

Giscard's Mideast trip: a way out of the mess

by Philip Golub and Vin Berg

The international community, with French President Valéry Giscard d'Estaing in the lead, is slowly but surely awakening to the reality of the international situation. An unusual combination of Carter administration blunders and French diplomatic action to stabilize the Persian Gulf-Mideast region has radically altered the course of international affairs in a matter of weeks.

Giscard's design, to found a "third force" in world politics, a new nonaligned bloc stretching from Central Asia through the Middle East to the southern-most parts of Africa, is closer to realization today than at any time in past years, partly impelled by the depth of the global strategic crisis itself. Carter bungling has so deepened that crisis that decisions that were merely possible yesterday are imperative today.

What West German Chancellor Schmidt politely termed the Carter administration's "incalculability," i.e., insanity, has produced what is unquestionably the vastest U.S. policy debacle in the postwar period. Continental Europe, the Middle East nations, the Persian Gulf, Central Asia and Africa have been wielded into a single voice by the French President, denouncing the Carter administration's heavy handed efforts to draw others into a Soviet-American conflict.

Giscard d'Estaing achieved a truly extraordinary degree of success on his tour of nations in the Persian Gulf, perhaps the most unstable and explosive area in the world. Giscard visited the region with a global perspective, linking monetary reform to political and military considerations, and addressing the war dangers in the region from the standpoint of its need for economic development. The solution to outstanding political prob-

lems, led by the Palestinian question, requires political agreements and security guarantees, but these can remain stable only to the extent that they are linked to large-scale "North-South" technology transfer to develop the Third World nations in a codetermined fashion.

French thinking

Numerous specific Franco-Arab agreements were signed relating to state-to-state oil sales, oil-for-technology agreements, and in the political and military fields. The essentials of French thinking, however, can be summarized as follows:

- Central Asia, flanked on its east by a stable and strong India and on its west by OPEC, can be secured by working out an overall political and economic program for all states.

- Pakistan and India must be developed simultaneously, with special emphasis on providing Pakistan with sufficient aid to free it from its current reliance on the United States and China—a major step toward permitting Soviet withdrawal from Afghanistan.

- A "trialogue" leading to "triangular development" agreements between Europe, the Middle East and Africa must be inaugurated; a "European Monetary Fund," phase 2 of the European Monetary System, pooling European gold reserves and Arab petrodollar "deposits," can extend billions in credits for large-scale, high-technology development projects in the OPEC and African nations.

To date, even as Giscard toured, Pakistan said a loud "no thanks" to U.S. offers of military aid. India endorsed Giscard's perspective and began cooperating with the



Giscard d'Estaing with the Emir of Kuwait.

French President's peace-making efforts during his state-visit to New Delhi in late January. The OPEC member-nations Giscard has visited, one by one, have jointly communicated their approval of the "trialogue" concept. West Germany is publicly supporting him, and the Soviet Union has indicated that it views the development positively. The preconditions for the grand design have essentially been fulfilled.

"Three brilliant partners"

Giscard's own perceptions of the impact of his ten-day tour, which culminated in powerful Saudi Arabia, were expressed at a press conference as follows: "This will be a re-encounter of three of the most brilliant partners of our civilization. It does not aim to suppress other forms of dialogue (such as the North-South dialogue), but to expand and make specific these already existing forms."

In short, France will be the vehicle that finally gives expression to the nationbuilding aspirations of the Arab and African states so long suppressed by Anglo-American domination, reviving the tradition of scientific excellence embedded in Middle Eastern humanism and the Moorish culture of North Africa and Spain. In so doing, France offers an excellent example to the United States of the way out of the disaster into which Carter zero-growth policies have led the nation and the West as a whole.

Giscard won the support of the Arabs early in his

Franco-Arab trade deals: naptha to nuclear plants

The following trade and cooperation agreements were reached between France and Middle Eastern nations during Giscard's tour of the region.

Kuwait. France and Kuwait signed a cooperation agreement for joint investments into France, Kuwait, or third countries, with special emphasis on oil exploration, refining and petrochemicals. To begin cooperation, agreement was reached for the construction in France of methanol and urea plants by a joint company of Kuwaiti financiers and the French CDF-Chimie (the latter with 51 percent).

The Compagnie Francaise des Petroles (CFP) and Elf Aquitaine who up to now bought Kuwaiti oil through Shell and British Petroleum are now authorized to buy oil directly in a state-to-state agreement.

Bahrain. Cooperation agreements were signed, notably involving Electricité de France (EDF), to develop and modernize its production and distribution installations. The French National Geographic Institute is negotiating with Bahrain's Housing Minister.

Qatar. André Giraud reached an agreement with Qatar on research into new forms of energy and ways to fight pollution. The French Trade Minister Deniau helped establish a joint company for the development of Qatar's agriculture. CDF-Chimie will be supplied naptha for its petrochemical installations in France.

United Arab Emirates. France and the Emirates signed an agreement to study "the nuclear production of electricity." In Abu Dhabi, France will build a center for the control of offshore installations, and through the French Oil Institute, IFP, France will train engineers and technicians.

France will cooperate in the development of fruit and vegetable "hot house" culture as well as aquaculture.

Jordan. The joint Franco-Jordanian communique states that: "They (Giscard d'Estaing and King Hussein) are particularly interested in industrial projects concerning exploration, exploitation and development of oil and mining resources, the production of fertilizers, electricity and cement, as well as the auto industry. The two parties declared themselves ready to develop the cooperation launched in the domain of telecommunication.

tour when in Kuwait, he dropped a diplomatic bombshell on the moribund Camp David treaty—or rather, secret military alliance—by announcing French support for Palestinian “self-determination.” He subsequently made it clear that he means for the international Palestinian diaspora, featuring a very high percentage of well educated intellectuals, to return from abroad to build a Palestinian nation-state. Camp David, already a policy-wreck, was thus officially buried to the applause of every nation in the region except Israel. On March 8, even Egypt, which signed away Palestinian rights in the pact with Israel, was praising the French initiative.

Carter’s reversal of the U.S. vote at the United Nations last week condemning Israel’s West Bank settlement-policy wiped out the last hope that London policy-makers had of regaining some influence in the Middle East. The Anglo-American faction was left high-and-dry as France carried out its diplomatic victory. The phrase commonly heard by the time Giscard’s trip was only half over is: “France has inherited the Gulf.”

The war with Volcker

The long-term implications are summarized in the “trialogue” approach. Yet, even in the short-term, the effects of Giscard’s success can be enormous.

For one thing, the European Monetary System nations’ excellent positioning for the receipt of Arab “petrodollar deposits” after Giscard’s tour gives the continental powers a much stronger hand in the “interest-rate war” launched against them by Jimmy Carter’s Federal Reserve Secretary, Paul Volcker. With a U.S. budget deficit now being unofficially placed at \$150 billion or more, Volcker has striven to attract petrodollars from the OPEC nations by driving up the interest rate on U.S. government securities, forcing Europe to follow suit. That must have a dampening effect on Europe’s policy-intention of “recycling” petrodollars into low-interest development-project lending to Third World nations—unless Europe were able to offer petrodollar holders like Saudi Arabia *gold guarantees* for lower interest rates on their deposits.

It cannot be lost on observers that Giscard d’Estaing, now so popular with the Saudis and others, is the same man who has promised to introduce proposals to return the world monetary system to a gold-standard at the coming Vienna economic summit in April. Otherwise, the details of Giscard’s discussions in Riyadh remain out of public view.

It was perhaps in Jordan, however, that Giscard best expressed the purpose and significance of his talks with the Arab world. “With the institution of peace . . . , what exceptional development opportunities will suddenly unfold for all the peoples of this region!”

The Franco-Jordan communiqué

Below are excerpts from the joint communiqué issued by Valéry Giscard d’Estaing and King Hussein of Jordan on March 10, 1980.

... The official conversations which the President of the Republic and His Majesty the King had during this visit took place in a spirit of friendship, confidence, mutual respect and total comprehension...

The two heads of state placed the question of the Middle East and the situation in the region as foremost among their concerns, and devoted considerable attention to it. They agreed that the delicate and grave situation of the region constitutes a threat to peace and security in the world, and that it is necessary and important to find a global and just settlement to the Middle East crisis. They affirmed that the goal of this settlement is to ensure and guarantee the establishment of a just and durable peace for all the people of the region and that this peace is of vital importance for the security and independence of these people and for their economic and social development.

The two heads of state...noted that the international community is now conscious of the necessity of finding an international solution to the Middle East crisis based on the charter of the United Nations, on the resolutions of the Security Council and therefore on the following principles: Israeli withdrawal from Arab territory occupied in 1967, recognition of the legitimate rights of the Palestinian people, including its right to a homeland on these territories, and recognition of the right of all the states in the region to live in peace within safe, recognized and guaranteed borders.

The two heads of state recognized the central character of the Palestinian problem. They expressed their conviction that this problem is not a problem of refugees, but that of a people which legitimately aspires to exist as such, and which must be in a position to exercise its right to self-determination in the framework of a peace settlement.

The two heads of state agreed to mobilize all their efforts so that the path towards a real peace will be opened. They feel that the principles of global settlement are valid for all the parties concerned. The latter must therefore be associated with the negotiations, notably the

Palestinian people, which implies participation of the Palestine Liberation Organization...

The President of the Republic and His Majesty the King were pleased to note the convergence of their views on the major international problems and expressed their concern over the tensions recently cropping up in various regions of the world. They stressed their common attachment to the principles of independence, sovereignty and territorial integrity of all states. At the same time, they stressed that the relations between states must be based on:

- reciprocal respect, in conformity with the principles which must govern international relations, and in particular, those which are contained in the United Nations charter,
- non-interference in the internal affairs of other states,
- cooperation with a view to safeguarding international security and peace, in order to reinforce the right to security of all states through the development of consultation in a constructive spirit.

The two heads of state came out against all foreign interventions and interference which threaten to undermine security and peace in the world. They expressed their concern over the situation in Afghanistan, as well as their hope of reaching an acceptable formula which would create the proper climate to permit the Muslim people of Afghanistan to freely decide their own destiny.

The two heads of state agreed that the Euro-Arab dialogue offers considerable possibilities in the common interest of the European Economic Community and the Arab countries, and they affirmed the necessity and the urgency of deepening it.

His Majesty the King expressed his satisfaction and his active support for the initiative of the President of the Republic for the creation of an Institute of the Arab World whose goal is to deepen knowledge of the Arab world and improve reciprocal knowledge of the languages, cultures and civilizations of the Arab countries and France, and through the latter, of Europe.

The two heads of state proceeded with an examination of their bilateral relations and affirmed their will to develop cooperation between the two countries. The two parties expressed congratulations for the results achieved in the field of economic relations and for the contribution made by the first Franco-Jordanian protocol signed in 1977 covering the financing and realization of the Agaba phosphate complex.

By the same token, the two heads of state expressed their satisfaction with the continuous development of this cooperation, which has manifested itself notably with the signing of the second financial protocol of June 1979 covering an important program in the field of telecommunications. The rapid execution of this accord

will give a new impulse to their bilateral relations.

Finally, the two heads of state evoked the new perspectives opening for relations between the two countries. They showed particular interest in industrial projects in the areas of prospecting, exploitation and the development of mining and petroleum resources, the production of fertilizer, electricity, cement, as well as the automobile industry. The two parties declared their readiness to develop the already-initiated cooperation in the field of telecommunications. The French party is, in addition, when the time comes, disposed to open a new loan under privileged conditions for the realization of one or more projects according to the criteria of French aid, as well as to the economic development needs of Jordan.

'What development there will be, after peace!'

French president Giscard made the following statement during his stay in Amman, Jordan:

We know how much your country has suffered from a situation which has engendered four wars in a generation. We know its desire for peace. We also know what close ties unite it with the Palestinian people which it has largely welcomed on its soil, this people whose aspiration to a motherland neither exodus nor uprooting nor years could dampen. ... The right of each state in the region to live in peace must be ensured through guaranteed and recognized frontiers...

We must recognize at the same time the true nature of the Palestinian problem. It is not a refugee problem, but the problem of a people who aspire to exist and organize itself as such. By exercising its right to self-determination, a right also universal, in the framework of a peace settlement, this people must be able to control its own destiny and to have a motherland.

Such are for France the two conditions for peace in the Middle East....

As far as she is concerned, France intends to do everything in her power, in liaison with its European partners, in the search for a peace settlement. With the institution of peace, cooperation between the people of that region would unfold such a future for the region!

... Yes, the obstacles on the path of peace must not prevent us from perceiving the exceptional opportunities for development which would open to all the people of the region, so greatly equipped with resources and talents, from the moment they accept coexistence within frontiers that would no longer face menaces.

The French press hails the French president

The French press is euphoric over the outcome of French President Giscard d'Estaing's tour of the Middle East. Le Monde, not known for its sympathy towards the president, carries a front page interview of PLO leader Arafat with the banner headline: "Giscard Has Gotten Europe To Take The First Step Towards a Settlement Of The Mideast," a quote of Arafat. Otherwise, the following are exemplary of French press comments.

Les Echos

"Apotheosis in Riyadh for the New Foreign Policy of France," Mar. 10: The trip of Giscard in the Mideast is a beautiful success for French diplomacy. It marks the return in force of France's foreign policy in that part of the world. We hope that Saudi Arabia's commitment to a \$250 billion national industrialization plan will see French technology getting its share of the pie usually monopolized by the 'anglo-saxons.'

Le Figaro

"Four Successes for Giscard," Mar. 10: The ten day trip of the President of the Republic to four states of the Persian Gulf ended in Amman yesterday with total self-

assurance, method, and care in the framework of a foreign policy that is equally balanced between the East and the West and is consistent with itself as far as the Mideast is concerned, a policy that has strengthened itself since Afghanistan, one which clearly sees its objectives and which anticipates the future.

The successes were 1)The Emirates have guaranteed France's oil supplies; 2)The prestige of France is at its highest in the Arab world and most of the Third World; 3)The phrase on self-determination for the Palestinians went far to unblock the situation; 4)The idea of dialogue with developing countries has made a gigantic step forward.

Le Matin

Mar. 11: Giscard d'Estaing, accompanied by his foreign minister Francois-Poncet, received yesterday an absolutely exceptional welcome on the part of the Saudi authorities led by Prince Fahd waiting for him at the airport. There was something very rare even for a foreign head of State—all the sons of the founders of the Kingdom of Ibn Saud who are in the government. That is: Prince Sultan, defense minister; Nayef, Interior ministry;

Saud, of foreign affairs; and Abdullah, commander of the National Guard. Even King Khaled would have come to the airport were he not ill....

Giscard had a two and a half hour private meeting with Khaled while Francois-Poncet was meeting Prince Saud. After the meeting, Giscard declared: "I have been happy to see the convergence of analysis and intentions that exists between Saudi Arabia and France."

After Giscard departed, Prince Fahd brusquely pushed aside his head of protocol—something extremely rare—to speak into a microphone, underlining that Giscard d'Estaing "is the friend of Saudi Arabia and of the Arabs, he has made very interesting declarations that left nothing in the dark, neither for the Gulf nor for us." According to Prince Saud, "Giscard's proposals have been well considered and examined. They must now be implemented. Any European initiative will be welcome and constructive, considering the ties we have with Europe."

Asked whether it would have been better if Giscard had talked about a Palestinian State, Prince Saud answered that: "Self determination is the best expression. If the Palestinians want a state, it is for them to decide."

Le Monde

Mar. 11: For the president of the Republic, the trip to Amman (Jordan) was the occasion to reshape his policy in the Mideast, a shift that was absolutely not improvised under the pressure of events, but one methodically realized. ...But he has also moved forward what is his Grand Design for the long term: the cooperation between the industrial and the developing sector through all possible bilateral and multilateral channels—the only path, he thinks, to avoid a *universal regression*.