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CIA HISTORICAL REVIEW PROGRAM
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1998

13 August 1970

MEMORANDUM FOR: Chief, Near East Staff
(NE/ONE)

ATTENTION :

SUBJECT : Soviet Influence in the Middle East
and Its Impact on Middle East Oil

1. Attached is the OER contribution to subject project prepared in accordance with the agreement reached between and representatives of ONE. Table 1 was extended to include production years and growth rates as requested by Janny Thunberg.

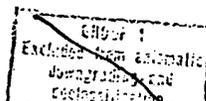
2. [redacted] will be available for consultation on this contribution

3. This contribution is unclassified.

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Attachment: a/s.

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OER Contribution to ONE Intelligence Memorandum

Soviet Influence in the Middle East and Its Impact
on Middle East Oil

13 August 1970
Ext. 7914

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~~GROUP 1
Excluded from automatic
downgrading and
declassification~~

Tankers

The world tanker fleet in oil service at the end of 1969 totalled almost 135 million deadweight tons (DWT)* with a carrying capacity equivalent to about 8,600 T-2 tankers.** The tanker fleet of the USSR and other Communist countries represented about 4% of the world fleet.*** With the Suez Canal closed, oil production cut back in Libya, and the Tapline shutdown, there will be little if any spare tanker capacity through the first quarter of 1971. Based on a forecasted 6% annual growth rate in world oil consumption through 1975, the demand for tankers at that time will be about 14,000 T-2 equivalents.

Even if the present tanker construction program geared to that goal is completed, there will be only moderate spare tanker capacity. If world oil consumption exceeds current forecasts, as seems possible, the tanker situation in 1975 could be nearly as tight as it is in mid-1970.

* Including vessels of 2,000 DWT and larger.

** A T-2 tanker is defined for this purpose as a 16,765 DWT tanker with a speed of 14.5 knots.

*** During the tight tanker situation in mid 1970, the USSR reportedly was having difficulty in arranging tanker charters for delivery of oil to some of its customers in the Free World.

Explanatory Notes to Tables

1. Table 1 shows world crude oil production in 1969 and in the first half of 1970, by area, and the share that each principal producing area represents of total world production.
2. Table 2 shows oil consumption in the Free World in 1969 and a forecast for 1975 with particular reference to the NATO countries of Western Europe, Japan, and the U.S. The Table also shows the total percentage increases over the period and the ^{average} annual percentage increases.
3. Table 3 shows the origin of crude oil imports by the principal consuming countries of Western Europe, Japan, and the U.S. and identifies the shares that the principal sources provide to each importing area. The individual countries of Western Europe import refined products in addition to crude oil and export certain products refined from the imported crude oil. Total product imports are approximately equal to total product exports, and are excluded from the Table. Because all of the countries of Western Europe are dependent on imported oil for between ⁴95% and 100% of their total oil supplies, the table in effect reflects their basic dependence on the individual sources of supply shown. Similarly, Japan imports almost all of its oil supplies. The U.S., however, imports only about 10% of its total crude oil supply.
4. Table 4 is designed to show the disposition of crude oil exports from the principal oil producing areas and thus, reflects the shares that the markets in Western Europe, Japan, and the U.S. represent of the total crude oil exports from the producing states.
5. Table 5 shows the origin and composition of U.S. Oil imports in 1969.

Table 1
World Crude Oil Production^{a/}
1969 - 1970 (First Half)

	1970 (First Half)		1969	
	Thousand Barrels Per Day	Percent of Total	Thousand Barrels Per Day	Percent of Total
World Oil Production	<u>44,500</u>	<u>100.0</u>	<u>42,020</u>	<u>100.0</u>
Free World	<u>37,000</u>	<u>83.1</u>	<u>34,830</u>	<u>82.9</u>
Eastern Hemisphere	<u>21,000</u>	<u>47.2</u>	<u>19,145</u>	<u>45.6</u>
Middle East	13,390	30.1	12,355	29.4
Iran	3,740	8.4	3,375	8.0
Saudi Arabia	3,630	8.2	3,245	7.7
Kuwait	2,920	6.6	2,773	6.6
Iraq	1,510	3.4	1,525	3.6
Abu Dhabi	610	1.4	600	1.4
Qatar	360	0.8	355	0.8
Oman	350	0.8	320	0.8
Other Middle East	270	0.6	162	Negl.
North Africa	4,800	10.8	4,305	10.3
Libya	3,550	8.0	3,110	7.4
Algeria	950	2.1	955	2.3
Egypt	300	0.7	240	0.6
Nigeria	900	2.0	545	1.3
Indonesia	850	1.9	715	1.7
Other Eastern Hemisphere	<u>1,060</u>	<u>2.4</u>	<u>1,225</u>	<u>2.9</u>
Western Hemisphere	16,000	36.0	15,685	37.3
United States	9,600	21.6	9,215	21.9
Canada	1,230	2.8	1,097	2.6
Venezuela	3,700	8.3	3,640	8.7
Other Western Hemisphere	1,470	3.3	1,733	4.1
Communist Countries	<u>7,500</u>	<u>16.9</u>	<u>7,190</u>	<u>17.1</u>

a. Because of rounding, components may not add to the totals shown.

Append to Table 1

1965		1960		Percent Increase 1970/1960	
Thousand Barrels Per Day	Percent of Total	Thousand Barrels Per Day	Percent of Total	Average Annual	Total
<u>30,475</u>	<u>100.0</u>	<u>21,050</u>	<u>100.0</u>	7.7	111
25,080	82.3	17,695	84.1	7.7	109
11,655	38.2	6,365	30.2	12.7	230
8,340	27.4	5,235	24.9	9.8	156
1,905	6.2	1,060	5.0		
2,205	7.2	1,315	6.2		
2,345	7.7	1,685	8.0		
1,315	4.3	955	4.5		
280	0.9	0	0		
230	0.8	175	0.8		
0	0	0	0		
60	0.2	45	0.2		
1,905	6.2	245	1.2	34.6	1,859
1,220	4.0	0	0		
560	1.8	185	0.9		
125	0.4	60	0.3		
275	0.9	20	0.1		
480	1.6	415	2.0		
655	2.2	450	2.1		
13,425	44.0	11,330	53.8	3.5	41
7,805	25.6	7,035	33.4		
935	3.1	540	2.6		
3,505	11.5	2,845	13.5		
1,180	3.9	910	4.3		
<u>5,395</u>	<u>17.7</u>	<u>3,355</u>	<u>15.9</u>	8.4	124

Table 2

Free World Oil Consumption, 1969 and 1975 a/

Area	Thousand Barrels Per Day		Percent Average Annual	Increase 1975 over 1969
	1969	1975		
Free World	<u>37,000</u>	<u>52,500</u>	<u>6</u>	<u>42</u>
Western Europe	<u>11,400</u>	<u>16,100</u>	<u>5.9</u>	<u>41</u>
West Germany	2,400	3,000	3.8	25
United Kingdom	2,000	2,400	3.1	20
France	1,700	2,250	4.8	32
Italy	1,600	2,550	<u>8.1</u>	<u>59</u>
Netherlands	<u>650</u>	770	<u>2.9</u>	<u>18</u>
Belgium/Luxembourg	500	660	<u>4.7</u>	32
Sub-total	8,900	11,630	4.6	31
Denmark	300	480	<u>8.1</u>	60
Turkey	200	250	3.8	25
Greece	150	200	4.9	33
Norway	150	230	7.4	53
Portugal	100	165	8.7	65
Iceland	20	50	16.5	150
Total NATO	9,800	13,000	4.9	33
Other Western Europe	1,600	3,100	11.7	94
Japan	<u>3,300</u>	<u>7,000</u>	<u>13.4</u>	<u>112</u>
United States	<u>14,000</u>	<u>17,700</u>	<u>4.0</u>	<u>26</u>
Other	<u>8,200</u>	<u>11,700</u>	<u>6.1</u>	<u>43</u>

a. Because of rounding, components may not add to the totals shown.

Table 3

Origin of Crude Oil Imports - 1969
(Principal Importing Areas)

Importing Areas	Origin										Total	Imports as Percent of Consumption
	Middle East Arab	Middle East Iran	Libya	Africa Algeria	Other	Caribbean	Communist Countries	Others	Others	Total		
Western Europe	45	5	23	7	6	6	7	1	100	97		
West Germany	28	6	45	10	3	4	4	Negl.	100	94		
United Kingdom	51	8	22	1	6	7	0	5	100	100		
France	46	4	15	30	Negl.	3	2	Negl.	100	98		
Italy	53	3	29	3	Negl.	2	10	0	100	99		
Netherlands	54	15	21	4	4	2	0	Negl.	100	97		
Belgium/Luxembourg	37	23	20	7	2	9	0	2	100	100		
Others	48	5	15	7	2	12	11	0	100	99		
Japan	45	43	Negl.	0	Negl.	1	1	10	100	99		
United States	8	3	9	Negl.	6	32	Negl.	42	100	10		
Others	46	18	1	1	1	24	4	5	100	N.A.		

Table 5

U.S. Oil Imports - 1969

Volumes in Thousands of
Barrels Per Day

Origin	Crude Oil		Products		Total		Imports as Percent of Consumption
	Volume	Percent	Volume	Percent	Volume	Percent	
Canada	548.0	35.9	64.2	4.1	612.2	19.9	4.3
Mexico	0	0	43.3	2.8	43.3	1.4	0.3
Far East	88.7	5.8	0.9	Negl.	89.6	2.9	0.6
<u>Caribbean</u>	494.4	32.4	1,265.5	81.3	1,759.9	57.1	12.5
Venezuela	428.5	28.1	924.4	59.4	1,352.9	43.9	9.6
Other	65.9	4.3	341.1	21.9	407.0	13.2	2.9
<u>Middle East</u>	175.8	11.5	6.8	0.4	182.6	6.0	1.3
Arab	127.4	8.4	6.8	0.4	134.2	4.4	1.0
Iran	48.4	3.2	0	0	48.4	1.6	0.3
<u>Africa</u>	218.9	14.4	3.5	0.2	222.4	7.2	1.6
Libya	131.2	8.6	0	0	131.2	4.3	1.0
Algeria	1.3	Negl.	0	0	1.3	Negl.	Negl.
Other	86.4	5.7	3.5	0.2	89.9	2.9	0.6
Other	0	0	173.2	11.1	173.2	5.6	1.3
TOTAL	<u>1,525.8</u>	<u>100.0</u>	<u>1,557.4</u>	<u>100.0</u>	<u>3,083.2</u>	<u>100.0</u>	<u>22</u>