Britain's economic-warfare experts aim to cut U.S. off from Mideast oil

by Judith Wyer

Iraq's Aug. 12 sinking of two commercial ships that were approaching Iran's oil port, Kharg Island, poses the ominous potentiality for the two-year-old war to expand into a broader conflict, and disrupt vital oil exports from neighboring states. The same day the Greek and South Korean vessels were sunk, Iraqi President Sadam Hussein declared Iran's Kharg Island and surrounding waters a military exclusion zone.

'U.S. out of the Mideast'

Less than 48 hours after this latst escalation in the Persian Gulf war, Occidental Petroleum Chairman Armand Hammer issued a statement reiterating his long-standing position that the United States should sever its dependency on oil from the troubled Middle East and make Mexico its prime source of imported oil. Hammer, an advocate of denationalization of Mexico's petroleum sector, along with oligarchical interests running the Bank of England, British Petroleum, and Royal Dutch Shell, is acting on behalf of a strategic scheme to push the United States out of the Mideast, making Mexico and South America its "Western hemispheric strategic reserve." This is a component of a grander scheme to divide the world economy into spheres of interests in which American influence in the Mideast would be lost to what, in shorthand, can be called the British.

These same interests, who control the Basel-based Bank for International Settlements (BIS) and the International Monetary Fund, are putting Mexico through a financial meat-grinder in order to break its longstanding resistance to the surrender of its oil to the United States. A financial austerity program in Mexico could unleash what New York bankers call "the Iran treatment" in Mexico. In any case, in the short term Mexico will probably waive its ceiling on exports to the United States in order to increase sales and bring in badly needed short-term cash in order to preserve internal stability. The major U.S. oil companies are waiting for the opportunity to buy more Mexican oil, but they are likely to ask Mexico to lower its price, as they did earlier this year. This presents the possibility that Mexico will have to increase its oil sales by as much as a million barrels a day, which would make it the second largest developing-sector oil producer behind Saudi Arabia.

The first sign of increased oil sales to the United States materialized in mid-August when Washington announced a $1 billion advance payment for Mexican oil to go into the U.S. government strategic reserve. Since 1977 there has been a slow but steady shift by the United States away from Persian Gulf oil towards Mexico and Great Britain. In the second quarter of this year, as Saudi Arabian oil exports began to dip to the current 10-year low, Mexico for the first time overtook Saudi Arabia as the United State's largest supplier of imported oil.

Both the financial crisis in Mexico and the worsening Gulf war are being manipulated by the British and Swiss to further their objecive of forging Eastern and Western hemispheric economic spheres of interest. The idea of restricting the United States to the Western hemisphere is not new. It originated at the end of the 19th century in London and was advocated by Winston Churchill and his mentor, the Canadian business tycoon Lord Beaverbrook.

As the Mexican crisis continues to unfold, chaos both in the Persian Gulf and on the Arab-Israeli front are calculated by London and its allies to further impel the United States, beginning with the oil companies, to retreat from the region.

Khomeini's strategy

The key asset London controls in facilitating this process in the Mideast, is the Iranian dictator Ayatollah Khomeini. At this writing, a quiet shift in the factional balance of Khomeini's inner circle is giving a group known as the Hojitai unprecedented powers. This grouping, which controls Foreign Minister Velayati and Defense Minister Salimi, advocates a full-scale assault on Iraq's capital city of Baghdad in order to overthrow Iraq's President Saddam Hussein and install a Khomeini-style Islamic regime there. Such a development would of course shift the overall balance of power in the Gulf and give Khomeini and his British backers a far stronger hand in their drive to push the United States out of the area.

Ayatollah Hashemi-Rafsanjani recently declared that Iran is preparing to deploy 1 million fighters against Iraq, and issued a very stern threat to Iraq's neighbors, Kuwait and Saudi Arabia, that it is "un-Islamic" to allow their territory to be used to ship imports to Iraq. Last month Kuwait put its military and border patrols on the highest state of alert for fear that the Iranian drive to seize Iraq's Persian Gulf port town of Basra would spill over into Kuwait.

Khomeini is expected to launch his boldest offensive yet against Iraq by early September. According to a well-placed French Mideast analyst, Iran aims at gaining "total political dominance" over the Gulf, replacing Saudi Arabia. Velayati and Khomeini have repeatedly beamed Arab-language radio broadcasts into the Arab Gulf states announcing Teheran's intention to oust the United States from, and overthrow its allies, in the region.

These fanatics are acting on behalf of the same British Petroleum and Royal Dutch Shell which helped install Khomeini as part of a strategy for returning the Gulf to the colonial status its suffered under Britain in the 19th century. Only last month did an official of the Iranian Oil Ministry declare, for the first time, Iran's readiness to re-open relations with multinational oil companies, with the exception of those based in the United States. The quiet relationship which developed two years ago when BP and Shell begin maketing Iranian oil is about to expand.

London and the oil war

Khomeini's Iran, BP, and Shell futher intend to drive the price of oil on the speculative international spot markets substantially below the Saudi price, in order to drive a wedge between Saudi Arabia and the American oil companies that market Saudi oil. Since World War II, the Saudi-American alliance established through the Arabian American oil company has been the foundation of U.S. influence in the Arab world.

Thanks primaily to British Petroleum, the volume of crude oil moving through the normally marginal spot market has increased over the past year, acting as a major factor (along with the continued depressed pattern of world oil consumption) in the downward spiral of prices. As a result the four American oil companies, Exxon, Socal, Texaco, and Mobil, which market most of Saudi crude at a price well above the spot price, have been losing up to $3 a barrel on Saudi oil. This translated into record losses for these companies in the second quarter of this year.

What will the Saudis do?

Even though the American oil companies are moving almost 4 million barrels a day less than their official contracted offtake level due to the collapse in Saudi production, they are requesting that the Saudis allow them to further drop the amount of oil they market. Last week, the Saudi-controlled *Middle East Economic Survey* issued a cloaked warning to the oil companies that if they do not increase their purchases of Saudi crude, then Riyadh was prepared to market its own crude via its state-owned oil company, Petromin. Over the past 36 months, both BP and Shell have begun to cultivate unprecedentedly good relations with Peromin.

According to a source at Mobil, "the company is taking a bath because of the amount we are losing on Saudi oil." Given the scale of losses, these companies cannot afford to market more of the relatively expensive crude, and Saudi Arabia cannot afford to market less. At an estimated export level of just over 5 million barrels a day (about half what Saudi Arabia was selling just over a year ago), the Saudis and the other balance-of-trade surplus Gulf Arab states depend upon their high oil income to fund Iraq's war against Iran. Since the second quarter there has been a sharp downturn in Saudi and Kuwaiti financial support for Iraq, thus weakening Iraq's economy and military strength against Khomeini.

Pumping well over 2 million barrels a day and selling the crude at low prices on the spot market, Iran is underselling Saudi Arabia and its neighbors, knowing it will cut into their oil incomes and erode their support for Iraq.

Behind the scenes, a faction of the Saudi royal family is reported to be talking to the Khomeini regime about a future accommodation under the guise of forming an "Islamic alliance" which would allow Saddam Hussein to be sacrificed. The key go-between in this process is a prominent courtier in Riyadh, Marouf Dawalibi, who in April was named as the "mediator" between the Arab Gulf states and Iran. Dawalibi is the former head of the elite Swiss-based organization Islam and the West, a crucial link between Khomeini's Muslim Brotherhood and the Club of Rome, a leading neo-Malthusian grouping in Europe that favors recolonization and sweeping depopulation in the developing sector.

The secret contacts between Saudi Arabia and Iran, which are also proceeding indirectly though Saudi Arabia's neighbors, Bahrain and the United Arab Emirates, are meant to shift the factional balance within the Saudi royal family towards the reactionary Muslim Brotherhood wing of the family under First Crown Prince Abdullah, who has won heightened power following the death of King Khalid in June.

Arab sources report that at present there is a fight building within Saudi ruling circles, including the Saudi Petroleum Council, over how to respond to Khomeini's overtures and the future of the Saudi-U.S. relationship. Saudi Petroleum Minister Zaki Yamani was recently rumored to have tendered his resignation in response to a plan that Saudi Arabia cut its ties to the U.S. oil companies; Yamani has been identified with the pro-U.S. faction of the family centered around King Fahd.

A source at Georgetown University's Center for Strategic and International Studies observed Aug. 18 that the U.S. with its eyes focused on Lebanon, may be surprised at what develops in the Gulf. He declared complacently that in the long run, the only safe future markets for the United States will be south of the border.