

Italy: direct oil deals prompt multilateral blackmail

Representatives of the Seven Sisters oil multinationals walked out of oil-price negotiations with the Italian government on June 19.

The multilaterals rejected Italy's price package, threatening that if they couldn't get a better offer they would cut off supplies to their distributors. Such a move would create chaos of disastrous proportions in Italy.

Industry Minister Nicolazzi, who represented the government at the negotiations, said that if supplies were stopped, "severe measures" would have to be taken against the companies. U.S. presidential candidate Lyndon LaRouche urged that Italy's "severe measures" take the form of total nationalization of the oil companies.

How the blackmail shaped up

Italy is facing an oil shortage, but the situation is far

from desperate. On June 16, the national oil and gas company ENI signed a deal with Saudi Arabia for extra supplies of crude for 1979 through 1981. ENI's president, Giorgio Mazzanti, is now in the Middle East negotiating similar deals with other oil-producing nations. His efforts have so far assured 3 million tons a year from Iraq and 1 million from Syria, over and above the 2.5 million extra from the Saudis. This will go far toward filling the 7-million-ton shortfall created by the collapse of Iranian production.

However, on June 16, the same day Mazzanti closed the deal with the Saudis, the Seven Sisters sent announcements to all of their Italian distributors saying that next month, supplies would be short "due to the international situation." The distributors associations responded that this was a "clearly speculative maneuver" aimed at securing higher prices.

Price negotiations between the government and the companies started June 18. The government's offer was a price increase of 25 lire (about 2 cents) per liter for diesel fuel, with the companies guaranteeing scheduled deliveries; and no increase in the gasoline price. As Industry Minister Nicolazzi put it, "gasoline reserves are sufficient for all of 1979; therefore, no change will be necessary in the price of gas." The government further insisted on adherence to the agreement of last May 28, whereby 35 percent of all oil refined in Italy be nationalized. The multilaterals' response was to break off negotiations and threaten to strangle supplies.

Political counterattack?

If Premier Andreotti takes LaRouche's advice and nationalizes the multilaterals, he could deal with several other pressing political problems at the same time. The most urgent question now facing the government is how to create a stable successor for itself in the shambles left after the national elections of June 3.

Both leading parties, Andreotti's Christian Democrats (DC) and the Communists (PCI), took a beating at the polls. Both parties face internal chaos, with the leadership under attack. The "Communist question," that is the PCI's demand to enter the government, plus the ongoing terrorist plague, are pushing Italy toward a left-right polarization that could destroy the state.

An Andreotti nationalization move would be like turning on a light in a dark room. The PCI's ultra-leftists would be undercut, the entire party would be brought into line behind the nationalization—providing a starting point for creating a durable government based on cooperation between the two major parties.

—Mary Sonnenblick

Takeo Fukuda concerning the upcoming Tokyo summit. Below are excerpts.

Q: *The energy problem has a political background which runs deep. Since the Rambouillet summit, the situation in the world has changed considerably because of the changes in Iran, Saudi Arabia's alienation from the U.S., the military advancement of the Soviet Union and Cuba, the expansion of Soviet naval power and other developments.*

Miki: The oil crisis originally arose from the fact that the Arab countries used oil as a strategy by linking it to the restoring of peace in the Middle East....

The restoration of peace between Egypt and Israel has made the Middle East situation unstable....

We industrialized countries want oil from Middle East countries, but it is important to those countries that they develop themselves to carve out a new future.

If advanced countries teamed up against the Middle East countries, it would not settle anything for the advanced countries.... the advanced countries must foster a dialogue with each other.

Q: *Isn't it extremely difficult for all advanced countries, which are under different circumstances, to get into step with each other at an economic summit?*

Miki: ... We must tackle this extremely difficult problem in real earnest. French President Giscard d'Estaing often flies to Mexico and the Middle East countries for talks with officials of these oil-producing countries. Japanese leaders should act more positively to seek more oil for their country....