

Embassy comments on alternatives of fixed fee, 50-50 or pipe line tariff are in despatch 2872. <sup>3</sup>

GIFFORD

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<sup>3</sup> Document 273.

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No. 277

883A. 2553/12-2352 Telegram

*The Ambassador in Lebanon (Minor) to the Department of State* <sup>1</sup>

CONFIDENTIAL

BEIRUT, December 23, 1952—6 p. m.

1219. Reported discussion within Council of Ministers re issuance decree to place before Parliament for decision the matter of invalidation Tapline agreement raising question minds foreign business interests re validity other similar agreements reached with previous government. MEDRECO representative today inquiring of principals what if any approach should be made to Lebanese Government seeking clarify status its refinery agreement which like Tapline agreement was based on exchange of letter with officials <sup>2</sup> in previous government.

Tapline President Swigart states no formal approach yet made to his company beyond Finance Minister's inquiry Tapline Vice President Campbell around first November whether Tapline willing renegotiate which Tapline refused. Swigart stated Tapline informed by their Attorney Habib Abi Chahla that Prime Minister Chehab in his capacity as Minister Justice rendered a decision in writing to Finance Minister Hakim that Tapline exchange of letters constituting new agreement required Parliamentary ratification, but that subsequently Prime Minister withdrew this letter. Tapline Attorneys including Abi Chahla feel Tapline May 1952 agreement, since based on convention ratified by Parliament, did not require Parliamentary ratification. They interpret Prime Minister's withdrawal his letter to Finance Minister as recognition this fact.

New government has continued receive Tapline payments basis terms May 1952 agreement. Swigart inquiring New York principals whether or not make payments under new or old agreements should Parliament invalidate May 1952 agreement. Meantime since Tapline not approached formally re entire matter beyond question

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<sup>1</sup> Repeated to London and Damascus.

<sup>2</sup> At this point the source text contained the word "British" but the word "officials" had been handwritten underneath. Previous exchanges of letters had been carried on with Iraqi officials.