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USA: Trade bill controversies

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# COMMENTS

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## *European Community*

### **A New Start?**

After the European Community, at the peak of the so-called oil crisis, had conformed to the motto "every man for himself" and thereby revealed more than clearly its desolate political state, it now appears to face a new start in energy policy. Walter Scheel, the German Minister of Foreign Affairs, being this term's president of the EC Council of Ministers was authorised by the Community at the beginning of March to contact representatives of twenty Arab countries and to offer them extensive economic cooperation. This approach is to be followed by discussions of experts within a European-Arab working group with the objective to prepare a conference of the foreign ministers of Europe and the Arab states.

At first sight, this approach seems to be right and praiseworthy, but doubts crop up when considering the fact that the possibility of cooperation with the Arab oil countries had already been discussed among the major industrial states of the West and had been agreed upon by the EC member states, except for France. In this light, the European initiative must be considered as a critical solo run, which can only be understood as a political concession made to France.

The Community would be ill-advised, however, if it were to continue this course and secure its energy supplies without harmonising its policy with the USA as well as Canada and Japan. At least the USA is economically and politically too important to be ignored. Moreover, the EC does not obtain its identity by persistent delimitation vis-à-vis the USA, but rather by solidary cooperation in international committees and institutions. This does not preclude that the Community should give thought to its future position in the Arab world and develop its own long-term policy vis-à-vis these states, duly embedded, however, in its development and association policy pursued hitherto.

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## *USA*

### **Trade Bill Controversies**

Hearings concerning the Trade Reform Act have opened in the Finance Committee of the US Senate: the discussion of the new US trade bill is thus in its final stage. The bill, which passed the House of Representatives in December last, gives the US President far-reaching powers on tariffs and non-tariff obstacles to trade for the coming multi-lateral GATT negotiations. One of his main requests, however, that for grant of most-favoured-nation treatment to the Soviet Union and other communist states, has been turned down until

now because of the restrictive emigration policy of the Soviet Union towards its Jewish minority. The majority in the US Senate seems to agree with the House of Representatives on this issue: so there is reason to expect a prolonged tug-of-war.

Besides, several other factors can be discerned which may endanger or at least delay the passing of this legislation: while previously attention had been focused on secure and free access to export markets for the USA, more concern has been shown for safeguarding raw material supplies since the Arabs imposed an embargo on oil. Accordingly, it is proposed to insert in the trade bill an authorisation for retaliatory measures against countries which deny the USA access to their raw material markets. The passing of the bill may be further delayed by the mounting opposition of the US trade unions to a liberal trade policy. Finally, the Senate Finance Committee has already indicated its intention to give priority to new tax regulations on foreign profits of multinational corporations as soon as these are placed before it. This would cause the discussion on the trade bill to be postponed indefinitely. Against a background of declining economic activity there is a danger of the protectionist elements gaining much more influence in the meantime.

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## *EC Association Negotiations*

### **A Display of Discord**

Seven months after they opened, the association talks between the EC and 43 countries of the Third World are still showing no sign of progress. The clashes among the developing countries which some observers expected and hoped for have, for the time being, failed to materialise. Instead, their self-assurance has grown since the oil crisis. They have become aware of their monopoly position as suppliers of several important raw materials, and they show even less inclination to deviate from their demands on the EC than when the negotiations started.

The EC's offers to the association partners are still vague and incomplete, which makes it easy for the African countries to accuse the EC of delaying tactics. Their complaint is indeed justified, for the discord between the EC partners has worsened also in regard to the policy of association. This emerges especially clearly with regard to the system for stabilising the export earnings for a number of important raw materials of developing countries. On this, by far the most important demand of the association partners, three different views are held in the EC Council of Ministers.