

said and that the Company's shareholders also know it. We had thought that, if others acted against Saudi Arabia, Aramco as our partner would support us.

4) I answered, that I must differ with his views on Aramco. In my view it was incorrect to say the Company had worked to build up an international front against Saudi Arabia. I would say, however, only what I had said before, that the King and Mr. Davies had agreed as friends that this difference between partners would be settled amicably by arbitration. I felt sure this was still true; and I was still more than ready to be of any possible help in seeking a mutually agreeable solution.

Shaikh Yusuf answered that he did not doubt I believed what I had said. It was not pleasant for him to have to talk as he had done. He had found the information I had given him helpful, and he would inform Prince Faisal of what I had said were my Government's views.

We then passed on to another subject.

(Note: I should add that, before opening this question of the Onassis Agreement, Shaikh Yusuf had said there were three matters he wished to discuss with me—Onassis, economic aid and army planning—not as Deputy Foreign Minister but as Yusuf Yassin. He had, he said, been with His Majesty the King in Riyadh most of the time since his recent return from Europe and would be rejoining His Majesty in Dammam tomorrow or the next day.)

No. 376

887.2553/11-3054: Telegram

*The Ambassador in the United Kingdom (Aldrich) to the Department of State*¹

CONFIDENTIAL

LONDON, November 30, 1954—6 p. m.

2578. 1. Embassy has been informed by representatives of US interest in Iraq Petroleum Company that IPC price negotiations with Iraq which had seemed on verge conclusion² have been broken off by Iraqis following receipt of information from Saudi Government about latter's recent agreement with Aramco. SAG is reported to

¹ Repeated to Baghdad, Jidda, and Dhahran.

² Despatch 107 from Baghdad, Sept. 14, reported the Iraqi Minister of Economics and IPC representatives had told the Embassy they had almost settled matters that had been under discussion since 1952. Despatch 166 from Baghdad, Oct. 22, reported the Managing Director of IPC was expected back in the country at the end of October to finish the negotiations. Documentation is in Department of State file 887.2553.