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Latin America: New impulses for integration?

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COMMENTS

PR China

An Oil Power in the Far East

It looks as if the oil power of the future will be neither in the Near East nor in the Middle East but in the Far East. If the experts are to be believed, China's oil reserves on shore and on the sea-shelf in its territorial waters may be larger than all the known oil deposits of the Middle East together, and the OPEC may very soon be up against a serious and powerful competitor.

China's oil industry underwent a tremendous upsurge in recent years. Utterly dependent upon Soviet oil right up to the sixties, the People's Republic has succeeded in a very short time indeed in meeting its requirements of oil products from its own production. And there is still enough oil left for exports as petroleum is as yet playing only a modest role as an energy source in China. The People's Republic is on the point of balancing its foreign payments in the face of growing import demands by bringing its mineral oil into play as an export factor. Since 1973 China has figured as an oil exporter.

For the time being however the expansion of the crude oil output — and especially of the oil processing industry — must be kept in narrow limits. There is a shortage of transport and the distances to be covered are great. Transport is the main bottleneck in China's foreign trade. Of storage facilities, pipelines, crude steel for their construction, wharves and loading facilities there is also a shortage, and the enlargement of the refining capacity has not kept pace with crude oil production. The industrialized countries of the West could find here a rewarding outlet for their technology although they must not lose sight of the Chinese predilection for autarky. The export opportunities in the oil sector cannot be turned to account unless and until China retreats from the emphatically asserted maxim of self-reliance. Besides, its own consumption will increase gradually and more crude will be processed into intermediate and finished products inside the country. Peking will also want to make use of its oil as a political weapon for strengthening its position in the countries of the Third World. zz.

Latin America

New Impulses for Integration?

President Echeverría of Mexico and President Pérez of Venezuela appealed to their colleagues in the other Latin American countries in March to increase the efforts for integration. All are to cooperate in setting up a new economic organisation for Latin America, the Sistema Económico

Latino Americano (SELA), which is to serve as a new instrument for the integration of Latin America and to help to energize the free trade area of the Asociación Latino Americana de Libre Comercio (ALALC) and to invigorate the Andes Pact.

It must be asked whether new impulses for existing organisations can be expected at all from the creation of yet another organisation and whether there is not a danger of fragmentation of effort. The objectives, and especially also the competencies, of SELA must be subjected to a closer examination in order to answer these questions. Its sponsors would like SELA to concern itself with the promotion of development programmes and projects, the establishment of multinational Latin American enterprises for the increased and improved utilization of local raw materials under Latin American control, the creation of financial institutions for the development of the area, and the safeguarding of prices and markets for Latin American raw materials, possibly through contacts with international organisations. The intention seems to be to use SELA primarily for practical operations rather than for global integration measures. If the cooperation is effectively confined to this practical sphere, there will be less danger of a clash between different ideas about integration.

If SELA comes into being, it may indeed provide an impetus for more efficient efforts to vitalize ALALC and the Andes Pact. If it does not, the Latin American countries will still be left with relations of mutual cooperation, and as the recent developments in the relations between Mexico and Venezuela show, this would in itself be a considerable success. iwe.

UN Maritime Conference

Agreement Still a Long Way off

After eight weeks of discussions the third session of the United Nations Conference on the Law of the Sea ended on May 10 without having reached its aim of passing a comprehensive convention. There were so many difficulties that the actual phase of negotiations could not even be started with. In view of the poor progress that was achieved in Geneva it can hardly be expected that the fourth session, which is to take place in New York in the spring of 1976, will bring a final agreement; so a fifth meeting may prove necessary.

The outcome of the conference is confined to informal single negotiating texts which were worked out by three commissions as a basis for coming negotiations. In 304 articles the texts deal with the exploitation of the resources of the high