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Oil embargo: A costly form of pressure

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Politics Slow down Aid

The war in the Near East has made the political problems of that area all of a sudden the focus of world interest. Simultaneously, it has drawn attention to the enormous economic difficulties which have become even clearer, after the lost battles, than they were before — particularly those of Egypt.

In the past, the large amount of credit the Egyptians have received has not been sufficient to spark off an efficient economic growth process. On foreign debts of about US \$ 2,300 million, they now have servicing commitments that they will probably be unable to meet. Thus, Egypt finds itself in the difficult position, on the one hand, of having to press for moratoria and consolidation, whilst—on the other—it has to raise additional capital to finance its development plans. With the low degree of competitiveness of its own industries on the world market, the disappearance of any profits from Suez Canal shipping, for which Egypt has to blame itself, and the slackening off of tourism, it would be wishful thinking to expect any assistance from domestic sources. Nasser's behaviour will scarcely encourage at least the Western countries to grant fresh credits, and private investors have been discouraged by "anti-Imperialist" nationalisation policies.

Speedy assistance to Egypt lies however, in the interests of both East and West. Only when a lasting improvement is achieved in the economic situation is there any chance of eliminating this constant source of world crisis in the Near East. This would mean not only a re-examination of the West's attitude vis-à-vis Egypt, but also a revision of Egypt's attitude vis-à-vis the West. Therefore, an attempt needs to be made to restore without ideological reservations, the opportunities for effective co-operation with public and private bodies in these countries. ke.

Oil Embargo

A Costly Form of Pressure

The Arab States have placed an embargo upon oil deliveries to the USA, Britain and West Germany. Does this mean that the contingency, for so long predicted by advocates of "guaranteed" supplies of domestic power, has indeed occurred?

The Arab States use only a small part of the oil they produce for domestic purposes. Demand in the Far East — with the exception of Japan — is insignificant, particularly as other sources of oil are nearer. The Soviet Union exports oil and is hardly prepared to accept large quantities of Middle Eastern oil. Western Europe and the USA are still the main customers. A boycott of these countries means renouncing the profits with which some of the oil-producing countries have been financing up to 90 % of their public expenditure.

On the other hand — particularly in the Western European countries concerned, which are industrialised, motorised and dependent upon oil-fired heating — one cannot help wondering what would happen if there were no deliveries for a prolonged period. It is certain that the American oil-fields, which are conserved as a strategic reserve, could produce much larger quantities. Venezuela, Indonesia and Nigeria could also supply more. Longer transport routes, due to the closing of the Suez Canal or to purchases from more distant territories, certainly mean higher transport costs and, consequently, higher oil prices to the consumer, but no supply crisis.

It is probable that the Arab States will consider the "success" of the oil embargo unsatisfactory. For oil without buyers is just as valueless as a canal barred to all traffic. sto.

Export Economy

Information Made to Measure?

The American exporter now has a new and very important instrument for his export dealings. In Washington an electronic computing installation is just coming into service and into this will be fed centrally the most important data on those foreign firms which are potential purchasers of American products. The computer puts out information on the legal set-up, size, number of employees and correspondence languages of firms. In answer to specific questions, it gives precise data on all the products handled by a firm, its markets, volume of turnover, capital, agencies and commercial reputation. None of this computerised information is more than one year old.

The computer helps American exporters to obtain much more rapidly than hitherto important data connected with export business. In addition, these informations are more detailed and more reliable, since a great number of details are fed into the computer; where previously, for instance, lists only quoted the business divisions of foreign importers, the computer gives exact details of all products in which he deals. This means that the American exporter can obtain "made-to-measure" information on his sales opportunities and about the export strategy he should choose.

France is the first country in Europe to plan a similar computer. In Germany, a wait-and-see attitude is still taken up regarding electronic assistance to exporters. It is, however, in the interests of all countries with a stake in foreign trade to introduce an export computer to maintain their competitiveness and improve their knowledge of foreign markets. This technical innovation means that export firms have a new assistant, combining the functions of an addressbook, a statistical department and a sales promotion department, without having to be on the payroll. ste.