there negotiating a billion-franc deal for the sale of nine French ships. This deal and those being negotiated with the Soviet Union are explicitly conceived in France as stemming the tide of an increasingly dramatic unemployment situation.

Picking up the pieces after Camp David

France and West Germany are also giving the U.S. lessons on how to run policy in the Middle East and Africa. Contrary to U.S. policy, which has de facto slid into acceptance of the Smith government's "solution" to the southern Africa crisis, Europe is stressing the need for economic development. Otto Wolff von Amerongen, leader of German private sector industrialists, in addressing the German-South African Chamber of Commerce in Johannesburg emphasized that:

> If South Africa wants to get out of its economic bottlenecks, it will have to create about 200,000 new jobs each year . . . . We have to reject any policies of embargo or blockade, because this would first hit those concerned, the black workers. . . . Apartheid is an obstacle to economic and industrial development in South Africa. The South African government would do well to lift the racial laws, to allow the blacks to participate in industrial development as the white workers do.

In order to concretize this prodevelopment relationship with Africa, France has been instrumental in negotiating the diplomatic entente between Angola and Zaire which was part of the "boomerang" effect of the British-Belgian instigated Shaba province crisis this summer. This week the French firm Titan, whose main clients include the French army and the Soviet Union, concluded a $6 million deal with Angola for a cistern tank and industrial vehicle plant which will allow Angola to save $30 million in foreign exchange.

In the Mideast, the French are picking up the pieces before the Camp David debacle leads to war. Foreign Minister Louis de Guiringaud, after consulting with Arab officials, proposed from the United Nations a Lebanese cease-fire formula whose immediate aim is to stop the bloodshed. Contrary to the hopeful assertions of Brzezinski and the State Department, France's proposal is emphatically not conceived as part of the Carter Administration's proposal for a conference that would leave out the Palestinians. In fact, the French President is known to be working towards a Paris Middle East peace conference that would include the parties excluded from the Camp David talks.

— D. Sloan and J. Sigerson

OPEC: direct oil for direct technology

Emilio Colombo, the president of the European Parliament, told a specially organized Italo-Arab dialogue in Rimini, Italy last week that the "Bremen Aggreements . . . must be extended to the Arab nations as well as the least developed countries." Colombo's statement reflects the economic integration drive since the European Monetary System proposal at the Bremen summit last July.

Euro-Arab economic integration for development is not new. Many of the technology transfer arrangements especially to Arab oil producing nations have been actively pursued since the 1973 Mideast war. But since the Bremen accords there has been an escalating process aimed at bringing the ongoing Arab-European economic dialogue to fruition.

A significantly new variant in economic cooperation negotiations with the Middle East oil producers is the heightened role of Japan. The Japanese government is closely coordinating with the West German and French governments to procure expanded transfer of technology deals for the Mideast OPEC countries. In return, OPEC has begun to voice an unprecedented policy of moderation on pricing and production of crude oil, in the interest of world economic stability.

Fukuda's Persian Gulf tour

The early September tour of Japanese Premier Takeo Fukuda heading a high-level 50-man trade delegation to four oil producing states of the Persian Gulf had a dramatic effect on OPEC's policy vis-á-vis the dollar and future oil pricing policy. Following his talks with the leaders of Saudi Arabia, Iran, Qatar, and the United Arab Emirates (UAE), the *Emirates News*, Sept. 17 reported that Fukuda informed his cabinet that:

> We have won an understanding from the leaders of the four countries either for a freeze on oil prices or the introduction of minimum increases to prevent adverse impacts on the world economy.

It is in this context that the Saudis and other leading members of OPEC have continued their unflinching support for the dollar. Saudi Prince Abdullah, the second Crown Prince, told the Riyadh Domestic News service on Sept. 14:

> . . . the currency muddle which governs the world today cannot be dealt with by dealing blows to the dollar, particúlarly now that the dollar has become a currency unit forming a basic factor in bolstering other currencies. We must not overlook the fact that the fields of investment of the dollar are much wider than those of any other currency. We must also not forget the inflation from which the world suffers and the effect the dollar can have in remedying it.

Platt's Oilgram reported Sept. 28 that the OPEC nations were disturbed by the outcome of the International Monetary Fund (IMF) meeting last week, and that no action was taken to resolve the world monetary crisis centered on the falling value of the currency. *Platt's* reports that OPEC and the other underdeveloped nations were critical of British Chancellor of the Exchequer Denis Healey's demand for the same kind of currency stabilization efforts which have prevailed until now. A reporter on the scene on the IMF parley indicated that many of the OPEC and underdeveloped countries would like to return to some form of fixed parities between currencies to stabilize the dollar. He noted that these countries are "getting a good sounding" from Europe on the EMS as a means of achieving such currency stability.

Oil for technology

Saudi Oil Minister Sheikh Zaki Yamani told the Japanese press, Sept. 12:

> The door to deals for direct oil supplies could be opened by Japan's transfer of technology to Saudi Arabia and other oil producing nations. . . . Saudi Arabia needs Japan for industrialization and Japan needs Saudi Arabia for oil . . . Saudi Arabia has made a decision not to export oil directly without reciprocation in technology transfer and cooperation in industrialization, with Japan being one of the few countries that can meet Saudi Arabia's needs."

Yamani is heading up a newly formed Long Range Planning Committee within OPEC which is presently putting together for the first time, a 10-year production and pricing formula as part of a global economic projection. Venezuelan Oil Minister Hernandez Acosta, following a meeting last week of the Committee in Taif, Saudi Arabia told *Platt's Oilgram*, Sept. 28:

> . . . we want to avoid another situation like 1973 . . . Venezuela is proposing a gradual increase in the price of oil . . . and a formula so that the importing nations will know in advance what is happening with the price, while we protect the purchasing power of our revenues in relation to the dollar and inflation. . . .
>
> We have a big responsibility not only in reference to prices but in providing the right supply for the industrial as well as the developing countries, to avoid a world supply trauma.

Yamani is already known for the same kind of long term small incremental price rise approach to OPEC pricing policy. Such price rises would amount to no more than 2 to 3 percent annually with a maximum of 5 percent. Abdul Hadi Taher, the director of Saudi Arabia's state-owned oil company Petromen was quoted by the Sept. 30 *Financial Times* as saying that the December OPEC price setting meeting would yield no more than a 5 percent price rise. He discounted any serious effect the controversial Camp David Accords might have on OPEC pricing policy.

OPEC's Secretary General Ali Jaidah, on the occasion of OPEC's 18th anniversary last month made a powerful public statement from OPEC's Vienna headquarters on behalf of the cartel calling for transfer of technology from the advanced nations to be stepped up as a price for OPEC pricing moderation:

> Through our moderation in the exercise of the controlling power over prices and production of crude oil in our sovereign territories, we have hopefully banished forever the spirit of confrontation which for so long bedeviled relations between OPEC and the industrialized consuming nations.
>
> In order, however, for us to be able to continue to observe that moderation, we require something in return, namely the cooperation of the west in reaching our aspirations in the downstream sector of the oil industry such as refineries, petrochemicals, transportations.

Another strong indication that the Persian Gulf oil producing states are planning to exert more independence in selling their crude through state-to-state oil-for-technology deals came during a Sept. 20 Arab OPEC (OAPEC) meeting. The nine OAPEC members announced from Saudi Arabia that preference should be given to Arab tankers in delivering crude. Moreover, OAPEC will extend an $80 million subsidy to the Arab Maritime Petroleum Transport Company to cover operating losses.

Unified regional development perspective

The Arab League and the OAPEC are coordinating regional development for greater effectiveness. OAPEC just produced a new five-year plan, which according to the *Baghdad Observer* calls for even closer coordination in all areas of refining and petrochemical industrial development, and urges a pooling of sparse skilled industrial labor among the member nations. It also calls for a greater role of the advanced countries in training executive and skilled labor within the downstream sector of the petroleum industry.

At a recent meeting of the Arab Economic Unity Council, the Iraqi Trade Minister proposed creating new Arab money markets to fund regional development and stressed that the foundation of Arab Unity was a unified approach to regional development. The statement from the Iraqis represents a break with Baghdad's ideological isolation within the Arab world. More than that, it indicates the awakening within OPEC and the Arab world to the idea of cooperation with the industrialized states of both East and West as they key to regional stability and world peace.

The success of such a global strategy depends decisively on the success of the European Monetary Fund.

—*Judith Wyer*