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THE DIALOGUE BETWEEN THE INDUSTRIALIZED AND DEVELOPING COUNTRIES

(Working paper from Commission departments)

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INTRODUCTION

1. Recent international developments have shown the economic interdependence of the industrialized and the developing countries. Hence, it is to the interest of all the countries concerned that mutually satisfactory solutions should be worked out.

Their interdependence makes them jointly responsible for the growth and prosperity of the world economy and for a stable and effective international monetary system. Within this overall context the Community declares its willingness to embark on the dialogue with respect to energy; it is willing likewise to help in seeking solutions in the other fields to be covered by the dialogue.

2. In seeking solutions in the fields covered by the dialogue it is necessary that the issues involved should be constructively discussed in order to achieve a better understanding of mutual interests, and to establish genuine cooperation, the only thing that can produce solutions of benefit to all.

In this process, the world economic outlook in the fields concerned and the related financial and monetary problems, as well as the effects and the interdependence of the various policies which have been or could be adopted, must be considered together in an atmosphere of confidence so as to devise such solutions.

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OBJECTIVES FOR THE DIALOGUE ON ENERGY PROBLEMS

The dialogue should deal with the following:

- adequate mutual provision of information to set and keep the dialogue going;
- pinpointing of major energy problems of interest to the energy-importing and energy-exporting countries alike;
- on this basis, efforts to work out solutions to the problems, taking due account of the widely differing situations of the different classes of countries:

1. The Community would:

- enlarge upon the factors making for economic interdependence among all the parties concerned and interest on the part of them all in an expanding world economy and a stable monetary system, and go on from there to demonstrate the impact of certain action in the energy sector;
- recognize the need for rational utilization of fossil fuel resources while making provision by appropriate means for substituting alternative energy resources in their stead;
- explain its position on alternative resources;
- indicate its attitude on optimum utilization and conservation of resources;
- stress the need for a better grasp of the world energy supply and demand situation.

2. To this end it would suggest the institution of arrangements for very comprehensive and regular exchange of information, on such matters as:

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- possible repercussions of action in the energy sector on the general economic situation, including financial and monetary problems arising in this connection;
- production and consumption prospects;
- development of other energy resources alternative to hydrocarbons;
- optimum utilization and conservation of resources;
- industrial projects connected with exploitation of energy.

3. On the basis of this information the dialogue could be focused on:

- enabling all the countries concerned to act in full knowledge of all the relevant facts;
- ensuring mutual understanding;
- helping to create better conditions for a steady flow of supplies at stable and reasonable prices;
- promoting cooperation on specific projects relating to alternative resources.

4. Other matters of common interest

• The dialogue should make for cooperation on the industrial and technical side, more particularly by the transfer of technology, training of skilled workers, and so on. This would be designed to render possible the profitable and coherent development of industrial activities connected with the natural resources of the producer countries.

It would include cooperation between the industrialized and the oil-producing countries on promoting the development of the developing countries, especially the poorest-off of their number. The Community is willing to take part in any appropriate move in this connection.

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. The dialogue should also cover the subject of the investment of the oil-exporting countries' financial surpluses. The Community feels appropriate arrangements in this regard are in the interest of all classes of countries and merit special attention.

. The Community is willing to discuss matters respecting the safeguarding of investment.

. The Community is willing to contribute constructively to any discussion on preserving and expanding trade relations in the interest of all concerned, with special reference to the development of the developing countries, on the basis, in particular, of the processing of their natural resources.