

equate oil company troubles in the Middle East simply to United States Government anti-trust action and the FTC report, (c) Mr. Habashi's implication that nationalization would *ipso facto* make Middle East oil unavailable, (d) the role of oil companies and of Near East officials in countering adverse trends in the Middle East oil situation, and (e) the technical obstacles which Middle East oil producing states would face when seeking agreement on price under varying conditions re distance from market, hard and soft currency transactions, varying costs and transportation charges, short and long-term contracts, Western hemisphere competition, etc.

The Under Secretary expressed his appreciation to Mr. Habashi for his sincerity of purpose and constructive efforts, indicated that there were limitations to what the State Department alone could do, referred to the attention which the Secretary was personally devoting to Middle East problems and to the virtual exhaustion of Secretary Byroade in this work, expressed the need for assistance from individuals and governments in the area directly concerned and stated that recommendations regarding specific lines of action would always be most welcome.

The Under Secretary was most warmly thanked.

No. 298

890-2553/9-1053

Memorandum by the Officer in Charge of Lebanon-Syria-Iraq Affairs (Funkhouser) to the Director of the Office of Near Eastern Affairs (Hart)

SECRET

[WASHINGTON,] July 3, 1953. ¹

Subject: Middle East Oil Policy Considerations

1. The history of agreements on Middle East oil is not encouraging: Past agreements have been either restrictive, counter-productive or ineffective:

(a) The Sam Remo agreement arbitrarily divided Middle East oil between the British and French. The United States Government spent several years breaking up this "duopoly", only to replace it by what even oil men consider an undesirable "oligopoly", e.g., IPC.

(b) The State Department's "Open Door Policy" negotiations with the British Government in the 1920's were officially interpreted as a landmark in improving the competitive aspects of Middle East oil

¹ Under the dateline on the source text is the notation: "(revised) September 10, 1953."