The United States is deeply concerned by the dispute between the Iranian and British governments over Iranian oil. We are firm friends of both Iran and Great Britain, and are sincerely interested in the welfare of each country. The United States wants an amicable settlement to this dispute, which is serious not only to the parties directly concerned but to the whole free world. We have followed the matter closely and have told both countries where we stand. The views which we have expressed have related to the broad aspects of the problem, as it has not been appropriate for us to advise with respect to specific terms of arrangements which might be worked out.

Since the United States attitude has been the subject of some speculation, it is deemed advisable to describe the position which we have taken in our talks with representatives of Iran and Great Britain.

We have stressed to the governments of both countries the need to solve the dispute in a friendly way through negotiation, and have urged them to avoid intimidation and threats of unilateral action.

In our talks with the British Government, we have expressed the opinion that arrangements should be worked out with the Iranians which give recognition to Iran's expressed desire for greater control over and benefits from the development of its petroleum resources. While the United States has not approved or disapproved the terms of any particular British proposal, it is pleased to note a sincere desire on the part of the British to negotiate with the Iranians on all outstanding issues.

We fully recognize the sovereign rights of Iran and sympathize with Iran's desire that increased benefits accrue to that country from the development of its petroleum. In talks with the Iranian Government, we have pointed out the serious effects of any unilateral cancellation of clear contractual relationships which the United States strongly opposes. We have stressed the importance of the Iranians achieving their legitimate objectives through friendly negotiation with the other party, consistent with their international responsibilities. This would have the advantage of maintaining confidence in future commercial investments in Iran and, indeed, in the validity of contractual arrangements all over the world.

Iran has been urged, before it takes final action, to analyze carefully the practical aspects of this problem. In this connection, we have raised the question of whether or not the elimination of the established British oil company from Iran would in fact secure for Iran the greatest possible benefits. We have pointed out that the efficient production and refining of Iranian oil requires not only technical knowledge and capital but transport and marketing facilities such as those provided by the company. We have also pointed out that any uncertainty as to future availability of Iranian supplies would cause concern on the part of customers which might lead to shifts in their source of supply with a consequent increased revenue to Iran.

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Those United States oil companies which would be best able to conduct operations such as the large-scale and complex industry in Iran have indicated to this Government that they could not in the face of unilateral action by Iran against the British company be willing to undertake operations in that country. Moreover, petroleum technicians of the number and competence required to replace those presently in Iran are not, due to extreme shortages of manpower in this specialized field, available in this country or in other countries.

The United States believes that Iran and Great Britain have such a strong mutuality of interests that they must and will find some way, through friendly negotiation, or reestablishing 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 that Iran's basic desires and interests can best be realized, the legitimate British interests preserved, and the essential flow of Iranian oil into the markets of the free world maintained.

The United States has repeatedly expressed its great interest in the continued independence and territorial integrity of Iran and has given and will continue to give concrete evidence of this interest.

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