

No. 285

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*Memorandum of Conversation, by the Officer in Charge of Lebanon-Syria-Iraq Affairs (Funkhouser) and the Chief of the Petroleum Policy Staff (Eakens)*

SECRET

[WASHINGTON,] February 13, 1953.

Subject: Proposed Treasury Action re Auditing Aramco Tax Statements

Participants: PED—Mr. Eakens  
L/E—Mr. Metzger  
ARA—Mr. Davis  
OSA—Mr. Bernbaum  
NE/E—Mr. Boardman  
NE—Mr. Fritzman  
NE—Mr. Funkhouser

At a meeting on this subject this afternoon, the following conclusions were reached:

1. Change in existing policy of allowing U.S. tax credits for foreign taxes paid by American corporations could have serious economic and political repercussions on U.S. foreign affairs. Such a change might seriously affect not only the relations of oil companies with concessionary countries and the stability of their concessions but also U.S. foreign investment generally.

2. The information available regarding Treasury consideration of this problem is meager and the first move should be to find out from Treasury the facts of the case.

3. It was the consensus of the group that the Department should contact the appropriate official in Treasury to express the Department's interest in this problem and to request whatever facts Treasury can make available. Such an approach might be made on the general basis that "the Department understands that Aramco's 1950 tax return has now come up for final audit". It was considered that at this point an *informal* approach would be desirable. It was felt that the approach might most appropriately be made to Mr. Andrew Overby, Assistant Secretary of Treasury, by Mr. Linder.

4. Papers prepared by Mr. Byroade<sup>1</sup> and Mr. Metzger<sup>2</sup> on this subject are attached.

<sup>1</sup> Memorandum of Feb. 11, *supra*.

<sup>2</sup> The paper under reference here is the memorandum by Phleger cited in footnote 2, *supra*, which was drafted by Metzger.