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By

FORM DS-322
7-1-48

INDICATE
Collect
Charge Department
Charge to

OUTGOING TELEGRAM

Department of State

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CLASSIFICATION

CONTROL
1750
DEC 7 1949
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AMEMBASSY
BANGKOK

675 / 692.119/10-449

692.1363

[redacted]URTEL 857 OCT 4, 1949.

Commerce has approved application export license 43,000 barrels fuel oils by S. Jardine Co. San Francisco. Commerce unable justify refusal grant license on grounds outlined [redacted]EMBTEL since in GEN export licenses denied only in cases security and short supply.

We share EMBS concern such purchases by Fuel Oils DEPT by these methods. We also concerned this further indication attempts resumption Thai GOVT monopolistic practices petroleum.

If in addition 1946 pledge mentioned enclosure no. three UR report no. 77 AUG 11, 1949 other similar pledges made PLS forward documentation together with all other INFO which might serve as basis further representations FONOFF on subject.

ACHESON

DOR ITP Unit
Amb.
Dev.
Co.
Dir.

DISTRIBUTION DESIRED (OFFICES ONLY)

FE:PSA:HCWilliamson:dr
12/6/49

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1949 DEC 7 PM 6 24

ACCEPTING DESK

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ED MOLINE
(cleared in substance by phone)
H.C.W.

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(RD)

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Authority NND 760058
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DEPARTMENT OF STATE

INCOMING TELEGRAM

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18

Action: DCR
Info :
FE
ITP
DCR

Control 965

Rec'd October 4, 1949
8:56 a.m.

FROM: Bangkok

TO : Secretary of State

NO : 857, October 4, 9 a.m.

FOR COMMERCE

1. On basis investigation made by Embassy and OIC companies voqy*, feel certain application 43,000 barrels fuel oils (DEPTEL 550, Sept 28) made by S. Jardine Co., San Francisco is another effort by Fuel Oil Department obtain petroleum products in irregular manner for profit motives. Believe also Oriental Corp. Ltd. Bangkok which is small concern doubtful reputation closely linked with China Sea Trading Company (EMBTELS 489 May 27 and 527 June 6).

2. For following reasons urge export application for above shipment be refused:

(1) Established American British oil companies Bangkok in better position than ever fully meet all commercial requirements petroleum products and also in position supply govt's requirements including those armed forces;

(2) Established oil companies are supplying requirements this country at cost approximately 25 percent less than purchases being attempted by Oil Fuel Dept through irregular channels.

(3) Embassy has recently made representations Thailand Govt expressing concern apparent intention some elements Thailand Ministry Defense disregard assurances given by govt in 1946 that all govt petroleum requirements to be on basis open tenders.

3. Embassy does not believe therefore that granting application for shipment this considerable tonnage fuel oil in best interests Thailand Govt or established American oil companies this country.

STANTON

* As received.

DTS:MED

DEPARTMENT OF STATE
OCT 4 1949
LIAISON OFFICE

692.119/10-449

XR 701.9293
XR 897.6363

FILED
OCT 10 1949

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By NARA Date

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COMMUNICATIONS AND RECORDS
TELEGRAPH BRANCH

DEPARTMENT OF STATE

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DEPARTMENT OF STATE
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LIAISON OFFICE
OCT 4 1949

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DEPARTMENT OF STATE

INCOMING TELEGRAM

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ITP
DCR

Control 965

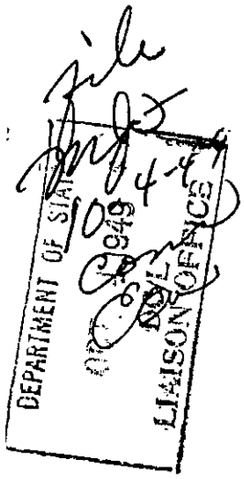
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FOR COMMERCE



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2. For following reasons urge export authorization for above shipment be refused:

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(2) Established oil companies are supplying requirements this country at cost approximately 25 percent less than purchases being attempted by Oil Fuel Dept through irregular channels.

(3) Embassy has recently made representations Thailand Govt expressing concern apparent intention some elements Thailand Ministry Defense disregard assurances given by govt in 1946 that all govt petroleum requirements to be on basis open tenders.

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In reply refer to
PSA

My dear Mr. Stull:

Reference is made to a telephone conversation between Mr. Nelson of your office and Mr. Landon of mine regarding application for export license for 43,000 barrels of fuel oil by O. Jardine Company in behalf of the Oriental Corp. Ltd. of Bangkok.

It is desired that the application be rejected for a number of reasons:

1. In 1946 the Thai Government gave assurances to this Government and to the established oil companies in Bangkok that all Government petroleum requirements would be met on the basis of open tenders. This assurance was given in order to satisfy this Government and the oil companies concerned that the Thai Government would not resort again to the discriminatory practices which were used in 1941 which led to the withdrawal of the major oil companies and the establishment of a Government monopoly.

2. The established oil companies are supplying Thailand's requirements at a cost of approximately 25% less than purchases being attempted by the Thai Oil Fuel Department through irregular channels. This Government is interested in this fact as the Thai Government is claiming hardship in regard to its dollar resources, is cutting its purchases of dollar commodities, and is in process of seeking loans which will require the approval of this Government.

3. Established American and British oil companies in Bangkok are well able to meet all commercial and governmental requirements for petroleum products including those

of the

Mr. C. M. Stull,
Chief, Fuel Branch,
Office of International
Trade,
Department of Commerce.

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armed forces.

It is not believed, therefore, that granting a license for the shipment of this considerable tonnage of fuel oil is in the best interests of this Government or indeed of the Thai Government.

Sincerely yours,

Charles S. Reed II
Director, Office of
Philippine and Southeast Asian Affairs

NOV 2 1949

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FE:PSA:KPLandon:elf 10/28/49

PFD