

MEMORANDUM

NATIONAL SECURITY COUNCIL

SECRET

July 3, 1979

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI
FROM: ECONOMICS
SUBJECT: EVENING REPORT (U)

Steel Committee. U.S. efforts to get LDCs to join the OECD Steel Committee suffered a setback last week when Brazil indicated that it would not join because of the difficulties of reconciling their expansionist steel policies with the objectives of the Steel Committee. (C) (Erb)

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Saudi Oil. Informal confirmation of the Saudi radio announcement of an undefined increase in oil production was reported by the U.S. Consulate in Dhahran today, quoting a deputy minister of Petromin. Cooper got no confirmation in his meeting Monday with Finance Minister al-Khayl. Prince Fahd may be awaiting the Middle East political discussions with Strauss as the most fruitful occasion for discussing oil production levels. (C) (Poats)

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Iranian Oil.

(1) Iranian oil production has declined from about 4 mmb/d to between 2.5 and 3 mmb/d in the past three weeks, largely due to labor problems; (2) Arab oil workers in Khuzestan are openly discussing a shutdown to force concessions from Tehran; (3) technical mistreatment and neglect is causing irreparable harm to some wells and threatening steeper and permanent reduction of capacity. (S) (Poats)

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State Dept. review
completed

NLC Review
Completed.

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Multilateral Trade Negotiations: Follow-Up. The working group on implementation of the codes agreed in the multilateral trade negotiations met today at STR to consider the United States - European Communities consultations on the codes scheduled for July 11, 12, and 13 in Brussels. There will be a final discussion July 9 before the United States delegation departs for Brussels. (U) (Corbett)

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