

NY Times MAR 18 1975 J&K
Onassis Legacy: A Complex Empire Under Pressure

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Special to The New York Times

PARIS, March 17 — Aristotle Onassis had one of the most complex and extensive empires in modern business, but even before his death on Saturday, the web of shipping, air transport and real estate operations was under pressure from the world business slump.

The multimillionaire, born around the turn of the century, owned the world's third-biggest supertanker fleet, Olympic Airways, an Aegean island — Scorpis, where he is to be buried tomorrow — and apartments and office buildings in the major cities of the world. He had interests in companies making babyfood in Brazil, running taxis in Liechtenstein and developing property in Iran.

His headquarters was any place with a telephone. In Paris, which he visited frequently and where he died, he could often be found crouched over a desk in the Olympic Airways building, near the Opera, in conversation with associates on five continents.

"His great quality was finding top people to work for him," said one of his ex-

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The empire of Aristotle Onassis spread from shipping to air transport to real estate. The Olympic Alliance was one of his tankers; Olympic Airways, his trans-Atlantic carrier. Olympic Tower is being built here.

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petitors in Paris, "giving them free reign and paying them extremely well."

As an empire-builder, his advice to others with ambition was:

"Don't sleep too much. If you sleep three hours less each night for a year, you will have an extra month and a half to succeed in."

Borrowing was also one of his trademarks. "But borrow big and always repay promptly," he said. "Never ask for small loans."

The jewels of the Onassis empire were the tankers—50 in all, of which 15 can carry more than 200,000 tons of oil each. He had an additional six supertankers on order for delivery over the

next two years, giving his fleet an over-all capacity of nearly 6 million tons—larger than most national navies.

Only Y. K. Pao, a Chinese tanker operator based in Hong Kong, and the Sanko Company, a Japanese shipping concern, have greater tonnage, according to industry experts here.

But the tanker business, highly profitable earlier in the decade, has fallen on hard times. There is too much world tanker capacity and a surfeit of oil. The excess capacity, a result of orders placed during the shortages that followed the closure of the Suez Canal eight years ago, will probably last until 1980, according to one London specialist.

There were signs that Mr.

Onassis was worried about the situation. On the day of his death, the Atlantic Shipyards of St. Nazaire, France, announced cancellation of orders for two 420,000-ton supertankers by the Onassis group.

"The market is so depressed," said a shipowner here, "that a tanker costing \$15-million to build three years ago couldn't even be sold today for \$2-million."

A tanker that is idle, the shipowner noted, can cost its owner up to \$50,000 a day, depending on the amount of financing charges still to be paid.

Ways of Charter

There are two schools of thought about the operating tankers.

One, the Norwegian school, involves chartering ships to carry cargoes for short-term periods. This is generally for the owner when there is a shortage of tankers and charter rates are high.

The second school, whose main adherent is Y. K. Pao, involves less risk. A ship is not even ordered unless the owner can be assured that it will be taken by an oil company under long-term charter.

Mr. Onassis and other Greek shipowners fell somewhere between the two schools. Of the 15 Onassis supertankers, 12 are under long-term charter to multinational oil companies—British Petroleum, Shell, Mobil and Texaco among them—until the nineteen-eighties.

Three are not under charter at all, said a London specialist, which means their maintenance today could be costly.

Some Mystery

Great mystery surrounds tanker operations. Mr. Onassis and other owners set up individual companies to control each ship. The companies issue bearer shares, meaning that anyone in possession of the shares is the owner and vessels can be bought and sold very easily, without the knowledge of governments and tax collectors. In the case of registered shares, an owner's name is on the stock certificate.

Similarly, partly to escape taxation and partly to cut labor costs, many ships are registered under so-called flags of convenience. Most

of the Onassis tankers were under Panamanian registry, which enabled them to be virtually free of taxation.

As to where control of the shipping interest lies, some have said it was in the hands of an American trust fund set up by a Eliot Bailen, an Onassis adviser in New York.

But Mr. Bailen, of the law firm Hotzmann, Wise & Shepard, said in New York today that, "only a few United States-flag ships are part of the organization. And they are controlled by his only living child, Christina, an American citizen."

Airline Sale Sought

Mr. Onassis's main wealth in Greece consisted of the assets of Olympic Airways. After the quadrupling of oil prices at the end of 1973, he complained that the airline was costing too much money to run. He began negotiations to sell it back to the Greek government, having an option to do so under his original contract with the government.

A value of \$50-million was placed on the airline assets, but negotiations were suspended last month following his illness, so the transfer to the state has yet to take place. Last year the carrier reported a loss of \$30-million. That reflected both the higher cost of fuel and the decline in tourist business brought on by the Cyprus crisis that all-but plunged Greece into a war with Turkey.

Born in Turkey, in 1900 or 1906—he used both dates, Mr. Onassis got into the shipping business by buying freighters from a Canadian company at rockbottom prices during the Great Depression of the nineteen-thirties.

He once described himself as "a buyer, not a seller." But that too may have changed a bit recently and now many experts are asking whether those who inherit would want to keep the empire intact.

Among the major real estate interest, a Fifth Avenue skyscraper known as the Olympic Tower is understood to have been sold recently to Middle Eastern interests. And there have been rumors that Mr. Onassis's Avenue Foch apartment in Paris had been sold to the Shah of Iran.