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COMMUNITY POLICY FOR THE NORTH-SOUTH DIALOGUE (1)

The Commission recently adopted a communication to the Council in which it endeavours to elaborate an overall strategy for the Community in the North-South dialogue. In this document, the Commission proposes, in the various spheres of economic relations between industrialized and developing countries (energy, development financing, food trade, commodities), a number of measures or negotiating positions.

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Starting with an analysis of some important aspects of the current crisis in the world economy, the communication stresses the Community's specific responsibilities and elaborates its objectives in the North-South dialogue.

The Commission then proposes a Community platform for the North-South negotiations and indicates possibilities for action in each of the main spheres.

I. The scale of the crisis and North-South relations

This part highlights various aspects of a crisis which is characterized politically by increasing areas of conflict and economically by the way in which economic trends in the industrialized countries and in the Third World are becoming increasingly more interlinked (emergence of the Third World as a market and as a competitor, appearance of constraints caused by energy and food scarcities, etc.).

II. The Community and the North-South dialogue

These problems affect mainly the Third World. Their solution would, however, help to improve the Community's prospects of emerging from the crisis. Europe must therefore point to the existence of a link between, on the one hand, the economic and political security of the whole of the Western world and, on the other hand, the re-establishment of international economic relations offering sufficiently attractive prospects to its developing partners.

The general objective of the Community's action must therefore, according to the Commission, be to seek ways of strengthening the security of its international environment and increase the predictability of behaviour. It must also pursue specific objectives with regard to energy, food and financing, and also the restructuring of its own manufacturing base.

(1) COM(81) 68 final

This part of the communication contains an overall survey of possible approaches to each of the main problems.

1. Energy

The communication emphasizes the following aspects :

Internally : the need for energy saving and substitution efforts by the main consumers;

Externally by :

- i. Cooperation by all parties in participating in the financing of the development of energy in the developing countries. The burden of effort should be shared among industrialized and oil-exporting countries, although the details of how this is to be done should be left open. In this connection the establishment of a World Bank energy affiliate would be of particular interest.
- ii. Taking into account the interests of all the oil-producing countries (safeguards of assets, broadening these countries' economic base, etc.).
- iii. Importance of a channel for ongoing multilateral coordination on matters not covered by bilateral or regional relations which would allow the exchange of information on energy development and foster technical cooperation between industrialized and developing countries.

2. The financial aspects of North-South relations

- i. Financing deficits and growth in the non-oil developing countries :
 - (a) Maintenance of bank flows;
 - (b) Encouragement of other forms of transfer;
 - (c) Improvement of official financing machinery (increase in resources, differentiation of terms, changes in methods);
 - (d) Giving first priority to the existing machinery and importance of the establishment of a World Bank energy affiliate.
- ii. Investing oil surpluses.
- iii. Possible measures for strengthening financial cooperation between industrialized and OPEC surplus countries and improving the stability of the financial system.

3. Food and agriculture

- i. Need for parallel efforts by all exporting countries to step up supply and by countries with a food shortfall to increase output (price and credit policies, storage, transport, etc.).
- ii. Attempt to make world markets for food products more stable; negotiation of new agreements (wheat); stockpiling system in the developing countries, etc.
- iii. Setting up of an export policy by the Community (security of supplies and access to supplies).
- iv. Access of exporting developing countries' agricultural products to the common market, etc.
- v. Stepping up food aid and bringing it into line with requirements, etc.

4. Restructuring of the Community's industry and trade relations

The Commission considers that the most essential task over the years ahead is to adjust the structure of production. The paper deals mainly with the external aspect of this adjustment :

Importance of commercial relations, in particular with the developing countries;

- i. Opening of markets to the developing countries, resulting in :
- ii. genuine industrial cooperation (consultation, coordination, codes of conduct, etc.).

5. Commodities

The Commission stresses the need for effective action on investment (particularly mining investment). Among the problems to be dealt with, it stresses that it is especially necessary to :

- i. aim at stable prices which are remunerative for producers and equitable for consumers;
 - ii. step up scientific and technical cooperation;
 - iii. promote mining investment;
 - iv. encourage on-the-spot processing of commodities.
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