

anxious not to have matter of contract become subject of political contention.

"6. I replied that I appreciated his approach to matter and that I would communicate with you promptly suggesting that I would have your reply as to procedure by Monday. I added that I knew little myself about the economics of pipeline and/or the present status of our contract but that I understood Tapline was making regular payments under the contract negotiated last year. I suggested for the present I refrain from contacting you or the U.S. Government or sending a formal letter to Tapline; that I was not empowered to act for Tapline in such matters with the Lebanese Government, that if any negotiations were to take place here, it would probably mean your return from Lebanon.

"7. I reminded Malik that Tapline were transient agencies competitive with tankers and that their economics were complicated by numerous problems. I added that we were presently leaving business to tankers as shown by shutbacks this month.

"8. May I suggest that direct private discussion between you and Chamoun alone seem indicated. Please advise what I should report to Malik."

Duce reported July 7 (a) Swigert disapproves informal Malik-company talks in U.S.; (b) Malik informed and stated he had no other course but to send formal letter to company. US Government participation has not been solicited by either party.

DULLES

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No. 302

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*Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] July 25, 1953.

Subject: British Interest in Aramco-Saudi Price Negotiations

Participants: Mr. Harold Beeley, British Embassy

NEA: Mr. Jernegan

Mr. Beeley said the British Government had received information that the Aramco Board of Directors was divided regarding the position it should adopt toward Saudi demands in the present dis-

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<sup>1</sup> This memorandum of conversation was attached to a memorandum by Jernegan to O'Connor, dated July 25, informing him the British Embassy, following instructions from the Foreign Office, requested that the information be brought to the personal attention of the Secretary of State. A handwritten note by O'Connor on the bottom of the memorandum noted that the Secretary had seen the memorandum of conversation on July 29.