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CIA/OER/S - 05761-73

[redacted]

11 December 1973

MEMORANDUM FOR THE RECORD

[redacted]

SUBJECT: Analysis of Recent Statements by Saudi Arabian
Oil Minister Yamani

On 30 November, [redacted] Assistant NIO/Energy conveyed a request from NSC for our estimate of whether recent statements by Saudi Oil Minister Yamani contained indication of any changing Saudi oil embargo policy. The attached memo was prepared by [redacted] and sent to Mr. Critchfield for transmittal to Hal Saunders at the NSC. It was also distributed to NIOs Keith Clark, Western Europe and Sam Hoskinson, Middle East.

[redacted]

Chief,
International Energy & Resources Branch

Attachment: a/s

Distribution: (S- 5761)

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OER [redacted] (7 Dec 73)

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30 November 1973

MEMORANDUM FOR: Mr. Critchfield, NIO/Energy

SUBJECT : Yamani's Recent Statements on
Arab Oil Policy

1. Recent statements by Yamani and Abdessalem travelling in Western Europe do not contain any signals which we read as a new flexibility towards the Arab oil cutbacks and embargoes. Yamani's remarks continue to stress the carrot and stick approach to the US, Western Europe, and Japan. Yamani continues to emphasize the Saudi strategy of pressuring Western Europe and Japan to move away from the US on Israeli policy. A good example is the recent decision to reward the EC and Japan by exempting them from the 5% December cut but still holding out fears for another cut in January. Yamani continues to stress that the US still has its "golden opportunity" in Saudi Arabia if it adheres to the King's objectives.

2. However, there are signs that the US embargo may be lifted short of a complete Israeli withdrawal. [redacted]

[redacted] the Arab oil ministers during their 18 November meeting in Vienna drafted a recommendation that the oil states "create an incentive" for the US to pressure Israel on a withdrawal agreement. The recommendation was made at the Arab Summit but we do not know what action was taken by the heads of state. Although the language used in the recommendation is confused the following essential points are made:

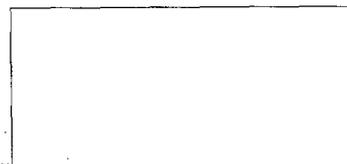
-- If an agreement is reached on an Israeli withdrawal from all the territories occupied since 1967 including Jerusalem and if the US guarantees that withdrawal, the oil embargo against the US should be lifted as soon as withdrawal begins.

-- The production cutbacks in effect at the time of the agreement will be maintained initially against the US, Europe, and other countries, but sanctions against the US will not exceed those against other consumers.

-- A timetable for gradually returning Arab oil production to September 1973 levels will then be drafted in accordance with the stages of the Israeli withdrawal.



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3. We believe Yamani continues to have the King's utmost confidence and doubt if the oil minister deviates more than slightly from Faisal's policy. Yamani's remarks in Copenhagen reacting to Secretary Kissinger's "countermeasures" statement were overblown in press coverage, but he was rebuked by the King via telephone and Yamani pleaded misquotation. While Yamani is unlikely to exercise much variance from the King's policy, the King may very well make new policy without Yamani's concurrence.

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Chief,
International Energy & Resources Branch
Office of Economic Research

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