Telegram from the British embassy in Iran to the Foreign Office, dated 4 February 1946

My telegram No. 177.

North Persian Oil.

 There is no doubt that the Russians are determined to secure the oil of North Persia. Attitude of His Majesty’s Government is that they have no objection provided that concession is granted by Persian Government freely and not under pressure. My impression about the Americans has hitherto been that they did not much care what happened in the North so long as they could secure concession in the South but I am inclined to revise this impression in view of [2 gps. Undec.] upon (sic!) the Persia question by the American representative in the Security Council[[1]](#footnote-1). Persians on the whole are much afraid of Russian political penetration behind the shield of exploitation of oil but have not the courage to hold out indefinitely without assistance.

2. The oil question was touched upon informally when I saw the Prime Minister[[2]](#footnote-2) on 3rd February. I said that if the Russians raised it the Persian Government might find that the problem presented itself in this form:

[Begins] The World needs oil and Russia says that she needs this oil. Persia could do with the royalties. It is possible that it would be uneconomic to export surplus oil from North Persia except to Russia. On the other hand exploitation of a concession by one state in the territory of another would present a problem without precedent. [Ends]

 4. I trust you will approve the line I took. I felt that if Persian negotiators in Moscow were confronted with a secret demand for oil and had no policy they might give some kind of promise which would at least bind them all personally[[3]](#footnote-3). If the Persians have to negotiate an oil concession with Russia unaided they will undoubtedly be compelled to grant (a) financial terms such as will leave Russians a large margin of profit for propaganda including competition in welfare work which Anglo-Iranian[[4]](#footnote-4), however zealous and sincere their efforts, might be unable to meet and (b) actual if not nominal control of exploitation of concession which would eventually establish the Russians in a dominating position first in the concession area and then in the country generally. On the other hand if Persians simply refuse to allow Northern oil to be exploited they may incur serious criticism. Appeal to UNO for advice seems to me the only safe policy.

OTP

[TNA, CAB 121/656]

Keywords: Iran

1. In 1945 – 1946 this post was held by E. Stettinius. [↑](#footnote-ref-1)
2. Qavām (Qavām os-Saltaneh), Ahmad (1876 – 1955) – Iranian statesman and politician. Prime-Minister of Iran (1921, 1922 – 1923, 1942 – 1943, 1946 – 1947, 1952). In the information prepared by the People’s Commissariat for Foreign Affairs before Qavām’s visit to Moscow in 1946 he was ‘characterized as a nationalist of right-wing persuasion and a bourgeois-democratic figure’, having been an advocate of the preservation of the Democratic Party of Azerbaijan (Gasanli Dzh. SSSR – Iran. S. 254). [↑](#footnote-ref-2)
3. The question of oil concessions was actively discussed during Qavām’s visit to Moscow (19 February – 7 March). At the time of the talks, Stalin and Molotov took the line that the concessions the Soviets were asking for encompassed less territory than the British concession; by refusing the USSR privileges which had been extended to the British, Tehran was pursuing a policy of discrimination against Soviet interests. A softening of the Soviet position, expressed in a memorandum of 25 February (the idea of a concession was substituted for the idea of a joint Soviet-Iranian company for the exploration, extraction and refining of oil in which the USSR would hold 51% of the shares) also failed to yield results. Stalin, however, never completely closed the door on further diplomatic manoeuvring, having declared to Qavām at a reception on 5 March: ‘I am considered a very strict man, but Molotov is the strictest in our group. Of course, I will try to mediate between you. I am sure that my ambassador, having arrived in Tehran, will bring you some good news.’ For more detail see: Gasanli Dzh. SSSR – Iran. Gl. 11. Jamil Hasanli, At the Dawn of the Cold War, Ch.11. [↑](#footnote-ref-3)
4. It was founded as the Anglo-Persian Oil Company in 1909 on the basis of a concession obtained by the British entrepreneur W. Knox D’Arcy in 1901. In 1935 it was reorganised as the Anglo-Iranian Oil Company, and in 1954 it became British Petroleum. [↑](#footnote-ref-4)