in international decisions that affect them, and an equitable share of global economic benefits. The objectives of the industrialized nations are equally clear: widening prosperity for all peoples produced by an open world system of trade and investment with expanding markets for North and South. We want to see stable and equitable development of the world's resources of food, energy, and raw materials as the fundamental basis for a prosperous world economy.

Thus, the objectives of the industrial democracies and those of the developing nations should be complementary. The process of building a world community must therefore be shared by nations of both North and South and must address the issue of economic development in the context of growing global prosperity.

But this is not inevitable. Effective cooperation presupposes that both sides face certain realities without illusion.

The most critical of these realities is that development is a long-term process. Sustained economic development cannot possibly result from any one conference or any one set of proposals. It will depend primarily upon the internal effort, the domestic policy, and the national will of the developing countries themselves. In most cases the effort will extend over decades. Often this will require painful short-term sacrifices for longer term gains. Development cannot be created by rhetoric or by parliamentary victories in international forums.

Development further requires the sustained and collective effort of the industrial countries. The role of the industrial democracies is critical, for we possess the largest markets and most of the world's capital and technology. Thus real development presupposes a serious, unemotional, constructive North-South dialogue.

In such a dialogue it is futile for one party to seek to impose solutions to the problems of development on another. An atmosphere of extortion or pressure, unworkable proposals, or excessive reliance on parliamentary maneuvers will ultimately undermine public support in the only countries capable of contributing effectively to development.

We of the industrial democracies have a special responsibility. What we do—or fail to do—is critical to the future of the countries of the Third World. If we substitute competition among ourselves for a dispassionate analysis of the issues, the development process will falter. Our resources will be inefficiently scattered or misallocated; projects will too often prove fruitless for lack of careful analysis or want of wider support. We do no one a favor when we substitute rhetorical concessions for intelligent and realistic proposals that link the interests and concerns of both sides in a prospering global economy. Those who curry short-term favor may mortgage the long-term future.

It is imperative that the North-South dialogue advance in a way which benefits both sides. In the long run, progress, stability, and peace depend upon it.

The United States has done its utmost to be forthcoming in the dialogue. We have strained our domestic processes to develop pragmatic proposals to meet real problems in our relations with the developing world. As our economies improve and as we, together with the developing world, identify new areas for cooperation, we can look forward to widening global cooperation which can serve the interests of all.

The spirit of cooperation necessary between North and South requires first a commitment to cooperation among the industrial nations. This is not a call for confrontation

with the Third World. It is an indispensable step we must take if we are not to fragment our efforts and fail in our objectives.

The United States believes that this organization should focus on three areas where our cooperation is most necessary and would be most effective:

—We must improve our ability to concert our development efforts in international forums, for it is in these meetings that ideas are launched, compromises are made, and political directions are set.

—We must enhance our collaboration in our bilateral and multilateral aid programs; for our resources are limited, and closer alignment of programs is essential for their effectiveness.

—We must develop a longer term strategy for development which integrates the diverse strands of North-South policy, including foreign aid, technology transfer, financial policy, and trade. For development is a comprehensive and never-ending process with implications for every area of the international economic system.

Let me discuss each area in turn.

First, we must improve the coordination of our positions at major international conferences. Recent unfavorable experiences at UNCTAD in Nairobi and at other international forums should make clear the importance of this step. We in this organization have supporting mechanisms for coordination of positions on energy, commodities, finance, and development, but their effectiveness has been frequently less than adequate. For the remainder of this year we will be relying on these bodies to continue to support our work in the Conference on International Economic Cooperation. It is therefore imperative that we review now our recent experience with the objective of strengthening the coordinating role of each OECD support mechanism as well as the relationship among them.

The United States recommends that the Secretary General undertake an immediate examination of the issues and present recommendations to the Executive Committee in

Special Session on ways in which we may more closely align our positions.

We suggest as well that this organization take a more active role in developing views on key North-South issues than it has in the past. We believe this could most fruitfully be done by identifying in advance of international meetings specific issues of major concern to industrialized countries and arranging for consultations to develop mutually supporting positions. It makes no sense to work out our differences under the pressure of deadlines and of other participants at international conferences.

The next several months will be a test of our ability to work together in a variety of international settings. The agenda of conferences is full. We will be considering on a case-by-case basis measures to improve the functioning of individual commodity markets, including the reduction of excessive price fluctuations and methods of buffer stock financing. We will also be translating the analysis of the first six months of the year into concrete results in CIEC. In this forum, the United States looks forward to visible and concrete achievements in energy, raw materials, investment, trade, and measures to address the problems of the poorest countries. We will want:

—To explore possibilities for further consultations on energy, including ways to assist developing nations that have no energy resources;

—To facilitate progress on commodity discussions, including ways to improve the functioning of individual commodity markets; and

—To begin work on the International Resources Bank proposal, which we see as relating to the work of all the CIEC commissions, particularly those dealing with energy and raw materials.

Second, we must increase the effectiveness of our bilateral and multilateral aid efforts in addressing specific problems in the developing world. The OECD Development Assistance Committee has done important work to improve and coordinate development assist-

ance policies. There are, as well, over 20 consultative groups working with regard to specific developing nations. We should review our coordination in all these areas. We may consider streamlining some of those mechanisms and eliminating duplication.

We must seek to enhance the coordination of assistance policies and programs which have a regional or even continental focus. The *Club des Amis du Sahel* is a recent successful effort to concert our resources to combat the problems of that African sub-region. We should explore whether there are other regions, in Africa or elsewhere, where similar approaches are needed. The recent initiative by the President of France for focusing joint attention on specific problems on the African Continent is an example of the kind of effort we must make together in the future.

Third, we must devote a major portion of our efforts to longer range planning for global development. The problem of growth will not go away. No one policy will be decisive; no one conference will devise permanent solutions. We must begin to focus honestly and carefully on the development challenge through the distant future.

A high priority in this effort must be to consider together the various development issues we have been addressing separately. Development policies can be either mutually reinforcing or they can undermine one another. We must find a way to look at development as a comprehensive and integrated whole, harmonizing our long-range planning efforts in trade, aid, investment, and technology. These individual policies need to be placed into a larger coherent plan so that the industrial nations' development efforts can more efficiently respond to the most pressing issues in the developing world.

To achieve a more effective integrated development strategy, the United States proposes that OECD countries decide now to review the entire range of North-South issues which we will be addressing over the remainder of this decade and beyond. Over the next year we should develop a consistent and comprehensive set of objectives and strategies.

At the same time, we should now move to strengthen the institutional arrangements within this organization for handling North-South issues. There should be a central focal point in the OECD for consideration of all such activities. This will give a greater political impetus to our efforts. And it should also stimulate greater consideration for the needs and interests of developing nations in the ongoing work of specialized OECD committees.

The kind of coordination which I have suggested will require attention at the highest levels of our governments. It will, of course, also require compromises on policies and priorities which each of us has developed in the past. But it is our best, perhaps our sole, chance to accelerate the pace of constructive progress in our relations with the Third World while not undermining our relations with each other.

### The Imperative of Cooperative Action

The nations assembled in this room proceed from two main premises: the interdependence among the OECD nations and our common desire to help shape a new era of global economic cooperation among all nations.

The central task before the industrialized democracies of the OECD is to give new focus and purpose to our own cooperative economic action. Economics is only part of that enterprise. The choices before us and the decisions we take will, above all, reflect our perception of ourselves as peoples and as nations. The tasks are long term, and they demand that we extend our line of sight beyond immediate technical issues or political controversies to more distant horizons.

Ours is a time when the centers of global power and influence are many and diverse. And ours, therefore, is a choice between cooperation or chaos. Today more than ever, the industrial democracies require leadership determined not to adapt to reality, but to shape it. Circumstances have provided us with a clear understanding of our interdependence, and our efforts to translate this reality into common progress are well begun.



We have every reason for confidence in our capacities.

Our cooperative endeavor, which has accomplished so much in the past, can be even more dynamic as we turn to the new and long-term challenges of interdependence. What we elect to do together is bound to have vast meaning to a world that seeks progress and justice and needs from all of us in this room a fresh demonstration of what strong and free nations working together can accomplish.

## TEXTS OF DECLARATION, WITH ANNEX, AND DECISIONS OF THE COUNCIL<sup>1</sup>

### Text of Declaration

#### DECLARATION ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES

#### THE GOVERNMENTS OF OECD MEMBER COUNTRIES<sup>2</sup> CONSIDERING

that international investment has assumed increased importance in the world economy and has considerably contributed to the development of their countries;

that multinational enterprises play an important role in this investment process;

that co-operation by Member countries can improve the foreign investment climate, encourage the positive contribution which multinational enterprises can make to economic and social progress, and minimise and resolve difficulties which may arise from their various operations;

that, while continuing endeavours within the OECD may lead to further international arrangements and agreements in this field, it seems appropriate at this stage to intensify their co-operation and consultation on issues relating to international investment and multinational enterprises through inter-related instruments each of which deals with a different aspect of the matter and together constitute a framework within which the OECD will consider these issues:

#### DECLARE:

##### I. Guidelines for MNE's

that they jointly recommend to multinational

enterprises operating in their territories the observance of the Guidelines as set forth in the Annex hereto having regard to the considerations and understandings which introduce the Guidelines and are an integral part of them.

##### II. National Treatment

1. that Member countries should, consistent with their needs to maintain public order, to protect their essential security interests and to fulfil commitments relating to international peace and security, accord to enterprises operating in their territories and owned or controlled directly or indirectly by nationals of another Member country (hereinafter referred to as "Foreign-Controlled Enterprises") treatment under their laws, regulations and administrative practices, consistent with international law and no less favourable than that accorded in like situations to domestic enterprises (hereinafter referred to as "National Treatment").

2. that Member countries will consider applying "National Treatment" in respect of countries other than Member countries.

3. that Member countries will endeavour to ensure that their territorial subdivisions apply "National Treatment".

4. that this Declaration does not deal with the right of Member countries to regulate the entry of foreign investment or the conditions of establishment of foreign enterprises.

##### III. International Investment Incentives and Disincentives

1. that they recognise the need to strengthen their co-operation in the field of international direct investment.

2. that they thus recognise the need to give due weight to the interests of Member countries affected by specific laws, regulations and administrative practices in this field (hereinafter called "measures") providing official incentives and disincentives to international direct investment.

3. that Member countries will endeavour to make such measures as transparent as possible, so that their importance and purpose can be ascertained and that information on them can be readily available.

##### IV. Consultation Procedures

that they are prepared to consult one another on the above matters in conformity with the Decisions of the Council relating to Inter-Governmental Consultation Procedures on the Guidelines for Multinational Enterprises, on National Treatment and on International Investment Incentives and Disincentives.

##### V. Review

that they will review the above matters within three years with a view to improving the effectiveness of international economic co-operation

<sup>1</sup> Adopted on June 21 by the OECD Council meeting at ministerial level (texts from OECD press release PRESS/A(76)20).

<sup>2</sup> The Turkish Government was not in a position to participate in this Declaration. [Footnote in original.]

among Member countries on issues relating to international investment and multinational enterprises.

## Text of Annex to Declaration

### *Annex*

*to the Declaration of 21st June, 1976 by Governments of OECD Member Countries on International Investment and Multinational Enterprises*

#### GUIDELINES FOR MULTINATIONAL ENTERPRISES

1. Multinational enterprises now play an important part in the economies of Member countries and in international economic relations, which is of increasing interest to governments. Through international direct investment, such enterprises can bring substantial benefits to home and host countries by contributing to the efficient utilisation of capital, technology and human resources between countries and can thus fulfil an important role in the promotion of economic and social welfare. But the advances made by multinational enterprises in organising their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives. In addition, the complexity of these multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies sometimes give rise to concern.

2. The common aim of the Member countries is to encourage the positive contributions which multinational enterprises can make to economic and social progress and to minimise and resolve the difficulties to which their various operations may give rise. In view of the transnational structure of such enterprises, this aim will be furthered by co-operation among the OECD countries where the headquarters of most of the multinational enterprises are established and which are the location of a substantial part of their operations. The guidelines set out hereafter are designed to assist in the achievement of this common aim and to contribute to improving the foreign investment climate.

3. Since the operations of multinational enterprises extend throughout the world, including countries that are not Members of the Organisation, international co-operation in this field should extend to all States. Member countries will give their full support to efforts undertaken in co-operation with non-Member countries, and in particular with developing countries, with a view to improving the welfare and living standards of all people both by encouraging the positive contributions which multinational enterprises can make and by minimising and resolving the problems which may arise in connection with their activities.

4. Within the Organisation, the programme of co-operation to attain these ends will be a continuing, pragmatic and balanced one. It comes within the

general aims of the Convention on the Organisation for Economic Co-operation and Development (O.E.C.D.) and makes full use of the various specialised bodies of the Organisation, whose terms of reference already cover many aspects of the role of multinational enterprises, notably in matters of international trade and payments, competition, taxation, manpower, industrial development, science and technology. In these bodies, work is being carried out on the identification of issues, the improvement of relevant qualitative and statistical information and the elaboration of proposals for action designed to strengthen inter-governmental co-operation. In some of these areas procedures already exist through which issues related to the operations of multinational enterprises can be taken up. This work could result in the conclusion of further and complementary agreements and arrangements between governments.

5. The initial phase of the co-operation programme is composed of a Declaration and three Decisions promulgated simultaneously as they are complementary and inter-connected, in respect of guidelines for multinational enterprises, national treatment for foreign-controlled enterprises and international investment incentives and disincentives.

6. The guidelines set out below are recommendations jointly addressed by Member countries to multinational enterprises operating in their territories. These guidelines, which take into account the problems which can arise because of the international structure of these enterprises, lay down standards for the activities of these enterprises in the different Member countries. Observance of the guidelines is voluntary and not legally enforceable. However, they should help to ensure that the operations of these enterprises are in harmony with national policies of the countries where they operate and to strengthen the basis of mutual confidence between enterprises and States.

7. Every State has the right to prescribe the conditions under which multinational enterprises operate within its national jurisdiction, subject to international law and to the international agreements to which it has subscribed. The entities of a multinational enterprise located in various countries are subject to the laws of these countries.

8. A precise legal definition of multinational enterprises is not required for the purposes of the guidelines. These usually comprise companies or other entities whose ownership is private, state or mixed, established in different countries and so linked that one or more of them may be able to exercise a significant influence over the activities of others and, in particular, to share knowledge and resources with the others. The degree of autonomy of each entity in relation to the others varies widely from one multinational enterprise to another, depending on the nature of the links between such entities and the fields of activity concerned. For these reasons, the guidelines are addressed to the various entities within the multinational enterprise (parent com-

panies and/or local entities) according to the actual distribution of responsibilities among them on the understanding that they will co-operate and provide assistance to one another as necessary to facilitate observance of the guidelines. The word "enterprise" as used in these guidelines refers to these various entities in accordance with their responsibilities.

9. The guidelines are not aimed at introducing differences of treatment between multinational and domestic enterprises; wherever relevant they reflect good practice for all. Accordingly, multinational and domestic enterprises are subject to the same expectations in respect of their conduct wherever the guidelines are relevant to both.

10. The use of appropriate international dispute settlement mechanisms, including arbitration, should be encouraged as a means of facilitating the resolution of problems arising between enterprises and Member countries.

11. Member countries have agreed to establish appropriate review and consultation procedures concerning issues arising in respect of the guidelines. When multinational enterprises are made subject to conflicting requirements by Member countries, the governments concerned will co-operate in good faith with a view to resolving such problems either within the Committee on International Investment and Multinational Enterprises established by the OECD Council on 21st January, 1975 or through other mutually acceptable arrangements.

HAVING REGARD to the foregoing considerations, the Member countries set forth the following guidelines for multinational enterprises with the understanding that Member countries will fulfil their responsibilities to treat enterprises equitably and in accordance with international law and international agreements, as well as contractual obligations to which they have subscribed:

#### GENERAL POLICIES

Enterprises should

(1) take fully into account established general policy objectives of the Member countries in which they operate;

(2) in particular, give due consideration to those countries' aims and priorities with regard to economic and social progress, including industrial and regional development, the protection of the environment, the creation of employment opportunities, the promotion of innovation and the transfer of technology;

(3) while observing their legal obligations concerning information, supply their entities with supplementary information the latter may need in order to meet requests by the authorities of the countries in which those entities are located for information relevant to the activities of those entities, taking into account legitimate requirements of business confidentiality;

(4) favour close co-operation with the local community and business interests;

(5) allow their component entities freedom to develop their activities and to exploit their competitive advantage in domestic and foreign markets, consistent with the need for specialisation and sound commercial practice;

(6) when filling responsible posts in each country of operation, take due account of individual qualifications without discrimination as to nationality, subject to particular national requirements in this respect;

(7) not render—and they should not be solicited or expected to render—any bribe or other improper benefit, direct or indirect, to any public servant or holder of public office;

(8) unless legally permissible, not make contributions to candidates for public office or to political parties or other political organisations;

(9) abstain from any improper involvement in local political activities.

#### DISCLOSURE OF INFORMATION

Enterprises should, having due regard to their nature and relative size in the economic context of their operations and to requirements of business confidentiality and to cost, publish in a form suited to improve public understanding a sufficient body of factual information on the structure, activities and policies of the enterprise as a whole, as a supplement, in so far as is necessary for this purpose, to information to be disclosed under the national law of the individual countries in which they operate. To this end, they should publish within reasonable time limits, on a regular basis, but at least annually, financial statements and other pertinent information relating to the enterprise as a whole, comprising in particular:

(i) the structure of the enterprise, showing the name and location of the parent company, its main affiliates, its percentage ownership, direct and indirect, in these affiliates, including shareholdings between them;

(ii) the geographical areas<sup>3</sup> where operations are carried out and the principal activities carried on

<sup>3</sup> For the purposes of the guideline on disclosure of information the term "geographical area" means groups of countries or individual countries as each enterprise determines it appropriate in its particular circumstances. While no single method of grouping is appropriate for all enterprises, or for all purposes, the factors to be considered by an enterprise would include the significance of operations carried out in individual countries or areas as well as the effects on its competitiveness, geographic proximity, economic affinity, similarities in business environments and the nature, scale and degree of inter-relationship of the enterprises' operations in the various countries. [Footnote in original.]

therein by the parent company and the main affiliates;

(iii) the operating results and sales by geographical area and the sales in the major lines of business for the enterprise as a whole;

(iv) significant new capital investment by geographical area and, as far as practicable, by major lines of business for the enterprise as a whole;

(v) a statement of the sources and uses of funds by the enterprise as a whole;

(vi) the average number of employees in each geographical area;

(vii) research and development expenditure for the enterprise as a whole;

(viii) the policies followed in respect of intra-group pricing;

(ix) the accounting policies, including those on consolidation, observed in compiling the published information.

#### COMPETITION

Enterprises should

while conforming to official competition rules and established policies of the countries in which they operate,

(1) refrain from actions which would adversely affect competition in the relevant market by abusing a dominant position of market power, by means of, for example,

(a) anti-competitive acquisitions,

(b) predatory behavior toward competitors,

(c) unreasonable refusal to deal,

(d) anti-competitive abuse of industrial property rights,

(e) discriminatory (i.e. unreasonably differentiated) pricing and using such pricing transactions between affiliated enterprises as a means of affecting adversely competition outside these enterprises;

(2) allow purchasers, distributors and licensees freedom to resell, export, purchase and develop their operations consistent with law, trade conditions, the need for specialisation and sound commercial practice;

(3) refrain from participating in or otherwise purposely strengthening the restrictive effects of international or domestic cartels or restrictive agreements which adversely affect or eliminate competition and which are not generally or specifically accepted under applicable national or international legislation;

(4) be ready to consult and co-operate, including the provision of information, with competent authorities of countries whose interests are directly affected in regard to competition issues or investigations. Provision of information should be in accordance with safeguards normally applicable in this field.

#### FINANCING

Enterprises should, in managing the financial and commercial operations of their activities, and especially their liquid foreign assets and liabilities, take into consideration the established objectives of the countries in which they operate regarding balance of payments and credit policies.

#### TAXATION

Enterprises should

(1) upon request of the taxation authorities of the countries in which they operate, provide, in accordance with the safeguards and relevant procedures of the national laws of these countries, the information necessary to determine correctly the taxes to be assessed in connection with their operations, including relevant information concerning their operations in other countries;

(2) refrain from making use of the particular facilities available to them, such as transfer pricing which does not conform to an arm's length standard, for modifying in ways contrary to national laws the tax base on which members of the group are assessed.

#### EMPLOYMENT AND INDUSTRIAL RELATIONS

Enterprises should

within the framework of law, regulations and prevailing labour relations and employment practices, in each of the countries in which they operate,

(1) respect the right of their employees to be represented by trade unions and other bona fide organisations of employees, and engage in constructive negotiations, either individually or through employers' associations, with such employee organisations with a view to reaching agreements on employment conditions, which should include provisions for dealing with disputes arising over the interpretation of such agreements, and for ensuring mutually respected rights and responsibilities;

(2) (a) provide such facilities to representatives of the employees as may be necessary to assist in the development of effective collective agreements;

(b) provide to representatives of employees information which is needed for meaningful negotiations on conditions of employment;

(3) provide to representatives of employees where this accords with local law and practice, information which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole;

(4) observe standards of employment and industrial relations not less favourable than those



observed by comparable employers in the host country;

(5) in their operations, to the greatest extent practicable, utilise, train and prepare for upgrading members of the local labour force in co-operation with representatives of their employees and, where appropriate, the relevant governmental authorities;

(6) in considering changes in their operations which would have major effects upon the livelihood of their employees, in particular in the case of the closure of an entity involving collective lay-offs or dismissals; provide reasonable notice of such changes to representatives of their employees, and where appropriate to the relevant governmental authorities, and co-operate with the employee representative and appropriate governmental authorities so as to mitigate to the maximum extent practicable adverse effects;

(7) implement their employment policies including hiring, discharge, pay, promotion and training without discrimination unless selectivity in respect of employee characteristics is in furtherance of established governmental policies which specifically promote greater equality of employment opportunity;

(8) in the context of bona fide negotiations<sup>4</sup> with representatives of employees on conditions of employment or while employees are exercising a right to organise, not threaten to utilise a capacity to transfer the whole or part of an operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of a right to organise;

(9) enable authorised representatives of their employees to conduct negotiations on collective bargaining or labour management relations issues with representatives of management who are authorised to take decisions on the matters under negotiation.

## SCIENCE AND TECHNOLOGY

### Enterprises should

(1) endeavor to ensure that their activities fit satisfactorily into the scientific and technological policies and plans of the countries in which they operate, and contribute to the development of national scientific and technological capacities, including as far as appropriate the establishment and improvement in host countries of their capacity to innovate;

(2) to the fullest extent practicable, adopt in the course of their business activities practices which

<sup>4</sup> Bona fide negotiations may include labour disputes as part of the process of negotiation. Whether or not labour disputes are so included will be determined by the law and prevailing employment practices of particular countries. [Footnote in original.]

permit the rapid diffusion of technologies with due regard to the protection of industrial and intellectual property rights;

(3) when granting licenses for the use of industrial property rights or when otherwise transferring technology do so on reasonable terms and conditions.

## Texts of Decisions of the Council<sup>5</sup>

### DECISION OF THE COUNCIL ON INTER-GOVERNMENTAL CONSULTATION PROCEDURES ON THE GUIDELINES FOR MULTINATIONAL ENTERPRISES

The Council,

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14th December, 1960 and, in particular, to Articles 2(d), 3 and 5(a) thereof;

Having regard to the Resolution of the Council of 21st January, 1975 establishing a Committee on International Investment and Multinational Enterprises and, in particular, to paragraph 2 thereof [C(74)247(Final)];

Taking note of the Declaration by the Governments of OECD Member countries of 21st June, 1976 in which they jointly recommend to multinational enterprises the observance of guidelines for multinational enterprises;

Recognising the desirability of setting forth procedures by which consultations may take place on matters related to these guidelines;

On the proposal of the Committee on International Investment and Multinational Enterprises;

### DECIDES:

1. The Committee on International Investment and Multinational Enterprises (hereinafter called the "Committee") shall periodically or at the request of a Member country hold an exchange of views on matters related to the guidelines and the experience gained in their application. The Committee shall periodically report to the Council on these matters.

2. The Committee shall periodically invite the Business and Industry Advisory Committee to OECD (BIAC) and the Trade Union Advisory Committee to OECD (TUAC) to express their views on matters related to the guidelines and shall take account of such views in its reports to the Council.

3. On the proposal of a Member country the Committee may decide whether individual enterprises should be given the opportunity, if they so wish, to express their views concerning the application of the guidelines. The Committee shall not reach conclusions on the conduct of individual enterprises.

4. Member countries may request that consulta-

<sup>5</sup> Turkey abstained on the three decisions.

tions be held in the Committee on any problem arising from the fact that multinational enterprises are made subject to conflicting requirements. Governments concerned will co-operate in good faith with a view to resolving such problems, either within the Committee or through other mutually acceptable arrangements.

5. This Decision shall be reviewed within a period of three years. The Committee shall make proposals for this purpose as appropriate.

#### DECISION OF THE COUNCIL ON NATIONAL TREATMENT

The Council,

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14th December, 1960 and, in particular, Articles 2(c), 2(d), 3 and 5(a) thereof;

Having regard to the Resolution of the Council of 21st January, 1975 establishing a Committee on International Investment and Multinational Enterprises and, in particular, paragraph 2 thereof [C(74)247(Final)];

Taking note of the Declaration by the Governments of OECD Member countries of 21st June, 1976 on national treatment;

Considering that it is appropriate to establish within the Organisation suitable procedures for reviewing laws, regulations and administrative practices (hereinafter referred to as "measures") which depart from "National Treatment";

On the proposal of the Committee on International Investment and Multinational Enterprises;

#### DECIDES:

1. Measures taken by a Member country constituting exceptions to "National Treatment" (including measures restricting new investment by "Foreign-Controlled Enterprises" already established in their territory) which are in effect on the date of this Decision shall be notified to the Organisation within 60 days after the date of this Decision.

2. Measures taken by a Member country constituting new exceptions to "National Treatment" (including measures restricting new investment by "Foreign-Controlled Enterprises" already established in their territory) taken after the date of this Decision shall be notified to the Organisation within 30 days of their introduction together with the specific reasons therefore and the proposed duration thereof.

3. Measures introduced by a territorial subdivision of a Member country, pursuant to its independent powers, which constitute exceptions to "National Treatment", shall be notified to the Organisation by the Member country concerned, insofar as it has knowledge thereof, within 30 days of the responsible officials of the Member country obtaining such knowledge.

4. The Committee on International Investment and Multinational Enterprises (hereinafter called the

"Committee") shall periodically review the application of "National Treatment" (including exceptions thereto) with a view to extending such application of "National Treatment". The Committee shall make proposals as and when necessary in this connection.

5. The Committee shall act as a forum for consultations, at the request of a Member country, in respect of any matter related to this instrument and its implementation, including exceptions to "National Treatment" and their application.

6. Member countries shall provide to the Committee, upon its request, all relevant information concerning measures pertaining to the application of "National Treatment" and exceptions thereto.

7. This Decision shall be reviewed within a period of three years. The Committee shall make proposals for this purpose as appropriate.

#### DECISION OF THE COUNCIL ON INTERNATIONAL INVESTMENT INCENTIVES AND DISINCENTIVES

The Council,

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14th December, 1960 and, in particular, Articles 2(c), 2(d), 2(e), 3 and 5(a) thereof;

Having regard to the Resolution of the Council of 21st January, 1975 establishing a Committee on International Investment and Multinational Enterprises and, in particular, paragraph 2 thereof [C(74)247(Final)];

Taking note of the Declaration by the Governments of OECD Member countries of 21st June, 1976 on international investment incentives and disincentives;

On the proposal of the Committee on International Investment and Multinational Enterprises;

#### DECIDES:

1. Consultations will take place in the framework of the Committee on International Investment and Multinational Enterprises at the request of a Member country which considers that its interests may be adversely affected by the impact on its flow of international direct investments of measures taken by another Member country specifically designed to provide incentives or disincentives for international direct investment. Having full regard to the national economic objectives of the measures and without prejudice to policies designed to redress regional imbalances, the purpose of the consultations will be to examine the possibility of reducing such effects to a minimum.

2. Member countries shall supply, under the consultation procedures, all permissible information relating to any measures being the subject of the consultation.

3. This Decision shall be reviewed within a period of three years. The Committee on International Investment and Multinational Enterprises shall make proposals for this purpose as appropriate.

## Secretary Kissinger's News Conference at Paris June 22

*Following is the transcript of a news conference held by Secretary Kissinger at the American Embassy at Paris on June 22.<sup>1</sup>*

Press release 317 dated June 22

*Secretary Kissinger:* This was supposed to be a joint conference with the Secretary of the Treasury, but—because of bureaucratic confusions, we hadn't realized about his plane—he has a fixed departure for Poland, and he got delayed at OECD [Organization for Economic Cooperation and Development]. So I will answer all technical economic questions and produce a major crisis in international finance.

Basically, our attempt at the OECD meeting was to call attention to the fact that the industrial democracies possess the resources to have produced the highest standard of living for their peoples of any group, the resources to advance the growth of the developing countries, and indeed the resources to which even countries of a different economic philosophy appeal if they want to accelerate their own advance.

Therefore the industrial democracies have the opportunity, if they coordinate their efforts, to contribute to the overwhelming problem of our period, which is to construct an international order—for the first time in history on a global basis—in which all or at least most nations have a sense of participation.

And at a time when there is so much talk about who is on the rise and who is on the decline, it is important to take stock of the fact that, in the main element of what makes

life worthwhile for people, it is the industrial democracies that have the capacity to help both their own people and all of the rest of mankind, if they coordinate their efforts, and that this is well within their capabilities.

This was the major theme of our approach; this is what we asked OECD to join us in doing; and this is the basis for an optimistic appraisal about the prospects of world order in the next decade or so.

With this I will be glad to answer your questions.

*Q. Mr. Secretary, I am sure there will be a lot of questions about OECD, so I don't suppose you'll mind if I ask for your comments on the Italian elections.*

*Secretary Kissinger:* You know, I didn't see the final results of the Italian election until this morning, and we have not yet had an opportunity to analyze all its nuances and to discuss it with our colleagues here and in Washington. I would call attention to the fact that the democratic parties—that is, the non-Communist, non-Fascist parties—have something over 56 percent of the vote, so that the possibility of forming a majority based on democratic parties exists. But the Italian parties will now have to discuss among themselves about how to proceed.

*Q. Mr. Secretary, what practical measures has the Congress of your country provided for the survival of the Cyprus Republic?*

*Secretary Kissinger:* The United States has repeatedly stated its views that a settlement of Cyprus must respect the dignity and self-respect of the population, that the dividing lines cannot be the existing dividing lines on Cyprus, and that we are in favor of an independent and united Cyprus.

<sup>1</sup>Other press releases relating to the Secretary's June 20-23 visit to Paris are Nos. 312 and 312A of June 20, 314 of June 21, 315 and 316 of June 22, and 323 of June 23.

We have attempted to bring the two parties together in negotiations at various forums. I think it is safe to say that the Greek and Turkish negotiators throughout history have not found compromise the easiest road for dealing with each other.

But the United States strongly supports a negotiated settlement, urges the parties to return to negotiations as rapidly as possible, and does not exclude putting forward ideas of our own once the positions of the two sides begin to approach each other more. But as long as the gap between the two parties is as wide as it is, it is very difficult for the United States to put forward a compromise proposal.

*Q. Mr. Secretary, do you feel that we are any closer to a settlement of the Lebanese crisis today than we were three days ago?*

*Secretary Kissinger:* I don't see what has changed in the last three days that would make a settlement of the Lebanese crisis easier. The problem remains substantially what it has been all along. The differences between the warring factions in Lebanon have proved extremely complicated to reconcile. Secondly, even when there is a central government there is the problem of how to supply it with a security force that would enable it to make its writ run in all of Lebanon.

We strongly support any initiative that brings the conflicting groups together; we favor a negotiation among these factions and among the various groups; and we strongly support a united Lebanon whose independence and sovereignty is respected and in which the various communities can live in security.

*Q. Mr. Secretary, in Nairobi the United States expressed reservations concerning the final agreement. Here the United States has refused stabilization of raw materials. Are you intending to place back into question the matter of the consensus secured at UNCTAD [U.N. Conference on Trade and Development]?*

*Secretary Kissinger:* I don't know exactly

what you're referring to. The United States has supported an approach on a case-by-case basis to commodities. It has agreed at UNCTAD, and it continues to agree, to a schedule by which these commodities should be negotiated. It has suggested that buffer stocks were the most efficient way of doing this, and it has agreed to examine funds for each commodity with which to do it. The United States has expressed reservations about a common fund for all commodities and has not agreed to proceed with this. But the United States is not putting into question the consensus that was achieved at UNCTAD.

*Q. Mr. Secretary, could you supply something which may be a footnote—or may be more than a footnote—to the Lebanese evacuation? Did the U.S. Government directly contact the PLO [Palestine Liberation Organization] or any agency of the PLO to, first, arrange for the evacuation and, second, to thank them for their support and cooperation during it?*

*Secretary Kissinger:* The United States at no time has been in direct contact with the PLO during the evacuation. The United States, of necessity, had to deal through various intermediaries with the PLO. That is to say, other countries that have relations with the PLO contacted the PLO about the physical arrangements in an area that was controlled by Palestinians. It wasn't only the PLO, there were other Palestinian groups that controlled the area from which the evacuation took place.

There has been, to the best of my knowledge, no direct contact between the United States and the PLO on the subject, before or subsequently, at any time during the Lebanese [inaudible]. All communications have been through intermediaries. And in all cases, except for a general expression of thanks to all people who helped, there were no messages at all. We left it to the intermediaries to arrange what needed to be arranged.

*Q. Mr. Secretary, coming back to the*



*OECD, does the United States subscribe to the OECD thesis that the strategy for the rest of this decade calls for only moderate growth, which implies continued slack and slow improvement in the unemployment rate?*

*Secretary Kissinger:* I am sorry that my friend [Secretary of the Treasury] Bill Simon isn't here. But I would suppose that any document that we signed we subscribe to. Most of the time that is true.

*Q. Dr. Kissinger, there has been a lot of talk about the CIEC [Conference on International Economic Cooperation] Conference in Paris. What concessions would you like to see from the OPEC [Organization of Petroleum Exporting Countries] countries on energy, and do you agree with the OPEC analysis that nuclear power cannot make a considerable contribution to the energy balance of the industrialized world?*

*Secretary Kissinger:* We are at this moment formulating our detailed positions for the CIEC Conference. We have always believed and continue to believe that the CIEC Conference is the principal instrument through which the dialogue between the developed and the developing countries should take place. And we welcome the initiative that brought it into being and brought it to Paris.

We will make serious proposals in all of the categories, in all of the four commissions in which CIEC is operating. We don't want to put it in terms of what concessions do we want from any particular group. We will rather put it in terms of a coherent program in which the concessions of both sides are balanced.

With respect to nuclear power, I think it is probably correct that nuclear power by itself cannot replace oil as a principal source of energy. And it is for this reason that in my remarks yesterday I called attention to other substitutes for oil.

But the fact is that with or without the energy crisis the reserves of petroleum are limited and the industrialized countries and, indeed, the rest of the world have, at most,

the rest of this century to develop significant alternative sources for energy. And this must be a major part of our energy program.

*Q. With regard to your remarks in favor of negotiations on Lebanon, how would you assess the prospects for a negotiation now? And two, is your meeting with American Ambassadors from the Middle East tonight related in any way to any new international initiative on a negotiation?*

*Secretary Kissinger:* Actually, the meeting with the Ambassadors was arranged before the tragic deaths of the two American diplomats in Beirut. It seemed to me then that it was important to have an opportunity to get a firsthand view from our Ambassadors in those countries in the Middle East that are most concerned with the Lebanon crisis. And also to give us an opportunity to avoid misconceptions about what role the United States may or may not have played in particular events.

Out of this meeting today I do not expect an American peace initiative for Lebanon; but we will continue, as we have in the past, to support any peace initiative in Lebanon that is promising. The tragedy of Lebanon must be ended as rapidly as possible, and our Ambassadors will be instructed to use their maximum influence and to offer their fullest cooperation to the governments in the area in that effort. But the meeting today is confined to Lebanon and is not dealing with Middle East peace in general.

*Q. Mr. Secretary, in all your negotiations, do you find it more difficult now to negotiate since it is an election year?*

*Secretary Kissinger:* My megalomania, of course, reaches levels in which an admission of inadequacy is next to inconceivable. But it is obvious that in an election year other countries are asking themselves about the continuity of American foreign policy. It is my belief that the main lines of our foreign policy reflect the permanent interests of the United States and will be continued. And I must honestly say I have not found that

there is a significant inhibition to the conduct of our diplomacy, despite the excitement that is occurring in the United States.

*Q. Mr. Secretary, regarding Lebanon, can you tell us if there is any promise in either the French proposal for a roundtable or for the French proposal for a French force in Lebanon?*

*Secretary Kissinger:* With respect to the idea of a roundtable in Paris, the United States does not want to commit itself to any one particular formula. We would certainly think that a roundtable in a place that appears neutral to most of the participants would be an obvious solution. And if all of the parties were to agree to come to Paris, we would think that was a reasonable venue, and we would support it.

We have not put forward any particular locale, but we would not only have no objection to Paris, we would think it has something to commend it.

With respect to the French force, as I understand the French proposal, it is that if all the parties ask for French participation, as well as the states most concerned, like Syria and Egypt, and if there are conditions of cease-fire, then France would be prepared to send forces to help assure the cease-fire for a limited period of time.

If all of these conditions are met, the United States would believe that a French force, especially under the conditions which now exist, might play a useful role. It is not, however, for us to say whether a French force should go to Lebanon. It depends, as President Giscard himself has pointed out, on the wishes of the Arab parties concerned and on a prior achievement of a cease-fire. If all of those conditions are met, the United States would certainly not object to such a force.

*Q. Mr. Secretary, how did the OECD meeting contribute to the Puerto Rico summit that is planned for this weekend, and what do you see as the relationship?*

*Secretary Kissinger:* The major topics that were raised at OECD will also be raised at

the Puerto Rico summit, and the OECD meeting gave an opportunity to exchange in a wider circle some of the issues that will be discussed intensively in Puerto Rico, and they raised the questions which the heads of governments will deal with in greater detail.

The basic reason for the summits that have taken place within the last year has been the conviction that the industrial democracies owe it to their people to demonstrate that they are in control of their destinies and that they are willing to coordinate their policies both for growth and for development and perhaps also in other spheres of economic activity. That will be the basic theme of the Puerto Rico summit; and in this sense the OECD meeting should be viewed as a preparatory conference, although it was obviously not scheduled for that reason.

*Q. You spoke of possible political pressures in the East, as a result of the rapid expansion of East-West trade, on particular Western countries. Can you provide us with some examples of either where this has taken place in the past or hypothetical illustrations of how it can happen in the future?*

*Secretary Kissinger:* What I attempted to do in my remarks yesterday was to call attention to a series of problems that can arise over the future. I did not refer to any particular difficulties that have in fact occurred. It seems to me, however, that when the trade between the industrial democracies and the state trading systems is increasing at the rate that it is, it would be foolhardy not to look at the problems that could develop over the future.

Obviously, state trading systems, being centrally controlled and subject to immediate political direction, can switch their purchases rapidly from one country to another; and they can, therefore, if the trade has reached a certain level, bring about a situation that could have economic consequences. They could cut off deliveries of what they have agreed to do, rapidly.

And therefore what we would like to do is to review the whole range of problems that

could arise and to establish for ourselves some guidelines by which the industrial democracies could cooperate; because many of these difficulties that one foresees could theoretically be dealt with by some of the methods that were tried out in the IEA [International Energy Agency] without any detriment to the overall level of trade—and, indeed, to its encouragement.

*Q. Mr. Secretary, I wonder if we might ask you again a little bit more about your reaction to the Italian election. Now you said you have not yet had a chance to study the nuances. However, the bare numbers are there. I wonder if you could categorize your reaction in some way. For example, do the results in any way justify the alarm that you expressed prior to the vote—the alarm, that is, of a possible Communist participation in the government?*

*Secretary Kissinger:* I never expressed unprovoked alarm. And I think it would be important for the European press to understand that almost all of my comments on the subject were elicited with my, I must say, not very excessive reluctance.

But nevertheless, the essential problem which we confronted in the spring has not been fundamentally changed by the Italian election; namely, whether the necessary reforms in Italy should be carried out by a coalition of democratic parties or whether they should be carried out with the participation of the Communist Party.

The possibility exists, as I pointed out, on the basis of the election, to form a coalition of democratic parties, since there is something like 56 percent of the parties that are neither Communist nor Fascist. It is now up to the Italian political parties to decide which way they want to direct Italian politics; and beyond this I am not prepared to go today.

*Q. Will the EEC [European Economic Community] participate in the Puerto Rico summit?*

*Secretary Kissinger:* The participation of the EEC is a question that is for the Europeans to resolve and not for the United

States, and therefore we will wait to get a European reaction.

*Q. Regarding your statements on energy yesterday, do you expect non-IEA countries like France to join the IEA in an attempt to form a common front?*

*Secretary Kissinger:* We have in fact achieved a high degree of cooperation between France and the IEA, and we are prepared to proceed on a pragmatic basis. That is to say, we are interested in the results and not in the legal structure, and I believe it would be possible to work out a parallel program between the IEA and France within either the framework of the OECD or through bilateral arrangements. We do not insist that France join the IEA, and we believe that the program we propose is achievable without formal participation of France.

*Q. Can you elaborate on your statement on Cyprus, with particular reference to the dividing line?*

*Secretary Kissinger:* I have said before that it seems to us that the present dividing lines should not be the permanent dividing lines on Cyprus. What the exact dividing lines should be is what the negotiation is supposed to accomplish, and we have urged both parties to negotiate these issues as rapidly as possible for the sake of the population of Cyprus, which has suffered enough, and for the sake of peace in the eastern Mediterranean.

*Q. Mr. Secretary, could you give us some idea of the impact of the events in South Africa on your approach to your talks with Prime Minister Vorster?*

*Secretary Kissinger:* The purpose of my meeting with Prime Minister Vorster has been to contribute to a peaceful evolution of the problems of South Africa, an evolution which would enable all communities there to live with each other with recognition of each other's dignity and which, at the same time, would avoid outside intervention and move toward a majority rule, respect for the minority rights, and negotiations. The meeting

with Prime Minister Vorster resulted from the fact that all black African leaders with whom I spoke on my recent trip urged me to bring South Africa into this process. And within the United States I was urged by the Black Caucus to bring South Africa into this process. Last week, after the riots in South Africa, I met with 40 African Ambassadors in Washington, and they unanimously asked me to go ahead despite the riots, because the riots underline the urgency of the situation.

As far as the United States is concerned, I expressed our strong opposition to the system of legalized separation of the races that is taking place in South Africa. We joined the U.N. Security Council consensus and made a separate statement expressing our strong opposition to the violence that was used in the face of the demonstrations. And we regret that the meeting with the Prime Minister is taking place in these circumstances.

But precisely because South Africa is such an essential part of any attempt to bring about a negotiated solution in southern Africa, because the problems will not be easier four or eight weeks from now, we have decided to go ahead with these meetings—in full consultation with all interested black African states, with whose leaders we have been in close contact prior to this meeting and with whom we hope to be in close contact after this meeting.

The United States is attempting to move matters to a solution through negotiation rather than through violence. And it will attempt to do what it can to avoid outside intervention and to permit a solution in which African problems are solved by African nations, and we are doing this in the closest cooperation with all the states of Africa. It is in this spirit and not in any sense as an endorsement of anything that is going on in South Africa—quite the contrary—that I am meeting the South African Prime Minister tomorrow.

*Q. Mr. Secretary, back to the Middle East for a moment, please. There is a report—I have not seen the report fully—out of Israel that you have told Ambassador Dinitz that,*

*for the transitional quarter, Israel will have to get along with \$200 million instead of the \$500 million voted by Congress. Now I realize that reports get garbled, and as I say, I have not seen the report, so could you clarify this? Has there been such a decision made by the Administration to cut Israel's aid during the transitional quarter, and if so, why?*

*Secretary Kissinger:* First of all, it is incorrect to characterize this as cutting Israel's aid. The problem has been how much should be added to aid for Israel during the transitional quarter. The President has been attempting to work out a compromise with interested Members of the Congress on the amount of aid for Israel, between the sum of \$500 million that has been requested by Israel as an addition to the sums that have already been appropriated and what he feels is possible and will still meet his budgetary ceiling. To the best of my information, this sum is still under negotiation, and therefore any particular figure would be incorrect.

*Q. Mr. Secretary, you refer to intermediaries between the United States and the PLO. May I ask if Egypt played a part in this capacity? May I ask you about the prospect for a Geneva meeting?*

*Secretary Kissinger:* First of all, "intermediary" between the United States and the PLO is perhaps too sweeping a word. The United States had the practical problem of evacuating citizens from areas that were controlled by Palestinians, and therefore it was necessary to make certain technical arrangements with the Palestinians. In this respect the Government of Egypt played an extremely helpful role, for which we are very grateful, and we dealt with it by stating our requirements to the Government of Egypt, which then dealt with whatever group they felt was necessary to achieve it.

But they did not pass any messages from us to any other group. It was done by the Government of Egypt on its own authority. There were other Arab governments such as the Government of Saudi Arabia and of Tunisia that were extremely helpful in arranging the evacuation, and we have thanked



them. The President has sent messages to all of them.

With respect to the resumption of the Geneva Conference, the United States has expressed its view that an extended stagnation of conditions in the Middle East would be dangerous to the peace of the area. We therefore support a peace process which in our view now should proceed on all fronts, either in stages or toward the final settlement, whichever the parties agree to.

We are prepared for a resumption of the Geneva Conference. We are prepared to do it in any other forum that indicates progress. We at one point proposed the preparatory conference in order to examine what could be done, but we are openminded in this matter. The major objective is to make realistic progress, and we are in touch with all of the parties in order to achieve it.

## Secretary Comments on Discussions With South African Prime Minister

*Secretary Kissinger met with Prime Minister John Vorster of South Africa June 23-24 at Bodenmais and Grafenau, Federal Republic of Germany. Following is the transcript of a news conference held by Secretary Kissinger and Federal German Minister Hans-Dietrich Genscher at Furstenfeldbruck Airport on June 24.<sup>1</sup>*

Press release 327 dated June 24

*Secretary Kissinger:* Ladies and gentlemen, I primarily want to take this opportunity to thank the Government of the Federal Republic and the Foreign Minister for the arrangements that were made for my meeting with the Prime Minister of South Africa. The arrangements could not have been better, and all the technical arrangements were extraordinarily efficient, and with the complicated transportation arrangements. We would like to express our appreciation to the Government of the Federal Republic, to the Chancellor and to the Foreign

Minister for the personal interest they have taken in this.

I have had a discussion with the Foreign Minister here, and of course, as you know, the state of our consultation is now such that when we don't see each other for three days we both become very lonely, and we will see each other again this weekend. But I reported to the Foreign Minister about my conversations with the Prime Minister of South Africa and his colleagues, and we also discussed the preparations for Puerto Rico, where we will of course meet again this weekend.

That is all I want to say now.

*Q. Mr. Secretary, can you tell us a bit more about your discussions with the South African Prime Minister?*

*Secretary Kissinger:* I can't really add a great deal to what has already been said. The Prime Minister and I reviewed in great detail all of the aspects of the situation in southern Africa. From the point of view of moving matters toward a solution and avoiding the threatening conflicts in that area, we looked at all the possibilities that have been suggested by various parties.

The Prime Minister has to return to South Africa to talk to his colleagues and to reflect about matters, and we will follow up through other channels and stay in close touch to see what can be done to move matters forward.

The United States stands by the policy which has been enunciated in Lusaka, and any solution in which we participate will be in that framework.<sup>2</sup>

*Q. Mr. Secretary, how would you characterize the Prime Minister's reactions?*

*Secretary Kissinger:* I don't think it would be appropriate for me to characterize the reactions in any other way than that there was a full and detailed exploration of all the methods that might be used to bring about a solution, and I believe there is an understanding of the seriousness of the situation

<sup>1</sup> For remarks by Secretary Kissinger at Grafenau on June 23, see press release 325.

<sup>2</sup> For Secretary Kissinger's address at Lusaka on Apr. 27, see BULLETIN of May 31, 1976, p. 672.

and of the need for—and of the urgency—with which the solution must be sought.

*Q. [Unintelligible.]*

*Secretary Kissinger:* Well, I think it is premature to discuss this until further discussions can have been held, and I will also send the Assistant Secretary of State for African Affairs to Africa to report to the leaders of the black African countries that are most concerned with these matters and ask if we can have their opinion. Then we can be more specific.

*Q. Mr. Secretary, your speech in Lusaka put an emphasis on Rhodesia. Were your talks primarily about Rhodesia, or did you spend a great deal of time on South Africa itself?*

*Secretary Kissinger:* We said that all the problems of southern Africa—which includes Rhodesia, Namibia, and South Africa—were discussed.

*Q. Could you expand on the problems of South Africa? I am not so sure of what it is [unintelligible].*

*Secretary Kissinger:* Well, we have stated, I stated, in Lusaka that the United States is against the institutionalized and legalized separation of the races. And we, I repeat, discussed all the problems of southern Africa.

*Q. Mr. Secretary, you said before the meeting began that you believe that South Africa's participation was necessary to the peaceful resolution of the problems of [unintelligible] it is your impression that the South African [unintelligible] are prepared to participate in a peaceful resolution?*

*Secretary Kissinger:* Well, I think that the Government of South Africa will have to speak for itself, but the discussions started from that assumption and were carried out in that framework. What in fact can be done and what will be done will be determined in the next weeks and months, but we believe that the process that we have

started in April is still underway after these discussions.

*Q. Mr. Secretary, did the Prime Minister give much inspiration about whites [unintelligible]?*

*Secretary Kissinger:* We have always stated that a solution in southern Africa must take into account not only the claims of the majority but the rights of the minority and a solution must be sought in the framework in which all communities can exist within a framework of dignity and self-respect.

*Q. [Unintelligible.]*

*Secretary Kissinger:* The United States has stated its views on that subject in the U.N. Security Council debate last Saturday, and these views are unchanged.

*Q. Mr. Secretary, you mentioned you will talk with [British Prime Minister James] Callaghan tomorrow [unintelligible].*

*Secretary Kissinger:* Of course I cannot speak for the British Government. I plan to see Mr. Crosland [British Foreign Secretary Anthony Crosland] and Mr. Callaghan tomorrow, and then over the weekend in Puerto Rico we will have an opportunity to talk to our other colleagues from other West European countries.

I would think that Britain has an important role to play, especially with respect to Rhodesia, and I would hope that Britain will participate and play a leading role in the evolution of the Rhodesian question. But I would first like to discuss details of this with the Prime Minister and the Foreign Secretary.

*Q. Mr. Secretary, your South African [unintelligible].*

*Secretary Kissinger:* Well, I don't think matters have reached a point where any specific decisions can be communicated to anybody, and of course you will have to keep in mind that in this whole process we have to stay in touch, both with the Government of South Africa as well as with the govern-

ments of black Africa. We also have to be, we intend to be, in the closest touch and consultation with West European governments that have an interest in this subject, and it is quite premature to talk of any intermediaries.

*Q. Mr. Secretary, you said before you set out that one of the things you wanted to find out was [unintelligible] separate Rhodesia from South West Africa. Do you have a better idea what that is now?*

*Secretary Kissinger:* Well, I have a better idea of the views of the South African Prime Minister and his colleagues, but of course he will have to speak for himself. I think we have made clear that the framework—that the process in which we are engaged is continuing and that the framework for it is unchanged; and you may be able to draw some conclusions from that.

*Q. Mr. Secretary, as a result of these meetings have you decided when you will ask for [unintelligible]?*

*Secretary Kissinger:* Well, this is a question for the President to decide in the light of the assessment of his legislative advisers as to the situation in the Congress. I have not so distinguished myself in my understanding of congressional sentiment that my recommendations would be decisive. But we will undoubtedly ask for it, and—

*Q. There is indeed, but the point is, do the discussions do anything about accelerating or delaying your recommendations?*

*Secretary Kissinger:* The discussions that took place are essentially not relevant to the decision that we will make with respect to the Byrd amendment.

*Q. [Unintelligible].*

*Secretary Kissinger:* Well, I really think that is a question that the Government of South Africa has to answer, which perhaps is put this way in a slightly extreme form. The problem is whether it is possible to start an evolution in southern Africa in which there are sufficient guarantees for

minorities so that the political evolution that the majority of the people want is bearable for the minorities.

This is the essence of the problem, and it should not be viewed in terms of separating oneself from any particular group.

*Q. And did you get an answer to that question?*

*Secretary Kissinger:* Well, as we have announced, we discussed all aspects of the problems in southern Africa.

*Q. Mr. Secretary, you spoke before of setting up a process as a result of these meetings. Did you get any final answer? Do you feel that you have established this process [unintelligible]?*

*Secretary Kissinger:* I do not know whether there will be any solution; but we believe that the process is in motion, and we hope, as we have hoped from the beginning, to contribute toward a resolution that is achieved by negotiation and not by violence and which respects the dignity of all the peoples in the area.

And I believe that this process is in motion.

*Foreign Minister Genscher:* I should like to add that the Government of the Federal Republic of Germany, like the Government of the United States, is undertaking efforts to make its contribution toward a peaceful solution of the problems besetting southern Africa, and we are undertaking these efforts together with our partners in the European Community. And that is why the information we received from the Secretary of State was very important for us, since the Chancellor is seeing the Prime Minister of South Africa tomorrow to express and put before him the views of the Government of the Federal Republic of Germany, as I did last Tuesday to the Foreign Minister of the Republic of South Africa. Therefore I would like to take this opportunity again to thank the Secretary of State for the information he has been making available to me.

Thank you very much.

## U.S. Embassy Officials Murdered in Lebanon

*Following are statements made on June 16 by President Ford and Secretary Kissinger on the deaths of U.S. Ambassador to Lebanon Francis E. Meloy, Jr., Economic Counselor Robert O. Waring, and Embassy chauffeur Zohair Moghrabi.*

### STATEMENT BY PRESIDENT FORD

White House press release dated June 16

The assassination of our Ambassador in Beirut, Francis E. Meloy, Jr., and of our Counselor for Economic Affairs, Robert O. Waring, and of their driver is an act of senseless, outrageous brutality. I extend to their families my own deep sense of sorrow and that of all of the American people.

These men were on their way to meet with President-elect Sarkis. They were on a mission of peace, seeking to do what they could in the service of their country to help restore order, stability, and reason to Lebanon. Their deaths add another tragedy to the suffering which the Lebanese people have endured beyond measure.

These men had lived with danger for many weeks and did so with dedication and disregard of personal safety—as we have come to expect of the Foreign Service.

The goals of our policy must remain unchanged. The United States will not be deterred in its search for peace by these murders.

I have instructed Secretary Kissinger to continue our intensive efforts in this direction. I will name a new Ambassador to Lebanon within the very near future to resume the mission of Ambassador Meloy, which he performed so brilliantly.<sup>1</sup> I have also instructed the Secretary to get in touch with all of the governments in the area and with the Lebanese leaders to help identify the

murderers and to see that they are brought to justice. I have also ordered that all appropriate resources of the United States undertake immediately to identify the persons or group responsible for this vicious act.

Those responsible for these brutal assassinations must be brought to justice. At the same time, we must continue our policy of seeking a peaceful solution in Lebanon. That is the way we can best honor the brave men who gave their lives for this country and for the cause of peace.

### STATEMENT BY SECRETARY KISSINGER

Press release 305 dated June 16

I learned this morning with profound sorrow of the kidnaping and brutal murder of our Ambassador to Lebanon, Francis E. Meloy, Jr., the Economic Counselor of our Embassy in Beirut, Robert O. Waring, and the Ambassador's Lebanese chauffeur, Zohair Moghrabi. Ambassador Meloy and Mr. Waring were—as part of our intensive effort to bring peace to Lebanon—on their way to a meeting with President-elect Sarkis. They disappeared en route; the three bodies were later found and their identities confirmed.

The President's statement expressed the shock and revulsion that all of us feel at this tragic, cowardly, and senseless act. It also expresses our determination not to be deterred, by brutal and vicious action, from the search for peace. But equally, no nation or group should believe that the United States will not find ways to protect its diplomatic personnel.

I have commented before on the particularly monstrous injustice in violent death coming to those engaged in the work of peace. The vicious cycle of violence and counterviolence which has engulfed Lebanon for months has now cost the American people two of their ablest public servants.

The two American diplomats had served their country long and faithfully at many posts throughout the world. Ambassador Meloy, at the President's request, had gone to Beirut only a few weeks ago from his

<sup>1</sup> On June 22 the White House announced President Ford's designation of Talcott Seelye to go to Beirut as his Special Representative to take charge of the U.S. Embassy temporarily.



previous post in Guatemala on very short notice, fully realizing the dangers and challenges of this important assignment. Mr. Waring had performed brilliantly in Beirut over the past year under the most difficult and hazardous circumstances. Mr. Moghrabi has worked for our Embassy for over 20 years with distinction and courage.

These men had faced the necessity of living with constant mortal danger in order to carry out their mission. They served the cause of peace and died for their cause. They did so with the dedication and disregard of personal safety which we have come to expect of our distinguished Foreign Service.

The men, sadly, are gone. But duty remains. These senseless murders remind us of the urgency of that duty, and of the need for a world free of terror and living with a consciousness of peace. We shall not forget that, and we shall be inspired by the courage and sacrifice of our colleagues.

## **President Ford Announces Evacuation of American Citizens From Lebanon**

*Following are statements by President Ford issued on June 18 and June 20.*

### **STATEMENT OF JUNE 18**

White House press release dated June 18

Due to the continuing uncertainty of the situation in Beirut, I have directed the U.S. Embassy there to assist in the departure by overland convoy to Damascus of U.S. citizens who wish to depart Lebanon at this time.

The convoy is expected to leave Beirut Saturday, and American citizens are being alerted both by the Embassy and by broadcast on the Voice of America to be prepared for departure at that time, if they so wish.

The remains of Ambassador Francis Meloy and Mr. Robert Waring have been brought to Damascus overland. They will be picked up by a U.S. plane and returned to the United States, arriving on Saturday.

Only those Embassy officials not essential to our continuing operations will be leaving Lebanon. The American Embassy in Beirut is to remain open to continue our efforts to help bring an end to the strife which has brought this tragedy to Lebanon.

### **STATEMENT OF JUNE 20**

White House press release dated June 20

The evacuation operation [by sea] in Beirut today was completed successfully without incident. The success of this operation was made possible through the combined efforts of our Armed Forces and State Department personnel both here and in the field.

I want to express my deep appreciation and pride in the outstanding performance of all the men and women who contributed to this effort. We are grateful, as well, for the assistance of other governments and individuals that facilitated the evacuation. The United States will continue to play a positive role in seeking to restore stability and bring peace to Lebanon.

I would like to express to all those who played a part in the success of this operation my heartfelt thanks.

## **U.S. Vetoes Admission of Angola to the United Nations**

*Following is a statement made in the U.N. Security Council by U.S. Representative Albert W. Sherer, Jr., on June 23.*

USUN press release 67 dated June 23

First of all I would like to thank the many Council members who have supported us publicly or privately in our desire to postpone consideration of Angola's application until a more propitious time. I do not have to name the many Council members who have been helpful; we all know who they are. Regrettably, we also know who on this Council has unhelpfully ignored the interests of Angola and instead yielded to the temptations of short-term political gains.

Mr. President, the United States feels obliged to vote against Angola's application at this time because we remain convinced that Angola does not yet meet the requirements for membership set forth in article 4 of the charter.<sup>1</sup> The continuing presence and apparent influence of Cuban troops, massive in number in the Angolan context, is the basis of our view. There is no justification for such a large and armed foreign presence in a truly independent African state:

—Major hostilities have been terminated.

—South Africa has withdrawn her troops.

—Neighboring African states have begun normalizing relations with Angola.

We regret that the Angolan Government has seen fit, in an apparent spirit of confrontation, to press its application now, before time and developments in Angola might have permitted a resolution of our concerns. This is particularly regrettable since the application cannot be acted upon by the General Assembly in any event for another three months.

## Measures To Limit Imports of Specialty Steel Announced

*Following is a statement issued by the Office of the Special Representative for Trade Negotiations (STR) on June 11.*

STR press release 229 dated June 11

An agreement limiting U.S. imports of specialty steel from Japan was signed on June 11 by Ambassador Frederick B. Dent, President Ford's Special Representative for Trade Negotiations, and His Excellency Fumihiko Togo, the Ambassador of Japan, at Washington.

Japan has accounted for more than 50 percent of recent U.S. imports of specialty steel.

<sup>1</sup> The Council on June 23 voted on the draft resolution (S/12110) to recommend the admission of the People's Republic of Angola to the United Nations; the vote was 13 in favor and 1 (U.S.) against (the People's Republic of China did not participate in the vote).

The orderly marketing agreement calls for U.S. imports of these products from Japan to be limited to 66,400 tons for the 12-month period from June 14, 1976, to June 13, 1977, with 3 percent annual increases in each of the two subsequent years. Japan supplied 78,500 tons in 1975, and 30,900 tons in the first four months of 1976.

Following signature of the U.S.-Japan agreement, Ambassador Dent announced that the President will proclaim, effective June 14,<sup>1</sup> three-year restraints on U.S. imports of specialty steel from other foreign suppliers, pursuant to his previous determination on March 16. These actions are based upon a USITC [U.S. International Trade Commission] finding that imports are a substantial cause of serious injury to the domestic industry. The USITC proposed five-year quotas as a result of its investigation of an escape clause import relief petition filed by the alloy tool and stainless (specialty) steel industry and the United Steelworkers of America under the Trade Act of 1974.

Quotas imposed are as follows: The quota for the period June 14, 1976, to June 13, 1977, is 147,000 tons, comparable to the overall level recommended by the USITC. For the 1977-78 period, the total quota is 151,500 tons; and for 1978-79, 155,900 tons.

The relief program determined by the President provides for immediate reductions in total imports from the 1974, 1975, and first-third 1976 levels, over which period they increased markedly. Imports totaled 151,200 tons in 1974, 153,700 tons in 1975, and were running at an annual rate of 168,900 tons for the first four months of 1976. The 1976-77 quota represents reductions from those levels of 3 percent, 4 percent, and 14 percent, respectively.

Ambassador Dent explained that the program provides for historical-supplier market shares, growth factors, new-supplier considerations, and authority to allocate specific product coverages and to reallocate shortfalls on a basis which will assure equitable utilization of the quotas. It is nondiscrimina-

<sup>1</sup> For text of Presidential Proclamation No. 4445, signed June 11, see 41 *Fed. Reg.* 24107.

tory and takes into account both U.S. and foreign suppliers' trade interests. The program was developed following thorough consultations with most exporting countries, including the principal suppliers—Japan, the European Community (EC), Sweden, and Canada—and takes into account the concerns of exporting countries. The agreement with Japan provides for additional consultations, and the United States remains open to consultations with others.

Allocations of the quotas generally are applied to supplier countries on the basis of their proportionate import shares of the U.S. market over the five-year period 1971-75. Specific allocations are provided for Japan, the EC, Sweden, Canada, and all other suppliers. These quotas will cover five product categories: stainless steel sheet and strip, plate, bar, and rod; and alloy tool steel. Excluded from the quota program is stainless steel strip imported for use in the manufacture of razor blades. The USITC found that currently this is not being produced domestically. This exclusion thus benefits consumers without jeopardizing effective import relief of injury to the domestic industry.

Under the program, the EC is allocated an overall quota, covering all nine member states, of 32,000 tons. The Swedish quota is 24,000 tons; Canada's, 12,600. The "basket" quota for all other countries as a group is 12,000 tons. Each of these quotas will be increased by an additional 3 percent in 1978-79.

In announcing the President's action, Ambassador Dent noted that specialty steel tonnage represents less than 2 percent of total U.S. steel imports.

After a review of the USITC findings and recommendations by the Cabinet-level Trade Policy Committee, the President last March instructed Ambassador Dent to seek orderly marketing agreements with principal supplier nations to remedy injury to the domestic industry in a manner meeting the special concerns of each of the nations affected.

Also in March, the President announced his intention to proclaim by June 14 import quotas at overall levels comparable to those recommended by the USITC but not neces-

sarily with respect to specific country or product category allocations recommended by the Commission, in the event that orderly marketing agreements were not concluded. He also rejected as too inflexible the five-year quota system recommended by the Commission.

The President's March determination further provided that any import restraints may be relaxed or removed at any time prior to June 1979 when he finds—upon the advice of the USITC and the Secretaries of Commerce and Labor—that the domestic industry is regaining a healthy production and employment position.

In order to record and review both the effectiveness of the restraint program announced on June 11 and the economic condition of the domestic industry, a monitoring system will be put into effect immediately. This system will provide current data on production, shipments, employment, man-hours worked, imports, exports, prices, and consumption, collected on a monthly basis and published quarterly. Additional data also will be collected and made public on profits, investment, capacity, inventories, and orders.

## Congressional Documents Relating to Foreign Policy

### 94th Congress, 2d Session

Portugal (Including the Azores) and Spain in Search of New Directions. A report by Senator Claiborne Pell to the Senate Committee on Foreign Relations. March 1976. 22 pp.

Inter-American Development Bank and African Development Fund Act of 1976. Report of the Senate Committee on Foreign Relations to accompany H.R. 9721. S. Rept. 94-673. March 1, 1976. 31 pp.

Senate Committee on Intelligence Activities. Report of the Senate Committee on Government Operations to accompany S. Res. 400, resolution to establish a standing committee of the Senate on intelligence activities, and for other purposes; S. Rept. 94-675; March 1, 1976; 42 pp. Report of the Senate Committee on Rules and Administration, together with minority views and recommendations of the Committee on the Judiciary, to accompany S. Res. 400; S. Rept. 94-770; April 29, 1976; 81 pp.

International Petroleum Exposition. Report of the House Committee on International Relations to ac-

company H.J. Res. 296. H. Rept. 94-854. March 1, 1976. 14 pp.

Spanish Base Treaty. Hearings before the Senate Committee on Foreign Relations on Executive E (94th Congress, 2d Session), the Treaty of Friendship and Cooperation Between the United States and Spain, signed at Madrid on January 24, 1976, together with its seven supplementary agreements and its eight related exchanges of notes; March 3-24, 1976; 157 pp. Report of the committee to accompany Ex. E, 94-2; S. Ex. Rept. 94-25; May 20, 1976; 11 pp.

Guatemala Relief and Rehabilitation Act of 1976. Report of the Senate Committee on Foreign Relations to accompany S. 3056. S. Rept. 94-679. March 3, 1976. 11 pp.

Foreign Relations Authorization. Hearing before the Senate Committee on Foreign Relations. March 4, 1976. 101 pp.

Report of Secretary of State Kissinger on His Trip to Latin America. Hearing before the House Committee on International Relations. March 4, 1976. 38 pp.

Communications from the Assistant Secretary of the Treasury (Enforcement, Operations, and Tariff Affairs) transmitting determinations waiving the imposition of countervailing duties on imports for a temporary period not to extend beyond January 3, 1979. Waiver of Countervailing Duties on Certain Austrian Cheeses; H. Doc. 94-404; 7 pp. Waiver of Countervailing Duties on Korean Rubber Footwear; H. Doc. 94-405; 9 pp. Waiver of Countervailing Duties on Certain Mexican Steel Plate; H. Doc. 94-406; 9 pp. March 11, 1976.

Proposed Sale of AWAC's to NATO. Hearing before the Subcommittee on Foreign Assistance of the Senate Committee on Foreign Relations on S. Con. Res. 99, expressing the objection of the Congress to the proposed sale of 32 airborne early warning aircraft to NATO; March 12, 1976; 34 pp. Hearing before the House Committee on International Relations on H. Con. Res. 576; March 18, 1976; 21 pp.

First Use of Nuclear Weapons: Preserving Responsible Control. Hearings before the Subcommittee on International Security and Scientific Affairs of the House Committee on International Relations. March 16-25, 1976. 246 pp.

Specialty Steel Import Relief Action. Message from the President of the United States transmitting a report on the actions he will take with respect to stainless and alloy steel products covered by the finding of the International Trade Commission. H. Doc. 94-409. March 16, 1976. 4 pp.

Foreign Relations Authorization Act, Fiscal Year 1977. Report of the Senate Committee on Foreign Relations to accompany S. 3168. S. Rept. 94-703. March 18, 1976. 31 pp.

Fishery Conservation and Management Act of 1976. Report of the committee of conference to accompany H.R. 200. H. Rept. 94-948. March 24, 1976. 60 pp.

International Navigational Rules. Report of the House Committee on Merchant Marine and Fisheries to accompany H.R. 5446. H. Rept. 94-973. March 29, 1976. 69 pp.

## TREATY INFORMATION

### U.S. and Federal Republic of Germany Sign Antitrust Cooperation Agreement

Press release 330 dated June 25

The Department of State announced on June 25 the signing at Bonn, Federal Republic of Germany, on June 23 of an Antitrust Cooperation Agreement between the United States and the Federal Republic of Germany. The agreement formalizes a long-standing practice of cooperation and provides for exchange of nonconfidential information, assistance in investigations, and coordination and noninterference in antitrust matters. The agreement is to be carried out by the Antitrust Division of the Department of Justice and the Federal Trade Commission in the United States, and by the Ministry of Economy and the Federal Cartel Office in the Federal Republic of Germany.

### U.S. and Ireland Reach Understanding on Acceptance of Air Charters

#### *Department Announcement*<sup>1</sup>

The United States and Ireland concluded on May 28 a memorandum of understanding on air passenger charter services under which each government will, with some exceptions, accept as charterworthy transatlantic charter flights originating in the territory of the other government which is organized and operated pursuant to the charterworthiness rules of the other government.

The understanding, which supersedes the similar but somewhat more limited understanding of June 29, 1973, was brought into force by an exchange of notes in Dublin. It

<sup>1</sup> Issued on June 4 (text from press release 245, which includes the text of the memorandum of understanding).



is expected to facilitate the operation of charter flights, including the new one-stop inclusive tour charters, between the United States and Ireland by the airlines of both countries. The understanding with Ireland is the fourth such agreement the United States has concluded to facilitate transatlantic charter operations during 1976.

## Current Actions

### MULTILATERAL

#### Aviation

Convention on the international recognition of rights in aircraft. Done at Geneva June 19, 1948. Entered into force September 17, 1953. TIAS 2847.

*Adherence deposited:* Luxembourg, December 16, 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.

*Ratification deposited:* Ireland, November 14, 1975.

*Accession deposited:* Turkey, December 17, 1975.

*Notification of succession:* Papua New Guinea, November 6, 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.

*Ratification deposited:* Iraq, February 10, 1976.

#### 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:* Sierra Leone, June 29, 1976.

#### Customs

International convention to facilitate the importation of commercial samples and advertising material. Done at Geneva November 7, 1952. Entered into force November 20, 1955; for the United States October 17, 1957. TIAS 3920.

*Accession deposited:* Cuba (with reservation), April 26, 1976.

#### Economic Cooperation

Agreement establishing a financial support fund of the Organization for Economic Cooperation and Development. Done at Paris April 9, 1975.<sup>1</sup>

*Ratifications deposited:* Austria, June 22, 1976; Greece, June 17, 1976.

#### Fisheries

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

*Notices of intention to withdraw, to be effective December 31, 1976, unless withdrawn:* United States, June 22, 1976; Canada, June 29, 1976.

#### Genocide

Convention on the prevention and punishment of the crime of genocide. Done at Paris December 9, 1948. Entered into force January 12, 1951.<sup>2</sup>

*Accession deposited:* Ireland, June 22, 1976.

#### Hydrographic Organization

Convention on the International Hydrographic Organization, with annexes. Done at Monaco May 3, 1967. Entered into force September 22, 1970. TIAS 6933.

*Accession deposited:* Nigeria, May 31, 1976.

#### Narcotic Drugs

Single convention on narcotic drugs, 1961. Done at New York March 30, 1961. Entered into force December 13, 1964; for the United States June 24, 1967. TIAS 6298.

*Notification of succession:* Barbados, June 21, 1976.

Protocol amending the single convention on narcotic drugs, 1961. Done at Geneva March 25, 1972.

*Accession deposited:* Barbados, June 21, 1976.

#### Racial Discrimination

International convention on the elimination of all forms of racial discrimination. Done at New York December 21, 1965. Entered into force January 4, 1969.<sup>3</sup>

*Accession deposited:* Zaïre, April 21, 1976.

#### Tin

Fifth international tin agreement, with annexes. Done at Geneva June 21, 1975.<sup>1</sup>

*Notification of intention to ratify deposited:* United States, June 29, 1976.

*Acceptance deposited:* Japan, June 17, 1976.

#### Tonnage Measurement

International convention on tonnage measurement of ships, 1969, with annexes. Done at London June 23, 1969.<sup>1</sup>

*Accession deposited:* Romania (with statements), May 21, 1976.

#### Tourism

Statutes of the World Tourism Organization. Done at Mexico City September 27, 1970. Entered into force January 2, 1975; for the United States December 12, 1975.

*Declarations of adoption deposited:* Algeria, May 5, 1976; Czechoslovakia (with declaration), April 9, 1976; Hungary, September 8, 1975; Netherlands, May 10, 1976.<sup>3</sup>

<sup>1</sup> Not in force.

<sup>2</sup> Not in force for the United States.

<sup>3</sup> For the Kingdom in Europe and the Netherlands Antilles.

## **Wheat**

Protocol modifying and further extending the wheat trade convention (part of the international wheat agreement) 1971. Done at Washington March 17, 1976. Entered into force June 19, 1976, with respect to certain provisions and July 1, 1976, with respect to other provisions.

*Declaration of provisional application deposited:*  
Peru, June 28, 1976.

## **BILATERAL**

### **Canada**

Agreement relating to a cooperative program concerning the development and procurement of a space shuttle attached remote manipulator system, with memorandum of understanding. Effected by exchange of notes at Washington June 23, 1976. Entered into force June 23, 1976.

### **Egypt**

Agreement amending the agreement for sales of agricultural commodities of October 28, 1975 (TIAS 8201). Effected by exchange of notes at Cairo June 14, 1976. Entered into force June 14, 1976.

### **Finland**

Extradition treaty. Signed at Helsinki June 11, 1976. Enters into force three months after the date of the exchange of instruments of ratification.

### **Federal Republic of Germany**

Agreement for research and technology in the field of liquid metal-cooled fast breeder reactors. Signed at Bonn June 8, 1976. Entered into force June 8, 1976.<sup>4</sup>

### **Guatemala**

Agreement relating to the limitation of meat imports from Guatemala during calendar year 1976. Effected by exchange of notes at Guatemala April 29, 1976. Entered into force April 29, 1976.

### **Honduras**

Loan agreement to assist in financing Honduras' program for recovery and reconstruction from the effects of Hurricane "Fifi." Signed at Tegucigalpa February 19, 1975. Entered into force February 19, 1975.

### **Indonesia**

Agreement amending the agreement for sales of agricultural commodities of April 19, 1976. Effected by exchange of notes at Jakarta June 14 and 15, 1976. Entered into force June 15, 1976.

<sup>4</sup> Applicable to Land Berlin.

## **PUBLICATIONS**

### **GPO Sales Publications**

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

**Background Notes:** Short, factual summaries which describe the people, history, government, economy, and foreign relations of each country. Each contains a map, a list of principal government officials and U.S. diplomatic and consular officers, and a reading list. (A complete set of all Background Notes currently in stock—at least 140—\$21.80; 1-year subscription service for approximately 77 updated or new Notes—\$23.10; plastic binder—\$1.50.) Single copies of those listed below are available at 35¢ each.

Togo . . . . .	Cat. No. S1.123:T57	
	Pub. 8325	4 pp.
Turkey . . . . .	Cat. No. S1.123:T84	
	Pub. 7850	7 pp.
Venezuela . . . . .	Cat. No. S1.123:V55	
	Pub. 7749	7 pp.

**Agricultural Commodities.** Agreement with Tanzania. TIAS 8158. 15 pp. 35¢. (Cat. No. S9.10:8158).

**Cooperation in Agriculture.** Protocol with the Socialist Republic of Romania. TIAS 8166. 14 pp. 35¢. (Cat. No. S9.10:8166).

**Suez Canal Clearance—Extension of Task Force.** Agreement with Egypt. TIAS 8170. 3 pp. 35¢. (Cat. No. S9.10:8170).

**Exhibition of Art Treasures.** Agreement with Egypt. TIAS 8171. 8 pp. 35¢. (Cat. No. S9.10:8171).

**Cooperation in Environmental Protection.** Agreement with Japan. TIAS 8172. 16 pp. 35¢. (Cat. No. S9.10:8172).

**Claims—Marcona Mining Company.** Memorandum of Understanding with Peru. TIAS 8173. 7 pp. 35¢. (Cat. No. S9.10:8173).

**Weather Station—Cooperative Program at Seawell Airport.** Agreement with Barbados. TIAS 8174. 23 pp. 45¢. (Cat. No. S9.10:8174).

Africa. Secretary Comments on Discussions With South African Prime Minister (news conference) . . . . .	95	Middle East. Secretary Kissinger's News Conference at Paris June 22 . . . . .	89
Angola. U.S. Vetoes Admission of Angola to the United Nations (Sherer) . . . . .	99	Presidential Documents	
Aviation. U.S. and Ireland Reach Understanding on Acceptance of Air Charters . . . . .	102	President Ford Announces Evacuation of American Citizens From Lebanon . . . . .	99
Congress. Congressional Documents Relating to Foreign Policy . . . . .	101	U.S. Embassy Officials Murdered in Lebanon . . . . .	98
Cyprus. Secretary Kissinger's News Conference at Paris June 22 . . . . .	89	Publications. GPO Sales Publications . . . . .	104
Department and Foreign Service		South Africa	
President Ford Announces Evacuation of American Citizens From Lebanon (Ford) . . . . .	99	Secretary Comments on Discussions With South African Prime Minister (news conference) . . . . .	95
U.S. Embassy Officials Murdered in Lebanon (Ford, Kissinger) . . . . .	98	Secretary Kissinger's News Conference at Paris June 22 . . . . .	89
Developing Countries. The Cohesion of the Industrial Democracies: The Precondition of Global Progress (Kissinger, texts of OECD declaration on international investment and multinational enterprises and decisions relating to the declaration) . . . . .	73	Trade. Measures To Limit Imports of Specialty Steel Announced (STR announcement) . . . . .	100
Economic Affairs		Treaty Information	
The Cohesion of the Industrial Democracies: The Precondition of Global Progress (Kissinger, texts of OECD declaration on international investment and multinational enterprises and decisions relating to the declaration) . . . . .	73	Current Actions . . . . .	103
Measures To Limit Imports of Specialty Steel Announced (STR announcement) . . . . .	100	U.S. and Federal Republic of Germany Sign Antitrust Cooperation Agreement . . . . .	102
Secretary Kissinger's News Conference at Paris June 22 . . . . .	89	U.S. and Ireland Reach Understanding on Acceptance of Air Charters . . . . .	102
U.S. and Federal Republic of Germany Sign Antitrust Cooperation Agreement . . . . .	102	United Nations. U.S. Vetoes Admission of Angola to the United Nations (Sherer) . . . . .	99
Germany. U.S. and Federal Republic of Germany Sign Antitrust Cooperation Agreement . . . . .	102		
Industrial Democracies. The Cohesion of the Industrial Democracies: The Precondition of Global Progress (Kissinger, texts of OECD declaration on international investment and multinational enterprises and decisions relating to the declaration) . . . . .	73		
International Organizations and Conferences. The Cohesion of the Industrial Democracies: The Precondition of Global Progress (Kissinger, texts of OECD declaration on international investment and multinational enterprises and decisions relating to the declaration) . . . . .	73		
Ireland. U.S. and Ireland Reach Understanding on Acceptance of Air Charters . . . . .	102		
Italy. Secretary Kissinger's News Conference at Paris June 22 . . . . .	89		
Lebanon			
President Ford Announces Evacuation of American Citizens From Lebanon (Ford) . . . . .	99		
Secretary Kissinger's News Conference at Paris June 22 . . . . .	89		
U.S. Embassy Officials Murdered in Lebanon (Ford, Kissinger) . . . . .	98		

# Name Index

Ford, President . . . . .	98, 99
Genscher, Hans-Dietrich . . . . .	95
Kissinger, Secretary . . . . .	73, 89, 95, 98
Sherer, Albert W., Jr. . . . .	99

## Checklist of Department of State Press Releases: June 28-July 4

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

No.	Date	Subject
*334	6/28	U.S. and U.K. Bicentennial fellows in creative and performing arts named.
*335	6/28	Program for the state visit of Queen Elizabeth II.
†336	6/30	Kissinger: interview with Die Zeit.
*337	6/30	U.S. Advisory Commission on International Educational and Cultural Affairs, Aug. 25.
*338	7/1	Philip C. Habib sworn in as Under Secretary for Political Affairs (biographic data).

\* Not printed.

† Held for a later issue of the BULLETIN.