

## No. 307

880.2553/8-2553

*Memorandum of Conversation, by David Robertson of the Office of  
Near Eastern Affairs*

SECRET

[WASHINGTON,] August 26, 1953.

**Subject:** Consultation with Aramco Preliminary to U.S.-U.K.  
Middle East Talks.**Participants:** NEA—Mr. Byroade  
Mr. Terry Duce, Vice President of Aramco  
Mr. Alec Chapman, Washington Representative of  
Aramco  
NE—Mr. Hart  
NE—Mr. Robertson  
L/E—Mr. Metzger  
PED—Mr. Eakens

Mr. Duce called at Mr. Byroade's office at the Department's request to discuss Middle East oil.

In reply to a question by Mr. Byroade, Mr. Duce described his impression of the Iranian situation in the following terms: If as a consequence of the Shah's return to power Anglo-Iranian recovers her property in Iran, AIOC is not likely to shut back its production in Kuwait and Aramco will, therefore, have a problem in Saudi Arabia concerning the level of oil production. However, from what Prime Minister Zehadi has said, it does not appear likely that Iran will make a deal with the British. Mr. Byroade observed that if we are unable to work out a solution for the Iranian situation this time, there may be no next time. In reply to a question by Mr. Duce, he stated that it was a little premature to consult with industry on the situation as we are awaiting advice from our Ambassador at Tehran. He added that there seemed to be two alternatives, one of moving promptly to find a solution while the Shah is enjoying a wave of popularity, or, alternatively, awaiting developments when things were a little more settled. If we move prematurely, it might embarrass the new Government and jeopardize an opportunity of stabilizing their position.

---

"by the dangers of too much complacency regarding present developments affecting Middle East oil, of too little interest in decisions by companies which seem likely to have serious international repercussions in the near future and of a failure to foresee situations similar to that which resulted in Iran from the attitude of the British Government toward the Anglo-Iranian Company's policy and problems." The despatch concluded that a U.S. Government policy should be developed soon and should be coordinated with the Government of the United Kingdom. (880.2553/8-2053)