

PREFACE

The Common Fund has been on the international agenda for some considerable time. Its role, scope and functions, indeed the need for it, have been analysed and discussed in a wide range of official and private fora. The Commonwealth Experts' Group, in their final Report "Towards a New International Economic Order" devoted a considerable amount of attention to the establishment of the Fund. They expressed their view that "the Common Fund is the integrating mechanism of the (Integrated) Programme and is its most important element; we saw its establishment as essential if an integrated programme for commodities is to make a major impact" (para 3.8).

Many Governments and individuals attach considerable importance to the establishment of an effective Common Fund in any programme designed to install a new order for international commodity trade. But over and above its intrinsic importance in the field of commodity trade, it is clear that the establishment of the Fund has assumed special importance to developing countries as an important test of the willingness of the international community to introduce structural change in existing international arrangements for trade and finance with a view to providing greater support for the development efforts of developing countries.

Commonwealth Heads of Government devoted a considerable amount of attention to the subject when they met in London in June 1977 and agreed to work towards the early establishment of the Fund. "To this end they asked the Secretary-General to establish a small technical working group drawn from Commonwealth countries to examine the issues which need to be addressed in further work in UNCTAD and their report should inform Commonwealth leaders on the range of objectives and purposes for which the Common Fund might be used, its methods of operation and the measures to be adopted to help developing countries which are net importers of the commodities concerned, with a view to facilitating greater progress at the UNCTAD Conference in November." (Paragraph 41, Commonwealth Heads of Government Final Communique, London 1977).

The Report of the Technical Group has been forwarded to Governments for their consideration.

In preparing for the work of the Group, the Economic Affairs Division of the Secretariat prepared a number of papers analysing specific aspects of the Common Fund and summarising the principal issues on which international decisions were required. In addition, the Division commissioned papers from specialists in the field to assist in further elaboration of some of the subjects under examination. Some of these papers may be of value to Governments and individuals, not only in their examination of the Report of the Technical Group, but also on the general question of the negotiations on the Common Fund.

The present volume contains the papers prepared by consultants. A subsequent volume will present some of the analyses prepared by the Division.

In this volume, papers by three consultants are included - the first by the Commodities Research Unit, the second by Dr G K Sarkar of the University of Sussex and the third by Professor T Josling of the University of Reading. In their paper, the Commodities Research Unit discuss a number of the issues which will have to be taken into account in determining the financial organization, operation and management of the Common Fund. Dr Sarkar deals with some of the wider macro-economic aspects of the Common Fund, setting the scope, functions and contributions of the entity in the wider perspective of international economic management. Professor Tim Josling looks at the lessons and implications for developing countries of the commodity stabilization policies in the selected developed countries, paying attention to the scope, rationale and objectives of price support systems.

These papers are being published to inform the ongoing negotiations on the Common Fund. The views expressed are those of the authors and do not necessarily reflect the views of the Secretariat.

F.B. Rampersad
Director, Economic Affairs Division