Iraq. The recently concluded secret agreement between the erstwhile leftist Iraqi government with the conservative Saudi Arabians has changed the political geometry of the Mideast. But numerous Arab watchers feel that the Iraqi Baath leadership may be hit by Kurdish insurgency on the Iranian border. The Iraqi Communist Party which backs the Kurdish insurgents has condemned the Saudi-Iraqi alliance. Iranian press sources report that in late February Iraqi military planes strafed Kurdish regions to put down violence.

Libya, Algeria. Both the ascendency of Khomeini in Iran and the recent death of Algerian President Boumedienne have shifted the political geometry in this region, making these countries more vulnerable to the Muslim Brotherhood. In the last month, two pro-European cabinet ministers have been dropped from the two governments: Algerian Foreign Minister Bouteflika and Libyan Prime Minister Jalloud, a powerful moderating force. In both countries, the new orientation is toward the "rule of the masses," evidencing the influence of Khomeini. Only this week the two countries concluded talks with London on imposing price hikes on their high demand light crude of up to $5.00 a barrel.

Nigeria is reportedly going along with such proposals and, like Iran and Iraq, has been hit with threats of tribal insurgencies. There is a very strong and growing Muslim Brotherhood component in Nigeria. Indonesia, which announced a production cutback, has also experienced an upsurge of Muslim Brotherhood activity.

Venezuela. The new government of President Herrera Campins has announced its intentions to impose a $1.72 a barrel price hike for the second quarter of 1979. A recent editorial which appeared in the New York Spanish-language daily *El Diario* states that Venezuala sees its interests increasingly within the Western Hemisphere, a heavy hint that it may be shifting away from an OPEC orientation.

The Carter Administration, backed by the Zionist lobby, has been pressing both Mexico and Venezuela to submit to a Western Hemispheric oil marketing arrangement, one which would require the busting of OPEC. Venezuela has traditionally played a powerful role within the cartel mediating between the price hawks and the moderates. A preliminary look at the new government indicates that role may now be in jeopardy. Herrera Campins is under tremendous pressure at home to adopt a price hawk posture, something that former President Carlos Andres Perez consistently resisted.

— *Judith Wyer*

Mexico, EC, OPEC to challenge oil hoax

When the European Community (EC) heads of state meeting on March 12 endorsed both Saudi Arabia's call for a world oil producers-oil consumers conference and the long-standing Mexican proposal for institutionalized global consultation on energy, a major step was taken toward formation of an international force powerful enough to challenge the London-sponsored hoax of a "world energy crisis."

Now, according to Mexican sources, the EC is preparing to establish official contact with the Organization of Petroleum Exporting Countries (OPEC) to work out details on the proposals, probably before the March 26 OPEC summit. It is expected that the world energy conference could be scheduled within three months.

The combined Saudi and Mexican proposals go far beyond answering the immediate oil crisis hoax. The Saudi proposal is conceived as the continuation of the 1976-77 North-South talks in Paris, and would encompass all aspects of raw material supply, not just energy. The Mexican proposal, keyed to a United Nations framework, calls for international agreements in the production and distribution of oil so that the resource becomes "inseparable from development" within an advancing new world economic order. The Mexicans equally stress the need to rapidly develop alternative energy technologies and place them at the disposal of the developing sector.

But unless, in the short-term, the Mexico-EC-OPEC axis can successfully counter the "bust OPEC" strategy being pursued by London and Washington, deepening contrived energy shortages and price hikes will so destabilize the world political and economic picture that the Saudi and Mexican proposals have little chance of becoming reality.

Rotterdam and Petronor

This is the significance of the EC heads of state decision to "gather precise and clear information on what illegal actions are being performed by oil companies in Rotterday and elsewhere." Rotterdam is Europe's biggest spot market for crude and, since the beginning of the year, has been the speculative playground of trading companies fronting for the two British companies which have been calling the tune for the Seven Sisters as a whole: British Petroleum and the Royal Dutch Shell.

A step in the same direction was taken by Mexico and Spain March 10, when they announced that negotiations for the Mexican national oil company Pemex to acquire 33 percent of the Spanish Petronor refinery at

Bilbao had been completed. The successful conclusion of the talks, begun three months ago, gives Pemex a foothold for direct refining and distribution in Europe. The action hit the Seven Sisters in two ways. Not only had Royal Dutch Shell offered one of its Rotterdam refineries to Pemex as the alternative route for Mexican penetration of the European market, but Pemex is replacing Gulf — one of the Seven Sisters — as the minority partner in the Petronor complex.

Spain's Prime Minister Adolfo Suarez and the heads of state of Bolivia, Costa Rica, Colombia, and the Dominican Republic, gathered in Caracas on March 12 for the inauguration of Venezuela's new president and signed a document on the world energy crisis, bitterly attacking "the sharp speculation through 'spot' prices which leaves our nations bereft of economic strength."

But the document also indicated a fundamental weakness. It termed world energy manipulation largely "beyond control" and called for solidarity in austerity measures among the signatory countries.

In-depth push from UNIDO

A meeting of the United Nations Industrial Development Organization (UNIDO) on petrochemicals in Mexico City this week emerged as a key planning session for the energy counterpole taking shape.

The Algerian director of UNIDO, the Secretary-General of OPEC Abd Rahman Khane, said that "not only Milton Friedman, but many other people as well, want to see OPEC disintegrate.... (But) OPEC will endure. Should OPEC disappear, that would be the end of the new international economic order."

The goal Khane set at the meeting was for 35 percent of world petrochemical production to be produced be developing sector nations by the year 2000. He attacked oil multinationals for denying the Third World the technology it needs to achieve such a goal. "We must change the structures of cooperation"; no more "colonialism," only "partners."

When U.S. and British delegates on behalf of the oil multinationals argued that advanced sector economies would only lose by such petrochemical expansion in the Third World, delegates from throughout the developing sector listed the ABCs of world economic growth: expansion of Third World industry means greater demand for capital goods, machinery and technology from the advanced sector.

The final conference document upholding this view stands as a companion piece to Mexico's proposal for a $15 billion fund for joint development of advanced sector and Third World capital goods industries, endorsed last week by the Group of 24 developing sector nations at the IMF Interim meeting in Washington, D.C.

"This is a test of the UN charter setting up the new world economic order," stated Khane of the UNIDO conference. "Cooperation between the developed and developing countries" is the only road "to real peace."

A ten-month fight

The EC support for Mexico's world energy cooperation perspective caps a remarkable international organizing drive kicked off by President López Portillo in Moscow during May 1978. At that time he first termed oil the "patrimony of humanity" and called for international coordination through the United Nations to achieve this goal.

Then in mid-February 1979, during U.S. President Carter's trip to Mexico, López Portillo's energy diplomacy intensified sharply. The Mexican President urged that "production, distribution and consumption of (energy) resources be made in an orderly and rational fashion and that all alternative sources of energy be developed, including the financing and transfer of technologies ... to all developing countries."

Two weeks later, when France's President Giscard d'Estaing arrived in Mexico City, López Portillo warned of "apocalypse" unless a new order — with energy keyed to development instead of economic warfare — was rapidly consolidated.

Giscard's positive response, taken back to the meeting which officially established the European Monetary System, set the stage for last week's big steps toward a Mexico-EMS-OPEC energy axis.

— *Tim Rush*