

## Onassis Seeks a Revised Oil Pact Making Saudi Arabia Ship Owner

### Kingdom Would Continue Him as the Operator of Tanker Fleet—Opponents of Contract Still Decry Preference

By GEORGE HORNE

The Greek-Argentine shipping operator Aristotle Socrates Onassis is reported to be working on a modification of his oil tanker contract with the Government of Saudi Arabia.

Over a year ago Mr. Onassis signed a contract with the oil-rich Middle East country to provide a fleet of tankers for the Saudi Arabian flag in return for preference in transporting the nation's oil. Tanker companies of the Arabian American Oil Company (Aramco) objected to the agreement as contravening Aramco's own oil concession. Maritime nations around the world protested the pact as monopolistic and discriminatory.

Under the current contract with King Saud's ministers, Mr. Onassis would set up a Saudi-flag merchant marine of 500,000 deadweight tons. With this fleet, it was estimated, he would be able to carry 2,000,000 tons of the nation's annual output of 40,000,000 tons of petroleum. But the contract includes clauses that gradually would tighten his hold on oil transport.

#### Discussion With King

In recent weeks interests representing the three parties—the Saudi Arabian Government, the Aramco companies and Mr. Onassis—have been trying to set up an arbitration procedure on instructions of King Saud. The arbitration would determine whether the Onassis contract actually violated the Aramco arrangement.

A week ago Mr. Onassis returned to his headquarters in Monte Carlo from Riyadh, the Saudi Arabian capital. There he spent five days as the King's guest, discussing the contract.

The ship operator reported that the Saudi Arabian Government had named Helmy Badoui, former Egyptian Minister of

Commerce and now Egypt's delegate to the Suez Canal Company, as its arbitration member. Aramco is to name a second man and the two are to select a third. A first meeting is scheduled for next week-end in Lucerne, Switzerland.

Mr. Onassis was quoted by The United Press from Monte Carlo as saying that he might sell 1,000,000 tons of tankers to the Saudi Arabian Government and that he and the King had discussed such a transfer as an alternative to the disputed Onassis contract.

The King, who has offered to buy the tonnage, would place it for operation under the control of Mr. Onassis. The latter is considering the proposition, he said, adding that the arbitration proceeding would be canceled if he accepted.

#### Comment by Oil Men

Oil men said here yesterday that they doubted the feasibility of the alternative proposal and that in any case it was no answer to the charge that the Onassis contract violated the Aramco agreement. In other words, one tanker operator declared, a preferential hauling contract to any fleet of tankers would be objectionable no matter where the ownership of the vessels rested.

Other questions were whether the Saudi Arabian Government could raise the money for such a purchase and whether Mr. Onassis could readily assemble such tonnage, although he is said to control one of the largest fleets in the world. It is estimated at 1,000,000 to 1,500,000 tons.

Much of his tonnage under the flag of Liberia. The consensus was that it could be transferred without difficulty to the Saudi Arabian flag if that were the owner's intention.

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