

UNITED STATES INTEREST IN THE DEVELOPMENT OF
THE PETROLEUM RESOURCES OF THE NEAR EAST ¹

No. 242

886D.2553/1-2352: Despatch

The Consul at Kuwait (Duncan) to the Department of State

CONFIDENTIAL

KUWAIT, January 23, 1952.

No. 40

Ref: Kuwait Tels No. 8, November 26, 1951, ² No. 12, December 28, 1951; ³ Kuwait Despatch No. 39, January 2, 1952. ⁴

Subject: Finalization of Formal Agreement for Increased Payments to Ruler of Kuwait for Kuwait Oil Production.

As was reported in Kuwait's Despatch No. 32, November 30, 1951, ⁵ and Telegram No. 8, November 26, 1951, memorandum of agreement for fifty-fifty division of profits of oil production in Kuwait was signed on November 26, 1951. The drafting of a formal agreement, the accomplishment of the series of corporate changes required, and the preparation of a decree imposing an income tax to accomplish the collection of the increased payment were to be worked out in London between representatives of KOC and the Ruler's London representative, Mr. H. A. Kemp. On December 27, Mr. C.A.P. Southwell, Managing Director of KOC and Mr. Kemp made a hurried trip to Kuwait in order to complete the formalities. Mr. Kemp alleged that he had misunderstood from the very beginning the terms of the agreement with regard to date and time of

¹ For additional documentation, see vol. 1, Part 2, pp. 1259 ff.

² Not printed; it reported the agreement on payments by the Kuwait Oil Company to the ruler of Kuwait had been signed on Nov. 26; and the final agreement was basically the same as the proposal of July 6, 1951, except that foreign taxes would not be deducted before the Kuwait tax was levied. (886D.2553/11-2651)

For the July 6 proposal, see telegram 178 from London, July 10, 1951, in *Foreign Relations*, 1951, vol. v, p. 324.

³ Not printed; it reported the Managing Director of the Kuwait Oil Company and the ruler's representative arrived in Kuwait on Dec. 27 to discuss the alleged misunderstanding of the date from which the Kuwait tax was to be applied. (886D.2553/12-2851)

⁴ Not printed; it transmitted an English language text of a decree by the ruler of Kuwait imposing the income tax decree which was to implement the agreement with the Kuwait Oil Company. (886D.112/1-252)

⁵ Not printed; it contained further information on the developments reported in telegram 8. (886D.2553/11-3051)