

GOLD RUSH IN S.E. ASIA



Map indicating foreign investments, predominantly U.S., British & Japanese interests in S.E. Asia (LNS/Georgia Straight)

OIL & INDOCHINA: WHY THE U.S. HOLDS ON

(LNS)

A major reason for the recent invasion of Laos by South Vietnamese and American military personnel is the destruction of a petroleum products pipeline running out of North Vietnam just north of the DMZ into Southern Laos, according to recently de-classified Air Force testimony before the Electronic Battlefield Subcommittee of the Senate Armed Services Committee.

The existence of the pipeline was disclosed in Senate testimony before the Committee on November 18, 1970 by Brig. Gen. William John Evans,

though the details of the diameter and length were not revealed. This pipeline would appear to have played an important part in the North Vietnamese troop movements along the Ho Chi Minh Trail, supplying an estimated 3,000 six-wheel heavy Russian trucks with fuel. The Air Force disclosed that within the last two and one-half years the portion of the trail open to trucks in the dry season has been extended from 350 to 1,550 miles.

The terminal point for the pipeline lies somewhere in the vicinity of Tchepone, a key depot along the diverse network of roads and supply routes running from North Vietnam into South Vietnam and Cambodia. Repeated bombing over the past four years has failed to halt the flow of material through these Laotian "sanctuaries."

While oil may be important for understanding the motivation for the invasion of Laos, it also appears to be assuming greater importance in the formation of overall war policy for Southeast Asia.

"One of the world's richest areas is open to the winner in Indochina," wrote U.S. News and World Report just before Dienbienphu, on April 16, 1954. "Tin, rubber, rice, key strategic raw materials are what the war is really about. The U.S. sees it as a place to hold at any cost."

Speaking in Boston in 1965, LBJ's ambassador to Vietnam, Henry Cabot Lodge, went a step further: "He who holds or has influence in Vietnam can affect the future of the Philippines and Formosa to the east, Thailand and Burma with their huge rice surpluses to the west, and Malaysia and Indonesia with their rubber, oil, and tin to the south. Vietnam thus

does not exist in a geographical vacuum--from it large storehouses of wealth and population can be influenced and undermined."

The American oil giants' stampede to Southeast Asia began after the 1965 coup in Indonesia by pro-American generals which left a half million communists dead but opened the door wide to foreign investment. Southeast Asian oil's importance was heightened by the Six Day War in 1967 which cut off the Suez Canal to important Middle Eastern oil shipments. "Major companies are eager to diversify their sources of petroleum because of political uncertainty in the Middle East, the world's major source of crude (oil) today," wrote Fortune magazine in March, 1970.

Now the oil rush in Southeast Asia has reached the shores of South Vietnam, where exploration for long-suspected offshore oil reserves have been underway since 1969. Currently, sixteen American oil companies along with two Japanese firms and one Canadian company, expect to begin negotiations with the Thieu-Ky regime in late February or early March for seventeen major oil concessions. The oil companies clearly have a real interest in having Nixon hold on to Indochina at any cost.

To some observers, the oil companies' quick action for Vietnamese concessions indicates that they have received a clear message from the President. Jacques Deconroy, the Southeast Asia editor of the French daily, Le Monde, wondered in that paper's January 8 issue, "Have the oil companies perhaps received some solid assurances from Washington concerning the United States willingness to "hold" Indochina, and South Vietnam in particular?"

"In view of such haste, one is tempted to think so," he concludes. "The companies have already begun to invest, even though President Nixon has begun using the slogan of 'Vietnamization'."

The importance of Southeast Asian oil stems from predictions that within the next ten years the industrial world will consume as much petroleum as was produced in the entire previous history of oil. A U.S. oil expert with fifteen years experience in Southeast Asia has said that in five years "the offshore oil fields of Thailand, Cambodia, Malaysia, South

Vietnam, and Indonesia will be ready to produce... more than is now produced in the whole western world."

The Vietnamese oil discovery has been made the more significant by the attempt of OPEC, the international consortium of oil-producing countries, to force the oil companies to grant them a larger cut of Middle Eastern oil revenues. The OPEC action will cost American oil companies at least \$1.2 billion annually.

But with the "friendly" governments of Indochina, the possibility is much higher for American oil companies to negotiate contracts on much better terms. The Vietnamese leases will give American companies a 45/55 split with the government, much higher than the 32 1/2/67 1/2 split they get now from Indonesia.

But the ultimate reason for the American companies' passionate interest in the Vietnamese and other Southeast Asian oil fields is not simple profit, but control of vital oil reserves. As has been the case since WWII, American economic influence in Asia rests on the American ability to control Japan's supply of raw materials and its available markets. An independent, socialist Southeast Asia would pull Japan into expanded trade both with itself and China and end its reliance on the U.S.

Such a shift in the Pacific balance of power could deal a shattering blow to the American big business strategy to keep and extend its position in the world economy.

As the major source of the world's usable energy, oil has an importance in international politics far out of proportion to its dollar volume. Emphasizing the link between oil and international relations, a Department of State Bulletin in October stated "Our investors are predominant in world petroleum, and petroleum is by far the largest single commodity in world commerce."

For many underdeveloped countries, American control of their energy sources is a major obstacle to industrialization. To develop these sources for themselves is made even more difficult by the oil giants' strangle-hold on exploration and drilling technology, shipping, refining, and distribution.

What frightens the major international oil companies is the prospect of an independent Southeast Asia, developing its own resources for the needs of its own people. As Southeast Asia's important natural resources include not only oil, but also tin, tungsten, iron, bauxite, copper, nickel, and rubber, Southeast Asian development is not only possible, but likely, if current independence movements achieve victory.

But America's great oil families, who stand to lose most if Southeast Asian oil comes under Southeast Asian control, have a strong ally in the White House. The Mellons (Gulf), the Rockefellers (who have large interests in all oil companies that grew out of the Standard Oil trust), and other oil families contributed some \$600,000 to Nixon's 1958 presidential campaign. They need only remind him that his political fortunes rest upon the continued expansion of American corporate capitalism--an expansion fueled by Asian oil and Asian oil revenues.

The reasons for the U.S. presence in Indochina go much deeper than the control of raw materials in Southeast Asia. The extent of the petroleum reserves is really not yet known. The disproportionate influence that the oil industry has over U.S. foreign policy, however, should make it clear that "black gold" will be an important factor in the U.S. decision to escalate or accept defeat.

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DALLAS NEWS COOPERATI