

The establishment of the Turkish Oil Company and the control of foreign greed over Iraqi oil

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Abstract

The United States of America appeared as a strong competitor to the Germans and the British in controlling oil (1), and Britain tried to obtain concessions for oil exploration, but the Federalists revolution occurred in Istanbul, so the oil talks stopped in 1908 (2), and Britain tired of the method of deception and temptation with the Ottoman Empire in order to strike a project The railway, and it established the (Turkish National Bank) in 1910, which was able to finance Ottoman projects with British capital, and this bank was able to obtain an important share of Iraqi oil (3), and with the efforts of the English-German financier, Sir Ernest Cassel, to work on Encouraging the investment of British capital in the Ottoman Empire, and this required consulting Gulbenkian, who became one of the directors of the bank. Ernst Castle and Gulbenkian realized that it was not possible to reach a satisfactory settlement of the problem of claiming Iraqi oil except in cooperation with German interests represented by the German bank that controls the Anatolian and Baghdad railway companies. British and German interests found their competition making it difficult for the authorities The Ottoman Empire granted the concession to either of them, and the American intrusion represented by the Jester concession threatened the interests of the two parties, so they tended to cooperate and form one front (4).

Introduction

The United States of America appeared as a strong competitor to the Germans and the British in controlling oil (1), and Britain tried to obtain concessions for oil exploration, but the Federalists revolution occurred in Istanbul, so the oil talks stopped in 1908 (2), and Britain tired of the method of deception and temptation with the Ottoman Empire in order to strike a project The railway, and it established the (Turkish National Bank) in 1910, which was able to finance Ottoman projects with British capital, and this bank was able to obtain an important share of Iraqi oil (3), and with the efforts of the English-German financier, Sir Ernest Cassel, to work

on Encouraging the investment of British capital in the Ottoman Empire, and this required consulting Gulbenkian, who became one of the directors of the bank. Ernst Castle and Gulbenkian realized that it was not possible to reach a satisfactory settlement of the problem of claiming Iraqi oil except in cooperation with German interests represented by the German bank that controls the Anatolian and Baghdad railway companies. British and German interests found their competition making it difficult for the authorities The Ottoman Empire granted the concession to either of them, and the American intrusion represented by the Jester concession threatened the interests of the two

parties, so they tended to cooperate and form one front (4).

Both the Turkish National Bank and the German Bank had engaged in the period between 1910-1911 in surveying some lands and entering into some negotiations about the development of oil fields in Iraq (5), and at the behest of the British government, negotiations took place between the Turkish National Bank owned by Britain and the bank German National and Royal Dutch Shell Oil Co(6). Negotiations ended on January 31, 1911 with the establishment of a British company in London under the name (African and Eastern Concessions Company Limited), and Britain won the lion's share, as (20%) went to the bank. The Turkish National Bank, (15%) for Sir Ernest Castle, and (15%) for Gulbenkian, i.e. the share of the National Bank of Turkey (50%), including the share of Gulbenkian, while the share of the German Bank is 25%, and the rest is 25% for Royal Dutch Shell(7).

On September 25, 1912, the company held a meeting in which it decided to change the name of the company from (African and Eastern Concessions Company Limited) to a new name (Turkish Oil Company), and Britain to increase its capital in the company's shares. On October 23, 1912, the final agreement was reached between the company and the German Bank, as Deutsche Bank waived its rights The special concession of the Anatolia and Baghdad Railway Company in exchange for (25%) of the free shares in the company (8).

There was no room in the Turkish oil company for the owners of American capital, although the United States of America made great efforts, and exercised clear interference in London, Berlin and Paris, seeking with all its strength to work according to the (open door policy) (9) with the aim of reaching areas

of wealth and the participation of the British with their increasing influence And the establishment of the Ottoman-American Development Company in 1913 was one of the many attempts to reach the property of the Ottoman Empire, and the United States of America was tirelessly seeking to dismantle the British-German belt, but Britain was standing in the way of American endeavors (10).

The establishment of the Turkish oil company between Britain and Germany was considered a guarantee of Britain's interests in the first place, as Britain realized the danger of the German extension to the region, and it found the best way to guarantee its interests is to enter into negotiations and treaties with Germany to avoid war with it and to ensure its continued control, but the Turkish oil company faced Later, great pressure from the British government aimed at controlling the company by buying shares, and the British and German governments entered negotiations in 1913 , Where the British Ministry of Foreign Affairs invited the parties contributing to the company to a meeting held in the office of the ministry, where it signed on March 9, 1914 an agreement under which all business became managed by Britain while retaining a fixed share of Germany in it, and thus Britain would have fully controlled the Turkish oil company (11) The shares were distributed in the following proportions:

- 47.5% for the Turkish Anglo-Persian Oil Company (a subsidiary of Royal Dutch Shell)
- 25% for the German Bank
- 22.5% for Shell
- 5% for Gulbenkian, who later became called Mr. 5% (12).

This agreement was called (the agreement of the British Foreign Office), which included the principle of self-denial, which was known as the (red line agreement) (13), which prevents any of the partners from obtaining any concession to explore for oil in the lands of the state The Ottoman Empire in the Middle East on its own, unless this is done through the Turkish Oil Company (14).

After this agreement, the Turkish Oil Company, with the support of the British and German embassies, submitted a request for concession, and on June 19, 1914, the British and German ambassadors addressed two memorandums to the Ottoman Prime Minister (Saeed Halim) (15), requesting that the oil concession of the states of Mosul and Baghdad be granted to the company. The Ottoman ministers on June 28: "Since the Ministry of Finance has replaced the private treasury, with regard to the oil sources discovered or to be discovered in the states of Mosul and Baghdad, it agrees to lease these sources to the Turkish Oil Company, while reserving for itself the right to participate in it and specify the terms of its general contracting." (16), This was just a promise of concession if the details of the project were agreed upon, but the negotiators did not reach a final agreement, and on July 22, 1914, the Ottoman government informed its representative in London, of the need for the company's representative to attend to lay down the general terms of the agreement with the Minister of Finance and the British and German embassies. However, the outbreak of the First World War (1914-1918) prevented this(17).

When the First World War broke out on October 29, 1914 between the Central Powers (Germany - the Ottoman Empire - Austria - Bulgaria) and the Allied Powers (Russia -

Britain - France), the urgent and growing need for oil and its uses on a large scale appeared in the movement of armies from one place to another and the supply of military equipment and machinery with fuel and the conversion of the bulk of machinery, factories and trains from coal to fuel, and from here began the conflict and competition between the colonial countries to search for sources of oil and control it (18).

In addition to the military operations that the Germans were carrying out, their oil, engineering and geological missions were continuing in Iraq, working on oil exploration in the Hit region to strike at the works of the (Persian Ingloa Company) (19), which was extracting oil from the area of what is called (the oil line) starting from Qayyarah. And ending with Mount Hamrin, and that Britain was aware that the Germans, sooner or later, would be able to reach Iraq, and prevent Britain by any means from approaching or crowding on the oil sites in the Heet, Zakho, and Qayyarah regions, and on this basis, and after Britain realized this danger, as Britain deliberately blew up The railway lines belonging to the Anatolia Company, and the confiscation of the German bank's share in the Turkish oil company amounting to (25)% by placing it in the hands of the British guardians (20), and Royal Dutch Shell found that the Dutch government could not provide it with the necessary protection, so it shifted its business center from The Hague to London , where Shell and some other companies included in the Royal Dutch Shell group became under British control, and thus Britain took full control of the Turkish Oil Company (21), as it made Britain control 75% of the share of the Turkish Oil Company (22).

The British officials were aware of the utmost importance of Iraq, due to the

increasing requirements of the British colonies, especially India, and this was the position of the British government in general, which stressed the need to acquire Iraqi oil, because Mosul is an important oil source and many other oil fields surround it, and because oil will be a substitute for coal (23) .

After Germany pressured France during World War I, French Prime Minister Clemenceau (24) sent a telegram to US President Woodrow Wilson (25), in which he said: "If you want to save the allies, send(100) thousand tons of oil are more in need of us than blood" (26), which prompted Britain and France to take a decision before the end of the war and defeat the center that requires dividing the Arab countries between them, which were part of the Ottoman Empire, and then signing the Sykes-Picot Agreement 1916 (27) According to which Britain got Baghdad and Basra, while France got Mosul, although Mosul is rich in oil, but Britain abandoned it to take it as a front to repel Russian influence from the British spheres of influence, which worried the British shareholders in the Turkish oil company, fearing that Russia might take over Mosul Oil (28).

During the war, Britain began drawing up a plan to complete the construction of pipelines, railways, oil refineries, and drilling operations for Iraqi oil mines , In 1919, the British expert, Basco, prepared new oil reports, supplementing what he wrote in 1918 about oil, His oil explorations in Qayyarah, Mosul, Tuz Khurmatwa, Naft Dagh and Jabal Hamrin, and Britain depended on importing oil from Persia, which represented the only source of funding for the British royal fleet, and to fill the shortage Britain and France began to buy oil from the United States of America, whose army and navy became the priority in supply after entering In the war of 1917, dependence

on its oil became 80%, but for fear that the oil reserves would become in danger within (10) or (25) years, and this disturbed the British and the French, so Britain intensified through one of its companies, which is the Anglo-Persian, to extract oil from Iraq during the war within the area of (the oil line), which starts from the Qayyarah region and ends with Mount Hamrin (29), for the purpose of supplying the British forces with fuel, and the British authorities approved the company's request in 1917 to import an oil refinery, and install it near the Diyala River at its confluence with the Tigris River (30).

However, the international situation did not enable Britain to implement its plan to monopolize Iraq's oil, as it had to satisfy the French government in return for its abandonment of Mosul, and the American government, which demands an open door, and when Iraq was placed under British mandate on April 25, 1920, Britain was hoping Behind this is the guarantee of its economic interests, especially oil, but the developments that occurred later, made Britain doubt the possibility of guaranteeing these interests through the mandate. I refused The United States of America recognizes it unless it follows the open-door policy and guarantees it a share of Iraqi oil (31).

The conditions of the Iraqi oil concessions remained unclear until the end of the First World War, which produced new forces in the field of competition to control the areas of political and economic influence, namely France.

Margins

1. Abd al-Jabbar Aboud al-Halfi and Nabil Jaafar Abd al-Ridha, Iraq Oil from Concession Contracts to Licensing Rounds, Al-Basair Library and House, Beirut, 2013, p. 18.

2. Yahya Hammoud Hassan Albu Ali, Features of Oil Policy in Iraq, Gulf Economics Journal, University of Basra, Issue 25, 2015, p. 57.
3. Taha Khalaf Muhammad al-Jubouri, The Position of Political Parties and National Forces on the Oil Issue in Iraq 1951-1968 (Historical Study), Master Thesis, (unpublished), College of Education, University of Tikrit, 2005, p.5.
4. Abdel-Fattah Ibrahim, On the Road to India, Al-Ahali Press, Baghdad, 1935, p. 179.
5. Hikmat Sami Suleiman, Iraq's oil, a political and economic study, Dar Al-Yaqza Al-Arabiya for authoring, translation and publishing, Damascus, 1958, p. 63.
6. Royal Dutch Shell Oil Company: It is a company formed in 1907 from the merger of the British Shell Company and the Dutch Royal Dutch Company. For more details, see: Muhammad Azhar Al-Sammak, The Geography of Oil in Iraq, Al-Falah Library, Jordan, 2010, p. 105.
7. F.O , NO(236/6), Telegrams From Walton To King Charlars street, London , 18 January, 1934, p.51.
8. Nuri Abdel Hamid Khalil, The Political History of Oil Concessions in Iraq 1925-1952, University of Baghdad, 1980, p. 27.
9. The open door policy is a political method adopted by some countries in their foreign policy and is based on the pledge of the great powers that no country will unilaterally obtain commercial, industrial or political privileges. The United States of America began to implement it in the second quarter of the nineteenth century.
10. Mohsen Al-Musawi, Iraqi Oil, a Documentary Study from Granting Concessions to Nationalization, Ministry of Information, Baghdad, 1973, p.13.
11. Bashar Fathi Jassem Al-Aqidi, The British-American Influence Struggle in Iraq 1939-1958, Dar Ghaida, Amman, 2010, pp. 32-33.
12. F.O , NO(236/6), Telegrams From Walton To King Charlars street, London , 18 January, 1934, P. 53.
13. Red Line Agreement: An agreement signed on July 31, 1928 between the partners of the Turkish Oil Company (the Anglo-Persian Company), (Royal Dutch Shell), (Gulbenkian) and (the French Petroleum Company). , From obtaining oil concessions in the region that includes the former Ottoman Empire (except for Egypt, Kuwait and the transferred lands) except through the Turkish Oil Company, and I indicated this region, which was known as the red-marked area, so it was called the Red Line Agreement. For more details, see: Nawi Abdel Hamid Khalil, previous source, p. 168.
14. Ghanem Al-Anaz, Iraq and the Oil and Gas Industry, Tigris Library, Baghdad, 2019, pp. 94-95.
15. Saeed Halim: He is the son of Prince Abdul Halim bin Muhammad Ali Pasha, the founder of the Alawite family in Egypt. He assumed the position of great leadership (the prime minister) from 1913 to 1916. He was assassinated in Rome in 1921. For more details, see: Abdullah bin Al Hussein, my notes, foundation Hindawi for Education and Culture, Cairo, 2012, p. 71.
16. Quoted from Qasim Ahmed Al-Abbas, Oil Documents in Iraq, Iraqi National Oil Company, Baghdad, Part 1, 1975, p. 175.

17. Nawi Abdel Hamid Khalil, previous source, p. 29-30.
18. Abd al-Hamid al-Aluji and Khudair Abbas al-Lami, *The Historical Origins of Iraqi Oil*, Baghdad, 1973, p. 175.
19. *The Anglo-Persian Company*: It is a company established in 1909, after the discovery of oil in Suleiman Mosque in Iran in the upper reaches of the Karun River. The name of the company was changed to the Anglo-Iranian Oil Company in 1935. For more details, see: Ghanem Al-Anaz, the previous source, p. 91.
20. Raghad Salameh, *Clinic of Al-Oudat, British-French-German competition for Iraqi oil from 1908 to 1925*, Master Thesis, (unpublished), College of Graduate Studies, University of Jordan, 2012, p. 65.
21. Henry Forster, *The Formation of Modern Iraq*, translated by Abd al-Masih Juwaida, Syriac Press, Baghdad, 1945, pg. 245.
22. Raghad Salameh, *Al-Oudat Clinic*, previous source, pg. 65.
23. Same source, pg. 66.
24. Clemenceau: He is Georges Benjamin Clemenceau, born in 1841 in Moiliero en Bari, he began his life studying medicine, then practiced journalism and education, became a member of the Senate in 1902 and Minister of the Interior in 1906, then Prime Minister from 1906-1909 and was appointed for the second time as Prime Minister and Minister For defense in 1917 and in 1919, after the victory of the Allies, he presided over the Peace Conference in Paris and was a staunch opponent of US President Woodrow Wilson and promised the Treaty of Versailles insufficient to guarantee the interests of France, he died in 1929.
25. Woodrow Wilson: Born in Virginia from a rich family, he studied law and philosophy, obtained a doctorate in law in 1879, and assumed the presidency of Princeton University between the years (1913-1921), and then was elected president of the United States of America. For more details, see: Hisham Sawadi, Hisham Al-Sudani, *US-Ottoman Relations 1908-1920*, PhD thesis, (unpublished), College of Education, University of Mosul, 2002, pg. 69.
26. Samer Ayash Abd, *The History of Negotiations between Iraq and the Operating Oil Companies 1923-1972*, PhD thesis (unpublished), Institute of Arab History and Scientific Heritage, League of Arab States, Iraq, 2013, p. 18.
27. Sykes-Picot: It was a secret agreement held on May 15, 1916 between Britain, France and Russia, and it was between Mark Sykes and Georges-Picot, to divide the legacy of the Ottoman Empire, so that western Syria, Lebanon, Cilicia, and the southeastern part of Anatolia became the share of France, and Britain took control of southern and central Iraq and the ports of Haifa Acre in Palestine, eastern Syria and Mosul entered the French sphere of influence, and Jordan and the northern part of the Baghdad province entered the British sphere of influence. For more details, see: Raghad Salameh, *Clinic for Returns*, previous source, p. 69.
28. Samer Ayash Abd, previous source, pg. 17-19.
29. Abd al-Hamid al-Aluji and Khudair Abbas al-Lami, previous source, p. 175; Raghad Salameh, *Al-Awdat Clinic*, previous source, pg. 67.
30. Nawi Abdel Hamid Khalil, previous source, p. 45.

31. Secret Reader William, Britain and the Middle East from the earliest times until 1952, translated by: Hassan Ahmed Al-Salman, Al-Rabita Press, Baghdad, 1956, p. 114.

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14. Quoted from Qasim Ahmed Al-Abbas, Oil Documents in Iraq, Iraqi National Oil Company, Baghdad, Part 1, 1975.
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16. Samer Ayash Abd, The History of Negotiations between Iraq and the Operating Oil Companies 1923-1972, PhD thesis (unpublished), Institute of Arab History and Scientific Heritage, League of Arab States, Iraq, 2013.
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