

world surpluses of both crude oil and tankers. He said he had pointed this out to Onassis. However, he reiterated his desire to talk to Aramco and Mr. Jernegan promised to speak to an Aramco representative.

No. 369

886A.2553/10-2554: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State

SECRET PRIORITY

JIDDA, October 25, 1954—1 p. m.

187. Supplementing mytel 180, October 24. ¹

1. Onassis was received by King Saud late afternoon October 23. Embassy Arab consultant reports Commerce Minister Mohammed Alireza only other person present. It was apparently decided Onassis should meet following morning with Surur and Davies.

2. Before that meeting King received Davies and Ohliger. Audience was cordial throughout. King assured them he wished clear up all remaining questions at issue with Aramco, including Onassis agreement. He would approve any understanding they could reach with Onassis, in particular any modification of Article 4 of Onassis agreement, but agreement itself should not be cancelled—there his honor was at stake—and if no understanding could be reached he was not adverse to "letting matter go to higher court."

Davies commented he had always felt "arbitration" was matter of last resort, company and SAG having always hitherto been able settle problems through friendly negotiation. He hoped that, should arbitration have to be resorted to in present instance, Aramco-SAG relations would not be adversely affected. King gave ready assurance this score, repeating he wished clear up all issues between them in interest fullest future cooperation.

3. Davies succeeding meeting with Surur and Onassis was short. Surur was supported by Royal Councilors Walid and Husseini whose primary objective was obviously to arrange that Davies and Onassis seek solution through direct negotiation. Appointment was made for same afternoon at Aramco offices. At afternoon meeting Onassis, accompanied by Cokkinis and Alireza, repeated his version

¹ Not printed. It reported that the agreement settling past Saudi Arabian claims against Aramco, reported in telegram 17 from Dhahran, not printed, was signed on Oct. 3. Beginning on Sept. 30 almost daily discussions were being held between Aramco and Saudi Arabian representatives to find a solution to the dispute on prices and a formula for future tax payments. (886A.2553/10-2154)