

## No. 295

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*Memorandum of Conversation, by Herbert Liebhafsky of the  
Petroleum Policy Staff*

CONFIDENTIAL

[WASHINGTON,] June 9, 1953. <sup>1</sup>

Subject: Departmental Position on Problem of Furthering Iraq Petroleum Company Transit Negotiations with Syria and Lebanon.

Participants: Messrs. Robertson and Funkhouser—NEA  
Mr. Winters—BPT  
Mr. Metzger—L/E  
Mr. Kirk—ED  
Messrs. Eakens and Liebhafsky—PED

The meeting was called by Mr. Eakens to discuss the Department's position regarding the request of Mr. Charles P. Darlington, representing the Socony-Vacuum interest (11.375 per cent) in the Iraq Petroleum Company, that the Department support IPC's position in the forthcoming negotiations for pipeline transit agreements between the Company and the Governments of Lebanon and Syria. Copies of the IPC's negotiating proposals setting forth alternative formulae for computing the amount of payments to be made to each country for transit rights had been distributed in advance of the meeting.

Mr. Eakens opened the meeting by stating the problem briefly. He then called on each member in turn to set forth his views of what the Department's reply to Mr. Darlington (and the Department's position on the problem) ought to be.

Mr. Robertson stated that a discussion he had recently with Mr. Saba Habashi, Advisor to the Secretary General of the Arab League, revealed certain points which were pertinent to the present problem. This discussion indicated that the negotiations of Aramco with the Saudi Arabian Government presently underway were being carefully watched by the other members of the Arab League. The terms of the agreement finally negotiated by Aramco with Saudi Arabia would undoubtedly influence the views of the transit countries with respect to the pipeline agreements. Mr. Habashi had pointed out that there were limits on the dealings which private companies could have with sovereign governments. Although Aramco had done much to improve conditions at the grass roots level in Saudi Arabia, it had been opened to attack by the

<sup>1</sup> This memorandum of conversation was drafted on June 12.