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(JC 148)

From: _____
Sent: Wednesday, October 30, 2002 10:01 AM
To: _____
Cc: _____
Subject: Feedback on Oil for Food

A leading trader phoned me today to note that the retroactive pricing is now working well, and to point out a "seachange" in the attitude of the oil overseerers, who are working much more openly and cooperatively with the oil industry since (my demarche to them) along those lines. Appreciation for the overseerers is now fairly well spread amongst the industry. (We had told them to be transparent, to explain their models, and to return telcons, at least to US firms.)

Volumes are up, and traders believe that no surcharges are being paid, cargoes are even going to the US via Chevron. Direct contracts with refiners, of course, also eliminate surcharges.

One caution, however, was a perception that the overseerers were trying to "average" retroactive pricing over the month, ie, showing greater or lesser flexibility on cargoes lifted earlier or later. This trader thought they should remain consistent throughout the month.

I think it would be appropriate to convey feedback, at least, that we are hearing that the overseerers are being more transparent and that this is helpful. We might ask about the averaging.

Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.
 Release () Excise () Deny () Declassify
Date 6/17/05 Exemption _____