

Final Communiqué of the Washington Conference (13 February 1974)

Caption: On 13 February 1974, the final communiqué of the Washington Energy Conference details the means envisaged by the oil-consuming countries to fight against the negative effects of the world oil crisis.

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Final Communiqué of the Washington Conference (13 February 1974)

Summary Statement

1. Foreign Ministers of Belgium, Canada, Denmark, France, the Federal Republic of Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, the United Kingdom, the United States met in Washington from 11 to 13 February 1974. The European Community was represented as such by the President of the Council and the President of the Commission. Finance Ministers, Ministers with responsibility for Energy Affairs, Economic Affairs and Science and Technology Affairs also took part in the meeting. The Secretary-General of the OECD also participated in the meeting. The Ministers examined the international energy situation and its implications and charted a course of actions to meet this challenge which requires constructive and comprehensive solutions. To this end they agreed on specific steps to provide for effective international cooperation. The Ministers affirmed that solutions to the world's energy problem should be sought in consultation with producer countries and other consumers.

Analysis of the Situation

2. They noted that during the past three decades progress in improving productivity and standards of living was greatly facilitated by the ready availability of increasing supplies of energy at fairly stable prices. They recognized that the problem of meeting growing demand existed before the current situation and that the needs of the world economy for increased energy supplies require positive long-term solutions.

3. They concluded that the current energy situation results from an intensification of these underlying factors and from political developments.

4. They reviewed the problems created by the large rise in oil prices and agreed with the serious concern expressed by the International Monetary Fund's Committee of Twenty at its recent Rome meeting over the abrupt and significant changes in prospect for the world balance of payments structure.

5. They agreed that present petroleum prices presented the structure of world trade and finance with an unprecedented situation. They recognized that none of the consuming countries could hope to insulate itself from these developments, or expect to deal with the payments impact of oil prices by the adoption of monetary or trade measures alone. In their view, the present situation, if continued, could lead to serious deterioration in income and employment, intensify inflationary pressures, and endanger the welfare of nations. They believed that financial measures by themselves will not be able to deal with the strains of the current situation.

6. They expressed their particular concern about the consequences of the situation for the developing countries and recognized the need for efforts by the entire international community to resolve this problem. At current oil prices the additional energy costs for developing countries will cause a serious setback to the prospect for economic development of these countries.

General Conclusions

7. They affirmed that, in the pursuit of national policies, whether in the trade, monetary or energy fields, efforts should be made to harmonize the interests of each country on the one hand and the maintenance of the world economic system on the other. Concerted international cooperation between all the countries concerned including oil producing countries could help to accelerate an improvement in the supply and demand situation, ameliorate the adverse economic consequences of the existing situation and lay the groundwork for a more equitable and stable international energy relationship.

8. They felt that these considerations taken as a whole made it essential that there should be a substantial increase of international cooperation in all fields. Each participant in the Conference stated its firm intention to do its utmost to contribute to such an aim, in close cooperation both with the other consumer countries and with the producer countries.

9.1 They concurred in the need for a comprehensive action programme to deal with all facets of the world energy situation by cooperative measures. In so doing they will build on the work of the OECD. They recognized that they may wish to invite, as appropriate, other countries to join with them in these efforts. Such an action programme of international cooperation would include, as appropriate, the sharing of means and efforts, while concerting national policies, in such areas as:

- (a) the conservation of energy and restraint of demand;
- (b) a system of allocating oil supplies in times of emergency and severe shortages;
- (c) the acceleration of development of additional energy sources so as to diversify energy supplies;
- (d) the acceleration of energy research and development programmes through international cooperative efforts.

10. With respect to monetary and economic questions, they decided to intensify their cooperation and to give impetus to the work being undertaken in the IMF, the World Bank and the OECD on the economic and monetary consequences of the current energy situation, in particular to deal with balance of payments disequilibria. They agreed that:

- (i) In dealing with the balance of payments impact of oil prices they stressed the importance of avoiding competitive depreciation and the escalation of restrictions on trade and payments or disruptive actions in external borrowing.¹
- (ii) While financial cooperation can only partially alleviate the problems which have recently arisen for the international economic system, they will intensify work on short-term financial measures and possible longer-term mechanisms to reinforce existing official and market credit facilities.¹
- (iii) They will pursue domestic economic policies which will reduce as much as possible the difficulties resulting from the current energy cost levels.¹
- (iv) They will make strenuous efforts to maintain and enlarge the flow of development aid bilaterally and through multilateral institutions, on the basis of international solidarity embracing all countries with appropriate resources.

11. Further, they have agreed to accelerate wherever practicable their own national programmes of new energy sources and technology which will help the overall worldwide supply and demand situation.

12. They agreed to examine in detail the role of international oil companies.

13. They stressed the continued importance of maintaining and improving the natural environment as part of developing energy sources and agreed to make this an important goal of their activity.

14. They further agreed that there was need to develop a cooperative multilateral relationship with producing countries, and other consuming countries that takes into account the long-term interests of all. They are ready to exchange technical information with these countries on the problem of stabilizing energy supplies with regard to quantity and prices.

15. They welcomed the initiatives in the UN to deal with the larger issues of energy and primary products at a worldwide level and in particular for a special session of the UN General Assembly.

Establishment of follow-on Machinery

16.1 They agreed to establish a coordinating group headed by senior officials to direct and to coordinate the

development of the actions referred to above. The coordinating group shall decide how best to organize its work. It should:

- (a) Monitor and give focus to the tasks that might be addressed in existing organizations;
- (b) Establish such *ad hoc* working groups as may be necessary to undertake tasks for which there are presently no suitable bodies;
- (c) Direct preparations of a conference of consumer and producer countries which will be held at the earliest possible opportunity and which, if necessary, will be preceded by a further meeting of consumer countries.

17.1 They agreed that the preparations for such meetings should involve consultations with developing countries and other consumer and producer countries.

(1) France does not accept this paragraph.