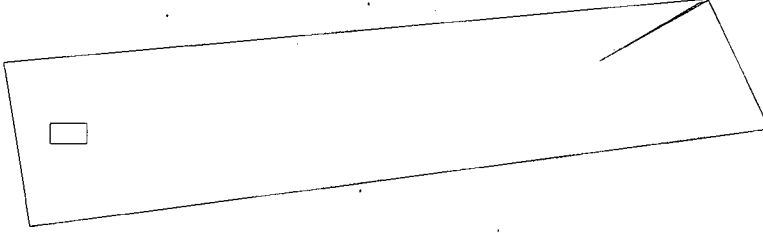


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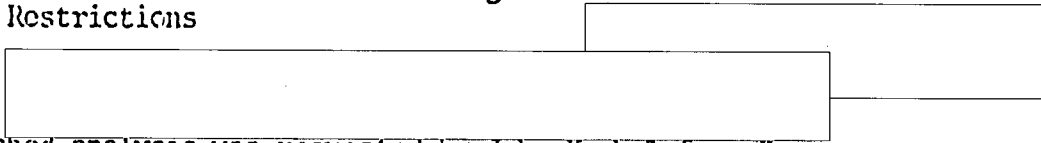


26 December 1973

MEMORANDUM FOR THE RECORD

CIA/OER/S-05780-73

SUBJECT: Arab Oil Available After the Lifting  
of Restrictions



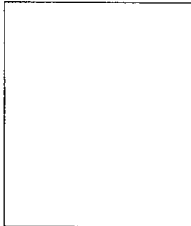
The attached analysis was requested by John Knubel for  
Mr. William Simon, Director of the Federal Energy Office. It  
was prepared by [redacted] of this  
Branch and transmitted by LDX on 21 December.



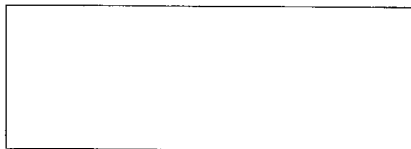
Chief,  
International Energy & Resources Branch

Attachment:  
as stated.

Distribution: (S-5780)



OER [redacted] (26 Dec 73)



21 December 1973

MEMORANDUM FOR:

SUBJECT: Arab Oil Available After the Lifting  
of Restrictions

1. This memorandum projects the level of Arab oil productivity that would occur if restrictions were lifted on 1 January or 1 March 1974. We also estimate the time necessary for this oil to reach the consuming countries. We assume that the international oil companies do not divert significant amounts of oil from one consuming area to another.

2. Although production can be rapidly increased in many of the Arab states, other factors will delay the receipt of oil in the major consuming countries. There may be some delay in finding tankers and getting them to the Persian Gulf. Once loaded, these tankers will require about three weeks to reach Japan and a month to reach Western Europe and the United States. The United States and several European countries depend to some extent on foreign refining facilities. This means additional delays while the newly freed Arab oil is refined and reshipped. In this respect, Japan, the Netherlands, and Italy are in a better position than the other major consumers.

3. If a decision were made on 1 January 1974 to increase production to September 1973 levels, this level of output could be reached before the end of February. If the United States remained totally embargoed, Europe and Japan would be in a position by April to receive more than what they would have received under pre-crisis projections. If the US were not embargoed, all areas of the world could receive some 90% of pre-crisis projections in April. Thereafter, the stagnation of Arab output would be reflected in a slow decline in oil available relative to previous demand projections.

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4. If a decision were made on 1 March to return to September levels, this could be done in April. Pre-crisis projected levels could be reached in June. The lags encountered in translating the increased production into increased consumer availability would be similar to those stated in Paragraph 3.

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PROJECTED IMPORTS OF ARAB OIL  
(Based on pre-Crisis Demand Estimates)

		<u>Percent</u>					
		January	February	March	April	May	June
		Action Taken on 1 January					
To Return to September Levels (US Embargoed)	US	0	0	0	0	0	0
	Other	84	91	98	104	103	102
To Return to September Levels (US Not Embargoed)	US	0	30	60	90	90	89
	Other	73	82	91	90	90	89
To Attain Previously Planned Levels	US	0	33	67	100	100	100
	Other	73	82	91	100	100	100
		Action Taken on 1 March					
To Return to September Levels (US Embargoed)	US	0	0	0	0	0	0
	Other	80	76	76	85	94	102
To Return to September Levels (US Not Embargoed)	US	0	0	0	30	60	89
	Other	80	76	76	80	84	89
To Attain Previously Planned Levels	US	0	0	0	33	67	100
	Other	80	76	76	84	92	100

21 December 1973

ARAB OIL PRODUCTION

	<u>Jan</u>	<u>Feb</u>	<u>March</u>	<u>April</u>	<u>Thousand Barrels per day</u>	
					<u>May</u>	<u>June</u>
Pre-Cutback Production Plans						
Arab Production	21,700	21,900	22,100	22,300	22,500	22,700
Action Taken on 1 January						
o Return to September Levels	17,900	20,130	20,130	20,130	20,130	20,130
o Attain Previously Planned Levels	17,900	20,130	22,100	22,300	22,500	22,700
Action Taken on 1 March						
o Return to September Levels	14,990	14,380	17,260	20,130	20,130	20,130
o Attain Previously Planned Levels	14,990	14,380	17,260	20,130	21,410	22,700