

## Senate Ctte Staffer: Schlesinger - Vance Will Control U.S. Foreign Energy Policy

*The following interview is with a staff member of the U.S. Senate Foreign Economic Policy Committee, formerly known as the Church Committee on Multinationals.*

**Q:** What is the status of your probing on the Aramco Saudi nationalization talks?

**A:** Late last year our subcommittee attempted to get specifics from the State Department on these talks, and we were told that State considered them to be a private matter between the companies and the Saudi government. No information was made public. Then the Federal Energy Administration (FEA) put out regulations calling for fairly detailed, specific information on what the negotiations were about but stopping short of asking for prospective information. Now, with the new Administration in Washington, prospective information will be requested, since both Schlesinger (Special Assistant to the President -ed) and FEA head O'Leary are committed to asking for this.

### Aramco Official Lies About Saudi Policy

*The excerpts below are from an interview with an Aramco official in Washington, D.C.*

**Q:** What do you make of Saudi Arabia's efforts to consolidate a "pairing arrangements" sales strategy of direct deals with European companies rather than going through Aramco?

**A:** It's not true. We've contacted two or three of the designated companies and got denials from them. Even *Platt's Oilgram* magazine backs this up. A recent issue quotes the governor of the state-owned oil company Petromin who denies the existence of pairing arrangements. This proves that the Saudis don't want to dictate buyers to Aramco.

Here is what *Platt's Oilgram* had to say:

**Q:** An Aramco official has just denied that pairing arrangements have taken place and cites your journal as providing evidence to this effect.

**A:** I am surprised! The article the Aramco official cited was in a back issue. Two issues later we published a story retracting the Petromin governor's statement. I'm surprised that the Aramco official didn't cite the later story. These days I guess the folks at Aramco are a little nervous. It is very much Saudi Arabia's and Yamani's policy to go through the pairing. The Saudis want to keep the thing as quiet as possible.

**Q:** Do you foresee tighter National Security Council control or regulation of these talks?

**A:** I would say yes, the NSC will take more and more of a role. You can't get away from this idea. It will depend on Schlesinger exactly how it will happen. Either the NSC will coordinate for the State, Treasury, and FEA, or Schlesinger will coordinate; it depends on him. There are two things involved here. One is that the U.S. doesn't have any comprehensive energy policy. Two is that the U.S. companies have more of an interest in maintaining access than they do on price.

**Q:** What will become of the oil companies themselves if what you are describing takes place?

**A:** The oil companies will become more and more technical middle-men. They'll move the oil from one place to another. I see, and I have recommended, movement toward a Federal Purchasing Agency. Church (Sen. Frank Church, Idaho) himself recommended this a couple of years ago. This government will finally start making decisions affecting the national security of the country on the energy question.

**Q:** All this will have a dramatic effect on the Saudis, especially if we assume that they are drawing close to good terms with Aramco, as you imply.

**A:** Well, the Saudis have made a decision to go for a lower price, and they've been bending OPEC toward this. U.S. policy up till now has not been helping them. If the U.S. had a consistent energy policy, it could encourage low prices and higher production. At least, on some kind of experimental basis if need be, there should be some purchasing authority to develop stockpiles.

**Q:** Are you talking about some kind of sealed bid system?

**A:** Most sealed bid systems don't have a purchasing power attached to them but it's a possibility, there are many kinds of sealed bids.

**Q:** How are the oil companies reacting to the increasing NSC-Schlesinger regulation and control of energy policy?

#### *The Oil Lobby*

**A:** The oil companies have expressed unanimous comments on FEA legislation. They're all anti-divestiture. And they've had massive advertising campaigns to prove "we're good guys." Mobil sponsors one thing, another oil company sponsors a concert, that's how it goes. This has gone on since 1973, a general advertising campaign to improve their public image. They're saying, "We know the oil business and we should run it for you." They're giving their lobby institution, the American Petroleum Institute, unlimited money to battle the threat of horizontal divestiture that Carter has supported.

**Q:** Might not everything you are saying lead to a U.S.-Saudi showdown, given that the Saudis were getting good terms from Aramco?

**A:** There should be face-to-face negotiations between the Saudi and U.S. governments on how this will work. Zarb (Frank Zarb, former FEA head -ed) was distressed during his Mideast trip last year at the particular con-