

OPEC 'Strongmen' Make Headway in Break with Rockefeller Oil Multis

Dec. 30 — Iran and Saudi Arabia, the largest producers in the Organization of Petroleum Exporting Countries (OPEC), are in the process of rapidly establishing new markets for independent "state to state" oil sales, undercutting the markets traditionally dominated by the multinational oil companies. The stated intention of both the Saudi and the Shah of Iran to capture these markets signals a dramatic transformation of OPEC from simply a "commercial cartel" to the political leadership of Third World in the fight for a new international monetary system. In this fight, OPEC has begun to use its oil wealth to stimulate industrial expansion in the west, in turn feeding Third World development.

The Dec. 29 edition of the London-based Financial Times revealed that the Saudis announced oil production increases from the old ceiling level of 8.5 million barrels a day (mbd) to approximately 10 million mbd during the first quarter of 1977 will be achieved through direct government-to-government oil sales, probably using the state-owned oil authority Petromin as a marketing facility. The Times reports that the oil will be pumped from fields currently owned by the Aramco consortium of four multinationals, which can be possible only in view of an anticipated complete takeover of the consortium by the Saudis. The takeover, most likely to come in early 1977, will give the government free access to Aramco's huge reserves. Further evidence that the Saudis are gearing up for increased production came when the government this week announced the establishment of a new authority to take over mining and various development responsibilities from Petromin. This will free the oil authority to deal directly with expanded oil sales.

Aramco is being kept in the dark over Saudi plans to nationalize and to expand oil production. The New York financial daily the Wall Street Journal this week cites an Aramco official admitting the consortium's ignorance of markets for increased oil capacity and the Saudis' post-Jan. 1 oil pricing plans. An oil business expert commented this week that no one knows for sure when the final round of talks to set nationalization of Aramco will take place, adding that they will most likely happen "when the Saudis feel like it."

Set Up For A Fall

There are indications that the Rockefeller-controlled Aramco may be forced to take heavy losses next year, at the same time it is divested of its near 50-year domination of Saudi Arabia's oil wealth. The Christian Science Monitor today reports that oil companies which stock-

piled millions of barrels of oil at spot market prices of up to \$12.20 a barrel may not only have a hard time selling it but will have to pay high storage fees next year, particularly if the OPEC nations move into European and Japanese markets with attractive oil-for-technology terms of sales.

These oil companies bought up vast stocks of oil speculating on a price increase in the order of the 10 per cent hike which was publicly endorsed by the majority of OPEC before the Saudis bid for a five per cent rise made it unworkable. Furthermore, both the Shah of Iran and Venezuelan Minister of Mines Hernandez Acosta have called for a special early 1977 session of OPEC to resolve all price differences among the cartel. This will likely level the price hike to a seven to eight per cent increase, and end once and for all any wishful scribbling in the Atlanticist press about an irreparable split in OPEC. Saudi Arabian Oil Minister Yamani, in an interview with the German weekly Der Spiegel, personally cautioned Aramco against speculating on Saudi oil. A spokesman at the Petroleum Industries Research Foundation had a week before predicted that the Saudis would launch a campaign against Aramco on this issue prior to nationalizing.

Coordinating with the Saudis, the Shah of Iran is expanding Iranian marketing facilities through the state-owned National Iranian Oil Company (NIOC). According to the prestigious London-based journal Petroleum Economist, NIOC will not resume talks to revise the terms of the contract of the British Petroleum-dominated consortium until the Saudis nationalize. Iran will then use the Saudi nationalization as a model. A spokesman for NIOC confirmed that Iran is already marketing nearly 25 per cent of its oil without the assistance of the consortium. The Shah this week called on Italy's state-owned ENI oil complex to merge with NIOC to further expand Iran's direct oil marketing. The Shah pledged to ENI that 50 per cent of the profits from such a joint concern would be reinvested in Italian industry. The Shah's attitude toward undercutting the majors and increasing badly needed state revenues through an enlarged government-run oil business was indicated by his recent interview with the Italian daily Il Giornale. The Shah praised the 1950s efforts of deceased Italian oil magnate Enrico Mattei to undercut oil "imperialism". As well, he called upon the Italian auto firm Fiat to replicate with Iran its just concluded deal with Libya.

Under heavy pressure from state-sector technocrats and industrialists the Shah, as well as Saudi Sheikh

Yamani, realizes that only by revitalizing the advanced sector economies can his country and the Third World as a whole be industrialized. In order to achieve this goal the stranglehold of the multinational oil companies over world oil trade must be broken, freeing the producers to expand oil production. In alliance with Europe, Japan and the Comecon the Saudis and the Iranians are now committed to this orientation. According to the Middle East Economic Survey, the Saudis may be exporting up to nearly 12 million barrels a day by the end of 1977, if the demand from the industrialized sector warrants such an increase. The Shah's call this week for OPEC to set its first production and pricing schedule is more than justified under these conditions.

CAP to Venezuela Congress: OPEC Linked to Third World Fight For New World Economic Order

Dec. 30 — What follows is an excerpted translation of the speech by Venezuelan President Carlos Andres Perez to the Dec. 24 closing session Congress of Venezuela:

...The present situation in OPEC demonstrates to us that we are not wrong in thinking that this is a historic moment for Venezuela to leap forward in the basic transformation of the social and economic reality of our country. Petroleum will be the great instrument which will permit us to achieve this transformation, diversifying our economy and providing a solid basis for Venezuelan development, because no one, no matter how pessimistic he is, can think that this setback in the unanimity of the Qatar meeting could be — as the multinational news agencies and the industrialized countries have wanted to present it — a breaking up of OPEC. No OPEC...has international responsibilities, that none of us, the members which make up OPEC, can shirk. And (OPEC) is linked to the solidity of the Third World unity for achieving a new international economic order.

OPEC is not a selfish organization nor a monopolistic cartel that takes advantage of supply and demand relations in order to force higher prices for each barrel of oil. OPEC is an organization of developing countries, and we who make up OPEC are all aware that today's situation has been made possible through the unity of objectives, and that this unity of objective could not be reduced to strictly oil-related economic goals, but rather had to be fused within the unity of the objectives of the developing countries, of the countries of the Third World.

I have no doubt that this circumstantial fissure will soon be remedied, and at the same time I also think that it is a good warning for all Venezuelans in the sense that while the country depends on only one product, an exhaustible resource, a resource which is not the product of Venezuelan labor, there will always be a threat, a danger, or, whatsmore, an extraordinary difficulty to continue forward in our process of development.

Moreover, we must not forget, OPEC is giving the developed world a lesson which sooner or later must necessarily be accepted by the industrialized countries...

All of these circumstances must be analyzed together, remembering that up to 1974 OPEC was an organization

that had not situated itself within a full perspective of its relations within the developing world and in the fight for a new international economic order.

But it was almost a year ago, in March of 1975 — the sixth of March — when we, the heads of state and sovereigns of the member countries of OPEC, subscribed to the Declaration of Algeria, which put forth clear objectives showing clear paths for this organization, and which completely disassociated it from exclusively commercialist ends...

Nor should we forget in this discussion that...the North-South conference, which through the mere fact of its meeting, constitutes a great triumph for the developing nations, was a consequence of the attitude of OPEC as an instrument of negotiation of the Third World...

...The industrialized countries have maintained relentless pressure on the developing countries to give up oil as a bargaining factor. And they have persisted openly in their attempts to separate the North-South conference from the irrefutable fact that OPEC links its decisions to the necessity of creating new relations of equitable and equivalent exchange between the basic products which we export and the manufactured goods and technologies that we need for our development and for our well being."

Outgoing Secretary General of OPEC Affirms Unity of Cartel

Speaking during his farewell press conference the outgoing Secretary General of OPEC M.O. Feyide affirmed that OPEC is "stronger than ever"... "the two oil prices does not mean that there are two organizations. There isn't any doubt in my mind that OPEC's unity and solidarity were not affected by the price split."

During the conference Feyide also stressed that despite the Saudi announcement to remove its production ceiling, the cartel had been assured that the Saudi government had pledged not to flood the market if its production were raised.

Yamani Hits Profiteering

Saudi Oil Minister Sheikh Zaki Yamani in an interview with the West German weekly news magazine *Der Spiegel* stressed his country's concern with the threat of a worsening recession in Europe. In particular Yamani warned that the governments of France and Italy could be threatened if the economic crisis intensifies; it is for this reason, he said, that Saudi Arabia is pressing for "continued economic development," in the West. In the same interview Yamani hit the multinational oil consortium Aramco for potential profiteering as a result of the smaller Saudi increase in the price of oil, announced after this month's meeting of OPEC "Saudi Arabia has the means to ensure that no oil company would get one single penny out of our cheap oil and put it into its own pocket," said Yamani.

Saudi-Iranian Relations Are Not Strained

According to the Journal of Commerce, Saudi Arabia's Oil Minister Sheikh Zaki Yamani has affirmed healthy relations with Iran: "we have very strong relations with this country (Iran) and we value its prosperity which for example is more important to us than that of Italy...but at the moment we are more concerned about Italy because unlike Iran, it is in a bad economic condition." Yamani added that the additional 5 per cent rise in the price of OPEC oil set for July will probably not occur.

Arab Oil Producers Should Beware of Nicholas Sarkis

In conjunction with the recent meeting of oil-producing states in Qatar, a gaggle of Atlanticist French press sources have been pushing reduction of energy consumption, Project Independence-style energy slave labor boondoggles, and the necessity of higher oil prices to implement these Rockefeller shemes. To convince the gullible, these sources have offered extensive coverage to the views of one Nicholas Sarkis, a Syrian graduate of the University of Paris and allegedly an official energy advisor to the governments of Algeria, Libya, Iraq, and

Syria, and to OPEC itself. Sarkis is actually an enthusiastic advocate of the very "resource nationalism" invented by the Washington-based Brookings Institution and made notorious by the discredited International Resources Bank (IRB) looting scheme of outgoing U.S. Secretary of State Henry Kissinger.

In an interview with the French *Le Point* magazine Dec. 13, Sarkis called for the doubling of oil prices as soon as possible, to "compensate" for the rate of inflation of goods from the industrialized West. This is hardly a subtle call for implementation of Brookings' plans to index oil and raw material prices to inflation to insure the repayment of Third World debt. Sarkis justifies his policy with a reiteration of Rockefeller's zero-growth energy scare propaganda:

"All the predictions recently made by experts of the industrialized countries converge: the world risks coming face to face with a grave scarcity of energy, foremost because of the growth of demand, also because of the using up of world oil reserves. Finally, because of the delay made in searching for alternative sources of energy...No country, no industrial enterprise will consent to take the financial risk involved in developing substitute energy sources, while the price of the dominant source of energy — oil — stays at its current level. That is why it is necessary to double the price of a barrel of oil."

Similar Sarkis statements have been covered in the French newspapers, *L'Aurore*, *Le Figaro*, and *Le Nouvel Observateur*.

Sabotage of European Fusion Program Backfires

Dec. 24 — The world press this week was filled with reports that the Joint European Torus, a prototype tokamak reactor project scheduled for operation in 1980, was dead, and that this would lead to the demise of Europe's overall fusion research effort. JET's death, the press reports said, would mean that European fusion researchers would have to emigrate to the United States to find continued employment.

Like Mark Twain's celebrated comment, "Reports of my recent death are grossly exaggerated," it turns out that JET is not only alive and well but that the program's would-be murderers sabotaged their own plot. Instead of throwing Europe's fusion effort into chaos and confusion as they intended, the Rockefeller-allied forces found that their episode of gross exaggeration sparked a fusion offensive. The press propaganda on JET gave Europe's pro-development and pro-scientific progress faction a unique opportunity to launch a full-scale campaign for high-technology using thermonuclear energy development as the cutting edge against the Rockefeller monetarists and their dollar empire.

Not accidentally, this was precisely the strategy discussed at the U.S. Labor Party Constitutional convention held in New York Dec. 18-20.

How JET's Death Was Born

JET's epitaphs began to appear in the press after a press conference early last week by Guido Brunner, head

of the European Economic Community (EEC) Commission for Research, in which he stated that JET was on its "death bed," because of the failure of EEC members to agree on a location for the \$200 million project. All reports indicated that the Giscard government in France was responsible, since France would not permit a majority vote of the EEC members to decide the location.

By midweek Europe's pro-development forces began their counter-offensive. *The London Times* reported Dec. 22 that in what would have been a normally low-keyed parliamentary debate on the future of nuclear power in Britain, there was an explosion on the JET question. The *Times* reported that Tom King, the Opposition spokesman on energy, questioned the government on the status of JET, and Mr. Eadie, Under Secretary for Energy, replied that Brunner's statement at the EEC press conference was an exaggeration.

Prime Minister Callaghan added that "These proposals go through a number of phases and I do not regard that project as dead. I go further and say I believe Britain in the form of its facilities at Culham, the team that is assembled there and the industrial and scientific backup that could be found for it, undoubtedly provides a suitable venue for the development of what could be a valuable scientific innovation in nuclear fusion as distinct from fission." According to the *Times'* report, Callaghan's speech at the mundane parliamentary