TOHAK 24

Simon Asserts He, Kissinger Agree on Oil Financing Plan

By Philip Greer
Washington Post Staff Writer

NEW YORK, Nov. 18—Treasury Secretary William E. Simon said today he and Secretary of State Henry Kissinger agree on the need for a new financing system for oil-importing countries and that the U.S. will press for its creation this week in Paris.

Simon denied published reports that he and Kissinger advocated different methods of paying soaring oil costs. He said the plan announced by Kissinger in Chicago last week resulted from a number of joint meetings which were kept secret until plans were finalized. "A strong general agreement is critical to acceptance of the plan," Simon told a press conference, although he conceded that a number of details remain to be worked out.

The Paris meeting Simon referred to is a session of the Organization for Economic Cooperation and Development.

Simon said the financing for importing countries hard hit by oil prices should be done under the OECD, rather than through the International Monetary Fund (whose members include oil-exporting as well as oil-importing countries.)

He said the loans should be tied to these six conditions:

• A commitment to cut back on the use of imported oil.

• Avoidance of retaliatory restrictive trade policies.

• All members of the OECD should share the credit risks, on the basis of their share of participation in the fund.

• Participants should have voices in the funding organization and decisions should be based on the overall economic position of the borrowing country, not just its oil import problems.

• The lending facility ... place, other lending channels, such as the IMF.

• It should be "big enough to do the job." Simon repeated Kissinger's call last week for a $25 billion fund.

Simon opened his press conference—held after he addressed the National Foreign Trade Convention here—by praising the press for it coverage of the 1973 oil and gas shortages. "The American press has a very deep and important responsibility in putting facts as clearly as possible," he said, adding, "if you review Secretary Kissinger's and my speech this week, you'll find them following very similar paths."

Simon said the financing facility—with initial capital of $25 billion—could be set up either with money from national governments or by tapping world capital markets, with government guarantees for the loans. Direct government lending, he said, "seems to have a number of advantages."

In his speech to the NFTC, Simon said that, while steps must be taken to ease the burden o foil payments, the bigger need is to cut back on oil imports from members of the Organization of etroleum Exporting Countries i norder to create market pressures to bring prices down.

"To me," he said, "the question is not whether oil prices will fall but when they will fall."

Simon, who was a strong advocate of higher gasoline taxes which have been rejected by President Ford—"I guess I hold the record," he said, adding, "I've been turned down nine times by two different presidents"—said the government still has the power to curb energy use through allocation

Financing Plan Urged

SIMON, From D8

rently are 100 per cent, he said, cutbacks can be ordered if oil imports do not respond to voluntary programs.

The Treasury secretary conceded that profits of American oil companies are both "excessive and embarrassing," but he said they resulted from a combination of circumstances which "converged at one time to give the appearance of excess profits."

He noted that the administration has asked Congress to enact a windfall profits tax which, he said, would produce $2.5 billion in revenue for the government this year. He said, however, that a large part of oil industry profits resulted from increases in inventory values —"their inventory is worth more, just like it does for a man who sells eggs and has shelves full of eggs when the price rises"—and from petro-chemical products.

Simon also said that, in the event of war in the Middle East, he would not expect Arab countries to withdraw their massive deposits in Western banks. "The OPEC countries recognize that it would be counter-productive to be shifting deposits," he said. Nevertheless, he added, central banks are keeping "very close watch" on the flow of funds from OPEC countries.