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**'Oil Interests in the Persian Gulf. Communicated by the Board of Trade and
revised to 28 June 1928.'**

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About this record

Memorandum outlining oil concessions in Persia and Iraq held by the Anglo-Persian Oil Company, Standard Oil, and the Turkish Petroleum Company. It covers the Arabian littoral of the Gulf, and highlights the restrictions placed on Arab rulers by treaty engagements from granting oil concessions without approval of His Majesty's Government. In addition, it notes that Eastern and General Syndicate have a concession for Bahrein [Bahrain] Islands; and assesses the importance of Persian oil to Britain.

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Memo B413.

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Oil Interests in the Persian Gulf.

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THE countries bordering the Persian Gulf in which oil is being produced are Persia and Iraq. In Persia the Anglo-Persian Oil Company have a concession which covers the whole of the country except the northern provinces. The Standard Oil have taken an interest in the latter and there have been suggestions for a concession to be worked jointly with the Anglo-Persian but nothing has been done, mainly no doubt because the district is too remote to be a profitable source of supply. In Iraq the Anglo-Persian are working a concession in the "transferred territories" on the Iraq-Persian frontier and the Turkish Petroleum Company (in which there are British, Dutch, American and French interests) have a concession for the remainder of Iraq (except the Basra Vilayet, which is not likely to be oil bearing) on terms which, after the Turkish Petroleum Company have selected certain areas for exploitation, allow other companies to bid at auctions for other areas.

There is some evidence of the existence of oil on the Arabian littoral of the Gulf, the Arab rulers of which are precluded by their treaty engagements from granting any oil concessions save with the prior approval of His Majesty's Government, but none is being worked. At one time the Standard Oil had their eyes on Koweit but apparently dropped them. The Anglo-Persian obtained permission to make a geological survey, but have not been able to negotiate a concession with the Sheikh. The "Eastern and General Syndicate" have a concession for the Bahrein Islands but so far as we know have not produced any oil. (By an undertaking of May 1914 the Sheikh of Bahrein is precluded from granting oil concessions for his territory without prior approval of His Majesty's Government.)

Thus in Persia and an adjacent part of Iraq a British oil company is firmly established, in the remaining oilfields of Iraq an international company has a concession which contains a clause purporting to maintain the "open door," after that company has selected certain areas, and on the Arabian shores of the Persian Gulf where the rulers are in treaty relations with us making their territories more or less protectorates there is at present no great interest from the point of view of oil.

We now obtain one quarter of our total imports of petroleum, crude and refined, from Persia, the bulk of this being crude oil to be refined here, while nearly the whole of our imports from other countries are refined oil. (1) As an industry affording employment in this country, oil refining is of small importance, and, in any case, it is not essential for its maintenance that the raw material should come from Persia. (2) His Majesty's Government are financially interested in the prosperity of the Anglo-Persian Company, but this is a slender basis for a Monroe doctrine. (3) Oil is an essential commodity, but Persia produces only 3 per cent. of the world's output, and we cannot say that in peace it is vital that this country should be able to draw upon Persian supplies.

The importance of the Persian Gulf from the oil point of view is therefore entirely a war question. In considering war requirements, the assumption has been that we should have control of the Persian output, and Admiralty plans would require considerable revision if this source of supply were closed to the Navy. Its importance would depend, of course, to some extent on the particular enemy and the theatre of war, and the position might be affected by the construction of a pipe line from the Iraq oilfields through Palestine to the Mediterranean, but in present circumstances the Admiralty would regard virtual control of Persia's output as of great importance in any considerable war. The closing to us of Persian sources would have reactions affecting civil supplies. The whole question of sources of oil supply in war is under consideration by a sub-committee of the C.I.D.

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