

No. 243

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*Memorandum of Telephone Conversation, by the Officer in Charge
of Arabian Peninsula Affairs (Awalt)*

CONFIDENTIAL

WASHINGTON, January 28, 1952. ¹

Subject: Aramco Conversations in Riyadh.

Participants: Mr. L. M. Snyder, Vice President, Aramco, New
York.*Summary:*

Mr. Snyder telephoned to say that his office had just received its first telegram on the subject of the progress of negotiations in Riyadh. ² Status of the negotiation are as follows:

1. No foreign tax credits before payment of Saudi taxes.
2. The lag in tax payments to the SAG shall be reduced from 12 to 8 months.
3. Deductions for repayment of the cost of the Saudi Railway shall amount to no more than \$6 million per year.
4. Aramco agrees to give more generous consideration to their relinquishment program. Relinquishment of particular areas, however, is deferred for the time being.
5. The SAG request for a minimum annual payment of \$100 million was refused.
6. Board meetings in Saudi Arabia were refused.
7. The request for an equal number of Saudi members on the Board of Directors and equal voting power with American members was refused. The SAG demand in this respect was premised on a 50-50 partnership concept. The SAG reduced its demand to three Directors which Aramco countered with an offer of two, in keeping with the IPC Agreement.

Mr. Snyder informed me that the conversations have removed from Riyadh to Dhahran at Prince Feisal's request since he has gone to Damman to participate in the boundary negotiations beginning there today. ³

¹ This memorandum of conversation was prepared on Jan. 29.

² Negotiations between the Arabian American Oil Company and the Saudi Arabian Government, regarding the terms of the Aramco oil concession, had been going on since the previous year.

³ See the editorial note, *infra*, regarding the boundary negotiations.