The original documents are located in Box C19, folder "Presidential Handwriting, 4/25/1975" of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

April 25, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: BRENT SCOWCROFT

FROM: JERRY H. JONES

The attached article was returned in the President's outbox with the following notation to you:

-- What is this?

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld

4/25/75

THE WHITE HOUSE
WASHINGTON

Gen Scowcroft

What is this?

EASTERN EDITION

THE CHRISTIAN SCIENCE MONITOR

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Europeans are edging away from tough U.S. oil stance

By Harry B. Ellis

Staff correspondent of
The Christian Science Monitor

Washington

Europeans are moving on their own, without the United States, to try to ensure a supply of oil from the Arab world, according to diplomatic sources here.

This runs counter to Washington's policy of having all major oil consumers coordinate a joint approach to the Arabs.

It is also a blow to Israel, which does not want to see the Arabs making separate deals with consumers. A joint U.S.-European-Japanese approach, Israelis believe, would be more protective of Israel's overall diplomatic interests, and lessen the effectiveness of oil as an Arab weapon.

In the wake of the collapsed Paris oil talks, sources here say, experts of the Arab League and of the nine-nation European Economic Community (EEC) will meet toward the end of May to prepare a full-scale Arab-European "dialogue" scheduled for early June.

Object of the talks, the sources say, will be to work out a stable price-supply relationship for oil in the years ahead, and to forge closer Arab-European economic ties.

The Europeans import most of their oil from the Middle East. The Arabs, in turn, want to buy European technology, equipment, and know-how to diversify and industrialize their economies.

One aim of the talks, according to qualified sources, will be to insulate, if possible, European countries from any new Arab oil embargo, directed against the United States.

Sheikh Ahmed Zaki al-Yamani, Saudi Arabian Minister of Petroleum, warns that a new embargo would be invoked in case of renewed Arab-Israeli war, or possibly even if no further Israeli withdrawals take place from the Golan Heights, the West Bank, and Sinai.

Meanwhile, the 18-nation International Energy Agency (IEA), which the U.S. regards as the proper forum within which to mold consumer strategy vis-a-vis oil producers, is sidetracked.

Suspicion grows among Europeans, following outspoken remarks by Assistant Secretary of State Thomas O. Enders at the abortive Paris oil talks, that U.S. policy aims at breaking the oil producers' cartel

The Organization of Petroleum Exporting Countries (OPEC) is the 13-nation group which boosted world oil prices 400 percent and which controls 85 percent of all petroleum moving in international trade.

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★ Europe edges away from U.S. oil stance

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Within the IEA, the U.S. stresses the need to reduce oil consumption as a means of putting pressure on weaker OPEC members to cut prices.

European members of the IEA, while agreeing to conservation for economic reasons, reject any implication of confrontation with OPEC.

Fresh evidence accumulates, meanwhile, that oil-rich OPEC powers may not be so rich, after all — or at least, in some cases, may be investing beyond their means.

"Iran," comments Assistant U.S. Treasury Secretary Gerald Parsky, "says it will be in a deficit position in a year and a half."

"Before 1980," remarks James Grant, president of the Overseas Develpopment Council in Washington, "according to the World Bank, OPEC as a group will be back to being borrowers," though some individual members, like Saudi Arabia and Kuwait, will remain in surplus.

Lower oil income because of the world recession, plus overcommitment of investments, are cited as reasons why some OPEC members may seek to borrow money in years ahead.

Abu Dhabi, said Mr. Parsky, which had been expected to have $3 billion to invest overseas this year, "now says it will have no money available in 1975."

Although, added the Treasury official, Arab oil-exporting lands say they may have $20 billion a year to invest outside their countries between now and 1980 — considerably less than the $25 billion previously thought.