

or whether to negotiate a lump sum payment for the right of transit.

Mr. Hart inquired whether the French had done any thinking on what position the companies should take if their refusals to renegotiate are fruitless.

M. Blancard answered that they were strongly opposed to any type of profit-sharing arrangement. If it is necessary to increase the payments to the transit countries, then it should be done using the current system of payments and merely increasing the amounts.

Mr. Eakens concluded the discussions for the afternoon with the observation that the IPC by basing their 50-50 agreement with Iraq on the border price of \$1.84 per barrel may have set a difficult precedent. Sharing the profits on the basis of the border price in effect means that the company is now sharing with Iraq that part of the profits resulting from the transportation of Iraq oil from the oil fields to the border, which is a substantial part of the distance to the loading ports.

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*Agreed Minutes of the Third Session of the United States-French
Talks on Middle East Oil*

SECRET

[WASHINGTON, December 21, 1953.]

Present:

French

M. Clauzel

M. Maillard

M. Blancard

M. Benard

M. Carraud

M. Queuille

Department

NE—Mr. Hart

NE—Mr. Gay

OMP—Mr. Armstrong

PED—Mr. Eakens

L/E—Mr. Czyzak

NE—Mr. Fritzman

PED—Mr. Miller

Third Meeting, December 21, 1953, 10:00 a. m.

Mr. Czyzak began the meeting by reporting that under the U.S. income tax laws a taxpayer may amend his returns covering the past three years. Thus, if Aramco agrees to make retroactive payments to Saudi Arabia, it may amend its returns for the past three years to take account of the adjustments made to the Saudi Government. Whether or not the claims would be allowed, would be for the Bureau of Internal Revenue or the courts to decide.