

Arab oil-producers using oil as a weapon for development

Declarations—largely blacked out from the U.S. press—by leaders of the Arab oil-producing nations confirm that a far-reaching set of political and economic agreements between the Arab world and the European Community is nearer than ever to finalization. The agreements will ensure long-term supplies of OPEC crude oil in exchange for European technology and development assistance.

The Arab offer is also open to the United States—if Washington reverses its current monetary, economic, and Mideast policy toward acting to industrialize the developing countries. That message was brought to the United States this week by the Secretary General of the Arab League, Chedli Klibi, who informed U.S. businessmen of the Arab world's aspirations for cooperation and energy development.

The key diplomatic players in the negotiations to shape the Euro-Arab oil-for-technology agreement include on the Middle Eastern side, the governments of Saudi Arabia, the United Arab Emirates, and Iraq. Their European counterparts are the governments of French president Giscard d'Estaing and West Germany's Chancellor Schmidt.

Both sides are cognizant that critical economic and political problems must be solved to insure Euro-Arab cooperation.

First, both blocs are working for an alternative Mideast peace policy to Washington's provocative Camp David separate peace. Iraqi Foreign Minister, Saadoun Hamadi this week affirmed that the Arabs "have friends in the world who need to have their oil supplies ensured. We must provide them with what they need and we expect to have their support where our political cause is concerned." The political cause he was referring to is recognition of the PLO.

Second, the two blocs recognize that the control of world oil markets enjoyed by the oil multinationals must be undercut, and that the center for speculation on oil prices, the Rotterdam spot market, must be disciplined. Many oil-producing nations within the cartel have begun to redirect their oil sales away from the multinationals and toward state-to-state direct sales. There are also agreements by the consuming nations to aid OPEC nations in building refining, transport, and marketing

facilities independent of the multinationals.

Third, the world monetary crisis is seen by both the Arabs and Europe as the urgent reason for monetary reform through the remonetization of gold to be institutionalized through the newly formed European Monetary System. Arab producers with large surpluses, notably Saudi Arabia, the United Arab Emirates and Kuwait, have had numerous consultations with both France and West Germany on monetary reform. Two weeks ago a meeting took place in France of French government officials with OPEC oil ministers. According to European sources at last month's OPEC finance ministers meeting, the Arab OPEC (OAPEC) met privately to discuss monetary reform through gold. The West German trade journal, *Handelsblatt*, Oct. 8 reported that the head of OAPEC, Ali Attiga, last week called for a Euro-OAPEC fund of \$25 billion as the beginning of a revenue pool for Third World development. A summit between the EC and OAPEC is slated on energy and economic matters for some time this month.

The way to avoid war

Peace is one of the major concerns of the Euro-Arab dialogue. In a speech delivered two days ago in Vienna at the second annual OPEC-sponsored seminar on future world oil markets, United Arab Emirates Oil Minister Mana Saeed Oteiba urged producer-consumer energy cooperation or "oil will burn." "If there is another world war, it will be over petroleum," declared Oteiba.

In a speech two days before, Oteiba, who is also the president of OPEC and a close ally of Saudi Oil Minister Sheik Ahmad Zaki Yamani, had appealed to Europe for technology to "develop our deserts." He recalled the common cultural heritage of Europe and the Middle East arising from the Arab Renaissance in the Middle Ages, and urged Europe "to intervene right now" against "the threat of war."

Speaking at a conference on Saudi Arabian development this week, Yamani stated that his nation would supply Europe and Japan with adequate energy, "to help our friends and also to assume responsibility toward world demand" for petroleum. In a special

telegram to an international energy symposium signed by the Saudi oil minister, Saudi Arabia for the first time endorsed fusion nuclear power as "the best alternative energy source for the future."

Targetting the multitis

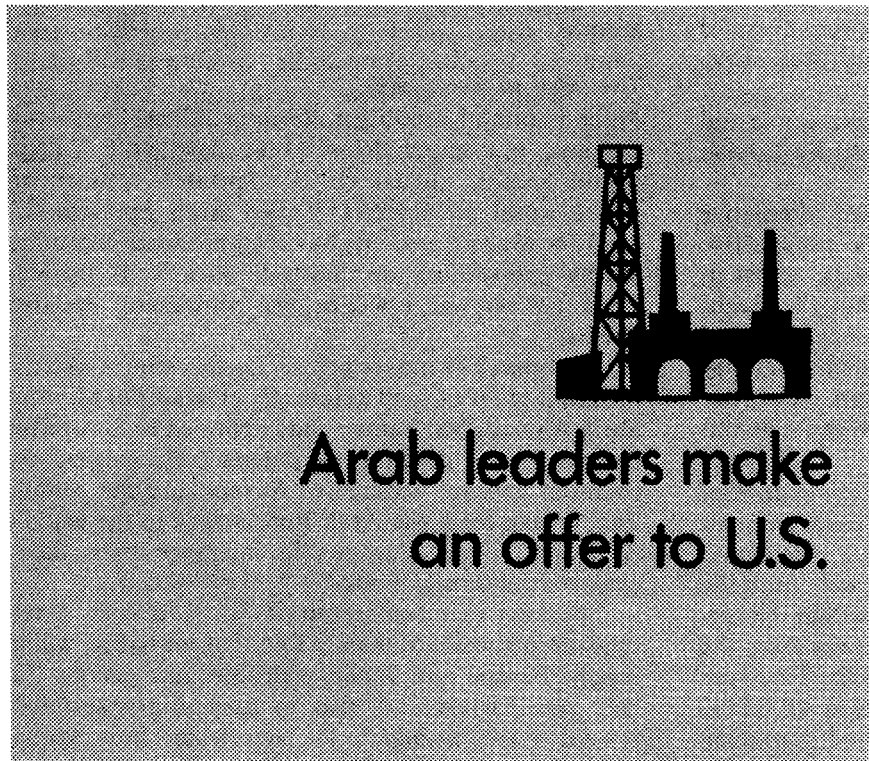
In the last six months, OPEC nations have begun to set state-to-state or direct sales agreements to consuming nations in Europe, the developing sector, Asia, and the East bloc. At the same time, marginal cuts in contracted oil sales to the multinational companies have been made. OPEC and Europe, with France playing the critical role, are also acting to impose restrictions on oil pricing speculation through international spot markets. While France's proposal to this effect was not approved by the seven industrial nations at the Tokyo summit last June, an agreement was subsequently reached to create an international agency to monitor all oil sales to expose market manipulation and oil profiteering. Last month Yamani told a visiting Danish economic delegation that he was in favor of the measure.

Since the "Islamic Revolution" in Iran, many OPEC producers have made sizable production increases, more than offsetting the shortfall of crude caused by the

Iranian export cutbacks. At least five of the 13 OPEC producers, who have always depended upon multinational oil companies for marketing, are beginning to shift sales toward state-to-state deals bypassing the multitis.

Libyan Oil Minister Ezzedin Ali Mabruk this week announced that his country has canceled some oil supply contracts beginning Jan. 1, but would continue supply contracts with companies and countries willing to make investments for oil exploration in Libya. The announcement came after a visit to Libya by Saudi King Khalid, and echoes a similar move the Saudis made last year toward the multitis. Shortly thereafter, Libya announced its first state-to-state deal with West Germany. Libya's North African neighbor, Algeria, has also announced cutbacks in sales to the majors, in favor of shifting to direct sales to Europe. Nigeria recently broke a 300,000 barrel-a-day sales contract with British Petroleum, and has since signed numerous state-to-state contracts, including ones with Sweden and Portugal.

The particular danger for the U.S. with respect to Libya, Algeria, and Nigeria is that they supply the highest percentage of their output to U.S. markets; now their oil is gradually being diverted to markets elsewhere. The amount is small at the moment, but it serves



Arab League Secretary General: Blackmail is not our policy

This is an excerpt of a speech by Chedli Klibi, Secretary General of the Arab League, before the U.S.-Arab Chamber of Commerce in New York:

Public opinion in the United States is an important factor in the formulation of policy; that is why the Arab League will endeavor to strengthen its representation in the United States and its information offices. We are conscious of the fact that changes will not take place quickly or suddenly, but it is important that we persevere in the pursuit of interpreting, regularly, and continuously, Arab perceptions of the issues and matters of mutual concern...

Let it be stated without any equivocation that whatever economic sanctions the Arab League sponsors, under no circumstances do the

as a warning that the OPEC nations may begin to slowly delimit the amount of oil this country receives because of Washington's failure to support the dollar or a viable Middle East policy.

—Judith Wyer

How the Arabs are guaranteeing security

In an interview with *Executive Intelligence Review* on Oct. 2, an Arab military strategist expressed the view that the oil-producers of the Arabian Gulf area are threatened by a "triangle" of Iran, Oman, and Israel which, backed by the United States and Britain, is targeting the oil-producers for destabilization. Iran's "expansionist designs," Oman's "negotiations to allow the United States base rights," and Israel's "open talk of military intervention into the Gulf" add up to a "significant challenge to the oil-producing countries," he said.

Since then, with Iraq in the lead, the Arab Gulf states have acted to defuse the dangers of crisis in the Gulf. The most comprehensive statement was a letter to the editor of West Germany's *Frankfurter Allgemeine Zeitung* by the Iraqi ambassador to Bonn in response to an article by *Zeitung* military correspondent and International Institute of Strategic Studies member Adalbert Weinstein which had called for NATO preparedness in the Gulf.

"What has NATO got to do with oil?" the ambassador wrote. "All responsible people should act with resolve against the danger which many—including Weinstein—cause for international relations when they want to launch military crises instead of solving economic problems. Strategic fire-brigades, Atlantic armies or marine forces deployed in the Indian Ocean—to protect the oil fields?

"My country, for example, is working intensively to achieve a new world economic order in which all nations can use materials and products in a way that is just for all. I think that such concerns should be enriched by worldwide initiatives and discussions. Despicable sabre-rattling such as that coming from Adalbert Weinstein ought to be ruled out."

Iraq has also circulated an official government

Arab states harbor any notion, policy or practice of discrimination on the grounds of creed, color, or ethnic background. Discrimination does not only run against our policies, interests, and principles, but also against the ethical and moral values of Islam that lie at the roots of Arab civilization. Any attempt to project sanctions, as if intended against people of the Jewish faith or persuasion, is not only untrue but it insults the humanist content of Arab nationalism and the Arab national character.

I have dealt on some problematic aspects of our relations because we are eager to develop and nurture further the friendliness between our two peoples. Only when we are conscious of the problems are we able to realize the potential for achievements. Relations between our two peoples have been, in many instances, close and indeed intimate. The pioneering experience of building this great country has been a source of inspiration

to the various anticolonial struggles in the Arab nation. The thrust for an integrated society, irrespective of race, religion or color, has been an example of sociopolitical humanism worthy of study and emulation. That is why at times we are surprised that price is a collective decision by members of OPEC which include Arab oil-producing countries but which are not exclusively Arab. This fact is known but the way it is projected smacks of a deliberate attempt to deflect the objective study of energy problems into a condition where "the Arab is made the scapegoat" and the energy problem "becomes a crisis."

Why is this being done so systematically and deliberately where as you know that the economic opportunities provided to the United States in the field of trade, investment, commerce, telecommunications have been made available and many of our markets accessible. Why

is there this continued attempt to assume that we are in any way attempting to "blackmail" when in fact we seek to synchronize our economic and financial policies to the legitimate quest for stability and progress in economic relations?

UAE Oil Minister: we will produce oil, but peace must be achieved

Last week a meeting of representatives from Europe and the Arab world held a conference in Rimini, Italy, on "Europe and the Arab world." At that conference, the oil minister from the United Arab Emirates, Mana Saeed Oteiba, delivered a speech which was the high point of the meeting. Here are excerpts:

Within a few weeks the Arab gulf states will meet to prepare for the
Continued on page 38