Bakhtar Emuz reports the following statement to press June 27th by Senator Matine-Daftari, member Joint Oil Commission, concerning interview he had with British Ambassador at latter's request:

"Under instructions his govt Sir Francis Shephard requested interview to discuss specifically conditions under which we would accept agreement concerning the exploitation of oil in Khuzistan. In other words, the Ambassador desired especially to know whether the parliamentary commission and the govt were ready, and on what conditions, to accept a provisional modus vivendi in order that the industry might continue to operate pending the resumption of negotiations. The reply which I gave him was the following: The only condition for such an understanding is recognition of the present Iranian legislation concerning nationalization of petroleum industry, as well as official recognition of the existence of the Iranian National Oil Company, and of the powers of the Provisional Board of Directors. Only on these conditions would Iran be ready to enter into an agreement for the continued operation of the industry and the export of petroleum abroad while the negotiations were going on."

Keshm reports that Kazem Hassibi, Undersecret of Finance and govt representative on the Joint Oil Commission commented to press July 27 that conversations with British should begin as soon as possible, because if there were further delay's Iranian public opinion would be affected, and it was possible that the talks might be again broken off. He added "It goes without saying that the return of a delegation of the ex-AIOC to Tehran necessarily depends upon the recognition of our oil nationalization legislation. The exploration, extraction, refining and sale of oil in Iran must be placed under absolute Iranian control. Iran can no longer permit the existence on its territory of an important foreign enterprise, and it can no longer accord a monopoly right to its own resources."

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monopoly right of purchase to a foreign company. Iran, naturally, does not ask more than that its oil be distributed and sold throughout the entire world, but it does not wish to find itself tied hand and foot to a large company which would be able, whenever it wished, to control the situation." Hassibi reportedly denied rumors that Iran had requested financial assistance from AIOC, but added that did not mean government had not demanded what was due it.

GRADY

NOTE: Read by Mr. Dorey (GT1) 1:10 p.m. 7/28/51 KW