

editorial

Fetters on International Trade

The opening months of 1980 bring little comfort for those engaged in international trade. A large number of lawyers in the City of London are presently involved in litigation involving Iranian customers or borrowers in the wake of the moves by the United States to initiate sanctions against Iran in connection with the taking of hostages at its Tehran Embassy and the Iranian responses.

International censure is now focussed even more severely on the USSR following its effective invasion of Afghanistan. Again, there are to be sanctions and boycotts.

These are not hopeful developments in view of the serious general economic recession which seems imminent. For countries like Britain which are heavily dependent on overseas trade the situation is made even bleaker.

There are even problems with our near neighbours in the EEC. Here there are a number of political areas of concern: the dispute over the size of Britain's contributions to the Budget, the rejection of the current Community budget by the European Parliament and the continued defiance by France of the ruling of the European Court of Justice regarding the import of English lamb. There is also now before the House of Commons a private member's Bill, the European Communities Act (Amendment) Bill, which would give to the UK Parliament each year the right to approve or disapprove the continued payment of contributions to the community budget. These political tensions could be fruitful in encouraging a shift in emphasis within the Community from agriculture to industry to redress the present imbalance. It is, however, to be earnestly hoped that these political disputes will not cause further barriers to be erected against international trade.

Areas of Hope

While these various developments are rather depressing, it should not be for-

gotten that there are several areas of hope. Firstly, trade has now started again with Southern Rhodesia (or as it will be known shortly, Zimbabwe).

Secondly, there is the progressive opening up of trade with China. In recognition of the widespread interest in doing business with that country we published in the January edition of BLR an article on the new Chinese joint venture law. In this edition there is a more general article on negotiating capital goods contracts in that country.

Present developments in China are of particular significance for lawyers. During the Cultural Revolution lawyers and legal machinery were suppressed for ideological reasons. It is clear that China is now adopting a more "legal" approach to its affairs.

A glance at the text of the joint venture law (BLR, January 1980, p 26) shows that a number of further codes dealing with commercial and taxation matters are in the pipeline. At the beginning of this year China adopted six new legal codes covering court procedures, evidence, criminal matters, elections and environmental protection.

It seems, however, that China still has a long way to go before it can be said to have a legal system in the full sense of the word. Marcel Berlins, the Legal Correspondent of *The Times*, has recently estimated that there are probably no more than 100 lawyers in China. Peking (population 8 million) has 30 of these lawyers; Shanghai (11 million inhabitants) has 23 lawyers.

It seems likely that in the new climate in China lawyers will come to play a more important part in commercial negotiations. Not only those involved in high technology and in the capital goods industries are likely to find themselves involved with trade with China. According to a survey commissioned by the Dresdner Bank AG of Frankfurt, China could accumulate foreign indebtedness of \$30,000m over the next ten years – international bankers and the providers of other financial services are thus also likely to find themselves dealing with this part of the world.