

## No. 375

886A.2553/12-254

*Memorandum of Conversation, by the Ambassador in Saudi Arabia  
(Wadsworth)*<sup>1</sup>

SECRET

JIDDA, November 29, 1954.

Conversation: Between Deputy Foreign Minister Yusuf Yassin and Ambassador Wadsworth.

Subject: Representations re Onassis Dispute as Directed by Department's Telegram 223, November 27, 1954<sup>2</sup>

1) Deputy Foreign Minister, Shaikh Yusuf Yassin, and his nephew, Tahir Bey Ridwan, Head of the Foreign Office, dined this evening with me and the Embassy's Arab Consultant, Mohammad Effendi. Before I found opportunity to raise the Onassis matter Shaikh Yusuf did so, substantially as follows:

He had, he said, been absent in Europe during the recent Onassis-Aramco-SAG discussions in Jidda. He recalled we had earlier shared the view that it would be unfortunate if, rather than finding, as partners, a mutually agreeable solution, SAG and Aramco should have to take their differences over the Onassis Agreement to arbitration. The basic question, as he had seen it, had been "Could not Aramco assure SAG that the Saudi Tanker Co. set up under the Agreement would carry a small percentage of total Aramco oil shipments at a reasonable rate?"

The recent discussions, as he understood it, had proceeded on this basis; and, with their failure, SAG had had no recourse but to insist on arbitration. To him the fault for their failure seemed to lie with the Aramco negotiators. He could not understand why, on so simple an issue, they had found no solution . . . .

He still felt solution without arbitration was possible. Could not a guarantee be given that a small amount, say 5,000,000 tons be carried by these Saudi tankers?

2) This gave me opening to say I could answer him on the basis of a very recent telegram from the Department giving me its latest information and current views on the subject. Consequently, I made the following points:

It had been over this very point of guaranteed preferential treatment, as well as on the question of rates, that the recent negotiations here had failed. It was a basic practice of the world-wide oil industry that tanker companies must compete in the oil carrying trade; it followed that oil companies would conclude charters only at competitive rates.

<sup>1</sup> Transmitted in despatch 95 from Jidda, Dec. 2. (886A.2553/12-254)

<sup>2</sup> *Supra*.