

November 22 to November 29. At the request of the Saudi Arabian Minister of Finance, the November talks were purely exploratory in character and centered around the question of pricing. No Saudi Arabian officials attended, Saudi Arabia being represented by Lewis W. McNaughton, a member of the Texas firm of DeGolyer and McNaughton, engaged the previous spring as petroleum consultant to the government. (Despatch 157 from Jidda, December 6; 886A.2553/12-652) After a short suspension, during which the Aramco group returned to Dhahran to consult with the President and Chairman of the Board, negotiations were reconvened in Riyadh from December 4 to December 10. At the December meeting, the Aramco Delegation was headed by the Chairman of the Board of Aramco. The Saudi Arabian Delegation was headed by Prince Sultan, Emir of Riyadh; and included the Minister of Finance, Deputy Minister of Foreign Affairs, and McNaughton. No decision was reached on the price of oil at the December meeting, and the two sides decided to adjourn until March 7, 1953. (Despatch 172 from Jidda, December 16; 886A.2553/12-1652)

No. 272

880.2553/12-1252: Airgram

*The Acting Secretary of State to the Embassy in the United Kingdom*¹

SECRET

WASHINGTON, December 12, 1952.

A-869. Re Embtel 3058² and 3083³ current Dept views transit problem fols:

1. Dept finds ostentatiously successful oil industry unavoidably destined to be a primary target for Arab anger and frustration with their lot and with West. Vengeance for Western support of Israel inevitably will be taken out on oil vital to West. Demands

¹ Drafted by Eskens and cleared by NE and OMP. Repeated to Amman, Baghdad, Beirut, Damascus, Jidda, and Paris.

² Dated Dec. 1, not printed. It reported a representative of Socony told the Embassy the IPC board had decided not to discuss the 50-50 concept in relation to pipelines, and would stick to some transit fee arrangement equivalent to approximately two shillings per ton. (883.2553/12-152)

³ Dated Dec. 2, not printed. A Foreign Office official had been told by Shell officials that the IPC board had decided in a Middle East meeting that it would be desirable for the American and French Ambassadors in Damascus to let it be known that their governments did not favor extension of the 50-50 principle to pipeline transit fees. IPC felt it would not be helpful for the British Ambassador to take the lead since Britain had been in the forefront of much recent Middle East oil controversy. (883.2553/12-252)