

Britain yells 'oil crisis,' Saudis show it's not so

Following the outbreak of civil strife in Iran, and an unprecedented strike by Iranian oil workers, the same British intelligence networks that fomented the crisis in the first place rushed to the presses with fabricated stories of an imminent 1973-style oil shortage and warnings of "Russian takeover" of the Gulf oil fields, beginning with an invasion by a mythical Farsi-speaking army division.

Leading the hue and cry was the British press, with features by columnist Robert Moss falsely implicating the Soviets and their allies in the current crisis. No less than three front-page lead articles of the Nov. 6 Daily Telegraph loudly warned of "Russians massing on the Iranian-Soviet border" and the "growing threat to British supplies of oil." Significantly, British Petroleum and British-Dutch-controlled Royal Dutch Shell are at the center of the efforts to pull off another oil embargo. Here are portions of these articles, beginning with John Bulloch's "Threat to Britain's Supplies of Oil":

Leading international oil companies have begun cutting back on deliveries as a result of the growing Persian crisis.

British Petroleum and Shell, with some smaller companies, have already declared *force majeure*, a

legal requirement to prevent them being sued for not fulfilling contracts when they decide to reduce supplies.

Both British Petroleum and Shell emphasized adequate supplies were available at the moment and that it would take some time for lack of exports from Persia to be noticed.

A BP official estimated it would be a month before any effect was felt. Oil to supply that month's requirements was already in the ships, he said.

But both companies have already begun cutting back supplies to Western Europe, America, and Japan. And this has raised the possibility that the international "sharing agreement" might soon come into force.

Aside from fabricating an oil-shortage scare, the Telegraph moved ahead to gain mileage toward wrecking U.S.-USSR relations in "Premier Quits in Persia: Martial Law is Extended: Russians Mass on Border" by Kenneth Clarke:

... Tension in the capital was heightened by reports of massive Russian troop movements on the Persian border to the northeast in the area of the Atrak river. There is acute Western concern about Moscow's

According to the daily *Le Figaro* Nov. 8, Julia has asked the French Foreign Minister "to take measures to quickly put an end to the activities of Ayatollah Khomeini in France. Mr. Julia underlines the absolutely abnormal character of the declarations, calls to revolution and to disorders and holy war in Iran, put forth by a foreigner residing in France," and "questions whether such activities pursued amidst silence — and thus one may think, with the connivance of certain French authorities — are not likely to undermine France's interests and even to jeopardize the French principle of nonintervention into the internal affairs of another state."

Soviets score Britain and the Mullahs

Pravda of Nov. 3 and 4 expressed Soviet condemnation of the reactionary Islamic Shi'ite Mullahs

which have provoked rebellion in Iran over the recent months. Pravda has consistently juxtaposed moderate opposition figures of the National Front — who have formed a loose alliance with the Mullahs — with the religious establishment. The Soviet daily's coverage reflects Soviet interest in seeing the Shah form a coalition government with moderate opposition leaders, a move which would decisively isolate Khomeini and company.

A commentary by Pravda Teheran correspondent A. Fillipov, published Nov. 3, attacks the Islamic religious leaders known as Mullahs:

It has been almost a year now since Iran began to shake from internal unrest. The beginning of the massive mobilization took place in January of this year during the events in the city of Qom, a big religious center, where at that time the

prices of many commodities such as water and rents were increased. Incited by the preachings of the Mullahs, tens of thousands of people went out into the streets of the city. The demonstration, moreover, coincided with the 16th anniversary of the voting of the law for agricultural reform, which essentially hurt the interests of the priesthood. The clergy tried to use the discontent of the masses caused by economic conditions and other factors for its own goals, to protect its own interests.

Pravda Nov. 4 also writes:

England and other imperialist countries looted Iran for a long time. Now the international oil consortium is continuing to do this by paying a price for the oil which is under the world price. Therefore, the country is in a recession, and is forced to import basic food from abroad.

interest in events inside Persia.

The Soviet Union shares a 1,600-mile frontier with Persia and the Russians have formed a Farsi-speaking army division, deployed on the border.

To the east, Afghanistan has now been drawn into the Soviet bloc. America has been showing particular anxiety about affairs in Persia which is regarded as a pro-West buffer in the region and rich in oil as well.

"Russians Ready to Reinforce" by Clare Hollingworth:

Normally, the Russians deploy eight to 10 infantry divisions in the Turkistan military region. This covers the border with Persia, Afghanistan and the vital railway line connecting Tashkent via Samarkand and Ashkabad, on the Persian border, with the Caspian Sea.

In the Caucasus military region, the Soviet Union deploys 12 infantry divisions. They are supported by one armoured division at full strength.

Russian infantry divisions have three degrees of combat readiness and it is generally assumed that most of those in the Caucasian and Turkistan regions are of the third degree — half-strength, though complete with fighting vehicles in readiness to be brought to full combat strength in a few weeks. . . .

Helping to give credence to the British oil scare line, Energy Secretary James Schlesinger tried to convince doubting Japanese leaders in Tokyo that the Iran crisis could bring about an oil crisis like the one in 1973. The Nov. 7 London Times carried the story:

Mr. Schlesinger was quoted by the Japanese International Trade and Industry Minister, Mr. Toshio Komoto, as saying that Iran's oil production has fallen from 6 million to 4 million barrels a day because of the disturbances.

At a press conference, Mr. Komoto said that Mr. Schlesinger had told him that if output was not restored to normal before the organisation of Petroleum Exporting Countries' meeting in the middle of next month, it would "seriously affect" OPEC's decision on oil prices.

The U.S. Energy Secretary, who arrived in Tokyo on Sunday from a tour of China, believed that — with or without any OPEC action on prices — world oil supplies would be disrupted by the reduction in Iran's oil output. Mr. Schlesinger, who met the Japanese Foreign Minister, Mr. Sunao Sonoda, earlier in the day, indicated that he foresaw another oil crisis developing, causing international difficulties.

Japanese leaders were given to understand that

Washington views long term prospects for oil supply and demand as gloomy (despite a temporary glut in supplies) and believes the troubles in Iran may continue.

The Saudis deflate London's lies

But although it has yet to be widely reported in this country, the Saudis immediately gave the lie to the 'oil crisis' talk. These comments from an official at the State Department Oil of Fuels and Energy on the reports of international repercussions from Iran's oil shutdown reveal the factual absurdity of London's impending oil crisis:

There is no way the International Energy Agency would be brought in to handle the shortages provoked by the Iranian oil strikes. It simply is not that bad of a problem, the dimensions of the shortage are not that great.

Beside the fact that the consuming nations have enormous stockpiles of oil, Yamani gave an important statement to the press yesterday which was meant to assure the consuming nations.

He stated that his country could produce more crude if the Iran strike continues and that the Saudis are prepared to go up over 10 million barrels a day if necessary. Yamani said this will not affect that production ceiling which was imposed last year since Saudi output was lower early in the year and it would all average out.

. . . The Journal of Commerce of Nov. 8 also threw cold water on the Schlesinger-British argument that an oil crisis is in the works. According to a sharply worded article by Sam Glasser titled "Critical Oil Shortages Not Yet Apparent":

The sharp escalation of world spot market prices of petroleum and refined products, brought about by the political turmoil in Iran, is "99 percent psychology" at this point because critical shortages of material have not had time to develop, informed industry sources say. . . .

Informed observers feel that a real supply crisis would not develop unless the Iranian oil supply situation continued for four to six weeks. . . .

While total Iranian production was reported Tuesday to have dropped as low as 1.2 million barrels a day, less than last week's figure, exports remained steady at about 700,000 barrels a day, according to a member of the consortium of major companies which produce and export most of Iran's oil.