

# International Intelligence

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## Asia

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### *Europeans compete to aid India steel*

A Franco-British-German consortium led by Davy Corp. of London is competing with West Germany's Mannesman AG to finance and supply construction of a coastal steel facility in India. The Davy group, which also includes Alstom-Atlantique of France and Ferrostahl AG of West Germany, on May 19 announced that it has offered a \$2.7 billion package of government-subsidized export credits, government assistance and Eurodollar loans with an agreement to sell most of the hardware for the plant. According to the *Wall Street Journal*, the term of the credits would be 15-20 years; the size and terms of Mannesmann's offer are not known.

The new plant will initially produce 1.7 million tons of steel, and later expand to over 3.3 million tons. India plans to construct a second steel plant at Vishakapatnam on the east coast, with the Soviet Union providing a 1.3 million ton unit at a cost of \$2.8 billion, under a 1979 agreement. The Gandhi government has placed a very high priority on expansion of the nation's current 12.5 million ton steel capacity. The *Financial Times* of London recently predicted nonetheless that India's bid for Eurocredits would be accompanied by project cutbacks.

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## Latin America

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### *Brazil "marries" Argentina*

For the first time in 45 years, a Brazilian president visited neighboring Argentina this week. Brazilian President General J.B. Figueiredo was warmly received by his Argentine counterpart, General Jorge Videla. The trip opened up possibilities of economic, political and military integration of the countries.

On the eve of the trip, Argentina's foreign minister Washington Pastor called for "a total alliance with Brazil ... an alliance for all purposes, not only for economic and political ends, but for military objectives." He said the two Southern Cone powers could form a "solid bloc" capable of "strengthening countries with less resources, since by strengthening our neighbors, we preserve our own security."

While trying to hush talk of military alliances, Figueiredo told a Buenos Aires press conference, "Brazil and Argentina were always in love, but never set the marriage date. The marriage now is set and the husband and wife can begin now to think about how many children to have and how to educate them." When asked which country was to be the woman, the Brazilian cavalry officer-president replied, "In this marriage, there will be equal rights. The two will even discuss where to go to bed together."

The two countries signed an impressive series of agreements on exchange of nuclear technology, integration of electrical systems, joint hydro-electric projects, transport, and other measures to facilitate continued rapid expansion of trade.

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## Middle East

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### *OPEC oil prices on the rise again*

Algeria, Libya and Indonesia enacted \$1 to \$2 a barrel price hikes this week triggering a new round of price increases by the oil cartel, OPEC. As a result of this latest round of price increases, the pricing ceiling for OPEC crude oil is nearing \$40 a barrel. Following a \$1 a barrel pricing boost, Algeria is now charging \$38.21, and on some of its premium grades of crude is asking its customers to pay an additional \$3 a barrel surcharge. Libyan oil following a \$2 a barrel price hike is now charging

\$36.72 before additional surcharge costs.

This latest round of price hikes by the members of OPEC comes within days of an announcement from Saudi Arabia that the kingdom would raise the price of its crude—the least expensive in OPEC—from

The Saudis were calculating that such a move might persuade the more hardline pricing militants to agree to a pricing formula to stabilize OPEC's chaotic pricing situation. Earlier this month Saudi Arabia called a meeting of the OPEC Long Range Planning Committee to propose an elaborate plan to impose quarterly price adjustments of OPEC crude pegged to the rate of world inflation. The pricing hardliners, Iran, Libya and Algeria, according to Kuwaiti sources had tentatively agreed to accept the formula. But the sudden decision to raise prices by this same faction threw cold water on the deal.

OPEC is slated to convene a price setting meeting June 9 in Algiers where it is expected that Saudi Arabia will have no choice but to raise their prices another \$2 a barrel bringing its crude to \$30 a barrel.

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### *Israel implements reprisal policy*

Israeli occupation authorities have begun an official policy of reprisals against innocent civilians in response to terrorism on the West Bank.

In two cases this week, Israeli soldiers forced entire families to leave their homes and relocate to abandoned refugee camps near the Dead Sea, to live in ramshackle sheds without roofs, running water, or electricity. The stated reason for the "relocations" was that children of the family were involved in throwing stones at Israeli soldiers.

Last week, after six Israeli soldiers were killed by Palestinians with guns and grenades, the Israelis retaliated by blowing up the building where the attackers had been stationed. Later investigation revealed that the building was

owned by an old Arab who had sheltered dozens of Jews during anti-Jewish riots in 1929, and who was a symbol of Arab-Jewish cooperation.

Such actions by the Begin government are bringing the situation on the West Bank to the boiling point. Even many Zionist leaders are reportedly getting worried. This week, 250 Israelis—many of them prominent citizens—signed a statement accusing Begin of “distorting Zionism” and urging that the “land of Israel” be partitioned by giving the Palestinians the West Bank.

## Europe

### *French Foreign Minister rejects U.S. accusations*

“The President of the French Republic doesn’t need the permission of the United States President to go out of doors,” said an angry French Foreign Minister Jean François-Poncet May 21, in response to charges by U.S. Secretary of State Edmund Muskie that France failed to consult before undertaking a meeting with Soviet President Leonid Brezhnev. “France doesn’t need anyone’s authorization” to talk to “whomever it wants to, whenever it wants to,” said the Foreign Minister. François-Poncet warned that U.S. policies toward the Soviet Union increase the danger of war, since to “isolate” the Soviets is the “gravest political error.”

French President Valéry Giscard d’Estaing summed up the purpose of his meeting with Brezhnev in a speech May 20: “When France or the President of the Republic meets the Soviet head of state to get to the bottom of the present international situation ... let me tell you that this fulfills a deep aspiration in the whole population. ... I am convinced that there is not one person of good will in the world who doesn’t concede that it is useful at the present time for those in responsible posts to examine the reality of the situation and its causes, and to discuss initiatives to reduce tensions.

This is what I wanted to do, and this is what I did.”

### *Days are numbered for Italy’s Cossiga*

The combined forces of Italian Communist Party chief Enrico Berlinguer and former Christian Democratic Premier Giulio Andreotti have mobilized to bring down the present government of Premier Francesco Cossiga. Cossiga and his factional allies have drawn heavy fire for their protection of Italy’s terrorist networks, and for a recent meeting with U.S. Defense Secretary Harold Brown in Rome in which Cossiga reportedly secretly agreed to lend Italian military forces to U.S. efforts to expand NATO deployments into the Persian Gulf and Indian Ocean.

Berlinguer gave an interview to the Communist weekly *Rinascita* calling the Cossiga government “dangerous—it must be collapsed as soon as possible.” Cossiga, unlike other European heads of government, has been “completely subservient to U.S. orders,” Berlinguer charged. He called for a cross-party factional alignment to govern Italy after Cossiga’s departure, including the Communist Party and the Andreotti faction of the Christian Democracy.

Andreotti challenged the foundation of the government’s foreign policy in an article in the daily *Il Popolo* this week. The former premier had just returned from a meeting in Brussels of parliamentarians from the countries that signed the Helsinki agreement on European security and cooperation. The meeting, attended by a representative from the USSR’s Supreme Soviet, called for negotiations on both NATO and Soviet medium-range nuclear missiles in Europe. In his article in *Il Popolo*, Andreotti characterized the Brussels meeting as one that showed “very strongly the desire to maintain peace. ... It would be a serious error to show weakness toward those who, with an excess of superficiality, are speaking the language of division and conflict, or even worse, are materially acting against the letter and spirit of Helsinki.”

## Briefly

● **IEA MEMBERS** in Europe reacted angrily to Carter administration demands at the International Energy Agency meeting May 23. U.S. Energy Secretary Duncan demanded that the West reduce its oil consumption another 20 percent, from 26 to 22 million barrels a day. Other members led by West Germany flatly refused. “What’s the point in having these meetings if the target set for consumption is going to be revised every six months,” said a German delegate.

● **MENACHEM BEGIN** told a *Washington Post* interviewer he would not tolerate a European effort to bring peace to the Middle East by resolving the Palestinian problem. “The so-called European initiative can have very little result. First of all,” said the Israeli premier, “it brings about a radicalization of the Arab world’s position, because there are Arabs who say, ‘Look, the Europeans suggest to us a policy of a Palestinian state and the participation of the PLO. How can we accept less?’”

● **JOSE LOPEZ PORTILLO** told attendees at a dinner in his honor hosted by the Swedish royal family May 23 that world economic deterioration is “leading us to the threshold of a new century which seems to match not the utopias of some optimistic futurologist but the somber vision of those who anticipate the return of a middle age wrapped in the gloom of death.”

● **H. HAMMBRUECHER**, Undersecretary in the West German Foreign Ministry and a Free Democrat, gave a speech at the United Nations May 19 stating that “Development policy in the past has concentrated too much on economic growth in itself as a goal, and not enough on social-cultural structures.