

# SIX OIL COUNTRIES RAISE PRICE 17%

## Persian Gulf Producers Say Step Is Not Tied to War

KUWAIT, Wednesday, Oct. 17 (AP)—The six largest oil producing countries on the Persian Gulf announced a 17 per cent price increase for their crude oil early today but said the move had nothing to do with the Middle East war.

Officials of a group of Arab oil-exporting nations will meet here later today to decide about using their oil as a weapon in the Arab cause in the war against Israel.

The price increase—from \$3.12 to \$3.65 a barrel for standard light Arabian crude—is not expected to affect consumers in the United States right away. The most direct immediate affect is likely to be felt in Europe and Japan, which depend mostly on the Middle East for their oil.

The United States gets about 6 per cent of its oil requirements from the Middle East.

The countries that announced the price increase today are Iran, which is non-Arab, and Iraq, Kuwait, Saudi Arabia, Abu Dhabi and Qatar, all Arab. Together they account for about 40 per cent of the oil production in the non-Communist world.

### Negotiations Suspended

The announcement said that they had taken their action in direct response to what one envoy called the "intransigence" of the Western countries in negotiating a price increase. Oil price talks that had been going on in Vienna were suspended last Friday after oil companies asked for two weeks to study the situation.

All the major Western oil companies are represented in the Persian Gulf. They are over-all buyers of crude oil and thus have little choice but to accept the new conditions. However, the oil ministers at the meeting that begins today said that if the companies refused these conditions, the six countries would sell to other buyers at the new price.

The oil countries said that from now on the cost of crude oil to the companies would not be a matter of negotiation but would be set by market prices, which now are rising. The announcement in effect dismembered all current price agreements negotiated with the companies in recent years.

The 17 percent increase will bring prices in the Persian Gulf into line with those in North Africa and Venezuela when transport differences are calculated. During his reading of the announcement, Finance Minister Jamshid Amouzgar of Iran said in an aside, "You see, we are being entirely reasonable."

### Rise Viewed as Moderate

Special to The New York Times

WASHINGTON, Oct. 16—The announcement from Kuwait was seen provisionally here as an indication that the producers were settling for a relatively moderate price increase but were presenting it to the major international oil companies as a unilateral, nonnegotiable action.

One source very close to price negotiations that took place in Vienna last week has reported that producers' representatives have proposed a price of \$26.20 a barrel. Other accounts have said the producers were aiming at \$24.50 a barrel.

In recent days, Washington has been more worried about cutbacks in production than about price rises, which are regarded as inevitable.

The Arab countries were believed to be withholding any announcement of reduced production, if that is to come, until after a meeting scheduled for tomorrow morning between President Nixon and the foreign ministers of Algeria, Morocco, Saudi Arabia and Kuwait.

The ministers had hoped to see Mr. Nixon today, and it was for that reason that a meeting of Arab oil ministers in Kuwait to consider what to do about production was deferred from today until tomorrow.

Analysts here said that the higher Persian Gulf prices would have an early, if indirect, effect on wholesale and retail prices in this country. Although most of the Persian Gulf crude goes to the Middle East, the price mark-up is bound to have a firming effect on other crude oil prices generally, if it does not start a new round of price leapfrogging with Libya and Venezuela.

### Kuwait to Aid War Effort

KUWAIT, Oct. 16 (Reuters)—Kuwait decided today to contribute about \$350 million to the Arab war effort, amid indications that this oil-producing state is advocating a moderate stand on the use of oil as a weapon in the conflict.

The decision came at a private session of the National Assembly, which was believed to be discussing Kuwait's war role in both oil and military matters.

A Government bill called for the \$350-million grant "to defend our sacred Islamic places, because the Arabs are engaged in a struggle for their dignity, and because the world powers aid Israel in its continued aggression."

Informed sources said the Government would decide how to allocate the money between Egypt and Syria.