

SYMPOSIUM

MULTINATIONAL CORPORATIONS AND THE ENERGY CRISIS

*Foreign Governmental Control of
Multinational Corporations Marketing
in the United States*

*American Tax Credits and Foreign
Taxes and Royalties*

*Expropriation, Threats of Expropriation
and Developmental Policy*

PANEL DISCUSSION: EXPROPRIATION, THREATS OF EXPROPRIATION AND DEVELOPMENTAL POLICY*

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Fred B. Smith
John G. Laylin
G. Winthrop Haight
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PROF. GOLDIE: I hope you feel sufficiently challenged by my two rather controversial quotations.¹ They were intended to stimulate some juices on the panel and particularly directed towards you, Professor Gordon, and Dr. Ghobashy. Would you care to take "Jesting Pilate" or Susan Sontag's "husbands and lovers?"

PROF. GORDON: I will take up your comment that there is recognized and applicable international law. Whether there was historically a generally accepted rule of international law applicable to expropriations would not seem particularly relevant because there certainly has not been such a recognized doctrine since the late 1930's, commencing with the Mexican expropriation of foreign petroleum interests. There exists a belief by many persons in the less developed sectors of the world that there has never been established any international law regarding expropriations in which those nations have had an opportunity to participate. Interestingly, the Mexican government, in the correspondence between the Mexican Foreign Minister and the United States Department of State, indicated that although Mexico rejected the Secretary of State's comments regarding an international law relating to compensation, Mexico's constitution, in accordance with article 27, required the pay-

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1. See Goldie, *supra* at 299, 307-08.

ment of compensation. It was a matter of domestic law. Generally, I believe that whether there is currently an international law or not is not as important as whether there should be; and whether there should be must be answered in the affirmative. I think these are directed at your final comments, Professor Goldie. These are problems which must be worked out. I believe that these problems are becoming more complex because of two rather recent developments involving theories that expropriating countries have utilized in saying they do recognize a requirement for compensation, be it domestic or international, but with certain deductions. This happened in Peru when the government said once more that the oil had always been owned by Peru and therefore the government must deduct from the total value which the company establishes for its properties, the amount of the oil, set at a very arbitrary price related to the price in east Texas. This was followed several years later by the Chilean constitutional amendment which required a deduction for excess profits. Both of these deductions were devices utilized to assure that the deductions exceeded the amount which the company has determined as the value of its properties. Both have to be dealt with and I do not think we have dealt with them very well, because it seems to allow the countries to say, "Yes, there is an international law," but then resolve the issue unilaterally and in derogation of future foreign investment probabilities. The capital exporting world has never taken account of all of the proper elements in determining value; one of those elements would be reasonable deductions from the amount which the company sets. The difficulty with the current practice is that the expropriating nation says, "Go set your amount, and then we will be able to think of deductions that exceed that amount." This is not a reasonable resolution.

PROF. GOLDIE: I would like to call upon Mr. John Laylin.

MR. LAYLIN: I think a good deal depends on one's point of view. For instance, after the Russians had taken over private property the Czechs took some Russian property. The Russians then had a very different view of what the duties under international law were. The Soviets said that there had to be just compensation.

The British have an investment in this country of \$4.5 billion, the Canadians \$3.5 billion, and the Dutch \$2 billion. American companies are treated well in these countries because they know that if the American companies are not treated according to our concepts of law, we can retaliate. I was very pleased to see that a Middle Eastern state was making a big investment in an island in Florida. I think that if the United States would take that island without compensation, we might hear a different speech as to what the law is.

I recall the first multinational enterprise was the Roman Catholic Church and I am somewhat embarrassed by the fact that I belong to the

Church that succeeded to the properties in England expropriated at the time of Henry VIII. I have often wondered if Henry VIII would have done what he did had the British a lot of churches in Italy.

DR. GHOBASHY: I think we should define our terms of reference here. We should state which aspect of the issue of nationalization or expropriation is a subject of international law. Is it a matter of internal law or is it a matter of international law? Is the issue of compensation an international law issue? I think I understand from the discussion, that some of you have taken the view that the issue of compensation is an international law question. I take a different view. I think it is an issue of internal law since we take the position that nationalization is an internal problem.

PROF. GOLDIE: Dr. Ghobashy, I would like to suggest that there is no doubt, I think, in most of our minds that down through at least World War II and including the settlement with the Mexican-British oil claims in 1946, the general consensus was that expropriations were permitted in international law, but that prompt, adequate and reasonable compensation was due to be paid as obligatory under international law. This was an assumption of practically all of the judges of the old Permanent Court of International Justice in a series of cases with which we are all familiar. Since that time the situation, rather like the three mile limit, has been subjected to question. I regard as somewhat disingenuous a statement by a foreign secretary that "I'll pay you your compensation but I'll do it because our constitution tells us to, not because international law tells us to," when he knows full well that the recipient will accept payment in terms, not of the Mexican constitution, but in terms of what he believes to be his rights (or those of his country) under international law. There can obviously be no justification of any claim by Mexico that the Mexican constitution governs that country's international relations with either the United States or the United Kingdom. So, although the money may be said to be offered under Mexican law, the transaction is clearly an international law transaction and the obligations arising therefrom are international law transactions. It is rather like our famous friend Humpty Dumpty saying to Alice that "Words mean what I intend them to mean, neither more nor less. It is a question of who is master, that's all."

DR. GHOBASHY: An international contract or international concession agreement made by a state and an individual is not governed by international law. If there were contracts between two states that would be a different situation.

PROF. GOLDIE: We are talking about two specific agreements: the 1938 and the 1946 agreement between the Mexican government and the governments of the United States and United Kingdom.

DR. GHOBASHY: In the Mexican cases, the United States has not

rested its case on international law, nor have the oil companies based their case on international law. Instead, they have used the matter of practice and diplomatic intervention and correspondence. This was particularly true of U.S. foreign relations in 1941 during the discussion with the American Republics. You can see from the Secretary of State's position in the discussion with the British that they have taken completely the opposite position from the British and the Dutch in the Mexican cases, and they have not rested on international law principles.

PROF. GORDON: I believe that the comments by the U.S. Secretary of State did clearly indicate that international law applied and that it required prompt, adequate and effective compensation. I am not suggesting that Mexico attempted to say that domestic law was ruling when international law existed, but rather that in that particular case there was no generally accepted international law and, therefore, the next law to be applied was the domestic law. Now the conflict is whether there was an international law. I would again argue that whether or not there was international law is not totally relevant today. I agree very much with Mr. Laylin; that I hope that we can encourage the flow of foreign money into the United States so that we do find other nations in a position, when they consider taking over property, of having their property potentially subject to the same type of action. Indeed, the funds which were sequestered in U.S. banks subsequent to the expropriation of American property in Eastern Europe following the Second World War were the bargaining point for resolving those issues. The resolution of the Eastern European claims by U.S. people came to fruition only because the Europeans had funds in banks in the United States. I realize that my home state of Florida is being subjected to an infusion of money by the Arabs in terms of real estate development, and it really does not bother me at all, as long as our laws are complied with. I think it is very healthy to have some foreign money coming into this country. It is extremely unfortunate that already there has been some reaction by Congressmen, suggesting that we should begin enacting laws which preclude all this foreign money from coming into the United States. The flow of foreign capital does not mean that it is coming in to *control* the investments. That should be subject to the regulatory processes of Florida and the national laws.

PROF. GOLDIE: Mr Smith, do you have anything to add?

MR. SMITH: Yes, I agree with much of what has been said. I would like to make a few observations. One observation I would make is that history, I think, demonstrates that no concessionary agreement will last unless it is mutually beneficial to both parties concerned, the investing company and the country of investment. The agreement should be mutually beneficial not only at the beginning when it is initially made, but for the duration of the concessionary agreement. Therefore, the enlight-

ened policy would be to recognize this and not to negotiate agreements which would not be beneficial to everybody concerned.

But, having said all that, I get a little bit irritated by the question of whether or not there is international law; and if it is a concessionary agreement with a private company then international law does not apply anyway. This all relates to the Calvo Doctrine, etc. The fact of the matter is that while everybody recognizes that a sovereign country has the right of expropriation, a country can do it reasonably or unreasonably; and if a country does it unreasonably then every effort should be made by our Government to bring it around to a reasonable course. I noticed that some speakers today made a distinction between political and economic considerations. To my way of thinking, this is not a good distinction, particularly in the area we are talking about now. The governments in most countries are much more active than we are in defending the economic interests of their nationals. I think one of the problems of this country, such as in the case of extortion for kidnapping and extortion for hijacking of airplanes, is that historically our Government has been very weak when there have been unreasonable expropriations. I am referring specifically to unreasonable arrangements for compensation. Our Government and our State Department have said that these are economic considerations and that there are more important political considerations, and consequently have not gone to bat the way governments of other countries have to defend the U.S. interests.

The United States right now is feeding a good part of the world—providing food for a good part of the world. What would happen if suddenly the Government would say that we are going to put an absolute export prohibition on all food, or that we are going to drastically reduce the amount of food that is exported from this country, or we are going to double the price? You would hear screams all over the world from people who are getting their food from the United States. This leads me to believe that in certain essential areas (petroleum is one and I think food is another) we need to develop procedures and international agreements that would limit the ability of countries to control the distribution of essential products. Now, I realize that is a difficult problem, but I think it is something that is going to be necessary. I can see why the Arab countries want to extend their patrimony in the petroleum industry, and reasonable measures ought to be taken along that line. The rest of the world, to my way of thinking, has a vested interest in the flow of petroleum just as they have the same vested interest in the flow of food from the United States.

PROF. GOLDIE: I think we are getting close to some of the more difficult and stimulating questions. I would like to see these carried further by Mr. Richard Young.

MR. YOUNG: I should first disclaim, for the record, that I am in any

way a representative for Aramco here. Aramco is one of my clients. I hope it will continue to be one, but I am not representing it or any other of my clients at this meeting.

Professor Goldie's analogy to the law of the sea is, I think, a very good one. We are perhaps in a state of disintegration with regard to much of what we had accepted as more or less established international law. I would just like to make one or two comments in looking to the future. I do not want to argue at the moment about either the rights or the wrongs of the past. We have been talking about this problem primarily in terms of security of investment, and have been setting it up as an issue between capital-exporting and capital-importing countries. That of course, leads to the polarization, which Professor Gordon referred to, between different social and economic systems. This exacerbates the whole situation. So I would like to suggest that this is only one aspect of a much wider problem—the element of *good faith* in international transactions. It is not a matter solely of security of investment, but the security of obligations taken in the broadest sense. That point is one which is applicable regardless of the economic systems, the social systems, the states or the private entities involved. If you are going to have a viable economic order you have to be able to rely on engagements that have been entered into in good faith. That is just as true in a deal between Czechoslovakia and Russia as it is between Exxon and Libya.

Don't misunderstand me. I think that a state or government is perfectly free to have any kind of social system it wants, subject to certain obligations with respect to human rights and matters of that kind. A government can enter into or not enter into any agreements or undertakings as it sees fit. But I think that once these agreements are made, the obligation to perform in good faith should be universally recognized. I am assuming, of course, that the agreements are reasonably fair when they are first made, and I think that perhaps some of the older concession agreements could be open to criticisms of that kind. There also may be a question of undue prolongation of agreements. But I can see, after all the present furor is over, a new realization by all parties of the need to bargain in good faith and to agree in good faith and to perform in good faith, and I like to think that good advice from competent counsel on both sides would be helpful to everybody.

PROF. GOLDIE: Thank you very much Mr. Young. I now would like to call upon Mr. Haight to give us his views on this problem that we are facing: if everyone is going to be a lover then whose word is to be relied on? We are learning that even Uncle Sam may be in this position if islands are bought by Saudi Arabia in Florida.

MR. HAIGHT: I think, as others have said, that when there is a breakdown in social relationships we must get back to basic principles. The principle of dealing in good faith is basic in any society. Fundamen-

tally, we have to decide whether we believe in a system of private property. When you invest in a communist country you do not expect that your investment will get the same treatment as it would in a country such as Canada. Obviously we are in a state of flux. A great many of the new countries that are emerging are choosing whether to follow the road of a private or public property system. There is a good deal of mixture everywhere. Dealings between countries, just like dealings between people, must be based on certain fundamentals that if an agreement is made in good faith, one expects that the agreement will be lived up to. That basic principle was recognized in the Resolution on Permanent Sovereignty in 1962. Dr. Ghobashy mentioned that in 1952, ten years earlier, when this question first came up, the United States attempted to get a recognition of this principle in international law and that resolution was rejected. But it is interesting that ten years later, in 1962, recognition of international law was included in the Resolution on Permanent Sovereignty, number (XVII) 1803. This resolution was negotiated with the representative of Chile. He was asked whether he accepted the principle of observance of private contracts in good faith. He said, "Yes, I do," and it was written into the permanent sovereignty resolution.

These principles are presently in a state of flux and constantly under attack, but I think that we have got to arrive at a consensus somehow, as we hope to do in the law of the sea. But surely governments, like private individuals, can agree on a basic principle: that where there is disagreement, perfectly honest, sincere, legitimate disagreement, there should be a tribunal, some means of settling that disagreement and not just leaving it to a power play. Whether the oil companies are more powerful than the governments or the governments are more powerful seems to me irrelevant. Disputes ought to be settled not by power but by arbitration, by a decision of a judicial authority. That has been recognized for some time. The World Bank set up a system for settling disputes and there are now some 70 countries that adhere to that convention. It is incredible that every country doesn't agree to submit disputes to a tribunal.

I will just close by saying that for many years I was associated with the Royal Dutch/Shell Group, one of the earliest and biggest of all the multinational groups in the world. Wherever it possibly can in its dealings with governments, it tries to persuade the government to accept settlement of disputes by the World Bank Center. In a great many instances it has been successful. Now we do not read about that, nor do we see how disputes are settled before they go to arbitration. However, there is a tremendous amount that does go on below the surface that is very encouraging. I hope that more of that will come about.

PROF. GOLDIE: Thank you very much Mr. Haight. I see Dr. Gho-

bashy has been writing some notes and I would like him to share them with the rest of us.

DR. GHOBASHY: I listened carefully to Mr. Young and I think I agree with him about the old concessions having been unfair. Many of these countries did not have old concessions, did not even have any laws on oil, and had no knowledge and no educated people to actually engage in meaningful negotiations with the oil companies. Actually the new concessions have been made with the benefit of all the experience the oil producing countries have acquired by exchanging ideas on the law of oil with each other.

I will also say that there is no dispute really as to compensation at the present time. There is a difference between the Middle-Eastern oil producing countries and Mexico and the Latin American countries. These latter countries would nationalize their industries but have no money to pay compensation. There is no adequate, prompt, or effective compensation to be made. But there are countries who have made agreements and who have negotiated in good faith, such as Saudi Arabia for instance, who negotiated an agreement with Aramco and paid \$500 million for a 25 percent share of Aramco. If we take the area as a whole, you will find that the negotiations have been successful and were mutual, with complete understanding between the oil companies and the oil producing nations. Take Kuwait, Saudi Arabia and the other Persian Gulf States as examples indicating that this is no problem.

Now the issue of arbitration is a matter that can be incorporated into contracts, but these contracts, I believe, do not call for arbitration. Whenever the contracts have called for arbitration, there has been arbitration in the Middle East. I am sure that Mr. Young would tell us about some of the arbitrations with Aramco and Saudi Arabia on the border issues and so forth. There are new contracts now which provide that the country will not nationalize industry within a certain period of time. I do not think elements of good faith have to enter here. I do not see how much value can be attached to a mere statement in a contract that the country will engage itself not to nationalize for a specific period of time. What will happen if that particular government is overthrown, and we get a more revolutionary government which does not agree with its predecessor? I think that immediate nationalization would take place. I think Mr. Haight mentioned something about using the World Bank Center. I do not think the World Bank is the proper machinery for the settlement of disputes. There has not been much use of international arbitration because the feeling has been that this was not a dispute under international law. We have the Anglo-Iranian Oil Company dispute in which the international court said that this was a matter of domestic jurisdiction. The Security Council also felt that this was a matter of Iranian domestic jurisdiction when the matter was before it.

PROF. GOLDIE: Thank you Dr. Ghobashy. I am looking at some people in the audience whom I feel we should draw into the discussion. Luke Finlay, you have been writing notes too. Do you have some comments to add at this time?

MR. FINLAY: First, I would like to say that I am totally in agreement with Mr. Young and against Dr. Ghobashy on the question of whether countries have an absolute right to nationalize. As a matter of customary international law, a state, like an individual, is expected to live up to agreements freely entered into. It is recognized that there may be overriding public purposes that require expropriation in the case of the state as a party which would not apply between two private parties, but absent some overriding public purpose the historic outlook has certainly been that states should live up to agreements just like private individuals, provided the agreements are freely entered into. As I pointed out this morning, with the widespread information about bargaining agreements on concession terms all over the world, instant communication of every agreement, and the availability of experts, there is not a developing nation in the world that does not have access to expertise in making agreements. If the developing nations expect to attract foreign capital in a tightening capital market they are just going to have to develop some way of living up to their agreements.

I have some figures here from the First National City Bank that show that because of the huge capital outlays that are required, the ratio of current assets to current liabilities is constantly falling.² It is too bad Mr. Cookenboo had to leave because he could comment on this. These companies are getting into a constantly tighter position. Exxon, for example, had earnings of about \$2.5 billion in 1973 but also shows capital outlays of almost \$4 billion for 1974. The capital outlay of the industry is more than the cash flow after payment of dividends with the result that long-term debt is a steadily increasing percentage of total capitalization and the ratio of current assets to current liabilities is steadily decreasing. As shown in the report of the First National City Bank that I have just mentioned, this ratio declined from better than 2 to 1 in 1962 to about 3 to 2 in 1972. The obvious impetus as capital gets tighter and tighter will be to look at the places where you have some reasonable assurance of getting a fair return. It can cost up to \$20 or \$30 billion or more to go into a new country looking for oil. If you find nothing, the total burden is on the oil companies. If you find something, recent experience has been that you immediately have to make a new deal—not on the basis of a return geared to the high degree of risk that had been accepted in the initiation of the venture, but on the basis of

2. Energy Memo, Petroleum Department, First National City Bank, Vol. IX, No. 4, October 1973, at 4.

the discoveries that have been made as if they had been a certainty from the start.³ Until individual countries begin to show some restraint in this regard and to develop some sense of responsibility towards their commitments, people with available capital are going to start looking in other areas. It is just a matter of self-help as far as I am concerned. I totally agree with your comments that as long as you have no law on this subject it is going to be "devil take the hindmost," and the United States and other countries are going to have to be looking at ways and means of protecting themselves if they cannot look to recognized principles of international law that cover the subject.

DR. GHOBASHY: I did not think I had much disagreement with Mr. Young. He did not say that he does not believe in expropriation, so there is not much disagreement. Of course, you are taking the position that international contracts are more valuable than the right of expropriation. I do not say that one should take precedence over the other. They both are of equal value. But we should not tilt one in favor of the other. The other point that you made is that maybe there should be two agreements: one before they discover the oil and one after they discover the oil. Maybe that is the solution.

MR. FINLAY: That is what we have today. That is what the trouble is.

PROF. GOLDIE: I would like to call on Mr. Haight.

MR. HAIGHT: I would like to ask Dr. Ghobashy this question. Getting away entirely from the old form of concession contract and looking to the future where the oil companies will be buying oil from the government on a long-term contractual basis, what assurance will the oil companies have that the governments will live up to those contracts? Do you agree that there ought to be some procedures for dealing with differences as they arise? In view of the importance of oil to the countries of Europe

3. An editorial in *THE OIL & GAS J.*, Aug. 5, 1974, at 23, expresses identical views. In commenting on a United Kingdom Government White Paper proposing greater government involvement in both existing and new petroleum ventures, the editorial has this to say:

. . . the government approach repeats a familiar pattern set by other countries who have cut themselves a share of oil assets either by seizure, nationalization, or participation. Operators were welcomed in with their capital and technology to take the initial risks. Then when oil and gas were discovered and hefty profits appeared assured, the governments moved in.

The United Kingdom white paper expresses this familiar concern for "high profits" and proposes to get a greater share of them for the government and to assert greater control over operations.

. . . Disregard for [the issues involved] would be far more traumatic for a nation like Britain where honoring terms of a contract is basic to the nation's economic history. How Britain handles this matter will determine the attitude of private investors in developing not only Britain's offshore resources but also those elsewhere where sanctity of contract is still alive.

and Japan and all over the world, are not these contracts affected with a vital international interest and, when disputes arise, should not the adjudicating body be independent of both the buyer and the seller? Why wouldn't an international tribunal like the World Bank, or the International Chamber of Commerce, or some other organization providing neutral adjudication, be appropriate?

DR. GHOBASHY: The first point is that the marketing would be in the hands of the oil company because the oil producing countries cannot market the oil. I think it is well established that the oil companies have control of the markets and they would have the backing of the countries of which they are nationals. The second point is the tendency of the oil consuming countries to have state-run agencies which deal with the oil producing countries in buying the oil. It seems in that case that it is clearly an international law issue. As to the arbitration, I fully agree with you. There should be arbitration clauses in these new arrangements and, of course, it is the duty of the international community, particularly the United Nations, to take that issue under consideration. But there should be some treaties negotiated with the different governments regarding arbitration, because this does not involve controlling the production of oil, but a sale; a contract of sale abroad which has more or less taken the issue out of the sovereignty over natural resources into another issue of a contract of sale abroad in the other countries.

MR. LAYLIN: One thing that has not been touched upon, which I think is at the back of everyone's mind, is the pity of taking property from a company or an individual because you are mad at something that his country has done. Libya has taken the concessions away from the concessioners because Iran put troops in one of the islands of the Persian Gulf. Now if the United States withholds credits to a country that is not living up to some of its obligations, we are immediately accused of economic aggression, and yet something as vital as fuel is cut off because of some political thing. When India and Pakistan were at war over the secession of East Pakistan, I asked if the Indians had cut down on the water that flows from India into Pakistan. Both sides said: "Of course not. That water is too important. You cannot do that no matter how mad you are at one another." Now one practical way that is developing of curtailing somewhat this sort of taking is to have joint ventures in which you join nationals of many countries, as in the case of the Kennecott Copper Corporation in the investment it is going to make in recovering manganese nodules from the ocean floor. It has formed a consortium with a West German company, an English company, a Japanese company, and possibly a French company. Similarly there is a very large investment going on in Peru which has not been an awfully good investment risk in recent years. These companies are willing to take the risk because there is heavy investment from four to five different countries

and there is a feeling that Peru is not going to try to take on all of those countries at the same time. In that sense, I think these joint ventures are a very desirable thing.

MR. SMITH: I think it is probably obvious, that when you think about the yield on capital in the United States and all the risks that are involved in foreign investment, the yield on foreign investment must be substantially more than what can be achieved here, otherwise the investment will not be made. I think that there is an education process that needs to occur. These developing countries are going through a nationalistic period that the advanced countries went through some time ago. Their citizens do not really realize these things and one of the things I would like to see is some kind of an educational program, maybe through the vehicle of the United Nations, to make these people understand some of the dollar and cents facts that have been brought out by various speakers here today.

PROF. GORDON: I have a couple of final comments—one on the joint venture. I think this is exactly where we are heading, not only with the equity participation but also with the financing. Companies are turning more to such organizations as ADELA, the international financial consortium, and indeed the Peruvian government was hesitant in expropriating a couple of ventures which had financing by ADELA after the takeover of the IPC properties. With respect to arbitration, I see it as an important source of settling some of the contractual disputes. But, I do not expect it to be widely accepted in Latin America. Regretfully, the Latin American nations have not entered into the international convention. Indeed, in the Andean Common Market, increased polarization is represented by a legislative provision saying that arbitration may not take place outside the market. This comes both from some historically bad experiences with arbitration, as well as from an overly emotional nationalistic reaction. One thing that I think is good, and it is somewhat similar to the comment made that the water was not cut off—it is too important! Indeed, although we cannot reach a conclusion as to the international law, it does avoid more serious forms of retaliation. I think Professor Goldie's comments regarding the analogy of the law of the sea are quite useful and, perhaps we can resolve the entire matter by turning this trade issue over to him, and suggesting that in his work with the international organizations that when they do reach a resolution dealing with the sea that he simply propose the addition "and trade" to appear wherever the word "sea" appears. We thus could perhaps have the entire matter resolved.

MR. YOUNG: I might add a footnote on arbitration. There has been difficulty, particularly in recent years, in securing effective arbitration agreements between governments and private entities. It is considered demeaning in many countries for the government to enter into such an

agreement with a private company. But one can see, I think, quite recently some encouraging signs that whereas the government of an oil producing country will not accept an arbitration agreement, its state petroleum agency, whether it is a national oil company or something else, will quite often be willing to enter into an arbitration agreement with a private company. I know of at least one example in Saudi Arabia in which it is provided that the arbitration will be conducted under the rules of the International Chamber of Commerce.

One other footnote about the importance of things too important to interfere with. The trans-Arabian pipeline from the Persian Gulf to the Mediterranean crosses a section of the Golan Heights which has been in Israeli hands since 1967. The pipeline has not been interfered with by Israel even through the recent war.

PROF. GOLDIE: Thank you very much.