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'Middle East Committee. Mesopotamia Trade Report'

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About this record

This is a printed note prepared by John Evelyn Shuckburgh, Political Department of the India Office, dated 6 February 1918, concerning trade in Mesopotamia vis-à-vis consolidating Britain's commercial interests in light of Robert Erskine Holland and John Henry Wilson's 1917 report, *The Prospects of British Trade in Mesopotamia and the Persian Gulf*. This note pays special attention to navigation and transportation, banking, irrigation, communication, education, and the establishment of a Commercial Bureau and Department of Agriculture.

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MIDDLE EAST COMMITTEE

MESOPOTAMIA TRADE REPORT

(NOTE PREPARED BY THE INDIA OFFICE)

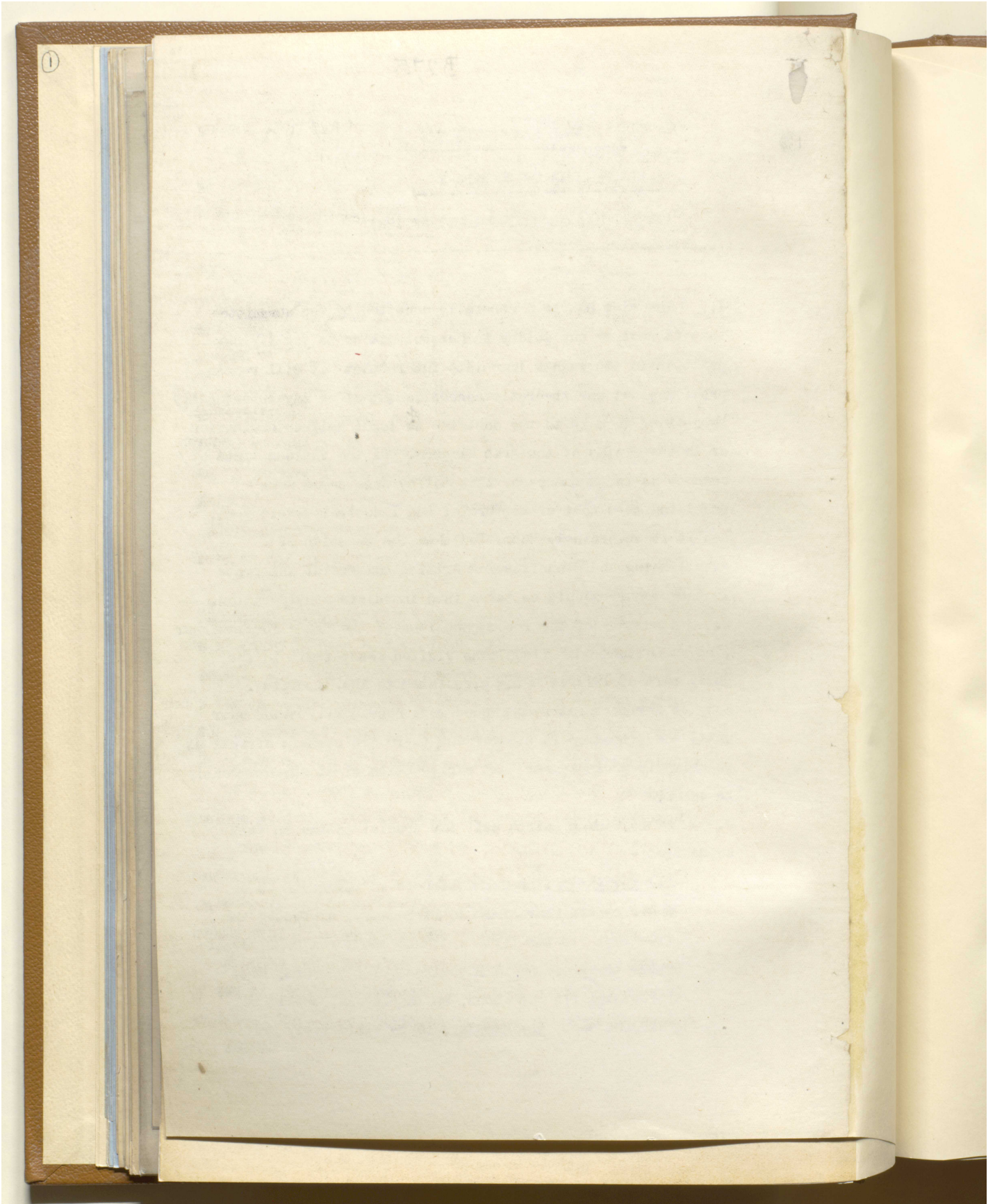
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1. The view has been generally accepted by the Committee that it must be our policy in Mesopotamia so to fortify our position in the ~~quartz~~ immediate future that it will remain proof against any theoretic concessions that we may subsequently be obliged to make to the doctrine ^{of} local self-determination or to the claims of the Arab Kingdoms. Of the various lines of ^{action} open to us in pursuance of this policy none seems more promising than that of commercial and industrial development; and it is accordingly submitted that the question of establishing and consolidating British commercial interests in the country should be taken into immediate consideration.

2. A summary of the recommendations of the Trade Commissioner (Messrs Holland and Wilson) who visited Mesopotamia in the early part of 1917 is being circulated to the Committee. Many of the measures recommended must necessarily stand over until the situation is clearer but there are certain directions in which it would appear that early action might advantageously be taken.

3. The following points call for special notice in this connection:-

(1) Navigation. The Commissioners in paragraph 58 of their report (paragraph 10 of Summary) expressed the view that "in the first instance and for a considerable time to come, the main business of transport, both of passengers and goods, on the Tigris, should be carried on by one Company, to be exclusively British in

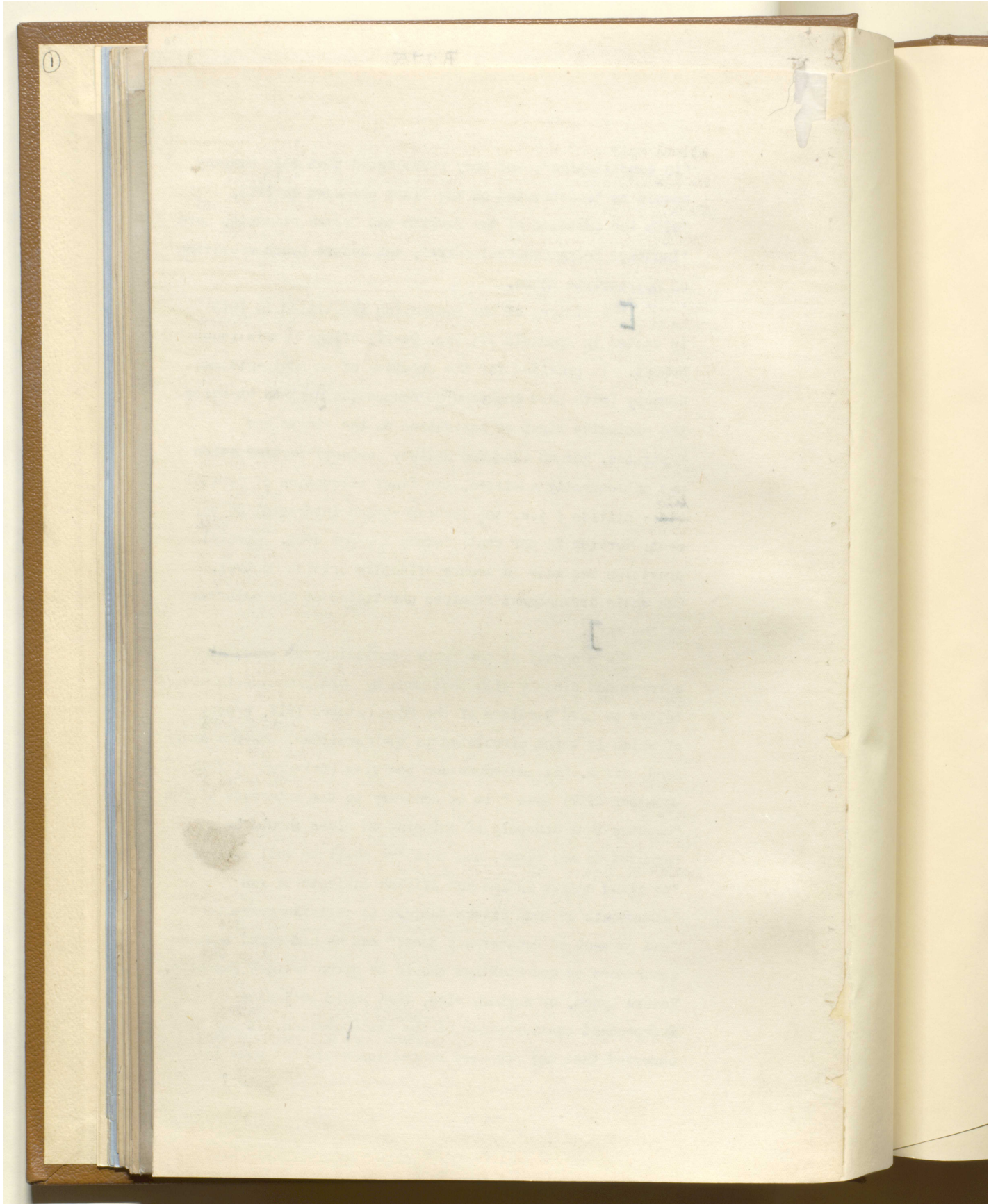


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"in constitution"; and they recommended that this Company should be "constituted on the lines proposed in 1913, "with the omission of the Turkish and German elements, Lord Inchcape being Concessionaire", and Messrs Lynch receiving an appropriate share.

[The history of the Concession negotiated in 1913 is stated in Appendix VII (pp. 94-97) of the Commissioners' Report. It provided for the creation of an Anglo-Ottoman Company (with Lord Inchcape as concessionaire) to exercise the exclusive right of navigation on the Tigris and Euphrates. German (Baghdad Railway Company) participation was subsequently admitted, the final allocation of Capital ~~was~~ ^{being} - British (i.e. the Inchcape-Lynch interests) 50 per cent; Turkish 30 per cent; German 20 per cent. Special provision was made to secure effective British Control. The whole arrangement remained unratified at the outbreak of the War].

The proposal of the Trade Commissioners' ~~proposal~~ corresponds closely with that made by Lord Inchcape in his letter to Lord Hardinge of the 30th October 1917, a copy of which is being circulated to the Committee. On the other hand, Sir P. Cox has expressed the view (telegram of 28th December 1917) that "it is contrary to the interests of the "country that monopoly of shipping on river should be "granted to any firm", and that "we shall be well advised "to allow native Indian and British subjects to run "steamboats on both rivers subject to suitable guarantees "and payment of conservancy dues;" and he has urged that no assurances or undertakings should be given to Lord Inchcape, Messrs Lynch, or anybody else, that would prejudice independent consideration of the whole question. It may be observed that the proposed concession could not come into actual



actual operation until after the war, as control over navigation must, as long as hostilities are in progress, remain in the hands of the military. In the meantime, Lord Inchcape is willing to open business at Baghdad at once, apparently without asking for definite pledges as to the future; and there would seem to be strong grounds for encouraging him to do so, without prejudice to the ultimate decision on the question of monopoly.

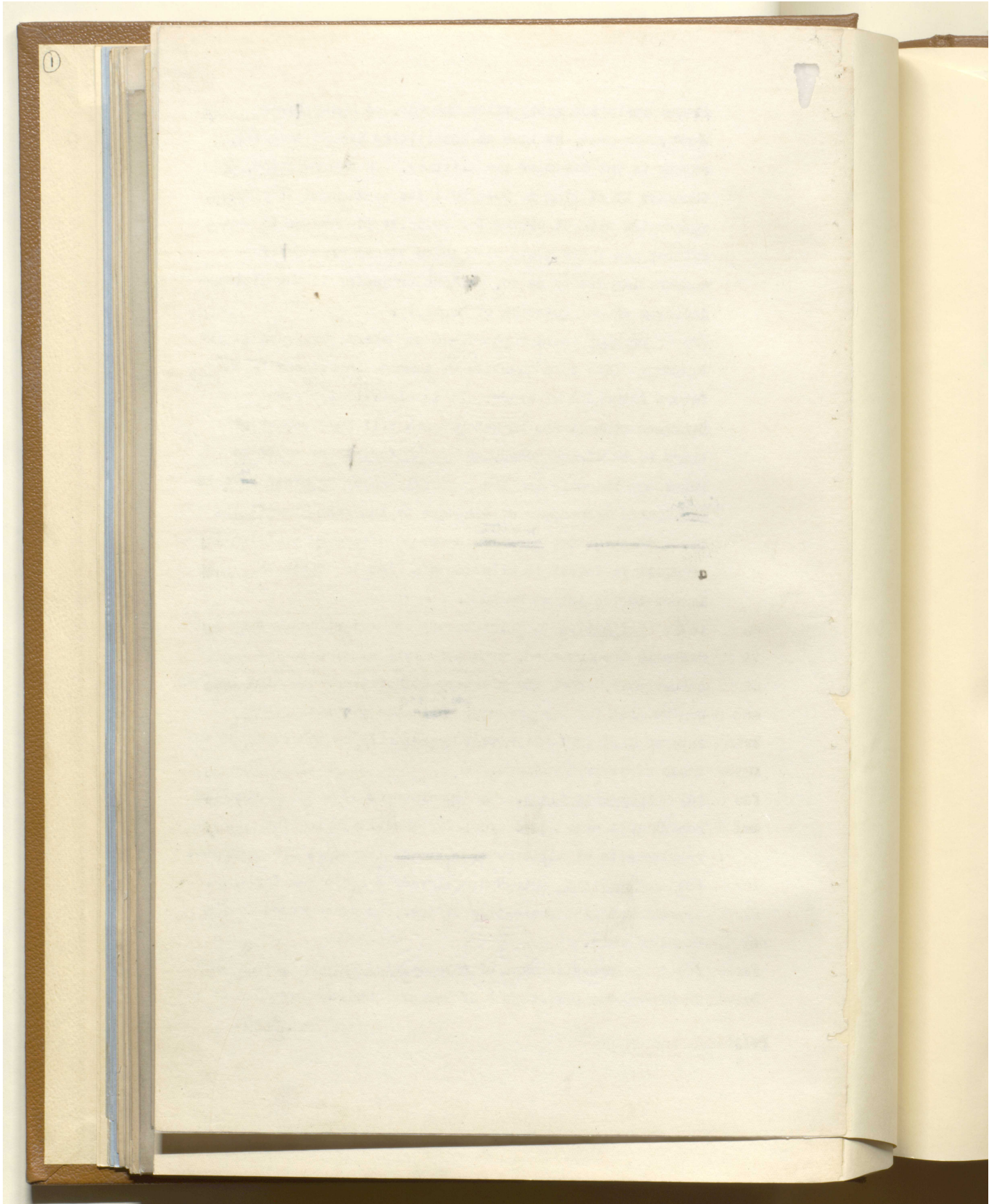
(2) Banking (paragraphs 75-76 of Report; paragraph 14 of Summary) This is a question of immense importance in the future interests of trade. It is clear that present banking arrangements in Mesopotamia will have sooner or later to be strengthened, and prima facie there would be advantage in enlisting the powerful Mackay interest ⁱⁿ this ~~direction~~ ^{matter}. Lord Inchcape's willingness to interest himself in ~~this aspect of the question~~ seems to afford an additional argument in favour of allowing his firm to obtain an immediate footing at Baghdad.

(3) Irrigation A "Directorate of Irrigation" has recently been created, with the Civil Commissioner's concurrence, under the military authorities. Nothing further can be done for the present; ^{so long as} ~~while~~ the way lasts, the interests of irrigation must necessarily be subordinated to those of river transport.

(4) Communications. The appointment of a "Communication Board" must also stand over; for the time being the requirements of military ~~of military~~ transport are paramount.

(5) Education. Steps are already being taken for the appointment of a whole-time officer, as recommended by the Commissioners.

(6) The establishment of a Commercial Bureau (paragraph 23 of Report; paragraph 5 of Summary) and the creation of a Department



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Department of Agriculture (paragraph 33 of Report; paragraph 6 of Summary) are two matters in which early action would appear both practicable and desirable. It is understood that the Board of Trade could probably nominate a suitable officer for the post of Commercial Adviser or Intelligence Officer, if the proposal commended itself to the local authorities and to His Majesty's Government.

As regards agriculture, it is recognised that, during the continuance of the War, the activities of the proposed Department would be limited. But the agricultural possibilities of Mesopotamia are so immense that it seems desirable to initiate with as little delay as possible the organised study of such important questions as the improvement of existing methods, the provision of suitable agricultural machinery etc.. In regard to one branch of the subject - cotton - action has already been taken, and the whole question of cotton cultivation in Mesopotamia is now under examination by the Empire Cotton Growing Committee.

4. It is most desirable that the officer who is to be sent out to confer with Sir P. Cox should be in full possession of the Committee's views on the above important points; but it ~~has~~ does not seem necessary to wait for the proposed conference before bringing this branch of the subject to the notice of the local authorities. It is therefore suggested that the Secretary of State for India should be authorised to telegraph at once to the Viceroy and Sir P. Cox, on the lines indicated in the foregoing paragraphs, (1) urging the desirability of consolidating British commercial interests; (2) inviting assent to the proposal that Lord Inchcape's firm should be allowed to open at once at Baghdad, without prejudice to the question of a navigation monopoly; and (3) commending to favourable consideration the proposed establishment of a Commercial Bureau and a Department of Agriculture.

Political Department
India Office
6th February 1918.

(Intld) J.E.S.

