

## No. 356

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*Memorandum of Conversation, by the Deputy Director of the Office of International Materials Policy (Armstrong)*

CONFIDENTIAL

[WASHINGTON,] July 29, 1954. <sup>1</sup>

Subject: Foreign Petroleum Policy and the Anti-Trust Proceedings

Participants: Mr. James Terry Duce—Aramco

Mr. Waugh—E

Mr. Armstrong—OMP

Mr. Duce came to call on Mr. Waugh, to discuss general foreign petroleum problems. The net effect of his suggestions and comments was as follows.

1. The world petroleum industry needs continual expansion if the amount of consumption predicted for 1975 by the Paley Commission Report is to be possible.

2. The only place where such expansion can occur is in the Middle East.

3. The Middle Eastern area is characterized by weak and unstable governments and all questions of foreign petroleum operations in the area must be handled with delicacy and care.

4. The anti-trust suit has been injurious to the positions of the companies abroad and has been of potential danger to United States national security.

5. There should be a governmental commission, for which the oil companies would be prepared to do the necessary staff work, which should decide what reforms the companies would make. Acceptance by the companies of these reforms should make it possible to call off the anti-trust suit.

6. Such a commission was proposed by Mr. Duce last fall, and obtained some support within the Government, but has apparently been dropped by the present Administration.

7. The new Foreign Economic Policy Commission of seventeen members, which is the subject of current legislation, should be called upon to do this task, so that security of operation for the oil companies could be assured.

In the course of Mr. Duce's presentation, Mr. Waugh commented to the effect that he was certain that the Attorney General had every intention of conducting the anti-trust suit proceedings in such a way that foreign policy problems are fully recognized. Mr. Waugh said that he would be glad to pass on to the Administrative Assistant to the President Mr. Duce's suggestion that the Foreign Economic Policy Commission look into the oil issue, but in making this comment Mr. Waugh pointed out that the main problem the

<sup>1</sup> This memorandum of conversation was prepared on July 30.