

ment would be submitted for arbitration as provided for in the concession agreement. He expressed the belief that it might be a wise move on the part of Aramco to let it be known that it had no intention of doing business with Onassis regardless of the outcome of any arbitration proceedings. . . .

Mr. Jernegan outlined the Department's position on the Onassis matter, stressing our objections to this type of business irrespective of whether such an arrangement was determined to be in violation of a concession agreement or not. He went on to say that he could see two possible objections to the suggested course of action: (1) Aramco could hardly defend a position to the effect that it would refuse to do business with any concessionary company appointed by the Saudi Government to engage in tanker operations providing such operations were determined to be in keeping with the Aramco concession agreement, and (2) such an approach would reflect judgment by Aramco of Saudis implicated in the Onassis deal before the Saudi Government had made any judgment. This could be interpreted as an affront to the dignity of the King and his Government. Mr. Jernegan said, however, Mr. Niarchos' suggestion was worth keeping in mind for consideration in the light of future developments.

No. 371

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Memorandum of Conversation, by the Officer in Charge of Arabian Peninsula-Iraq Affairs (Fritzlan)

SECRET

[WASHINGTON,] November 3, 1954.

Subject: Onassis Agreement Developments

Participants: Mr. Duce, Aramco
Mr. Chapman, Aramco
NE—Mr. Hart
NE—Mr. Gay
NE—Mr. Fritzlan

Mr. Hart outlined a suggestion made by Mr. Niarchos on November 1 to the effect that Aramco consider making a statement that, whatever the outcome of arbitration proceedings, Aramco would not agree to do business with Onassis because of serious doubts cast upon his integrity. Mr. Duce expressed the view that such an approach at this time would perhaps do more harm than good. Mr. Duce stated, however, he was seriously considering sending a mes-