

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 closing 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 Spiegel* 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 deterrent 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 Qaddafi 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, Qaddafi 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.