

DECLASSIFIED

Authority NND 969014
By RC NARA Date 6-5-86



PET 3 OPEC
Department of State
TELEGRAM

XR PET 6 IRAN

~~SECRET~~ 699

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21
ACTION E-04

INFO: OCT-01 SS-20 NEA-08 AF-05 EUR-14 ARA-11 EA-18 NSC-10

NSCE-00 INR-07 CIAE-00 NSA-01 L-02 H-01 PM-03 RSR-01

RSC-01 OEP-01 /108 W

022346

PR 100850Z AUG 71
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC PRIORITY 5335
INFO AMEMBASSY LAGOS
AMEMBASSY JIDDA
AMCONSUL DHAHRAN
AMEMBASSY KUWAIT
AMEMBASSY TRIPOLI
USINT ALGIERS
AMEMBASSY DJAKARTA
AMEMBASSY CARACAS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY VIENNA

TEHRAN 4377
8/10/71

~~SECRET~~ TEHRAN 4377

SECRET
SUBJECT: POSSIBLE OPEC PARTICIPATION DEMANDS

REF: STATE 144382

- ① 1. EMBASSY BELIEVES NEXT OPEC MEETING WILL BRING FORTH RESOLUTION CALLING FOR NEGOTIATIONS ON PARTICIPATION ISSUE AND POSSIBLY SET FORTH SOME GENERALIZED GUIDELINES AND TIME FRAMEWORK FOR SUCH TALKS.
- 2. GOI STRONGLY SUPPORTS PARTICIPATION PRINCIPLE AND SHAH

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HAS OFTEN STRESSED PUBLICLY AND PRIVATELY NEED FOR PRODUCING COUNTRY EQUITY INTEREST IN ALL ASPECTS OIL INDUSTRY "FROM WELL TO GASOLINE PUMP". WE THEREFORE BELIEVE IRAN WILL PLAY ACTIVE BUT MODERATING ROLE IN FORMULATING OPEC PARTICIPATION POLICY.

3. BRITISH EMBASSY TEHRAN INFORMS US THEY HAVE HEARD FROM AMOUZEGAR THAT OPEC WILL DEMAND 20 PERCENT INTEREST IN WESTERN OIL COMPANIES. IN ADDITION, UK EMBASSY AT JIDDA HAS REPORTED SAUDIS (YAMANI) WILL STRONGLY BACK OPEC PARTICIPATION DEMAND.

4. WE DOUBT OPEC WILL PRESENT COMPANIES WITH OUTRIGHT ULTIMATUM BUT EXPECT GROUND WORK TO BE LAID FOR BUILD-UP OF PRESSURES ON COMPANIES FOR PARTICIPATION TALKS. CONSORTIUM REPS (VAN REEVEN AND VESSEUR) HAVE CONFIRMED TO US THAT THEY EXPECT PARTICIPATION TO BE NEXT MAJOR OPEC ISSUE BUT IN PRESENT SUMMER DOLDRUMS APPEAR UNCONCERNED OVER PROSPECT OF CONFRONTATION IN NEAR FUTURE.

5. WE CONSIDER DEMARCHE AS PROPOSED BY UK PREMATURE AND INAPPROPRIATE. SINCE SHAH HAS PUBLICLY STATED GOI POSITION, A DEMARCHE ON OUR PART AT THIS TIME WHICH HE WOULD CONSTRUE AS A REQUEST HE ABANDON HIS STATED POLICY WOULD, IN ALL PROBABILITY, CAUSE HIM TO REACT IN A WAY THAT COULD BE COUNTERPRODUCTIVE. OPEC HAS YET TO ENUNCIATE PARTICIPATION POLICY AND ISSUE, AT LEAST IN FIRST INSTANCE, WOULD INVOLVE COMPANIES AND NOT CONSUMER GOVERNMENTS. USG APPROACH AT THIS TIME COULD, IN OUR VIEW, BE MISINTERPRETED AND MIGHT POSSIBLY PREJUDICE FUTURE EFFORT AT SOMETIME WHEN WE WISHED TO WEIGH IN HEAVILY ON SOME BASIC ASPECT OF THIS MATTER IN WHICH WE HAVE MOST LEGITIMATE GOVERNMENTAL INTEREST. IN ANY CASE ARGUMENTATION SUGGESTED BY BRITISH (PARA 4, REFTEL) WOULD NOT BE CONVINCING HERE, PARTICULARLY SINCE AMOUZEGAR SUGGESTED THAT IRAN'S PARTICIPATION COULD BE FINANCED OVER TIME FROM COMPANY PROFITS, AND PARTICIPATION NEGOTIATIONS WOULD, IN ANY CASE, TAKE SOME TIME. MACARTHUR.

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PA/HO Department of State
E.O. 12958, as amended
June 21, 2006