

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 757 final

Brussels, 20 November 1980

THE NORTH-SOUTH DIALOGUE THE SEARCH FOR SECURITY AND PREDICTABILITY

(Commission Communication to the European
Council, Luxembourg, 1 and 2 December 1980)

COM(80) 757 final

The North-South Dialogue:
the search for security and predictability

(Memo from the Commission)

In 1981 the North-South talks will play a major part in international relations. Will this be the year when a real dialogue gets under way between all the industrialized countries and all the developing countries, including the OPEC members, or will the deepening recession and the steady deterioration of the climate of international relations result in confusion and confrontation?

In any event the timetable will be a tight one both in the UN and the specialized agencies¹, and in the more narrowly-based talks between Europe and other regions.

The opportunities provided by this schedule - or created as the occasion offers - should make it possible to tackle seriously some of the issues most vital to the future development of economic relations between the countries of North and South. They offer scope for progress in the search for greater security and predictability in relations among all the parties:

Security and predictability : leitmotiv of the global negotiations

In this connection it is clearly important that the global negotiations in New York get off the ground. Firstly, because this would help restore a climate of confidence, currently seriously compromised on both sides; secondly, and above all, because it has now emerged that this search for security and predictability is to some extent the common denominator of all the parties' negotiating objectives: this is true in the fields of recycling and development financing and of commodities, in energy and food security, in access to markets and the value of surplus countries' financial assets.

This gives the measure of the complexity of the North-South Dialogue, which the global negotiations are intended to intensify and advance.

¹See Annex for timetable

They will not be able to advance, they will indeed be meaningless, unless the main protagonists on the world stage all feel truly concerned. This means that all the major issues must be tackled in relation with each other: this is essential and can be undertaken while still observing the jurisdiction and functions of the various specialized decision-making bodies.

The Community, one of whose constant objectives during the preparations for the global negotiations has been to involve both the major industrialized countries and the oil producers in the search for mutually beneficial solutions to the major economic problems afflicting the world economy, will therefore have to work hard to win both sides over to a balanced and attractive agenda and to procedural rules acceptable to everyone.

Already, without waiting for the actual opening of the global negotiations, and indeed even assuming that it will be delayed, the Community should be working out its positions for the resumption of a dialogue between North and South which in any event cannot be confined to the UN forum.

The development of a Community approach in the North-South Dialogue

The Community, its Member States and industries have an obvious interest in seeing the gradual formulation of rules to ensure greater security and predictability in North-South relations in all spheres; on this depend the terms on which we get our supplies, and access to markets whose rapid expansion has been one of the few growth factors for many sectors of our economies over the last few years, and must become so again as soon as possible. In order to play an active part in the negotiations, the Community must speak with one voice. Since the Paris Conference in 1977, experience has shown that the North-South Dialogue only moves forward when the Community presents a united front and gives a lead, the most recent example being the negotiations for the cocoa agreement.

But it must also help demonstrate the scope for progress at world level both in the other North-South forums and by its own actions.

At the multilateral level the role which the Community must play is to initiate and give an impetus, as a matter of priority, to:

1. the negotiation of the commodity agreements scheduled for the end of 1980 and for 1981 and the implementation of the agreements concluded recently.
2. the work being done within the Bretton Woods institutions to increase rapidly the facilities they can offer the developing countries and to diversify their methods of operation in order to be able to respond effectively to the problems facing those countries because of the considerable worsening of their external deficits. To this end, a number of initiatives were recently taken by the Fund and the Bank, in particular on the setting up of an energy subsidiary¹.

At the level of direct action by the Community via its own measures:

1. The participation of Community mechanisms in recycling must complement action by the international financial organizations (notably by means of co-financing operations shared jointly by the Community and the Arab funds).
2. With regard to official development assistance, our most characteristic form of action in favour of the least developed countries is embodied in the relations governed by the Lomé Convention, whose exemplary value must therefore be increased, particularly in the development of rural communities.
3. Our contribution to food security must be improved in accordance with some of the guidelines laid down by the European Parliament after the debate on world hunger and recently endorsed by the Council.
4. In view of its responsibilities with regard to trade the Community, which supports the development of a system of free trade, must make progress on the Generalized System of Preferences and renewal of the Multifibre Arrangement. It must increase the opportunities for consultations with its Southern partners in order to anticipate developments expected on both sides.
5. Strengthening of the European Monetary System will enable the Community to play a bigger role in recycling capital, to play a more effective part in the effort required to strengthen the international monetary system and to respond to some of the principal problems facing the developing countries.

¹ It should be noted that these initiatives have been held in abeyance, pending in particular settlement of the question of observer status for the PLO.

Closer relations between the Community and its North-South partners

The Community's scope for action within the North-South Dialogue is also to a very large extent linked to the development of our direct relations with the United States, which often has a different approach to North-South problems, which makes Community cohesion more difficult to achieve. It is therefore essential at the present time that the Community position be explained to the United States via increased contacts at all levels: (Congress, the Executive, public opinion) to promote awareness of the importance to Europe of the North-South dimension and reduce possible divergences of analysis. In this connection industrialized countries could play a useful role in strengthening Western cohesion: the Community must therefore seize every opportunity to compare its views on North-South relations with those of Canada, Japan and the Scandinavian countries.

Also, global negotiations may help to get the necessary discussions going with the oil countries but they will not be enough in themselves. Direct relations will have to be established by the Community in order to deal with matters which are of interest to these countries to varying degrees. This category covers firstly all questions linked with the security and real value of the financial assets accumulated by some countries surplus to their development capacity. Secondly, it refers to the search for security and predictability in the supply of development inputs for those countries which have the capacity to develop, namely the adequate reliability of suppliers of certain consumer goods (mainly foodstuffs), the encouragement of joint ventures with our companies, and the prospect of access to our own market for processed products.

Lastly, because the political dimension must be constantly present, "summits" of all kinds - whether they be between Northern countries, Southern countries, or North and South - must discuss these issues without, however, taking over from the competent international bodies.

The internal political dimension of the North-South Dialogue

The result of all this is that progress in North-South relations will take place in many forums and at various levels; - all these sets of negotiations are complementary and interdependent. There is, however, also a mutual dependence between progress at international (or inter-regional) level and the domestic situation in each of our countries:

- (i) Our economies will benefit from selling more goods on better terms and from having secure terms for their supplies. The development of our partners has spin-offs for us which must be foreseen more clearly, discussed with them and included among our criteria for restructuring. This will mean involving the economic and social forces in each of our countries and at Community level.
- (ii) The mobilization of public opinion is therefore crucial. The public must be made more aware of interdependence and its direct repercussions on the level of employment. There must be more discussion in parliaments, trade unions, non-governmental associations and at regional level, and the media must be used.

Annex: North-South timetable for 1981

- (i) Global: opening of the global negotiations on international economic cooperation plus a number of restricted meetings of Heads of State or Government from North and South;
- (ii) Monetary and financial: implementation of the guidelines adopted by the IMF's Interim Committee and Managing Director, increase in the resources of the World Bank Group (and setting up of an "energy" subsidiary in accordance with Mr McNamara's proposals);
- (iii) Food security: wheat agreement, new food aid convention, security stockbuilding, replenishment of IFAD, etc.;
- (iv) Trade: renegotiation of the Multifibre Arrangement, GATT and UNCTAD talks on trade policy and restructuring measures;
- (v) Commodities: agreements to be concluded on cocoa, tin, jute and implementation of the agreement on the Common Fund;
- (vi) Aid to the poorest: conference on the least developed countries.