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NODIS

DEPT PASS TREASURY FOR UNDERSEC YEO

E.O. 11652: GDS  
TAGS: PFOR, JA  
SUBJECT: ECONOMIC SUMMIT

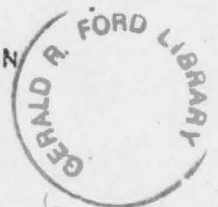
SUMMARY: VICE MIN OF FINANCE YOSHIDA VERY MUCH CONCERNED WHETHER PREPARATORY CONFERENCE TO MEET NEXT WEEK WILL DISCUSS INTERNATIONAL MONETARY MATTERS AS POSSIBLE ITEM FOR SUMMIT CONFERENCE AGENDA. IF THIS THE CASE, YOSHIDA WOULD WISH TO BE SECOND JAPANESE REP AT PREPCON. YOSHIDA SPECIFICALLY REQUESTED RESPONSE AT EARLIEST DATE. END SUMMARY.

1. VMIN YOSHIDA DISCUSSED SUBJECT WITH FINATT. SAID JAPAN "CANNOT RULE OUT THE POSSIBILITY OF RATHER CONCRETE DISCUSSIONS ON THE ADMINISTRATION OF EXCHANGE RATE (SAY, STABILIZING THE RELATION BETWEEN THE EUROPEAN 'SNAKE' AND DOLLARS) BEING SUGGESTED FOR THE SUMMIT CONFERENCE BY SOMEONE ELSE." THEREFORE, HE WOULD APPRECIATE "IF YOU COULD LET US KNOW AT THE EARLIEST POSSIBLE DATE WHETHER THE UNITED STATES IS PREPARED TO GO INTO DISCUSSION ON SUCH ISSUES." YOSHIDA SPECIFICALLY REQUESTED TRANSMITTAL OF THIS QUESTION TO TREASURY UNDERSEC YEO FOR RESPONSE.

2. YOSHIDA SAID THAT FINMIN OHIRA WAS TOLD BY SEC SIMON ON AUG 30 THAT HE WAS OPPOSED TO TAKING UP THE INTERNATIONAL MONETARY SYSTEM FOR DISCUSSION AT THE SUMMIT CONFERENCE. YOSHIDA NOW WANTS CLEAR CONFIRMATION THAT

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"THE UNITED STATES WILL NOT CHANGE ITS VIEWS THAT THE INTERNATIONAL MONETARY SYSTEM SHOULD BE EXCLUDED FROM THE TOPICS OF THE SUMMIT CONFERENCE, EVEN IF FINANCE MINISTERS ARE TO BE REPRESENTED THERE." ACCORDING TO RUMOR HE HEARS FROM LONDON, DEREK MITCHELL, HM TREASURY, PLANS TO ACCOMPANY HUNT TO PREPCON.

3. YOSHIDA ALSO UNDERSTANDS THAT IN ADDITION TO SECRETARIES OF THE TREASURY THE SUMMIT CONFERENCE WILL INCLUDE SECRETARIES OF STATE.

4. ACTION REQUESTED: REPLY TO QUESTION POSED IN PARA 1 FOR TRANSMITTAL TO MIN FINANCE AND FOREIGN MINISTRY OFFICIALS DIRECTLY CONCERNED.  
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FOR: S/P - LEWIS AND EB - ENDERS FROM LORD AND RODMAN

E.O. 11652: GDS  
TAGS: ECON, OVIP (KISSINGER, HENRY A.)  
SUBJ: CIEC SPEECH

1. FOLLOWING IS THE LATEST DRAFT OF THE CIEC SPEECH. WE TRANSMIT THIS TO YOU SO THAT YOU AND OTHER PARTICIPANTS AT THE SPEECH MEETING CAN HAVE A CHANCE TO REVIEW THE DRAFT AS IT NOW STANDS BEFORE THE MEETING. SUGGEST YOU DO NOT REPEAT NOT TRY TO TYPE THIS SINCE IT WILL UNDOUBTEDLY BE UNDERGOING FURTHER CHANGES ON THE PLANE TRIP HOME.

BEGIN TEXT.

CIEC SPEECH  
(DECEMBER 1975)

WE MEET HERE TO LAUNCH THE DIALOGUE THAT HAS BEEN SO OFTEN URGED, AND SO LONG AWAITED, OVER THE PAST TWO YEARS. THE COVENING OF THIS MEETING TODAY SHOULD ITSELF BE A CAUSE OF HOPE. FOR IT DEMONSTRATES OUR COLLECTIVE RECOGNITION THAT CONSUMER AND PRODUCER, INDUSTRIAL AND AGRICULTURAL, DEVELOPED AND DEVELOPING, RICH AND POOR, MUST TOGETHER ADDRESS THE CHALLENGES OF THE GLOBAL ECONOMY. THE UNITED STATES REDEDICATES ITSELF TO THIS TASK. WE DO SO IN OUR OWN SELF-INTERESTS WELL AS THE WORLD'S INTEREST.

IN THE PAST TWO YEARS WE HAVE ALL SEEN THAT INFLATION

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AND RECESSION IN ONE COUNTRY WILL SPREAD TO OTHERS. EXPERIENCE SHOULD HAVE PROVED THAT NO COUNTRY CAN EXPORT ITS ECONOMIC DIFFICULTIES OR ACHIEVE REDRESS BY EXACTING AN ECONOMIC PRICE FROM OTHERS. IT FOLLOWS THAT NO NATION OR GROUP OF NATIONS CAN EVEN BEGIN TO SOLVE ITS ECONOMIC PROBLEMS IN ISOLATION, BECAUSE THE WORLD INCREASINGLY IS A SINGLE INTERDEPENDENT ECONOMIC SYSTEM.

WE HAVE LEARNED ALSO IN THE PAST TWO YEARS HOW MUCH ECONOMIC DISTRESS MAGNIFIES THE CHALLENGES OF CIVIL GOVERNMENT IN ALL OUR COUNTRIES, CLOUDING THE PROSPECTS OF SOCIAL PEACE AND DEMOCRATIC INSTITUTIONS. WE HAVE SEEN THAT NATIONAL ECONOMIC PROBLEMS BECOME INTERNATIONAL PROBLEMS, SPANNING CLASHES OF INTEREST AND PROTECTIONIST PRESSURES THAT STRAIN THE FABRIC OF COLLABORATION EVEN AMONG COUNTRIES THAT ARE TRADITIONAL FRIENDS. AND WE HAVE ALL COME TO UNDERSTAND THAT THE COMPETING CLAIMS OF DEVELOPED AND DEVELOPING, CONSUMER AND PRODUCER, POSE A FUNDAMENTAL CHALLENGE TO 2 STABLE AND JUST INTERNATIONAL ORDER.

THUS THE ISSUE AT BOTTOM IS NOT ECONOMIC BUT POLITICAL: WITH WHAT ATTITUDE WILL GOVERNMENTS RESPOND TO THESE STRESSES IN THE INTERNATIONAL ARENA?

IT IS MY COUNTRY'S CONVICTION THAT TESTS OF STRENGTH PRODUCE NO LASTING BENEFIT FOR ANY NATION. THEY HAVE ONLY COMPOUNDED THE INTERNATIONAL PROBLEMS OF INFLATION AND RECESSION. THE UNITED STATES, AS THE WORLD'S MOST POWERFUL ECONOMY, HAS PROVED ITS RESILIENCE ONCE AGAIN: WE ARE ON THE ROAD TO RECOVERY. AND THERE CAN BE NO DOUBT THAT WE WOULD BEST SURVIVE ANY NEW ROUND OF ECONOMIC WARFARE. BUT WE BELIEVE THE WORLD DESERVES SOMETHING BETTER. THE APPROACH THAT MY GOVERNMENT TOOK AT THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY THREE MONTHS AGO REFLECTS OUR VISION OF A MORE POSITIVE FUTURE.

THE INTERNATIONAL ORDER OF THE POST-WAR PERIOD IS UNDERGOING RADICAL CHANGE. THE ECONOMIC SYSTEM THAT SUSTAINED WORLD GROWTH FOR A GENERAL HAS BEEN TRANSFORMED BY POLITICAL EVOLUTION AND NEW CENTERS OF ECONOMIC POWER. REVOLUTIONS IN COMMUNICATION AND TRANSPORTATION AND IN THE MEANS OF PRODUCTION HAVE EXTENDED THE RANGE AND MOBILITY OF CAPITAL, TECHNOLOGY AND MANAGEMENT SKILLS WORLD WIDE.

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SO TOO HAS GROWN THE REACH OF HUMAN ASPIRATIONS. THE ORDER OF THE FUTURE IS YET TO BE FOUND. THE WORLD'S NATIONS CAN STRUGGLE IN NATIONAL OR IDEOLOGICAL CONTENTION-- IN OTHER WORDS IN ANARCHY -- OR THEY CAN ACKNOWLEDGE THEIR INTERDEPENDENCE AND ACT FOR THE FIRST TIME AS A WORLD COMMUNITY.

THUS OUR DECISIONS HAVE PROFOUND IMPLICATIONS.

THE SEVENTH SPECIAL SESSION OF THE UN GENERAL ASSEMBLY REACHED AN IMPRESSIVE CONSENSUS ON COLLECTIVE ACTION ON A RANGE OF ECONOMIC PROBLEMS. THIS COMMITMENT TO COOPERATION WAS AN ENCOURAGING DEVELOPMENT. IT CAN BECOME A BENCHMARK IN HUMAN AFFAIRS -- IF ITS SPIRIT IS CARRIED FORWARD. LET US GET DOWN TO BUSINESS. LET US TAKE UP SOME OF THE UNFINISHED TASKS OF THE SPECIAL SESSION. LET US MAKE THIS CONFERENCE THE BEGINNING OF THEIR ACHIEVEMENT.

THE ROAD TO THIS CONFERENCE

THE FIRST AND MOST DRAMATIC CHALLENGE TWO YEARS AGO TO THE STABILITY OF THE INTERNATIONAL STRUCTURE WAS THE ENERGY CRISIS. THE PROBLEM OF ENERGY IS BUT ONE OF MANY ON THE INTERNATIONAL ECONOMIC AGENDA. BUT IT IS INDEED CENTRAL TO THE WORLD ECONOMY, AND---AS THIS CONFERENCE DEMONSTRATES---IT HAS LED US TO A MUCH BROADER CONSIDERATION OF THE RANGE OF RELATED ISSUES.

FULFILLMENT OF THE ASPIRATIONS OF MANKIND---TO SPREAD WELLBEING AND EXPAND HUMAN OPPORTUNITIES---DEPENDS ON OUR CAPACITY TO HARNESS THE WORLD'S ENERGY RESOURCES. THE APPLICATION OF SCIENCE AND TECHNOLOGY TO TAP THE VAST ENERGY POTENTIAL IMPRISONED IN THE SOIL OF THE EARTH, RADIATED BY THE SUN, GENERATED BY THE MOVEMENT OF WIND AND WATER ACROSS THE EARTH'S SURFACE, OR LOCKED IN THE CORE OF MATTER ITSELF, IS FUNDAMENTAL TO THE HOPES OF MILLIONS TO PULL THEMSELVES ABOVE A BARE STRUGGLE FOR EXISTENCE.

THE GLOBAL ECONOMY HAD EXPANDED SINCE WORLD WAR II ON THE BASIS OF A PREDICTABLE PRICE AND SUPPLY OF ENERGY. IT WAS THE ESSENTIAL RESOURCE IN ALL COUNTRIES FOR

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ECONOMIC GROWTH, INDUSTRIALIZATION AND DEVELOPMENT.  
THEREFORE, THE 1973 ENERGY CRISIS---THE 500 PERCENT INCREASE  
IN THE PRICE OF OIL--- WAS AN ABRUPT AND ARBITRARY  
BLOW TO GLOBAL STABILITY AND PROSPERITY. WE ARE ONLY  
NOW RECOVERING FROM ITS EFFECTS. INFLATION AND  
RECESSION WERE SIGNIFICANTLY ACCELERATED IN THE INDUS-  
TRIALIZED WORLD. THE POOREST OF THE DEVELOPING COUNTRIES,  
STRUGGLING TO MAKE MODEST STEPS TOWARD PROGRESS, WERE  
DEALT THE CRUELEST BLOW OF ALL. THEIR HOPES OF  
INDUSTRIALIZATION WERE POSTPONED, THEIR DEVELOPMENT  
PLANNING DISRUPTED, AND EVEN THEIR AGRICULTURAL PRO-  
DUCTION UNDERMINED BY THE INCREASED COST OF PETROCHEMICAL  
FERTILIZERS. ECONOMIC JUSTICE, IN WHOSE NAME THESE  
ACTIONS WERE TAKEN, WAS HARDLY SERVED FOR THE VAST MAJORITY  
OF THE DEVELOPING WORLD.

IT IS THUS NO ACCIDENT THAT ENERGY HAS BECOME A  
CONCERN OF INTERNATIONAL DIPLOMACY.

SOME NATIONS ARE PARTICULARLY WELL ENDOWED WITH  
ENERGY RESOURCES; SOME HAVE THE SCIENTIFIC AND TECH-  
NOLOGICAL EXPERTISE REQUIRED TO EXPLORE AND UTILIZE  
THAT POTENTIAL. BUT THE INTERNATIONAL FLOW OF INVEST-  
MENT CAPITAL, DEVELOPED ENERGY RESOURCES, AND GOODS  
PRODUCED BY OR DERIVED FROM FUELS, HAS BECOME IN  
EFFECT AN ENERGY SYSTEM, WHICH SUSTAINS THE GLOBAL  
ECONOMY AND ALL OUR ECONOMIES. OUR INTERDEPENDENCE  
COMPELS OUR COOPERATION AND COMMON PROGRESS, OR WE WILL  
SLIDE TOWARDS CONFLICT AND COMMON DIFFICULTY.

THIS IS THE ATTITUDE OF THE UNITED STATES. WE

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RECOGNIZE OUR OWN RESPONSIBILITY;

-- THE UNITED STATE HAS MUCH TO OFFER. WE HAVE PRODUCED MORE ENERGY THAN ANY OTHER NATION IN THE HISTORY OF MANKIND. OUR ENERGY SCIENCE AND TECHNOLOGY ARE THE MOST ADVANCED, AND WE HAVE TREMENDOUS POTENTIAL FOR FUTURE DEVELOPMENT ON OUR OWN TERRITORY OR OFF OUR SHORES.

-- THE UNITED STATES ALSO HAS MUCH TO GAIN. OUR ENERGY NEEDS ARE THE WORLD'S LARGEST. OUR ABILITY TO PROVIDE ADEQUATE LIVING STANDARDS FOR ALL OUR CITIZENS DEPENDS ON GREATER ENERGY PRODUCTION AND MORE EFFICIENT FLOW AND USE OF THE WORLD'S ENERGY RESOURCES.

THE UNITED STATES RESPONSE TO THE ENERGY CRISIS WAS, FIRST OF ALL, TO REACH A CONSENSUS AMONG THE INDUSTRIALIZED NATIONS WHOSE GREAT ENERGY NEEDS MADE THEM THE MOST DIRECTLY AFFECTED BY THE EMBARGO AND MASSIVE PRICE RISES. WE WORKED TOGETHER TO ASSURE BASIC SECURITY AGAINST ARBITRARY DISRUPTIONS IN OIL SUPPLY AND AGAINST FINANCIAL CRISIS INDUCED BY THE FLOOD OF PETRODOLLARS. WE PLEDGED OURSELVES TO LONG-TERM COOPERATION IN ENERGY CONSERVATION AND IN DEVELOPMENT OF ALTERNATE ENERGY SUPPLIES. WE AGREED NOT TO RESORT TO PROTECTIONIST MEASURES WHICH WOULD FURTHER CONSTRICT TRADE; WE BEGAN UNPRECEDENTED COORDINATION OF OUR ECONOMIC POLICIES TO PROMOTE RECOVERY FROM RECESSION WITHOUT INFLATION, AS DRAMATIZED IN THE RECENT ECONOMIC SUMMIT AT RAMBOUILLET.

THESE ACTIONS WERE NOT TAKEN IN A SPIRIT OF CONFRONTATION. THEY WERE PRUDENT STEPS OF SELF-PROTECTION, OR STEPS TO PROMOTE THE REVIVAL OF WORLDWIDE PROSPERITY. THEY COME INTO EFFECT ONLY IF A CONFRONTATION IS PROVOKED BY OTHERS. BUT THE COLLABORATION OF THE INDUSTRIAL COUNTRIES HAS ALWAYS BEEN CONCEIVED AS ONLY PART OF A LARGER PROGRAM FOR ECONOMIC PROGRESS. INDEED, ONE CENTRAL TOPIC OF THE DIALOGUE OF THE INDUSTRIALIZED COUNTRIES WAS WHAT COMMON APPROACHES WE SHOULD TAKE TO CONTRIBUTE TO A BROADER COOPERATION BETWEEN PRODUCERS AND CONSUMERS AND BETWEEN INDUSTRIALIZED AND DEVELOPING NATIONS. THE ATTITUDE OF ALL THE INDUSTRIAL NATIONS HAS ALWAYS BEEN THAT WE SHOULD DEVELOP CLOSE AND CONSTRUCTIVE LONG-TERM ECONOMIC TIES WITH PRODUCING NATIONS---THAT OUR INVESTMENT AND TECHNICAL SUPPORT SHOULD

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CONTRIBUTE TO THEIR DEVELOPMENT, AND THAT THEIR PROSPERITY SHOULD CONTRIBUTE TO THE WORLDWIDE EXPANSION OF TRADE. WE RECOGNIZED THAT AN ECONOMIC SYSTEM WHICH FOSTERED THE PROSPERITY OF ALL WAS THE ONLY DURABLE SOLUTION TO THE PROBLEM OF OUR RELATIONS, FOR EACH TRULY HAD A STAKE IN THE PROGRESS OF OTHERS.

THE UNITED STATES THEREFORE HAS MADE CLEAR SINCE DECEMBER 1973 THAT IT WAS WORKING TOWARD A DIALOGUE BETWEEN CONSUMERS AND PRODUCERS. LAST APRIL, AT THE INVITATION OF THE PRESIDENT OF FRANCE, WE AGREED TO BEGIN

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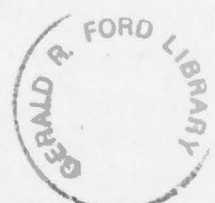
THIS DIALOGUE. IT WAS TIME FOR THE WORLD COMMUNITY TO ACT.

THE WORLD WAS ONLY BEGINNING TO RECOVER FROM THE GREATEST GLOBAL RECESSION SINCE THE THIRTIES, BROUGHT ABOUT IN PART BY THE MASSIVE INCREASES IN THE PRICE OF OIL. IT WAS CLEAR THAT ADDITIONAL INCREASES WOULD ONLY HAMPER ECONOMIC RECOVERY, COMPOUND THE INTERNAL DIFFICULTIES OF MANY COUNTRIES, WEAKEN THE ABILITY OF THE ADVANCED NATIONS TO ASSIST THE DEVELOPING, AND STRAIN THE FABRIC OF INTERNATIONAL COOPERATION.

ACCORDINGLY, THE INDUSTRIAL NATIONS WANTED THE DIALOGUE TO FOCUS ON ENERGY. THE OIL-PRODUCING NATIONS AND THOSE DEVELOPING NATIONS THAT WERE NOT OIL PRODUCERS WANTED TO GIVE EQUAL PRIORITY TO A WIDE RANGE OF DEVELOPMENT ISSUES, INCLUDING PRICES AND MARKETS FOR OTHER RAW MATERIALS AND INTERNATIONAL FINANCIAL QUESTIONS. THE INDUSTRIAL NATIONS, ON THE OTHER HAND, SAW THESE ISSUES AS TOO VARIED AND COMPLEX TO BE RESOLVED EFFECTIVELY IN A SINGLE FORUM. A PREPARATORY CONFERENCE CALLED IN APRIL THEREFORE FAILED BECAUSE OF DISAGREEMENT OVER THE PROPER AGENDA.

IN THE INTERVENING MONTHS, THE UNITED STATES, TO DEMONSTRATE ITS DESIRE FOR A CONSTRUCTIVE AND COOPERATIVE SOLUTION, ACCEPTED THE PROPOSITION THAT THE NEEDS OF THE LESS DEVELOPED COUNTRIES MUST BE ADDRESSED IN ANY DISCUSSION OF GLOBAL ECONOMIC PROBLEMS, INCLUDING THOSE CENTERING ON ENERGY. TO THIS END, IN SEPTEMBER, BEFORE THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS

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GENERAL ASSEMBLY, THE UNITED STATES MADE A SERIES OF CONCRETE PROPOSALS IN MANY AREAS: -- TO ENSURE THE ECONOMIC SECURITY OF DEVELOPING COUNTRIES AGAINST SHORTFALLS IN EXPORT EARNINGS, FOOD SHORTAGES, AND NATURAL DISASTERS,

-- TO ACCELERATE THEIR ECONOMIC GROWTH BY THEIR ACCESS TO CAPITAL MARKETS, TECHNOLOGY, AND FOREIGN INVESTMENT,

-- TO IMPROVE THEIR OPPORTUNITIES IN WORLD COMMERCE,

-- TO BETTER THE CONDITIONS OF TRADE AND INVESTMENT IN KEY COMMODITIES ON WHICH MANY OF THEIR ECONOMICS ARE DEPENDENT AND TO SET AN EXAMPLE IN THE VITAL AREA OF FOOD,

-- AND TO ADDRESS THE ESPECIALLY URGENT NEEDS OF THE POOREST COUNTRIES DEVASTATED BY THE CURRENT ECONOMIC CONDITIONS.

TODAY'S DIALOGUE

SO MY COUNTRY IS NOW COMMITTED TO A WIDE RANGING AND SERIOUS PROGRAM OF COOPERATION WITH THE DEVELOPING WORLD.

THE UNITED STATES UNDERSTANDS FULL WELL -- AND HAS SHOWN IN ITS MANY PROPOSALS -- THAT THIS DIALOGUE MUST ENCOMPASS SERIOUS DISCUSSION OF ISSUES OF CONCERN TO ALL SIDES. FOR US, THIS CLEARLY REQUIRES A DISCUSSION OF THE EFFECTS OF ENERGY PRICES ON THE WORLD ECONOMY. CO-OPERATIVE ATTITUDES DEPEND ON MUTUAL RESPECT, MUTUAL UNDERSTANDING, AND RECIPROCITY.

THIS CONFERENCE, AND THE FOUR COMMISSIONS WHICH IT WILL LAUNCH, CAN BE AN IMPORTANT STEP IN THE EVOLUTION OF INTERNATIONAL COOPERATION.

A GENERATION OF GLOBAL ECONOMIC EXPANSION SINCE WORLD WAR II HAS ITSELF TRANSFORMED THE WORLD ECONOMY. NEW PARTICIPANTS, NEW PRACTICES, AND NEW DEMANDS ON THE SYSTEM HAVE GIVEN RISE TO DISPUTES OVER ECONOMIC ISSUES. THIS MEETING COMES AT A TIME WHEN NATIONS ARE CHALLENGED TO RESTORE STABILITY TO THE ECONOMIC SYSTEM, THROUGH POLITICAL DECISION. THE WORLD MUST:

-- MAKE POSSIBLE THE EARLY RESTORATION OF WORLDWIDE ECONOMIC GROWTH, WITHOUT INFLATION;

-- ACCOMMODATE THE SUDDEN MASSIVE TRANSFER OF WEALTH

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TO THE OIL PRODUCERS THAT HAS OCCURRED SINCE THE FALL OF 1973, WITH ITS IMPACT ON TRADE AND INVESTMENT;  
-- RESTORE THE MOMENTUM OF THE ENORMOUSLY COMPLEX TASK OF ECONOMIC DEVELOPMENT, FOR COUNTRIES THAT DIFFER WIDELY IN RESOURCES, CULTURES AND SOCIAL SYSTEMS;  
-- ADDRESS THE DESPAIR AND POVERTY THAT ARE THE HUMAN COSTS OF THIS ECONOMIC CRISIS IN THE MOST SERIOUSLY AFFECTED NATIONS TODAY;  
-- ENSURE THE STEADY DEVELOPMENT OF THE WORLD'S LIMITED NATURAL RESOURCES FOR THE BENEFIT OF MANKIND, WITH MORE EFFECTIVE MARKETS FOR RAW MATERIALS, AND SPECIAL PRIORITY FOR CIVILIZATION'S TWO MOST CRITICAL COMMODITIES, FOOD AND ENERGY;  
-- FOSTER THE CONTINUATION OF THE UNPRECEDENTED GROWTH IN WORLD TRADE, INVESTMENT, LABOR MOBILITY, TRANSPORTATION AND COMMUNICATION;

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-- EMBRACE THE ASPIRATIONS OF SCORES OF NEW NATIONS AND NEWLY-IMPORTANT PARTICIPANTS IN A STABLE FRAMEWORK OF COOPERATION.

THIS CONFERENCE CAN BE AN IMPORANT MECHANISM FOR DEALING WITH ENERGY AND THE OTHER CRITICAL ECONOMIC ISSUES. IT CAN FACILITATE PRACTICAL SOLUTIONS TO CONCRETE PROBLEMS, AND GIVE ALL PARTICIPATING NATIONS A STAKE IN THE BENEFITS OF COOPERATION. OR IT CAN BECOME ANOTHER FORUM FOR DEBATES THAT SERVE NO PURPOSE BUT TO HARDEN POLITICAL LINES, ADDING TO OUR PROBLEMS RATHER THAN SOLVING THEM.

THE KEY TO THE SUCCESS OF THIS DIALOGUE IS THE ATTITUDE OF THE PARTICIPANTS. IT IS TIME TO GO BEYOND THE IDEOLOGIES LEFT OVER FROM A PREVIOUS CENTURY THAT ARE MADE OBSOLETE BY MODERN REALITY. THE DOCTRINE OF EXTREME NATIONALISM IS DISCREDITED IN AN AGE OF GLOBAL INTERDEPENDENCE. THE DOCTRINE OF DETERMINISM AND STRUGGLE, WHICH PROMISED ECONOMIC JUSTICE, HAS LAGGED BEHIND IN PROVIDING FOR GROWTH AND PROSPERITY.

AND THE MORE RECENT PHILOSOPHY OF NONALIGNMENT, WHICH WAS DESIGNED SO THAT NEW NATIONS COULD MAKE THEIR CHOICES FREE FROM THE PRESSURES OF COMPETING BLOCS, HAS IRONICALLY PRODUCED A BLOC OF ITS OWN. NATIONS WITH RADICALLY DIFFERENT ECONOMIC AND POLITICAL CONCERNS ARE COMBINED IN AN ARTIFICIAL SOLIDARITY THAT OFTEN CLEARLY SACRIFICES PRACTICAL NATIONAL INTERESTS.

WE MUST APPROACH OUR CHALLENGES WITH REALISM, NOT RHETORIC. WE MUST OFFER OUR PEOPLES SOLUTIONS, NOT SLOGANS. WE MUST CONSIDER ISSUES OF CONCERN TO ALL SIDES -- AND ALSO

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THE NEEDS OF THIR NATIONS NOT IN ATTENDANCE HERE TODAY.  
THIS WILL BE THE ATTITUDE OF THE UNITED STATES.

THE WORK OF THE COMMISSIONS

THE FOUR COMMISSIONS THAT THIS CONFERENCE IS ESTABLISHING  
HAVE MUCH WORK BEFORE THEM:

-- THE COMMISSION ON ENERGY SHOULD PROMOTE AN  
EFFECTIVE WORLD BALANCE BETWEEN ENERGY DEMAND AND  
SUPPLY. IT SHOULD WORK FOR PRACTICAL COOPERATION  
AMONG INDUSTRIALIZED AND DEVELOPING COUNTRIES IN THE  
DEVELOPMENT OF NEW ENERGY SUPPLIES. IT SHOULD STRIVE  
TO ESTABLISH A COOPERATIVE LONG-TERM RELATIONSHIP  
BETWEEN ENERGY PRODUCERS AND CONSUMERS.

--THE COMMISSION OF RAW MATERIALS SHOULD WORK TO  
MODERATE THE INSTABILITY OF PRICE AND SUPPLY OF RAW  
MATERIALS OF THEIR HARMFUL CONSEQUENCES FOR BOTH  
PRODUCERS AND CONSUMERS. IT SHOULD SEEK TO ESTABLISH  
THE CONDIDITIONS FOR STABLE, LONG-RUN SUPPLIES OF RAW  
MATERIALS VITAL TO GLOBAL PROGRESS.

--THE COMMISSION ON DEVELOPMENT SHOULD STRIVE TO  
IMPLEMENT THE GLOBAL CONSENSUS ON THE NEED TO ACCELERATE  
ECONOMIC DEVELOPMENT AND PROGRESS IN ALL NATIONS, BUT  
ESPECIALLY THE POOREST. IN PARTICULAR, IT SHOULD  
BRING TOGETHER INDUSTRIAL NATIONS AND OIL-WEALTHY  
NATIONS TO PROVIDE FINANCIAL SUPPORT FOR THE DEVELOPMENT  
INITIATIVES OF THE UNITED NATIONS SEVENTH SPECIAL

--THE COMMISSION ON FINANCE SHOULD ADDRESS FINANCIAL  
ISSUES AS THEY RELATE TO THE WORK OF THE OTHER THREE  
COMMISSIONS. IT SHOULD SEEK TO BUILD A SENSE OF  
SHARED FINANCIAL RESPONSIBILITY FOR THE HEALTH AND  
GROWTH OF THE INTERNATIONAL ECONOMY.

WITHIN EACH OF THE COMMISSIONS WE HOPE TO BRING TO  
REALITY THE JOINT RESOLVE OF THE SEVENTH SPECIAL SESSION.  
WITH A COOPERATIVE APPROACH, THE COMMISSIONS COULD MAKE AN  
IMPORTANT AND LASTING CONTRIBUTION. THEY CAN GIVE DIRECTION  
AND IMPETUS TO ELATED ACTIVITY IN OTHER FORUMS. THEY COULD  
SERVE AS CLEARING HOUSES FOR INFORMATION AND ACTIVITIES OF  
OTHER ORGANIZATIONS DOING SIMILAR WORK. THEY COULD IDENTIFY  
AREAS WHERE NECESSARY WORK IS NOT BEING DONE, AND DEVISE  
NEW INITIATIVES WHERE NEEDED.

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IN THE CONTEXT OF THE FOUR COMMISSIONS, THE UNITED STATES WILL SUPPORT PROGRESS ON A BROAD RANGE OF TOPICS. BUT WE HAVE A SPECIAL INTEREST IN THE FOLLOWING AREAS:

- FIRST, THE SECURITY OF SUPPLY AND PRICE OF OIL AS IT AFFECTS THE INTERNATIONAL ECONOMY;
  - SECOND, THE MASSIVE BALANCE OF PAYMENTS PROBLEMS OF DEVELOPING COUNTRIES;
  - THIRD, THE CONDITIONS OF INTERNATIONAL INVESTMENT;
  - FOURTH, PROBLEMS OF TRADE IN KEY COMMODITIES, ESPECIALLY FOOD; AND
  - FIFTH, THE URGENTLY COMPELLING PROBLEMS OF THE POOREST COUNTRIES.
- LET ME DISCUSS EACH OF THESE IN TURN.

ENERGY

FIRST, ENERGY. THE ORIGIN OF THIS CONFERENCE WAS THE DISRUPTION IN OIL SUPPLY IN THE FALL AND WINTER OF 1973 AND THE MASSIVE INCREASES IN THE PRICE THAT FOLLOWED. THIS CRISIS BROUGHT TO THE ATTENTION OF US ALL THE NEED FOR MORE EFFECTIVE WORLD MANAGEMENT OF ENERGY PROBLEMS. NO OTHER CHALLENGE TO OUR GLOBAL ECONOMIC SYSTEM IS MORE FAR-REACHING. NO ISSUE IS MORE BASIC TO OUR COLLECTIVE FUTURE. THE SHEER MAGNITUDE OF THE ENERGY QUESTIONS COMPELS US TO COOPERATION.

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PECTS FOR DEVELOPMENT. DEVELOPING COUNTRIES BY DEFINITION TEND TO HAVE LESS OF A MARGIN TO REDUCE CONSUMPTION, OR TO RESTRUCTURE ENERGY USE, AND TO SHIFT TO ALTERNATIVE SOURCES.

A LOWER OIL PRICE WOULD MAKE POSSIBLE MORE RAPID ECONOMIC RECOVERY IN THE INDUSTRIALIZED WORLD AND AROUND THE WORLD. AND IT WOULD ASSIST THE DEVELOPING COUNTRY BY EASING THEIR BURDEN AND INCREASING FOREIGN DEMAND FOR THEIR EXPORTS. LOWER PRICES WOULD ALSO BENEFIT PRODUCER NATIONS BY EASING THE NECESSITY FOR CONSUMING COUNTRIES TO DEVELOP ALTERNATIVE SUPPLY SOURCES OVER THE LONG TERM. AND FURTHER PRICE INCREASES WOULD BE A BLOW TO A VERY FRAGILE WORLD RECOVERY, TO THE DETRIMENT OF EVERY COUNTRY.

WE EXPECT EXTENDED DISCUSSION OF THIS ISSUE. WE ARE PREPARED TO MAKE A SERIOUS, CONCILIATORY AND SUSTAINED EFFORT TO REACH AN UNDERSTANDING.

SECONDLY, IT IS IMPERATIVE THAT WE COLLABORATE TO FIND NEW SOURCES OF ENERGY AND TO INTENSIFY OUR CONSERVATION. ALL CONSUMING COUNTRIES, DEVELOPED AND DEVELOPING, MUST USE ENERGY MORE EFFICIENTLY AND DEVELOP MORE ABUNDANT SUPPLIES. PRODUCERS NEED TO PREPARE FOR THE DAY WHEN THEY EXHAUST THEIR EASILY ACCESSIBLE OIL RESERVES. A STABLE LONG-TERM PRICE OF OIL IS ESSENTIAL TO ATTRACT THE INVESTMENT NEEDED FOR ENERGY DEVELOPMENT.

AT THE SPECIAL SESSION OF THE GENERAL ASSEMBLY, WE PROPOSED AN INTERNATIONAL ENERGY INSTITUTE. THROUGH SUCH AN ORGANIZATION, THE DEVELOPMENT, DEVELOPING, AND OPEC COUNTRIES WOULD ASSIST POORER DEVELOPING COUNTRIES TO MEET THEIR ENERGY NEEDS. THE INSTITUTE COULD HELP ASSESS THESE COUNTRIES' ENERGY RESOURCES AND REQUIREMENTS, USING THE MOST ADVANCED TECHNIQUES OF ANALYSIS. IT WOULD BE STAFFED BY EXPERTS DRAWN FROM GOVERNMENT, INDUSTRY, AND ACADEMIC LIFE IN BOTH INDUSTRIALIZED AND DEVELOPING COUNTRIES. IT WOULD PROVIDE TRAINING FOR LOCAL AND REGIONAL TECHNICIANS AND SPECIALISTS IN ENERGY PROBLEMS.

THE INSTITUTE'S AIM WOULD BE TO HELP DEVELOPING COUNTRIES UTILIZE ENERGY MORE EFFICIENTLY AND INCREASE PRODUCTION AND IMPROVE ALLOCATION AND DISTRIBUTION OF EXISTING ENERGY RESOURCES. IT COULD IDENTIFY EXISTING OR NEW ENERGY TECHNOLOGIES MOST RELEVANT TO THE SPECIAL NEEDS OF DEVELOPING COUNTRIES. IT COULD BECOME A CENTRAL POINT OF CONTACT WHERE POLICYMAKERS AND TECHNICAL EXPERTS COULD

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EXCHANGE IDEAS WITH THEIR COUNTERPARTS.

IN PARALLEL WITH THIS, THE UNITED STATES HAS URGED OTHER MEANS FOR THE INDUSTRIALIZED NATIONS TO ASSIST DEVELOPING STATES TO FIND AND EXPLOIT NEW ENERGY SOURCES AND TO CONSERVE THEIR NATIONAL PATRIMONY. WE INT. D TO ADVANCE THESE PROPOSALS IN THE ENERGY COMMISSION. WE ANTICIPATE A FULL EXCHANGE OF VIEWS ON THEIR SCOPE AND SUBSTANCE.

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THIRDLY, THE UNITED STATES HOPES TO FOSTER THE PARTICIPATION AND CONTRIBUTION OF THE OIL-PRODUCING COUNTRIES IN THE INTERNATIONAL ECONOMY. AN EXTRAORDINARY TRANSFER OF WEALTH HAS TAKEN PLACE. IT IS IN THE MUTUAL INTEREST THAT THE OIL-PRODUCING NATIONS BECOME MEMBERS, NOT DISRUPTERS, OF THE WORLD ECONOMIC SYSTEM; THAT INVESTMENT AND THE LATEST TECHNOLOGY BE MADE AVAILABLE ON A REIMBURSABLE BASIS FOR DEVELOPMENT PROGRAMS; AND THAT THE FLOW OF GOODS AND SERVICES BE ENHANCED BETWEEN PRODUCING AND CONSUMING COUNTRIES.

WE BELIEVE THAT THESE THREE ISSUES---A BETTER UNDERSTANDING OF THE EFFECTS OF PRICE, COOPERATION ON NEW PRODUCTION AND ON CONSERVATION, AND ORDERLY INTERGRATION OF OPEC ECONOMIES INTO THE GLOBAL ECONOMY--ARE PRIORITIES FOR FUTURE DISCUSSION IN THE ENERGY FORUM.

#### BALANCE OF PAYMENTS PROBLEMS

CLOSELY RELATED TO THE ENERGY ISSUE ARE THE URGENT BALANCE OF PAYMENTS PROBLEMS OF DEVELOPING COUNTRIES. CURRENT PROJECTIONS INDICATE THAT THE DEVELOPING WORLD IN 1976 WILL BE COLLECTIVELY IN DEFICIT BY OVER \$30 BILLION. BILATERAL AND MULTILATERAL AID, ALONG WITH DIRECT INVESTMENT, WILL FINANCE ROUGHLY \$25 BILLION OF THIS. BORROWING FROM INTERNATIONAL CAPITAL MARKETS MAY NOT MAKE UP THE REMAINDER. THEREFORE, SOME COUNTRIES WILL BE FORCED TO DISRUPT DEVELOPMENT PLANS BY FURTHER SQUEEZING IMPORTS OR BY DEFAULTING OR SEEKING TO RESCHEDULE THEIR DEBTS.

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THE DEFICITS OF THE DEVELOPING COUNTRIES ARE THUS A DANGER NOT ONLY TO THEIR OWN WELLBEING BUT ALSO TO THE STABILITY OF THE INTERNATIONAL FINANCIAL SYSTEM AND TO THE ECONOMIC SECURITY OF THE INDUSTRIALIZED NATIONS. WE MUST GIVE IMMEDIATE ATTENTION TO THIS PROBLEM.

AT THE UNITED NATIONS WE PUT FORWARD MEASURES TO ADDRESS THE FINANCIAL NEEDS OF THE DEVELOPING COUNTRIES FOR THE LONGER TERM. WE PROPOSED THE CREATION IN THE INTERNATIONAL MONETARY FUND OF A NEW DEVELOPMENT SECURITY FACILITY TO STABILIZE OVERALL EARNINGS IN THE FACE OF SHARP FLUCTUATIONS IN EXPORT INCOME. IT WOULD PROVIDE ASSISTANCE TO DEVELOPING COUNTRIES TO FINANCE SHORTFALLS IN EXPORT EARNINGS, UNLESS THOSE SHORTFALLS WERE CAUSED BY THEIR OWN ACTS. WE ARE NOW WORKING WITH OTHER COUNTRIES AND THE IMF TO MAKE THIS PROPOSAL A REALITY.

WE ALSO RECOGNIZED THAT DEVELOPING COUNTRIES NEED MUCH BETTER ACCESS TO WORLD CAPITAL MARKETS. WE SUGGESTED THAT TECHNICAL ASSISTANCE AND EXPERTISE BE PROVIDED TO DEVELOPING COUNTRIES THAT ARE READY TO ENTER LONG-TERM PRIVATE CAPITAL MARKETS FOR THE FIRST TIME. THE UNITED STATES, FOR ITS PART, IS DESIGNING AN APPROPRIATE TECHNICAL ASSISTANCE PROGRAM WHICH WILL BEGIN OPERATING IN THIS FISCAL YEAR. WE HOPE OTHERS WILL FOLLOW SUIT.

WE ALSO PROPOSED A MAJOR EXPANSION OF THE RESOURCES OF THE WORLD BANK'S INTERNATIONAL FINANCE CORPORATION TO ENHANCE DEVELOPING COUNTRIES' COMPETITIVENESS FOR CAPITAL. WE FURTHER RECOMMENDED CREATION OF AN INTERNATIONAL INVESTMENT TRUST TO MOBILIZE PORTFOLIO CAPITAL FOR INVESTMENT IN LOCAL ENTERPRISES. AND WE PLEDGED TO CONTRIBUTE TO THE WORK OF THE IMF/WORLD BANK DEVELOPMENT COMMITTEE TO ASSIST DEVELOPING COUNTRIES IN THEIR DIRECT BORROWING IN CAPITAL MARKETS.

THIS CONFERENCE HAS THE OPPORTUNITY TO MAKE FURTHER PROGRESS IN THESE AREAS.

BUT OUR PRIORITY MUST NOW BE ON THE IMMEDIATE FUTURE. A MULTITUDE OF IDEAS AND PROPOSALS ARE ALREADY BEFORE US. LET US ADDRESS STEPS THAT CAN BE TAKEN NOW.

TO ACHIEVE IMMEDIATE MOMENTUM, MY COUNTRY PROPOSES THREE NEW MEANS FOR THE IMF TO EXPAND SIGNIFICANTLY THE BALANCE OF PAYMENTS FINANCING THAT IT PROVIDES TO DEVELOPING COUNTRIES:

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-- FIRST, THE IMF SHOULD PROVIDE DEVELOPING COUNTRIES WITH GREATER ACCESS TO REGULAR DRAWINGS FROM THE FUND'S RESOURCES. THE UNITED STATES MADE PROPOSALS ALONG THESE LINES LATE LAST YEAR, BUT THEY HAVE NOT YET BEEN ACTED UPON. AT PRESENT, OUTSTANDING CREDIT FROM REGULAR DRAWING IS LIMITED TO 100 PERCENT OF A COUNTRY'S IMF QUOTA. THIS SHOULD BE EXPANDED TO 200 PERCENT. IN ADDITION, THERE SHOULD BE PROVISION FOR A LARGER VOLUME OF LENDING IN A SINGLE YEAR. THE SCOPE OF SUCH STEPS IS POTENTIALLY VERY LARGE---POSSIBLY AROUND \$8 BILLION.

-- SECONDLY, THE MEMBERS OF THE IMF SHOULD PROMPTLY AGREE ON THE DETAILS OF THE TRUST FUND WHICH THE UNITED STATES HAS PROPOSED TO PROVIDE CONCESSIONAL FINANCING

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FOR THE POOREST COUNTRIES. IT WOULD GIVE THESE COUNTRIES, WHICH DESPERATELY NEED HELP, ADDITIONAL RESOURCES OF \$1-2 BILLION A YEAR, USING THE PROFITS FROM IMF GOLD SALES AS WELL AS NATIONAL CONTRIBUTIONS. THE RECENT RESOLUTION OF THE UNRELATED DISPUTE OVER IMF GOLD SHOULD MAKE FINAL ACTION POSSIBLE ON THE TRUST FUND AT THE MEETING OF THE IMF INTERIM COMMITTED IN JANUARY.

-- FINALLY, THE UNITED STATES PROPOSES THAT THE IMF SHOULD CONSIDER CONTINUING THE EXISTING OIL FACILITY FOR SEVERAL MORE YEARS TO LEND ONLY TO LESS DEVELOPED COUNTRIES. THIS FACILITY WAS CREATED TO ... (ONE-SENTENCE EXPLANATION OF IT). THE IMF SHOULD FIND IT FEASIBLE TO BORROW UP TO \$3 BILLION A YEAR FROM THE PRIVATE MARKET, AND POSSIBLY FROM GOVERNMENTS, AND RELEND IT TO DEVELOPING COUNTRIES ON COMMERCIAL TERMS. THIS WOULD BE OF PARTICULAR BENEFIT TO THE MORE DEVELOPED NATIONS IN THIS GROUP.

THESE THREE MEASURES IN COMBINATION WOULD GREATLY EASE THE BALANCE OF PAYMENTS PROBLEMS OF THE DEVELOPING COUNTRIES. NOT ONLY COULD THEY PROVIDE DIRECT LENDING TO THE COUNTRIES THAT NEED IT, BUT THE VERY EXISTENCE OF SUBSTANTIAL IMF LENDING FACILITIES WOULD BUTTRESS THE MARKET'S CONFIDENCE IN SUCH LENDING, PARTICULARLY FOR THE MIDDLE-INCOME COUNTRIES THAT DEPEND HEAVILY ON PRIVATE CAPITAL.

WE CANNOT EMPHASIZE ENOUGH THE NEED FOR IMMEDIATE ACTION IN THIS AREA OR SUPPLEMENT THE LONGER-TERM PROPOSALS WHICH HAVE BEEN MADE. AND WE CANNOT EMPHASIZE ENOUGH THAT THE INDUSTRIALIZED COUNTRIES SHOULD NOT BEAR THE SOLE RESPONSIBILITY FOR ASSISTANCE IN THIS AREA.

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PARTICULARLY IN VIEW OF THE OIL-RELATED ORIGIN OF MUCH OF THE PRESENT CRISIS. IT IS A COLLECTIVE OBLIGATION. INVESTMENT AND TECHNOLOGY FOR DEVELOPMENT

THE BALANCE OF PAYMENTS DEFICITS OF THE DEVELOPING COUNTRIES POSE A TEMPORARY PROBLEM THAT WILL MODERATE AS THE GLOBAL ECONOMY RECOVERS FROM RECESSION. BUT ECONOMIC DEVELOPMENT REQUIRES A SUSTAINED, LONG-RUN EFFORT AND CONTINUOUS APPLICATION OF CAPITAL, TECHNOLOGY, MANAGEMENT AND SKILLS TO DEVELOPMENT NEEDS.

THE GREATEST PART OF THE RESOURCES REQUIRED FOR DEVELOPMENT MUST BE GENERATED FROM WITHIN THE DEVELOPING COUNTRIES THEMSELVES. THEIR OWN POLICIES WILL DETERMINE WHETHER THESE RESOURCES WILL BE MADE AVAILABLE AND USED EFFECTIVELY.

BUT THE WORLD COMMUNITY HAS LONG SINCE ACKNOWLEDGED THAT INTERNATIONAL COLLABORATION IN SUPPORT OF THIS EFFORT SERVES TO ENHANCE INTERNATIONAL ORDER AND HUMAN BETTERMENT. THEREFORE, I WANT TO ADDRESS TWO SPECIFIC AREAS OF THIS INTERNATIONAL ASSISTANCE FOR DEVELOPMENT WHICH ARE OF SPECIAL INTEREST TO US IN THIS DIALOGUE -- INVESTMENT AND TECHNOLOGY.

PRIVATE INTERNATIONAL INVESTMENT HAS ALWAYS BEEN A MAJOR FACTOR IN THE GROWTH OF THE GLOBAL ECONOMY. MY OWN COUNTRY BENEFITED FROM FOREIGN INVESTMENT IN ITS EARLY PERIOD OF GROWTH. TODAY, ONE OF THE MOST IMPORTANT VEHICLES FOR TRANSFERRING CAPITAL, TECHNOLOGY AND MANAGEMENT SKILLS ON A MASSIVE SCALE TO WHERE THEY ARE MOST NEEDED IS THE TRANSNATIONAL ENTERPRISE.

WE ALL KNOW THAT FOREIGN INVESTMENT HAS BEEN INCREASINGLY THE SUBJECT OF CONCERN AND THE TARGET FOR NATIONAL CONTROL IN BOTH DEVELOPED AND DEVELOPING COUNTRIES. THE ENTERPRISES THEMSELVES ARE CAUGHT IN THE MIDDLE AND ARE FORCED TO OPERATE IN AN UNSTABLE INVESTMENT CLIMATE, CHARACTERIZED BY UNCERTAINTY, UNPREDICTABLE NATIONAL LEGISLATION AND FEW ACKNOWLEDGED RULES OF THE GAME.

IN THIS CLIMATE WE ALL SUFFER. HOST COUNTRIES ARE DEPRIVED OF THE BENEFITS OF CAPITAL RESOURCES, TECHNOLOGY AND MANAGEMENT WHICH THESE ENTERPRISES CAN UNIQUELY BRING, AS WELL AS THEIR RIGHTFUL SHARE OF TAXES AND PROFITS. THE LOSS OF THIS FOREIGN INVESTMENT IS ESPECIALLY DAMAGING IN AN ERA

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WHEN THIS FORM OF RESOURCE TRANSFER IS INCREASINGLY NEEDED TO SUBSTITUTE OFR OFFICIAL DEVELOPMENT ASSISTANCE.

AT THE SAME TIME, THE HOME COUNTRIES ARE DEPRIVED OF THE BENEFITS WHICH FOREIGN INVESTMENT BRINGS, SUCH AS OVERSEAS MARKETS, INVESTMENT INCOME, THEIR FAIR SHARE OF TAXES, AND THE ACQUISITION OF NEW IDEAS AND TECHNIQUES WHICH COMES WITH FOREIGN CONTACT.

AS FOR THE ENTERPRISES THEMSELVES, THEIR ACTIVITIES ARE SQUEEZED AT BOTH ENDS, MAKING OVERSEAS INVESTMENT LESS WORTH- WHILE TO CONTINUE.

WE MUST FACE THE REALITY THAT THE WORLD ECONOMY IS INCREASINGLY DEPENDENT ON THIS INSTRUMENT OF CAPITAL TRANSFER

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FOR THE ACHIEVEMENT OF OUR RESPECTIVE OBJECTIVES, PROPERLY REGULATED, THESE ENTERPRISES ARE AN ENORMOUS -- AND INDISPENSABLE -- INSTRUMENT FOR OUR WELL BEING. IT IS TIME TO GO BEYOND RHETORIC TO PRACTICAL SOLUTIONS IN THE COMMON INTEREST.

THE UNITED STATES HAS TAKEN AN ACTIVE PART IN INTERNATIONAL EFFORTS TO DEVISE VOLUNTARY GUIDELINES FOR THE BEHAVIOR OF BOTH TRANSNATIONAL ENTERPRISES AND GOVERNMENTS. AT THE UNITED NATIONS I STATED FOUR PRINCIPLES ON WHICH THESE GUIDELINES SHOULD BE BASED:

--TRANSNATIONAL ENTERPRISES MUST OBEY LOCAL LAW AND REFRAIN FROM UNLAWFUL INTERVENTION IN THE DOMESTIC AFFAIRS OF HOST COUNTRIES.

--HOST GOVERNMENTS MUST TREAT THESE ENTERPRISES EQUITABLY, WITHOUT DISCRIMINATION AMONG THEM, AND IN ACCORDANCE WITH INTERNATIONAL LAW.

BOTH GOVERNMENTS AND BUSINESS MUST RESPECT THE CONTRACTUAL OBLIGATIONS THEY FREELY UNDERTAKE.

--PRINCIPLES FOR TRANSNATIONAL ENTERPRISES SHOULD APPLY TO DOMESTIC ENTERPRISES WHERE RELEVANT.

BUT OUR EFFORTS SHOULD NOT BE LIMITED ONLY TO GENERAL GUIDELINES FOR INVESTMENT. WE BELIEVE AT LEAST TWO SPECIFIC ISSUES SHOULD ALSO BE ADDRESSED IN THE CONTEXT OF THE DIALOGUE WE ARE NOW UNDERTAKING.

TAXATION IS ONE SUCH AREA. BECAUSE THEY OPERATE IN MULTIPLE JURISDICTIONS, TRANSNATIONAL ENTERPRISES ARE FREQUENTLY EITHER OVERTAXED OR UNDERTAXED. GOVERNMENTS OFTEN COMPETE FOR FOREIGN INVESTMENT BY OFFERING UNNECESSARY TAX

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ADVANTAGES: SOMETIMES EITHER GOVERNMENT OR BUSINESS IS UNJUSTLY TREATED. THE RESULT IN EITHER CASE IS THAT INVESTMENT PATTERNS ARE DISTORTED. WE MUST FIND WAYS TO ENABLE BOTH HOST AND HOME COUNTRIES TO COORDINATE THEIR TAX POLICIES AND MAKE THEM MORE EQUITABLE TO EACH OTHER AND TO PRODUCTIVE ENTERPRISES. PROPER AND FAIR TAXATION IS A NECESSARY COMPONENT IN THE MANAGEMENT OF MAN'S INTERNATIONAL ECONOMIC AFFAIRS.

A SECOND AREAS SUITED FOR IMMEDIATE ACTION IS BETTER INTERGOVERNMENTAL CONSULTATION ON INVESTMENT DISPUTES. THIS IS NOT ONLY IMPORTANT TO INDUSTRIAL COUNTRIES: IT IS ESPECIALLY IMPORTANT TO DEVELOPING COUNTRIES WHOSE PROGRESS IS DEPENDENT ON A CONSTANT FLOW OF INVESTMENT. ALTHOUGH AD HOC ARRANGEMENTS CAN BE SUCCESSFUL, A LACK OF ACCEPTABLE RECOGNIZED PROCEDURES AND STANDARDS CAN CAUSE UNNECESSARY DIFFICULTY, DELAY, AND FRICTION. IT IS TIME TO DEVELOP GENERALLY ACCEPTED INTERNATIONAL RULES FOR DISPUTE SETTLEMENT, ARBITRATION OF DIFFERENCES, AND OTHER GUIDELINES FOR DEALING WITH PROBLEMS ARISING BETWEEN GOVERNMENT AND ENTERPRISES. THE UNITED STATES RECOMMENDS THAT THE WORLD BANK'S INTERNATIONAL CENTER FOR DISPUTE SETTLEMENT BE GIVEN A GREATER ROLE IN SOLVING IMPORTANT INVESTMENT CONTROVERSIES.

A COOPERATIVE APPROACH ON THESE INVESTMENT ISSUES IS A MAJOR TEST OF OUR ABILITY TO MANAGE MANKIND'S ECONOMIC FUTURE CONSTRUCTIVELY AND PRAGMATICALLY.

INTERNATIONAL ASSISTANCE FOR DEVELOPMENT MUST ALSO FOCUS ON THE TASK OF TECHNOLOGICAL DEVELOPMENT. THE ADVANCEMENT AND APPLICATION OF INDIGENOUS TECHNOLOGY, AND THE TRANSFER OF TECHNOLOGY FROM OUTSIDE, CAN ACCELERATE ECONOMIC GROWTH IF LOCAL SKILLS CAN ALSO BE DEVELOPED. LOCAL ADMINISTRATION HAS THE RESPONSIBILITY TO MAKE INFORMED AND APPROPRIATE CHOICES OF TECHNOLOGY, TO ADAPT IT TO LOCAL NEEDS AND CONDITIONS, AND TO MANAGE ITS APPLICATION EFFICIENTLY.

THE GREAT BULK OF TECHNOLOGY TRANSFER IS LIKELY TO TAKE PLACE THROUGH INTERNATIONAL INVESTMENT AND THE OPERATIONS OF TRANSNATIONAL ENTERPRISES ON EITHER AN EQUITY OR CONTRACT BASIS. BUT THE TASK OF DEVELOPMENT REQUIRES THE ADVANCEMENT OF INDIGENOUS TECHNOLOGICAL CAPACITIES. MUCH OF THE TECHNOLOGY TRANSFERRED TO DEVELOPING COUNTRIES IS NOT APPROPRIATE TO LOCAL CONDITIONS. MUCH OF IT IS NOT EFFICIENTLY MANAGED.

AN INTERNATIONAL CODE OF CONDUCT TO GOVERN TECHNOLOGY

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TRANSFER WOULD HELP DIRECT THIS FORM OF ASSISTANCE TOWARD SOUND DEVELOPMENT GOALS. AN ACCEPTED SET OF GROUND RULES WOULD PROTECT THE INTERESTS OF THE RECIPIENTS AND MITIGATE THE COMPETITIVE PRESSURES OF THE COUNTRIES WHICH ARE TRANSFERRING THE TECHNOLOGY. BUT THE PROBLEM OF TECHNOLOGY AND ITS TRANSFER IS MORE FUNDAMENTAL AND LONG-TERM THAN A CODE COULD DEAL WITH. THE WORLD COMMUNITY'S OBJECTIVE SHOULD BE THE GRADUAL BUILD-UP OF HUMAN CAPABILITIES AND TECHNOLOGY INFRASTRUCTURE IN THE DEVELOPING ECONOMIES.

A MASSIVE EFFORT OF INTERNATIONAL SUPPORT IS REQUIRED, IN MANY AREAS:

--IN ENERGY, I DISCUSSED THE INTENTION OF THE UNITED STATES TO INCREASE SUPPORT FOR TRAINING AND TECHNICAL ASSISTANCE TO HELP DEVELOPING COUNTRIES FIND AND EXPLOIT NEW SOURCES OF FOSSIL FUEL AND OTHER FORMS OF ENERGY. I ALSO ELABORATED ON OUR PROPOSAL FOR AN INTERNATIONAL ENERGY INSTITUTE FOR

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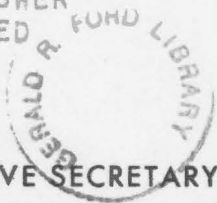
WORLDWIDE COOPERATION.

--IN AGRICULTURE, THE UNITED STATES HAS PROPOSED LEGISLATION TO THE CONGRESS TO ENABLE OUR UNIVERSITIES TO EXPAND THEIR TECHNICAL ASSISTANCE AND RESEARCH IN FOOD PRODUCTION AND NUTRITIONAL IMPROVEMENT. WE PROPOSED AN ORGANIZATION TO COORDINATE AND FINANCE ASSISTANCE TO THE POOREST COUNTRIES TO IMPROVE THE PRODUCTIVITY AND COMPETITIVENESS OF THEIR NON-FOOD AGRICULTURAL AND FORESTRY PRODUCTS AND TO DIVERSIFY THEIR ECONOMIES.

--TO ADDRESS THE BROAD PROMOTION OF INDUSTRIALIZATION ITSELF, WE PROPOSED AN INTERNATIONAL INDUSTRIALIZATION INSTITUTE TO SPONSOR AND CONDUCT RESEARCH WHICH WILL BENEFIT DEVELOPING COUNTRIES. A SMALL STAFF OF PROFESSIONAL MEN AND WOMEN WOULD FOCUS ON AT LEAST THREE AREAS OF RESEARCH-- SELECTION OF INDUSTRY, BUILDING OF INFRASTRUCTURE, AND INTERCHANGE BETWEEN THE INDUSTRIAL SECTORS OF THE DEVELOPED AND DEVELOPING ECONOMIES. WE HAVE ALSO PROPOSED AN INTERNATIONAL CENTER FOR THE EXCHANGE OF TECHNOLOGICAL INFORMATION, TO BE A CLEARING HOUSE FOR THE SHARING OF ONGOING RESEARCH INFORMATION AND NEW FINDINGS RELEVANT TO DEVELOPMENT. THIS WOULD LINK TOGETHER EXISTING NATIONAL AND INTERNATIONAL SOURCES OF INFORMATION. WE ARE CURRENTLY SUPPORTING A UNITED NATIONS GENERAL ASSEMBLY RESOLUTION WHICH CALLS FOR THE SECRETARY-GENERAL TO PREPARE AN EXPERTS' REPORT ON THE DESIGN AND OPERATION OF THIS CENTER.

--THE LONG AND ARDUOUS PROCESS OF TRAINING LOCAL MANPOWER AND SPECIALISTS MUST BE INTENSIFIED. THEREFORE, THE UNITED

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STATES PROPOSES THAT AN INTERNATIONAL INVENTORY OF TRAINED MIDDLE MANAGEMENT PERSONNEL WITH EXPERIENCE IN TECHNOLOGY DEVELOPMENT AND UTILIZATION BE MADE AVAILABLE TO THE INTERNATIONAL INDUSTRIALIZATION INSTITUTE FOR ASSIGNMENT TO DEVELOPING COUNTRIES. THEI MISSION WOULD BE TO ENCOURAGE THE EFFECTIVE DOMESTIC MANAGEMENT OF TECHNOLOGY AND TO TRAIN LOCAL PEOPLE. WE BELIEVE THAT THE TRAINING OF HUMAN RESOURCES IS A STRATEGIC PART OF THE INDUSTRIALIZATION PROCESS. WE WILL ELABORATE ON THIS PROPOSAL IN THE COURSE OF THE WORK OF THE COMMISSIONS.

(NOTE: PROPOSAL IN LAST PARAGRAPH SHOULD BE CONSIDERED AS A TENTATIVE ONE. S/P IS EXAMINING IT IN DETAIL NOW.)

THESE PROPOSALS -- AND ANY SIMILAR IDEAS THAT OTHERS MAY OFFER -- ARE A PRACTICAL APPROACH TO THE CHALLENGE OF DEVELOPMENT. RHETORIC DOES NOT FEED PEOPLES, OR BUILD INDUSTRIES. THE UNITED STATES TAKES THE PROBLEMS OF ECONOMIC AND SOCIAL PROGRESS SERIOUSLY -- AND TO THIS END WE HAVE PROPOSED CONCRETE AND EFFECTIVE STEPS.

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THE NEXT AREAS FOR ATTENTION -- AFTER ENERGY, BALANCE OF PAYMENTS PROBLEMS AND INVESTMENT AND TECHNOLOGY -- IS COMMODITY TRADE. A HEALTHY GLOBAL ECONOMY REQUIRES THAT BOTH PRODUCERS AND CONSUMERS FIND PROTECTION AGAINST THE CYCLE OF RAW MATERIALS SURPLUS AND SHORTAGE WHICH CHOKES GROWTH AND DISRUPTS PLANNING. THIS REQUIRES US TO CONSIDER MEASURES TO ENSURE MORE RELIABLE SUPPLIES OF VITAL COMMODITIES ON TERMS FAIR TO ALL.

THE PROBLEM IS MOST URGENT IN FOOD, MANKIND'S MOST CRITICAL NEED. THE CYCLE OF FEAST AND FAMINE, WIDELY FLUCTUATING PRICES OF BASIC FOODSTUFFS, AND BREAKDOWNS IN THE SYSTEM OF STORAGE AND TRANSPORTATION, PRODUCE RECURRING MALNUTRITION AND STARVATION. THIS CYCLE OF HARDSHIP SHOWS FEW SIGNS OF ABATING. THE LONG-RUN GROWTH IN DEMAND FOR FOOD THREATENS TO OUTPUN THE EXPANSION OF SUPPLY.

AS THE WORLD'S LARGEST PRODUCER AND EXPORTER, THE UNITED STATES IS MINDFUL OF ITS SPECIAL RESPONSIBILITY FOR THE INTERNATIONAL MANAGEMENT OF FOOD. ACCORDINGLY,

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WE HAVE BEEN PURSUING THE FOLLOWING POLICIES:

FIRST, AT HOME WE HAVE BEEN COMMITTED TO POLICIES OF MAXIMUM FOOD PRODUCTION AND HAVE REMOVED ALL PRODUCTION RESTRAINTS.

SECONDLY, INTERNATIONALLY WE HAVE PROPOSED A SYSTEM OF GRAIN RESERVES TO HELP MODERATE FLUCTUATIONS IN WORLD PRICES AND SUPPLIES. WE FIRST PROPOSED THIS SYSTEM AT THE WORLD FOOD CONFERENCE IN ROME IN NOVEMBER, 1974, WHICH WAS CONVENED AT OUR INITIATIVE. WE THEN MADE SPECIFIC PROPOSALS AND BEGAN NEGOTIATIONS. WE BELIEVE THAT:

--TO MEET VIRTUALLY ALL POTENTIAL SHORTFALLS IN FOOD GRAINS PRODUCTION, TOTAL WORLD RESERVES MUST REACH AT LEAST 30 MILLION TONS OF WHEAT AND RICE. WE SHOULD CONSIDER WHETHER A SIMILAR RESERVE IS NEEDED IN FOOD GRAINS.

"RESPONSIBILITY FOR HOLDING RESERVES SHOULD BE ALLOCATED FAIRLY, TAKING INTO ACCOUNT WEALTH AND VOLUME OF PRODUCTION AND TRADE. THE UNITED STATES IS PREPARED TO HOLD A MAJOR SHARE.

--ACQUISITION AND RELEASE OF RESERVES SHOULD BE GOVERNED BY QUANTITATIVE STANDARDS SUCH AS ANTICIPATED SURPLUSES AND SHORTFALLS IN PRODUCTION.

-- ACCESS TO RESERVES WHEN NEEDED WOULD BE ASSURED TO FULL

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PARTICIPANTS IN THE SYSTEM, AMONG MAJOR PRODUCERS, FULL PARTICIPATION SHOULD REQUIRE COMPLETE EXCHANGE OF INFORMATION AND FORECASTS.

--SPECIAL ASSISTANCE SHOULD BE EXTENDED TO DEVELOPING COUNTRIES THAT PARTICIPATE SO THAT THEY CAN MEET THEIR OBLIGATION TO HOLD A PORTION OF GLOBAL RESERVES.

WE BELIEVE THAT THE GRAIN RESERVES PROPOSAL CAN BE A MODEL FOR COOPERATION ON OTHER COMMODITY PROBLEMS. IT MAKES SPECIAL PROVISION FOR THE CONCERNS OF DEVELOPING COUNTRIES. ITS RELIANCE ON STOCKS MINIMIZES THE DISTORTION OF TRADE, AND INDEED ENHANCES THE EFFICIENCY OF THE MARKET. WE NOW AWAIT THE CONTRIBUTION OF OTHERS TO HELP IMPLEMENT THIS PROPOSAL.

THIRDLY, WE ARE GREATLY EXPANDING OUR BILATERAL PROGRAMS OF ASSISTANCE TO AGRICULTURAL PRODUCTION IN DEVELOPING COUNTRIES. AT THE UN SPECIAL SESSION, THE UNITED STATES RECOMMENDED THAT DEVELOPED COUNTRIES STRENGTHEN THEIR LINKS WITH INTERNATIONAL RESEARCH CENTERS AND WITH NATIONAL AGRICULTURAL RESEARCH CENTERS IN DEVELOPING COUNTRIES. THE LEGISLATION PENDING IN OUR CONGRESS TO BOLSTER OUR SUPPORT FOR INTERNATIONAL AND NATIONAL RESEARCH CENTERS WOULD ENSURE A LONGER-TERM COMMITMENT FOR U.S. ASSISTANCE. WE ALSO PROPOSED THAT THE INDUSTRIAL COUNTRIES SUPPORT EXPANSION OF THE WORK OF THE EXISTING INTERNATIONAL AGRICULTURAL RESEARCH CENTERS. WE BELIEVE THAT THE CONSULTATIVE GROUP ON INTERNATIONAL AGRICULTURAL RESEARCH SHOULD EXAMINE THIS ISSUE IN DETAIL AND PRESENT ITS RECOMMENDATIONS FOR FURTHER ACTION BY NEXT SUMMER.

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FOURTHLY, WE ARE SUPPORTING THE OPEC PROPOSAL FOR THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT TO MAKE A CONTRIBUTION OF \$200 MILLION. WE BELIEVE THAT THIS FUND WILL BE A VALUABLE COMPONENT OF A GLOBAL FOOD SYSTEM WHICH ENABLES DEVELOPING COUNTRIES TO PRODUCE ENOUGH FOOD TO FEED THEMSELVES. WE HOPE THAT THE OIL-PRODUCING COUNTRIES WILL MATCH THE CONTRIBUTION OF THE INDUSTRIALIZED COUNTRIES, AND WE LOOK FORWARD TO AN EARLY PLEDGING CONFERENCE.

THE INTERNATIONAL EFFORTS ALREADY UNDERWAY ON FOOD SHOULD SET AN EXAMPLE FOR COOPERATION ON OTHER COMMODITY PROBLEMS.

OTHER COMMODITIES ARE OF CRITICAL IMPORTANCE TO INDIVIDUAL COUNTRIES, EITHER IN THEIR CAPACITY AS PRODUCERS OR CONSUMERS. MANY DEVELOPING COUNTRIES DEPEND CRUCIALLY ON COMMODITY EXPORT EARNINGS TO LIFT THEM ABOVE SUBSISTENCE LEVELS, TO FINANCE THE BEGINNINGS OF INDUSTRIALIZATION, AND TO SUPPORT BASIC SOCIAL PROGRAMS. BUT SOLUTIONS TO COMMODITY ISSUES WILL AFFECT NOT ONLY THE DEVELOPING COUNTRIES, BUT ALSO THE INDUSTRIAL COUNTRIES -- WHO IN FACT ARE THE LARGEST EXPORTERS OF FOOD AND MOST MINERALS. BOTH DEVELOPED AND DEVELOPING COUNTRIES ARE ALSO AFFECTED BY THE INSTABILITY OF THE MARKET -- BY THE VULNERABILITY OF AGRICULTURAL COMMODITIES TO THE VAGARIES OF WEATHER AND SHIFTS IN WORLD DEMAND; BY THE SENSITIVITY OF MINERAL MARKETS TO FLUCUATIONS IN THE BUSINESS CYCLE IN THE INDUSTRIAL COUNTRIES; AND BY HIGHER PRICES OF CRITICAL ENERGY IMPORTS.

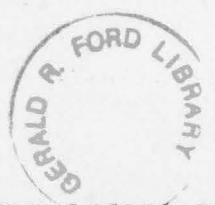
WE BELIEVE THAT AT THE SEVENTH SPECIAL SESSION A CONSENSUS WAS ACHIEVED THAT COMMODITY ISSUES COULD AND SHOULD BE APPROACHED COMPREHENSIVELY AND COOPERATIVELY. THE GLOBAL ECONOMIC SYSTEM IN TURN DEPENDS ON STABILITY OF EARNINGS, MARKETS, SUPPLY AND PRICE. THERE ARE RECIPROCAL INTERESTS THAT MUST BE ADDRESSED; THERE IS A COMMON INTEREST IN COOPERATIVE SOLUTIONS.

WE HAVE AN OPPORTUNITY NOW TO GATHER TOGETHER THE MANY IDEAS WHICH HAVE BEEN VOICED OVER THE LAST YEAR. IT IS TIME TO OUTLINE A REALISTIC AND CONSTRUCTIVE PROGRAM OF ACTION.

THE UNITED STATES STRONGLY BELIEVES THAT THE KEYS TO A SOLUTION ARE AS FOLLOWS:

- ESTABLISHING PRODUCE-CONSUMER FORUMS FOR DISCUSSIONS OF ALL KEY COMMODITIES;
- REDUCING OBSTACLES TO PRODUCERS' ACCESS TO MARKETS AND TO CONSUMERS' ACCESS TO SUPPLIES;

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--MORE RELIANCE ON BUFFER STOCKS, WHERE FEASIBLE AND NECESSARY, IN PREFERENCE TO RESTRICTIONS ON TRADE AND POPULATION;

--EXPANSION OF WORLDWIDE PRODUCTION CAPACITY IN KEY COMMODITIES; AND

--IMPROVING THE PRODUCTIVITY AND MARKETABILITY OF AGRICULTURAL RAW MATERIALS.

WE NOW STAND READY TO ESTABLISH PRODUCER-CONSUMER FORUMS TO DISCUSS COPPER, BAUXITE, AND OTHER COMMODITIES WHERE THEY DO NOT EXIST. WE PLAN TO ADDRESS THE QUESTION OF SUPPLY AND MARKET ACCESS IN THE MULTILATERAL TRADE NEGOTIATIONS IN THE NEXT SEVERAL MONTHS. WE HAVE PROPOSED THAT THE IFC AND THE IBRD MAKE AVAILABLE INCREASED FINANCING FOR MINERAL DEVELOPMENT, AND WE LOOK FORWARD TO PROGRESS IN THIS AREA IN THE NEAR FUTURE; WE PLAN TO SUPPORT THE U. N. REVOLVING FUND FOR NATIONAL RESOURCES EXPLORATION. FINALLY, WE HAVE

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PROPOSED ESTABLISHMENT OF AN ORGANIZATION TO FINANCE AND COORDINATE RESEARCH ON NON-FOOD TROPICAL PRODUCTS TO IMPROVE THEIR PRODUCTIVITY AND COMPETITIVENESS.

WE LOOK FORWARD TO ADDITIONAL DISCUSSION OF THESE MEASURES IN THE RAW MATERIALS COMMISSION OF THIS CONFERENCE.  
GLOBAL POVERTY

IN OUR DELIBERATIONS HERE, WE MUST ADDRESS THE PLIGHT OF THE ONE-QUARTER OF MANKIND WHOSE LIVES ARE OVERWHELMED BY POVERTY AND HUNGER, AND WHOSE SPIRITS ARE NUMBED BY INSECURITY AND DESPAIR. THIS GROUP HAS SUFFERED IMMEASURABLY FROM THE HIGHER PRICES OF FOOD AND FUEL. THE EXPORT REVENUES OF THE POOREST COUNTRIES HAVE BEEN MOST ADVERSELY AFFECTED BY THE RECESSION, WHICH SHRANK THEIR EXPORTS AS WELL AS THE WILL AND ABILITY OF DEVELOPED COUNTRIES TO PROVIDE MORE OFFICIAL DEVELOPMENT ASSISTANCE.

IT IS ESTIMATED THAT IN THIS GROUP LESS THAN ONE PERSON IN FIVE IS LITERATE; ONE CHILD IN TEN DIES, AND IN SOME AREAS CLOSER TO ONE OUT OF TWO; LIFE EXPECTANCY IS LESS THAN FIFTY YEARS; AND CRUDE BIRTH RATES CONTINUE TO BE AMONG THE HIGHEST IN THE WORLD. IN THESE COUNTRIES, PUBLIC EXPENDITURES FOR EDUCATION AND HEALTH CARE ARE LOW AND PER CAPITA INCOME HAS BEEN DECLINING FOR THE LAST FOUR YEARS.

AND SO TODAY, ALONGSIDE THE THIRD WORLD WITH ITS INCREASING POWER AND ASSERTIVENESS, THERE HAS COME INTO BEING A FOURTH WORLD, WHERE HUMAN BEINGS BARELY EXIST, IN HARD-CORE POVERTY; THEIR PREOCCUPATION IS SIMPLY TO SURVIVE.

IN ONE INTERNATIONAL CONFERENCE AFTER ANOTHER, WE ALL HAVE POINTED TO THE FOURTH WORLD WITH SINCERE INTENTIONS

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OF GIVING IMMEDIATE HELP, PROVIDING LONG-TERM ASSISTANCE, OR DEVISING SPECIAL ARRANGEMENTS. WE HAVE AGREED THAT THIS IS A MAJOR TEST OF A JUST INTERNATIONAL ORDER. BUT IT IS TIME FOR ALL OF US HERE TO ACT ON OUR WORDS.

THREE AREAS NEED IMMEDIATE ACTION:

FIRST, MANY OF THE POOREST CANNOT FINANCE BALANCE OF PAYMENTS DEFICITS BECAUSE OF THE DIFFICULTY OF GAINING ACCESS TO CAPITAL MARKETS OR BECAUSE OF HIGH INTEREST RATES ON WHAT LITTLE FINANCE THEY CAN OBTAIN. THE TRUST FUND WHICH THE UNITED STATES PROPOSED IN THE IMF TO PROVIDE UP TO \$2 BILLION FOR EMERGENCY RELIEF IS OF SPECIAL BENEFIT TO THEM. LET US TAKE UP THIS ISSUE AND REACH A CONSENSUS TO CREATE THIS TRUST FUND AT NEXT MONTH'S IMF MEETING IN JAMAICA.

THE SECOND AREA FOR IMMEDIATE ACTION IS FOOD. NO OBLIGATION IS MORE BASIC THAN OUR ENSURING THAT THE POOREST HAVE ENOUGH TO EAT. THE UNITED STATES HAS PLEDGED TO PROVIDE SIX MILLION TONS OF FOOD AID -- WHICH IS 60 PERCENT OF THE TEN-MILLION-TON GLOBAL TARGET SET BY THE WORLD FOOD CONFERENCE, AND A 20 PERCENT INCREASE OVER LAST YEAR'S U.S. CONTRIBUTION. OTHERS MUST DONATE THEIR FAIR SHARE. IN ROME, SOME PROGRESS HAS NOW BEEN MADE TOWARDS REALIZATION OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT; NOW WE NEED AN EARLY PLEDGING CONFERENCE TO REACH OUR AGREED \$1 BILLION GOAL.

THIRD, WE MUST FOCUS ON THE INTERNATIONAL FINANCIAL INSTITUTIONS. AT THE SEVENTH SPECIAL SESSION, MY GOVERNMENT PLEDGED TO SUPPORT THE FIFTH IDA REPLENISHMENT AND THE REGIONAL DEVELOPMENT BANKS. WE CONTINUE TO BELIEVE THAT THESE INSTITUTIONS PLAY A BASIC ROLE; WE HOPE THAT TRADITIONAL AND NEW DONORS WILL ACTIVELY SUPPORT THEM WITH FINANCIAL CONTRIBUTIONS.

LET US URGENTLY REDEDICATE OURSELVES TO ACTION ON BEHALF OF THE POOREST AMONG US. SUCH ACTION IS THE RESPONSIBILITY OF THE ENTIRE WORLD COMMUNITY -- NOT JUST THE INDUSTRIAL COUNTRIES, BUT ALSO THE MORE AFFLUENT IN THE DEVELOPING WORLD. WHILE NO ONE COMMISSION WILL BE DEALING WITH THE PROBLEMS OF THE FOURTH WORLD, EACH COMMISSION HAS A RESPONSIBILITY TO BE CONSCIOUS OF THE NEED FOR SPECIAL CONSIDERATION FOR THE POOREST.

CONCLUSION

LADIES AND GENTLEMEN:

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THE NATIONS AND ECONOMIES OF THE WORLD ARE MANY; OUR DIFFERENCES ARE GREAT. BUT OUR REASONS FOR PULLING TOGETHER ARE FAR GREATER. THEREFORE OUR DIALOGUE HERE MUST BE CANDID, BUT WITH A POSITIVE SPIRIT AND COOPERATIVE ATTITUDE. THE PROSPERITY, THE PROGRESS AND INDEED THE PEACE OF THE WORLD MAY DEPEND UPON WHETHER WE SUCCEED IN FINDING REALISTIC ANSWERS TO THE KINDS OF PROBLEMS BEFORE US AT THIS CONFERENCE.

THE ISSUES WE FACE ARE TECHNICAL, BUT THEIR IMPLICATIONS ARE MORE PROFOUND. INDEED, THEY GO TO THE HEART OF THE FUTURE OF MANKIND. ONLY RARELY IN HISTORY DOES MANKIND CONSCIOUSLY SWING OUT FROM FAMILIAR, MARKED-OUT PATHS TO STRIKE OFF IN A NEW DIRECTION. ONLY RARELY DOES HUMANITY COMPREHEND AS CLEARLY AS TODAY THAT CHANGE IS IMMINENT AND THAT THE DIRECTION TO BE TAKEN IS SUBJECT TO HUMAN DECISION. THE NATIONS OF THE WORLD ARE FACING SUCH AN OPPORTUNITY TODAY.

WE HAVE THE POSSIBILITY OF FORGING INTERNATIONAL RELATIONSHIPS THAT WILL GOVERN WORLD AFFAIRS FOR THE NEXT DECADES. WE CAN BRING TOGETHER DEVELOPED AND DEVELOPING, PRODUCER AND CONSUMER, IN COMMON ENDEAVORS -- OR, WE CAN GO OUR SEPARATE WAYS, ALL PAYING THE PRICE FOR OUR LACK OF VISION. MUTUAL INTEREST SHOULD BRING US TOGETHER; ONLY BLINDNESS CAN KEEP US APART.

THE AMERICAN PEOPLE HAVE ALWAYS BELIEVED IN A WORLD OF CONCILIATION RATHER THAN A WORLD RULED BY INTIMIDATION, PRESSURE OR FORCE. MY COUNTRY, IN SPITE OF ITS OWN STRENGTHS AND ADVANTAGES, HAS CHOSEN THE PATH OF COOPERATION AND WE WILL STAY ON THAT PATH IF OTHERS WILL TRAVEL IT WITH US. FOR WE RECOGNIZE THAT ALL OF US HERE HAVE A STAKE IN EACH OTHER'S SUCCESS.

NECESSITY HAS BROUGHT US TO THIS POINT, BUT A HIGHER IDEAL SUMMONS US TO CHOOSE WHERE WE WILL GO FROM HERE. WE HAVE NO EXCUSE FOR FAILURE, FOR A BETTER FUTURE FOR ALL IS WITHIN OUR REACH.

I AM CONFIDENT OF OUR COOPERATION AND OF OUR SUCCESS. THE RESULT WILL BE A FAIR AND PROSPEROUS WORLD ECONOMY OF BENEFIT TO ALL NATIONS, AND A NEW SPIRIT OF HOPE, WIDENING OPPORTUNITY AND JUSTICE FOR ALL PEOPLES.

THANK YOU.

HODGSON

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