

Rockefeller Foundation Report Pushes Int'l Cooperation For Energy Development

On March 29 the Rockefeller Foundation released a far-reaching working paper on the energy crisis. Compiled by a team of international energy analysts, the report urges that the advanced capitalist nations, the Organization of Petroleum Exporting Countries, and the Least Developed Countries (LDCs) begin immediate collaboration to resolve the impending energy crisis of the 1980s, or face a severe international crisis.

The major policy recommendations of the report include: a need for greater petrodollar investment in the industrialized states and the LDCs; the promotion of research and development of nuclear energy as the most viable alternative to petroleum; and a major exploration and production drive to increase the world petroleum output. The report also suggests that the advanced western countries should technologically aid the Soviet Union in developing its vast petroleum resources and that the Conference of International Economic Cooperation (CIEC) known as the North-South talks should be reconvened to facilitate resolution of the energy problem as well as that of Third World development.

The report concludes that without cooperation now to meet these goals, there will be serious rivalries for dwindling oil which will destroy traditional alliances in the western world and precipitate a severe international crisis.

Here are relevant excerpts.

Realizing Unrealized Opportunities

In addition to current productive capacities, unrealized opportunities may exist in a number of oil-producer countries for further encouraging exploration, development and the application of new technologies in maximizing production. Iraq, Venezuela, and Mexico are important examples....

The danger of interstate competition for scarcer oil would be much reduced if the governments involved could be sure that large enough volumes of oil will be available in future world trade. As a minimum, governments of oil exporting countries must be persuaded that it is in their interest, and not in the industrial world's alone, to explore, develop, produce, and export at the highest feasible rate. It may be that the ultimate assurance of adequate volumes of oil in world trade rests with the understanding of exporters that below some level of restricted supply they would create a situation in which the pressures upon industrial societies could become acute... it is notable and regrettable that some industrialized nations are still somewhat ambivalent about the investment of exporters' surplus revenues in their economies.

On Promotion of Research and Development of Nuclear Energy

Assured access to uranium and enrichment services are essential elements in the security of nuclear fuel

supply. In the future, the successful development and commercialization of the breeder reactor would open up the possibility of greatly extending the usefulness of uranium resources. While nonproliferation, environmental, and safety concerns must be recognized, reprocessing in order to recover plutonium from spent fuel is a necessary part of the breeder fuel cycle.

If the U.S. government meant to set a nonproliferation example for other countries by deferring indefinitely for itself the use of plutonium fuel in light water reactors, and by limiting its breeder reactor development program, perhaps the message would have been better received in other countries if it had been accomplished by redoubled U.S. efforts to develop its own indigenous energy resources, thus freeing foreign oil for others.... Instead the U.S. action retards the development of nuclear options which the U.S. itself may need in the future, without clear-cut compensating acceleration of other supply alternatives.

Can Coal Replace Oil for the U.S.?

The U.S. President's goal of over 1 billion tons of annual (coal) production by 1985— compared to 678 million tons in 1976 — constitutes a staggering financial, managerial, logistical, and environmental challenge. Even though it could be mined, it might not be unless the logistical infrastructure, labor, and capital exist, and unless the requisite environmental policies and government regulations create the possibilities for long-term contractual commitments to support expanded production and use... it may be unrealistic to expect the U.S. to produce still greater amounts of coal to help relieve European and Japanese oil dependence... in short, U.S. efforts in coal, if successful, would serve primarily to reduce U.S. demand for imported oil, thereby freeing some supply for others, and to conserve natural gas.

Western Technology Aid to the USSR

The very fact that the Soviet Union is expected to become a net importer of oil, in whatever quantity, implies an argument for providing Western assistance to expedite the development of Soviet Union's own extensive energy resources.... a policy of assisting the USSR would have to take into account the fact that the other superpower — the United States — is likely to remain heavily dependent in the 1980s on external sources for supply.... the costs and benefits of investing in the USSR to provide additional energy resources must be weighed against the costs and benefits of investing an equivalent amount to develop energy resources elsewhere.

Third World Development

Assisting energy Research and Development with special relevance to developing country problems will not substantially lower the total demand for oil in world

trade in the early 1980s. Nor, in any case, will it reduce the foreign exchange demands on the poorest developing countries to pay for the oil they must continue to import. Nevertheless, a long-term commitment in this field by industrial nations might also help to alleviate some North-South tension, which in itself could improve the relations between industrial nations and the oil-exporting (developing) countries. Perhaps most important of all, support for the development of alternative energy sources may help developing countries to restructure their long-term economic development plans in the light of the prospective world energy situation, and to design development strategies that avoid their becoming "hooked" on oil in the way industrial countries are now.

The Need for An International Energy Policy

From the OPEC perspective, public oil diplomacy is still conducted in terms of broader issues of interest to developing countries, in the context of the North-South dialogue. While bearing in mind that larger setting, the particular dangers associated with the unrestrained and uncoordinated evolution of the international oil market into the 1980s are such that encouragement should be given to the reconstruction of a multilateral forum in which those who export and those who import oil including developing and industrial countries, can work together.

**'New Type of Cooperation
With Third World'**

The state-controlled French oil company, Compagnie Française des Petroles (CFP) promotion of industrial cooperation through its "Total Cooperation Industrielle" was highlighted by oil industry specialist Ralph Back in

the April 11 edition of the Paris financial daily Les Echos. Back recently gave prominent coverage to the development plan announced by Nelson Rockefeller in both Les Echos and French oil industry magazine Bulletin de l'Industrie Pétrolière.

Abu Dhabi has entrusted it (Total Cooperation Industrielle — ed.) with the development of the Upper Zakum and Saath al Raaz oil fields... Algeria has put it in charge of the development of the Alrar gas field as well as the repairs of the Hassi Messaoud-Skikda pipeline, the renovation and optimal improvement of the distribution network of different fuels, quality control of Saharan crude, prospection and development of uranium mines. In India, it cooperates in geophysical, geological and hydrocarbon research... In Cameroun, it is working on the realization of a refinery, and the extension of a refinery in the Ivory Coast. In the Soviet Union, it has signed contracts for the oil networks of air fields.

All these contracts constitute not only an important supplementary financial resource for CFP — at the present rate, they bring in 50 million francs a year . . . but it is an entirely new strategy of international cooperation that it has launched and at an opportune time.

Like many institutions, OPEC for example has just called for 'new means of cooperation between oil consuming and oil producing countries.' For CFP, this has been accomplished since August 1976, when its new leadership created 'Total Cooperation Industrielle' with Jean d'Herbes as its head

Thanks to its know-how, CFP has . . . in several countries, been able to limit the interval between the discovery of a field and its beginning production under optimal conditions . . . to a record time of one year.