**Energy Insider** by William Engdahl

# French Socialists play oil roulette

*Elf-Aquitaine threatens to undermine French industrial export strategy and ties with OPEC.*

A battle over oil policy is taking place within the top government circles of Socialist French President Mitterrand. The battle focuses on the French state-owned oil and resources conglomerate, Société Nationale Elf-Aquitaine, and its controversial head, Albin Chalandon.

On March 31, the Paris paper *Le Canard Enchainé,* a semi-official leak sheet for government actions, reported on a top-level meeting of Mitterrand, Jacques Attali, his pro-Zionist adviser; Foreign Affairs Minister Claude Cheysson; Finance Minister Delors; the head of the state-owned CFP-Total oil company; and Chalandon. Chalandon was said to have argued that France break its long-term oil purchase contract with Saudi Arabia.

Two days earlier, Chalandon, in a nationwide radio interview, propagandized for his policy. He argued that, because spot-market prices are falling below the official $34 per barrel Saudi contract price, France should abandon such long-term contracts in favor of contracts lasting from three months to no more than one year. The present Saudi-French contract, which does not expire until December, was signed in 1973. Chalandon is attempting to bolster his case by claiming France could save 7 billion francs (more than $1 billion) by breaking its Saudi contract.

At stake is one of the fundamental underpinnings of the previous policy pursued by former President Giscard d'Estaing. Under the policy, France negotiated long-term trade agreements with certain OPEC states which not only ensured relatively secure petroleum supply to the economy, but were also tied to French export of heavy industrial goods to the OPEC countries. Until the Israeli bombing in 1981 gave the new Mitterrand government a pretext to pull back, the French were assisting Iraq in developing a domestic nuclear power infrastructure as part of its industrialization strategy.

Since the long-protracted Iraq-Iran war has cut Iraqi output, Saudi Arabia has become the dominant source for French oil imports. As of last August, 52 percent of the French oil supply was drawn from Saudi Arabia by Elf and its sister French company, CFP-Total.

Since the French-Saudi agreement in 1973, French exports to Saudi Arabia grew from about $500 million to more than $1 billion/year by 1980 when an additional $3 billion package to build up the Saudi navy was signed.

That Mr. Chalandon would be in the forefront of the effort to undercut the Giscard technology-for-oil strategy is not surprising. Chalandon has been described as extremely close to a secret European Masonic order, the Sovereign and Military Order of the Temple of Jerusalem, which is under investigation in France for its relationship with the underworld Service d'Action Civique (SAC). Chalandon was undercut in August 1980 by Giscard's Minister of Industry, André Giraud when Chalandon attempted to turn the state-owned oil company into a speculative raw-materials conglomerate by trying to buy the U.S. oil and uranium company, Kerr-McGhee, for $3.5 billion. Giscard told the enterprising Chalandon that the sole purpose of the state-owned company was to secure regular petroleum supplies for France.

Within days of the May 1981 Mitterrand election, the new President gave the green light for Chalandon to resume his marauding.

The result was predictable. Chalandon (and, according to reliable sources, Mitterrand himself), working in tandem with world-federalist Canadian Prime Minister Pierre Trudeau, got control of Texasgulf, the large U.S. raw-materials conglomerate. Within two months of the contested Elf takeover of the U.S. resource company, Chalandon raised the price of sulfur charged by Texasgulf a devastating $10 a ton to $150. Chalandon now controls what has been called by one analyst "the most valuable long-term phosphate resource this nation has," at Lee Creek, North Carolina, and the second-largest U.S. sulfur producer.

Regardless of the outcome of the immediate Franco-Saudi showdown, M. Chalandon has made his overall approach abundantly clear. Unlike the Giscard government, the Elf head is joining the Canadian move to create huge multinational conglomerates, backed by the power of the state, to further a London-scripted policy of neo-colonial resource control. The rest of the world is the loser.