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INTERVIEW

Objections to a Common Fund

Interview with the Federal Minister for Economic Cooperation, Egon Bahr

IE: Minister Bahr, the states represented at the Fourth United Nations Conference on Trade and Development (UNCTAD IV) in Nairobi adopted unanimously — with reservations on the part of the USA, the Federal Republic of Germany and other countries — an "Integrated Commodity Scheme". Why did the Federal Government make a statement?

BAHR: The delegation of the Federal Republic of Germany voted for the resolution under the heading of "Integrated Commodity Scheme" in order to bring the conference to a successful conclusion, keep the dialogue between industrialized and developing countries going and provide to everybody's benefit a stronger basis for reforms of the world economy. We have stated our readiness to discuss all subjects frankly and constructively and to have helpful negotiations for this purpose as proposed by the "Group of 77".

The delegation of the Federal Republic of Germany made its statement in Nairobi in order to serve public notice of its objections to dirigiste mechanisms in the world economy and secondly to voice its misgivings about the desired success of the proposals in the interests of the developing countries.

IE: An international conference is to be convened by March 1977 at which the financing of the whole raw material programme with price stabilization buffers, purchase and supply obligations, quota regulations or other means of stabilizing export proceeds by a "Common Fund" is to be settled. Does the Federal Government favour this Common Fund or a later combination of the individual funds?

BAHR: The Federal Government has still objections to a Common Fund — especially as even in Nairobi nobody was able to say precisely what form this fund is to take and how it is to operate. We adhere to the proposal which we presented at UNCTAD IV: The Federal Government is willing to take part in the establishment and financing of commodity agreements; and some of the individual funds could in our opinion be linked. We are also willing to have a multilateral means of raising funds.

IE: The Nairobi resolution envisages agreements on 18 commodities. In which of these agreements will the Federal Republic participate and what is this participation likely to cost?

BAHR: Neither part of your question can be answered as yet. It is not yet clear for which commodities agreements will be concluded; we shall decide about our participation case by case.

IE: The developing countries expect the commodity scheme decided upon in Nairobi to bring about an economic upturn. Will these hopes be fulfilled for all developing countries?

BAHR: The proposed "Integrated Commodity Scheme" has the drawback that the rich countries (above all the USA and the USSR) will be made even richer by some commodity agreements while the poor (especially those lacking raw material resources) will become even poorer. The Argentine, the Union of South Africa, Australia and Canada would derive special profits from some of the proposals made by the developing countries. I doubt that this is the intention. This sort of agreement could in certain circumstances make sense for commodities which are produced almost exclusively in Third World countries — like tropical agricultural products for instance.

IE: In Nairobi it became apparent that the industrialized countries of the West had no common concept for negotiations with the developing countries acting in concert. Such a concept is to be developed in preparation for future conferences. Do you believe that these efforts to find a common denominator for the interests of the western industrialized countries and work out a feasible alternative to the Nairobi decisions will prove successful?

BAHR: I very much hope that they will succeed — at first in the framework of the EC and later for all industrialized countries. Nairobi has demonstrated the difficulty, but also the importance, of having a common platform. Puerto Rico has been an encouraging experience.

The Federal Government will make great efforts in this direction; the Federal Chancellor already announced this at the summit meeting of the seven industrialized countries. We are willing to play our part in the creation of a multilateral means of raising commodity funds to be financed by the industrialized, oil and developing countries; its aims are to include the stabilization of raw material earnings, opening of new raw material sources and diversification of raw material production.