

From: [redacted]
Sent: Wednesday, March 20, 2002 4:49 PM
To: Weston, Kael
Cc:
Subject: RE: oil pricing informat tomorrow

JC30

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B-6

No question - push for the list.

Some questions/points you can use for

Discussion of overseers report.

-- Good discussion paper. Provides useful technical analysis of the impact of various approaches.

-- In page 1, para 2 Report says "contract holders decision to lift or not to lift ... is not provided for under the UN-approved contract". What is provided for? Does contract state requirement to lift? If so, why is it not enforced? In other oil markets, contract holders that fail to lift are seen as unreliable and penalized by not receiving more contracts.

-- Would be useful to analyze the rate of failure to lift by contract holders in Iraq with the failure rate in other markets. Is it much higher for Iraq market?

(if needed) Discussion on page 1 and chart on page 3 seem to suggest that retroactive pricing reduces export volumes. Note however that in both places the assumption is "in the current situation under which contract holders choose whether to lift or not, depending on the level of premia" Absent that assumption, estimates would not hold.

-- Would be worth analyzing price premia for Iraqi crudes compared to price premia for similar non-Iraqi crudes.

For USUN only - other ideas that came out of our meeting today
Useful to inform press about overseers report; the fact that it is highly critical of middlemen contract holders for causing loss of income to the program.

Nobody knew offhand the answer to [redacted] question on what premia are charged for other comparable crudes, but it is being checked particularly as relates to Syrian.

-----Original Message-----

From: [redacted]
Sent: Wednesday, March 20, 2002 1:21 PM
To: [redacted]
Cc: [redacted]
Subject: RE: oil pricing informal tomorrow

Just one point: [redacted] told me the overseers are not being cooperative in releasing an **updated list on approved lifters**. She said [redacted] (russian overseer) "understood" that [redacted] (russian 661 rep) had not agreed; [redacted] disagreed, and noted many members want the list. I also told her that it's not the overseers job to interpret the Committee's decisions. I think we (UK and FR) will push for the list at tomorrow's mtg.

-----Original Message-----

From: [redacted]
Sent: Wednesday, March 20, 2002 1:10 PM

Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.
 Release () Excise () Deny () Declassify
Date 6/12/05 Exemption _____