

No. 246

886A.2553/2-452 Telegram

*The Ambassador in Saudi Arabia (Hare) to the Department of State*¹

SECRET

JIDDA, February 4, 1952--7 p. m.

409. Owen flew here Feb 25 fill-in Aramco negots on instrs directors who foresee agreement most points but may break up in disagreement some points and wanted Emb have advance notice supplement account given on my recent visit Riyadh (Embtel 383, Jan 26).²

Owen said shift scene negots to Dhahran peculiar in sense supposedly made on King's orders at Prince Feisal's request when latter impelled proceed Dhahran for boundary negots, whereas on arrival Aramco group Feisal expressed surprise see them and said he had expected they wld remain Riyadh and finish work in short time. Result is counselors Jamal Hussein and Khalid Gargoni now out picture and Shaikh Abdullah and Najib Salha have field to themselves.³

Agenda on basis King's letter plus additional points introduced by SAG now known as "eleven points". Status each is:

(1) Saudi desire SAG tax be computed before foreign tax: Aramco agreed when explanation failed convince Saudis;

(2) Revision tax payments to make current: After King's discussion complicated formula adopted of which immed effect is payment \$40 million more this year than according present arrangement;

(3) and (4) Organizational points including Saudi demands (a) Registration as Saudi Corp, (b) Board meetings in SA, (c) transfer headquarters SA, (d) Transfer books SA, (e) Equal SAG representation on board, (f) 50 percent SAG vote on board: Aramco (a) refusal SAG registration and believe SAG will not press, met (b) and (c) by agreeing give board chairman and pres to field and appoint new director in field, (d) agreed transfer books, (e) offered two directors but Saudis, after demanding equal representation, wld not go below three and matter stalled here with Aramco apparently prepared

¹ Repeated to Cairo and Dhahran; transmitted in two parts.

² Not printed; the Ambassador advised the Department of State that King Ibn Saud had expressed appreciation of the high caliber of the Aramco negotiators although making clear he approached the topic of Aramco and big business generally in terms of extreme nationalism. (886A.2553/1-2652)

³ Telegram 435 from Jidda, Feb. 17, not printed, reported the Aramco negotiators had come to Jidda and told officers of the Embassy that conversations became very difficult as Najib Salha and Yassin took over, and Prince Faisal abdicated responsibility. In conclusion, however, the negotiators said the general spirit in the discussions was not unduly discouraging, and they had been impressed by the friendly attitude of the King when they made a farewell call at Riyadh. (886A.2553/2-1275)