

the oil tax on their economies. The French and West Germans favor nuclear energy in the developing as well as the advanced sector, and Schlesinger has already been put on notice that the U.S. sabotage of the fast breeder and recycling technologies "is organizing tomorrow's shortages" in the words of *Le Figaro* energy editor Christian Guery.

### Breaking the power of the Seven Sisters

The French have let it be known—through the pen of *Les Echos* energy specialist Ralph Back on June 5—that if the U.S. refuses to agree at least to points two and three of the proposal, they are ready to set up a "European consortium dealing directly with the oil producers in state to state fashion"—a warning that the Europeans will move to break the Seven Sisters' control of world oil distribution if the U.S. does not assume the "proper leadership of the West," as Schmidt put it.

At present, the U.S. administration is reacting by upping the ante in provocations. Carter is answering the European demands on energy by demanding that the French, et al. endorse Carter's "Camp David" Middle East strategy—the oil field occupation scenario. But François-Poncet was very clear in Washington that the French will continue organizing for a general settlement to the Middle East crisis, since "a separate agreement brings divisions to the Arab world. You cannot claim," he stated, "you don't have a separate treaty when there is no solution to the West Bank and Palestinian problem that is accepted by the Arab world. ... It is not useful to isolate the Arab world ... to have them facing a Western world... and there will not be a lasting peace unless the Soviet Union is brought into the picture."

By insisting that endorsement of the Camp David pact is a sine qua non for ending the energy blackmail of the world, the Carter Administration is further angering the Europeans—and jeopardizing world peace. Indeed, the Anglo-American nexus is viewed with disgust not only by Europe but by the Middle East and the developing sector as well. The Saudi royal family, which experienced an attempted coup d'état at the hands of British-linked Khomeini backers last month, is in complete agreement with the French government on the need for a comprehensive Middle East settlement, as well as a global energy plan, and Saudi oil minister Sheik Zaki Yamani will meet, as he has frequently in recent weeks, with France's Giraud at the end of the week. And Mexico, a leading force for producer-consumer cooperation on oil, warned through Industry Minister Oteyza that Mexico will break its contracts with oil companies which use Mexican crude to speculate on the prices of oil as has occurred in Rotterdam.

—Garance Phau

## What the Europeans

### Giraud: two different scenarios

*French Minister of Industry Andre Giraud assessed his meetings with Energy Secretary Schlesinger at a press conference June 5.*

"The essential purpose of our visit was to exchange views on energy. I can summarize the problem. We think there are two different possible scenarios. One, consumer and producer countries cooperate in a coherent frame. In that scenario there is enough energy so that the world goes on with development ... Two, producing and consuming countries do not act in a coherent complementary way. In that case we face a tremendous world economic crisis, possible recession, shortages of energy and maybe deeper political affairs. The trouble is we are currently living in scenario number two and must switch to number one. The most immediate need is to fight against any speculation, which does not benefit either producer or consumer countries.

**Q:** Was there anything in your talks that would lead you to believe that Schlesinger will announce a change in the entitlements policy?

**A:** I don't think so. We feel this measure was unilateral, inefficient, counterproductive. Mr. Schlesinger expressed regrets that it was taken unilaterally. It was inefficient because it did not increase the available petroleum products. Mr. Schlesinger said there was no intention to divert petroleum products. Mr. Schlesinger said there was no intention to divert supply of oil from Europe to the U.S., and that it was an old mechanism that was used. Mr. Schlesinger said that other available supplies are not going to the U.S. ... We did not find Mr. Schlesinger's arguments and figures convincing and asked him to explain this decision to the European Community....

**NSIPS:** In a somewhat low-key fashion, you have just dropped a bombshell insofar as what you have outlined as scenario one undermines the entire basis of the Carter administration's foreign policy.

**A:** I have no opinion on the internal policy of the U.S.

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and no judgment to bear on the U.S. administration. I am just expressing my view that from an analysis of forecasts of supply and demand, we must have an energy policy that gives enough supply. The only way to do that—even if we have a very strong conservation policy—would be through the development of nuclear and coal. That is the only thing I am saying.

### **François-Poncet: 'An effort of concertation'**

*French Foreign Minister Jean François-Poncet issued a one page statement titled "An Unprecedented effort of concertation" (concerted action—ed.) after meetings June 4 with President Carter.*

The energy crisis was central to my talks with President Carter. As President of the Council of Ministers of the European Communities, I told him of the serious concern felt in Europe regarding the decisions of the American authorities to grant a subsidy for oil imports into the United States. This decision tends to divert toward the U.S. a larger share of the oil sold on the world market.

Over and above this problem, which Mr. Giraud will be discussing with Mr. Schlesinger, I told President Carter that the President of the French Republic as well as the French government are convinced that the present situation and further outlook in the field of energy must be subject to an unprecedented effort of concertation. First, a concertation of the oil consuming countries with each other in order to apply effective measures to combat speculation, to encourage energy savings, and to develop alternate sources of energy; and second, a concertation with the oil-producing countries in order to ensure the mutual compatibility of future guidelines and decisions.

The stability of the world's economy and therefore the common interests of both consumers and producers depends on this effort of concertation. It was agreed with President Carter that this whole problem would be at the forefront of the Tokyo summit.

### **... U.S. and France disagree**

*In an informal talk with press also on June 4, French Foreign Affairs Minister François-Poncet had this exchange with the Executive Intelligence Review's Washington, D.C. correspondent Laura Chasen. Her question referenced Energy Secretary Schlesinger's earlier remarks that Europe must reduce oil consumption as the U.S. is.*

**Q:** Mr. Foreign Minister, Energy Secretary Schlesinger said today that the U.S. must be in the position of "hardballing" Europe to make it cut energy consumption. He also placed the blame for higher oil prices on members of the International Energy Agency other than the U.S.? Will you comment?

**A:** I think our basic attitude is that there has to be a concerted action. This implies that the consumer countries are prepared to take decisions concerning speculation which we must halt.

**Q:** Was there an agreement reached at Bonn?

**A:** It is not in the interests of anyone to behave unilaterally.

**Q:** Did you discuss that the Carter administration's basic policy has been defined by the New York Council on Foreign Relations' 1980s Project for "controlled disintegration" of the U.S. economy?

**A:** I did not get the impression from my talks that there is a large disagreement in principle to what we are looking for, for which there is a large measure of agreement in goals. The question is how to get there.