

## Iraq: Oil Pricing

JC61

<u>Policy Option</u>	<u>Comment</u>	<u>Likely Outcome</u>
<u>Maintain status quo</u> (retroactive pricing)	Russia, China, France oppose; U.S., UK accept pending Committee agreement on viable alternative	U.S. end-users will continue to boycott purchase of Iraqi oil unless/until GOI eliminates surcharge  Oil-for-Food revenue shortfall worsens
<u>French proposal</u> -- 15-day proactive pricing -- revise list of oil buyers approved to lift Iraqi oil	does not prevent GOI from imposing surcharge; France, Russia, China Endorse immediate return to proactive pricing; U.S., UK currently oppose resumption of proactive pricing absent obligation to lift	unlikely U.S. end-users would resume purchase of Iraqi oil absent clear indication the GOI had terminated imposition of surcharge
<u>UK proposal</u> -- retroactive pricing for buyers on current list; -- proactive pricing with mandatory lift for buyers on "Green List (list selected by Committee)"	Russians oppose mandatory lift and creation of "Green List" selected by Committee	
<u>Russian proposal</u> -- immediate end to retroactive pricing; return to 30-day proactive pricing; -- Committee to finalize approval of oil cash component	U.S., UK oppose renewal of proactive pricing absent lift obligation and	

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