

ing objectionable implications tanker agreement concluded with Onassis. Department considers these considerations entirely valid and feels in addition implementation of agreement would be detrimental to U.S. interests through restriction imposed on Navy tankers pick up substantial quantities Saudi oil purchased by U.S. Government. (This restriction would also seemingly harm Saudi interest through eliminating certain sale outlets.)

Although Department believes initiative in this matter should be left for time being in Aramco's hands, it feels U.S. Government should give general support to Aramco at this juncture. Ambassador accordingly authorized at his discretion inform Finance Minister our serious concern over implications agreement.

Should Aramco's discussions with SAG prove unsuccessful Department believes consideration should be given to forceful appeal to King by Ambassador.<sup>3</sup>

Department will appreciate full reports this matter and recommendations concerning procedure.

SMITH

<sup>3</sup> This recommendation, and the ones in the preceding paragraph, were originally suggested in a memorandum by Hart to Byrroade, dated Feb. 10, not printed. A handwritten note next to the recommendations in the memorandum noted that they had been sent to the Ambassador. (886A.2553/2-1054)

No. 331

886A.2553/2-1454: Telegram

*The Ambassador in Saudi Arabia (Wadsworth) to the Department of State*<sup>1</sup>

CONFIDENTIAL

JIDDA, February 14, 1954—10 a. m.

349. Depcirtel 278, January 28.<sup>2</sup>

1. We believe publicity attending prosecution oil cartel suit may be expected have adverse effect on US national interests and objectives in this area to even greater degree than during Grand Jury investigation.

Operations of American oil companies in Near East in our opinion constitute national interest US, oil from Near East contributing vitally to both military and economic strength US and other non-Commie countries. Thus follows that action rendering operations oil companies more difficult would be harmful US interests.

<sup>1</sup> Repeated to Dhahran.

<sup>2</sup> Not printed; it asked for a current evaluation of the effect of prosecution of the oil cartel suit on U.S. national interests and objectives. (800.2553/1-2854)