

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

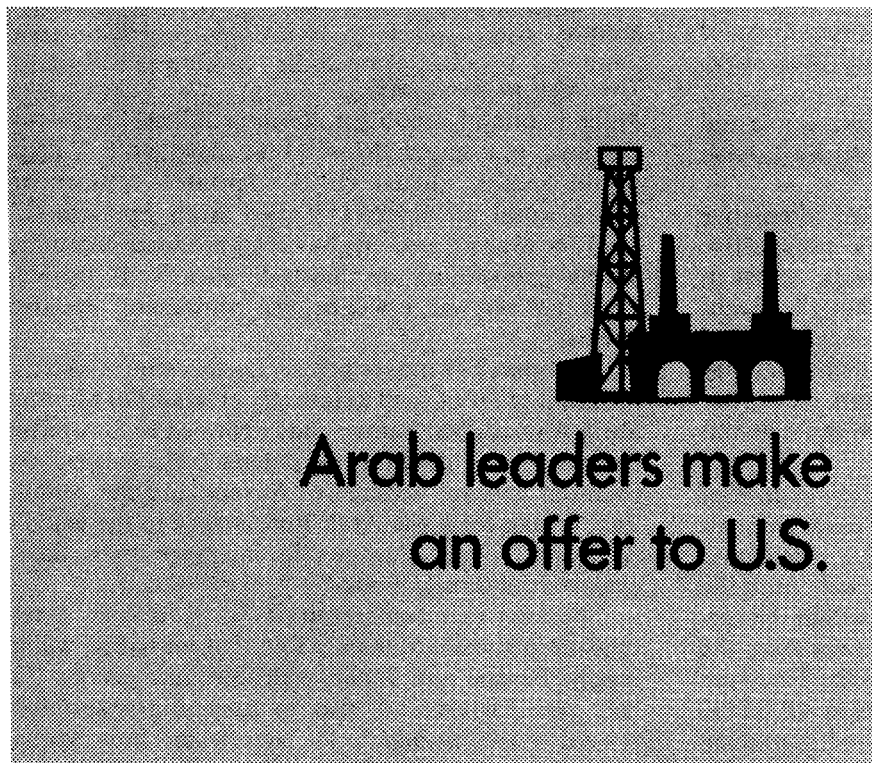
In the last six months, OPEC nations have begun to set state-to-state or direct sales agreements to consuming nations in Europe, the developing sector, Asia, and the East bloc. At the same time, marginal cuts in contracted oil sales to the multinational companies have been made. OPEC and Europe, with 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
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proposal to its Arab neighbors in the Gulf for the formation of a "joint Arab force" to neutralize the threats from Oman and Iran. According to a report in the Oct. 5 *Christian Science Monitor*, this proposal was behind the tour of the Gulf made by Iraqi Defense Minister Khairallah. A joint Arab force is only phase one for a "regional security pact" comprising Iraq, Kuwait, Saudi Arabia, the United Arab Emirates, Bahrain, and Qatar.

Those European military strategists informed of the Iraqi Defense Ministry proposal estimate that the plan means a Soviet and/or Soviet-European "nuclear umbrella" over the Arab oil-producing states, given Iraq's close ties to both the Soviets and the French. Any NATO move into the Gulf would thus cross the threshold of a nuclear shoot-out between the superpowers.

Taking on the Muslim Brotherhood

Since the end of September when Iran's rulers threatened to destabilize Gulf governments, the Arab regimes have for the first time exposed the threat that Khomeini represents and have taken effective security measures.

One newspaper in Bahrain has editorialized that Iran is "using a pro-Palestinian cover but is bent on destabilizing the regimes of the region, which will only

reinforce the Zionist forces." Official Iraqi government papers have called Khomeini "the new Shah." Kuwait's *Ar Rai Al Aam* last week attacked the Iranian government for trying to "establish an empire through Islam and to rob the Arabs of their religion."

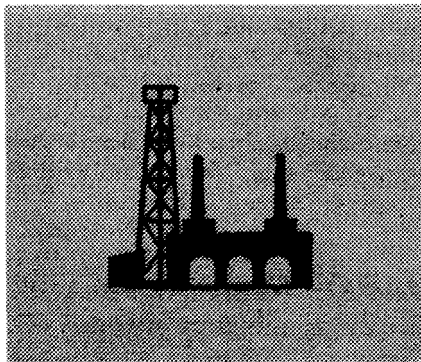
These comments converge on the evaluations of Khomeini made by this publication in reports throughout this year.

During the week of Sept. 24, the governments of Kuwait and the United Arab Emirates expelled dozens of Khomeini agents from their countries, including family members of ayatollahs close to Khomeini.

When destabilization moves peaked against the nation of Bahrain, the entire Arabian peninsula rallied to its defense. In quick succession, the Iraqi defense minister, the foreign minister of Saudi Arabia, the commander of the Kuwaiti Navy, the chief of Kuwaiti security, and several other Arab delegations visited Bahrain to demonstrate their support against the Iranian threat.

During the same late-September period, almost every Arab Gulf country attacked Oman's proposals for Arab cooperation with NATO to "protect" the sea lanes in the Gulf.

—Mark Burdman



Arab offers continued

coming dialogue with the European Economic Community. I will just make clear some points on the main issues that will be discussed.

1. Trade: the Arabs need a liberalization of the trade with the EEC. We are not just producing oil, we also are producing petrochemicals and gas and this trade should be based on "laissez passer."

2. The Gulf states have industrial plans for many sectors; we need

markets. Europe has markets and probably similar production projects so we need to coordinate to avoid a common loss. Europe is now importing oil, in a few years it will import many other products. We have enormous common interests, industry, agriculture, communications, etc. We have deserts, Europe has agricultural lands. We need water. It can only come from desalination.

3. The oil aspect is the most important. We need someone that buys our oil. We cannot drink it. Our Western friends know that we want to produce at reasonable prices. Our present production is much higher than internal consumption, so we have the problem of having surplus money that we now put in banks with interest, but we want to invest. ... We do not want to negotiate prices and quantities for reasons of national sovereignty. The time when single industries were exploiting our resources is coming to an end. We want

relations among equals. Prices can be discussed only if the EEC wants to discuss its prices. ... We have to look for a plan for the future. A new world economic order is needed. The modern European technology is necessary to develop our countries, to increase the standard of living, to process raw materials.

There are very many problems that can be solved in any field. This effort occurs between two very old cultures. We are in a very important country, which produced an important culture for the whole world.

4. But there is the political aspect which is even more important. If there is no political agreement there can be no economic agreement. These are two aspects of the same problem. Europe has to understand our problem and consider our stand. We want a just solution to the Palestinian problem. We are asking the Europeans to participate in finding a solution with morality to the Mid-

Who is making oil prices skyrocket?

The governments of Great Britain and the United States are cheerfully predicting a new oil crisis that will force a slowdown of the world economy. Unlike the outlook of leading OPEC moderates and Mexican President Lopez Portillo, the Anglo-American oil interests have announced loud and clear *their* intention to use their leverage in world oil markets to drive up the price of oil to force . Their purpose? To force austerity on the world economy and ruin the efforts of the Europeans and their OPEC partners to reform the troubled Bretton Woods monetary system.

According to the *Washington Star* Oct. 10, industry sources estimate that up to 25 percent of all oil traded on the world markets is substantially higher than the average \$20.48 price for OPEC crude. The article asserts that given this new reality, OPEC prices "mean less and less these days" in calculating future fuel costs. With a

two-tier pricing system presently operative within OPEC by which Saudi crude sells for a lower price than that of other cartel members, the *Star* states that there is not a third tier of even higher costs prompted by a high volume of short-term speculative buying and selling on international spot markets and third party sales between oil traders and the multinational companies.

Oil sources indicate that OPEC will most likely have no choice but to raise its prices at the mid-December price-setting meeting, if the current speculative spiral continues. This week Mexico and Kuwait enacted a \$2.00 a barrel hike in its crude. Sources in Mexico City say the action was necessary to forestall the use of Mexican high demand oil in the speculative markets. Another OPEC price hike, no matter how high, can be expected to elicit cries of "greedy" OPEC.

This week British Petroleum released a report entitled "Oil Crisis—Again?" BP declares that the "energy crisis is here, we have to choose between foregoing economic growth or starting to grow without more oil." The *Financial Times* Oct. 9 also quotes British Prince Charles urging greater restraint on oil consumption. The BP report especially criticizes the United States for its "over-consumption" of oil, echoing a recently released study from the Ford Foundation enti-

east conflict. We are asking that Europe recognize the Palestinian people. We are ready to give all the oil that is necessary, but peace has to be reached. The region is inflammable. If the region explodes, there will be no oil for anyone.

Saudi Foreign Minister: need for new int l economic order

These are excerpts of a speech before the United Nations General Assembly's 34th session by Saudi Arabian Foreign Minister Saud al Faisal, Oct. 4:

As the kingdom of Saudi Arabia establishes its economic system on rational Islamic bases, it works diligently to incorporate these concepts in its international economic policies. It therefore endorses the system

of free enterprise and rejects intimidation, exploitation, and blackmail in all their forms.

In its diligent endeavor to contribute to any international effort towards achieving stability, Saudi Arabia reiterates its hope and desire for establishing a new international economic order more conducive to bringing about equity and respect for the rights of both the developed and developing countries, and to provide the necessary means of establishing a dynamic and balanced relationship between economic growth and political stability in all nations, particularly in the developing countries.

Accordingly, the kingdom of Saudi Arabia spared no effort in achieving this objective. In all international forums, it has pursued, and is still pursuing this objective, hoping that the dialogue would be in the same constructive spirit that prevailed in the previous special sessions

of the General Assembly, and the Paris Conference on International Cooperation, as well as the United Nations Conference on Trade and Development held recently in Manila. At this point, I would like to emphasize that my country is prepared to take part in any international effort to resume the dialogue in these fields in accordance with the aspirations of the members of this organization....

Our interests demand of us to evolve a formula that aims at cooperation and succeeds in breaking the vicious circle. It calls upon us to acknowledge that the attainment of desired economic goals of progress and prosperity for the international community and justice and equity for the developing countries in particular is a joint responsibility that involves everyone.

In this light, it should be admitted that the voices that are intermit-

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tled "Energy: the Next Twenty Years," which calls for belt-tightening in the United States because of rising energy costs.

Former Department of Energy Undersecretary John O'Leary is also featured in a newly inaugurated column in the *Financial Times*, "The Oil Shortage Column" predicting that oil prices will climb to \$40 a barrel by 1985.

As with the oil crisis of early 1979, today the British and the multinationals are again provoking a new price spiral. This week the British National Oil Company raised its prices on advanced sales above the \$23.50 a barrel ceiling. Then Mexico and Kuwait raised prices.

According to the *Petroleum Intelligence Weekly* of Oct. 8, a number of multinationals have begun to tack on premiums of up to \$8 a barrel in third party sales—sales of oil between oil companies and traders. *Le Monde* Oct. 9 reports that these premiums are being applied by the oil companies because of their anticipation of another OPEC price hike. Moreover, *Le Monde* reports that Shell, Exxon, and Gulf are known to have been purchasing Iranian crude on the spot market at prices as high as \$36.50, which has contributed to the current pricing spiral in the international markets.

The noted Mexican columnist Manuel Buendia in *Excelsior* Oct. 10 attacked Iran for feeding the specu-

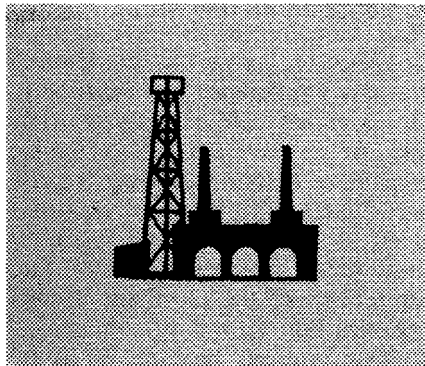
lative pricing spiral. Mexico has repeatedly stressed it will not sell oil on a spot basis, in order to delimit speculation.

The Iranian regime of theocrat Ayatollah Khomeini on the other hand, has admitted to selling up to 10 to 15 percent of its oil exports by means of spot sales. Iranian Deputy Economics Minister Ebrahimzadeh made this fact public last week after a seminar of the Revolutionary Council on economic and oil policy.

Last week, speaking at an OPEC-sponsored seminar on future world oil markets in Vienna, British Energy Minister Howell stated that a new oil crisis is "not possible but probable." He warned of future shocks to the world economy due to the increasing instability of Mideast oil. Howell was referring to the instability in Iran since Khomeini's rise to power and the pressures his regime has exerted on the region.

What Howell, of course, did not say is what this magazine has repeatedly reported; through numerous conduits such as the Bertrand Russell Peace Foundation, it is the British that control vast segments of the Iranian regime, particularly in the oil-producing Khuzistan region, where a terror wave at oil installations has recently erupted.

—Judith Wyer



Arab offers continued

tenly raised that accuse the members of the Organization of Petroleum Exporting Countries for the fluctuation and disarray in the international economy are far removed from the truth. As a matter of fact, energy constitutes only a part of the world economic system, and even at that, the OPEC countries have assumed

and still are assuming their full responsibilities in this respect. The industrial advanced countries, both Western and Eastern, should also shoulder their full responsibilities toward the world economy in general, and the developing countries in particular.

Iraq Foreign Minister: call for an international development fund

Below are excerpts of the speech delivered by the Iraqi Foreign Minister Saadoun Hamadi last week at the 34th session of the United Nations General Assembly:

With a sense of responsibility, Iraq took the initiative of proposing the establishment of an international

fund to assist the developing countries in financing the effects of inflation, a fund to which the developed countries, regardless of their systems, would contribute to the fund on the same basis....

We wish to reiterate our firm position that whether inside the United Nations or elsewhere, problems of energy should be appreciated within a comprehensive framework designed to tackle all principal problems of international economy... in this context of the international economic order.

All attempts to use the energy problem in order to threaten the developing countries have thus far met with failure, because the developing countries have maintained their unity and determination, to adopt a comprehensive approach in all discussions of international economy.