There are a number of reasons, not entirely selfless, why certain countries want to direct their attention to helping the Third World find a solution to its energy problems. The industrialized countries want to see the Third World develop oil reserves wherever possible, believing that with energy development comes widescale industrial development and, therefore, general economic development. Nations such as Canada and West Germany view the energy affiliate as an investment in securing potential markets for their own products.

Canadian Prime Minister Pierre Elliott Trudeau promoted the affiliate proposal during recent official tours of African and Latin American countries and (at the time of writing) was expected to include the proposed energy affiliate plan on the agenda of the Ottawa economic summit of the major Western industrialized nations and Japan scheduled for July 20-21. A leading advocate of North-South issues, Trudeau has warned that if developing countries continue to spend vast sums of their limited foreign exchange on oil from the major producers, their already feeble ability to buy other imports will decline even further.

Though countries like India, Pakistan and Brazil have proven oil reserves, so far there has been little initiative toward developing large-scale extraction facilities. While the international oil companies are obviously interested in developing the Third World market some time in the future, they view the present risks and costs as being far greater than the potential profits. The political and economic instability afflicting many Third World countries discourages commercial initiatives in that area. While the international oil companies have the technological expertise to extract Third World oil, they lack the incentive to do so since most of the discovered reserves are sufficient only for domestic use and not for export. It is expected that the World Bank energy affiliate, if it comes into being, will take the place of the oil companies in financing and directing exploration and extraction of oil.

While multinational companies like Shell and Gulf presently are reluctant to become involved in some Third World countries, the national oil companies of major oil-exporting countries appear eager to lend support. Both Saudi and Kuwaiti representatives at the United Nations say their countries are excited about the possibility of having a new area in which to re-invest their surplus revenues from oil. While these countries have hundreds of billions of surplus dollars, they face increasing restrictions from investment areas, primarily because many Westerners are becoming suspicious of Arab investments.

By the end of 1981, Kuwait will have more than $450 billion in surplus revenue. When it recently wanted to invest some of its profits in forestry reserves in northern Canada, its request was turned down by Canadians who expressed the fear that the Kuwaitis intended to control everything that has to do wit heating. They were met by a similar response in th U.S. when they wanted to buy land on long-term co tracts and to invest more heavily in American bank According to Kuwaiti officials, the American com plained that the Arabs were trying to "buy up" th United States.

Saudi Arabia's manoeuverings

Saudi Arabia, which has invested millions of do lars in Canada and the U.S., is also looking to invest i other areas. With a population of about 7.2 million, Sa udi Arabia can absorb only a small portion of its su plus. Recalling what occurred in Iran as a result rapid modernization, the Saudi government, itself potentially unstable autocracy, is hesitant to introdu rapid reforms. Kuwait and Saudi Arabia look to th proposed energy affiliate to provide an immediate ou let for their revenues. By helping to foster overall sta bility in the Third World in the long term, they see th program as encouraging conditions for continued in vestment in developing countries.

While actively supporting the proposed energy af filiate, Saudi Arabia also is manoeuvering to stabiliz the international oil market through its membershi in the Organization of Petroleum Exporting Countrie (OPEC). At the May 1981 OPEC conference, Saud Arabia secured a members' price freeze while refusin demands that it stop flooding the market with its cut price crude. (Saudi Arabia currently produces 10 mil lion barrels of oil a day, at $32 a barrel — four dolla less than the OPEC average and nine dollars less tha the $41 top price charged by Libya for its highest qual ity crude.) By encouraging high production levels, Sa udi Arabian Oil Minister Ahmed Zaki Yamani eng neered the current oil surplus — estimated at betwee two million and three million barrels a day — in an ef fort to compel oil price stability.

Although Yamani's manoeuvering would appear to prove otherwise, the Saudis are anxious to reduce their production levels. Like Kuwait, which produces between 1.2 and 1.5 million barrels of oil a day, Saudi Arabia would like to see its production almost halved so that revenues remain more in line with financial needs. Both countries are reluctant to have large cash surpluses from their oil since the value of the U.S. dollar is neither intrinsic nor stable. The Arab countries prefer to leave the oil in the ground as long as possible. Since oil is a non-renewable resource, these countries want to ensure that the petroleum industry will bring lucrative returns to OPEC for many years to come. As a Kuwaiti economic adviser pointed out, because of its intrinsic value, the oil is more precious in the ground than in barrels sold even at today's high prices. One of the reasons the two countries are such active supporters of the energy affiliate is that they view the proposed program as something which would relieve them