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'Kerman Mining Concession'

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About this record

This file consists of a report, written by the India Office's Political Department, on the subject of a mining concession in an area of the Kerman province, which is being sought by the Persian Railways Syndicate. The report provides details of the precise location of the area, and the mining rights which the Syndicate wishes to secure.

The report goes on to refer to a counter-draft to the Syndicate's own draft proposal, which has been put forward by the Persian Government, and which makes various demands including certain exceptions to the Syndicate's mining rights, Persian control over building plans, and restrictions to each working area.

The report also discusses an intervention, made by the Russian Government in June 1913, on behalf of the Société d'Etude (the international syndicate which was created to examine the Trans-Persian railway project), which suggested that there be an equal division of interest in the concession, as far as the neutral zone was concerned.

'Kerman Mining Concession' [112r] (1/4)

C.167

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KERMAN MINING CONCESSION.

1. This is a project of the Persian Railways Syndicate, Mr. Greenway being the moving spirit. Though there is a "Persian Mining Syndicate" it appears to be identical with the Railways Syndicate, many of whose projects in Southern Persia are connected with the mining area. This area is a rough square; the north side being a line due west from Abadeh to the 60th parallel, which forms the east side; the west is due south from Abadeh just east of Shiraz; the south side follows the coast line some 30-40 miles inland.

Thus the area is clear of the Russian sphere (on which point Russia insisted), and lies to quite half its extent in the neutral zone, and is cut off from the sea.

2. The concession which the Syndicate aims at is one drawn up in 1910 by Mr. Preece for Mr. Tarbett Fleming.

It provides for the exploitation of all minerals in the specified area, for the construction of the necessary tramways, buildings and works; the construction of quays etc., on 2 points on the Gulf to be connected up by tramways with the mines. The right to buy land for the above operations; freedom from all imposts except a royalty to the Russian Government of 10% on all net profits. The concession to run for 60 years.

On the conclusion of this period and that of the Railway concession the Syndicate will advance £100,000 to Persia.

3. The Persian Government has a counter-draft, the main differences being - 20 years period for research, 60 for working the concession: The exception of precious metals and stones, petroleum and naphtha, lime and building stones. A control over building plans and a limitation of each working area. 10% share in the capital plus 6% royalty on all subsidiary companies e.g. for tramways etc., £30,000 to be deposited and paid over on signature of the concession; £7,500 forfeit if a working

company

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'Kerman Mining Concession' [112v] (2/4)

KERMAN MINING CONCESSION

1. This is a project of the Persian Railway Syndicate, Mr. Greenway being the managing agent. Though there is a "Persian Mining Syndicate" it appears to be identical with the Railway Syndicate, many of whose projects in Northern Persia are connected with the mining area. This area is a rough square; the north side being a line due west from Ahwaz to the Gulf parallel, which forms the east side; the west is due south from Ahwaz just east of Shiraz; the south side follows the coast line some 2-4 miles inland. Thus the area is clear of the Persian sphere (on which point I have insisted), and lies so close half its extent in the neutral zone, and is cut off from the sea.

2. The concession which the Syndicate aims at is one drawn up in 1910 by Mr. Brown for the Persian Railway. It provides for the exploitation of all minerals in the specified area, for the construction of the necessary railways, buildings and works; the construction of quays etc., on 3 points on the Gulf to be connected up by railways with the mines. The right to buy land for the above operations; freedom from all impost except a royalty to the Persian Government of 10% on all net profits. The concession to run for 50 years. On the completion of this period and that of the Railway concession the Syndicate will advance 1,000,000 to Persia.

3. The Persian Government has a counter-bid, the main differences being - 20 years period for research, 50 for working the concession. The exception of previous metals and stones, between and nephites, lime and building stones. A control over building plans and a limitation of working area. 10% share in the capital plus 15% royalty on all subsidiary companies etc. for railways etc., 250,000 to be guaranteed and paid over on signature of the concession; 15,000 for the 15% royalty company.

'Kerman Mining Concession' [113r] (3/4)

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company is not formed within ten years.

4. Mr. Greenway wants Mr. Preece's draft accepted, and in this the Foreign Office support him. Failing it, he will negotiate on the Persian counter-draft, if it is amended to include the use of building stone, to exclude restriction of each working area, and Persian control over building plans. Mr. Greenway agrees to a forfeitable deposit of £7,500 which would be increased to £30,000 and paid, on signature of the concession. He would prefer to keep Persian capital out, but would in the last event accept 10% share in capital and 6% royalty.

5. Negotiations proceeded on these lines.

In June, 1913, however, the Russian Government intervened on behalf of the Société d' Etude, (the international syndicate created to examine the trans-Persian railway project,) pointing out that the concession area is that through which trans-Persian Railway would run, that all Railway concessions in the east include the mining rights on each side and that without these the Railway's success would be threatened. It suggested reciprocal grant of facilities in Russian and British spheres, and equal division of interest in the neutral zone.

6. Mr. Greenway objects to the intrusion of the Société, pointing out that the grant of the concession was to be a condition of the Syndicate's acceptance of the option for the Mohammerah-Khorremabad Railway; that the £100,000 his Syndicate is to advance on conclusion of the two concessions, was in return for a mining monopoly in the specified area. He points out that he was first on the spot, and had practically conclude the affair with Shuster in 1911. In spite of this, he is willing, if His Majesty's Government presses it, to consider the admittance of the Société to a $\frac{1}{3}$ share in the enterprise, so far as the neutral zone is concerned.

Political Department,
17th September, 1913.

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company is not formed within ten years.

4. Mr. Greenway wants Mr. Prescott's draft accepted, and in this the Foreign Office supports him. Telling it, he will negotiate on the Persian counter-draft, if it is amended to include the use of building stones, to exclude restriction of each working area, and Persian control over building plans. Mr. Greenway agrees to a forfeitable deposit of £7,000 which would be increased to £30,000 and paid, on signature of the concession. He would prefer to keep foreign capital out, but would in the last event accept 10% share in capital and 2% royalty.

5. Negotiations proceeded on these lines. In June, 1913, however, the Russian Government intervened on behalf of the Société d'Etude, (the international syndicate created to examine the trans-Persian railway project), pointing out that the concession area is that through which trans-Persian Railway would run, that all railway concessions in the east include the mining rights on each side and that without these the railway's success would be threatened. It suggested reciprocal grant of facilities in Russian and British spheres, and equal division of interest in the neutral zone.

6. Mr. Greenway objects to the intrusion of the Société, pointing out that the grant of the concession was to be a condition of the Syndicate's acceptance of the option for the Kerman-Mashad railway; that the £100,000 his Syndicate is to advance on conclusion of the two concessions, was in return for a mining monopoly in the specified area. He points out that he was first on the spot, and had previously conducted the affair with Russia in 1911. In spite of this, he is willing, if his Majesty's Government presses it, to consider the withdrawal of the Société to a 1 share in the enterprise, so far as the neutral zone is concerned.

Colonial Department,
17th September, 1913.