

believe Onassis aware of seriousness of scheme and mounting difficulties he will face in commercial world. He probably anxious squirm out. These factors encourage us to hope that clearcut statement USG attitude plus discussion with selected influential Saudis if undertaken soon enough will avoid issue and perhaps in end clarify whole atmosphere US-SAG relations. Issue can be avoided by modifying Onassis Agreement by elimination restrictive features. Onassis has indicated willingness interpret Agreement loosely or modify and already offered near competitive rates Pacific Western. Modifications could be made without fanfare or loss face and only Onassis who already seeking perpetrate similar pernicious deals other countries would be loser.

9. As background air pouching legal opinions firm White & Case NYC and memorandum prepared by Duce.

10. Your appraisal and recommendation re substance this telegram requested soonest. You authorized however proceed along lines suggested immediately.

Would appreciate full expression your views on above.⁴ End FYL.

DULLES

⁴ A memorandum by Byroade to the Secretary of State, dated July 21, summarized this telegram. A handwritten notation on the margin stated that the Secretary saw the memorandum. (886A.2553/7-2154)

No. 352

886D.2553/7-1954. Despatch

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

LIMITED OFFICIAL USE

LONDON, July 19, 1954.

No. 191

Subject: Ruler of Kuwait's Desire to Modify the Terms of the Present Oil Concession Contract

Earlier this year Mr. H. A. Kemp the London representative of the ruler of Kuwait notified the Kuwait Oil Company that the ruler considered circumstances to have changed sufficiently to warrant a modification of terms of the present oil concession in respect to the method of calculating gross revenues. The letter alluded to the ruler's understanding that the Governments of Iraq and Saudi Arabia had recently agreed with oil companies holding the concessions in the two countries that the 50-50 division of profits would thereafter be on the basis of posted prices. In the case of Kuwait,