

Mr. Murphy asserted that the U.S. Government is taking a hard look at the Onassis Agreement and may make firm representations to the Saudi Arabian Government. The policies contemplated in the Agreement have important ramifications and wide acceptance of them would seriously affect international commerce. Mr. Murphy indicated that we would have no objection to the Saudi Arabian Government developing a merchant marine even with the collaboration of Mr. Onassis if the bad features of the Agreement were eliminated. It is the monopolistic and restrictive elements that are not attractive to us. He hoped Pacific Western would find it possible to cooperate in achieving our objective.

Mr. Hadfield noted that time "is of the essence" to Pacific Western, that Onassis representatives have been pressing him all week, that Mr. Getty has been under the same pressures in Paris and that Pacific Western hopes to finalize its position in a week or so. He wondered if its going ahead would hamper U.S. Government plans.

Mr. Murphy replied that to some extent it would hamper our plans and, to Mr. Hadfield's inquiry if he should try to have the decision deferred, further replied that it would be of help to us if Pacific Western would do this. Mr. Hadfield agreed to attempt deferment and was told we in turn would keep him informed of developments.

No. 351

886A 253/7-1654: Telegram

*The Secretary of State to the Embassy in Saudi Arabia*¹

SECRET
PRIORITY

WASHINGTON, July 16, 1954—7:37 p. m.

16. 1. Aramco and parent company officials have approached Department at various levels indicating emergency in relation Onassis shipping agreement may arise any time during next 30 days either through Davies talks with SAG or Onassis requests for cargo. Present position is that parent companies will refuse cargo under terms Agreement although realize shut-down and possible eventual nationalization could result. Officials fully realize seriousness of step but agree must stand ground and have sought assurances that U.S. Government agrees and will support them. They request prompt diplomatic action. Pacific Western on other hand

¹ Drafted by Gay, Jernegan, and Dorsey and cleared by PED, L, and TRC. Repeated to Tehran and London.