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Oil Pipeline Projects through Turkey during the Suez Canal Crisis in 1956

1956 Süez Kanalı Krizi Döneminde Türkiye'den Geçmesi Planlanan Petrol Boru Hatları

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Abstract: *The control and transportation of Middle East oil to the West was of vital importance for the Western powers during the Cold War. The nationalization of the Suez Canal in 1956 and the Israeli attack on Egypt, which was supported by the UK and France, impeded the secure transportation of Middle East oil. The crisis was overcome, and the secure transfer of oil continued at the end. However, the Western powers were in search of additional ways to protect the flow of oil, and oil pipeline projects through Turkey were formulated and discussed, which reflected the policies of Western powers and other related actors toward Turkey and other Middle East states and oil companies regarding the oil issue, although these projects were not realized. This study analyzes the developments regarding these oil pipeline projects, and argues that the changing interests and perceptions of these actors, regardless of alliances or hostilities among them, shaped the pipeline project negotiations and the ultimate results.*

Keywords: *Middle East, Cold War, Oil, Turkey, Suez Crisis, Egypt*

Öz: *Soğuk Savaş döneminde Orta Doğu petrolünün kontrolü ve Batıya taşınması Batılı güçler için hayati bir önemdedi. 1956 yılında Süez Kanalı'nın millileştirilmesi sonucu İngiltere ve Fransa'nın desteği ile İsrail'in Mısır'a saldırması Orta Doğu petrolünün güvenli bir şekilde taşınmasını engellese de nihayetinde kriz son buldu ve petrolün güvenli bir şekilde akışı sağlandı. Kriz sırasında Batılı güçler petrolün akışını korumak için farklı yollar aradılar ve bu yollardan birisi olarak da Türkiye'den petrol boru hattı geçirilmesi düşüncesini değerlendirdiler. Her ne kadar bu değerlendirmeler uygulamaya konulmamış olsa da Batılı güçlerin petrol konusunda Türkiye ve Orta Doğu'nun diğer ülkeleri ve petrol şirketlerine yönelik politikalarını yansıtmaktadır. Bu çalışma petrol boru hatları ile ilgili gelişmeleri analiz ederek petrolün akışında söz sahibi olan aktörlerin dostluk veya düşmanlık ayırımı yapmadan değişen çıkarları ve bakış açılarının petrol boru hatları projelerinin pazarlıklarını ve sonucunu belirlediği tezini sunmaktadır.*

Anahtar Kelimeler: *Orta Doğu, Soğuk Savaş, Petrol, Türkiye, Süez Krizi, Mısır*

Introduction

The Middle East witnessed the rivalry of superpowers during the Cold War. The 1950s was an important period of this rivalry because the US tried to fill the power vacuum after the decline of British and French power and prestige in the region right after the independence of the Mandates and colonies following WWII. On the other hand, the Soviet Union sought to infiltrate the region through providing political, economic and military support to the states which were or seemed to be closer to it. Therefore, the interests clashed and both sides tried to maximize its own. The US and UK interests in the region were stated in the report of the Joint Chiefs of the General Staff, dated August 5, 1948:

Denial to any potential hostile power of any foothold in this area, maintenance of friendly relationships which could be promoted by social and economic assistance, together with such military assistance as might be practicable in order to insure collaboration by the



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peoples of the region in the common defense of the area, development of the oil resources in the area by the United States and such other countries as had or could be expected to have a friendly attitude towards the United States, assurance of the right military forces of the United States to enter militarily essential areas upon a threat of war.¹

These strategic principles and goals showed the direction of the policies of the great powers regarding the region in the following period. The main aim was to keep the area under control not only militarily, but also economically, especially through the control of the oil resources, which were vital to the interests of both sides.

The control and security of oil was an important principle of this strategy because the demand for oil and importance of oil increased during WWII and incrementally increased during the Cold War. The Middle East had a great deal of world oil reserves at that time and geologically available for additional reserves. An oil mission of the US stated after a survey in the area in 1943 that oil production had been shifting and presumably would continue to shift from the Gulf-Caribbean region to the Middle East in the following period.² Therefore, the control of oil resources became a main component of the superpower rivalry in the Middle East. Although both the US and the Soviet Union were rich countries with their own oil resources, access to outside resources of oil was a cardinal principle of their foreign policy because they did not feel secure with their own reserves. Moreover, Western Europe and Japan were dependent on oil resources for reconstruction in the wake of WWII. European states were importing 80 percent of their oil from the Middle East by the early 1950s. The dependence of Europe on Middle East oil made the Suez Canal the most vital oil link between Europe and the Middle East. Therefore, the protection of these regions as well as the oil regions and the prevention of the Soviet expansion to these regions were vital aims of the US. On the other hand, the Soviet Union was trying to go beyond its limits by competing for influence in the Middle East.³

The increase in energy supplies was a determinant factor in industrial and military production which both superpowers were endeavoring to develop and have the upper hand in world politics. Oil, as well as nuclear power, increased the potential of military production. Therefore, control over cheap energy was the Cold War aim of the US and, thus, the Middle East was the vital area for providing inexpensive energy supply.⁴ David S. Painter argues that “there was a symbiotic relationship between oil and the US global strategy of maintaining access to economically and strategically vital overseas areas, including overseas sources of raw materials such as oil.”⁵

¹ FRUS 1951.v.5.i.8, p.1.

² David S. Painter, “Oil, Resources and the Cold War 1945-1962” in *The Cambridge History of the Cold War*, eds. Melvyn P. Leffler, Odd Arne Westad (Cambridge: Cambridge University Press, 2011), p.493. See also Louis Fawcett, *International Relations of the Middle East* (Oxford: Oxford University Press, 2005), p.46.

³ Painter, p.486-489. See also Douglas Little, *American Orientalism: The United States and the Middle East since 1945* (Chapel Hill: The University of North Carolina Press, 2002), p.44; John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Oxford University Press, 1998), p.165; Arthur Goldschmidt, *A Concise History of the Middle East* (Boulder: Westview Press, 2002), pp.299-300; David S. Sorenson, *An Introduction to the Modern Middle East* (Boulder: Westview Press, 2008), pp.83-86. For the details of the Soviet interests in the region see Galia Golan, *Soviet Policies in the Middle East: From World War II to Gorbachev* (Cambridge: Cambridge University Press, 1990), pp.8-11.

⁴ Odd Arne Westad, “The Cold War and the International History of the Twentieth Century” in *The Cambridge History of the Cold War*, eds. Melvyn P. Leffler and Odd Arne Westad (Cambridge: Cambridge University Press, 2011), p.12.

⁵ Painter, p.489.



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Therefore, the Suez Canal Crisis and the termination of the flow of oil to the West pushed the US and other Western powers to find additional ways to secure the flow of Middle East oil. The oil pipeline projects, which were not realized, might have been a solution except the clash of interest among several actors, namely the Western powers, regional states, and oil companies prevented them. More clearly, the aim of the Western powers was to push for the secure transportation of Middle East oil to Europe. For the regional states, the basic determinant was to protect their role in regional oil relations. Lastly, for the oil companies, the main goal was to maximize their revenues and profits. This study argues that all these different motives had impacts on the pipeline projects through Turkey following the nationalization of the Suez Canal as will be discussed in detail.

The Suez Canal Crisis and the Oil Pipeline Projects through Turkey

After the nationalization of the Suez Canal on July 26, 1956 by the Nasser government, the US began planning to take the necessary measures to provide oil in the event of the termination of the passage of the Middle East oil to Europe. In August 1956, the director of oil and gas in the US Department of the Interior, Hugh Stewart, who was the chairman of the Foreign Petroleum Supply Committee, met with representatives of the oil industry. They agreed to establish a Middle East Emergency Committee which would be composed of American oil companies. More importantly, during the Israeli attack on Egypt, the flow of Middle East oil was interrupted when the Suez Canal was closed on November 1, 1956 upon the sinking of the Egyptian ship Akka in the Canal near Lake Timsah. After the sabotage to the three pumping stations in Syria, the Iraqi pipeline ceased to function on November 3, 1956. The Middle East Emergency Committee was activated again upon these developments on November 30, 1956 to meet the needs of Europe. In February 1957, the US Senate met with the government and industry representatives to plan the flow of oil during and after the Suez Canal Crisis.⁶

At the time of the crisis, there were two major pipeline systems in the Middle East that were owned by the oil producing companies: the lines carrying oil from Iraq across Syria to Banias and Tripoli in Libya that belonged to the Iraq Petroleum Company (IPC), which held the oil producing concessions in northern and southern Iraq. The pipeline from Saudi Arabia through Jordan to Sidon on the Lebanon coast belonged to the Trans-Arabian Pipeline Company. The companies that were responsible for the transfer of the Middle East oil had 'secured permission to build the pipelines and conducted all negotiations about such matters as transit payments and production direct with the governments of the transit countries.'⁷ Upon the termination of the secure flow of Middle East oil to Europe, a pipeline project that would start from Iraq and pass through Turkey and the Mediterranean coast to Europe preoccupied the agenda of the US and UK governments and the oil companies operating in the region. On August 1, 1956; the Department of State informed the US embassies in Baghdad, Ankara, Tehran, Damascus and Beirut to consult with the governments of the states to which they were accredited. The plan of action that was prepared by the US was based on a report of the Standard Oil Company of New Jersey. The company's report stated that:

In the event the Suez Canal is not brought under international control and oil companies are unable to depend upon proper operation, expansion of facilities and reasonable tolls, the company considers it must, in its own interest, proceed immediately to build a pipeline through Iraq and Turkey to Iskanderun. The company stated that agreement with Shell, Anglo-Persian, Gulf and Socony was necessary and, if the US government concurred, it was

⁶ FRUS 1955-57. v.12.i.8., pp.315-316.

⁷ Note by British Ministry of Power. March 6, 1957. FO 371. 127202. UES1171-45.



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prepared to consult with them. The Company indicated this project had been under study for some time and has certain purely economic attractions.⁸

Upon the report of the Standard Oil Company of New Jersey, the US government asked the embassies in the aforementioned states to evaluate the possible reaction of the states especially Turkey and Iraq. The only state which was in favor of the pipeline project seemed to be Turkey.⁹ It can be argued that the position of the Turkish government which welcomed the project was shaped by country-specific priorities: the economic objectives and the increase of prestige in the country and abroad. The oil pipeline project might cure Turkey's economic problems, to some extent, which deteriorated in the second half of the 1950s.¹⁰ On the other hand, it should be underlined that despite the alliance between Turkey, Iraq and Iran as a result of the Baghdad Pact, which had been signed in 1955, the position of the Iraqi and Iranian governments were not supportive. Iraq did not want to publicly support such a project in order to not antagonize the Arab nationalists inside and outside Iraq. Iran, on the other hand, wanted to bypass Arab territory and formulated a pipeline project only through Iranian and Turkish territory, which would be discussed by the Iranian and Turkish governments after the termination of the oil pipeline project through Iraq and Turkey.¹¹

By the same token, the oil companies which were operating in the region were discussing the feasibility of the pipeline through Turkey. The meetings and studies among the oil companies continued at the same time. The American companies insisted upon the approval and backing of the US government on the project to protect the interests of the oil companies. The pipeline project was regarded as 'practical and easy to construct.' However, the priority of the oil companies was of a 'treaty arrangement' which would provide international protection to the project. According to the oil companies, the company that would construct the pipeline should be owned by the US and it also should be registered in the UK. As a 'satisfactory treaty arrangement' was reached, the company could start to construct the pipeline.¹²

While the feasibility studies were continuing, the diplomatic efforts with the states in the region relating to the pipeline project continued. The Iraq Petroleum Company was also exploring the pipeline project. The possible hesitation of the Iraqi government and the negative position of the Syrian government were perceived as impediments to the realization of the project. Moreover, there were some other technical problems such as the size of the pipeline and the needed financial resources.¹³

While these discussions and studies continued, the Democrat Party (DP) government looked forward to the construction of the pipeline which might cure the economic problems, to some extent, and increase the prestige of Turkey in the area. However, the officials and the technicians of the project refrained from encouraging the Turkish government about the realization of the project. By the same token, the foreign officials did not want to give the

⁸ Memorandum from the Assistant Secretary of State for Near Eastern, South Asian and African Affairs (Rountree) to the Acting Secretary of State. August 6, 1956. FRUS 1955-57. v.12.i.8., pp.316-318.

⁹ *ibid.*

¹⁰ For the details of Turkish economy in this period see Korkut Boratav, *Türkiye İktisat Tarihi 1908-2005* (Ankara: İmge Kitabevi, 2005), p.107. See also, Şevket Süreyya Aydemir, *İkinci Adam 1950-1964* (İstanbul: Remzi Kitabevi, 2010), pp.231-232; Çağlar Keyder, *Türkiye'de Devlet ve Sınıflar* (İstanbul: İletişim Yayınları, 2010), p.167, Şevket Pamuk, *Osmanlı'dan Cumhuriyete Küreselleşme, İktisat Politikaları ve Büyüme* (İstanbul: Türkiye İş Bankası Kültür Yayınları, 2009), p.269, Gülten Kazgan, *Tanzimat'tan 21.Yüzyıla Türkiye Ekonomisi* (İstanbul: Bilgi Üniversitesi Yayınları, 2006), pp.90-91.

¹¹ Memorandum from the Assistant Secretary of State for Near Eastern, South Asian and African Affairs (Rountree) to the Acting Secretary of State. August 6, 1956. FRUS 1955-57. v.12.i.8., pp.316-318.

¹² *ibid.*

¹³ FO 371.127202.UES 1171-26.



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impression that the oil companies had lost their interest in the pipeline project, either. All in all, the Turkish government was exposed to conflicting and discouraging actions regarding the pipeline project as time passed.¹⁴

The position of the Syrian government was also taken into consideration in the new pipeline project. Unless the Syrian government let the flow of oil through Syria, the pipeline project could not be realized. Therefore, the pipeline through Turkey was supposed to be an 'additional, not an alternative' way to transfer the oil of Iraq to the Mediterranean. However, the Turkish government was uneasy about the developments regarding the project because they were not well-informed and had heard rumors in the press. For the Turkish government, the attitude of the Iraqi government was important and it was thought that the Iraqi government did not want a pipeline through Turkey. The Turkish ambassador in Baghdad was instructed by his government to ask the attitude of the Iraqi government and the Iraqi government told him that Iraq was not opposed to a pipeline project through Turkey.¹⁵

In Iraq, there was disunity in the cabinet about the pipeline project. However, it was expected by the UK diplomats that if Syria did not let the flow of oil in the following period, this might persuade the Iraqis to construct the pipeline through Turkey. On the other hand, if Syria let the oil flow, the Iraqis might be against the project. The UK ambassador in Baghdad stated that the basic concern was 'not to antagonize the Syrians and the other Arabs and not to make it difficult for Iraq to come together with them in the following period when the conflicts were overcome.' Last, he added that he thought that 'the Iraqi Prime Minister Nuri Said and his supporters will probably be strong to push the project enough if the Company find themselves to be able to finance it.'¹⁶

Besides the countries that were involved, the US and UK were two key actors in the pipeline project. They were aware of the vital importance of Middle East oil for the interests of the West and agreed that greater guarantees for oil pipeline operations would be desirable. Therefore, the two governments sought to continue to support the oil companies to defend the interests of the latter in the context of the transit arrangements. Moreover, the two governments would provide stability to new pipeline projects and would be in contact with each other, and the transit companies to this end. For the two governments, the oil crisis following the Suez Canal Crisis and the Israeli attack on Egypt right after the crisis had showed that the producers and consumers of oil were vulnerable to the changing conditions and the attitudes of the governments that were controlling the oil routes from the oil fields to the markets were significant. The destruction of the IPC pipeline in Syria and the threat to destroy the trans-Arabian pipeline by Syria made it difficult for the oil companies to give large amounts of capital to extend the oil pipeline if their security had not been guaranteed. Consequently, the US and the UK took the responsibility for providing the security of the oil fields and the pipelines to meet the oil needs of the West in the following period.¹⁷

After the feasibility studies of the oil companies had ended, the principles of the draft pipeline project was determined.¹⁸ However, there were some technical problems about the

¹⁴ Telegram from Foreign Office to the British Embassy in Ankara. February 27, 1957. FO 371.127202.UES 1171-52.

¹⁵ Telegram from the British Embassy in Ankara to Foreign Office. March 1, 1957. FO 371.127202.UES 1171-52A.

¹⁶ Telegram from the British Embassy in Baghdad to Foreign Office. March 1, 1957. FO 371. 127202.UES 1171-70.

¹⁷ Telegram from the British Embassy in Washington to Foreign Office. March 16, 1957. PREM 11-950. See also FRUS 1955-57.v.12.i.8., pp.460-461.

¹⁸ Telegram from Foreign Office to the British Embassy in Baghdad. March 30, 1957. FO 371. 127203. UES 1171-80.



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construction of the pipeline system. The supply of steel was the major problem and the oil companies began to explore the steel supply. The oil companies agreed that 'a pipeline project of this kind would need much less steel than the construction of equivalent transport capacity in tanker tonnage, if this were possible in terms of ship building capacity.'¹⁹ During these feasibility studies, the expansion of the oil tanker fleet rather than construction of a new pipeline were not discussed, but the solution would be the extension of the tanker fleet in the following period which prevented the pipeline project from being realized.²⁰

After the draft pipeline project appeared, the UK ambassador in Baghdad met with the Iraqi Prime Minister Nuri Said. In this conversation, Nuri Said stated that he was in favor of the project in principle, but he abstained from the possibility of the Syrian interruption of the oil through Syria as a result of the provocation of the Soviet Union. He proposed that the construction of the pipeline should begin on the Turkish side as soon as possible and the part in Iraq should be constructed some time later. The ambassador stated that the anxiety of Nuri Said showed that the oil companies would face the resistance of Arab nationalists in Iraq and in the other Arab states.²¹ Despite these anxieties and reservations regarding the new pipeline through Turkey, the representatives of the oil companies met in London on March 18-19, 1957 to discuss the extension of the Middle East oil by trunk pipeline. A later meeting of the representatives was held in May 1957. As were the construction plans and the feasibility, the route of the project was a matter of discussion. There were three alternatives, namely, Trans-Turkey, Trans-Israel and Trans-Isthmus of Suez. However, the Trans-Turkey pipeline had been agreed on at the meeting of the representatives of the oil companies in London. The US was in favor of the Trans-Turkey pipeline in order to protect the interests of the American oil companies and it was supposed that the project would provide an addition and also an alternative to the oil routes across Syria and Egypt. In addition, Americans thought the new pipeline system 'would be in a position to tap the fields of three of the major four Middle East oil producing countries, i.e., Iraq, Iran, Kuwait as well as a new off-shore field in Saudi Arabia.'²² During these discussions, there was a split between the oil companies about the origin of the pipeline. Some groups, such as Allen-Reynolds, Iranian Oil Syndicate, Constantine-John Brown and a German oil company, focused on Iran as the starting point of the project. Some others, such as IPC-Texas-California-Gulf and Fiat-Williams groups, focused on Iraq and Kuwait as the countries of origin.²³

While the oil companies continued studying and discussing the plan, route and the origin of the project, diplomatic efforts of the US and the UK intensified. The UK ambassador in Ankara contacted to the secretary general of the Turkish Ministry of Foreign Affairs, Melih Esenbel, to 'allay any suspicion' that might have appeared in Turkey as a result of the fact that the oil companies were continuing the plans without informing the governments that were involved in the project, especially the Turkish government. In return, Esenbel replied that 'there had been some complaint that Turkey was being kept in the dark on a matter of great importance to her.'²⁴ At the same time, the UK ambassador in Baghdad met with the Iraqi Crown Prince Abdul Illah and the Prime Minister Nuri Said. The Crown Prince stated that he

¹⁹ Telegram from Foreign Office to the British Embassy in Baghdad. March 30, 1957. FO 371. 127203. UES 1171-80.

²⁰ *ibid.*

²¹ Telegram from the British Embassy in Baghdad to Foreign Office. April 4, 1957. FO 371. 127203. UES 1171-80E.

²² Background Paper Prepared in the Department of State. April 19, 1957. FRUS 1955-57.v.12.i.8., pp.515-517.

²³ Telegram from the Department of State to the Embassy in Turkey. March 9, 1957. FRUS 1955-57.v.12.i.8., pp.458-459.

²⁴ Telegram from the British Embassy in Ankara to Foreign Office. April 18, 1957. FO 371.127202.UES 1171-53G.



thought that there was a great degree of support in Iraq, especially of the elder statesmen, for the pipeline from Iraq to Turkey in principle, whereas the proposals and the presentation of the project were of great importance for the Iraqis. In the same vein, the prime minister said that Iraq had declined to participate in the Arab Oil Experts' Conference in Cairo, but Kuwait had participated surprisingly. In that conference, there was a joint attempt by Egypt and Syria to terminate the pipeline through Turkey and there was a risk that Syria might have cut the flow of oil once again if the pipeline project through Turkey dominated the agenda. As a result, Nuri Said stated that he was in favor of a pipeline project through Turkey as a supplement to the pipeline through Syria.²⁵

In the meantime, the second meeting of the representatives of the oil companies took place at Shell-Mex House in London on May 13-16, 1957. The representatives of the following companies participated in the meeting: American Independent Oil Company, the Atlantic Refining Company, Compaigne Francaise des Petroles, the Getty Oil Company, the Gulf Oil Corporation, the Hancock Oil Company, the Richfield Oil Corporation, the San Jacinto Petroleum Corporation, the Signal Oil and Gas Company, the Socony Mobil Oil Company, the Standard Oil Company of California, the Standard Oil Company New Jersey, the Standard Oil Company Ohio, the Texas Company, the Tidewater Oil Company, the Royal Dutch/Shell and BP.²⁶ During the meeting, the representatives discussed the problems that were related to the pipeline project proposals. It was decided to establish a continuing group to study the technical, financial and legal problems. It was agreed that the representatives would meet from time to time to discuss the results of the studies.²⁷

A telegram from the UK Foreign Office to the Embassy in Ankara on May 16, 1957 sheds light on the issues that were discussed in the meeting by the oil companies' representatives: the route and the origin of the newly proposed pipeline had not been decided. The completed project might have included more than one route and country of origin. The new system would probably serve as supplementary to other transport facilities and would bring flexibility to the transportation of the Middle East oil. Unless the proposed pipeline project through Turkey had been practicable, the companies might have carried out their exploration for alternative means.²⁸

The UK oil companies, BP and Shell, were not in favor of contacting the Turkish government before the ultimate decision was made. They stressed that the oil companies in Turkey were purely marketers, which were different from the ones in Iraq, Iran, Kuwait, and Saudi Arabia. Therefore, apart from technical matters, the Turkish government should be approached by the ambassadors of the US and UK in the last stage.²⁹ Thus, Turkey was excluded from the process of the pipeline project although it was a part of it. This policy caused resentment and anxiety on the Turkish side because the DP government was in favor of the new pipeline project for the aforementioned reasons.

Accordingly, the Turkish charge d'affaires in the UK, Vahit Halefoğlu, met with the officials to seek information about the pipeline project and developments to date. His main anxiety was that a decision might have ultimately been taken to build the line through Syria

²⁵ Telegram from the British Embassy in Baghdad to Foreign Office. May 12, 1957. PREM 11-950.

²⁶ Telegram from Foreign Office to the British Embassy in Ankara. May 16, 1957. PREM 11-950. In the 1950s, the world oil market was dominated by seven big companies, which were called *Seven Sisters*, comprised of Anglo-Persian Oil Company (now BP), Gulf Oil, Standard Oil of California, Texaco (now Chevron), Royal Dutch Shell, Standard Oil of New Jersey, Standard Oil Company of New York (now Exxon Mobil).

²⁷ *ibid.* See also FRUS 1955-57.v.12.i.8., pp.545-546.

²⁸ Telegram from Foreign Office to the British Embassy in Ankara. May 16, 1957. PREM 11-950.

²⁹ Telegram from Foreign Office to the Embassy in Washington. May 31, 1957. PREM 11-950.



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rather than Turkey if a government had attained power in Syria which would be less hostile to the West than the present one. To mitigate the uneasiness of the chargé d'affaires, the officials in the UK told him that the oil companies had not ended their planning and the final decision on the route of the pipeline had not been made. However, the explanations of the UK officials did not allay the concerns of the Turkish chargé d'affaires and they decided to suggest that the oil companies contact Halefoğlu to persuade him and make some explanations about the pipeline project.³⁰ In the meantime, the UK decided to approach Turkey, Iraq and Saudi Arabia simultaneously, Iraq being their priority as the major actor of the pipeline project. Accordingly, the response of the Iraqi government was urgent and it was thought that the possible favorable attitude of the Iraqi government might pave the way to cooperation with the Turkish government on the pipeline project.³¹

As time passed, interest in the pipeline through Turkey began to be lost because the Suez Canal Crisis ended and the Canal was fully opened in April 1957. A memorandum prepared by the US Department of Interior in August 1957 shows the change of policy regarding the pipeline project:

Construction of a pipeline from Kirkuk through Turkey to the Mediterranean would be a problem relatively much more simple than the entire pipeline system described in the State Department memorandum. Its functions would be of obvious value to the West, to Iraq and to Turkey... This pipeline would involve basic political problems similar to those of the complete system but would be much more limited in scope... The complete pipeline system would draw on the crude oil reserves at the head of the Persian Gulf as well as those of Northern Iraq and Turkey. In addition to the complex political problems, there are other aspects which must be examined in the light of our national security. These include the question of whether undue reliance might be placed on pipelines; the extent to which construction and use of this pipeline might inhibit normal expansion of the tanker fleet; comparative security of the pipeline, the Suez Canal and other tanker routes; costs and economics of the pipeline relative to use of large tankers on alternate routes.... In view of the circumstances, it is suggested that: Consideration be given now to the question of whether support should be given to the Kirkuk- Mediterranean line via Turkey, consideration of the complete system be postponed until the detailed analyses now under way have been completed.³²

The loss of interest was understood by the Turkish government and by the Turkish chargé d'affaires who met with the US diplomats in the UK. Halefoğlu stated that the oil companies seemed to have lost their interest in the project. Edgar McGinnis from the US Embassy told him that the oil companies were continuing their studies on the project, but at the time there was nothing new to be shared. However, McGinnis shared his view with the officials of the UK that the oil companies were not as anxious as they were in the previous period and they were not in a hurry to push for the project. The oil companies seemed not to be willing to continue the project of the new pipeline.³³

Meanwhile, the oil companies and the West terminated the pipeline project through Turkey and they found alternative ways to transport the Middle East oil to Europe. Initially, the increase in the oil producing capacity of Iraq was regarded as one of the solutions. After

³⁰ Telegram from Foreign Office to the British Embassy in Ankara. May 20, 1957. PREM 11-950.

³¹ Telegram from the British Embassy in Washington to Foreign Office. June 8, 1957. PREM 11-950.

³² Memorandum Prepared in the Department of Interior. August 1957. FRUS 1955-57.v.12.i.8., pp.574-575.

³³ August 14, 1957. FO 371. 127211. UES 1171-227.



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the termination of the Turkish-Iraqi pipeline project, the Iraqi Finance Minister³⁴ met with officials of the Iraq Petroleum Company in London and discussed the possibility of the new pipeline capacity for Iraq in September 1957. The project might have been realized if a pipeline had been constructed to Kuwait, and the Haifa pipeline had been diverted. Regarding the pipeline through Turkey, the Iraqi Minister stated that a pipeline through Turkey would be more expensive and take much time to be built so it was not desirable for Iraq. Rather than that, Iraq could increase its production capacity.³⁵ The Iraqi solution to the problem was accepted by the US.³⁶ In other words, the end of the crisis right after the Suez Canal Issue and the Israeli attack on Egypt supported by the UK and France, the high cost of the newly proposed pipeline and the increase in the Iraqi oil production had resulted in the abolition of the pipeline project.

In addition to the problems of feasibility and profitability stated by the oil companies, the unwillingness of the US and UK governments to provide the necessary political and diplomatic support for the project, as it has been discussed above, had assured the termination of the project from the beginning. The termination of the project caused resentment and disappointment in Turkey because the Turkish government had welcomed the project which might partly cure the economic crisis that deepened in the country in the late 1950s. Moreover, as mentioned before, the pipeline which would involve Turkey might increase its prestige in the region. Nevertheless, the Turkish government did not give up and continued negotiating the pipeline project, which was prepared by Iran, with the Iranian government to construct a pipeline from the Iranian Qum field to Iskenderun. The talks between the two governments continued until late 1957.

On the other hand, the Iranians had not been satisfied with the pipeline project starting from Iraq and passing through Turkey from the beginning. They insisted that Iran should be the origin of the project. According to the UK ambassador in Iran, the proposals of the oil companies were not attractive to the Iranians. The only thing that might tempt them to be involved in the project of added means of transport was the possibility of the “additional production of the Iranian Consortium Oil.”³⁷ As the oil pipeline project which mainly included Iraq and Turkey got far away from being realized, Iranians prepared their own project.

Despite the talks between the Iranians and the Turks, the two states could not reach an agreement because the Iranians were aware that neither Iran nor Turkey could provide sufficient financial resources for the project. Furthermore, there were some feasibility problems regarding such a pipeline, and more importantly, the Iranian government was concerned about the reaction of the Iranian ‘Majlis’.³⁸

The Turkish-Iranian negotiations did not bear fruit due to the clash of interests of the two states. A telegram from the US embassy in the UK to the Department of State sheds light on the nature of the negotiations between the two delegations:

The main difficulty is in the Petroleum Law and the percentage of the profits which foreign companies are allowed in it. The Turks, we understand, have been trying to get 50% of the profits, but the Iranians are unwilling to go beyond 23,5% until the cost of the

³⁴ The name of Iraqi finance minister is not given in the archival documents. Nadim al Pachachi and Khalil Kunna served as finance ministers of Iraqi governments between 1957 and 1958. Nadim al Pachachi also served as the head of OPEC in the 1970s.

³⁵ Memorandum of a Conversation, Department of State. September 25, 1957. FRUS 1955-57.v.12.i.8., pp.585-586.

³⁶ *ibid.*

³⁷ Telegram from the British Embassy in Tehran to Foreign Office. June 20, 1957. PREM 11-950.

³⁸ Telegram from the British Embassy in Ankara to Foreign Office. July 4, 1957. FO 371. 127210.UES 1171-189.



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project is fully met. Therefore Turkey's share might go up to 50%. There seem however to be general agreement on broad principles and both sides are optimistic. Besides the legal difficulties arising from the Turkish Petroleum Law, which can perhaps be met by altering a particular article by decision of the Council of Ministers, it appears that the other delaying factor is that the Turkish delegation includes representatives of every ministry which could claim to have an interest. The Ministry of Defense representatives in particular were said to be stupid and obstructive.³⁹

Despite optimistic expectations for the Turkish-Iranian negotiations, the talks were suspended on November 22, 1957. The two delegations did not agree on the resolution of the disputes in Turkey that might have stemmed from the pipeline. The Iranian side was in favor of international arbitration while the Turkish delegation insisted on the resolution of the disputes in accordance with Turkish law. Before the end of the negotiations, the head of the Turkish delegation suggested that a joint communiqué should be issued which would say that "the negotiations were adjourned while the two delegations referred back to their governments for instructions." This suggestion was refused by the Iranian delegation, who insisted that they had been given instructions from their government and the Turkish side should reconsider the project. The head of the Iranian delegation told his Turkish counterpart that "the question of international arbitration was of cardinal importance the Persians had learned from their own experience with foreign oil companies."⁴⁰ Like the pipeline project which included Turkey and Iraq, the Turkish-Iranian negotiations did not come up with the results. Therefore, the projects which could make Turkey a part of Middle East oil politics ended before it had ever begun.

Conclusion

To sum up, oil was a significant part of Middle East politics and the West was firmly invested in efforts to control and provide the secure transportation of Middle East oil in order to provide its needs during the Cold War. The Suez Canal Crisis and the Israeli attack on Egypt jeopardized the secure flow of oil to the West. Therefore, the projects of oil pipelines, first from Iraq through Turkey and then from Iran through Turkey, were formulized and discussed as solutions to the problem of secure flow of Middle East oil to Europe. However, the clash of interests among Western states, the Middle East states and oil companies and the profitability of the projects prevented them from being realized. As the crisis ended and the oil relations normalized, the pipeline projects terminated.

It is important to conclude that during the 1950s, all the actors having been a part of Middle East oil politics, namely the Western powers, the regional states, oil companies, had their specific interests to maximize as could be expected. The West sought to provide the oil flow from the Middle East to Europe securely. The oil companies sought to maximize their revenues and profits without changing the *status quo* of oil relations. It can be concluded that the oil companies had the upper hand in these negotiations because they studied the feasibility and profitability of the pipeline projects and the states regarding the issue contacted and consulted to them to make their final decisions. The basic role of the Western powers was to provide security of possible agreements and pipelines.

For the regional states, the main objective was the protection of the status quo in oil relations, so Iraq was unfavorable to the oil pipeline project in order not to give up its vital role

³⁹ Telegram from the British Embassy in Ankara to Foreign Office. November 15, 1957. FO 371. 127211. UES1171-238B.

⁴⁰ Telegram from the British Embassy in Ankara to Foreign Office. November 22, 1957. FO371. 127211. UES1171-238C.



in oil relations and politically not to antagonize the Arab nationalists. Iran was in favor of a project starting from Iran, which was not harmonious with the conjuncture at that time, and insisted on the equal division of the revenues of oil. Turkey, on the other hand, embraced the project in order to find a way out to its deteriorating economy and to increase its prestige in the region. Although Turkey allied with the US and UK in the NATO, and Iraq and Iran in the Baghdad Pact, the objectives and interests of individual states dominated the oil pipeline projects rather than alliances.

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