

## Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 02473 251058Z

17

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04

PRS-01 USIA-15 DRC-01 /201 W

----- 027728

R 250908Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 192

INFO AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

USMISSION OECD PARIS

EC BRUSSELS 1183

LIMITED OFFICIAL USE TOKYO 2473

BEIRUT PASS USINT BAGHDAD

STATE ALSO FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG, JA, IZ

SUBJECT: JAPANESE NEGOTIATIONS WITH IRAQ ON BILATERAL OIL DEAL

REF: A) TOKYO 1129 B) TOKYO 2280

1. DURING RECENT VISIT TO BAGHDAD, MITI MINISTER NAKASONE  
INITIALLED AGREEMENT ON JAPAN-IRAQ BILATERAL OIL AGREEMENT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 02473 251058Z

CALLING FOR PURCHASE OF 160 MILLION TONS EQUIVALENT OF

OIL OVER NEXT 10 YEARS (SEE REFTEL A). AGREEMENT, HOWEVER, ONLY PROVIDES THAT IRAQ WILL "PROMOTE" CONCLUSION OF PRIVATE CONTRACTS, BUT DOES NOT SPECIFY WHAT TERMS AND CONDITIONS OF CONTRACTS WILL BE. JAPANESE PRIVATE MISSION WILL LEAVE FOR BAGHDAD SHORTLY (PROBABLY ABOUT MARCH 1) TO DISCUSS CONCLUSION OF THESE CONTRACTS, AND IN PARTICULAR TO TRY TO WORK OUT PRICE. FOUR COMPANIES WILL BE REPRESENTED: MITSUBISHI CORP. AND C. ITOH (TRADING COMPANIES); AND KYODO AND IDEMITSU (REFINERS).

2. ACCORDING MITSUBISHI SOURCE, DELEGATION IS LIKELY TO FACE SOME DIFFICULTY IN THESE INITIAL TALKS. SOURCE REFERRED TO RECENT KUWAIT DD OIL SALE (REF B) AT WHICH JAPAN HAD BID WELL BELOW POSTED PRICE. SITUATION HAD NOT CHANGED, SOURCE ADDED, AND JAPANESE FIRMS WOULD BE UNWILLING TO PAY OVER POSTED PRICE FOR IRAQI OIL. ASKED IF THIS WERE DUE TO MITI ADMINISTRATIVE GUIDANCE, SOURCE SAID IT WAS PRIMARILY BECAUSE MITI NOT EXPECTED TO ALLOW REFINERS TO RAISE PRODUCT PRICES BY AS MUCH AS THEY WOULD LIKE. IF, AS EXPECTED, MITI ALLOWED AVERAGE PRODUCT PRICE (WHOLESALE) TO RISE BY ONLY \$28-29 PER KILOLITER, REFINERS CALCULATED THAT THEY COULD NOT AFFORD TO PAY OVER \$8.30 PER BARREL FOR CRUDE SINCE IRAQIS MOST UNLIKELY TO BE SATISFIED WITH THIS, SOURCE EXPECTED INCONCLUSIVE RESULT IN INITIAL NEGOTIATIONS.

3. DEPUTY HEAD OF MITI'S PETROLEUM DEVELOPMENT DIV., OTSUKA, ADDED THAT GOJ WOULD NOT BE REPRESENTED AT UPCOMING PRIVATE NEGOTIATIONS WITH IRAQ. ALTHOUGH DISPATCH OF GOVERNMENTAL MISSION WAS WITHIN REALM OF POSSIBILITY, OTSUKA SAID THERE WERE NO PLANS TO SEND SUCH A MISSION IN NEAR FUTURE. OTSUKA ALSO SAID THAT HE EXPECTED PRICE NEGOTIATIONS TO BE VERY DIFFICULT. SHOESMITH

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, NEGOTIATIONS, ECONOMIC AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TOKYO02473  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** TOKYO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740210/aaaaajjb.tel  
**Line Count:** 95  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A) TOKYO 1129 B) TOKYO 2280  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 APR 2002 by elyme>; APPROVED <03 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** JAPANESE NEGOTIATIONS WITH IRAQ ON BILATERAL OIL DEAL  
**TAGS:** ENRG, JA, IZ  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005