

have told Iraqis it has made deal effective January 1, 1953 settling all past claims on the basis of 50-50 division of profits deriving from "international Persian Gulf prices according to well-known formula Mexican Gulf USA prices with freight differences".

2. Facts according to source here are that Aramco has made settlement with SAG effective October 6, 1953 for all prior claims. Two percent discount not a feature of October 6, 1953 settlement. Aramco partners are currently negotiating seeking agreement for subsequent period and are insisting on posted price basis for profit division with two percent off for selling expense.

3. Source says whether or not Saudi communication merely poor reporting particularly in description of pricing, or whether for ulterior motive it has caused Iraq Government decide send representative Jidda to get facts on Saudi-Aramco agreement. Considered important Iraq Government be correctly informed by other than IPC sources at least regarding the substance of paragraph 2 prior to departure its representative to Arabia. Assistance Embassy Baghdad in this regard would be appreciated.

4. Would be helpful if Embassy Jidda could furnish London and Baghdad any additional information on extent Saudi-Iraqi collaboration this matter and on firm accuracy of alleged contents recent Saudi communication to Iraq Government.<sup>3</sup>

ALDRICH

<sup>3</sup> Telegram 358 from Baghdad, Dec. 11, reported the Government of Iraq expected to send a representative to Saudi Arabia for details of the Aramco agreement, but not immediately, and the Embassy would be informed when he went. The Embassy asked for further information on the Aramco agreements and suggested the Embassy in Saudi Arabia send it as much material as it could, since Iraq claimed it wanted an agreement as favorable as Saudi Arabia's but would not ask for more. (887.2553/12-1154) Despatch 266 from Baghdad, Dec. 13, transmitted a translation of a letter from the Saudi Arabian Legation in Baghdad to the Iraqi Ministry of Foreign Affairs on the Aramco agreement, summarizing the points on which agreement had been reached in principle. (887.2553/12-1354)

### No. 377

885A.2553/12-1854: Telegram

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

SECRET

JIDDA, December 18, 1954—2 p. m.

283. Davies told me Dhahran yesterday:

1. Re Onassis dispute. At private audience December 16 King was in excellent spirits, well pleased with agreement re arbitration