

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

DECLASSIFIED

Authority NND 969 000
By MB Date 04/09/02

PET 6 IRAN
07 6751

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
 CHARGE TO

~~SECRET~~
Classification

15 MAY 69 00 43

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Origin
Info:

ACTION: Amembassy JIDDA
Amembassy BEIRUT
AmconGen DHAHRAN
INFO: Amembassy LONDON
~~INFO~~ Amembassy TEHRAN
Amembassy TRIPOLI

PRIORITY

STATE:

REF: London 3746; Tehran 1863(NOTAL), Tehran 1860, Dhahran 412, Kuwait 431

SUBJECT: Iranian Oil Consortium Agreement

1. Begin FYI. Iranian government and Consortium agreed 14 May on revenue to GOI for year ending March 31, 1970. Agreement provides that revenue from offtake will be ~~xxxx~~ "about dollars 930 million", a 10 percent ~~xxxxxx~~ increase over year ending March 31, 1969. In addition Consortium will make interest free advance of "about dollars 80 million" in March 1970 so that total GOI revenue from Consortium will probably be slightly over dollars one billion demanded by Shah for current Iranian fiscal year 1348.
2. Proposed advance repayable June through August 1970, but for because of impact of this repayment on revenue/Iranian year 1349, Consortium would be "willing ... to review with Iran on a realistic basis the offtake and revenue position for 1349, and,

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Clearances: NEA/IRN & - Mr. Elliot (draft)		NEA/ARP - Mr. Brewer (draft)

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... possible adoption of a similar advance procedure for end of that year (March 1971). Such a review could be repeated in ... each of two following years." Consortium has thus attempted to link renewal of the original advance with lowering rate of increase of Iranian revenue ~~and~~ demands for following years.

3. Export capacity to be 4.5 million b/d by beginning 1971.
4. Further discussions re Iranian revenue demands for remaining years of five-year Plan will be held in October.
5. Consortium's position remained basically the same throughout discussion with final agreement for this year little changed from proposals made to NIOC 11 May at start of talks. END FYI.
6. If in your judgment occasion arises you may tell local sources we believe ~~projected~~ projected production targets for this year in Iran agreed upon by Consortium ~~do not repeat~~ do not pose serious threat to revenue goals which Consortium member companies have told other Persian Gulf producers they will attempt to reach in their respective countries. Terms of Consortium's concession agreement have not been altered. We believe

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Consortium member companies have been aware of their interests and responsibilities in all Gulf states, and we do not expect that new arrangements with Iran will affect existing off-take pattern in neighboring states.

7. In discussing Consortium - GOI agreement with others, addressees should not go beyond para 6 above, plus NIOC communique (Tehran 1860) and statement Consortium members prepared make if asked to effect that Iranian demands met partly by off-take and partly by short-term advances.

RICHARDSON

END

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