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Export credits: An end to cut-rate competition

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mands of the developing countries, but a large measure of agreement was reached in the end on all the basic questions. In Brussels the work can now be continued more quickly.

For the 44 developing countries a break-through has been achieved in trade relations insofar as the EC in Kingston for the first time conceded to the associates free access to Community markets for a major part of their trade without obtaining corresponding commitments from their side. The question of reciprocal concessions by the association partners, which was still playing such a big role in Brussels a year ago, has thus been cleared away at last.

The conference decision that a system for the stabilisation of the widely fluctuating proceeds from raw material exports by the developing countries to the EC is to be established must seem all the more remarkable because the proposals to this effect which the European Commission presented in April 1973 were at that time still denounced as a plot against the free order in the world economy. Measured by the notions of the developing countries, the amount to be made available for this purpose on a revolving basis will admittedly be rather small, but concrete commitments have been made, and these are surely worth more to the Third World than the non-committal declarations of intent only too well known from other conferences. ch.

North Sea Oil

New Industries for Norway

The Norwegian Government is currently trying to make sure in good time of public influence on the mineral oil and natural gas of the North Sea by obtaining a substantial proprietary interest and essential control rights for the state. Statoil, the national oil corporation, plays an important role in these efforts. The company is to submit annual reports on development and further plans to the Norwegian Parliament in future, thus ensuring parliamentary control. Of general significance are also the efforts to secure influential proprietary rights for the state in the processing industries which depend on oil — as in the case of Norsk Hydro and the petrochemicals centre of Rafnes.

The purpose of these developments is obvious: What matters to the Government is that the rich oil resources should be used sensibly and productively since industrialisation has not yet gone very far in Norway. The design for the future utilisation of the oil and gas is indicated by the projected industrial set-up. For the medium term

the first phase of an industrial sector based on oil and gas has already been determined in broad outline. The petrochemicals centre of Rafnes is to be developed first, with the liquid gas from the Ekofisk field to which Statoil is entitled providing its raw material basis. Another chemical centre is already featuring in the official planning which extends up to the early eighties.

The offshore oil and the proceeds from it pose a great problem for the four million people of Norway. The problem is not so much how to use the potential wealth as how to maintain economic stability in the face of rising earnings. By 1980 they will, according to estimates, account for 12–14 p.c. of the GNP; two-thirds of the output are to be exported. From the point of economic stability one can therefore only welcome timely public planning and efforts to safeguard the control and proprietary rights of the state. iwe.

Export Credits

An End to Cut-Rate Competition

The industrialised countries seem to have their first chance of reaching agreement on minimum terms for export credits. The OECD countries intend to lay down uniform conditions for the grant of export credits so as to prevent, or at least moderate, the destructive international competition in the terms of credit. At their recent conference in Washington the representatives of the EC, USA and Japan achieved decisive advances concerning minimum interest rates and maximum length of export credits and the OECD Council has since amended the OECD arrangements for export credits for shipbuilding and television satellite ground stations.

The minimum interest rate is to be 7 p.c. in future and the maximum credit period will be 8½ years. That exceptions are envisaged for developing countries may be considered a positive feature; the general view is that developing countries should be allowed credits for up to 10 years.

It is not surprising that the "objective" criteria for the identification of developing countries are still presenting some difficulty. There is of course the OECD Development Committee's list of countries but it includes the oil countries with high per-capita incomes which ought presumably to be excluded from the preferential treatment. A uniformity of criteria would be wholly desirable in the context of a viable world economy but the greatest care should be taken to treat exceptions really as exceptions and not to allow them to become the rule as has happened several times with international agreements. zz.