

sage to King Saud through the Saudi Ambassador in Washington explaining in some detail why Onassis is generally considered an unsavory character.

Mr. Duce showed a telegram which had just come in from Mr. Davies in Jidda. The telegram summarized talks with Saudi officials and Onassis which were inconclusive. Mr. Davies and Mr. Ray are expected to return in the near future to the United States for talks with company officials.

Mr. Duce stated that he understood that Ambassador Wadsworth had recently had a talk with the King concerning the Onassis matter. He was told the Department had not yet received a report of any such meeting.

Mr. Duce expressed some doubt as to the desirability of proceeding with arbitration proceedings, feeling apparently that Aramco's case in arbitration might not be as strong as company lawyers have described it. It was generally agreed that arbitration per se would not necessarily settle the basic issue involved.

No. 372

886A.553/11-454: Telegram

*The Ambassador in Saudi Arabia (Wadsworth) to the Department of State*¹

SECRET

JIDDA, November 4, 1954—noon.

202. For Dorsey. Reference: Aramco-Onassis-SAG discussions. With departures King Saud for Riyadh November 1, Davies for New York November 2 and Onassis for Monte Carlo today, current round of discussions instituted by SAG (my telegram 180, October 24² and 187, October 25)³ and designed seek mutually agreeable formula for modification of rate and priority provisions article 4 Onassis agreement has ended in failure.

This round began October 23. As I see it: SAG has held its own and opened way to face-saving solution through arbitration under article 31 Aramco concession agreement; Aramco has yielded nothing in substance or principle and has gained valuable Royal assurance that, whatever be result arbitration, SAG-Aramco relations will continue on basis full cooperation their joint venture; and Onassis, when finally pinned down on rate issue, has weaseled and outsmarted himself.

¹ Repeated to Dhahran.

² Not printed, but see footnote 1, Document 369.

³ Document 369.