

Iraq, Saudis reject price hikes

The following is an Agence France Presse release of Feb. 27 reporting a speech delivered in Baghdad, Iraq by Iraqi Oil Minister Tayeh Abdel Karim.

Iraqi Oil Minister Tayeh Abdel Karim rejected the current effort to increase oil prices and warned that such efforts would be used to foster "plots against the sovereignty" of OPEC countries, a reference to recent statements made by U.S. Secretary of Defense Harold Brown and Energy Secretary Schlesinger.

International imperialism and Zionism will not hesitate to exploit these price increases to incite world opinion against the producing countries and to plot against the sovereignty of these states . . .

He invited the governments of the oil importing countries to control the price of crude by preventing the oil companies from monopolizing the market, and to do this in the interest of the consumers themselves. These companies, he added, make enormous profits at the expense of both the producers and the consumers . . .

He also invited the industrialized countries to seriously cooperate with the member states of OPEC and the developing countries in view of creating a new world economic order capable of guaranteeing stability in the economic, monetary and oil relations between these countries. The establishment of such relations requires respect for the political and economic independence of peoples and their right to develop their natural resources.

'The Price Increase is Temporary'

Speaking from London, Feb. 26, Saudi Arabian Oil Minister Sheikh Zaki Yamani addressed the pricing issue within OPEC as follows:

Some member countries feel that the oil companies are really making a windfall profit, and that they have to take part of that profit back to their treasuries . . . So I do expect some sort of a temporary increase, small in size, by some member countries.

[These individual price hikes] will never be incorporated in the price structure as it was decided by OPEC in Abu Dhabi last December.

[On U.S. Defense Secretary Harold Brown's statement that the U.S. would use "military force" to protect the flow of oil from the Middle East:] Our policy is that we don't want any military assurances in our area.

The situation within OPEC

The dramatic increase in spot market oil prices has touched off a scramble within the Organization of Petroleum Exporting Countries (OPEC) which has seen some members of the cartel demanding a hike in oil prices above those already set for 1979, while others attempt to hold the line. The scramble is being encouraged by the same Anglo-Dutch forces who are orchestrating the oil shortage, both to encourage the divisions within the organization (if OPEC splits up, they assume they will have a free hand to manipulate oil prices at will) and as a check on forces within the oil-producing community which are opposed to the hoax scenario and are attempting to counter it.

Notable in the latter camp are Saudi Arabia and Iraq. Saudi Arabian Oil Minister Zaki Yamani and his Iraqi counterpart Tayeh Abdel Karim both voiced strong opposition this week to those OPEC members bent on raising prices, and Karim went further, blaming the price hikes on an international conspiracy of "imperialism and Zionism" designed to block cooperation between OPEC and the industrialized West.

OPEC countries which have raised prices from 5 to 9.5 percent — for varying reasons among which manipulation of the spot markets by the oil multinationals has been the major factor — include Kuwait, Libya, Abu Dhabi, Qatar, and Venezuela.

Manipulating OPEC

Numerous inside sources who are wittingly or otherwise involved in the efforts to force an oil price rise are peddling the scenario that if the OPEC nations continue to act heteronomically regarding individual pricing policy, the solidity of the cartel will dissolve. One New York analyst claimed, "the producers will just keep bidding up prices against one another and pretty soon it will become clear that you don't need a cartel to sell oil at high prices, after all aren't high prices what a cartel is for?"

Saudi Arabia is the chief target of this pricing manipulation. It is anticipated that at the upcoming informal OPEC meeting set for March 26, a price setting parley could be called and Saudi Arabia challenged to go along with a second price rise for 1979. What could well happen is a replay of the 1976 price split within the cartel, something the Saudis wish to avoid at all costs.

The crucial question with respect to future OPEC developments is how firm Iraq-Saudi relations are. According to informed Washington sources, since the Iranian crisis erupted, Iraq and Saudi Arabia have become close allies and have closely coordinated Persian Gulf security matters. At work is a secret agreement between Riyadh and Baghdad which includes coordinating oil policies. The similarity between the Yamani and Karim statements this week furthermore verifies their collaboration. Together the two countries represent a formidable force within OPEC, controlling half of OPEC's total present production, a crucial determinant in defeating the price rise front. But the Iraqi-Saudi alliance is very new and in many respects the two are still testing the waters, regarding each other in view of their divergent ideological backgrounds.

The Iranian factor

According to Iranian government officials the government of Premier Bazargan may order Iran's first exports of oil this year as early as next week. As the *Jour-*

nal of Commerce aptly put it today, the Iranian government will not long be able to ask the \$20.00 a barrel it intends to if it begins exporting even 2 million barrels a day. As soon as the market begins to absorb Iranian crude, the spot market price bubble will begin to deflate as the supply of oil globally increases. This development, no doubt, was behind Yamani's assertion this week that the price rises within OPEC would not last long.

Producer-consumer cooperation

Both Yamani and Karim called for closer coordination with the industrialized nations to resolve the broad issues of future energy supply, and to deal with the unruly elements within the international oil business. French President Giscard d'Estaing recently called for a similar dialogue between the European Community, the underdeveloped sector and the oil producers and has sent Industry Minister Giraud and Foreign Minister Francois Poncet to the Mideast to organize such a parley. Even without Iran, the OPEC producers are physically capable of meeting current world needs. Support for a positive dialogue with OPEC within the industrialized sector is perhaps the greatest single weapon for breaking the power of those who wielded the oil weapon in 1974 and are attempting to wield it again.

— Judith Wyer

