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THE WHITE HOUSE
WASHINGTON

NOTE FOR: Mr. President.

FROM : RON NESSEN

You asked to
see this guidance
on the Panama City
oil meeting.

RCF

RAN

March 8, 1976

THE PRESIDENT HAS SEEN....

C. F.

PANAMA CITY ARAMCO MEETING:

BACKGROUND INFORMATION

The meetings going on in Panama City are private. Arrangements were made by Aramco. While the U. S. Government arranged for security, it has not had any contact with the Saudi government on the meetings, nor has the USG had anything to do with the purpose or agenda.

The purpose of the meeting appears to be to discuss arrangements leading to 100% participation by the Saudis in Aramco. Discussions were supposed to begin in December following the OPEC Meeting in Vienna, but the kidnaping incident forced postponement of the meeting.

The first discussions between Saudi Arabia and Aramco began in 1972 when negotiations for a 25% Saudi participation arrangement were initiated. In 1974, a 60% participation arrangement was discussed, followed by the current round of discussions on 100% participation. These talks are on the technical and financial arrangements, on management questions, fees for ongoing services, and on access to oil. The oil companies are likely to maintain a management and servicing role to continue exploration, facilitate marketing arrangements, and provide technical expertise.

Zarb: "This is just further evidence of why it is vitally important for Congress to join the President in making sure the United States gains independence from the Arab countries and other foreign producers of oil. We must free ourselves from reliance on foreign countries, which control the supply and price of the oil we depend on to run our economy.