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SEOUL (FOR PRIME MINISTER'S PARTY)
TOKYO (FOR FOREIGN SECRETARY'S PARTY)

YOUR TELNO 799: TOKYO SUMMIT: OIL STOCKBUILDING

1. A US DESIRE FOR LANGUAGE ENCOURAGING STRATEGIC AND STOCK-BUILDING IN THE TOKYO SUMMIT COMMUNIQUE WOULD BE ENTIRELY IN LINE WITH THE LONGSTANDING US POSITION NOTABLY IN THE IEA, AS INDEED REFLECTED IN THE 1985 MINISTERIAL COMMUNIQUE TO WHICH TUR REFERS AND WHICH WENDT (STATE) CONFIRMS THE AMERICANS (LIKE US) SEE IN THE CONTEXT OF SECURITY RATHER THAN OIL PRICING. HOWEVER DOMESTIC PRESSURES ARISING OUT OF THE PARLOUS STATE OF MANY US OIL PRODUCERS AT PRESENT OIL PRICES LEVELS HAVE, AS WE HAVE REPORTED, BEEN PUSHING THE ADMINISTRATION IN THE DIRECTION OF MEASURES TO PROVIDE SOME RELIEF. OIL PURCHASES FOR THE STRATEGIC STOCKPILE HAS IT ADVOCATES ON THESE GROUNDS AS WELL AS ON THE GROUNDS OF ENSURING FUTURE SECURITY OF SUPPLY AND, WHILE PRICES ARE LOW, OF AFFORDABILITY. THE US DEPARTMENT OF ENERGY HAS RECENTLY BEEN HEAVILY CRITICISED IN THE SENATE OSTENSIBLY ON THE GROUNDS THAT THE IEA'S OIL SHARING SCHEME REQUIRED THE US TO SHARE A DISPROPORTIONATE AMOUNT OF THE BURDEN (AND INDEED, THE AMERICANS THINK THAT THE US IS ONE OF ONLY FEW NATIONS WITH REAL STOCKS, IN EXCESS OF MINIMUM OPERATING LEVELS, ABOVE THE 90 DAY LEVEL): THIS CRITICISM IS HOWEVER NO DOUBT REALLY IMPELLED BY THE WISH OF THE CRITICS TO SEE ADMINISTRATION ACTION TO HELP THE INDUSTRY.

2. IN THE ABSENCE IN ASIA OF ALMOST EVERYBODY IN THE ADMINISTRATION CONCERNED WITH THE TOKYO SUMMIT WE HAVE NOT BEEN ABLE TODAY TO GET AN AUTHORITATIVE INTERPRETATION OF THE STATE DEPARTMENT TELEGRAM, BUT ONE OF WALLIS'S REARGUARD SHOULD BE ABLE TO HELP US TOMORROW. MEANWHILE, FOR WHAT IT IS WORTH, WENDT, WHILE CLAIMING NOT TO BE ENGAGED IN THE FINAL STAGES OF SUMMIT PREPARATION, HAS CONFIRMED TO US THAT THE AMERICANS WOULD CERTAINLY NOT WANT TO LET THE JAPANESE GET THE SUMMIT BOGGED DOWN IN DISCUSSION OVER OIL PRICES AND MARKET STABILISATION: NOR WAS OIL STOCKPILING A PRIMARY ISSUE FOR THE US AT THE SUMMIT: BUT IF THERE WAS TO BE A SECTION ON ENERGY IN THE COMMUNIQUE, THEN THE AMERICANS MIGHT WELL SEEK A REFERENCE TO THE IMPORTANCE OF OIL STOCKS: MUCH WOULD DEPEND ON THE VIEWS OF THE JAPANESE AS HOSTS.

WRIGHT