

tial and monopolistic provisions of the Onassis contract the US Government can of course raise no objection to the establishment of a fleet of tank ships flying the flag of Saudi Arabia and operating on a competitive basis. However, in fairness it should be recognized that a surplus of tankers usually exists in peace time with intensified competition to the advantage of shippers.

In adding that I am directed by my Government to request that Your Royal Highness fix an early date on which we may discuss this matter, I ask Your Royal Highness to accept the renewed assurance of my highest consideration."

WADSWORTH

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*Memorandum by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Director of the Office of Near Eastern Affairs (Hart)*

CONFIDENTIAL

[WASHINGTON,] August 3, 1954.

Subject: Formation of New Kuwaiti Tanker Company

Mr. Proctor, Vice President of Gulf Oil Company, telephoned me this morning from Pittsburgh to report a new development in Kuwait. He said that the Acting District Manager of the Kuwait Oil Company, a Mr. Doyle, had received an official letter from Abdulla Mulla Saleh, who is a sort of "Secretary of State" to the Ruler of Kuwait, stating that a Kuwaiti tanker company had been formed, had purchased two old tankers of 11,000 tons capacity and intended to buy two other larger ships, and that it was desired to notify the Kuwait Oil Company of the availability of these vessels for charter. The letter added that for the time being the Director of the National Bank of Kuwait would act as General Manager of the tanker company.

According to Mr. Proctor, there was no intimation that this new company would be given any special privileges or monopoly rights for the carriage of Kuwait oil. There was likewise no indication that the new company had any outside interests or inspiration. Nevertheless, Mr. Proctor was concerned that this might be the forerunner of attempts to put pressure on Gulf and Anglo-Iranian to use the Kuwaiti tankers. He commented that 11,000-ton tankers were too small to be economic in this trade and that in any case Gulf had a number of its own tankers lying idle. It could not be expected therefore that Gulf would be interested in dealing with the new company.