

TEHRAN EMBASSY TEHRAN
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RUDRAR/AMBASSY BUCHAREST IMMEDIATE 103
RUEHIA/USIA WASHDC IMMEDIATE 4485
BT
UNCLAS SECTION 1 OF 4 TEHRAN 9267

Iran

DEPT PASS WHITE HOUSE FOR GEN. SCOWCROFT AND NESSEN

BUCHAREST FOR SECRETARY'S PARTY

USIA FOR IPS AND IBS

E.O. 11652; N/A

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: PRESS CONFERENCE: SECRETARY KISSINGER AND IRANIAN
MINISTER OF FINANCE AND ECONOMY KUSHANG ANSARY

MR. ANSARY: GENTLEMEN, WE HAVE JUST EMERGED FROM A MEETING WITH SECRETARY OF STATE HENRY KISSINGER AND HIS DISTINGUISHED COLLEAGUES. AT THIS MEETING LET ME START BY SAYING WE HAVE EXPRESSED OUR PLEASURE AND PRIVILEGE AT THE OPPORTUNITY TO HAVE THE SECRETARY HERE IN IRAN AND TO DISCUSS MATTERS OF MUTUAL INTEREST, NOT ONLY WITH HIS IMPERIAL MAJESTY THE SHAHANSHAH AS WAS DONE LAST NIGHT, BUT ALSO HERE AT THIS MINISTRY IN CONNECTION WITH THE VARIOUS ASPECTS OF OUR COOPERATION BETWEEN THE UNITED STATES AND IRAN. I TOOK THE OPPORTUNITY AT THE MEETING WITH THE SECRETARY TO EXPRESS OUR GREAT APPRECIATION FOR THE GOOD WORK HE HAS DONE AND IS CONTINUING IN CONNECTION WITH PEACEMAKING EFFORTS IN THE MIDDLE EAST. WE HAVE FOLLOWED HIS ITINERARY VERY CLOSELY AND WE ARE HIGHLY APPRECIATIVE OF HIS PERSONAL CONTRIBUTIONS, WHICH HAVE BEEN GREAT, IN BRINGING ABOUT CONDITIONS TO CREATE PEACE AND STABILITY IN THE AREA, AS WE HAVE ALWAYS FELT IN THIS COUNTRY IT IS HIGH TIME THAT THE PEOPLE OF THE REGION IN THIS PART OF THE WORLD DISENGAGE THEMSELVES FROM THE PROBLEMS OF CONFRONTATION AND INSTEAD EMBARK ON EXTENSIVE PROGRAMS OF ECONOMIC DEVELOPMENT AND SOCIAL REFORM THAT SHOULD BE AIMED AT RISING THE STANDARD OF LIVING AND INSURING WELFARE AND PROSPERITY FOR THE PEOPLE OF THESE COUNTRIES. IN THAT RESPECT, WE HAVE EXPRESSED NOT ONLY OUR APPRECIATION FOR THE GREAT CONTRIBUTIONS OF THE SECRETARY OF STATE, BUT ALSO WISHED HIM CONTINUED SUCCESS IN HIS EFFORTS. MAY I SAY ALSO THAT WE ARE VERY PLEASED THAT CONCURRENT WITH THE VISIT OF THE SECRETARY, AGREEMENT HAS BEEN REACHED ON THE FORMATION OF A JOINT COMMISSION AT MINISTERIAL LEVEL TO OVERSEE AND SUPERVISE THE DEVELOPMENT OF RELATIONS BETWEEN THE COUNTRIES IN MANY AREAS OF SPECIAL INTEREST, INCLUDING POLITICAL AND ECONOMIC, SCIENTIFIC, CULTURAL AND OTHER SUBJECTS OF INTEREST. WE ARE GRATIFIED THAT THE SECRETARY PERSONALLY HAS AGREED TO CO-CHAIR THE COMMISSION, AND WE ARE CERTAIN THAT AS A RESULTS OF THE TALKS THAT WE HAD THIS MORNING, THE COMMISSION SHOULD BE ABLE TO MAKE IMPORTANT CONTRIBUTIONS TO THE DEVELOPMENT OF RELATIONS BETWEEN THE TWO COUNTRIES, A RELATIONSHIP THAT HAS TRADITIONALLY BEEN VERY CLOSE, AND WILL CONTINUE TO BE CLOSE IN THE TAKING ITS INSPIRATION FROM THE WISHES OF HIS IMPERIAL MAJESTY AND THE LEADERS OF YOUR COUNTRY, THE UNITED STATES. WITH THAT BRIEF REMARK, LADIES AND GENTLEMEN, MAY I NOW GIVE YOU THE SECRETARY OF STATE.

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MR. KISSINGER: MR. MINISTER, LADIES AND GENTLEMEN, AFTER READING SOME OF THE ACCOUNTS ABOUT THE IRANIAN-AMERICAN RELATIONSHIPS OVER RECENT WEEKS, I THINK IT IS IMPORTANT TO EMPHASIZE THAT I'VE COME HERE TO VISIT OLD AND TRUSTED AND STEADY FRIENDS. ALL OF MY COLLEAGUES AND I HAVE BEEN VERY GRATEFUL FOR THE TRADITIONALLY CORDIAL AND WARM RECEPTION WE HAVE HAD HERE. I HAVE HAD THE PRIVILEGE OF SPENDING OVER TWO HOURS WITH HIS IMPERIAL MAJESTY LAST EVENING AND THIS MORNING THE MINISTER OF FINANCE AND I, AS WELL AS OUR ASSOCIATES, HAD A VERY FULL EXCHANGE ABOUT THE COMMISSION THAT WE HAVE AGREED TO SET UP, BUT A COMMISSION THAT MAKES SENSE ONLY WITHIN THE FRAMEWORK OF COMPATIBLE VIEWS ABOUT THE FUTURE EVOLUTION OF THIS AREA AND OF THE WORLD ECONOMY. SO ALL OUR TALKS HERE HAVE BEEN VERY POSITIVE AND WITH AN ATTITUDE THAT WE SHARE A COMMON DESTINY. I THINK THE COMMUNIQUE SPEAKS FOR ITSELF AND I SEE NO POINT IN REVIEWING IT, BUT IT MAKES CLEAR THAT A CONSIDERABLE AMOUNT OF ATTENTION WAS DEVOTED TO A REVIEW OF THE INTERNATIONAL SITUATION IN WHICH WE ALWAYS BENEFIT FROM HIS MAJESTY'S ADVICE AND PERCEPTIONS, AND ANOTHER IMPORTANT PART OF OUR DISCUSSIONS BOTH LAST EVENING AND THIS MORNING WAS DEVOTED TO THE FUTURE OF THE WORLD AND HOW TO MASTER SOME OF THE CURRENT DISLOCATIONS. WITH RESPECT TO THE RELATED PROBLEMS OF ENERGY, FOOD AND INFLATION, THERE IS A CLEAR RECOGNITION ON BOTH SIDES THAT THE STABILITY AND PROGRESS OF THE INDUSTRIALIZED WORLD AS WELL AS THE DEVELOPMENT OF THE LEAST DEVELOPED PARTS OF THE WORLD ARE ESSENTIAL TO MAINTAINING ALL THAT HAS BEEN ACHIEVED IN THE LAST GENERATION AND EQUALLY ESSENTIAL TO THE FUTURE PEACE AND STABILITY OF THE WHOLE WORLD. IT WAS IN THIS CONTEXT THAT OF THE GENERAL ECONOMIC SET OF RELATIONSHIPS, THAT THE QUESTION OF OIL PRICES WAS DISCUSSED IN A CONSTRUCTIVE AND POSITIVE SPIRIT, AND WITH A SENSE OF HOPEFUL EVOLUTION WITH RESPECT TO THE CONTRIBUTION THAT CAN BE MADE TO THE OBJECTIVE THAT I PREVIOUSLY STATED. OUR IRANIAN FRIENDS HAVE, IN ADDITION, A FULL RECOGNITION OF THE CRUCIAL IMPORTANCE OF THE PROBLEM OF FOOD, AND WE HAVE DISCUSSED SEVERAL METHODS BY WHICH OUR TWO COUNTRIES CAN COOPERATE IN MEETING THE NEEDS OF THE WORLD FOR ADDITIONAL FOOD AND FOR ADDITIONAL RESOURCES TO PRODUCE MORE FOOD. AND FINALLY, WE DISCUSSED IN THIS CONTEXT THE NECESSITY OF MASTERING THE WORLD INFLATION BECAUSE NONE OF THESE PROBLEMS CAN BE DEALT WITH ON AN ISOLATED BASIS. WITHIN THE NEXT MONTH WE WILL SET UP SUB-GROUPS IN VARIOUS FIELDS INCLUDING THOSE THAT HAVE BEEN MENTIONED BY THE MINISTER OF FINANCE AND MYSELF, WHICH HAVE BEEN ASSURED OF THE HIGHEST LEVEL ATTENTION IN BOTH COUNTRIES CHARGED WITH PREPARING, HOPEFULLY WITHIN SIX MONTHS, MAJOR ADVANCES IN THESE FIELDS FOR ANOTHER MEETING OF THE JOINT COMMISSION, WHICH WE PLAN TO HOLD IN WASHINGTON, THOUGH WE WILL NOT BE ABLE TO MATCH THE HOSPITALITY - AND YOU WILL HAVE TO KEEP IN MIND THAT WE HAVE A SHORTER HISTORY IN WHICH TO LEARN THESE CIVILIZED METHODS. SO, WE ARE VERY PLEASED WITH OUR MEETING HERE AND I WOULD LIKE TO EXPRESS MY APPRECIATION AND TO CONVEY THE GREETINGS OF PRESIDENT FORD, WHO HOPES TO MAKE THE ACQUAINTANCE OF HIS IMPERIAL MAJESTY VERY SOON.

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DEPT PASS WHITE HOUSE FOR GEN. SCOWCROFT AND HESSEN

BUCHAREST FOR SECRETARY'S PARTY

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Q. MR. SECRETARY, WILL YOU TAKE SOME QUESTIONS?

A. YES.

Q. PUT MAYBE OVERLY SIMPLY, THE UNITED STATES FAVORS LOWER OIL PRICES AND IRAN HAS FAVORED HIGHER OIL PRICES. BASED ON YOUR VISIT HERE, DO YOU THINK THERE WILL BE ANY NARROWING OF THE VIEWS ON PRICES?

A. I THINK, OF COURSE, THE STATEMENT OF THE ISSUE, AS YOU YOURSELF SAID, IS OVERLY SIMPLE. I THINK THAT YOU, OF COURSE, ALL HAVE TO KEEP IN MIND THAT IRAN CANNOT MAKE THESE DECISIONS UNILATERALLY, AND WILL HAVE TO CONSULT ITS PARTNERS IN OPEC ABOUT ANY CONCLUSIONS THAT IT MAY REACH WITH RESPECT TO OIL PRICES. I THINK THE VIEWS WITH RESPECT TO THE LINKED PROBLEMS OF OIL PRICES AND INFLATION HAVE BEEN BROUGHT CLOSER.

1. THE SUGGESTION OF THAT, SIR, IS THAT YOU WOULD HOPE THAT IRAN AT SOME POINT IN THE NEAR FUTURE WOULD USE ITS INFLUENCE IN THE DIRECTION OF LOWERING PRICES. IS THAT CORRECT?

A. WELL, AS I'VE TRIED TO EXPLAIN ON A NUMBER OF OCCASIONS, THE OIL PRICE PROBLEM HAS MANY ASPECTS. WHEN PRICES HAVE BEEN RISING, THERE ARE MANY OTHER THINGS THAT CAN BE DONE OTHER THAN IMMEDIATELY LOWERING THEM. BUT, FIRST OF ALL, SOME OF YOU WILL HAVE AN OPPORTUNITY TO MEET WITH HIS IMPERIAL MAJESTY. SECONDLY, I DO NOT THINK IT WOULD BE APPROPRIATE FOR ME TO GO INTO DETAILS EXCEPT TO SAY THAT WE HAD A CONSTRUCTIVE AND POSITIVE TALK ON THE SUBJECT, AND THAT OUR VIEWS HAVE BEEN BROUGHT CLOSER.

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Q. MR. SECRETARY, ARE YOU HOPEFUL THAT IN THE MEDIUM RUN THAT OIL PRICES MIGHT BE REDUCED?

A. I'M HOPEFUL THAT THE IMPACT OF OIL PRICES ON THE WORLD ECONOMY CAN BE BROUGHT UNDER CONTROL, AND I BELIEVE THAT THIS REQUIRES, ON THE OTHER SIDE, SOME RECOGNITION OF THE IMPACT OF THE INFLATION OF THE WORLD ON THE OIL-PRODUCING COUNTRIES. BUT I THINK IN THAT FRAMEWORK PROGRESS IS POSSIBLE.

Q. BUT IN THE IMMEDIATE FUTURE, DO YOU ANTICIPATE ANY FURTHER RISE IN OIL PRICES, PERHAPS NOT A VERY GREAT ONE, BUT A FURTHER RISE AS A RESULT OF THE OPEC MEETING IN VIENNA?

A. WELL, I THINK WE SHOULD WAIT UNTIL WE SEE WHAT HIS IMPERIAL MAJESTY WILL PROPOSE AT THE OPEC MEETING. OF COURSE, THE HOPE OF THE UNITED STATES IS THAT FURTHER RISES CAN BE AVOIDED.

Q. MR. SECRETARY, DID YOU DISCUSS WITH THE SHAH THE PROSPECTS FOR A POSSIBLE MEETING BETWEEN PRODUCERS AND THE CONSUMERS ANYTIME SOON?

A. WELL, YES, WE DISCUSSED THE INITIATIVES THAT HAVE BEEN MADE WITH RESPECT TO MEETINGS OF PRODUCERS AND CONSUMERS. I EXPLAINED TO HIS IMPERIAL MAJESTY THE GENERAL AMERICAN APPROACH TO THE PROBLEM OF THE DIALOGUES. WE, IN ANY EVENT, WILL REMAIN IN CLOSE CONTACT WITH HIS MAJESTY, AS WE TRADITIONALLY DO, TO MAKE SURE THAT WE UNDERSTAND EACH OTHER'S VIEWS. THE UNITED STATES IS NOT OPPOSED TO A DIALOGUE BETWEEN CONSUMERS AND PRODUCERS, AND THE PROBLEM IS TO CONDUCT IT IN SUCH A MANNER THAT IT WILL ACHIEVE THE DESIRED RESULTS FOR BOTH PARTIES.

Q. MR. SECRETARY, ON THE MIDDLE EAST, DID YOU HAVE A CONSIDERABLE DISCUSSION WITH THE SHAH ON THIS ISSUE, AND WOULD YOU TELL US WHETHER THERE IS ANY FUNDAMENTAL DIFFERENCE IN U.S. AND IRANIAN VIEWS?

A. I HAD AN EXTENSIVE DISCUSSION WITH HIS IMPERIAL MAJESTY ON THE MIDDLE EAST, AND BENEFITTED FROM HIS EVALUATION OF THE SITUATION. I BELIEVE THAT, AS HAS BEEN THE CASE IN THE PAST, OUR ANALYSIS IS SUBSTANTIALLY CONGRUENT.

Q. MR. SECRETARY, WHAT IS THE AMERICAN VIEW ON HIS IMPERIAL MAJESTY'S PROPOSAL FOR A FIXED PRICE OF JUST UNDER \$12.00?

A. WE ARE NOT, IN PRINCIPLE, OPPOSED TO THE IDEA OF A FIXED PRICE, BUT WE ARE STUDYING IT FURTHER.

Q. MR. SECRETARY, HAS THE QUESTION OF FOOD SUPPLY BEEN LINKED WITH THE QUESTION OF ENERGY SUPPLY?

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A. NO, THE ISSUE OF FOOD SUPPLY HAS NOT BEEN LINKED WITH THE ISSUE OF ENERGY SUPPLY, BUT ON THE OTHER HAND, THERE IS AN INHERENT CONNECTION BETWEEN THE WILLINGNESS OF THE WORLD TO TAKE A GLOBAL VIEW TO ONE PROBLEM AND THE ABILITY OF THE WORLD TO TAKE A GLOBAL VIEW TO THE OTHER PROBLEM. THIS IS NOT A QUESTION OF A CONDITION; THIS IS A QUESTION OF THE APPROACH. WE WILL PROCEED WITH OUR FOOD POLICY WITHOUT REFERENCE TO ANY DECISIONS THAT HAVE BEEN MADE, OR WILL BE MADE. BUT ANY THOUGHTFUL PERSON MUST RECOGNIZE THAT REALITY ESTABLISHES A CONNECTION BETWEEN THE ABILITY OF THE WORLD TO DEAL GLOBALLY WITH ITS PROBLEMS IN VARIOUS FIELD, BUT I WOULD ALSO LIKE TO ADD THAT, AT LEAST AS FAR AS IRAN AND THE UNITED STATES ARE CONCERNED, THIS IS NOT A PROBLEM. 83

Q. MR. SECRETARY, WHAT IS THE U.S. VIEW ON THE ROLE THAT IRAN SHOULD PLAY IN THE INDIAN OCEAN?

A. WELL, AS YOU KNOW, I'M TRYING TO CURB THE MISSIONARY SPIRIT IN OUR BUREAUCRACY, AND THEREFORE I'M TRYING TO REDUCE OUR NATURAL PROPENSITY OF TELLING OTHER PEOPLE WHAT TO DO, BUT IRAN, BY VIRTUE OF ITS RESOURCES, ITS POLITICAL COHESION, AND ITS PERCEPTION OF ITSELF, CAN PLAY A SIGNIFICANT AND STABILIZING ROLE. IT HAS ALREADY ATTEMPTED TO CONTRIBUTE, AND NOT WITHOUT SUCCESS, TO EASING RELATIONS BETWEEN SEVERAL OF ITS NEIGHBORS, AND I BELIEVE THAT THIS IS A ROLE IT CAN CONTINUE TO PLAY. IN THE FIELD OF AGRICULTURE, FOR EXAMPLE, IRAN CAN MAKE A MAJOR CONTRIBUTION TO ENHANCING THE PRODUCTIVITY OF OTHER COUNTRIES IN THE INDIAN OCEAN, AND WE DISCUSSED VARIOUS METHODS BY WHICH OUR TECHNOLOGY AND THE IRANIAN RESOURCES CAN COMBINE TO BRING THIS ABOUT, WHICH WILL BECOME APPARENT DURING AND AFTER THE WORLD FOOD CONFERENCE. SO WE CONSIDER THAT IRAN'S ROLE IN THE INDIAN OCEAN IS A CONSTRUCTIVE ONE, AND ONE WHICH WE TEND TO SUPPORT.

Q. MR. SECRETARY, CAN YOU TELL US WHETHER THE UNITED STATES IS MOVING TOWARDS A RE-ASSESSMENT OF ITS ATTITUDES TOWARD THE PALESTINIAN LIBERATION ORGANIZATION, AND WHETHER THIS SUBJECT CAME UP.....

A. I HAVE TO TELL YOU, MR. MINISTER, THIS IS THE PRESS THAT TRAVELS WITH ME THAT NORMALLY SEES ME ON BACKGROUND, AND NOW THEY ARE TRYING TO ASK ON THE RECORD ALL THE QUESTIONS TO WHICH THEY HAVE ALREADY HEARD MY ANSWERS ON BACKGROUND. (LAUGHTER) AS I'VE POINTED OUT TO YOU GENTLEMEN PREVIOUSLY.....

MINISTER ANSARY: THEY WERE WONDERING IF YOU'D CHANGED YOUR MIND....

A. NO, THEY WANT TO GET IT ON THE RECORD, AS I POINTED OUT TO YOU GENTLEMEN PREVIOUSLY, I WILL PROBABLY VISIT THE MIDDLE EAST NEXT WEEK IN ORDER TO ASSESS AND TO TALK TO THE PARTICIPANTS AT THE RABAT SUMMIT AND TO OTHER COUNTRIES IN THE AREA THAT FOR OBVIOUS REASONS WERE NOT AT THE RABAT SUMMIT, ABOUT THEIR CONCLUSIONS WITH RESPECT TO RECENT EVENTS. THE UNITED STATES IS NOT, AT THIS MOMENT, UNDERTAKING A RE-ASSESSMENT OF ITS POLICY; AFTER I RETURN FROM THE AREA, NATURALLY, THE PRESIDENT AND HIS SENIOR ADVISORS WILL CONSIDER THE OVERALL SITUATION, BUT I DO NOT EXPECT A CHANGE IN AMERICAN POLICY.

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DEPT PASS WHITE HOUSE FOR GEN. SCOWCROFT AND NESSEN

BUCHAREST FOR SECRETARY'S PARTY

USIA FOR IPS AND IBS

Q. MR. SECRETARY, FOLLOWING UP ON MR. KOPPEL'S QUESTION ABOUT THE INDIAN OCEAN, DID YOU DISCUSS WITH THE SHAH THE PROSPECT OF AN AMERICAN BASE ON THE ISLAND OF DIEGO GARCIA? COULD YOU TELL US A LITTLE ABOUT THAT?

A. I WILL ANSWER THAT QUESTION, BUT I THINK YOU GENTLEMEN HAVE TO RECOGNIZE THAT I CANNOT IN THIS PRESS CONFERENCE GIVE A FULL ACCOUNT OF A FOUR-HOUR DISCUSSION WITH THE SHAH. WE DID NOT DISCUSS THIS ISSUE, BUT COULD WE HAVE SOME QUESTIONS FROM THE IRANIAN JOURNALISTS PRESENT?

Q. YES, MR. SECRETARY, COULD YOU KINDLY TELL ME IF THERE ARE ANY CHANCE OF IRANIAN INVESTMENT IN AMERICAN COMPANIES, LIKE IRANIAN INVESTMENT IN GERMANY'S KRUPP COMPANY?

A. IT IS NOT AN ISSUE THAT CAME UP DIRECTLY, BUT IT IS THE SORT OF ISSUE THAT WOULD BE ADDRESSED BY THE JOINT COMMISSION. I CAN SAY THAT IN PRINCIPLE WE HAVE NO OBJECTION TO THIS.

Q. MR. SECRETARY, WILL THE WORK OF THE JOINT COMMISSION BE LIMITED TO THE BILATERAL RELATIONS, OR WILL YOU BE DOING THINGS TOGETHER IN TURN?

A. NOW, THE WORK OF THE COMMISSION WILL INCLUDE SUCH PROBLEMS AS POSSIBLE INVESTMENT IN THIRD COUNTRIES, FOR EXAMPLE, AND IT WILL ADDRESS ITSELF, I BELIEVE, ALSO TO WHAT CAN BE CONTRIBUTED THROUGH OUR BILATERAL RELATIONS TO THE REGIONAL DEVELOPMENT IN, FOR EXAMPLE, THE INDIAN OCEAN.

Q. MR. SECRETARY, DID THE QUESTION OF ARMS DELIVERIES TO IRAQ COME UP, AND IF SO, IN WHAT CONTEXT?

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A. WELL, AS YOU KNOW, WE HAVE AN ONGOING ARMS RELATIONSHIP WITH IRAN AND ONE OR TWO ISSUES IN CONNECTION WITH THIS CAME UP TANGENTIALLY, THERE THERE'S NO POLICY ISSUE THAT REQUIRES A GREAT DEAL OF CONSIDERATION AT THIS MOMENT.

Q. MR. SECRETARY, AT THE OUTSET YOU SAID THAT THE JOINT COMMISSION ONLY MAKES SENSE IN THE LIGHT OF THE COMPATIBLE VIEWS OF THE TWO COUNTRIES ON THE WORLD ECONOMY. DO YOU CONSIDER, AFTER YOUR TALKS, THAT BOTH NATIONS HAVE A COMPATIBLE VIEW NOW ON THE WORLD ECONOMY?

A. I SAID THAT HIS IMPERIAL MAJESTY AND I DISCUSSED HOW ESSENTIAL IT WAS FOR THE INDUSTRIAL NATIONS TO MAINTAIN THEIR STABILITY, THEIR POSSIBILITY FOR PROGRESS, FOR MAINTAINING THE KIND OF EARTH THAT BROUGHT US TO THE PRESENT SITUATION, OR THAT BROUGHT US NOT TO THE PRESENT SITUATION, BUT BROUGHT ABOUT THE EVOLUTION OF THE WHOLE POST-WORLD WAR II PERIOD. AND SECONDLY, ALSO, THE NECESSITY OF HELPING THE LEAST DEVELOPED COUNTRIES. I BELIEVE, WITH RESPECT TO THOSE OBJECTIVES, AND TO THE OBJECTIVES OF BRINGING ABOUT GLOBAL SOLUTIONS TO THE PROBLEMS OF ENERGY, FOOD AND INFLATION, THE OBJECTIVES OF THE UNITED STATES AND IRAN CAN BE SAID TO BE SUBSTANTIALLY COMPATIBLE.

Q. MR. SECRETARY, DOES WHAT YOU HAVE SAID ON OIL PREVIOUSLY MEAN THAT YOU NOW EXPECT IRAN TO SUPPORT EFFORTS TO HOLD THE LINE ON OIL PRICES?

A. I DON'T THINK I SHOULD BE ANY MORE SPECIFIC THAN I HAVE BEEN, AND I THINK THAT YOU WILL JUST HAVE TO WAIT TO SEE WHAT POSITION IRAN WILL TAKE.

Q. MR. SECRETARY, NEVERTHELESS, IN SPEAKING OF THE UNITED STATES AND LEAVING IRAN OUT OF IT, YOU SAID THAT THE HOPE OF THE UNITED STATES IS THAT FURTHER RISES CAN BE AVOIDED. WHAT HAPPENS TO OUR HOPE FOR LOWER PRICES?

A. BEFORE YOU CAN HAVE LOWER PRICES, YOU HAVE TO HAVE STABLE PRICES.

Q. MR. SECRETARY, IRAN HAS PROPOSED THIS UNITY PRICE OF \$9.35 IN THE GULF. DO YOU REGARD THIS AS A TRUE WEIGHTED AVERAGE REFLECTING CURRENT RATES IN THE GULF, OR AS AN INCREASE?

A. I WAS WARNED BEFORE I GOT HERE UNDER NO CIRCUMSTANCES TO GET MYSELF INVOLVED IN A DETAILED DISCUSSION OF OIL PRICES, BECAUSE MY IRANIAN COUNTERPART WOULD BE INFINITELY MORE COMPETENT THAN I, AND OVERWHELM ME WITH STATISTICS, SO I'M NOT PREPARED TO GO INTO A DISCUSSION OF WHAT PRICE WOULD BE CONSIDERED THE CORRECT PRICE BY THE UNITED STATES, OR A PRICE FROM WHICH INDEXING MIGHT BE CONSIDERED APPROPRIATE. BUT IT IS ONE OF THE PROBLEMS THAT HAS TO BE DISCUSSED.

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Q. CAN WE ASK, PERHAPS, THE QUESTION FROM MR. ANSARY? HOW WOULD IRAN REGARD AN ARBITRATION OF THE PRESENT OIL PRICE?

A. MINISTER ANSARY: WELL, AS YOU KNOW, HIS IMPERIAL MAJESTY HAS PROPOSED THAT HE WOULD BE PREPARED TO LINK THE PRICE OF OIL WITH THE RATE OF INFLATION IN THE INDUSTRIAL COUNTRIES. ONCE YOU LINK THE TWO TOGETHER, THEY CAN MOVE IN EITHER DIRECTION TOGETHER.

Q. MR. MINISTER, WHEN YOU SAY ONCE YOU LINK THEM TOGETHER THEY CAN MOVE IN EITHER DIRECTION, DO YOU BELIEVE THAT, IN A PERIOD WHEN THERE IS MASSIVE WORLD INFLATION, IT IS REALISTIC TO EXPECT A DOWNWARD TREND IN OIL PRICES LINKED TO A DOWNWARD TREND IN OTHER COMMODITY PRICES?

A. MINISTER ANSARY: I STAND ON MY STATEMENT THAT THE IDEA IS TO LINK THE TWO TOGETHER. ONCE YOU DO THAT, THEY BOTH HAVE THE SAME DESTINY. NOW WHETHER IT'S REALISTIC OR NOT, DEPENDS ON THE APPROACH THAT WE ALL MAKE TO THE PROBLEM TOWARD INFLATION.

Q. MR. ANSARY, I WASN'T CHALLENGING YOUR STATEMENT BY ANY MEANS, SIR, I WAS SEEKING FURTHER AMPLIFICATION OF IT.

A. MINISTER ANSARY: AS YOU KNOW, WE'RE ALL CONCERNED WITH THE RAMPANT INFLATION WITH WHICH THE WORLD HAS BEEN FACED. THIS PROPOSAL WAS MADE INITIALLY BY HIS IMPERIAL MAJESTY IN THE CONTEXT OF HIS DESIRE FOR THE ENTIRE COMMUNITY OF NATIONS TO COOPERATE IN LOWERING THE RATE OF INFLATION, WHICH IS ONLY BENEFICIAL TO THE ENTIRE WORLD COMMUNITY.

Q. MR. MINISTER, DOES IRAN WANT TO MATE THE TWO AT THE PRESENT LEVELS, WHEN THE PRICE OF OIL IS ARTIFICIALLY HIGH, OR WOULD IT BE WILLING TO GO BACK TO SOME PREVIOUS INDEX LEVEL FROM PREVIOUS YEARS?

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DEPT PASS WHITE HOUSE FOR GEN. SCOWCROFT AND BESSEN

BUCHAREST FOR SECRETARY'S PARTY

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A. MINISTER ANSARY: ALL I CAN SAY IS THAT LINKING CAN ONLY TAKE PLACE AT THE TIME YOU TALK ABOUT IT. THERE WAS NO QUESTION OF MAKING THE LINK RETROACTIVE.

Q. MR. SECRETARY, DID YOU AND HIS MAJESTY SPECIFICALLY DISCUSS HIS PLAN FOR INDEXING AND FOR LINKING 20 OR 30 COMMODITIES TO THE PRICE OF OIL, AND IF SO, I ASSUME YOU'RE FAMILIAR WITH THE CRITICISM OF THAT, THAT IT AMOUNTS TO INSTITUTIONALIZING INFLATION, AND DID THAT COME UP?

A. YES, THAT CAME UP AND I WILL HAVE TO STAND ON WHAT I SAID; I CANNOT GO INTO MORE DETAIL ABOUT IT. I REPEAT WHAT I SAID? THAT WHAT WE DISCUSSED WAS WITHIN THE CONTEXT OF CONSIDERING THE IMPACT ON THE WORLD ECONOMY, ESPECIALLY ON THE INDUSTRIALIZED NATIONS AS WELL AS ON THE LEAST-DEVELOPED NATIONS, OF THE ENERGY CRISIS, AS WELL AS THE IMPACT, ON THE PRODUCERS, OF INFLATION. NOW, OBVIOUSLY, IT IS IN NEITHER SIDE'S INTEREST TO BUILD AN INSTITUTIONALIZED SYSTEM THAT ACCENTUATES THE TENDENCIES ON BOTH SIDES. AND SOME MEANS WILL HAVE TO BE FOUND TO TAKE ACCOUNT OF THESE OBJECTIVES AND I LEFT THE MEETING WITH SOME ENCOURAGEMENT THAT AN EVOLUTION IN A CONSTRUCTIVE DIRECTION WAS POSSIBLE. NOW, WHAT FORM THIS WILL TAKE, ONE WILL NOW HAVE TO AWAIT IRAN'S PROPOSALS AT THE OPEC MEETINGS AND OTHER DISCUSSIONS THAT MAY TAKE PLACE.

MINISTER ANSARY: THANK YOU VERY MUCH, MR. SECRETARY. I THINK SINCE THE SECRETARY HAS TO LEAVE FOR THE AIRPORT IMMEDIATELY IN ABOUT FIVE MINUTES FROM NOW, WE'LL CLOSE THE MEETING, AND THANK YOU VERY MUCH.

END!!!

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