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*.