

Middle East Report by Judith Wyer

A Haig maneuver

Intensified support for Iran and Israel is reverberating against the Saudis and the rest of the Gulf.

While the White House was up to its ears dealing with the Malvinas crisis and the Israeli return of the Sinai to Egypt, the State Department slipped an operation through Washington bureaucratic channels: breaking the two year-old U.S. government boycott of Iranian oil. Sometime in late April, the Defense Department Fuel Supply Center negotiated a purchase of 1.5 million barrels of Iranian crude for the U.S. strategic reserve—the first American oil transaction with Iran since the outbreak of the November 1979 hostage seizure. Pentagon spokesman Thomas Gelli, in a statement to the press on April 23, was quick to point out that the controversial move had an “okay” from the State Department.

An oil-industry source called the purchase a “Haig operation,” noting that with a massive oversupply of crude oil on world markets, “the U.S. could easily get cheap oil elsewhere. . . the decision to conduct business with Iran was a clear political gesture to Khomeini.”

The action is no departure from the consistent behind-the-scenes pro-Khomeini posture of the State Department, in continuation of the Carter administration policy. The State Department and its allies in the Pentagon have been working on a parallel track with Israel in providing arms to Iran in the Iran-Iraq war, and has covered up the activities of certain New York-based Ira-

nian bankers involved in arms sales to Iran.

A London-based source with close ties to Israeli intelligence told *EIR* that there is a “clause” in the oil-purchase agreement which commits the United States to deliver both arms and spare parts to Iran.

Haig still adheres to the so-called Kissinger doctrine that Iran and Israel are the bulwark of U.S. interests in the Mideast, even though both of them threaten the security of Saudi Arabia, one of the United States’ closest Arab allies.

Despite the fact that President Reagan officially ended the embargo against Iran in January 1981 with the return of the hostages, both Washington and U.S. oil companies have refrained from buying oil from Iran as a matter of policy.

The timing of the U.S. purchase, which will open the door for more both government and private transactions, is a slap in the face to Saudi Arabia. At the March 26 OPEC meeting, Riyadh hammered out an agreement with OPEC to cut oil production and counter the oversupply of oil which has depressed prices, in order to avoid a chaotic price war. Since then Iran has escalated the price cuts it jointly initiated with Great Britain and Libya three months ago.

European sources say that Iran’s rapid upturn in oil sales was aided by both British Petroleum and its sister company Royal Dutch

Shell, both of which were the first major oil companies to negotiate supply contracts with Khomeini after the 1979 revolution in Iran.

Unconfirmed reports indicate that Iran is selling up to 1 million barrels a day of non-contracted oil via the spot markets, making it the second largest oil exporter in the Persian Gulf. An adviser to OPEC told *EIR* that Iran’s cutthroat marketing tactics of underselling other OPEC producers by up to \$10 a barrel is aimed at weakening the Gulf States’ ability to financially back Iraq’s war effort. Iran’s strategy is to force the Gulf states, principally Saudi Arabia, to lower either oil output or prices, either way cutting into oil income. Already OPEC’s oil output is at a 20-year low of 15.8 million barrels per day.

Though mediation of the war has intensified, Iran’s mullahs continue to threaten Iraq with new offensives like the one in March which pushed Iraqi troops back substantially. The Saudis fear the war will sooner or later spread to other Gulf oil producers.

On Saudi Arabia’s western front, there is growing concern about increased Israeli reconnaissance flights over the Saudi airfield at Tabuk near Saudi Arabia’s border with Jordan. American intelligence sources say that Haig has given Sharon a green light to bomb the Saudi early-warning AWACS planes in the event of an Israeli-Jordan war, for which Sharon is known to be itching. Thus far Saudi Arabia has kept those planes away from Tabuk and focussed on the Gulf war. But both Sharon and Khomeini would like the AWACS out of the way in order to increase their military standing throughout the region.