

Iran Asserts New Independence On Energy Policy And East Bloc Relations

IRAN

The Shah of Iran has embarked upon a new course in energy policy and foreign affairs which is at variance with that of the Rockefeller family, traditionally his strongest ally.

Iran is presently suffering from the worst energy crisis in its recent history. Faced with a severe shortage of electrical power generating capacity, Iran's Energy Ministry has instituted a rationing of electricity, reducing many factories' power utilization by 40 percent as well as enforcing regular blackouts in Teheran and other cities.

The energy crisis in Iran is nothing new. The country has been stricken by repeated blackouts in the last few years as a result of the overloading of present generating capacity. The current situation is in fact the direct

outcome of rapid economic growth in Iran for which basic infrastructure was not provided.

Lack of water for Iran's network of dams is another cause of the current power shortage. In the 1960s the Shah engaged David Lilienthal, a close factional ally of the Rockefeller family and the architect of the Tennessee Valley Authority, to build a number of dams in Iran as power and irrigation sources. Iran, however, does not have the water to reliably generate power for its growing economy. Faced with this inevitable energy crunch, the Shah is trying to fill the gap, by moving as rapidly as possible into nuclear energy while employing new short term gas-fed generating capacity. The high cost of such infrastructural development has prompted the Shah to expand oil sales even at the cost of his relations with the multinational oil companies.

This is the situation which has pushed the Shah away from friendship with the Rockefellers, who are in no way unaware of his policy shift.

It was in fact Lilienthal who last year testified before

Shah Says 'Colonialism' Behind Attacks On His Energy Policy

In an interview with French radio correspondent Edouard Salier, the Shah of Iran discusses the international attacks on Iran and the country's plans for future areas of development and investment.

Q. What do you think is behind the attacks regularly made against your country?

A. First of all, this began with oil; there is no doubt. When we began to shake things up, let us say, 50-50 percent, with Mattei (Enrico Mattei, the Oil Maverick who headed up the Italian oil complex ENI, and worked with the Soviets to undercut Rockefeller's hold on the European market in the early 60s — Ed.) at that point attacks against my country began. Mattei was killed but the attacks went on.

Before all this there had never been any Iranian students making a noise abroad. Iran had never been called into question by the mass media, American or European, but it began then.

We continued our policy even more strongly until we took complete control of our hydrocarbon resources about 5 years ago, then it became almost a mad hatred.

How could an Asian country dare? Well, we go

forward with events: It is they who are behind events.

Finally, a few months ago, even the highest leaders of the West admitted that our energy policy was a good one — a true one — and they proposed exactly the same thing we had proposed 4 years ago. The difference is, how can a small country dare to propose things that would not please certain interests which are very entrenched? The biggest cartels — I call them the entrenched interests, but it is purely and simply colonialism.

Q. Could you sum up the interests you have developed? (referring to further steps towards national development — Ed.)

A. Yes, the first step that we took, and which was already connected with this, was with nuclear energy, with the French and the Germans then with the Americans. We even talk with the British, the Swedes and with everyone. That is something which is known. One talks about fusion, about plasma, hydrogen, separation of hydrogen from water and all that. A little is already known about solar energy. Well, I can say officially that we are ready even to invest, if need be, in these centers of international research, to assure our future.

Congress opposing the sale of nuclear technology to Iran and other Third World countries. Lilienthal's testimony was in direct response to an aggressive program of nuclear development, first put forth by Iran in 1975, which envisions supplying 34,000 Megawatts of nuclear energy or 50 percent of the country's power demand by the 1990s. Iran has so far contracted for two of the 20 planned reactors. These two are presently under construction by Kraftwerke Union of West Germany. Last month Iran offered to purchase four reactors from the French with bartered oil worth \$4 billion. Negotiations with the French are ongoing for another two reactors.

According to the Nuclear Engineering International, Dr. Akhbar Etemad, the director of the Iran Atomic Energy Organization, was invited to the Soviet Union this month to sign a nuclear cooperation pact. During an international symposium held in Iran in May, Iran and 41 countries in attendance minced no words in challenging Carter's policy of no nuclear technology transfer. The Shah has publicly made it known that he sees the critical necessity of employing fusion reactors as the ultimate solution to the worldwide energy crisis, a position diametrically opposed by Rockefeller.

Getting Around the Multis

In oil, the Shah is showing greater independence than ever before, through the expansion of the state-owned National Iranian Oil Company (NIOC). In the area of bartering oil for technology, joint ventures, and direct oil sales, NIOC in the last 18 months has taken a leap forward, leaving the multi's consortium handling a diminishing amount of Iranian crude. At the beginning of 1976 a feud erupted between Iranian and consortium companies in which Iran complained that the companies were lifting too little oil, this causing a decline in badly needed oil revenues. This spawned the program of the rapid growth of NIOC.

At present NIOC is nearing sales of about 1.5 million barrels a day (mbd), with the aim of exceeding the 2 million barrel mark by the end of the year. To achieve this and other goals further development is needed and Iran has arranged a barter deal with the Italian state-owned concern IRI for the construction of a steel complex at Bandar Abbas on the Persian Gulf. This and other such deals with Italy should give the Italian oil firm ENI upwards of 90,000 barrels a day of bartered oil. Other barter deals with Krupp and British Aircraft Corporation are providing European firms such as Royal Dutch Shell and Belgium's Petromina with Iranian crude as third partners in barter contracts. In many cases Iranian crude is being supplied to companies in Europe which have shown strong willingness to wage war against Rockefeller's control of European oil markets through Exxon.

An agreement to sell 700,000 tons of crude oil to Finland by NIOC last month was worked out in advance with the Soviet Union, in order to reduce Soviet crude exports to Finland, so that they could expand oil exports to the EEC countries, and thus further reduce EEC dependency on Exxon and its cohorts. Similarly, NIOC is

expanding sales to Eastern Europe. Not only are Iran's direct crude exports on the rise, but refined exports are expected to climb dramatically with the expansion of the huge Abadan refinery complex to a new output capacity of 600,000 barrels a day.

Looking East

In recent months Iran-Comecon trade has again enjoyed another boost. Iran's Foreign Minister Khalitbari just completed a tour through Bulgaria, Poland and Hungary, where trade was the major topic of discussion. Just prior to the trip Iran signed a new three year trade pact with Czechoslovakia over half a billion dollars — tripling previous trade agreements. The Soviet Union is putting concerted pressure on the Shah to further trade relations, as is witnessed by an unprecedented public statement to that effect by the Soviet Ambassador to Teheran last month in which he urged Iran to take up a call for Moscow to purchase 1 million tons of Iranian crude as part of expanded trade. At the same time the Iranian state daily *Kayhan* announced railway connections between Iran, Iraq and the Soviet Union.

Iran's current relations with East Bloc countries have acted as a powerful behind the scenes determinant in the process of normalizing relations between the Persian Gulf Arab states and Iran. In the past, according to scenarios propagated by the U.S. think-tankers, Iran's designated role was that of a military watchdog over the Gulf, acting as a deterrent to any independent Saudi action which would threaten Exxon's longstanding dominant position in that country.

As the May issue of *Iran Economic News* indicated, Iran and Saudi Arabia, erstwhile regional adversaries, are presently working out the terms for economic cooperation. This was signalled by a number of joint development deals worked out earlier by Iran and the United Arab Emirates, a close Saudi ally. Similarly, Iran and Iraq continue to close the gap which existed prior to the March 1975 Iran-Iraq border agreement. Since the beginning of the year both countries have hosted high-level military delegations for the first time since the historic border agreement was signed.

Inter-Gulf diplomacy is integral to the formation of a non-aligned Persian Gulf Security Pact — a plan which has received support from both the Soviets and the British. A pact would set the stage for independent moves on both the oil and the monetary front by the region's oil producing nations. The Carter Administration, both through its human rights crusade, and its threat to cut off weapons sales hopes to throw the Shah off his present course. On the human rights issue the Shah has forthrightly stated that he will not be manipulated; on the weapons question, he has retorted that he will go to the Soviet Union. The Shah's arms purchaser General Toufanian suddenly turned up in Moscow for a week's visit not too long ago. The appearance of two Iranian destroyers in the Odessa harbor on the Black Sea in mid-June — the first such visit by Iranian naval vessels — is a good indication the Shah means business.

— Judy Weyer