not rptd London, copy for London attached. Also Dept conversations with Syrian Minister being forwarded.)

4. Dept wld appreciate Ortiz and Moline recommendations as well as all info available from IPC and FonOff re this problem.

<div align="right">BRUCE</div>

<div align="center">No. 273</div>

886.2553/12–1752: Despatch

<div align="center">The Petroleum Attaché in the United Kingdom (Moline) to the Department of State</div>

CONFIDENTIAL   LONDON, December 17, 1952.
No. 2872

Subject: Middle East Pipeline Conventions

Introduction:

The question of payments to governments of countries crossed by oil pipelines has recently become active in the Middle East with Lebanon's refusal to ratify its May 1952 agreement with the Iraq Petroleum Company and with Lebanon and Syria both indicating the belief that they are entitled to higher pipeline payments than they would get from agreements of the most recent type. Their requests variously put and variously interpreted appear to be aimed at obtaining a share of the "profits" from the pipeline equal to the share obtained by IPC.

The fact that "profits" are undefined and exceedingly difficult to define has not hindered the requests. Neither have demands for some sort of 50–50 division been precluded by the fact that agreements with Tapline have been recently concluded on a different basis and that Lebanon concluded an agreement, still unratified, only last May, with IPC on a fixed fee basis. On the contrary, both Syria and Lebanon indicate their intention to denouce the Tapline agreements.

Tapline has said it will not countenance a reopening of its recently concluded pipeline agreements. IPC too has firmly resisted Syrian demands for pipeline payments on a 50–50 profit sharing basis. The IPC has contended for reasons indicated below that the 50–50 principle for pipelines is unsound, unworkable and unjustified.

Originally the company believed that it could with a show of firmness settle with Syria on the same basis as Tapline had done, making due allowance for the greater IPC mileage in Syria and the loading port at Banias. One senior IPC official has recently said