

# COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION COMMUNICATION TO THE COUNCIL  
concerning the international negotiations on  
the integrated programme for commodities

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RECOMMENDATION FOR A COUNCIL DECISION

on the participation of the Community in the negotiations provided for in the UNCTAD IV Resolution adopting the integrated programme for commodities

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Commission Communication to the Council  
concerning the international negotiations on  
the integrated programme for commodities

I. INTRODUCTION

1. UNCTAD IV in Nairobi in Resolution TD/L.131 set out procedures and a timetable for the negotiation of an integrated programme for commodities covering both the common fund and the product-by-product negotiations.

The Secretary General of UNCTAD is asked to convene preparatory meetings for international negotiations on individual products in the period beginning 1 September 1976 and these should complete their work not later than February 1978. After the completion of each of the preparatory meetings, the Secretary General of UNCTAD is to convene as and when required commodity negotiating conferences which should be concluded by the end of 1978.

The Secretary General of UNCTAD is furthermore requested in the Nairobi Resolution to convene a negotiating conference on a Common Fund for commodities not later than March 1977. This Conference is to be preceded by preparatory meetings and Member States of UNCTAD are invited to submit any proposals they have concerning issues relating to the Common Fund prior to 30 September 1976.

Finally, the Nairobi Resolution instructs the Trade and Development Board of UNCTAD to establish an Ad hoc Intergovernmental Group (IGG) to coordinate the preparatory work and the negotiations, to deal with major policy issues that may arise and to coordinate the implementation of the measures under the integrated programme.

2. This programme, which is of the utmost political importance to the developing countries, is particularly ambitious and awkward to implement as regards not only the objectives it sets but also the international measures which could achieve those objectives and the products to which it should apply. The political, economic and technical difficulties surrounding the adoption of this programme meant that the arrangements for its implementation could not be adopted at the meeting in Nairobi.

The follow-up work for which the Community must now prepare is further complicated by the ambitiously tight timetable that has been fixed, by the multiplicity of subjects to be covered, and of other fora where they are in differing degrees already covered, and by the requirement of coherence in their treatment. In the light of these considerations it is the purpose of this Commission Communication to the Council to prepare the elements of a common Community approach to and initiatives in the initial stages of this complex of meetings and discussions in UNCTAD on commodities.

3. Moreover, the Commission on Raw Materials of the Conference on International Economic Cooperation could be asked to concern itself with these matters, particularly in order to direct, organize and activate the discussions and negotiations to be conducted within the framework of UNCTAD. This Commission also deals with other matters referred to in the Resolution but not included in the programme of discussions and negotiations.

4. In these circumstances it is essential that the Community defines its position and the role it intends to play in the negotiations, together with the arrangements for its participation. This applies equally to the preparatory meetings and the negotiations on products that may ensue<sup>1</sup>, to the Group responsible for coordinating the preparatory work and the negotiations, and to the negotiating conference on the Common Fund and its preparatory bodies.

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<sup>1</sup> It will be recalled here that the Community expressed a reservation - reiterated by Group B - regarding connections with work proceeding in other fora, to the effect that:  
"the reference to the Secretary-General's actions under Section IV paragraphs 4 and 5, regarding the convening of preparatory meetings and of negotiating conferences for the commodities covered by the Programme are not intended to hinder the activities of other relevant institutions and agreements in their spheres of competence."

II. THE PREPARATORY MEETINGS FOR THE NEGOTIATIONS ON VARIOUS COMMODITIES AND THE NEGOTIATING CONFERENCES ON CERTAIN OF THESE COMMODITIES - THE INTERGOVERNMENTAL GROUP RESPONSIBLE FOR THEIR COORDINATION

A. Arrangements for the Community's participation

5. The preparatory meetings for these negotiations are extremely important for the Community since they bear on the Community's common commercial policy in general, its development policy, its policy on raw material supplies and, in the case of food products, the common agricultural policy.

6. There is no doubt that these preparatory meetings dovetail at both the economic and political level with the work the Community has been engaged in for some time now to help bring about a fairer and more balanced structure of international economic relations through a strengthening of the position of the developing countries.

7. The Community has on several occasions played a constructive role in this field, making a considerable contribution towards the smooth progress and success of international meetings. The role played by the Community at the Seventh Special Session of the United Nations General Assembly and in the context of the CIEC and its preparatory meetings for example has never been disputed.

On the other hand, the difficulties the Community has sometimes encountered in attempting to adopt a common position have contributed towards the creation of particularly awkward situations in certain international negotiations and have made it difficult for the Community to safeguard its interests.

8. It is in these negotiations that the Community will be able to give proof of the seriousness of its statements to date on the matters in question and of its desire to make a practical contribution to the establishment of a better economic and commercial balance in the world.

9. Isolated and divergent action on the part of the Member States would harm the economic and political interests of the Community and its Member States and would, furthermore, tend to have a disintegrating effect. The Community's partners would draw the inevitable economic and political conclusions.

It is therefore essential that the Community should participate as such in all these discussions. The Community's credibility is involved and this is the most effective means of defending its interests.

Moreover, the Community's partners - both industrialized and developing - are expecting a lot of it so that these negotiations may be brought to a successful conclusion.

10. The participation of the Community is in line with the provisions of the Treaty. These negotiations and their exploratory phase - which are intended to define measures relating to international trade in commodities - are covered by the common commercial policy within the meaning of Article 113 of the EEC Treaty.

The measures designed to attain the objectives which the integrated programme has set for itself are largely of a commercial nature. They include an international stocking mechanism, the harmonization of stocking policies, the establishment of pricing arrangements, the adoption at international level of measures to regulate supply, including export quotas and production policies and, where appropriate, long-term multilateral supply and purchase commitments, the improvement of market access for the developing countries' commodities and processed products through multilateral trade measures adopted in the context of the MTNs, through improvements to the GSP<sup>1</sup>.

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<sup>1</sup> Resolution TD/L 131.

11. The Community should therefore participate as such in the preparatory meetings on the commodities in question, in the negotiating conferences that will follow and in the Group responsible for coordination.

B. The role and position of the Community in the discussions: general guidelines

12. The Community must be prepared to participate fully in the work in question from the outset of the discussions if it wishes to play the constructive role it has been able to in certain international meetings.

13. These discussions will begin with exploratory talks in September 1976.

In this context the Community's position at the beginning of the discussions should be a fairly general one, since it would appear desirable that the Community adopt a very flexible and open approach to the work. Moreover, the danger must be avoided of positions becoming rigid before the work has even reached the stage of isolating the main aspects for discussion.

14. It should be noted in this connection that an initial study of the issues has already been made by the Council's Working Party on Raw Materials. This study permitted certain possibilities for alignment to be identified. The Working Party drafted, on the basis of a Commission Staff Paper<sup>1</sup>, an initial "Opinion of the Community on an overall programme for commodities"<sup>2</sup>. This document sets out a very general Community attitude for each of the products<sup>3</sup> included in the integrated programme proposed by the UNCTAD Secretariat. It will also be recalled that the negotiating directives adopted in the context of the MTNs cover agricultural products included in the integrated programme (sugar, meat, oils and fats).

15. The Community position will obviously have to be gone into in greater depth and detail since in due course the Community will have to take up a position with regard to all the fundamental questions and options posed by the integrated programme for Commodities and, more particularly, the measures in question.

The Community will, for example, have to adopt a position on the products for which product-by-product agreements or arrangements would appear to be possible.

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<sup>1</sup> SEC(76)2220.

<sup>2</sup> The Permanent Representatives Committee noted this "Opinion" which is given in document I/153/76 of 29 June 1976.

<sup>3</sup> Some of these products do not appear in the Nairobi Resolution, while four products (phosphates, manganese, tropical wood, oils and fats) have been added. For these four products the Commission Staff Paper referred to in point 14 defined certain guidelines which should be examined in the Council.

In this context the Community will also have to identify the measures which would appear to be suited to the products concerned. It will have to define its attitude on such questions as buffer stocks (whether international or coordinated national stocks) or the measures which could be considered for "declining" products, as well as - on a general level - measures to stabilize export earnings.

A number of points on these matters are set out in the "Opinion" drafted by the Council's Working Party on Raw Materials and in the Commission Staff Paper referred to above.



16. The Community position will have to be gone into in greater detail as the discussions and negotiations proceed and in the light of any further directives given by the Council to the Commission on the latter's recommendation and in consultation with the Article 113 Committee.

17. The same remarks apply to the work of the Intergovernmental Group responsible for coordinating the meetings and negotiations and for considering general policy problems. One of the first tasks of this Committee will be to organize the extensive body of work concerning the discussions and negotiations on the above products, and to establish priorities.

In this connection the initial "Opinion" referred to above, drafted by the Working Party on Raw Materials, could serve as a useful basis since it sets out certain preliminary guidelines.

III. NEGOTIATING CONFERENCE ON THE COMMON FUND AND PREPARATORY MEETINGS -  
GENERAL GUIDELINES FOR A COMMUNITY ATTITUDE

18. In view of the reticence of a good number of industrialized countries, a Common Fund was not set up at Nairobi as the developing countries had hoped. The Conference to be held in March next year, and the preparatory meetings, are therefore of great political importance for the future of relations between developing countries and industrialized countries since in the eyes of certain developing countries this Fund, in addition to its financial functions, constitutes the key instrument for the centralization and management of trade in raw materials.

19. Consequently the role that the Community can play in these negotiations will be crucial for the evolution of its relations with the developing countries and for steering the Conference towards reasonable solutions.

20. For the economic and political reasons set out in point II.A, and since it is to be expected that questions affecting a number of the Community's policies - inter alia its common commercial policy - will be raised during the discussions and negotiations, the Community as such must participate in the discussions and negotiations at this Conference and the preparatory meetings.

An additional reason is the need to ensure the overall coherence of the positions of the Community and its Member States, as regards both the various subjects to be discussed and the fora where the discussions are to take place, that is UNCTAD or the CIEC.

21. In the Commission's view it is necessary for the Community to draw up a reply to the invitation to UNCTAD Member States (contained in the Nairobi Resolution) to submit to the Secretary-General prior to 30 September 1976 any proposals concerning issues related to the Common Fund. If the Community fails to do this it will be unable to operate coherently in the preparatory meetings, or in the Intergovernmental Group, which will follow the next TDB meeting (5-22 October). At the same time it must retain an appropriate degree of negotiating flexibility.

22. A policy of not becoming involved in these awkward negotiations from the outset would clearly be dangerous. There would then be a great risk of being drawn along by an irreversible political process without being able to influence it and of finally being confronted with decisions worked out without the Community's participation. Such an attitude has never proved very fruitful and has never enabled the Community's interests to be defended constructively.

23. It would therefore seem necessary for the Community to take part in the discussions on this matter from the outset.

24. As regards the Common Fund, two approaches - in very simplified terms - have been proposed.

1. It could be conceived of as a central instrument designed not only to provide financing but also to manage and regulate trade in the raw materials covered by international measures adopted at the conclusion of the negotiating conferences referred to in section II.

2. One could envisage the Fund being strictly financial in nature and serving for example as a financial intermediary and equalization fund for financing the measures taken under product-by-product arrangements or agreements.

In the Commission's opinion, the search for a Community solution could be aligned on this second approach.

25. The Commission is currently examining all the problems relating to the Common Fund and will forward a communication to the Council on this subject as soon as possible.

#### IV. CONCLUSIONS

26. For political and economic reasons, and in application of the rules of the Treaty, the Community must participate and negotiate in these fora:

- as regards the product-by-product negotiations, including the preparatory meetings and the Group responsible for coordinating them, such participation will be based upon Article 113 and must be in accordance with the rules set out in that Article;
- the negotiating conference on the Common Fund and the preparatory meetings - leaving aside the effects they are likely to have on Community policies, particularly the common commercial policy - are obviously of special importance to the common market.

The arrangements for Community participation in this conference should take these two aspects into account. In this connection a formula which has proved its worth is that whereby the Community and its Member States are represented by a single delegation with two joint spokesmen (the Presidents of the Council and of the Commission).

27. The Community must be prepared to participate in the discussions from the outset and to play a constructive role. The Community's credibility depends on its doing so; its willingness to give practical effect to its open attitude towards the developing countries will be assessed on the basis of its performance here and the future of North-South relations hinges to a large extent on the Community's attitude.

28. The Commission therefore considers it necessary for the Community to adopt the guidelines sketched out in this Communication and to develop its position on all these topics at the appropriate time in the manner provided for in the Treaty.

29. The Commission accordingly recommends that the Council:

- authorize the Community to participate in the negotiations by adopting the draft decision annexed hereto;
- acknowledge that in the event of the negotiations on the Common Fund impinging upon matters which do not fall within the competence of the Community, it will be necessary for the Member States to act in concert and for the Community and the Member States to take part in these negotiations through a single delegation (Presidents of the Council and of the Commission).

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on the participation of the Community in  
the negotiations provided for in the UNCTAD IV  
Resolution adopting the integrated programme  
for commodities

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The Council of the European Communities,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article 113 thereof,

Having regard to the recommendation from the Commission,

Whereas the UNCTAD IV Resolution adopting the integrated programme for  
commodities provides for negotiations on the implementation of that  
programme, to be preceded by preparatory meetings and coordinated by an  
Intergovernmental Group;

Whereas it is appropriate that the Community take part in all these  
meetings and negotiations, which concern matters relating to the common  
commercial policy,

HAS DECIDED AS FOLLOWS:

Sole Article

The Commission is hereby authorized to participate on behalf of the  
Community in the negotiations provided for by the integrated programme  
for commodities adopted by UNCTAD IV, including the preparatory meetings  
and the work to be carried out within the Intergovernmental Group.

The Commission shall conduct these negotiations in consultation with  
the Article 113 Committee within the framework of the guidelines  
defined in the Commission Communication.

Done at Brussels,

For the Council

