

STANDARD AND SHELL END SOVIET OIL WAR

Pratt Home From Europe With Peace Achieved — Indian Price Cutting Ends.

ROYAL DUTCH VIEW UPHELD

But New York Concern Reserves Right to Buy Russian Fuel and Will Keep Contracts.

Hostilities between the Standard Oil Company of New York and the Royal Dutch Shell Company of Europe have ceased, a basis having been found for an amicable settlement of the quarrel that grew out of the purchase of Russian oil products by the Standard of New York.

It became known definitely here yesterday that the conflict between the two companies, which flared up suddenly about nine months ago and threatened for a time to develop into a world-wide struggle, has ended in a draw. Both companies have called off the price-cutting war in India, which was the seat of the first trouble, and will avoid any further move that may irritate each other there or in other markets where they compete.

The Standard of New York reserves the right to buy Russian oil and will, it is understood, carry out its present contracts with the Soviet Government's representatives. It has been hinted in well-informed quarters that the company may reduce its purchases of Russian oil after the expiration of the present contracts, but this was not confirmed yesterday. The peace agreement with the Royal Dutch interests carries no such condition.

Royal Dutch Stand Sustained.

It is reported here that the Royal Dutch is sustained in its contention that the right of former owners of oil properties in Russia to compensation should be recognized. It is expected that negotiations looking to an agreement as to the amount of that compensation and the terms of payment will be started soon. The Royal Dutch, throughout all of the controversy with the Standard of New York, maintained that former owners should be compensated for properties confiscated by the Soviet Government under its "nationalization of industry" program. At one time the Royal Dutch accused the Standard of New York of buying "stolen property," holding that the properties from which the oil was produced were seized without warrant by the Soviets. The Standard of New York insisted it was privileged to have trade relations with the Soviet Government and imputed bad faith to the Royal Dutch, charging that it had participated in making purchases of Russian oil.

Officials of the Standard of New York have declined to comment on the reports that a settlement has been reached with its old adversary, the Royal Dutch, and the terms of that settlement could not be learned officially yesterday. It was established, however, that the two companies have come to an understanding and that each exhibited a spirit of give-and-take in the conversations that led up to the preliminary understanding. The negotiations have not been completed and the reason that officials decline to discuss the subject, it was found, is that they fear any premature comment may cause a rupture and prevent the final understanding which is now being sought.

Friendly Concerns Aided Peace.

Herbert L. Pratt, Chairman of the Board of the Standard of New York, is given credit in financial circles for having made peace with Sir Henri Deterding, Managing Director of the Royal Dutch. Mr. Pratt returned recently from Europe, where he spent some time. Impartial interests, including executives of companies with which the Royal Dutch and Standard of New York have friendly dealings, are said to have laid the groundwork for the peace discussions which ensued. Mr. Pratt returned to this country, it is understood, with every reason to believe that the warfare with the Royal Dutch had ended. Later developments are said to have confirmed that view.

Sir Henri some weeks ago indicated that he had lost some of his bit-

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STANDARD ENDS WAR WITH SHELL OIL

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terness toward the Standard of New York when he suggested that it would be unwise for his stockholders to continue to discuss the subject of the differences with the Standard of New York. Only a short time prior to that, in his annual report to Royal Dutch stockholders, he reviewed the history of the quarrel with the Standard of New York, vigorously assailing the latter company and defending the Royal Dutch's position.

Both companies have found the price-cutting war in India costly and were quite willing to talk peace, it is understood, when friendly intermediaries sought to bring the two together. On Jan. 15 the Standard of New York, in an elaborate statement setting forth its side of the controversy, said of this competitive situation in India: "The significance of this price cutting will be realized when it is stated that this form of competition, if continued, will cost the Royal Dutch Shell and Burmah Oil companies approximately \$12,750,000 a year and the Standard Oil Company of New York approximately \$4,000,000 a year."

Price War Hit as Destructive.

"This price cutting," the statement continued, "was conceived and organized and initiated by the Royal Dutch-Shell interests. The Standard Oil Company of New York has followed it only in so far as seemed absolutely necessary to protect its market position. At no time has this company deliberately undercut the prices of its competitors or offered secret or other rebates or undermined the position of its competitors."

"The Standard Oil Company of New York will continue to supply its markets effectively; it will carry out all contracts into which it has en-

tered, and it will not be swerved in any manner from its clearly conceived policy by such desperate and destructive measures as are being followed in India and threatened in other parts of the world."

Later the Royal Dutch, in a statement through its New York representative, Richard Airey, announced it would fight the Standard of New York in any market where it attempted to market Russian oil. The fight, however, never got beyond India in a serious way. Until a few weeks ago the two companies continued to slash away at each other in India, with the result that the consumer was able to buy gasoline and kerosene at bargain prices. Recently the price cutting suddenly ended in India and yesterday it was learned that the situation there has become "stabilized."

Vacuum Oil Co. Unaffected.

Neither the Standard of New York nor the Royal Dutch, it is understood, will make any announcement of the settlement of their dispute. The plan apparently has been to let the trouble blow over with as little public discussion as possible.

The Vacuum Oil Company, which also is a large buyer of Russian oil, is not affected directly by the understanding which the Royal Dutch and Standard of New York have reached. The Vacuum, like the Standard of New York, will carry out its present contracts with the Russian oil syndicate. It is likely, however, according to information reaching Wall Street, that the Vacuum may abandon plans it is said to have made for intensifying its competition against the Royal Dutch in certain markets of Europe.

Walter C. Teagle, President of the Standard Oil Company of New Jersey, who took sides with the Royal Dutch interests when the Russian oil controversy first opened here, did not figure in the actual discussions leading up to the establishment of peace between the Royal Dutch and the Standard of New York. When the conflict first began Mr. Teagle, who is friendly with Sir Henri, was represented here as the possible peace-maker.