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Economic Intelligence Weekly

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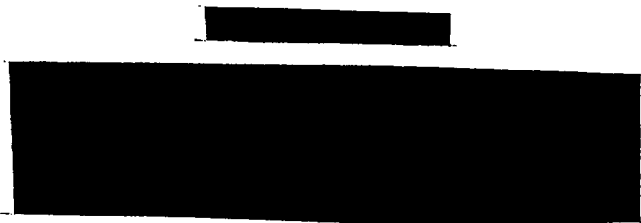
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CONTENTS

	<u>Page</u>
Notes	
Venezuela's Ability to Raise Oil Output	1
Multilateral Trade Negotiations Set to Begin	1
South Vietnam's Rice Situation Improves	1
Israel: The Financial Impact of the War	2

Articles

Oil Deliveries and the War <i>The OAPEC meeting may result in further reductions in oil deliveries.</i>	3
Persian Gulf Oil Producers Demand 70% Hike in Prices <i>Crude oil prices to the West are certain to increase substantially as a result of OPEC's demands on Western oil companies.</i>	4
USSR Likely to Resume Sugar Exports Next Year <i>The record output in prospect should permit the first significant exports since 1971.</i>	5
Canada's Foreign Procurement Policy <i>Ottawa is trying to link government procurement of aircraft from the United States with expanded Canadian parts exports to the United States.</i>	6
Japan: Economic Trends and Prospects <i>The economy is expanding rapidly, but a modest slowdown is expected in early 1974.</i>	7

Publications of Interest

Summaries of Recent Publications	9
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Comparative Indicators

Recent Data Concerning Domestic and External Economic Activity	Inside Back Cover
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Note: Comments and queries on the contents of this publication are welcomed. They may be directed to [REDACTED]

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ECONOMIC INTELLIGENCE WEEKLY

Notes

Venezuela's Ability to Raise Oil Output

The Minister of Mines and Petroleum stated last week that Venezuela would not increase oil production even if shortages resulted from the Middle East crisis. Oil production already is close to capacity, and Caracas has established conservation standards that rule out much expansion of current output. Another Venezuelan, however, told a US official that the government might relax its restrictions temporarily if, for example, the oil companies agreed to increase investment in secondary recovery facilities. He indicated that production might be raised as much as 200,000 b/d, or 6%. (~~SECRET~~)

Multilateral Trade Negotiations Set to Begin

The Nixon Round of multilateral trade negotiations will get under way on 24 October, when the GATT's Trade Negotiations Committee (TNC) meets in Geneva. Since neither the United States nor the European Community has a negotiating mandate, the first TNC meeting will be concerned only with procedural matters. Among these will be the question of forming a separate TNC subcommittee for agriculture. The United States opposes the move because it does not want agricultural trade to be considered separately from industrial trade. Concerned about potential erosion of the Common Agricultural Policy, the Community - particularly France - will insist on such a subcommittee. (~~CONFIDENTIAL~~)

South Vietnam's Rice Situation Improves

Unusually high increases in rice shipments from the Delta have eased fears of a severe crisis later this year. It now appears that during September, about 65,000 tons of rice moved out of the Delta into government stocks, nearly double the historical average for that month. If delivery rates from the Delta during October-December are maintained at normal levels, government stocks will probably be sufficient to avert a rice crisis during the next several months. (UNCLASSIFIED)

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18 October 1973

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~~SECRET~~**Israel: The Financial Impact of the War**

Although the economic cost of the war to Israel is mounting rapidly, the country's financial position remains strong. The war has reduced both civilian production and demand, and compulsory domestic loans have been introduced to sop up some of the purchasing power created by added military spending. With civilian imports as well as exports down substantially, many military imports financed by long-term credits, the raising of private funds abroad up sharply, and foreign exchange reserves at a record \$1.5 billion, there is no foreign exchange problem on the horizon. (~~CONFIDENTIAL~~)

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18 October 1973

Estimated World Oil Trade *q.*, 1973

	Total Consumption	Domestic Production	Thousand Barrels Per Day															
			Total Exports	Total Arab	Saudi Arabia	Abu Dhabi	Kuwait	Iran	Libya	Algeria	Other Arab	Iran	Venezuela	Indonesia	Canada	Russia	Others	
United States	17,200	10,900	6,300	1,600	600	150	150	50	350	150	150	400	2,000	250	1,200	550	400	
% of Consumption	100	63.0	36.4	9.2	3.5	0.9	0.9	0.3	2	0.9	0.9	2.3	11.6	1.4	6.4	3.2	2.3	
Western Europe	15,500	400	16,000 ^b	11,200	4,250	600	1,750	1,300	1,700	750	850	1,900	900	Nepl.	0	1,250	1,050	
% of Consumption	100	2.6	103	72.9	28.1	3.9	11.3	8.4	11.0	4.8	5.5	12.3	5.8	Nepl.	0	8.1	6.8	
Japan	5,400	Nepl.	5,400	2,300	1,250	300	650	50	Nepl.	0	50	2,050	Nepl.	900	0	Nepl.	150	
% of Consumption	100	Nepl.	100	42.6	23.2	5.6	12.0	0.9	Nepl.	0	0.9	38.0	Nepl.	16.7	0	Nepl.	2.8	
Canada	1,750	1,850	900	150	50	50	Nepl.	Nepl.	50	0	Nepl.	150	450	0	0	100	50	
% of Consumption	100	106	51.4	8.6	2.9	2.9	Nepl.	Nepl.	2.9	0	Nepl.	8.6	25.7	0	0	5.7	2.9	
Sub-total	<u>39,950</u>	<u>11,150</u>	<u>28,800</u>	<u>15,300</u>	<u>6,250</u>	<u>1,100</u>	<u>2,550</u>	<u>1,400</u>	<u>2,100</u>	<u>700</u>	<u>1,050</u>	<u>4,500</u>	<u>2,750</u>	<u>1,150</u>	<u>1,100</u>	<u>1,950</u>	<u>1,650</u>	
% of Consumption	100	32.9	71.6	38.3	15.6	2.8	6.4	3.5	5.3	2.2	2.6	11.3	7.4	2.9	2.8	4.9	4.1	
Communist Area	9,850	9,200	500	400	Nepl.	Nepl.	0	200	100	50	50	100	0	0	0	0	0	
% of Consumption	100	94.4	5.1	4.1	Nepl.	Nepl.	0	2.0	1.0	0.5	0.5	1.0	0	0	0	0	0	
Others	7,200	34,550	4,900	2,850	1,750	50	550	300	0	150	50	1,100	450	100	0	100	300	
% of Consumption	100	480	68.1	39.6	24.3	0.7	7.6	4.2	0	2.1	0.7	15.3	6.2	1.4	0	1.4	4.2	
TOTAL	<u>57,000</u>	<u>57,000</u> ^c <u>24,000</u>	<u>18,600</u>	<u>8,050</u>	<u>2,150</u>	<u>2,100</u>	<u>1,900</u>	<u>2,200</u>	<u>1,100</u>	<u>1,150</u>	<u>5,700</u>	<u>3,400</u>	<u>2,750</u>	<u>1,100</u>	<u>2,000</u>	<u>1,950</u>		
% of Consumption	100	100	59.6	32.6	34.0	2.0	5.4	3.3	3.9	1.9	2.0	10.0	6.0	2.2	1.9	3.5	3.4	

a. Table allocates exports on direct and indirect basis, i.e., refined products from export refineries are traced to source of crude. The estimates are a yearly average for 1973 and therefore differ from point-in-time estimates. For example, US dependence on Arab oil has increased through the year and is nearly 2 million b/d in October.

b. Western Europe's oil imports exceed consumption because it exports substantial quantities of oil outside Europe.

c. Includes US production of natural gas liquids of 1.7 million b/d.

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