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'The Persian Gulf'

Holding Institution	British Library: India Office Records and Private Papers
Reference	IOR/L/PS/18/B450
Date(s)	25 Jun 1935 (CE, Gregorian)
Written in	English in Latin
Extent and Format	1 file (2 folios)
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About this record

This is a secret printed memorandum by the Political Department of the India Office, dated 25 June 1935, concerning the Persian Gulf. The memorandum is divided in nine numbered sections, which include: 'Procedure for dealing with Persian Gulf Questions', 'British Relations with Persian Gulf States', 'The Arab Shore Air Route', 'Oil', 'Relations with Saudi Arabia', 'Koweit' [Kuwait], 'Saudi Blockade of Koweit', 'The Sheikh's Date Gardens in Iraq', and 'Koweit-Iraq Smuggling'.

'The Persian Gulf' [1r] (1/4)

Political Department.

P.Z. 6647/35

SECRET.

THE PERSIAN GULF.

1. *Procedure for dealing with Persian Gulf Questions.*—For some time after 1922 the Colonial Office, besides administering Palestine, Transjordan, and the Iraq Mandate, had a general responsibility for political questions affecting Arabia, including those arising on the side of the Persian Gulf. The Government of India remained responsible for internal questions in Koweit, Bahrein, the Trucial Sheikhdoms and Muscat, except that the Colonial Office dealt with oil questions in the Gulf generally. When Ibn Saud became King of the Hejaz, the conduct of relations with him passed to the Foreign Office, and when Iraq became an independent State and the Foreign Office thus became also responsible for Anglo-Iraqi relations, the residue of the Colonial Office main interest in Persian Gulf politics disappeared, and that Department asked to be relieved of its responsibility in connection with the remaining Gulf States. The Cabinet then decided, on 26th July 1933, that the India Office should receive departmental responsibility for Persian Gulf affairs, i.e. general political questions (as well as internal administrative ones) affecting Koweit, Bahrein, Qatar, the Trucial Sheikhdoms and Muscat.* The Political Resident in the Persian Gulf accordingly now corresponds with the India Office and the Government of India regarding all such questions. Several other Departments (e.g. the Foreign Office, the Air Ministry and the Admiralty) are also concerned in these matters, and interdepartmental co-ordination continues to be ensured through two Sub-Committees of the Committee of Imperial Defence (one of permanent officials and one of Ministers). This system had been established some time previously, and has been found to work well. The differences between departmental views are most often adjusted in the Official Committee, and the few that cannot be thus resolved are submitted to the Ministerial Committee for decision.

2. *British Relations with Persian Gulf States.*—Muscat is an independent State in special treaty relations with this country, but also in treaty relationship with France and the United States of America. Koweit, Bahrein and Qatar are independent States in exclusive treaty relation with His Majesty's Government and virtually under British protection, though they are not "protectorates." The Trucial Sheikhdoms (Abu Dhabi, Debai, Sharjah, Ajman, Umm al Qawain and Ras al Khaimah) are in a similar position, though we have not, generally speaking, entered into obligations to protect them by land. The general effect of our treaties with all these States and Statelets, and of the growth of practice, is that we control their external relations, and that they agree not to admit foreign representatives (except in the case of Muscat) or to cede territory to foreign Powers or to grant oil, and (except in the case of Muscat) certain other, concessions without our consent.

3. *The Arab Shore Air Route.*—In 1931 the Persian Government declined to renew the permit of Imperial Airways to fly over Persian territory, and it was decided to transfer the service to the Arab shore of the Gulf. For this purpose it was necessary to provide a night stopping place on the Trucial Coast. After prolonged negotiations with many of the Trucial Sheikhs, conducted by the Political Resident, the late Sir H. Biscoe, an agreement was concluded with the Sheikh of Sharjah, under which a resthouse for Imperial Airways passengers was provided at that place. It had already been decided that the strategic route of the Royal Air Force should lie along the Arab shore. Facilities for the necessary refuelling depôts and emergency landing grounds for this had to be obtained from the Arab Sheikhs concerned, and this has occasionally been a matter of some difficulty.

4. *Oil.*—A number of oil companies have in recent years taken an interest in the potentialities of the Arab shore of the Gulf. In 1925 the Eastern and General Syndicate, a firm of concession-hunters, obtained an oil concession from the Sheikh of Bahrein. The Company was not prevented by the terms of the concession from transferring it to foreign interests, and it was found necessary to allow them to

* The Foreign Office, of course, retain departmental responsibility for relations with Persia, Iraq, and Saudi Arabia, even in matters which affect the smaller States.

transfer it to the Bahrein Petroleum Company, a subsidiary of the Standard Oil Company of California, though under conditions which adequately safeguard British political interests and on terms which are very advantageous to the Sheikh. Oil is actually being produced. In Koweit, prior to 1934, the Anglo-Persian Oil Company and the Gulf Oil Corporation of Pennsylvania were competitors for a concession. As it is not a necessary part of British policy in the Persian Gulf (save on the Trucial Coast and in Qatar, which are specially backward) to exclude foreign traders and concessionaires, provided that our political interests are safeguarded, the Sheikh of Koweit was not prevented from dealing with the Americans. The latter presently joined forces with the Anglo-Persian Oil Company, and formed the Koweit Oil Company, in which they are equally represented. An Agreement satisfactorily safeguarding our interests was made between this company and His Majesty's Government in March 1934, and a concession was granted to the Company by the Sheikh of Koweit in December 1934. Operations are still only at the exploratory stage. In Qatar, the Sheikh has recently granted a concession to the Anglo-Persian Oil Company, representing the Iraq Petroleum Company, the other partners in which (the Royal Dutch Shell and French and American groups) will have to be given the option of participating in the concession; but the British element in the combination to which the concession passes is bound to be substantial and may, it is hoped, be predominant. In this case also, as in that of Koweit, an agreement was made between the Company and His Majesty's Government to safeguard our interests during the working of the concession. But the admission of an oil company to work in Qatar also raised political questions of major importance—for example, that of the protection of the Sheikh's undefined landward frontier. The Sheikh has been promised protection (to be afforded by the Royal Air Force) against serious and unprovoked incursions from outside his frontier. Difficult negotiations on this and other political questions in connection with the grant of the concession were successfully carried through by Colonel Fowle last May. The Sheikh's son was recognised as his heir (though this does not involve a commitment to ensure his succession when the time comes), and the Sheikh agreed to cede to the British authorities jurisdiction over British subjects and protected persons other than subjects of Arab States in the Gulf.

Interest in the Trucial Coast has been aroused by oil developments elsewhere in the Gulf. Recently the Anglo-Persian Oil Company visited Abu Dhabi, and the Sheikh of Ras al Khaimah has now made a request for a visit by a geologist of that company. We have been approached by a concession-hunter, Major F. Holmes, regarding the possibility of a concession being granted to a British company in respect of Abu Dhabi and Debai.

5. *Relations with Saudi Arabia.*—In the summer of 1934 the Saudi Government put out feelers with a view to the establishment of closer relations with His Majesty's Government and mutual co-ordination of policy. On 12th–14th July 1934 meetings took place between Sir A. Ryan and Ibn Saud, and later on conversations were held in London between Fuad Hamza, Saudi Deputy Minister for Foreign Affairs, Sir A. Ryan, and the Foreign Office. It was thought that, while there could be no question of an alliance with, or military commitment to, Ibn Saud, there would be advantage in a *rapprochement* or *entente* by which outstanding causes of dispute could be settled and the friendship between the two Powers reaffirmed. Besides the future of the Hejaz Railway and the right of the British Legation at Jedda to manumit slaves, the questions outstanding between His Majesty's Government and Ibn Saud included (a) permission for British aircraft to use the Hasa coast; (b) the treatment of goods transiting Bahrein for Ibn Saud's territory; (c) Ibn Saud's blockade of Koweit (see below); and (d) the eastern frontier of Ibn Saud's dominions. It was arranged that Sir A. Ryan should enter on formal negotiations at Jedda last winter. The Bahrein transit question, however, was remitted to a conference at Bahrein of Saudi and Bahreini representatives, and an agreement was reached which will be ratified by the Saudi Government and His Majesty's Government, subject to settlement of one minor point. It has now been decided that the outstanding questions can be handled separately and need not be combined in general negotiations. Sir A. Ryan's negotiations have been mainly taken up with the question of Ibn Saud's eastern frontier. Under Anglo-Turkish Conventions of 1913 and 1914 the old Ottoman dominions were bounded by a line (known as the Blue Line) drawn south from a point opposite the island of Zakhuniya (i.e. approximately along meridian 50° 18' east) to the 20th parallel,

where it met the "Violet Line" bounding the British sphere of influence in south-western Arabia. Ibn Saud has taken the strongest exception to His Majesty's Government's claim that as successor to the Ottoman Empire in this area he has inherited this frontier. He claims that his ancestors acquired rights of sovereignty to the east of it, in which they were independent of Turkey. It was decided that the whole question should be discussed in a generous spirit, and His Majesty's Government are prepared to recognise Ibn Saud's sovereignty over a certain area (lying principally in the interior) to the east of the Blue Line, where it would not conflict with the rights of our protégés on the Trucial Coast and our own strategic requirements. Discussions of the question, however, had not reached the stage of a definite settlement before Fuad Hamza and Sir A. Ryan recently left Jedda for London; it is possible that they may be continued in London. Meanwhile, all that has been actually offered to the Saudis is a line running south from the Dohat es Salwa to the 20th parallel.

6. *Koweit*.—There are certain difficult questions pending in regard to Koweit. The position of this place at the head of the Persian Gulf gives it great importance to His Majesty's Government, both in connection with Imperial air communications, civil and military, and also on account of the expiry of the Mandate in Iraq and the uncertainty of our future relations with that country.

7. *Saudi Blockade of Koweit*.—Koweit is the natural entrepôt for the trade of north-east Arabia, and in view of this she maintains a low customs tariff, with *ad valorem* duties of 4-4½ per cent. Since the war, however, her neighbours in Saudi Arabia and Iraq have adopted high tariffs. Ibn Saud alleges a difficulty in collecting his duties on goods entering through Koweit. The Sheikh maintains that they should be collected at the Saudi frontier, but Ibn Saud has insisted on other arrangements (e.g. the establishment of a Nejd customs post in Koweit), to which the Sheikh objects as infringements of his sovereignty. For more than 10 years past Ibn Saud has imposed an almost complete embargo on trade between Koweit and Nejd, and has endeavoured to prevent, usually with success, his tribesmen from buying their supplies in Koweit, their natural market. His real object in taking this drastic action is doubtless to increase the customs revenue of his Hasa ports, and quite probably also the much more sinister intention of reducing Koweit to dependence upon himself. This blockade has naturally had a disastrous effect on the prosperity of Koweit trade. In 1929, in return for the Sheikh's co-operation against the Akhwan rebels in their revolt against Ibn Saud, His Majesty's Government promised the Sheikh that they would do their best to secure for him an honourable settlement of the question. In 1931 the late Political Resident persuaded Ibn Saud to agree to a meeting of representatives of Koweit and Iraq, with the object of finding a solution. But the King subsequently withdrew his consent owing to a misunderstanding about certain Koweit claims for compensation arising out of the Akhwan rebellion in 1929, which could have been used as a bargaining counter in the blockade negotiations, but which Ibn Saud regarded as having been abandoned in a letter written to him direct by the Sheikh, though the latter denied this. Recently, however, in the course of his negotiations on Anglo-Saudi relations, Sir Andrew Ryan has succeeded in persuading Ibn Saud to agree again to the holding of a Saudi-Koweit Conference on the blockade, the question of the Sheikh's claims against Ibn Saud being tacitly ignored. The Saudi representatives have now (June 1935) arrived at Koweit and discussions are being held on the question of the Saudi blockade, but it is extremely doubtful whether practical settlement will result from these discussions. The Saudis, for their part, have in the past stated quite frankly that a settlement of the blockade question is not in their interests.

8. *The Sheikh's Date Gardens in Iraq.*—In return for the Sheikh's co-operation against the Turks during the war, His Majesty's Government in 1914 recognised Koweit as an independent Sheikdom under British protection, and also promised that the Sheikh's date gardens in Iraq would remain in the possession of the Sheikh, and of his successors, and be immune from taxation. In the view of His Majesty's Government the obligation of implementing this promise has now devolved on the Iraqi Government, but unfortunately the former failed, during the currency of the Mandate, to obtain from the latter an undertaking to do so. The Iraqis have now in fact imposed taxation on the produce of these gardens; in addition, on account of a purely technical flaw in the Sheikh's title, actions have been brought against him in the Iraqi courts to dispossess him of large portions of

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them (called the Faddaghiyeh Estates), though it has hitherto been possible, except in one minor case, to prevent judgment being given against the Sheikh for the time being. Lengthy and complicated negotiations have taken place with the Iraqi Government on this question, and more than one reference has been made to the Law Officers on its various aspects. His Majesty's Government at length conceded to the Iraqis that the question should be solved on the basis that His Majesty's Government would compensate the Sheikh for the taxation of his date gardens, and pay the Iraqi Government a sum of £2,000 to buy off the claimants to the Sheikh's Faddaghiyeh estates, in return for which the Iraqi Government would validate beyond all question the Sheikh's title to the latter. In spite of this, however, and of the most categorical assurances received at various times from the Iraqis that they would settle this matter in the Sheikh's favour, they have not yet done so, and discussions are still proceeding. The continued inability of His Majesty's Government to fulfil their pledge to the Sheikh has naturally had an unfortunate effect on our relations with the Sheikh.

9. *Koweit-Iraq Smuggling.*—The pearling trade on which Koweit used to depend is very depressed and she has no agriculture or industry of any importance. On account of the Saudi blockade she has been unable for several years to export much to Nejd, but a large quantity of goods are at present imported into Koweit with a view to being smuggled over the Iraqi frontier. The actual smuggling is, however, carried on principally by Iraqis, and the Iraqi Government have hitherto failed to impose an effective customs preventive service on the Koweit-Iraqi frontier. Instead of this, they have appealed to His Majesty's Government to try and persuade the Sheikh to co-operate with them in suppressing the smuggling by imposing a quota for goods imported into Koweit. The Sheikh is under no legal obligation to prevent this smuggling trade, but Iraq is in a very strong position to bring pressure to bear. For example, Koweit is entirely dependent for its water supply on fresh water brought in boats from the Shatt-el-Arab in Iraq territory, and the Iraqis could also prevent the export to Koweit of the produce of the Sheikh's date gardens in Iraq. There have in the past been several cases of incidents in which Koweiti subjects have been shot in Koweiti territory or territorial waters by Iraqi customs guards, but the Iraqis have always been able to deny the facts of these incidents, and it is quite impossible to prove them. In view of these factors His Majesty's Government, while not agreeing to the imposition of a quota system on Koweit, have done their best to persuade the Sheikh to confer with the Iraqis with a view to reaching an agreement on the basis of the appointment of a British Director of Customs at Koweit with wide powers to enable him to co-operate with an Iraqi preventive service on the frontier. (Failing a solution by agreement, the Iraqi Government have threatened to impose a strict blockade on trade from Koweit.) The Sheikh, however, has hitherto declined this plan. The position seems to be that, whatever methods are employed to suppress the smuggling trade, Koweit will suffer severely, and the Sheikh prefers to chance the effectiveness of an Iraqi blockade rather than incur from his own subjects the odium of taking action himself which would undoubtedly have an adverse effect on what remains of their prosperity.

POLITICAL DEPARTMENT,
25th June 1935.