Arabs, EEC, Move to Break Rockefeller Control of Oil Markets

The European Economic Community and its Arab trading partners have added an important new dimension to the cluster of oil-for-technology trade deals which have proliferated in the weeks since the close of the December 1976 OPEC conference. With the goal of increased energy production, industrial growth, and development for both sides of the Mediterranean firmly in mind, the Euro-Arab axis has undertaken to break the international oil markets free of Rockefeller domination, delivering to the OPEC nations control over the marketing of their energy supplies through nationalized oil-producing concerns, and destroying Wall Street's oil weapon before it is wielded against a rebellious Europe by an angry Carter Administration.

To this end, the leadership of OPEC has begun to attack the Trilateral Commission-controlled International Energy Agency and Rockefeller's oil multinationals. OPEC has linked its attacks to a campaign for EEC cooperation in cutting short all Rockefeller attempts to milk a speculative profit from sales of the cheaper supplies of Saudi Arabian crude oil now coming onto the international market. The Europeans are cooperating in this anti-profiteering enterprise, and are stepping up their efforts to break Saudi Arabia permanently out of the Rockefeller camp. This development would insure increasing supplies of Arab oil to a hoped-for cartel arrangement among the EEC's nationalized oil companies.

Toward a European Oil Cartel

During the December 1976 OPEC conference, Saudi Arabia and the United Arab Emirates (UAE) opted for a five per cent increase in the price of their oil exports. OPEC's remaining eleven members settled on a ten per cent hike. This two-tier pricing system left Rockefeller's oil executives scratching their heads. The Wall Street Journal and the New York Times spun off tales of splits within the cartel despite affirmations to the contrary by the Saudis, Venezuela and the Shah of Iran. In fact, the two-tier system was diabolically designed to expose the Wall Street oil giants' speculative game of price shaving and market manipulation.

Shortly after the OPEC meeting Saudi Arabian Oil Minister Sheikh Ahmed Zaki Yamani publicly warned the four Rockefeller-dominated companies that participate in the Arabian-American Oil Company (Aramco) not to attempt profiteering with the cheaper Saudi Arabian crude. Later, the Saudi government issued a call to nations consuming Saudi oil for "strict auditing measures of the prices at which Saudi crude oil is sold in their countries,... insuring that no party other than the final consumer benefits from the low prices."

In response, the European Economic Community (EEC) has established a comprehesive oil price reporting plan which will expose any price manipulation by the multies in the European markets. The proposal came directly from the EEC's five nationalized oil companies under the leadership of Italy's ENI. It is designed to free Europe of the Rockefellers' energy parasitism, which since the 1973 Mideast oil war has squeezed the European "independents" out of the oil business while forcefeeding the continent with overpriced oil via the International Energy Agency. The recent Euro-Arab oil-for-technology deals insure that Western Europe's refining and oil dependent industries such as petrochemicals, now depressed at 60 per cent utilization, will be cranked up to full capacity.

Euro Markets to be Widened

Europe is looking forward as well to building expanded oil markets in alliance with the Arabs. Following adoption of the EEC's price reporting plan, EEC Vice President Simonet wrote that Europe must have a "healthy oil industry, earning enough to make the investments needed for exploring and developing new oil sources and adapting refining capacity to future needs. This will be acheived through "conditions of fair competition." If enforced, the anti-profiteering campaign can at minimum limit the mafioso-style tactics companies like Rockefeller's Exxon have long used to gain hegemony in the international oil business. It can as well give the European companies the maneuvering room to set up a cartel arrangement, establishing benchmark prices for imported crude and refined products. The prestigious London-based *Petroleum Economist* reports that this plan has, not suprisingly, been heatedly opposed by the multis.

A battery of new projects are aimed at increasing the flow of Mideast oil into Western Europe by a minimum of 1.5 million barrels a day. By summer of 1977, four new pipelines less than a year old will feed the Mediterranean with OPEC crude, significantly alleviating the high costs of shipping oil around the horn of Africa. The Saudis, who sit on the largest reserves in OPEC, announced last month that the longstanding 8.5 million barrels a day ceiling on their production would be lifted.

The Saudi government's upcoming full nationalization of the Mobil-Exxon-Texaco-SoCal Aramco combine will give it greatly increased power to decide where Saudi oil is sold and will set the stage for other producers to assert greater political control of their oil minus the multis.

In the last week, the Italian semi-public chemical Montedison sent a high-ranking company official, Guiseppe Ratti, to the Persian Gulf to begin negotiation around the forming of a joint venture for a new petrochemical complex with Abu Dhabi and Kuwait. Montedison is also engaging Libya in a similar proposal. The Middle East oil producing states, according to the *Oil and Gas Journal* are estimated to be allocating $67 billion in future down stream development, a healthy percentage of which will go to plant and equipment for petrochemical production.

Saudi Arabia Key

Europe, with the British and their Mideast contacts in the lead, are prying the Saudis out of the Rockefeller camp — a development key to establishing the desired realignment in the oil business. Saudi Arabia has begun to realign its traditional dependence on the U.S. for imports and technology in favor of the Europeans and Japan. A recent article in the Saudi *Gazette* detailed the scope of the shift, reporting that $5 billion of military aid from Britian has cut into the country's arms dependency on the U.S. Saudi Oil Minister Yamani will open talks next month with a group of Japanese businessmen interested in investments aimed at the development of new oil fields capable of producing five million barrels a day — without the participation of Rockefeller's four Aramco partners. According to the Asahi Evening News "if (the Japanese) participation is permitted, there will be international repercussions since, at present, major American oil companies have a monopoly in Saudi Arabia."

Underneath the efforts to expand oil production is a quiet but persistent dialogue over alternative forms of energy, in which nuclear generation is being seriously considered. The Financial Times of London reports this week that debate within the British cabinet will take up the nuclear question. According to the Times, the British Control Policy Review Staff is proposing that Britain concentrate on exporting nuclear plant and technology to the wealthy Mideast oil-producing states. The director of the British Nuclear Power Company, which would be in the center of such an export drive, is a strong advocate of fusion energy as the new alternative source.

Similarly, the Soviets are taking a strong behind the scenes role in forging a new Arab-European energy pact underscored by an item in Red Star last week. For the first time, the Soviets address the "intensifying quest on the part of certain states in the region (the Mideast — Ed.) to take under their own control the extraction and sale of oil."

Saudis Get Tough with Four Multis in Aramco

The Saudi Arabian government has granted the four oil companies that participate in the Arabian American Oil Compnay (Aramco) the go-ahead to lift and market additional crude oil now that the traditional 8.5 million barrel-a-day production ceiling has been removed. But there's a catch.

In the past the four — Mobil, Exxon, SoCal and Texaco — could resell the oil to whomever and on whatever terms they pleased. This time the Saudis have attached the unprecedented requirement that the oil must be sold only to those parties designated by the Saudi government.

The surprise decision from Riyadh is backed up by an agreement with the European Economic Community to give the cartel of nationalized European oil companies a boost. According to a former Middle East diplomat, "the Saudis want to make sure that the European national oil companies can buy directly from Aramco. If the Aramco partners try to exclude, ENI, Elf-Aquitaine and so on — they will try, although that will be very stupid — then they will have serious problems in Saudi Arabia."

A Wall Street financial analyst who specializes in oil, interviewed here today, underscored the new tough attitude on the part of the Saudis. He disclosed that Exxon and the others only went along with the Saudi decision because Riyadh threatened to market the entirety of its output independently. He added that the long overdue complete nationalization of Aramco would soon be finalized with the Saudi government taking 10 per cent of its production to market directly to the Third World.

As well, the Saudis have put the screws on the marketing procedures of the four companies, requesting detailed auditing reports from both the companies and the consuming nations as a means of insuring that cheaper price for Saudi oil be passed on to the consumer.

The new purchasers of Saudi oil will be disclosed to Aramco next week in London, according to the *New York Times*.