CHAPTER VI

THE SOVIET UNION

The response of Soviet Union on Arab oil embargo was of a great support to the Arab cause. In the post-War politics the Middle East is, perhaps the only region where the game of one-upman-ship between the two super powers remained most evident. Neither Super Power ever lost an opportunity to embarrass the other and increase its own influence in the region.

The Soviet Union found a God-sent opportunity in oil embargo to corner its adversary in international politics the -United States and its West European allies. No economic or political opportunity offered by the oil embargo was overlooked by the Soviets. In fact, the Soviet Union was advocating for the use of oil as a weapon even before the oil embargo. Just before the Arab Embargo the Soviet journal New Times had stated that the Arab unity could lead to effective use of the oil as a weapon against the West. The Soviet political analysts had been unusually explicit in advocating an Arab oil embargo. It is however, very far fetched to suggest that the Arab decision was motivated by the Soviet Union. The Arabs had their own reasons for using oil as an instruments of their diplomacy.

Before analysing the Soviet role in energy crisis in detail it would be appropriate to analyse the Soviet domestic oil position.

The Soviet Union is among three largest oil producers, after the United States and Saudi Arabia. In fact before the first World War, the development of oil in the Arab world and the Communist revolution Russia was one of the largest exporters of oil in the world, mainly to the West European market. The flow of oil from the Soviet Union to Western Europe continued till the outbreak of Second World War in 1939.2

In the post-War era Soviet Union faced two problems. One was the recovery from the war destruction, including the oil fields and the oil refineries and in a very short period the Soviets achieved the pre-War production capability in oil. The other problem was really a tough one— to reclaim its previous market.3

In the changed post-War political climate and with the advent of cold war the Soviet Union pre-War buyers and post-War adversaries—the West tried to ensure that they are not dependent on Soviet Union for such a vital commodity as oil. During early years of 1950's the Soviets were searching for new buyer and the next door West Europe was looking for an alternative source of supply.4

3. Ibid., p.234.
For the West the task was a bit easy, but for the Soviet Union the same job was frustrating. The Soviets tried to direct their selling efforts to the developing countries most of whom were short of the hard currency to pay for their oil imports.

At the same time the Soviet Union was also worried about the increasing influence of America and its West European allies in the developing world. Under the guise of aid America was penetrating in Afro-Asian developing countries quite fast. The main objective of American foreign policy was to contain Communism, particularly in Asia and Africa, the poor continents most vulnerable to the appeal of Communism.

Confronted with American economic might the Soviet strategists evolved a new formula to counter the challenge of the West. The Soviet Union started supporting independence movements in Afro-Asian countries supported by an offer of selling oil on credit or barter basis. The Soviet Union went to third world countries to sell oil with such favourable terms that despite opposition from the West and international oil majors, important third world countries like Ghana, Cuba and India responded positively, for the poor third world countries saving in hard
currency and the political support of a big power in their struggle for independence was more important than the pressure of the West. This way the Soviets could increase their political influence in the third world and of course an out led to its oil.\(^5\)

On the other hand the West European countries were also in a dilemma whether to import oil from the Soviet Union or not. The West's biggest hurdle was the possible attachment of Communism with Soviet oil. Italy was the first country to break this impasse and take the risk of importing oil from the Soviet Union. Like the third world countries Italy was also under tremendous pressure from international oil companies. Italy did not budge to the pressure and built up its own refineries and network of filling stations. By 1970 Italy was importing 22 per cent of its oil consumption from the Soviet Union.\(^6\)

When it was confirmed by Italy's experience that no ideological string is attached to the Soviet oil the other West European countries started purchasing oil from the Soviet Union. the flow


of oil from the Soviet oil fields in Volga to Europe became easy once the Druzhba pipeline opened in 1964.\(^7\)

In the aftermath of 1967 Arab-Israel war Suez Canal was closed and the usual oil flow from the Middle East oil fields to Europe was disrupted, most of the European countries turned to the Soviet Union for their oil requirements.

In 1970s, the domestic oil scene in the Soviet Union was changed drastically as the Soviet heavy industry switched over from coal to oil as base of energy, the increasing demand of oil at home coincided with growing fears among the Soviet geologists over the adequacy of their source of supply. The old oil wells were drying up. Although some rich oil deposits were found in Siberia but these were difficult to reach and transport.\(^8\)

At the same time, when there was a glut in the international oil market, the Soviet Union started importing oil from the Middle East and concluded long term agreements for supply of oil. As late as 1973, several Arab countries were continuing to honour the old arrangements and the old price schedules, despite

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the evident upward trend in international oil market.9

At the time of Yom Kippur war, the Soviets enjoyed good relations with most of the Arab countries. In cultivating or recultivating cordial relationship with the Arab world the Soviet Union had to work hard as after the Arab debacle in 1967, the Soviet Union had lost considerable prestige in the region. This loss of prestige was made up only by its subsequent willingness to reequip Iraq, Syria and Egypt.

With the outbreak of war the Soviet Union rallied to the Arab cause. Unlike 1967, this time the Soviet Union dispatched additional supply of arms and ammunition along with words of support and advice. One advice was for the various Arab countries to embargo shipment of their oil to the Western world and Japan.10 For the Soviet Union it was a golden opportunity to rehabilitate itself politically in the region and restore its credibility.

The Soviet Union not only encouraged the Arab oil embargo but they also looked favourably upon other related actions and


even suggested more for reaching steps. The Soviet Union also saw a boost to Arab black African unity in oil embargo against colonialism and racialism and they also praised the action of non-Arab state Zaire which took control over foreign oil properties. The Soviets also urged the Arab governments to nationalise Western oil interests. 11

Taking advantage of the situation the Soviet Union also pampered other developing countries to use their raw material and minerals as a weapon against the exploiting West. They even mentioned copper of Zaire and Zambia, Uranium of Niger, Mauritania's iron ore and diamonds of Sierra Leone as the prospective material to be used. 12

As the lifting of Arab oil embargo seemed possible the Soviet Union urged the Arab oil producers not to succumb to American might. In a radio broadcast the Soviet Union declared "If today some Arab leaders are ready to surrender in the face of American pressure and lift the ban on oil before those demands are fulfilled, they are taking a chance by telling the whole Arab world and the progressive forces of the whole world, which insists on the continued use of the oil weapon. 13

The Soviet Union wanted the oil embargo to continue as it was profiting them politically as well as economically Politically the Soviet Union was trying to measure its influence in the region as much as possible because for the first time in post-War era American was cornered, and economically the Soviet Union was getting more money for its oil and it was moving more strongly into West European oil markets.14

The Soviet media did not give much coverage to the termination of oil embargo, Soviet television did not mention it at all, the radio touched upon briefly and the press paid only scant attention.15

The Soviet Union was also not pleased with the growing American role in the region in general and in Egypt in particular as Egypt has traditionally been the dependable Soviet ally in the region. When the Egyptian President Anwar Saadat supported the lifting of oil embargo, it was a great political set back for the Soviet Union in the Arab world.16

At the initial stage of the oil crisis the Soviet Union had all the praises for Arab oil producers since they were


16. For details see Freedman, n.10.
advocating greater control over Western oil concessions and higher oil prices. One of the trends in international oil trade was specifically lauded by the Soviet Union was the growing direct contacts between the oil producers and the West European countries, bypassing American multinational oil companies.\textsuperscript{17}

The Soviets consistently maintained that the energy crisis in the industrialised world is not caused by oil shortage in the world market. The Soviet experts even predicted that the quantity of oil available should be sufficient to allow international economic growth until the year 2000. Their argument was that the better technology will facilitate the search for oil in other locations and the extraction of oil from Shale. But despite great oil reserves in the world, the Western countries did face an acute energy crisis. This situation was attributed by the Soviet experts to the West's import policies, the wasteful use of oil, the structure of capitalism, the role of international oil companies and their political position on Middle Eastern issues.\textsuperscript{18}

The Soviet Foreign Minister Andrei Gromyko stated his country's position: "Mankind — and all specialists seem to agree on this — is not threatened with an energy death, science

\textsuperscript{17} USSR and the Third World, 14 January 1974.

\textsuperscript{18} For details see, "Russia Says it'll Be Leading Oil Nation by 2000," Oil and gas Journal, 24 April, 1967 and Campbell, n. 2, p. 59.
has not yet said its last word about new sources of energy. This crisis has not been brought about by nature, but by social and political causes. The fact that the socialist world has virtually not been affected by it is clear evidence of it".19

Andrei Gromyko's charge was more or less true because the Soviet Union and its East European allies were not hurt much by the energy crisis, just a few of them like Romania, Bulgaria and Poland beside the Soviet Union took some conservation measure as a precaution.20

The Washington Energy Conference was also attacked by the Soviet Union as an American design to ensure West European dependence on American oil giants. The Soviet Union also criticised the West particularly America for not allowing Arab to control and use their oil resources the way they like. To the Soviet Union the Washington Conference was clearly anti-Arab because Arab oil producers were not invited.21

On the other hand the Soviet Union took advantage of the situation by supplying oil, purchased from Arabs, to West European countries at premium. Much of the Soviet purchase of oil were part of long term sale agreement at fixed price, but the


Soviet Union redirected there oil supplies to West European countries and realised substantial profit.\textsuperscript{22} When a Swedish radio broadcast claimed that the Soviets were redirecting Arab oil to the Netherlands, the Soviet Union branded this Swedish claim as 'Canard'.\textsuperscript{23}

Beside Europe, the Soviet Union was supplying oil to the United States also. In 1973 American import of Kerosene and home heating oil from the Soviet Union was two and five per cent respectively.\textsuperscript{24} During the first two months of 1974 the United States received 12 per cent of its gasoline and motor fuel from the Soviet Union.\textsuperscript{25}

The Soviet oil supply to the United States was not a permanent feature of Soviet foreign policy, the supply was just for the sake of hard currency and in a clandestine manner. The United States also did not publicise it much as the flow of oil was much more important for US than Soviet embarrassment vis-à-vis the Arab world. Though some references did appear in American newspapers regarding Soviet oil supply to the United States.\textsuperscript{26}


