

The Oil Nationalization issue. - Appointment of Mixed Oil Commission and Temporary Board of National Iranian Oil Company. - Demands on Anglo-Iranian Oil Co. for Implementation of Nationalization Law. - British Insistence on Agreed Settlement. - Mr. Morrison's Statements. - U.S. Support for British Attitude. - Condemnation of Persian Unilateral Action. - Persian Rejection of Negotiations and Arbitration. - Protest at U.S. "Interference." - British Application to International Court for Protection of British Right. - Anglo-Iranian Co. requests President of International Court to appoint Arbitrator. - Persian Government rejects Competence of International Court. - President Truman's Personal Intervention. - Letters to Dr. Mossadeq and Mr. Attlee. - Persian Acceptance of Negotiations with Anglo-Iranian Co. Delegation. - Persian Demands for 75 per cent of Oil Revenues and Control of Company's Operations. - Rejection of Company's Financial and Organizational Counter-Proposals. - Breakdown of Teheran Discussions. - British Protest at Anti-British Press and Radio Campaign in Persia. - Majlis Vote of Confidence for Dr. Mossadeq. - Persian Preparations for Seizure of Abadan Refinery. - Debates in British Parliament. - Mr. Morrison on Protection of British Lives in Persia. - Mr. Eden's Warning against Evacuation. - British Request to International Court for Interim Injunction.

The actions of the Persian Government in enforcing the Oil Nationalization Law, the breakdown of negotiations between representatives of the Anglo-Iranian Oil Company and the Government over the initial Persian demands, the legal steps and other measures taken by the Company and the British Government to safeguard the Company's rights, and the mediation efforts made by the

U.S. Government, are summarized in the following article giving a chronological survey of the Persian oil dispute from mid-May (in continuation of report 11449 A) to the third week of June.

May 13. The *Majlis* elected the following five deputies to serve on the Mixed Oil Commission set up under the Oil Nationalization Law: M. Allahyar Salih, a National Front deputy and former Finance Minister; Dr. Ali Shayiganm, also of the National Front, and a former Education Minister; Dr. Moazzami, professor of law at Teheran University; M. Hussein Makki, secretary-general of the National Front and secretary of the Parliamentary Oil Committee which recommended the oil nationalization; and M. Nassar Ardalan, a banking expert.

The five members nominated by the Senate had been elected on May 9 as follows: M. Bayat, Dr. Matin-Daftari, M. Najm, M. Sururi, and Dr. Shafaq. Dr. Matin-Daftari and M. Bayat are former Prime Ministers; M. Najm was a former Minister of Finance; M. Sururi has been Minister of Justice; and Dr. Shafaq is a university professor.

Dr. Mossadeq, the Persian Prime Minister, declared in the *Majlis* on this date that his life was being threatened and that he proposed to stay in the Parliament House for safety. Referring to the activities of the extremist *Fadayan Islam organization*, one of whose members had assassinated General Razmara (the former Prime Minister). Dr. Mossadeq said that on a recent visit to the Senate he had been waylaid by two armed men in the garb of Moslem women, but had escaped into the Senate building; that "mysterious gatherings" had congregated outside his house; that "evil hands had tried to intervene in affairs"; and that he had been told by the Shah, and later by the Chief of Police, that the Fadayan Islam were after his life. He had declined the Shah's offer to provide a bodyguard but had decided, with the permission of the *Majlis*, to seek sanctuary in the Parliament building. Immediately after making this statement, Dr. Mossadeq collapsed and was carried out of the Chamber.

May 14. Kazim Hasibi, Under-Secretary in the Persian Finance Ministry and a trained oil engineer, was nominated as the Government representative on the Oil Commission, which met on this date for the first time under the chairmanship of M. Salih, with M. Hussein Makki as secretary.

May 15. A circular sent to all Government departments by the Prime Minister's office announced the "dissolution" of the Anglo-Iranian Oil Company and gave instructions that all reference to the Company in official correspondence must be prefixed by the word "former."

May 16. Abdul Qasim Rafii, deputy leader of the *Fadayan Islam*, was arrested in Teheran, the police stating that he had declared that he had intended to assassinate Dr. Mossadeq "during the next three days."

May 17. A British Note containing the latest proposals to end the Persian oil dispute was sent to Sir Francis Shepherd (H.M. Ambassador in Teheran) after Mr. Morrison had seen Mr. Attlee.

In reply to a statement issued by the Persian Embassy in Paris on May 15 that Dr. Mossadeq's action in seeking asylum in the *Majlis* had been due to intrigues against him by "agitators" employed by the Anglo-Iranian Oil Co., the Company issued a statement that "this implied

allegation has no foundation in fact,” and that its representative in Teheran had been instructed to request the Persian Government to issue “a suitable denial.”

May 18. In a statement personally approved by Mr. Acheson, the U.S. State Department appealed for “friendly negotiation” in the oil dispute, warning Persia at the same time of the serious consequences of any unilateral action on her part.

The statement said that in its conversations with Persian officials the State Dept. had made it clear that the U.S.A. recognized Persia's sovereign rights and sympathized with her desire for increased benefits resulting from the development of her oil resources, but that it had, on the other hand, raised the question “whether or not the elimination of the established British oil company from Persia would in fact secure for Persia the greatest possible benefits.” In this connexion it had been pointed out to Persia that “the efficient production and refining of Persian oil required technical skills and capital of the sort provided by the British company”; that U.S. companies able to take over an oil operation as large as that in Persia would not be willing to do so should the Persian Government take “unilateral action” against the British company”; and that technicians of the number and competence required for such an operation were, moreover, not available in the U.S.A. or anywhere else because of the “extreme shortages” of manpower in that sphere. After expressing the U.S. Government's "pleasure” at “the sincere desire shown by the British to negotiate with the Persians on all outstanding issues, and warning Persia against the “serious effects of any unilateral cancellation” of her agreement with the Anglo-Iranian Oil Co., the statement declared that the Anglo-Persian dispute was “serious not only to the parties directly concerned but to the whole free world,” and concluded: “The U.S.A. believes that Persia and Great Britain have such a strong mutuality of interests that they must and will find some way, through friendly negotiations, of re-establishing a relationship which will permit each party to play its full role in the achievement of their common objectives. Through such negotiation, it is felt, Persia's basic desires and interests can best be realized, the legitimate British interests preserved, and the essential flow of Persian oil into the markets of the free world maintained. The U.S.A. has repeatedly expressed its great interest in the continued independence and territorial integrity of Persia, and has given and will continue to give concrete evidence of this interest.”

May 20. The Anglo-Iranian Oil Company's request for arbitration was rejected in a letter from the Persian Finance Minister (M. Varasteh), which at the same time asked the Company to appoint representatives to discuss the implementation of the Oil Nationalization Law.

The Finance Minister's letter, which was addressed to the “representative of the former Anglo-Iranian Oil Company,” claimed (1) that the nationalization of industries was “based on the right of the sovereignty of nations, such as exercised by other Governments, including the British Government itself and the Mexican Government in different cases”; (2) that “a private agreement cannot obstruct the enforcement of this right, which is based on the principles of international rights”; and (3) that “the nationalization of the oil industry, based on the enforcement of the right of sovereignty of the Persian people, is not subject to arbitration, and no international authority is qualified to investigate this matter. “Based on these points,” the letter went on, “the Persian Government has no other duty except the enforcement of the articles of the above-mentioned

law, and does not agree in any way with the contents of the letter of the former Oil Company regarding reference to arbitration.”

May 21. The text of the British Note of May 17 was published in London on this date.

After expressing regret at the lack of response to previous British suggestions for a settlement of the oil dispute by negotiation, the Note went on: "H.M. Government fully understand and sympathize with the desire of the Iranian Government to strengthen the economic structure of their country and provide for the welfare of its people. They themselves have constantly shown in practical ways that these objects are of deep concern to them. They find it difficult to believe, however, that the unilateral action which the Iranian Government are proposing to take will contribute towards their fulfilment. H.M. Government neither desire nor intend to question the exercise by Iran of any sovereign rights which she may legitimately exercise. They maintain, however, that the action now proposed against the Company is not a legitimate exercise of those rights.

The 1933 agreement is a contract between the Persian Government and a foreign company concluded under the auspices of the League of Nations after an attempt by the Iranian Government to deprive the Company of these rights under its previous concession had been brought by H.M. Government before the League. It was ratified by the Majlis and became Persian law. Further, the agreement contains two very important provisions:

(a) That the position of the Company under its agreement shall never be altered by action of the Iranian Government, or even by Iranian legislation (Art. 21), except as the result of an agreement between the Company and the Iranian Government.

(b) That if the Iranian Government had any complaint against the Company or vice versa, and the dispute could not be settled other-wise, it was to be referred to arbitration (Art. 22), the arbitral tribunal being presided over by an umpire appointed by the arbitrators them-selves, or, in default of their agreement, by the president of the International Court of Justice at The Hague.

The essential point is not the right of a sovereign Power by its legislation to nationalize commercial enterprises carried on within its borders, nor what is the measure of compensation it should pay for doing so; the essential point is that the Persian Government in effect undertook not to exercise this right, and the real issue is therefore the wrong done if a sovereign State breaks a contract which it has deliberately made. If the Iranian Government has grievances against the Company, their remedy was to seek arbitration. That course has not been adopted. Instead, the Iranian Parliament have enacted a law which envisages a fundamental change in the status of the Company. The Company therefore had no alternative but to make known to the Iranian Government its wish to take the matter to arbitration.

The Anglo-Iranian Oil Company is a British company registered in the United Kingdom; moreover, H.M. Government own a majority of the shares in the Company. It is clear, therefore, that H.M. Government have the fullest right to protect its interests in every way they properly can. The Company has had its valuable rights established under the agreement injuriously affected by an Iranian enactment when Art. 21 provided that this should not be so. It has

appealed to the only remedy open to it, namely, arbitration under Art. 22. If that remedy should be rendered illusory by the Iranian Government, then the question must become an issue between the two Governments. H.M. Government would have an unanswerable right under international law to take up the case, and, if they deemed it expedient, to bring their complaint against the Iranian Government before the International Court of Justice. In that contingency they would hope that the Iranian Government would collaborate in enabling the Court to give a decision as quickly as possible.

On the other hand, H.M. Government still hope that the problem can be solved by negotiations to the satisfaction of all concerned. The interests of H.M. Government and the Anglo-Iranian Oil Company in this matter are identical. H.M. Government are prepared to send a mission forthwith to Teheran to discuss the terms of a new agreement... A refusal on the part of the Iranian Government to negotiate, or any attempt on their part to proceed by unilateral action to the implementation of the recent legislation, could not fail gravely to impair those friendly relations which we both wish to exist, and to have the most serious consequences.”

In an aide-mémoire handed by M. Kazemi (the Persian Foreign Minister), to Dr. Grady (U.S. Ambassador in Teheran) the Persian Government rejected the U.S. Government's statement of May 18 appealing for the settlement of the issue by negotiation as “interference in the internal affairs of Persia.”

After stating that the U.S. Government's declaration “and the tone of its peculiar phrases” had “created a very undesirable and unexpected impression in competent Iranian circles,” the aide-mémoire said that it was “surprising” that the U.S. authorities, which “until two days ago used to say they were entirely neutral in the oil issue,” had “changed their opinion” and “wish to advise us that the issue should be settled by negotiations.” It added that after the passing of the Oil Nationalization Law “the friendly recommendation of a foreign Government, no matter what its form, can only be regarded as interference in the internal affairs of Iran”; asserted that “the activities and conduct of the late Company” had “raised the anger of the people to such an extent that the will of the people made it imperative to nationalize the industry”; and insisted that the Persian Government had “no alternative” to the enforcement of the Nationalization Law, and that “the slightest delay in its execution will provoke the anger of the Persian people.”

May 22. Teheran newspapers stated that the Government had issued a decree calling on the Anglo-Iranian Oil Company to pay Customs duties on all goods which it had hitherto imported duty free (i.e., on all materials imported for its own use). It was also reported that the Persian Government had made “unofficial” approaches to the Company through the Persian National Bank for a renewal of the Company's monthly payment of £2,000,000, which had been suspended in April.

M. Entezam, the Persian Ambassador in Washington, handed a formal protest Note to the State Dept. against U.S. “opposition” to nationalization of the oil industry.

At a mass demonstration in Teheran called jointly by the National Front, the newly-formed Persian Labour Party, the Iran Party, and the Mohahedin Islam (a religious body), Britain and the U.S.A. were bitterly attacked by a number of speakers, including M. Makki, who accused the

U.S.A. of “sticking a dagger in the back of the Persian people” by its appeal for Anglo-Persian negotiations. Ali Gholi Bayani, a member of the Iran Party, described British policy in Persia during the last 50 years as one of “concentrated satanic wickedness which America is now trying to support,” while another speaker suggested that the religious leaders should launch a campaign to boycott British goods. A reference to joint action by all Moslem countries to “defend Persian rights” in a “holy war” was received with enthusiasm.

May 24. Whilst it was authoritatively stated in London that the British Government was ready, in the event of Persia agreeing to negotiate a new agreement covering the future operation of the Company, to accept a settlement “involving some measure of nationalization,” provided that the effective management of the industry remained in British hands, the Persian Government, through M. Varasteh, gave the Anglo-Iranian Oil Company six days to help in its own liquidation or be compulsorily wound up.

M. Varasteh's letter, which was addressed to Mr. Richard Seddon (the Company's representative in Teheran), referred to his letter of May 20, inviting the Company to appoint representatives immediately for carrying out the nationalization law, and added: “Should you fail to nominate your representatives by May 30, the Government will have no alternative but to act according to its legal duties as prescribed in the laws of March 15 and 20 and April 30, 1951.”

On the same day M. Allahyar Salih, the chairman of the Mixed Oil Commission, announced that the nationalized oil industry would be run by a body called the “National Iranian Oil Company,” adding that the Persian Government would “do all it can to produce the maximum quantity and market it,” and that for this purpose experts of the “former Company” would be “invited and even encouraged to render full co-operation.”

May 25. For the first time since his assumption of the Premiership, Dr. Mossadeq held a press conference at his “sanctuary” in the Parliament building; while reading this statement he trembled and wept to such a degree that he had to be supported by one of the National Front deputy.

Describing the Anglo-Iranian Oil Company as “a dragon lying on the Persian people's hidden treasure,” Dr. Mossadeq contended that the miserable living conditions of the Persian people could be improved “only by loans from abroad or by the boundless income from Southern Persian oil”; that negotiations for foreign loans had been unsuccessful; and that all the country's requirements could be met by the oil income. “The patience of the Persian people is almost exhausted,” he declared, “and when it is exhausted there will be an explosion not only in Persia but in the whole Middle East. To prevent a third world war it is imperative that the conditions under which so many Persians live should be ended. The first step towards any reform in Persia is the nationalization of oil. By this means we will be able to save Persia and the Middle East and perhaps the whole of Asia. What Persia is doing is of world importance.”

Dealing with the legal position, Dr. Mossadeq denied that Persia intended to confiscate the Anglo-Iranian Oil Company's possessions, adding that those possessions were being “returned to their rightful owner, which is Persia,” and that Persia would consider “any just claims”; he qualified this statement by declaring, however, that the 1933 Agreement between the

Government and the Oil Company was “not going to be a basis for any discussions on compensation, because that agreement is worthless and not worth consideration.” Continuing, Dr. Mossadeq said that there was nothing that “required the former Oil Company or the British Government to arouse such clamour throughout the world under the name of unilateral cancellation of the agreement, for apart from the fact that the Agreement was imposed by force, and is ineffective and invalid, the Persian Parliament and Government have not taken any decision regarding the Agreement that could give the former company a pretext for arbitration. It is only in the case of deciding on the cancellation or ineffectiveness of the Agreement that arbitration can be applied.” He added that the Government intended to keep the Company intact as an organization so that the flow of Persian oil to the world would not decrease.

May 26. Four important developments occurred on this date: (1) the British Government formally applied to the International Court of Justice at The Hague for a declaration that the Persian Government's refusal to submit the dispute to arbitration was illegal; (2) the Anglo-Iranian Oil Company asked the President of the International Court to appoint an arbitrator in accordance with Art. 22 of the 1933 Convention; (3) in reply to the Persian Finance Minister's "invitation" to the Anglo-Iranian Oil Co. to send representatives not later than May 30 to discuss the execution of the oil nationalization law, Sir William Fraser, the Company's chairman, informed the Persian Government, through Mr. Seddon, that the latter would attend a meeting “as a measure of respect to the Imperial Government and the Iranian Parliament” but that, having regard to the purpose of the discussion,” he would “only be in a position to listen to what is said to him and to report the substance to the Company in London”; (4) the U.S. Government sent a second *aide-mémoire* to the Persian Government urging it again to seek a direct negotiated settlement with Britain on the oil nationalization issue, and reaffirming its stand against “unilateral cancellation of contractual relationships and action of a confiscatory nature.”

The British Government's application to the International Court, after reviewing in detail the course of the dispute and the unsuccessful attempts to reach a settlement through direct negotiations, claimed that:

(a) The Persian Government was not entitled to refuse to submit the dispute with the Anglo-Iranian Oil Company to arbitration, as provided for in the Convention concluded in 1933 between the Persian Government and the Company; (b) by the terms of the Oil Nationalization Act of May 1, 1951, the Persian Government had purported to effect a unilateral annulment of the 1933 Convention, contrary to the express terms of Arts. 21 and 26 of that agreement; (c) the Persian Government had thereby committed a wrong against the Oil Company, a British national; (d) in rejecting arbitration—the means provided by Art. 22 of the Convention for settling “*tous différends de nature quelconque entre les parties*” —after the Oil Company had filed a notice in writing requesting arbitration, the Persian Government had denied to the Company the legal remedy expressly provided for in the Convention; (e) in purporting unilaterally to annul the Convention, and in denying to the Company the legal remedy expressly provided for therein, the Persian Government had been responsible for a denial of justice against a British national; (f) by its conduct, the Persian Government had treated a British national in a manner not in accordance with the principles of international law and had, in consequences, committed an international wrong against the Government of the United Kingdom.

The statement went on to declare that Persia had accepted treaties and conventions binding her to accord to British nationals the same treatment as that accorded to the nationals of the most-favoured-nation, and had also accepted treaties and conventions binding her to treat the nationals of certain other States in accordance with the principles of international law. It therefore followed, in the submission of the British Government, that Persia had accepted treaties binding her to treat British nationals in accordance with the principles of international law. There also existed a direct treaty obligation, incurred in 1928, binding the Persian Government to treat British nationals in accordance with the principles of international law.

The British Government therefore asked the Court to give notice to the Persian Government of the application, and after hearing the contentions of the parties:

- "(a) To declare that the Persian Government is under a duty to submit the dispute between itself and the Anglo-Iranian Oil Company to arbitration, under the provisions of Art. 22 of the 1933 Convention, and to accept and carry out any award issued as a result of such arbitration.
- (b) Alternatively, (i) To declare that the putting into effect of the Oil Nationalization Act, in so far as it purports to effect a unilateral annulment or alteration of the terms of the Convention, would be an act contrary to international law, for which the Persian Government would be internationally responsible.
- (ii) To declare that Art. 22 of the Convention continues to be legally binding on the Persian Government, and that, by denying to the Company the exclusive legal remedy provided in Art. 22, the Persian Government has committed a denial of justice contrary to international law.
- (iii) To declare that the Convention cannot lawfully be annulled, or its terms altered, by the Persian Government, otherwise than as the result of agreement with the Company or under the conditions provided in Art. 26 of the Convention.
- (iv) To adjudge that the Persian Government should give full satisfaction and indemnity for all acts committed in relation to the Company which are contrary to international law or the 1933 Agreement, and to determine the manner of such satisfaction and indemnity."

Finally, the British Government reserved the right "to request the Court to indicate any provisional measures which ought to be taken to protect the rights of the British Government so that their national, the Anglo-Iranian Oil Company, should enjoy the rights to which it is entitled under the Convention."

The U.S. *aide-mémoire* handed by Dr. Grady to M. Kazemi declared:

"It is unfortunate that the statement made by this Government on May 18 has been misconstrued by the Iranian Government as intervention in the internal affairs of Iran. The U.S.A. wishes to make it clear that it did not then intend, nor does it now intend, to interfere in the internal affairs of Iran, nor to oppose Iran's foreign rights or the express desires of the Iranian Government in regard to the control of Iran's resources. There is, however, a legitimate basis for a deep and proper interest on the part of this Government in its solution of the oil problem in Iran. The U.S.A. is convinced that through negotiations a settlement can be found which will satisfy the desires of the Iranian people to control their own resources, which will protect legitimate British

interests, and which will ensure the uninterrupted flow of Iranian oil to the world markets. Such a settlement is, in the opinion of this Government, of the utmost importance not only to the welfare of the two Powers concerned but to that of the entire free world.”

May 27. M. Kazim Hasibi, Under-Secretary at the Finance Ministry and Government representative on the Oil Commission, declared that Persia would not submit her oil dispute with Britain to any independent judge or international body— “not even the U.N. Security Council.” At the same time he alleged that the Anglo-Iranian Oil Co. had "falsified" its balance sheets “to deprive Persia of some of her profits,” and had not provided suitable living conditions for Persian workers.

A British Note informing the Persian Government of the decision of H.M. Government to refer the oil dispute to the International Court was handed to M. Kazemi, the Foreign Minister.

May 28. M. Kazemi informed the International Court at The Hague that Persia could not accept its authority to deal with her oil dispute with Britain.

May 29. In Teheran, Dr. Mossadeq left his refuge in the Parliament building and met Sir Francis Shepherd and Dr. Grady for lunch at the latter's residence; the *Majlis* approved a two-month extension of martial law in Khuzistan Province (the main centre of the oil industry); and an anti-British demonstration attended by over 50,000 people took place to mark the 18th anniversary of the signing of the 1933 Agreement with the Anglo-Iranian Oil Co. The Company informed its British, Indian, and Pakistani employees that free air or sea passages would be available for their families if they wished, a spokesman explaining, however, that there was no question of evacuation. The number of British employees with the Company was given as between 3,000 and 4,000, and that of Indian and Pakistani employees as several hundred.

In London, Mr. Morrison made another statement in the House of Commons reaffirming the British Government's desire for settlement of the dispute by negotiation.

After summarizing the main developments since his statement in the House on May 1, Mr. Morrison said: “The Government are still anxious to see this dispute settled by negotiation, and their offer to send a special mission, if that would help, still stands. Moreover, as H.M. Ambassador in Teheran has informed the Persian Government, while H.M. Government cannot accept the right of the Persian Government to repudiate contracts, they are prepared to consider a settlement which would involve some form of nationalization, provided (a qualification to which they attach importance) it were satisfactory in other respects. Their difficulty has been, and still is, that the Persian Government have hitherto not seen fit to respond in any way to their repeated suggestions of negotiation, but on the contrary have indicated merely their intention to proceed unilaterally. The Government could not accept such a procedure, and believe that their attitude in this matter is generally recognized and understood. In particular they have noted with satisfaction that the U.S. Government have spoken publicly against the unilateral cancellation of contractual relationships and actions of a confiscatory nature. The Government earnestly hope that wiser counsels, taking full account of the dangerous potentialities of the present situation, will prevail in Teheran and that negotiations can be initiated in an atmosphere of reason and good will.”

Replying to Mr. Churchill, Mr. Morrison gave an assurance that any significant developments would be reported to the House, whilst in reply to Mr. Philips Price (Lab.), who asked for a public statement to the effect that Britain did not contest the Persian Government's right to nationalize its oil, Mr. Morrison declared: "I have made the Government's position clear on that point, but what I cannot agree with is the right of any Government unilaterally, without consideration of ways and means, and without consultation, to sail over everybody's head, and merely pass Acts of Parliament." Answering Mr. Somerset de Chair (C.), who asked the Foreign Secretary whether the Government was in a position to protect the lives of British subjects working in Persia for the Oil Company, as well as to protect the installations from seizure or sabotage, Mr. Morrison said: "All those matters have been the subject of consideration, and appropriate steps have been taken. The Government take the view that we have every right, and indeed the duty, to protect British lives. After Mr. Churchill had interposed to assure the Foreign Secretary "that in all the steps which he has just indicated he will receive the full support of the Opposition. Mr. Morrison denied, in reply to a question by Mr. Craddock (C.), that the Government had asked India or Pakistan to use their good offices in bringing about a peaceful settlement, but added that it was "perfectly natural that the Government would hope for the support, by way of suitable representation, of Governments whose interests are similarly involved." Answering Mr. Emrys Hughes (Lab.), who asked to what extent there had been consultation with the U.S. Government, and whether the latter had advised against a policy of military intervention, Mr. Morrison said that "suitable conversations" had taken place and that "on the whole we are acting in co-operation."

May 30. "Whilst Mr. Seddon had a 70-minute interview with M. Varasteh, during which the Persian View on the oil dispute was explained and an *aide-mémoire* handed to him, the Persian Government issued the following communiqué:

"During yesterday's luncheon conversation with the American and British Ambassadors, Premier Mossadeq made it clear;

- (1) That Persia would, never agree to consider the British Government as a party to the present dispute.
- (2) That Persia would, however, agree to a discussion between the British and Persian Governments regarding Britain's oil requirements under Art. 7 of the Oil Nationalization Act (this Article grants priority to all former customers of the Company to buy the same amount of oil as they had bought from January 1948 to March 1951, at international prices).
- (3) That Persia considers that meetings between the Minister of Finance and the representatives of the Oil Company should not be confined to one session, but that other similar meetings should take place."

It was reported from The Hague that the International Court had sent a copy of the British Government's application to the Persian Government, asking the latter to state the name of its agent in the case.

