

DECLASSIFIED

Authority NND 968000
By EW NARA Date 5-31-02

Pet 3 OPEC

Department of State

TELEGRAM



XR Pet 14
XR Pet 6 LIBYA
XR Pet 6 IRAN

~~CONFIDENTIAL~~ 263

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53 20
ACTION NEA-15

INFO OCT-01 AF-12 EUR-20 PM-05 NSC-10 SS-20 RSC-01 DODE-00
CIAE-00 INR-08 NSAE-00 E-15 AID-28 INT-06 TRSE-00
TRSY-11 OEP-01 COM-08 RSR-01 / 162 W
----- 033780

R 150817Z APR 71
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 4018
INFO AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY TRIPOLI

TEHRAN
1935
4/15/71

~~CONFIDENTIAL~~ TEHRAN 1935

C O R R E C T E D C O P Y (TEXT)

SUBJECT: SHAH'S CONCERN OVER LIBYAN OIL SETTLEMENT

1. WHEN I SAW SHAH APRIL 14 HE SPOKE CRITICALLY OF LIBYAN OIL SETTLEMENT, SAYING OIL COMPANIES ALWAYS MADE GREATER CONCESSIONS TO RADICAL PRODUCING STATES THAN TO THEIR MODERATE PRODUCING STATE FRIENDS. HE SAID HE WAS SENDING FINMIN AMOUZEGAR TO LONDON TO DISCUSS WITH OIL COMPANIES LIBYAN SETTLEMENT WITH VIEW TO FINDING SOME WAY TO PARTIALLY BRIDGE GAP BETWEEN GULF SETTLEMENT AND EXCESSIVE TERMS GIVEN LIBYA.

(A)

2. I REMINDED SHAH OF ASSURANCES HE HAD GIVEN US AND OIL COMPANIES THAT TERMS OF GULF SETTLEMENT WOULD NOT BE CHANGED FOR FIVE YEARS EVEN IF LIBYA RECEIVED MORE THAN GULF PRODUCERS. I ALSO OBSERVED THAT LARGE PART OF DISPARITY BETWEEN GULF AND LIBYAN SETTLEMENT WAS RESULT OF LIBYA'S FAVORED GEOGRAPHIC POSITION AND LOW SULPHUR CONTENT OF ITS OIL. I CONCLUDED BY SAYING THAT IRANIAN PRODUCTION AND OFFTAKE SO FAR THIS YEAR WAS RUNNING SUBSTANTIALLY AHEAD OF LAST YEAR AND THAT

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THEREFORE I THOUGHT IRAN WAS DOING EXTREMELY WELL.

3. SHAH REPLIED THAT HE WOULD HONOR HIS WORD RE FIVE YEAR ASSURANCES BUT WOULD SEEK SOME WAY OUTSIDE TERMS OF TEHRAN SETTLEMENT TO HELP BRIDGE DISPARITY BETWEEN GULF AND LIBYAN PRICES. FOR EXAMPLE, OIL EXPORTED FROM BASRA WAS OBLIGED TO PAY A "PORT TAX" AND HE HAD IN MIND POSSIBILITY OF PORT TAX ON OIL LIFTED FROM KHARG ISLANDM I SAID SUCH A STEP WOULD BE SERIOUS DISAPPOINTMENT TO OIL COMPANIES AND IRAN'S FRIENDS. GP-3. MACARTHUR

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