

International Intelligence

Italian oil scandal reveals Billygate connections

The massive Italian "oil scandal" that has dominated Italy's press over the last several weeks has taken a dramatic new turn. In parliamentary hearings being held on the scandal Nov. 19, a senator testified that Christian Democrat Antonio Bisaglia, who was Treasury Minister in the last Andreotti government, concluded a secret deal with Libyan president Muammar Qaddafi in the early 1970s by which Italy would receive Libyan oil in exchange for granting Qaddafi unlimited freedom to conduct terrorism, arms smuggling, and drug trafficking on Italian soil.

The network through which this was to be conducted in Italy is none other than the Michele Papa networks identified as the key link in the Billygate case.

Papa is Billy Carter's connection to Libya, and is acknowledged to be Qaddafi's leading representative in Italy, and his key liaison for gun smuggling, drug running, and terrorism through the Sicily-Malta Mafia organization. This information was published last summer by *EIR*, and has been widely circulated throughout Italy.

Technology transfer deals are discussed

A high-level conference is presently taking place in Moscow between French and Soviet energy specialists to discuss proposals to have the U.S.S.R. supply Western Europe with up to 45 billion cubic meters of gas per year starting in 1985 or 1986, in exchange for West European technology. France would receive 10 to 13 billion cubic meters of gas per year.

According to the French daily *Le Figaro* of Nov. 19, the head of the French Seventh State Plan Energy Commission is asking the Soviets to help France overcome energy supply difficulties in exchange for "French technology to develop Soviet natural resources."

At the same time, a Japanese-Soviet conference on technology exchange is also going on in Moscow. According to the Nov. 19 *New York Times*, Japanese businessmen are anxious to reach agreements with the Soviets, and are pressuring their own government to cancel the East-West trade boycott imposed in consultation with Washington following the Soviet invasion of Afghanistan.

In other signs of increased East-West economic activity, Polish First Deputy Prime Minister Mieczslaw Jagielski, the cochairman of the Franco-Polish Commission, is currently in Paris to discuss possible loans. Jagielski is the first top-level official to visit France since the fall of former Polish party chief Edward Giersek. Jagielski is scheduled to meet with French President Giscard, as well as Foreign Minister François-Poncet and Economics Minister Monory.

Conflict with Europe called permanent

Conflict between the U.S. and its European allies is permanent and inevitable and will not be affected by the change in administration, the *New York Times* said in an editorial Nov. 20.

Commenting on West German Chancellor Helmut Schmidt's ongoing trip to the U.S., the *Times* states: "It has been convenient for the Europeans to blame the Carter administration for lack of recent cohesion in the alliance. The new administration, however, is likely to be even more emphatic in pulling in directions that the allies do not like—as Mr. Schmidt will hear from Mr. Carter and whomever he may meet from the Reagan team. The issue for NATO is not so much leadership as spreading disagreement."

The *Times* cites numerous areas of disagreement, including military contributions to NATO defense spending, relations with the Soviets, the Mideast, and coordinated NATO response to crises, and makes it clear that its editors think

that this disagreement should now be U.S. policy.

"There is now a common streak of nationalism in the Western nations and it works against agreement in world affairs," says the *Times*, whose news coverage has been promoting disagreement between Europe and the new administration. The *Washington Post*, in a Nov. 20 news analysis on the Schmidt visit, picks up the theme of permanent conflict.

No wage bonuses for Chinese workers

Communist China will not be giving year-end bonuses or other material incentives to its workers this year, China's New China News Agency reported.

Chinese grain production is down 5 percent from the record crop of 330 million tons in 1979, meaning a greater shortfall in grain deliveries to Chinese cities. In addition, stagnant production of coal and oil for energy generation is likely to disrupt industrial production.

The last time such cuts in living standards occurred, in 1976-77, China was plagued by a wave of illegal work stoppages. China-watchers regard this cutback as a major defeat for Deng Xiaoping's policy of ensuring political stability by improving the standard of living of workers and peasants.

Warnings of problems on oil-supply front

Accusations and counter charges about who is causing the runup in spot oil prices are flying. The spot price is currently at about \$40 a barrel, and with the annual meeting of the Organization of Petroleum Exporting Countries (OPEC) coming up on Dec. 15, concern is being voiced that some OPEC countries will push for an official oil price increase to match the spot levels.

Briefly

● **FAUSTO CHARRIS**, president of the Colombian Anti-Drug Coalition, had an arrest order issued against him Nov. 18 on bogus charges already investigated and dismissed two years ago. Telegrams and telephone calls of concern have poured into the Colombian embassies and consulates abroad, and to the Bogota office of Judge Jorge Enrique Torres, who issued the arrest order.

● **DENG XIAOPING** said in a recent interview with the *Christian Science Monitor* that despite Ronald Reagan's pro-Taiwan 1980 campaign remarks, "There are a number of people who are involved in the decision-making process on the part of Mr. Reagan who can be considered our old friends. For instance, Mr. Bush. . . ."

● **GEORGETOWN** University specialists are quoted in the Rome daily *La Repubblica* describing "detailed scenarios" undermining Ronald Reagan's plans to proceed cautiously in East-West relations. "Despite his intentions, Reagan can be forced to a confrontation policy," the spokesmen said, particularly if the U.S.S.R. is pushed into invading Poland.

● **MOUSSA TRAORE**, the head of the West African nation of Mali, announced during a visit to Paris this weekend that he was putting his nation on alert to confront expected provocations from Libya.

● **ULF LANTZKE**, director of the International Energy Agency (IEA), called for a five-fold increase in nuclear energy output over the next two decades during the annual conference of the American Nuclear Society. Lantzke said that to equip the 500 percent rise, the 21 member countries of the IEA would have to get 16 new orders each annually, for nuclear plants. These orders would best be equally shared out between North America, Japan and Europe.

The cross-accusations center around the fact that major producers and suppliers of oil—including France on the one side and the multinational oil companies on the other—have refused to draw down stockpiles during the Iraq-Iran war, although supplies from both countries have been halted. On Nov. 19, senior officials of the U.S. government held a closed-door briefing for reporters, where they expressed "concern" over "some evidence of hesitation" in some countries to draw down existing stockpiles rather than go into the spot market.

These warnings, however, ignore the fact that both Iran and Iraq have announced they are getting low levels of oil exports going again. While these supplies fall far short of prewar levels, other Gulf producers announced officially Nov. 17 that they were raising output. Qatar, the UAE, Kuwait, and Saudi Arabia have agreed to increase daily oil output 1.5 million barrels and Kuwait is in negotiations with France to channel supplies there.

Significantly, France has come under frequent criticism for its oil supply maneuvers, not because they hurt the world market price, but because the country refuses to join the International Energy Agency global stockpiling program.

Spot prices may have risen due to French purchases, but analysts admit that overall volume of trade on the spot market is very thin and need not affect official prices.

Afghan party purge in the works

Afghan Premier Babrak Karmal has just returned from a two-week-long visit to Moscow to make clear to factionalized members of the ruling People's Democratic Party in Afghanistan that a purge of disloyal cadre will be carried out. Speaking at a party plenum in Kabul, Karmal told party members that unity would be enforced, and past associations with unnamed "persons" and "groups" would no longer be criterion for party

membership. Loyalty in the present, including loyalty to Moscow, is the new bottom line.

The threat was aimed at the Khalq faction of the party, which had been loyal to previous leaders Taraki and Amin, and rivals of Karmal's Parcham faction. The Khalqis are known to be less than enthusiastic over the prospects for a long-term Soviet presence in Afghanistan, tending to be more nationalistic than Karmal, who is close to Moscow.

The Karmal move reflects greater Soviet confidence concerning their control over internal Afghani rebellion, a confidence justified by reports that the adoption of the tactic of buying the loyalty of key tribal chiefs in eastern Afghanistan has been successful.

Giscard and Barre split over policy directives

In his recent semiannual open letter to the prime minister, French President Giscard called for 29 reforms in the government's economic policy that would begin to soften the harsh austerity policies imposed on France by Prime Minister Raymond Barre, whose Volcker-styled policies have severely undermined France's economy.

Giscard's reforms include such proposals as establishing a minimum income level for families and increased credits for small- and medium-sized businesses. However, Barre has been openly scornful of Giscard's proposals, leading to speculation that Barre may be dumped following the April 1981 presidential elections.

According to the *London Times* of Nov. 18, Barre, when asked by a journalist to comment on the President's proposals, said "with a grin and a sly giggle," that "there is absolutely nothing in it which can appear as either spectacular or even worthy of major interest."

Barre may be ousted from his job, according to *Le Figaro* of Nov. 18. The Paris daily reports that the Gaullist President of the National Assembly, Jacques Chaban-Delmas, could replace him.