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## International trade: US trade bill passed

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# COMMENTS

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USA

## Back to "Gunboat Diplomacy"?

Henry Kissinger's "Business Week" interview in which he did not rule out the possibility of US military intervention in the oil producing countries, though only "in the gravest emergency", was a bombshell right at the beginning of a year, which is likely to be overshadowed by the dark clouds of a political power struggle. Kissinger likes to give clear signals because experience has confirmed him in his hope that this is a way of preventing the worst from happening.

On the present occasion it looks again as if he has not bid too high in the power-political poker game. He has made it unequivocally clear that the use of force will not be considered in a conflict about the price of oil, but only in the event of actual "strangulation" of the industrialised West. The critical but also rather restrained echo from the oil states shows that they understand this.

Generally states do not act against their interests any more than individuals. Seeing that the gold and currency reserves of the OPEC countries will in 1975 already exceed those of all the industrialised countries together, it is not very surprising that all this power encourages them to extend their interests as long as they do not meet determined resistance from anybody else. These interests can be contained only if the opposite side is ready to face up to a confrontation while at the same time signalling its willingness to engage in a dialogue. Any reciprocal arrangement ultimately depends upon a countervailing force, which makes reasonable self-restraint imperative. That is why it is important to make quite clear to the oil producers what can happen when the arteries of the western industrialised nations are threatened. Since in a situation fraught with dangerous tension nothing would be more dangerous than equivocation, Kissinger — and President Ford who gives him his full backing — probably did the only sensible thing. To talk here of "gunboat diplomacy" is therefore mere nonsense. hg.

*International Trade*

## US Trade Bill Passed

Now that the "Trade Act of 1974" has been passed by Congress and signed by President Ford the US Administration has at last the requisite powers for constructive participation in the negotiations for a reform of world trade. There is no longer any obstacle on the American side to the opening

of multilateral talks under GATT auspices as planned for February.

The Act which has the aim of furthering the liberalisation of international trade gives the President the right to lower the existing tariff barriers on a basis of reciprocity although a series of cumbersome procedures will have to be gone through in which Congress in particular has an important say. In regard to the removal of non-tariff obstacles which will come up first in the GATT negotiations the executive will not have it all its own way either. All arrangements in this field will require the express approval of Congress. Representatives of private industry will be admitted to the international negotiations alongside members of Congress, which will not make it any easier to reach agreements with the USA but gives the other parties a greater assurance that negotiated arrangements will not be torpedoed later. The President is empowered to take retaliatory action against unfair practices by other countries. A point of some importance for the European Community is that export subsidies for third markets are regarded as such.

The repercussions of the Trade Act on USA-USSR trade relations — the Kremlin decided to denounce the 1972 trade agreement with the United States — was not really surprising since Congress had, contrary to the President's wishes, made most-favoured-nation treatment for the Soviet Union dependent upon freer emigration for Soviet Jews. Knowing the Soviets' extreme sensitiveness to their sovereignty one could hardly expect that they would accept such interference with their internal affairs. ch.

*Recycling*

## Poor Oil-Producing Countries

Algeria's State President, Boumedienne, has urged the countries of the Arab world not to invest their capital in Western Europe or the USA. Investments abroad — so he said — are creating a dependence even more baneful than colonial rule, and the oil-producing countries would for all practical purposes depend upon the kind mercies of the states in which they had invested.

Boumedienne's remark should make it clear to the big companies in western industrialised countries at last that their foreign investments put them at the mercy of their host countries and not the other way round as other leaders of developing countries have often — and apparently wrongly — asserted. Boumedienne can also claim the