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IMPACT OF THE ARAB OIL BAN ON WESTERN EUROPE:

The far-reaching effect of the Arab ban on oil supplies to West European countries may be drawn from the experience of the tripartite aggression on Egypt in 1956, the consequent destruction of oil pipelines in Arab countries and the closure of the Suez Canal. West European countries at that time had to operate a huge fleet of tankers to transport oil from other distant sources thus raising shipment prices and imposing several restrictions on the distribution and consumption of benzine which amounted to prohibiting the use of passenger cars on certain days of the week. Large sums were also spent on increasing the storage capacity and the prices of petroleum products soared considerably. A continued ban on oil supplies to Western Europe can in the long run expose it to the following harms:

1. Deterioration of the value of oil companies'shares in the bourse thus entailing heavy losses.

2. Threatening with paralysis the movement of a considerable part of the British and United States fleets in the Mediterranean and South East Asia because of fuel shortage at their supply centres or running through double expenses if supplies are obtained from America.

3. Exhaustion of American oil reserves thus violating the U.S. oil policy.

4. Putting up with enormous differences in prices as a result of importing oil from other regions such as the United States and Venezuela with a consequent weakening of European economy.

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Europe's losses as a result of depending on the import of crude oil from the American continent are estimated at more than 1.5 billion dollars annually.

THE IMPACT ON BRITAIN.

For Britain the loss is even more considerable. Statistics show that Britain imports from Arab countries 80 per cent of its total oil requirements. In 1966 Western countries' consumption of oil amounted to 404,500 million tons of which 278.4 million tons or 71 per cent were supplied by Arab countries.

In case of importing oil from America or Carribean countries, Britain will bear additional expenses that are equal to the difference between the price of Arab oil after its arrival in London and the price of Venezuelan and American oil plus the expenses of its shipment and transport to the British capital. In other words, Britain will pay the following differences:

- 109 cents per barrel, that is 900 million dollars annually as regards oil imports from America.
- 57 cents per barrel, or 500 million dollars, if supplies are obtained from Venezuela.

In 1956, Britain paid an annual difference of 300 million dollars in view of the destruction of oil pipelines and the closure of the Suez Canal. The distance between Britain and India is 6233 miles across the canal and 10500 miles via the Cape of Good Hope. Taking into consideration that 3524 British tankers had crossed the Suez Canal in 1965, then Britain will have to pay double shipment fees ranging between 45 and 55 per cent in addition to the rise in operation expenses caused by the long distance.

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All these additional expenses will have to be paid in dollars thus weakening the value of the sterling and inflicting great damage on British economy.

<u>ARAB ECONOMIC BOYCOTT.</u>

In 1965 imports of ten Arab countries from the United States and Britain were valued at 217 million and 147 million sterlings respectively, according to a report prepared by the Arab League Economic Department on the Arab economic boycott of these two countries.

The report referred to the losses to be sustained by both countries as a result of the Arab oil ban.

"Arab material potentialities are capable of confronting the challenges of all accomplices in the Israeli aggression", the Director of the Economic Department disclosed.

He said that the positive measures to be taken in the sphere of economic boycott, will cause considerable damage to British economy in particular.
