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From: [REDACTED]

Date: 31 October, 2002

cc:

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TO: PS/Baroness Symons

**IRAQ OIL**

1. The Minister for Trade had a meeting this morning with BP (Paniguan, Renton), Shell (Withrington, Graham) and BG (Bethell) to discuss prospects for the Iraqi oil province should current events lead to regime change. Baroness Symons set out our position on WMD, sanctions and inspectors in standard terms.
2. All three companies took a very similar view: they had been scrupulous in observing sanctions but were keen to play a full part in the reconstruction of the Iraqi oil industry if the opportunity arose. They did not want a privileged position but equally did not wish to be locked out through political deals done (by the US) for wider purposes. They wanted a level playing field.
3. BP, for example, said that for historical reasons they had considerable knowledge of the geography and potential of Iraq (which was enormous). Iraq's reserves meant it could become a decisive player in the oil market and would provide an immense strategic advantage to any company which emerged in a commanding position.
4. All three companies were therefore very concerned at rumours they had been picking up, particularly in Washington, that the USA might be making deals with the Russians and French over future access to oil or gas development projects in return for political

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concessions. They quoted conversations Gene Lawson of the US/Russia Business Council was said to have had with Lukoil, and one James Woolsey (now of the Defence Policy Board) had had with Texaco. (These in addition to the comments they had heard James Baker had made to HMA Washington in the margins of the US/Russia energy summit in Houston). Shell thought it was significant that the US Energy Commission had been reporting on this issue to Wolfowitz at the DoD.

5. Baroness Symons agreed that it would be difficult to justify British companies losing out in Iraq in that way if the UK had itself been a conspicuous supporter of the US government throughout the crisis. But she accepted that the considerable economic stake that the Russians had in Iraq made it very possible that a deal or deals might be under discussion to ensure that their interests were looked after. Anything of this nature would be highly sensitive and kept very close.
6. We would let our Embassy in Washington know of the companies' concerns in detail, and discuss ways in which these could be addressed with the US government. The Minister herself would be seeing US representatives later this week and would take the opportunity to highlight HMG's concerns. She undertook to report back to the companies on developments, and suggested that they call again before Christmas.

