

Israel on an equal status with the U.S.' NATO partners; the Israeli embassy in Washington declared that it was "very satisfied" by the President's remarks.

Emerging from discussions with Israel's Foreign Minister Yigal Allon May 11, U.S. Secretary of State Cyrus Vance had expressed identical sentiments. "We have a special relationship with Israel. We are committed to the security of Israel and we will make sure that Israel has the defense material to protect that security — including the advanced technology required."

Allon had rushed to the Vance meeting panicked that the U.S. was abandoning Israel because of weekend press reports from Washington that the U.S. had removed Israel from the "most favored" arms lists. After meeting with Vance, he declared, "We are satisfied." Allon claimed that he had been "given to understand" that the U.S. did not intend to "impose a solution" in the Mideast.

Breakaway Still in Play

Before Allon's visit, a state of near-panic existed in Israeli media over fears that the U.S. was undercutting Israel's security. The May 9 *Jerusalem Post* headlined

its lead story "U.S. Arms Plan Worries Israel," and reported that a high-level Israeli source — believed to be acting Premier Shimon Peres — had informed the Israeli Cabinet that Carter was jeopardizing an arms relationship "vital to Israel's security." Peres was cited warning that "experience shows that whenever the U.S. put forward its own proposals to solve the Mideast dispute, it entered into confrontation with either one side or both sides in the dispute." According to the *Baltimore Sun* May 12, Peres is preparing a "much tougher stance" toward the U.S. which will result in Israel dealing with the U.S. "on an equal basis." Some observers think this signifies increasing integration of Israel into NATO special operations structures.

The *Washington Post* May 12 noted that Israel's anxieties vis-a-vis the U.S. are "not altogether unfounded." On the same day, *New York Times* columnist Anthony Lewis asked "A Pre-Emptive Strike?" Lewis counterposed the "sincere" efforts of the Carter Administration to negotiate a Mideast settlement to efforts of the U.S. Israel Lobby, personified by Case, Humphrey, and Jackson, for a "preferred arms status" for Israel and a halt to U.S. attempts to "impose" an Arab-Israeli peace settlement.

Persian Gulf States Seek Stronger Ties With Soviets

Intense diplomacy underway in the Persian Gulf is shifting the area closer to the Soviet Union. Iraq is the major regional force motivating the shift, with an eye to realizing the long-sought-after Persian Gulf Security Pact, a regional military agreement which will neutralize the area in keeping with the Non-aligned Movement's "zone of peace" initiative for the Indian Ocean. In addition the Soviets and the British are reportedly working behind the scenes for neutralization of the oil-rich Gulf, to wrest it from the domination of Rockefeller oil interests.

According to the authoritative London-based weekly *Arabia and the Gulf*, the United Arab Emirates' Foreign Minister Suweidi is pushing his Gulf brethren towards closer relations with the Soviet bloc, to establish "balanced relations" with both superpowers. Suweidi's actions are based on the premise that recognition of Iraq's role in the Gulf, accompanied by a pro-Soviet posture moderating traditional Saudi-dominated ultra-conservative foreign policy, will undercut radicalism in the area. This new orientation is picking up steam and has been acknowledged by Kuwait, according to a well informed Washington source, who claims that Kuwait has broken with the Saudis over the issue of closer Soviet relations. Kuwait last month signed its first arms agreement with the Soviets, amounting to \$300 million, and is in the process of negotiating further trade agreements with the Soviet Union and East Germany. A Soviet delegation arrived in Kuwait this week to discuss trade and, further, to mediate the long-standing Kuwait-Iraqi border dispute, whose settlement will finally open

the door to a normalization of relations between the two countries and markedly shift the correlation of forces in the Gulf in favor of Iraq.

At the end of April, a highpowered Iraqi delegation embarked on a lengthy tour of the Gulf states to discuss the question of regional security. The delegation's visit to Kuwait included negotiations on the border issue, which revolves around rights to a large oil reserve spanning both countries. In an interview with a Teheran newspaper, Iraqi Prime Minister Saddam Hussein indicated Iraq's willingness to resolve the conflict, saying that Iraq would be willing to come to the defense of Kuwait once relations were normalized. Kuwait's semi-official newspaper *As Siyassah* editorialized that an end to the border dispute would benefit the entire Persian Gulf.

Following the departure of the Iraqi delegation early this month, United Arab Emirates President Sheikh Zayed issued a public statement stressing the need for a Gulf Pact, but emphasized that it would take time to reach unanimity between the Gulf states on its content. There are still significant differences among the Gulf countries on the formula for such cooperation.

Most notable is the antagonism between Saudi Arabia and Iran. All of the Arabs states, and Iraq most vehemently, are suspicious of any formal arrangement which would increase Iran's already sizeable military presence in the Gulf. Last month both Iraq and Kuwait had top-level contact with Iran over this sensitive issue. For the first time since the March 1975 signing of the Iran-Iraq border agreement, Iraq has sent its top military brass to Teheran to confer with the Shah. The

Iraqi Armed Forces Chief of Staff Abdul Jabbar Shanshal arrived in Iran May 1 at the invitation of Iranian Chief of Staff General Azhari, the Shah's brother, who visited Baghdad earlier this year.

In the wake of the talks with the Iraqi delegation, Kuwait's Defense and Interior Minister has announced his intention of visiting Baghdad for a series of meetings on the question of Gulf security, and the president of the United Arab Emirates has initiated a series of visits to "find the correct view" on a regional pact.

Saudi Nationalization Critical

Saudi Arabia's neighboring oil-producing states have recently been pushing Riyadh to finalize the takeover of the Arabian-American Oil Company (Aramco) thus delimiting the role of the four partners — Socal, Exxon, Texaco, and Mobil (all Rockefeller-controlled) — in the area. During a tour of the Gulf last month by Venezuelan President Carlos Andres Perez, following his surprise

second visit to Iraq, Perez issued a joint statement urging the Arab oil producers to fully nationalize, a pointed jab at the Saudis who are still negotiating with Aramco.

Circles associated with these multinational oil companies have once again begun to put tremendous countervailing pressure on Iraq to limit its activity in the Gulf. A Chicago source who works closely with the National Security Council emphasized that the U.S. is pressing for a political and economic alliance between Iran and Saudi Arabia which would include oil production programming between the two states. This, as he put it, would "cut into Iraq's oil markets and put the squeeze on." At the same time the Kurdish rebels, whose CIA links are widely known, have been retooled for renewed terrorism against Iraq's Ba'ath government. Such operations are ominously reminiscent of the 1973 Kurdish "uprising," when similar forms of internal destabilization were used to throw Iraq off guard — just weeks before the Mideast October war broke out.

'Kuwait Has Definitely Moved Closer To Moscow'

A Washington-based journalist well informed on Mideast affairs described the Persian Gulf shift toward closer links with the Soviet bloc in an interview this week.

Q: What do you think about the recent moves by Kuwait and the United Arab Emirates toward friendlier relations with the Soviets?

A: Kuwait has definitely moved closer to Moscow in its foreign policy — in fact there is a Soviet delegation there now. It's a trade delegation but it is dealing with political matters as well. One of the main reasons why Kuwait is renouncing its old traditional alliance with the Saudis and moving towards the Soviet Union is that the Kuwaitis hope that the Soviets will take a stand on the (border) problem Kuwait has with Iraq. They hope that the Soviets will dampen Iraq's enthusiasm for taking territory close to Kuwait's border which has a lot of oil. On both sides of the border, the Kuwaitis and the Iraqis are drilling into the same field. It seems right now that the Iraqis will strike the oil first, but the Kuwaitis want to reach an agreement with Iraq.

Another important element in the Soviets' getting closer to the Gulf states is that the Soviets hope to open up trade relations which by the 1980s will yield them oil in exchange for "know-how" and technology, the same kind of trade relations with the Gulf states as it has with Iran — I mean barter arrangements. In fact the split between Kuwait and Riyadh on the issue of the Soviets has reflected itself in a fight in the United Arab Emirates between, mainly, Abu Dhabi and Dubai. Oman is a prospective proponent for a pro-Soviet Persian Gulf outlook too.

Q: On Saudi-Iranian relations, what are the

chances for an agreement between the two countries?

A: The Saudis and the Iranians have been working on an economic and political agreement, one that would satisfy the Shah. This would primarily involve petroleum, where the two countries would engage in petroleum production programming.

Q: But wouldn't this hurt Iraq's oil sales if Saudi Arabia and Iran coordinated their output and sales?

A: Yes, it would definitely affect Iraq adversely. Part of the incentive behind such an agreement would be to contain Iraq through the oil markets which Saudi Arabia and Iraq could control jointly. It would hurt Iraq more than Kuwait. I do not foresee in the near future that the Saudis or the Iranians will sign any kind of military pact. Neither one would be willing to come to the other's defense in the event of trouble; that kind of relationship will take much more time.

Q: Have you heard of a reported \$3 billion loan which Saudi's King Khalid offered the Shah?

A: Yes, King Khalid proposed to the Shah some time ago that he would extend a \$3 billion credit to Iran at low interest and long term, if Iran was hurt by the increase in Saudi oil production. Remember that almost all of the increased production in Saudi Arabia is heavy crude, which is also the majority of Iran's output. The \$3 billion is an assurance from the Saudis to the Iranians that the Saudis do not want to harm Iran's economy by stepping up their output. However, if the Saudis, say, were to raise production really drastically and suddenly, then this could enrage the Shah and cause trouble, seriously straining relations between the two states. Right now I would say that relations between the two countries are correct.