

consideration, but it was still under consideration. Furthermore, the spokesman said the Government would observe obligations in existing agreements with Aramco. The text of the newspaper article was transmitted in despatch 299 from Jidda, February 28.

Telegram 360 from Jidda, February 21, informed the Department of State the Ambassador had consulted with Aramco officials on the tanker matter and believed the vice president of Aramco had persuaded the King to withhold approval of the agreement. Documentation is in Department of State file 886A.2553.

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*Paper Prepared in the Department of State*¹

CONFIDENTIAL

[WASHINGTON, February 19, 1954.]

PROBABLE EFFECT OF PROSECUTION OF OIL CARTEL SUIT ON UNITED STATES NATIONAL INTERESTS AND OBJECTIVES IN THE MIDDLE EAST

The effect which the prosecution of the oil cartel suit may be expected to have on United States interests abroad has constituted from the outset an important factor to be taken into account in policy decisions concerning this proceeding.

It was given special study in the last half of 1952, and the results of that study were set forth in Intelligence Report No. 6104 dated December 17, 1952.²

Subsequently, the grand jury investigation was dropped and the proceeding changed from criminal to civil as a means of minimizing the possibility of adverse effects upon United States interests abroad.

For many months now the proceeding has either been more or less dormant or of such a character as not to generate publicity. As long as no contrary action is taken, it may be expected that at any time the suit will again become active and that a trial may ensue in which the legality of operations of the defendant companies being challenged by Justice will be argued out in open court.

During the last few months three of the defendants have taken the opportunity to have this question studied by their lawyers. The results of this study were presented to State, Defense, and CIA rep-

¹ This paper was attached to a memorandum by Eakens to Armstrong, Hadsel, Hart, Fritzman, Metzger, and Dixon. According to Eakens' memorandum, the paper was based on reports which had been received from nine Missions in the Middle East. (800.054/2-1854)

² For text, see vol. 1, Part 2, p. 1293.