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## CIPEC: Uncertain outlook

Intereconomics

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# COMMENTS

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*Vladivostok*

## **A Break-through at the Summit**

Confounding the prophets of gloom, especially in the American press, the US-Soviet summit in Vladivostok seems to have produced results which surpass all expectations. Not only has the worst been avoided in the protracted negotiations about rocket weaponry but Kissinger has even spoken of that "break-through" which in the past he had vainly striven for in Moscow. Positive repercussions of the Vladivostok summit may now brighten the whole political scenario in the world.

The Kremlin has shown itself capable of astonishing flexibility. One reason for this is that in view of the USA's technological superiority Moscow can hardly wish for an all-out armament race. Besides, the Soviet leaders have a special interest in clearing the way for a successful SALT agreement at the summit next summer: it would be just in time for the 25th CPSU Congress on which so much depends for Brezhnev. Not only is the next five-year-plan to be adopted at this coming Congress but an unprecedented 15-year-plan is to be prepared as well. Brezhnev needs a clear commitment by President Ford to a Soviet-American détente, including long-term military and economic undertakings, in order to take the wind out of his critics' sails and plan ahead with some measure of certainty. And the USA needs this détente as an escape from the nightmare which torments Kissinger — a collapse of western civilisation.

The arrangement which Kissinger described as a "break-through" must be seen as part of this larger canvas. No advance could have been made in the SALT talks if a basic accord had not been established on the critical areas in the world — the Middle East, Vietnam, Europe, etc. — if the two powers had not, for instance, drawn certain lines which they will not cross in aiding their respective protégés in the Arab-Israeli conflict.

There is thus reason to believe in a "break-through" because it is in accord with the interests of both parties. And it might not be confined to the armament race alone but may hopefully help to cut away the roots of a general war. hg.

*CIPEC*

## **Uncertain Outlook**

That the rich are getting richer and the poor even poorer, that industrial products are becoming dearer and raw materials relatively cheaper, is nothing new. What is new is the realization that something can be done against it. The oil producing countries have proved it. Their success has

inspired CIPEC which represents another raw material producing interest to try to emulate their example and to cut all copper shipments from member countries by 10 p.c. from the beginning of December: more substantial curbs on production are envisaged for the future.

That something is done at last to stabilise the copper price and make sure of an adequate return is perfectly understandable and indeed to be welcomed. During 1974 the price of crude copper fell by more than half while the rate of inflation and the cost of industrial goods soared. The crucial question however is whether this and other steps by CIPEC can possibly be successful. Even though the organisation's secretary-general himself said that miracles cannot be expected, it is widely thought that CIPEC is taking too optimistic a view of the market situation.

The CIPEC countries, unlike OPEC, are beset by a number of special afflictions. For one thing, the "producers' cartel" is not comprehensive enough: its members — Chile, Peru, Zambia and Zaire — are the most important world market suppliers but account for no more than 40 p.c. of world production, not counting eastern Europe. The copper producers must also bear the substantial effects of substitution and recycling of secondary metal in mind. The more highly industrialised a country is the less does it depend on the primary copper suppliers because it can draw on scrap from its own industry. Besides, improved technologies enable all countries in theory to extract copper, an ubiquitous metal, from their subsoil.

For these reasons it is not surprising that the outlook for the copper market remains as uncertain as ever. In the light of recent developments it seems likely that the contraction of consumption caused by the worldwide recession will depress the copper price further. And it is not very consoling to reflect that the price is already so low that another price collapse as experienced in 1974 is unlikely. zz.

*GATT*

## **A Meeting Without Confrontation**

At this year's annual GATT conference in Geneva the official attitude was to feign ignorance of the oil embargo and restrictions on raw material exports of the past twelve months. The OECD countries desisted from anything which might have amounted to a confrontation with their numerically superior partners from the Third World. Nevertheless the problem of raw material supplies with all its implications will play a major role in the coming multilateral trade negotiations.