

## Behind Oil Sabotage:

# Saudis, USSR Back PLO, Prepare Dollar Bust

The political leadership of Saudi Arabia, including Crown Prince Fahd, the regime's most powerful figure, yesterday issued a resounding denunciation of the Carter Administration's energy program and demanded that the U.S. move immediately toward a settlement of the Middle East conflict that would include the establishment of an independent Palestinian state.

The Saudi statements — by Prince Fahd, Foreign Minister Saud, and Oil Minister Zaki Yamani — placed the Saudis and their vast oil and financial resources in direct conflict with all aspects of the Carter Administration's Middle East policy.

The Saudi offensive against Carter was launched yesterday with coordinated simultaneous press conferences by Prince Fahd, Foreign Minister Saud, and Yamani, Fahd, addressing the political core of the Arab-Israeli conflict, said that the "leaders of the Palestinian people" — recognized by the Arabs as the Palestine Liberation Organization — "will be willing to accept any peaceful solution" to the conflict provided that it includes "the establishment of a Palestinian state on the West Bank and the Gaza strip," now occupied by Israeli troops.

At the same time, leaders of the Israeli Communist Party (Rakah) held a press conference in Tel Aviv to say that the PLO is prepared to recognize Israel in exchange for the creation of an independent Palestine on the West Bank. The statement by Rakah was especially authoritative because Rakah and the PLO have just concluded an unprecedented series of bilateral talks in Prague, Czechoslovakia, at which the attitude of both parties toward a negotiated peace was discussed.

In addition, the U.S. Hearst news chain reported, May 8, that Soviet Ambassador to the U.S. Dobrynin, in a meeting with Carter and National Security Council chief Zbigniew Brzezinski, reported that PLO Chairman Yasser Arafat agreed, during his recent visit to Moscow, to accept a Soviet proposal to have the PLO and Israel extend mutual recognition — provided that Israel is willing.

The Saudi statement and the backup from Dobrynin and Rakah indicate evident political coordination between the Saudis and the USSR.

A commentary in the Soviet government daily *Izvestia*, May 8, lent implicit Soviet support to the Arab oil states against Israel. The article, citing the threat of Israeli-U.S. attacks on the oil-rich states of the Gulf, warned against "the dangerous repercussions of playing with fire so near the oil of Arabia."

In combination with their Middle East policy, the Saudis also made clear their opposition to the no-energy policy of Carter and White House energy czar James Schlesinger, who in 1975 was the principal architect of the scenarios for U.S.-Israeli-Iranian military threats to the Arabs, including Saudi Arabia.

"If importing countries themselves raise the domestic price of oil, through taxation or other means," Prince

Fahd told a *New York Times* reporter in reference to Carter's plan to jack up oil prices, "then the purpose for which we moderate our prices is no longer valid and we will have to raise our prices, too." The *Times* adds that Fahd "appeared to be hinting that he might oppose some or all...of President Carter's energy proposals."

In stark contrast to NSC and CIA predictions that the Saudis intend to cut back oil production, the Saudis yesterday announced the opening of two new oil fields with a capacity of 350,000 barrels a day, rising by 1979 to 1.2 million barrels a day.

In the U.S., several observers predicted a showdown between the U.S. and Saudi Arabia, speaking on behalf of the Arab world, when Prince Fahd visits Washington later this month. One source said that the chief weapon available to the Saudis is their "money weapon" — i.e.,

## Kuwaitis: Arabs Must Mobilize With Europe Against Carter Energy Policy

"The U.S. has declared war on Europe and Japan in the field of energy and its long-term substitutes", charged Arab oil expert Faysal Al-Mazidi in the April 14 issue of the Kuwaiti newspaper *Al-Siassah*. Al-Mazidi called for all Arab oil-producing countries to align themselves with Europe to counter Carter's plan.

According to Al-Mazidi: "Last week president Jimmy Carter declared a halt to exports of enriched uranium, thereby opening a new page in the confrontation with the U.S. over energy substitutes. This confrontation will implicitly involve the oil-producing countries, whether they like or not. What is interesting is that, while there has been a rapid and strong reaction from Britain, France, West Germany, and Japan, the oil countries, including the Arab countries, so far do not seem to realize that the new large scale international war will affect them directly... Since the U.S. currently produces 70 percent of the world's consumption of uranium, halting U.S. exports means crushing Europe and Japan strategically in the matter of energy for several decades to come. Therefore, can the outside world discuss and decide on questions of energy without the Arab countries exercising their legitimate rights in this regard? The time is now very opportune for the Arab oil countries to achieve the advantage of becoming the stronger side by aligning themselves with the weaker side."