

2. Attainment fundamental US objective Saudi Arabia maintenance friendly relations on basis mutual respect would also be affected by bringing suit to trial. Aramco almost synonymous US in minds numerous Saudis whose lives it touches. Hence decrease in prestige Aramco would inevitably mean decrease prestige US.

Can be little doubt prestige Aramco was lowered by publication FTC staff report and initiation Grand Jury investigation. SAG obtained copy report last year and in subsequent negotiations with Aramco quoted excerpts from it implying integrity company must be open to question if it made object prosecution by own government. Prosecution suit against Aramco parent companies in future with attendant publicity in sensational Arab press would further reduce standing Aramco and consequently that of US in Arab eyes.

3. Prosecution suit might well jeopardize another US policy objective: maintenance of internal stability which is of special significance in Saudi Arabia in view our desire develop DAF and strengthen Saudi defense and security forces.

Good relations based on mutual confidence between Aramco and SAG contribute maintenance internal security; lack of coordination between two will undermine it. This fact was important contributing cause for seriousness recent Aramco labor strike which almost got out of control.

4. Further important point is that notwithstanding dominant role of a US company in Saudi Arabian economy we have in general not been subjected charge of "economic imperialism". Prosecution of suit would open door such charges and lend color to recurring Soviet propaganda theme that under-developed countries Near East are "enmeshed Wall Street tentacles".

In political field US has been damaged in Arab eyes by US Government's Palestine policy; we are apprehensive lest attack in US courts on major US economic interest in area would have similar effect in economic field.

WADSWORTH

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*Editorial Note*

Telegram 355, from Jidda, February 16, reported a Mecca newspaper had published a statement, attributed to an "official spokesman Saudi Foreign Office", to the effect that the Saudi Arabian Government had not concluded an agreement with A. S. Onassis for transporting Saudi Arabian oil. The paper quoted the Foreign Office as reporting that Onassis had submitted an application for