

Impasse in Mideast Annoys President

By Laurence Stern

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President Nixon strongly suggested yesterday that Arab threats to curtail oil deliveries to the United States will not alter U.S. policy toward Israel.

But he said the fuel shortages facing the industrialized Western nations gave added urgency to the achievement of a Middle Eastern settlement.

Mr. Nixon chose the sharpest words he has yet used publicly to express his impatience with both sides in the Middle East conflict, which is now overshadowed by the additional ingredient of the energy crisis.

"For the President of the United States . . . to suggest that we are going to relate our policy toward Israel . . . to what happens on Arab oil, I think would be highly inappropriate.

"I will say this . . . Israel simply can't wait for the dust to settle and the Arabs can't wait for the dust to settle in the Mideast.

"Both sides are at fault.

Both sides need to start negotiating. That is our position. We're not pro-Israel and we're not any more pro-Arab because they have oil and Israel hasn't."

Mr. Nixon issued an oblique warning to what he described as "radical elements that presently seem to be on the ascendency" in the Middle East, notably Libya.

"Oil without a market," he said, "doesn't do a country much good. We and Europe are the market, and I think that the responsible Arab leaders will see to it that if they continue to up the price, if they continue to appropriate . . . the inevitable result is that they will lose their markets, and other sources will be developed."

He recalled the fate of Iranian Premier Mohammed Mossadegh, who was overthrown in 1953 two years after he nationalized the oil companies.

At the same time, Mr. Nixon admonished Congress

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Nixon Impatient With Both Sides In Mideast Impasse

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that unless it passes the seven major measures in his energy program "we will be at the mercy of the producers of oil in the Mideast."

The President thereby invoked the specter of the energy crisis to bolster his domestic program on Capitol Hill and also as a lever to apply heavier pressure toward a middle East settlement.

He said he has given the "highest priority" to the achievement of an Arab-Israeli settlement in his recent discussions with Henry A. Kissinger, his nominee as Secretary of State. And the President casually dropped the word that former Texas Gov. John Connally might be traveling soon to the Middle East.

The President's statement came against a backdrop of increasingly tough action and words in the Middle East, particularly Libya and Saudi Arabia, which seem to portend a major oil squeeze against the United States and Western Europe—the world's principal oil consumers, along with Japan.

Despite the urgency of tone in the President's comments yesterday, administration officials take a cooler private view of what is being depicted in the media as an imminent world fuel crisis stemming from the Persian Gulf states.

These officials acknowledge that Saudi Arabian King Faisal is under considerable pressure from Egypt and Libya to join in concerted action to influence American policy in the Middle East.

But it is also pointed out that Faisal's long-range interests for economic development and diversification lie with the oil-consuming industrialized nations.

Senior U.S. policymakers also question the realism of an Arab oil squeeze strategy on grounds that it is based on an exaggerated assessment of U.S. influence on Israeli policies.

"If we cut off economic

and military assistance to Israel tomorrow," said one high-ranking official, "it wouldn't have the slightest influence on anyone's desire to negotiate."

The Middle East now accounts for slightly less than 20 per cent of all U.S. crude oil imports. Nearly half of American imports come from Canada and other Western Hemisphere nations.

U.S. dependence on the Persian Gulf states is expected to grow, however, to about 50 per cent of this country's import requirements by the 1980s, under present fuel policies.

In the meantime the administration is seeking to initiate a program of greater fuel self-sufficiency by such means as extended offshore leasing, coal research, and more efficient energy consumption.

In the Middle Eastern diplomatic arena the United States has been paying close attention to Saudi Arabia, which accounts for more than half of the U.S. crude oil imports from the region—currently running at 335,000 barrels a day.

U.S. commercial exports to Faisal's kingdom have increased from \$170 million in 1971 to about \$400 million this year.

"The question is where Saudi Arabia's ultimate security is most assured—with Libya and Egypt or with the United States," observed one Administration official. "And do they have an interest in hurting their three major world markets, the United States, Europe and Japan?"

The answer to that question rests, of course, with Faisal, who is currently aligning himself with the tough line of Persian Gulf oil nationalism, as well as with the other oil sheikdoms in the region.

The prevailing view within the U.S. diplomatic community is that the much-publicized oil crunch in the Middle East has not yet come. And until it does everyone will use the energy crisis specter to suit his own political designs.