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UNITED NATIONS PALESTINE COMMISSION
Communication received from United Kingdom
Delegation Concerning Iraq Petroleum Company

The following communication, concerning a Proposed Amendment to the Iraq Petroleum Company's Pipeline Concession, has been received from Mr. Fletcher-Cooke of the United Kingdom Delegation.

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UNITED KINGDOM DELEGATION TO THE UNITED NATIONS
Empire State Building,
New York 1, N.Y.

CONFIDENTIAL

22nd March, 1948

My dear Bunche,

May I refer you to sub-paragraph (a) - Proposed Amendment to Iraq Petroleum Company Pipeline Concession of Section 6 - Concessions, of paragraph 2 of the note submitted to the Commission on the 21st January relating to certain matters to be discussed with the Commission at some stage.

2. In that note the Commission were informed that negotiations with the Company had been suspended owing to the fact that constitutional changes were pending. This matter has, however, been under constant consideration by His Majesty's Government and they have now decided that it is in the interests of the economic development of this area that the negotiations should be brought to a conclusion without further delay. Accordingly His Majesty's Government have authorised the High Commissioner to grant the Company pipeline facilities as requested (i.e. for oil from Transjordan and also from two areas in Iraq not covered by their existing pipeline convention with the Government of Palestine) in return for an annual payment of £P45,000. This sum will, therefore, represent an immediate addition to the assets of the Government of Palestine.

3. It may be convenient if I recapitulate the past history of this matter.

(a) On the 10th May 1947, the Iraq Petroleum Company entered into an agreement with the Government of Transjordan 'whereby the Company were authorised to undertake drilling operations in that country.

(b) The agreement provided that the Company's drilling obligations should run from a date on which arrangements satisfactory to the Company had been concluded between them and the Government of Palestine covering the transit of any oil found in Transjordan through Palestine,

(c) As early as the 17th March, 1947, the Company raised with His Majesty's Government the question of the free transit through Palestine of any oil found in Transjordan as a result of their operations under the concession then under negotiation with the Government of Transjordan.

(d) It was decided in principle that the Government of Palestine had the right to make charges for pipeline facilities and that the actual amount to be paid by the Company should be negotiated between the Government of Palestine and the Company.

(e) The Iraq Petroleum Company were so informed and entered into negotiations with the Government of Palestine accordingly.

(f) As a result of these negotiations, the Company offered to pay £P 45,000 per annum

(g) But for the delay in deciding the question of principle referred to above, negotiations would probably have been completed before the Partition Plan was approved by the General Assembly of the United Nations, in which case the continued validity of any arrangement so made would have been made under paragraph 3(d) of Chapter 3 of the Plan.

(h) The position under that paragraph has been explained to the Company who appreciate that the Plan does not guarantee the continued validity of any agreement which may now be made.

4. The Commission may be interested to know that although the Iraq Petroleum Company is registered in the United Kingdom, twenty-three and three-quarters percent of the capital is held by American interests (Near East Development Corporation), twenty-three and three-quarters percent by the Anglo-Iranian Oil Company, twenty-three and three-quarters percent by Royal Dutch Shell, twenty-three and three-quarters percent by Compagnie Francaise des Petroles and five percent by Participations and Investments Limited.

Yours sincerely,
J. Fletcher-Cooke (signed)

Dr. Ralph J. Bunche,
Principal Secretary to the United Nations
Commission on Palestine,
United Nations, Lake Success.

