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MEMORANDUM FOR THE RECORD

SUBJECT: The Soviets and the Arab Oil Weapon

The attached briefing notes were prepared for the DCI's Briefing of the President's Foreign Intelligence Advisory Board (PFIAB) on 6 December 1973. The responsible analyst is [redacted] of this Branch. The notes were discussed with the Soviet Branch of OCI and coordinated with [redacted] of OPR.

Chief,
International Energy & Resources Branch

Attachment:
as stated.

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THE SOVIETS AND THE ARAB OIL WEAPON

- A. The Russians have little or no control over the oil weapon.
1. We have no evidence to indicate that the Soviets had any hand in the planning or implementation of the Arab oil cutbacks. Saudi Arabia and Kuwait, both states with conservative, anti-Communist governments, initiated and are leading the Arab action.
 2. The Arabs alone will decide when to abandon their embargoes and restore production.
- B. The Soviets appear to be of two minds about the Arab oil weapon.
1. On the one hand, they see some advantages
 - a. They welcome the split in Western unity caused by oil cutbacks.
 - b. They applaud the reduction of US influence in the Middle East as reflected in the nationalization of US oil interests in Iraq and the possibility of nationalization in other countries.
 - c. They profit from higher prices for their own oil exports.

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2. On the other hand, the Arabs' use of the oil weapon has created some problems for them.
 - a. Conservative, anti-Communist Saudi Arabia has become a leader in the Arab World at the expense of the radical, pro-Russian states. If the Arabs are successful in achieving some of their goals regarding Israel, more of the credit will go to Saudi oil than to Russian arms.
 - b. Communist nations are not on the Arabs' favored list, and some cut-backs in Arab deliveries to Eastern Europe have resulted. Russia feels obligated to maintain East European supplies by diverting some of its own exports from Western Europe.
 - c. The Soviets fear that they may be blamed by West Europeans for part of their oil shortages.
 - d. The Soviets are concerned that their support of Arab actions could have an adverse effect on US-Soviet detente.

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C. Because of the reasons cited above, Soviet actions and statements have been ambiguous.

1. In order to maintain credibility in the Arab World, they have supported the Arab action in the press.

2. They have restricted oil shipments to Western Europe, but they are stressing that these restrictions are necessary to supply Eastern Europe and should not be considered as support for the Arabs.

The Soviets are obviously worried about maintaining their hard-won reputation as reliable trading partners.

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