The battle over energy

Producer-consumer plan counters London's oil hoax

A major political fight is presently underway in every major world capital over global energy policy in the wake of Iran's Dec. 26 shutdown of its 5.5 million barrels a day of exports. The European Community and the leading members of the Organization of Petroleum Exporting Countries (OPEC) — notably Saudi Arabia and Iraq — have made it clear that only an institutionalized producer-consumer cooperation can resolve the energy problem and forestall another fullscale crisis. U.S. Energy Secretary James Schlesinger has informed Europe that Washington at present does not support that initiative.

Schlesinger, in alliance with the Anglo-American Eastern establishment and the Zionist Lobby's congressmen, Church, Jackson and Javits, is moving to force an oil crisis as part of an international effort led by the City of London to destroy its greatest rival, the newly formed European Monetary System (EMS). As this section will show, there is no oil shortage. In fact, in Janauary of 1979 total OPEC output was higher than January 1978, even with Iranian exports completely shut off.

What Schlesinger and his allies are counting on is a major sabotage of the Mideast oil fields. The Camp David separate Mideast peace is calculated to provoke the Arabs into oil retaliation. Earlier this week, Palestine Liberation Organization chief Yassir Arafat called for an embargo against the U.S., feeding Washington's oil crisis mongerers. Our OPEC coverage will detail the relationship between the upsurge of price hawks and the anti-Western Islamic Fundamentalist Muslim Brotherhood. Just this week the president of Afghanistan, who is being challenged by Muslim insurgents, publicly declared that Islamic reaction is being run out of Paris and London.

The scheme to force higher OPEC oil prices is part of a broad plan to soak up dollar reserves from Japan and Europe via the OPEC nations. Our Japan story shows this ploy aimed at increasing petro-dollar deposits in London and the U.S.

The oil weapon, as in 1974, is being brandished by the same London-Israeli machine, and for the same reasons: to halt world economic growth which threatens its financial and strategic interests. The current crisis could conceivably destroy the U.S. oil industry. U.S. oil's alternative is spelled out in this section. In broader terms our concluding story on producer-consumer cooperation shows the global alternative to energy blackmail. The question is, will Europe, Japan, and their industrial U.S. allies collectively flex their political muscle sufficiently to challenge London and Washington?

What is shaping OPEC pricing policy?

Within every member nation of the Organization of Petroleum Exporting Countries (OPEC), there is a debate growing over fundamental economic policy. That debate has and will continue to affect the pricing and production policies of the cartel as a whole.

The recent pattern of individual OPEC nation price hikes is to a great extent symptomatic of the influence of political elements within each country which not only favor a short-term monetary gain off of the tight supply situation sparked by the shutdown of Iran's oil exports, but also espouse a radical anti-Western foreign policy orientation. March 26 marks the date of an OPEC consultative meeting where the power of this "price hawk" faction will be measured by their ability to win a majority for a second price hike in 1979.

To date, only Saudi Arabia and Iraq have exhibited an inclination toward moderation and cooperation with the consuming nations on future oil policy. But even within these countries the militant price hawk faction is waging a strong opposition. Within Africa and the

Mideast as a whole, two political factors predominate. First is the upsurge of Islamic fundamentalism organized into the Muslim Brotherhood, associated with Iran's Ayatollah Khomeini. The Brotherhood's outlook is staunchly anti-Western and favors raising oil prices and reducing oil production as a show of militant sentiment. Second is the effect of the Camp David separate peace between Egypt and Israel which is slated to be signed the very same day as the OPEC March 26 meeting in Geneva. In both cases, the London-Washington-Jerusalem axis which rigged Camp David is behind the scenes manipulating for another OPEC price hike, in order to destroy the City of London's greatest adversary — the European Monetary System — by imposing energy austerity worldwide.

An uncanny British prediction

Not long before the downfall of the Shah of Iran in late 1978, London's Royal Institute for International Affairs (RIIA) produced a study predicting that the largest multinational oil companies would begin to reduce their production operations within the Mideast because of the lack of profitability as a result of nationalizations. Since then Exxon has announced its intentions to let all of its sales contracts with other oil companies and traders lapse. That policy, the first of its kind to be enacted in full by a major company, is calculated to force the smaller oil companies which bought from the majors to go to the producers directly for crude purchases. British Petroleum and Royal Dutch Shell have enacted such a policy in part.

The March 19 issue of *Petroleum Intelligence Weekly* anticipated a new round of direct sales contracts, but indicated at the same time a potential hitch in such arrangements — the future political instability of the major oil-producing nations which could interfere with direct sales. As *Executive Intelligence Review* has repeatedly documented, the turmoil in Iran was launched by London and its Washington allies as an entreé for region-wide chaos, justifying a NATO-style military domination of the oil-producing region and a net reduction in oil output in relation to world consumption.

What follows is a brief summary of the internal political situation in the key OPEC nations which will decisively influence their future oil policy.

Saudi Arabia. The Camp David treaty has had a serious impact on the balance of power in Saudi Arabia. At present, contending factions in Riyadh are at loggerheads over sensitive and fundamental policy issues, including the future levels of Saudi oil output. Decisions must be made on whether to extend billions for installing new production capacity. First Crown Prince Fahd, the heir to the throne of ailing King Khalid, favors a move to up the production ceiling to over 14 million barrels a day (mbd) from the present 11.8. He is being opposed by Second Crown Prince Abdullah. Inside sources concur that Abdullah and his allies, Planning Minister Hisham Nazir and the head of the Saudi state oil company Petromin, Abdul Hadi Taher, want to cut back Saudi oil production and impose higher prices.

Abdullah is a known prominent figure in the Muslim Brotherhood with ties to British intelligence via the Brotherhood. It is around this issue of oil pricing and output and Fahd's collaboration with the founders of the European Monetary System that Abdullah is now making his power play. Abdullah gained some faction ammunition against the traditionally pro-U.S. Fahd in the wake of Washington's apparent success in forging a separate peace against Saudi Arabia's advice, but the fight is far from resolved.

Iran. Iran's oil production has climbed to over 2.7 mbd since the March 5 date of resumed exports. Prime Minister Bazargan's government has agreed to a number of direct sales agreements, bypasing the now-defunct consortium of major oil companies. The validity of these contracts, however, rests on the future stability of Iran. No one is placing any bets on that. The recent upsurge of tribal insurgencies in Kurdestan, Baluchistan, and other areas portends another round of turmoil for Iran — this time more devastating than when Khomeini seized power from the Shah.

The Iranian daily *Kayhan* has warned that the country may become a new Lebanon at the hands of foreign agents provoking such insurgents. Inside Iranian sources confirm that both the tribal unrest, challenging the central government's authority, and the ultraradical elements around the Ayatollah Khomeini are tied through various intelligence conduits to Israeli and British intelligence. The most prominent personage involved is the Deputy Premier for Revolutionary Affairs Ibrahim Yazdi who is associated with French radical terrorist and environmental circles allied to Jean Paul Sartre and Pierre Vigier (a leader in the 1968 French student upheavals). This faction is fighting to impose a ceiling of no more than a 3 mbd output for Iran, half the prerevolutionary levels.

There is an intense fight going on between Yazdi and nationalists in the Bazargan government over oil policy. Khomeini himself has ties to the Muslim Brotherhood through the Pakistani Jamati Islami and networks in Libya and Algeria. George Ball's forecast last week in the *Washington Post* of Iran becoming another Lebanon is not Ball's personal prediction. The forecast came through his affiliations with Zbigniew Brzezinski, the U.S. security chief, and top Zionist lobby interests who are forecasting a live scenario for fomenting Mideast instability along the lines of a formula drawn up by Princeton University Professor Bernard Lewis, a Britisher by birth with well established ties to Israel and the Zionist lobby.

Iraq. The recently concluded secret agreement between the erstwhile leftist Iraqi government with the conservative Saudi Arabians has changed the political geometry of the Mideast. But numerous Arab watchers feel that the Iraqi Baath leadership may be hit by Kurdish insurgency on the Iranian border. The Iraqi Communist Party which backs the Kurdish insurgents has condemned the Saudi-Iraqi alliance. Iranian press sources report that in late February Iraqi military planes strafed Kurdish regions to put down violence.

Libya, Algeria. Both the ascendency of Khomeini in Iran and the recent death of Algerian President Boumedienne have shifted the political geometry in this region, making these countries more vulnerable to the Muslim Brotherhood. In the last month, two pro-European cabinet ministers have been dropped from the two governments: Algerian Foreign Minister Bouteflika and Libyan Prime Minister Jalloud, a powerful moderating force. In both countries, the new orientation is toward the "rule of the masses," evidencing the influence of Khomeini. Only this week the two countries concluded talks with London on imposing price hikes on their high demand light crude of up to $5.00 a barrel.

Nigeria is reportedly going along with such proposals and, like Iran and Iraq, has been hit with threats of tribal insurgencies. There is a very strong and growing Muslim Brotherhood component in Nigeria. Indonesia, which announced a production cutback, has also experienced an upsurge of Muslim Brotherhood activity.

Venezuela. The new government of President Herrera Campins has announced its intentions to impose a $1.72 a barrel price hike for the second quarter of 1979. A recent editorial which appeared in the New York Spanish-language daily *El Diario* states that Venezuala sees its interests increasingly within the Western Hemisphere, a heavy hint that it may be shifting away from an OPEC orientation.

The Carter Administration, backed by the Zionist lobby, has been pressing both Mexico and Venezuela to submit to a Western Hemispheric oil marketing arrangement, one which would require the busting of OPEC. Venezuela has traditionally played a powerful role within the cartel mediating between the price hawks and the moderates. A preliminary look at the new government indicates that role may now be in jeopardy. Herrera Campins is under tremendous pressure at home to adopt a price hawk posture, something that former President Carlos Andres Perez consistently resisted.

— *Judith Wyer*

Mexico, EC, OPEC to challenge oil hoax

When the European Community (EC) heads of state meeting on March 12 endorsed both Saudi Arabia's call for a world oil producers-oil consumers conference and the long-standing Mexican proposal for institutionalized global consultation on energy, a major step was taken toward formation of an international force powerful enough to challenge the London-sponsored hoax of a "world energy crisis."

Now, according to Mexican sources, the EC is preparing to establish official contact with the Organization of Petroleum Exporting Countries (OPEC) to work out details on the proposals, probably before the March 26 OPEC summit. It is expected that the world energy conference could be scheduled within three months.

The combined Saudi and Mexican proposals go far beyond answering the immediate oil crisis hoax. The Saudi proposal is conceived as the continuation of the 1976-77 North-South talks in Paris, and would encompass all aspects of raw material supply, not just energy. The Mexican proposal, keyed to a United Nations framework, calls for international agreements in the production and distribution of oil so that the resource becomes "inseparable from development" within an advancing new world economic order. The Mexicans equally stress the need to rapidly develop alternative energy technologies and place them at the disposal of the developing sector.

But unless, in the short-term, the Mexico-EC-OPEC axis can successfully counter the "bust OPEC" strategy being pursued by London and Washington, deepening contrived energy shortages and price hikes will so destabilize the world political and economic picture that the Saudi and Mexican proposals have little chance of becoming reality.

Rotterdam and Petronor

This is the significance of the EC heads of state decision to "gather precise and clear information on what illegal actions are being performed by oil companies in Rotterday and elsewhere." Rotterdam is Europe's biggest spot market for crude and, since the beginning of the year, has been the speculative playground of trading companies fronting for the two British companies which have been calling the tune for the Seven Sisters as a whole: British Petroleum and the Royal Dutch Shell.

A step in the same direction was taken by Mexico and Spain March 10, when they announced that negotiations for the Mexican national oil company Pemex to acquire 33 percent of the Spanish Petronor refinery at