

No. 339

886A.2553/4-1654

*The Secretary of Defense (Wilson) to the Secretary of State*¹

SECRET

WASHINGTON, April 16, 1954.

DEAR MR. SECRETARY: I should like to call your attention to the prospective conclusion of an agreement between the Saudi Arabian Government and the A. S. Onassis Company with respect to transportation of Saudi Arabian produced oil, as reported in American Embassy Jidda cable number 333 of 6 February 54.² The Secretary of the Navy has analyzed the possible effects of this agreement on U.S. security interests and has reported to me the results of this analysis in a letter of 18 March 54, a copy of which I inclose. You will note that he considers the agreement, the full details of which are not available, could operate to limit the number of U.S. Government tankers which could lift oil from Saudi Arabian fields, could prevent the replacement of any of these tankers, prevent the use of additional tankers in an emergency and as a result place virtual control of this source of oil for the Armed Services in the hands of a foreign shipping enterprise. You will further note that he recommends that the Secretary of State obtain the assurance of the Saudi Arabian Government that any agreement it may make will not affect the transportation of oil by vessels operated by or under the control of the Military Sea Transportation Service (MSTS). The Joint Chiefs of Staff have expressed a similar concern and have likewise recommended that the Saudi Arabian Government be asked for suitable assurances.

I share fully the concern of the Secretary of the Navy and the Joint Chiefs of Staff as to the unacceptability of such limitations placed upon transportation of Saudi Arabian oil in U.S. Government vessels, and I therefore request that you approach the Saudi Arabian Government with a view to obtaining binding assurances that the agreements reported will not operate to place any restrictions upon present or future arrangements for lifting of oil for the U.S. Armed Forces in ships controlled or owned by the U.S. Government.

Your early attention to this matter is requested.

Sincerely yours,

C. E. WILSON

¹ The source text was attached to a memorandum by Cottman to Hadsel, dated Apr. 20, not printed. The memorandum stated that the letter from the Secretary of Defense was transmitted for the preparation of an appropriate reply for Murphy's signature and requested a copy of the reply by close of business on Apr. 23. (886A.2553/4-1654)

² Document 329.