Oil as a Political Weapon

For the first time as a result of calculated policy, rather than as a react to war, four Arab petroleum-producing states last Tuesday temporarily halted the flow of their oil to consuming nations. The embargo, which lasted or hour in Iraq, Kuwait and Algeria or 24 hours in Libya was called to protest the 25th anniversary of the founding of the state of Israel.

The stoppage itself had little mo effect on world energy trade patterns than a squall in the Mediterranean. Imputation that oil has become a political weapon, however, was ominous.

The target was the United States seen by the Arabs as the chief supporter of Israel. A few years ago the United States could have easily shrug off the Arab threats by turning to Texas and Oklahoma for more domestic oil and opening the quota barriers to imports from Canada and Venezuela.

In 1970 only 23 percent of the United States' oil demand was supplied by foreign sources, with less than three percent coming from the Middle East. But, since then the proportions have changed spectacularly and by 1980 imports could account for between 40 and 60 percent of America's growing demand for oil. And the Middle East appears to be the only area of the world with reserves capable of supplying such vast quantities.

The old equation that the Arabs need the money more than the consumers need the oil is no longer quite true. Libya, for example, with a population of 2 million, holds $3-billion in monetary reserves and is under no pressure to pump oil. And last week the Libyan Chief of State, Col. Muammar el-Qaddafi, told reporters in a five-and-a-half-hour news conference that the time would come when oil would be used as a "weapon of Arab self-defense" and asserted the "sacred right of a nation to nationalize the resources of its soil."

There were other signs of militance from Libya, notably a call for 100 percent control of oil operations within its territories. This was a marked change from previous demands for a 0-50 partnership with the oil companies. As yet the firms operating in Libya, most of them American-owned, are uncertain whether the Libyans are seeking for outright nationalization or just using the threat to obtain some other concession.

Later in the week, Egyptian President Anwar el-Sadat repeatedly called for the Arab nations to use their oil to apply pressure on the United states to abandon its support of Israel. He told Parliament: "The case is one of a protracted struggle and not only the Suez Canal battle. There is the battle of America's interests, the battle ofnergy, the battle of the Arabs."

The recent warnings have come not only from militant Arabs but also from the most pro-American of all the Arab states, Saudi Arabia, which has bequeathed the world's largest petroleum reserves and may possibly supply one-third of the world's oil by the 1980's.

In late April, Sheikh Ahmed Zaki Yamani, the Harvard-educated Saudi Arabian Minister of Oil and Minerals, said that his country would find it difficult to supply oil to the United States if America did not use its good will to bring about a political settlement in the Middle East satisfactory to the Arabs.

Nonetheless, a considerable body of opinion in diplomatic and academic circles maintains that the Arabs do not yet and may never have the strength to mount a long-term oil embargo of the United States. They note that Iran, a non-Arab state, is a major oil producer and unlikely to go along with an embargo. In addition, Europe and Japan might be able to shift some of their imports to the United States in case of embargo.

This argument was also voiced last week in Miami Beach by Israeli Foreign Minister Abba Eban, who said "there isn't the slightest possibility" that the Arab countries would withhold oil from the United States. "The oil-buying countries have alternative places in which to buy," he said. "The Arab states have no alternative but to sell their oil because they have no other resources at all."

Japan appears to be one country that does not fully agree with Mr. Eban's assessment. Yoshoro Komatsuri, director of the Japanese Ministry of International Trade, said his nation had no intention of joining a proposed European and American consumer union to oppose the Organization of Petroleum Exporting Countries (OPEC); the Middle East-dominated producers' bargaining unit. He indicated that Japan was anxious to reach a long-term preferential agreement with the Arabs that would assure future petroleum supplies.

But Libya's militancy seems likely to upset the existing arrangements worked out with the Western oil companies. As one oil man commented: "Whatever Colonel Qaddafi gets, King Feisiel [of Saudi Arabia] and the Shah [of Iran] will want more."

The week, however, did bring one slight note of levity. OPEC had scheduled a meeting in Vienna on Monday to discuss the need for higher prices to offset the devaluation of the dollar. It had to be postponed when the oil ministers could not find hotel rooms in the Austrian capital.

WILLIAM D. SMITH