

## No. 335

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*Memorandum of Conversation, by the Acting Director of the Office  
of Near Eastern Affairs (Dorsey)*

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[WASHINGTON,] March 16, 1954. <sup>1</sup>

Subject: Saudi Arabian Tanker Agreement with Onassis Interests.

Participants: Mr. Robert L. L. McCormick, Vice President Coates  
and [of] McCormick, Inc.

Mr. Reginald P. Mitchell

NEA—Mr. John D. Jernegan, Deputy Assistant  
Secretary

GII—Mr. William O. Baxter, Deputy Director

NE—Mr. Stephen P. Dorsey, Acting Director

Mr. McCormick stated that he represented Mr. Stavros Niarchos, Greek shipowner now under Federal indictment with others for certain postwar purchases of surplus United States tankers, who had requested that he undertake the following discussion with officers of the Department. He explained that although Mr. Onassis, who recently negotiated an exclusive tanker agreement with the Saudi Government, and Mr. Niarchos were related, they were violent competitors. It seemed to Mr. Niarchos, whose firm Mr. McCormick represents, that the Saudi Arabian-Onassis agreement, if ratified, was most unfortunate not only for American oil companies but for the United States Government, from a strategic point of view. In view of these facts, Mr. Niarchos had been interested in discovering some form of solution to this difficult problem in the light of his own experience in the tanker business.

He went on to explain that Mr. Niarchos believed that Mr. Onassis had signed a loan agreement with the National City Bank and the Metropolitan Life Insurance Company to finance the necessary tankers for the shipment of Saudi oil under the agreement. He pointed out that independent tanker operators obtain a long-term contract to carry petroleum which they then use with banks or insurance companies as security for a loan with which to build the tankers. National City Bank and Metropolitan Life Insurance Company at first insisted upon United States registration for any ships which they financed. They have now somewhat liberalized their loan requirements to allow Liberian, Honduran or Panamanian registration. Since the Onassis agreement provides that tankers shall fly the Arabian flag, it was Mr. Niarchos' proposal that the

<sup>1</sup> This memorandum of conversation was prepared on Mar. 18.