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## Egypt-libya: Merger in sight?

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down several times by the West. China, it was believed in the West, lacked the technical capability for such a project which would in any case be unprofitable. Both arguments have been disproved. The economic feasibility of the project has been demonstrated by a British-Canadian study. The record shows that the West has missed a chance.

Economically "Tanzam" is of exceptional importance for Tanzania and Zambia. It allows Tanzania to open up its potentially most productive agricultural areas as well as raw material deposits, and Zambia will be freed from the need of exporting its copper — the source of 95 p.c. of its foreign currency income — via the Rhodesian railways and thereby from the hazard of political pressure by South Africa and Rhodesia.

Although the Chinese credit was provided free of interest and the repayment terms are extremely favourable, China can hardly be regarded as an unselfish development aid donor. The 15,000 Chinese specialists on the spot are experts in various fields and have now ample opportunity to act as "advisers" for the African liberation movements which are maintaining training centres in Tanzania and Zambia. Not only has the West thus lost the chance of setting up another "show-piece" but the strategic importance of the railway line will cause it many a headache yet. Alas, whom the gods despise, they strike with blindness. hg.

#### **EC-COMECON**

### **The COMECON Courier**

Under the guise of private guest of the Soviet ambassador on the spot the Secretary General of COMECON, Fadeyev, has been visiting Copenhagen to establish unofficial contacts. In conversation with the Danish Foreign Minister Noergaard, who is presently the Chairman of the EC Council of Ministers and thus like Fadeyev acting as representative for a multi-state economic organisation, the COMECON official proposed that official negotiating teams be set up. The conversation touched upon questions of an organisational nature and the possibility of extending trade between the two economic blocs. The eastern bloc commissioner had been given the authorisation for such talks in early June at the conference of COMECON countries in Prague.

The cautious COMECON feeler has been appraised as a "surprisingly concrete" step. It looks as if the eastern bloc has after all these years stopped ignoring the EC. In March Brezhnev had already acknowledged that the EC, "Nato's extended arm", was a reality. The eastern bloc states cannot do otherwise if they want to extend their trade agreements with the West European members of the EC beyond 1974 or conclude new

ones from 1975 because the EC alone will be competent to engage in such negotiations. In making contact with the EC through COMECON the Soviet Union is merely following the example of some of its eastern partners who have been displaying a lively interest in relations with the western economic bloc ever since the EC and Roumania conducted negotiations.

The response in Brussels will not be too fervent. Officially none can be expected before the EC Council of Ministers meets in late September. For one thing, the different set-up of the organisations will cause institutional difficulties. For another, there are questions of substance to be clarified first: How can the mutual trade relations develop? Which specific fields are of interest? How can an expansion be achieved on a reciprocal basis? zz.

#### **Egypt-Libya**

### **Merger in Sight?**

The heads of state of Egypt and Libya, Sadat and Gaddafi, late in August reached a compromise agreement on the proposed merger of their two countries. A constituent assembly composed of members of the Egyptian People's Council and the Libyan Parliament in equal numbers is to draw up the constitution of a new unified state and appoint a presidential candidate. The assembly has not been given a time limit for the drafting of the constitution, so that the date of the plebiscite and thus the final merger is still uncertain.

In this way Sadat has gained more time, albeit at the price of even firmer commitment to the union. It would be difficult to understand his hesitation on purely economic grounds, for Egypt, being greatly overpopulated and possessing few natural resources, can only gain from the dowry of Libya's oil for the united state. The political views of Gaddafi and Sadat however are still far apart. Gaddafis' revolutionary ideas about domestic policies do not please Sadat who knows himself in this respect in agreement with large sections of Egypt's population. Besides, the Libyan head of state appears to be steering towards an early armed confrontation with Israel whereas Egypt has no interest in inviting military blows from Israel before it has armed itself sufficiently.

Sadat however cannot afford to oppose the merger overtly because Egypt is heavily in debt. Lack of foreign currencies is impeding adequate imports of spares for productive plant, with the result that large capacities are lying idle and export opportunities are being lost. Even the nimble Sadat cannot conduct any policy without the money from Gaddafi's hoard, although King Feisal of Saudi Arabia has offered some help, too. ch.