

## MIDDLE EAST

# Israeli's Demand Crisis Diplomacy From U.S.

On the eve of Secretary of State Cyrus Vance's trip to the Middle East, war tensions in the region are steadily mounting. In what can only be judged as a premeditated action, the U.S.-linked regime in Syria and the U.S.-surrogate Israeli military have jointly heated up the southern Lebanon crisis to the brink of a shooting war. The *Times of London* Feb. 9 commented that "Vance may have to act as a mediator in a major crisis" in Lebanon rather than simply "find facts," as per the original aim of his mission.

A major U.S. "crisis mediation" initiative — to the exclusion of involvement by the United Nations, the Soviet Union, and the Europeans — has become the rallying cry of the intransigent Israeli leadership. This week, from Washington, D.C., the General Accounting Office, headed by Elmer Staats, released a special report claiming that the Israelis were demanding that U.S.-manned "observation posts" in the Sinai area become permanent, rather than maintain 2-3 year tenures as per 1975 Kissinger-arranged Egypt-Israel accords. According to Staats, the Israelis want new such posts to be created in the border areas between Syria and Israel and along the West Bank. The GAO noted that any such arrangement would bolster U.S. regional power to the detriment of "U.N. prestige."

Complete with a public rejection of the Geneva Mideast peace conference, the Israeli advocacy of step-by-step, covertly backed up by the Carter camp, is meant to create an *aura* of U.S. hegemony and power in the Middle East.

### *Soviets' Reactions to Step-by-Step*

Warsaw Pact observers have reacted to the Carter-Israeli ploy publicly and angrily. Several commentaries in leading Soviet party and military journals have linked the step-by-step strategy to a new increase in war tensions — as with the Sinai pact of 1975 that preceded the Lebanon civil war bloodshed — and reiterated the Soviet call for a Geneva conference.

The military journal *Red Star* Feb. 6 declared that recent warnings by Peres and Israeli Chief of Staff Gur of possible "preventive war" against neighboring Arab states are the result of a "hardening of Israeli attitudes" connected to an "aggravation in Lebanon's southern region" and to the "calculation" by the "Zionist rulers, their traditional patrons, and certain Arabs" on a new "step-by-step" dynamic.

Commentator Kudryavtsev in the Feb. 8 government paper *Izvestia* warned of an "explosion" that will "draw into the orbit of its activity many Mideast countries, especially when it is considered that the Mideast is a crossroad of international interests and influences."

Kudryavtsev referenced the events in Lebanon to warn that "aggressive forces" could be gunning for a "new adventure" and stressed that "what the imperialists cannot achieve by force, they try to achieve at the negotiating table. This was the purpose of the American step-by-step policy."

### *Syria-Israel Standoff*

The backdrop for the renewed Soviet attacks on U.S. crisis diplomacy was a serious exacerbation of the southern Lebanese crisis. Late last month, Syrian dictator Assad ordered 500 of his troops to the southern Lebanese town of Nabatiyeh, 2 kilometers below the "red line" demarcation established by Israeli Defense Minister Peres and General Gur. Leading warhawk Israelis immediately issued warnings alternating with insistence that the U.S. "convey" to Damascus Israeli warnings and threats. As the Vance trip has neared, Gur et al. have issued deadlines and ultimatums for a Syrian withdrawal, virtually committing Israeli military to action in the south if Vance fails to successfully mediate the crisis.

A Feb. 7 Jerusalem Post editorial, reflecting government thinking, suggested that a Syrian withdrawal from southern Lebanon be linked to a "settlement" of outstanding Israeli-Syrian territorial disputes. Writing the next day, the respected military columnist for the newspaper Haaretz insisted that "the only solution" for Israel is an Israeli intervention into the south, which would lead to a "clash with the Syrian army and provoke escalations in the Sinai" area bordering Egypt.

Assad has fed these war threats. While neither he nor any other Arab leader can publicly advocate step-by-step diplomacy for fear of further intensifying internal opposition to the shaky pro-U.S. regimes, Assad has played the southern Lebanese game for all its worth. In an interview Feb. 10 with Kuwait's *Al-Rai Al-Amn*, Assad proclaimed: "We will go to war or Geneva with equal zest." He warned that failure to meet Arab demands by Israel would lead to war "immediately."

Assad has over the past week executed a volte-face and "refused" to remove his troops from southern Lebanon near the Israeli border. He has also successfully drawn Egypt's President Anwar Sadat into a "unified political command" that has been welcomed by Tel Aviv sources as a "blow to the Soviets," and which, coupled with Sadat's virulent recent anti-Soviet tirades, has set the preconditions for Egyptian covert support of Syria-Israel "separate peace" arrangements. The Soviets have sent high-level negotiating delegations to Egypt this week to maintain Egypt on a pro-Geneva course.

A critical determinant in Arab states' perceptions has

been the near-decisive consolidation of a Peres victory against Prime Minister Rabin for the Labour Party candidacy. Latest reports are that two weeks before the Labour Party nominating convention, Peres has won 1500 of the 2200 delegates. Council on Foreign Relations

specialist Zygmund Nagorski noted that "my closest Israeli friend," Israeli Mayor Teddy Kollek, regarded as a dove, has just joined the Peres, thus proving for Nagorski that "there is no chance for peace in the Middle East."

**EXCLUSIVE**

## Saudi Regime Divided On Takeover Of Aramco

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### SPECIAL REPORT

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Within Saudi Arabia's extended ruling family, sharp differences are shaping up over oil policy. The outcome of this fight will determine both the future of the Arabian American Oil Company (Aramco) and Europe's future oil markets.

The complex network of Saudi princes and businessmen that comprise the still largely Medievalist government are divided over Saudi Oil Minister Sheikh Ahmed Zaki Yamani's recent declaration to increase oil production and take a more aggressive stand in determining who buys Saudi oil and on what terms. Yamani's position explicitly means confronting Exxon et al.'s longstanding domination of the Saudi oil business through Aramco.

Yamani is backed by Saudi Arabia's chief sovereign, King Khalid, and the second crown prince, Abdullah ibn Abdul-Aziz, the commander of the Royal guard. His opposition comes from the "modernist" first crown prince, Fahd, whose thinking and training cohere closely to the attitudes of Exxon and its three Aramco "sisters," Socal, Texaco, and Mobil.

The terms of the takeover of Aramco, according to sources close to Yamani, were worked out in December 1976, and have since been awaiting the cabinet's approval. The New York Times reports that it is Fahd and his allies in the cabinet who are withholding their stamp of approval.

It is widely acknowledged by oil industry sources that, following the nationalization, the four Aramco partners will be much more under the thumb of the Saudi government. This was recently previewed by the pairing of the four Aramco companies to four European companies designated to receive specified amounts of additionally produced Saudi crude. Whether or not the Khalid-Yamani wing of the Saudi elite can achieve a consensus favoring the approval of nationalization will heavily depend upon the political will of the European consuming nations and Japan.

#### *Pilgrimage to Riyadh*

The feudal structure of the Saudi regime allows for a proliferation of so-called agents of influence — princes, wealthy families, and Mr. Fixits — who, for a price, can

lobby with the Royal Family. These agents are loosely strung together into "networks" whose connections are entirely outside the Kingdom. Despite the predominant Rockefeller influence in Saudi Arabia via the four Aramco partners until now, energetic efforts by British, French and Italian interests and independent U.S. oil companies have managed — using long-standing network ties — to factionalize Saudi Arabia to the point of a break with Rockefeller. (See box on Adnan Khashoggi, for example.)

Since the beginning of the year the Saudi capital, Riyadh, has become the site of numerous high level visits from political and trade delegations from both the European Economic Community and Japan. Presently a 20-man delegation from Japan's pro-development "resource faction" of industrialists is conferring with Yamani about the prospects for opening up as-yet untapped fields north of Riyadh in order to supply Japan with badly needed petroleum in return for Japanese high-technology investments for Saudi Arabian development. A similar mission was completed two weeks ago by West German Economics Minister Karl Friedrichs accompanied by representatives of the German state-owned company Veba Deminex. Following consultations in Riyadh with officials from the Italian owned oil company, ENI, the Saudis have agreed to sizably increase crude exports to Italy, including the Montedison and Anic petrochemical companies.

But implicit in all of these new and far-reaching trade agreements is the finalization of the takeover of Aramco. The new oil-for-technology agreements are part of a broader program of the Europeans, Japan, and the Comecon nations to achieve expanded industrial output in the context of a new international monetary system which eliminates the hegemonic role of the U.S. dollar. Realization of this program depends on a secure source of energy outside the Rockefeller-run "seven sisters" orbit, and this is what is at stake in the factional interplay surrounding the Aramco takeover, a fact of which the Saudis are well aware.

For the first time, King Khalid has addressed the question of implicit Soviet and Comecon participation in such a new international economic system. According to Agence France Presse, Khalid recently praised the Soviets for arming the Arab countries and referred to the USSR as a "great country." On the monetary front, two high ranking officials from the Bank of England will be in Riyadh next week for talks with government officials.