

# COMMISSION OF THE EUROPEAN COMMUNITIES

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COM(74) 2104 final

Brussels, 11 December 1974

## DRAFT COUNCIL RESOLUTION ON "RECYCLING"

(submitted by the Commission to the Council)

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DRAFT COUNCIL RESOLUTION ON "RECYCLING"

THE COUNCIL,

HAVING REGARD to the draft from the Commission,

WHEREAS the persisting international payments disequilibria arising out of the increase in oil prices are making more and more apparent the need to recycle the surpluses accumulated by the oil-producing countries, that is, to offset at least in part the transfers of funds from the oil-importing to the oil-producing countries by credits in the other direction, distributed in accordance with the needs of the importer countries;

WHEREAS hitherto the bulk of the recycling has been effected empirically via the Euro-markets, or by way of loans direct from the exporter countries to certain industrialized countries, and whereas on the other hand recycling through international agencies, viz the IMF (oil facility) and IBRD, has so far been only on a very modest scale;

WHEREAS it is nevertheless clear that the international banking and financial system will soon no longer be able, without risk to its own structural soundness, to absorb, in order to relend, the substantial funds flowing to the oil-producing countries;

WHEREAS the Community has laid the basis for combined action by the member countries by establishing Community borrowing machinery, and whereas this mode of operation as it develops should contribute in notable measure to the general process of recycling;

WHEREAS in this context the IMF, OECD, BIS and the United States Government recently put forward major world-scale recycling plans; whereas this being so it is of the first importance that the several recycling processes, whether through contact with the oil-producing countries direct or via middlemen in the market, should be put in hand in a coordinated manner;

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and whereas it is in particular imperative that the Community member countries should adopt a common position as to the sequence in which recourse might be had to the several present or future recycling channels.

ADOPTS the following Resolution:

1. The Community Member States will frame and adhere to a common position in the international negotiations with respect to the establishment of new machinery for recycling the surpluses of the oil-producing countries.
2. In order to make for closer convergence of their economic and financial policies, the Community Member States will consult together before having recourse to the several present or future arrangements.
3. Having regard to the size of the financial disequilibria resulting from the increase in oil prices, the Community supports in principle the establishment of various recycling facilities. It considers, however, that the IMF should play a central role in this connection, and in this regard welcomes the Fund's move to create a new facility for 1975.
4. The Community moreover favours in principle the establishment in OECD of new machinery for the purpose of providing additional financial assistance to industrialized countries in external payments difficulties.