La Repubblica, Dec. 10 — Reports that during meetings in Italy between visiting Soviet Foreign Trade Minister Kamarov and Giuseppe Ratti, "Foreign Minister" for the Italian Montedison petrochemical conglomerate, Sig. Ratti repeated the proposal for the creation of a bank capable of providing "multilateral financing" in order to "discount Soviet commercial paper on the international market." Foreign Minister Arnaldo Forlani will be travelling to Moscow in January to discuss this further with the Soviet leadership.

Unita, Dec. 9 — "It is necessary to establish a new monetary and economic order, a new order capable of overcoming the role of the dollar and be independent of American internal policy...A new Marshall Plan is not necessary, but rather a new international economic, political, and monetary system based on a more equitable balance."

Financial Times, Dec. 9 — Reports that a British delegation,including newly-appointed chief of overseas sales at the United Kingdom Ministry of Defense will fly to Teheran on Dec. 12 in connection with Iran's demands that Britain switch the basis of certain key export sales from cash and credit to the oil barter method of payment. High on the agenda will be the future of ordnance complex in Iran — the largest single contract being undertaken by United Kingdom contractors in the Middle East — on which work has been suspended pending an agreement. Mr. Ellis will also discuss other crude oil purchases against the supply of arms, including tanks, supply ships, and armoured vehicles.

Iran's Planning Minister, Mr. Abdol Majid-Majidi said in London, according to the *Financial Times*, that nations willing to conclude barter agreements with Iran for the purchase of oil against payment of military or civilian projects stood the best chance of obtaining a continuing flow of orders from Iran. This would follow from the "close and friendly relations" established. Writes the *Financial Times*: "There is a conviction here (in Teheran) that absorbing some of Iran's heavy import requirements can best be financed and bilateral trade with Western industrialized countries most effectively promoted by such purchase arrangements."

Financial Times, Dec. 5 — Reports that Dickson Mabon, British Minister of State for Energy, told a conference on off-shore oil exploration in Birmingham, England Dec. 8 that latest government estimates put Britain's North Sea gas and oil reserves at £300 billion ($465 billion) and that the "huge value of our oil and gas riches cover today's overseas debts many, many times over." According to the *Financial Times,* which sponsored the conference, Mabon said: "North Sea oil and gas must be used to square this country's accounts with the world, but it is wrong to assume that the resources are mortgaged up to the hilt." Mabon further stressed that "those who have been taking a jaundiced view" of Britain's economic prospects recently should "take note of the strong economic position which our self-sufficiency in energy will give us in the 1980s."

Saudis Prepare for Takeover of ARAMCO

Dec. 10 (NSIPS) — Saudi Arabia expects to have nationalized the 40 per cent of its giant oil business held by the Rockefeller consortium ARAMCO by as early as the end of this year, according to official announcements by the Saudi Oil Ministry. Speaking from Kuwait last week, the Deputy Oil Minister Adel Aziz Turki reported that a finalized proposal for assuming total control of ARAMCO, presently owned by Exxon, Mobil, Standard Oil of California and Texaco Oil companies, is being considered by the Saudi Council for Petroleum.

The Saudis, according to the December Citibank international report, are driving a harder bargain than when negotiations began in 1974 and are now demanding control of not only the facilities in Saudi Arabia but also subsidiaries in the Hague and Houston. But the major obstacle to finalizing the nationalization centers on who will control the marketing rights on Saudi oil production, the largest in the world at about 8.5 million barrels a day. The Saudis this time around want more than just a transfer of property title on their oil wealth, they are claiming the political right to decide independently of the Rockefeller-owned companies to whom and on what terms oil will be sold.

An article soon to appear in Forbes magazine, written in close consultation with the oil companies, predicts that a fully nationalized ARAMCO will give the Saudi government independent marketing rights for only 20 per cent of their oil and leave the remaining 80 per cent in the hands of the four majors under a newly formed consortium, AMARCO. According to a former Mideast ambassador, the major reason why the oil companies will probably be able to maintain 80 per cent control has nothing to do with the Saudis' willingness to take over 100 per cent but rather stems from the fact that a high percentage of the foreign markets are under the thumb of the multinationals.

The Saudis and all the world oil producers' ability to break the oil companies stranglehold on the international oil business depends on European and Japanese cooperation in supplying badly needed markets through government-to-government level transactions. The momentum for expanded state-to-state oil deals has dramatically increased, particularly since the election of Jimmy Carter, whose hated policy for world economic austerity and warmongering military posture toward the Soviet Union has triggered Arab-European motion away from the U.S. Ray Vicker of *The Wall Street Journal* reported last month that based on the current pattern of oil sales, over one third of the Organization of Petroleum Exporting Countries' (OPEC) sales will be sold over the head of the oil companies. In the case of the European nations alone, if the decision were made to buck the network of Wall Street backed companies and gear up their own nationalized oil firms to full capacity, a full 75 per cent of Europe's oil needs could be provided for. Such arrangements would automatically give depressed European industry a major boost, and supply the Arab oil producing sector badly needed technology and infrastructure in exchange for the petroleum.

The Italian government has taken the lead in the

European organizing toward such a common independent energy policy by actively involving the Arab oil producers in new trade arrangements with the aim of supplying Italy's vast oil refining capacity with crude. The recent Libyan government purchase of 10 per cent of Italy's Fiat has been widely heralded as an example of closening Euro-Arab ties. The British *Financial Times* reports that the Libyan purchase will not only give Italy badly needed revenues, but Fiat will build an assembly plant in Libya. *The Times* quotes the head of the Libya Arab Foreign Bank, who arrived in Italy this week, that the Fiat deal could "represent the start of greater cooperation between the industrialized countries and the oil producers." The Fiat deal comments *The Times* is a "first step" toward closer relations between the Arabs and the Europeans.

Italian Trade Minister Rinaldo Ossalo is presently visiting Iran, Saudi Arabia and Libya, three of Italy's largest oil suppliers, to extend these oil for technology arrangements "now that Libya has bought part of Fiat," says the *Journal of Commerce*. Ossalo has already successfully closed a long sought multi-billion dollar deal with Iran, involving the building of a steel plant on the Persian Gulf by the Italian state-owned complex ENI. In return Italy has pledged to press the European Economic Community (EEC) to give Iran preferential trade status.

Although the financing of the ENI-Iranian deal has not been disclosed, it is possible that the Shah has pledged to pay for the steel mill with oil. Last month the Shah in an interview with the West German *Der Speigel* called on the BRD to engage in oil barter deals with Iran and currently the British are negotiating similar barter arrangements with Iran. ENI has been a longstanding customer of the National Iranian Oil company (NIOC), whose aim has been to step up state-to-state oil sales, thus to undercut the Rockefeller-dominated Iranian Oil consortium.

Informed sources reveal that Ossalo's visit to Saudi Arabia this week could give impetus to Saudi efforts to break with the oil companies, if he brings a strong enough commitment from Europe and Italy to support an independent Saudi oil company. This means demonstrating the political will to create a free European oil market minus the multinationals. Already the Italians with Soviet backing have organized various European nationalized oil concerns into a consortium. The European consortium has put pressure on British Petroleum (BP), of which the British government owns the controlling interest, to join. This would add significantly to Europe's ability to buy oil independently.

According to today's *Daily Telegraph*, the German state-owned oil company Veba-Demenex may buy up a portion of British Petroleum, and it also speculated that the Iranian government may buy into BP. The Callaghan government has been pressing BP to act as a third party in receiving Iranian oil as part of a far reaching oil for technology deal between the two countries. BP already has extensive operations in Iran.

Veba, too, has been working closely with a number of Arab oil producing states, including Saudi Arabia, to set up and expand oil marketing and exporting facilities. Last month the Arab members of OPEC met in Kuwait to establish an Arab Petroleum Institute for training new personnel to run newly nationalized oil companies.

The Soviet Union has been working in tandem with anti-Atlanticist Europeans to build strong three-way trade relations with Europe and the Arabs. A central focus of the Comecon in this effort is Iran. In recent months, the Comecon has signed over $5 billion worth of trade agreements with Iran, including Czechoslovakia's largest ever foreign trade deal, a $2.5 billion barter arrangement in which Iranian natural gas is exchanged for Czechoslovakian technology.

Increasing East-bloc-Iranian economic relations are calculated to have an effect in delimiting the Shah's Rockefeller-manipulated military aspirations to dominate the Persian Gulf. A Middle East banking source connected with the Saudis emphasized that the Saudis fear the Shah's military arsenal, which could act as a deterrant to keep the Saudis in line with Rockefeller's oil companies.

At the same time the Soviet Union has been working very closely with the U.S.-based Occidental Petroleum Corporation on a $20 billion development contract for Libyan industrial development. Similarly the Soviets worked hand-in-hand with the Italians in finalizing the Libya-Fiat deal. Following the announcement of the sale of the shares to Libya, Libyan president Muammar Qadaffi left for Moscow for talks with Brezhnev and other Soviet leaders on a strategy for a Mediterranean development bloc of which Italy is a key exponent. During his stay of several days, Qadaffi signed a 2-year agreement for joint industrial projects in Libya and special maritime agreements. The Soviets have signed similar recent shipping agreements with both Greece and Italy. An ARAMCO Vice President this week smugly boasted that the oil companies controlled about 70 per cent of all shipping, making any large scale independent oil transporting difficult, but the Soviets, the Arabs and the Europeans for their part are working overtime to alleviate this problem.

State Dept. To U.S. Press:

"The U.S. Should Nuke the Saudis"

Exclusive to NSIPS

WASHINGTON, D.C., Dec. 8 (NSIPS) — State Department officials are pressuring American newspapers and periodicals to publish the line that the United States should attack Saudi Arabia and other oil-producing countries with nuclear weapons. According to well-placed sources, the motivation of top State Department officials is to terrify oil-producing countries who are now concluding independent marketing and oil-for-technology deals with Western Europe.

These sources say that the form of State Department intervention includes direct manipulation of editorial planning in leading journals, post-deadline alteration of articles relating to the Mideast oil situation, and pressure directed against individuals. The line that the State Department wants to force into print, one source said, is that "the United States should nuke the Saudis."

State Department officials are monitoring in detail all political developments in Western Europe and the Arab world relating to moves for energy independence, and admit "grave concern" and "worry" over the likelihood of a European-Arab energy bloc.