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## **PZ 2865/40 'Note on the India Office and the Persian Gulf areas'**

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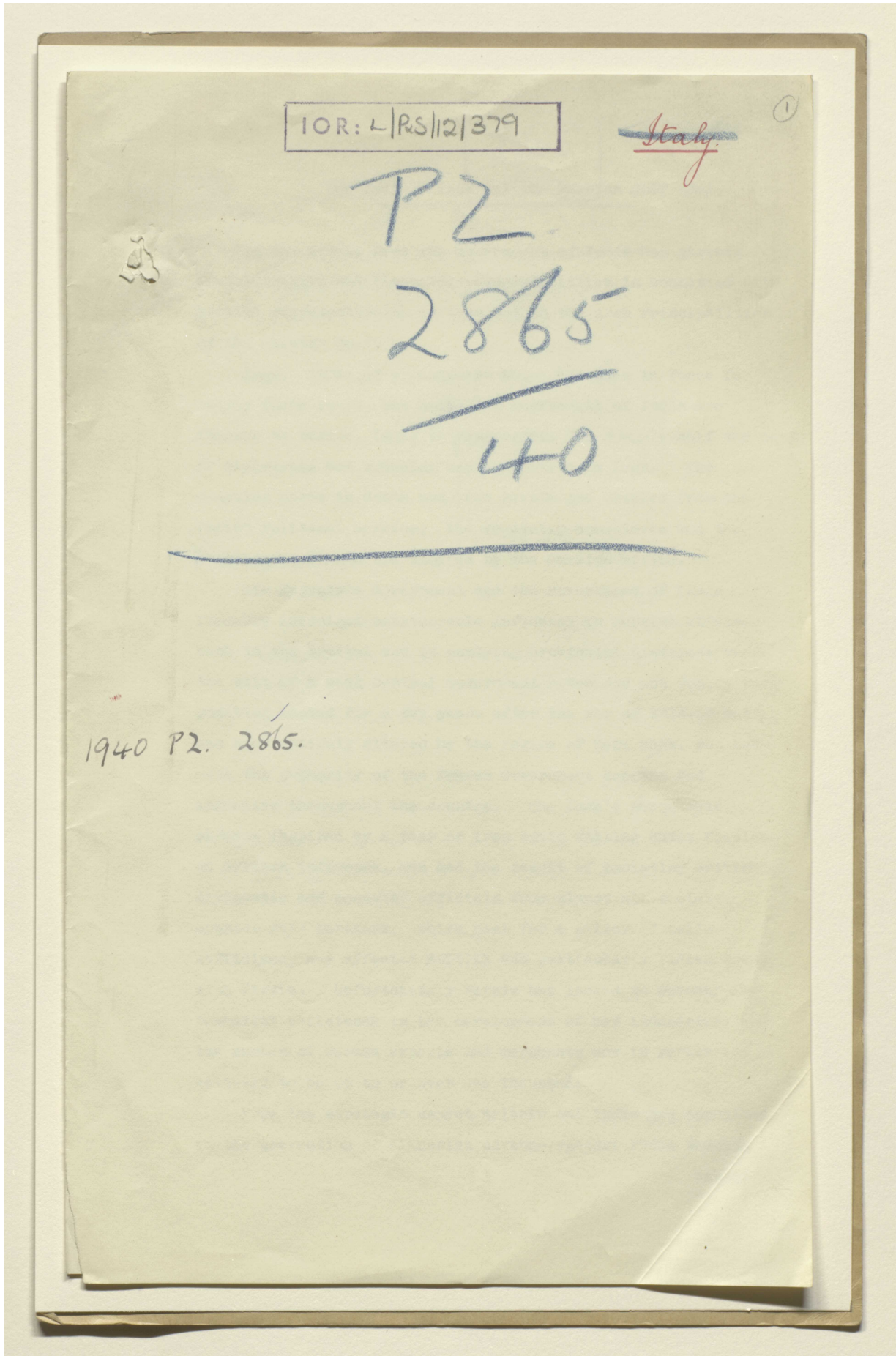


### **About this record**

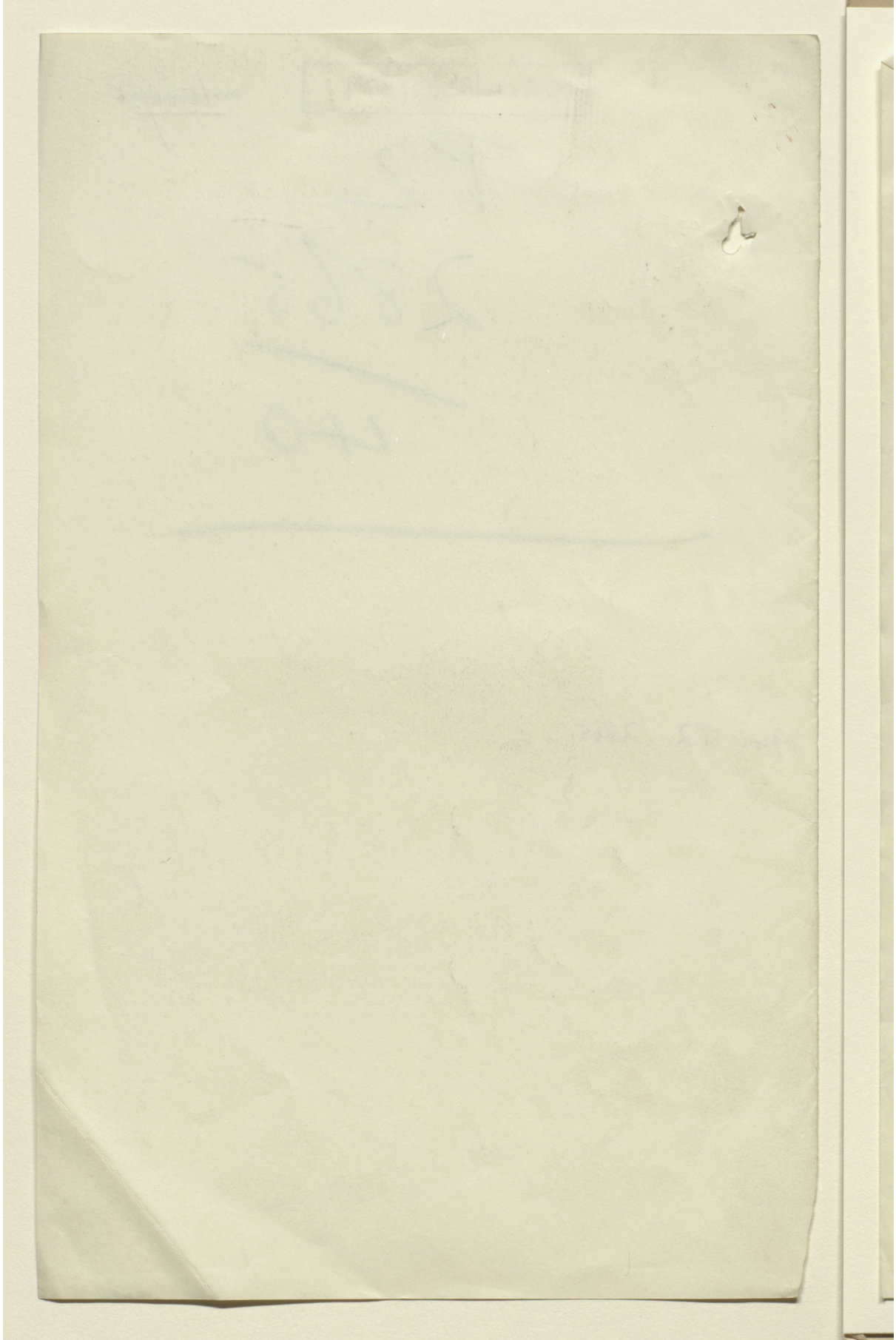
The file details the Government of India's financial and administrative responsibilities towards the Persian Gulf. The text is divided into sections: 'Iran' (folio 2), 'Persian Gulf' (folios 2 to 3), 'The Air Route' (folio 3), 'Oil' (folios 3 to 4) and 'Defence Measures' (folios 3 to 5).

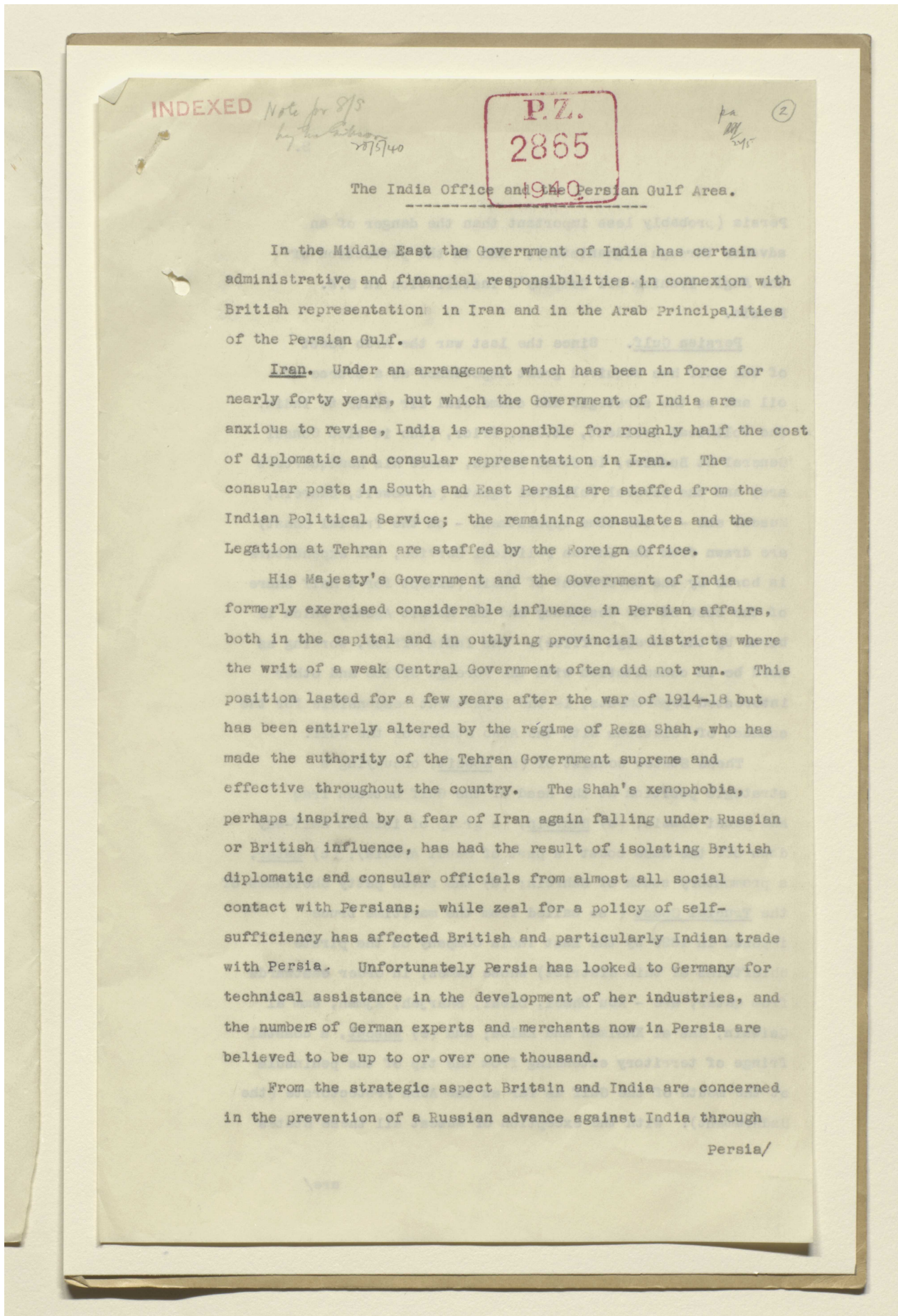
The papers provide information on the Government of India's past and current responsibilities and relations with Iran. Also discussed are concerns over a potential Russian advance through Afghanistan and Persian-German relations which in part are attributed to the reign of Reza Shah [Shah of Iran, Pahlavi dynasty].

The significance of the Persian Gulf as a strategic and commercial air route to India, and as a source of oil, now and in the future is discussed. Further highlighted is the responsibility of the Foreign Office and other departments to conduct relations with the Arab states of Kuwait, Bahrein, Qatar, the Trucial Coast and Muscat, and the implementation of wartime defence methods in the region.



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Persia (probably less important than the danger of an advance through Afghanistan), and in the protection of the Anglo-Iranian Oil Company's installation in S.W. Persia.

Persian Gulf. Since the last war the Arab coast of the Gulf has acquired great importance as a source of oil and as the strategic and commercial air route to India. The Political Resident, Lt.Col. Prior, (who is also Consul General at Bushire, in South Persia, where his headquarters are) and the several Political Agents (at Koweit, Bahrein, Muscat and - a war-time appointment - on the Trucial Coast) are drawn from the Indian Political Service, and expenditure is borne by the Government of India (except for a half share of the cost of the Residency and the Koweit Agency which is borne by the Foreign Office). The India Office, working as need be in consultation with the Foreign Office and other interested Departments, is the Department responsible for the conduct of relations with the Arab States of the Gulf.

These States consist of (a) Koweit, occupying a strategic position at the head of the Gulf between Iraq and Saudi Arabia; (b) Bahrein, a group of islands half-way down off the Hasa coast (a part of Saudi Arabia); (c) Qatar, a promontory south of Bahrein; (d) the seven petty Sheikdoms of the Trucial Coast (so called from the maritime truce imposed in 1820 by the East India Company on the pirate chieftains of this district) whose names, in order eastwards from Qatar, are - Abu Dhabi, Dibai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah and Kalba; and (e) Muscat, a coastal fringe of territory extending from the tip of the peninsula at the mouth of the Gulf as far as the Aden Protectorate (the Hadhramaut). With the exception of Muscat all these States

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are British-protected States; we control their foreign relations, exercise jurisdiction over British subjects and foreigners in their territories, and are under certain obligations to protect them, at least on the seaward side. Muscat is in a special position; its independence is guaranteed by a joint Anglo-French declaration made in 1862; but its relations with us, particularly with India, are so close that in practice its position resembles that of a protectorate. H.M.G. exercise jurisdiction in Muscat over British subjects, but not over foreigners. In all the States we respect the independence of the Rulers in internal affairs and intervene only in the case of serious maladministration (as we did in Bahrein in 1923) or of a breach, or threat of a breach, of the peace likely to endanger British or foreign interests. In Bahrein our intervention led a few years ago to the appointment of a British Adviser, Mr. Belgrave who is the effective head of the administration. The appointment has been an outstanding success, thanks to Mr. Belgrave's zeal and ability and his wise disposition of Bahrein's new resources derived from the exploitation of oil. British influence in the Gulf is upheld by the Navy, which normally in peace-time has some three sloops stationed there and applies the sanction of force when required. None of the Rulers, excepting the Sultan of Muscat, receives any subsidy or other assistance from Government.

The Air Route. Since 1931, when the Persian Government refused to renew permission for the use of the South Persian route by Imperial Airways, the British commercial (as well as strategic) route to India and beyond has followed the Arabian coast of the Gulf. The normal stages used by Imperial Airways, now British Overseas Airways Corporation, are Basra - Bahrein - Debal (or Sharjah) - Jiwani (in Kalat). Koweit is visited

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only occasionally by land machines. The necessary facilities were arranged by agreement with the various Rulers (strong pressure being needed to secure it on the Trucial Coast); land machines can use the aerodromes at Koweit, Bahrein, Sharjah and the emergency aerodrome at Kalba (on the Musandim peninsula), while flying-boats can alight and anchor at Bahrein, Debei and (in an emergency) Ras al Khaimah. The R.A.F. in addition have arranged emergency landing grounds in Muscat territory which would be of use if it were desired to reach India from Aden via Muscat. So far we have been able to keep the Arab Coast route closed to regular use by foreign aircraft.

Oil. A great oil-bearing region lies around the Persian Gulf and it seems possible that the oil resources of the Arab coast may stand comparison with the great fields in South Persia and Iraq. British and American interests have now secured concessions from all the Rulers. In Koweit, the Kuwait Oil Company represents a combination of the Anglo-Iranian Oil Company with the Gulf Oil Corporation of Pennsylvania. Oil has been struck in three wells in very satisfactory quantities, but production has not yet begun and is likely to be deferred until after the war. In Bahrein, the Bahrein Petroleum Company is an offshoot of the Standard Oil Company of California who stepped in when the Anglo-Persian Oil Company decided not to take up the concession. The Americans were at once successful, and production has gone on since 1935 on a large scale, reaching an annual output of just over one million tons. An up-to-date refinery has been erected in Bahrein. The activities of the Oil Company have transformed the life of the place and bring in a handsome revenue for the Sheikh, whose royalties have

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reached the figure of a quarter of a million sterling (35 lakhs) in the year of highest production. (Only part of this income is retained for the private use of the Sheikh and his family. A considerable proportion is being wisely set aside in a reserve fund against the day when oil production falls off; the remainder assists the development of social services, education, etc.) In Qatar, the Trucial Sheikdoms, and Muscat the oil concessions have been obtained by an offshoot of the Iraq Petroleum Company. Drilling has proceeded for some time in Qatar and oil was recently reached at about 6,000 feet. Elsewhere only preliminary exploration has been carried out, greatly hampered by the weakness of the control and influence exercised by the Trucial Sheikhs and even by the Sultan of Muscat in the hinterland which contains the only structures likely to interest the geologists.

To complete this brief picture of oil developments on the Arab coast it is necessary to include a reference to Hasa, the province of Saudi Arabia occupying the coast between Bahrein and Kuwait. Here the concessionaires are another offshoot of the Standard Oil Company of California, viz. the California Arabian Standard Oil Company. They have discovered what promises to be a very wealthy field. Production was in full swing before the outbreak of war, the oil either being delivered direct to tankers at the new port of Ras Tamura, or else shipped to Bahrein for refining in the Bahrein Refinery. A new refinery is now to be built on the mainland. One stretch of territory has still to be mentioned - the Kuwait Neutral Zone, an area lying between Kuwait proper and Hasa. The creation of the Nejd - Kuwait frontier settlement of 1922, when it was found necessary to leave <sup>over</sup> for future decision the division of this area between Ibn Saud and the Sheikh of Kuwait, who meantime were/



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were to have equal rights in it. With the oil belt stretching from Iraq through Kuwait to Hasa, Bahrain and Qatar it would be very surprising if oil were not struck in the Neutral zone also. But interested Companies have hitherto failed to obtain a concession therein. Ibn Saud is willing to give a concession in respect of his own rights, but nothing can be done without the co-operation of the Sheikh, who nurses the hope of winning the whole of the Neutral Zone for himself some day and meanwhile refuses to discuss the question of an oil concession.

Defence measures. The protected Arab States of the Gulf (this excludes Muscat, of course) are considered to be automatically at war when H.M.G. is involved therein. Before the outbreak of hostilities the defence position was reviewed by the A.O.C., Iraq and by the C.I.D. It was considered that there was no need for the States to make provision to meet attacks from the air or sea (even with Italy at war against us) and that measures were required only to guard against sabotage, internal troubles or tribal raids, and particularly for the protection of the refinery and oil installation generally at Bahrain. Local defence schemes were worked out for all the States, including Muscat, and are being applied. Muscat's juridical independence raised a special problem, which was met by effecting an agreement with the Sultan which secured to us facilities in his territory as might be found necessary. (An example of these facilities is the use of Muscat waters for convoy assembly purposes, which may be found necessary if Italy goes in against us; also the continued use of R.A.F. landing grounds and the Royal Navy's rest base at Khor Khwai). In return the Sultan has been given a guarantee of protection against external aggression, a war-time subsidy, and gifts of

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arms and equipment.

The powers of the civil authorities have also been strengthened. A special Order in Council, issued under the Emergency Powers (Defence) Act, conferred powers on the Political Resident which he has exercised to issue defence regulations and trading with the enemy regulations. These apply to the persons over whom His Majesty has jurisdiction, i.e. British subjects in all the States and foreigners in all except Muscat. Proclamations were also made to their subjects by the Sheikhs of Koweit and Bahrein.

The subject of propaganda has also received attention. Apart from what is achieved by the B.B.C's Arabic news which is clearly heard and excites much interest in the Gulf, there is room for propaganda in the columns of the one local newspaper, Al Bahrein, as well as in the circulation of news sheets by the Agencies. Much material is sent out from London by the Ministry of Information, and <sup>a</sup>whole time Publicity Officer, with headquarters at Bahrein, is now being appointed to handle this work.

It would be ungracious to omit mention here of the generous gift of £30,000 made in October last by the Sheikh of Bahrein to H.M.G. towards the cost of the war. He, the Sheikh of Koweit and the Sultan of Muscat have all made publicly known their sympathy with the Allied cause and their hope for an early Allied victory.

