

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.