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NOTES ON THE RESUMPTION OF OIL PUMPING
NEAR HAIFA (I.P.C.)
AND THE REOPENING OF THE REFINERY (C.R.L.)

(Press excerpts circulated for the
information of the Members of the
Commission)

(1) NO PROSPECT OF EARLY FLOW OF OIL
Iraq Seeks Terms Like Iran's

The Iraqi mission which has been in London for the past two weeks for discussions with the Iraq Petroleum Company on the oils situation is returning to Baghdad for further consultations. It now appears certain that there is no prospect of an early resumption of the flow of oil from Kirkuk to Haifa.

The Iraqi mission has also had discussions with the Foreign Office and has made it categorically clear that the oil flow will be resumed only if any of the following three conditions are fulfilled.

1. if full settlement is reached at Lausanne between Israel and the Arab States,
2. if the Haifa refinery is internationalized, or,
3. if the Haifa refinery area becomes a free zone.

Iraq the Main Sufferer

The Iraqi delegation has admitted that Iraq has been the main sufferer from the closing of the pipeline. In this connection the interesting fact has emerged that the Iraqi Government had expected agreement to be reached at Lausanne by July, and had made preparations to resume the flow of oil this month. In view of Iraq's refusal to participate in the Lausanne discussions, this throws light on her actual attitude which seems to be less intransigent than Iraqi public declarations had indicated.

The main function of the mission appears to have been to obtain a revision of terms from the oil companies in favour

of Iraq. In particular, Iraq had sought terms similar to those recently achieved by Iran which would provide for large-scale convertibility of sterling paid as royalties.

The Treasury, however, is actually reconsidering the sterling and dollar allocations previously made to Iraq. Last year, Iraq's dollar allocation was larger than Egypt's although Egypt has four times Iraq's population.

It was learned that the Treasury had decided that the current allocation of £6.25m. of hard currency to Iraq would cover only the next three months during which the situation would be reviewed.

One further consideration affecting the British attitude is that while Iraq is very short of cash and is at present seeking loans here for the extension of various flood control schemes this year she had a bumper harvest and was able, for the first time since the war to export large quantities of barley and some wheat. The economic crisis is, therefore, no longer considered to be acute.

The Soviet news agency "Tass" has reported the conclusion of Israel's new oil agreement with the Standard Oil Company and quoted Moscow as saying: "Israel has concluded an enslaving agreement with an American Oil Company."

(Palestine Post. 14 July 1949).

(2) C.R.L. PARLEYS IN PROGRESS

A spokesman of the Iraq Petroleum Company said today that negotiations were going on the resumption of petroleum deliveries from Iraq to Haifa but that results were still "nebulous".

"Individual companies cannot solve all the difficulties because some are on a political plane" he said.

In London, an official of the Iraqi Embassy said that no announcements of any kind could be made at the moment.

Resumption of work by the Haifa refineries would be hailed in Britain, as one means of saving dollars for the sterling area.

Haifa refineries normally get their crude oil by pipeline from Iraq, and by tankers from the Persian Gulf, which are managed by the British and are largely British-owned.

Both sources were cut off during the war in Palestine.

£50m. Saving

Speaking on the question of oil, the Prime Minister of Australia, Mr. J.B. Chifley, recently called attention to large

purchases of oil from dollar regions, and it was estimated that more than \$50m. might be saved annually if the Haifa refineries resumed full production.

Resumption of crude oil deliveries to Haifa by tanks involve agreement by Egypt to permit the vessels to pass through the Suez Canal, and in political circles it was said that Iraq would find it easier to resume deliveries by pipeline if Egypt first cleared the Canal for tanker shipments. Feeling against Israel in Iraq might make it difficult for Iraq to be the first to deliver crude oil to Haifa.

British diplomatic and political representatives from the Middle East conferring in London on the general economic welfare and defence problems of the Middle East have not yet disclosed whether oil deliveries to Haifa is one of their topics of discussion.

(Palestine Post, 24 July 1949.)

(3) IRAQIS WANT HAIFA REFINERY MOVED

"The Times" Baghdad correspondent reports that the Iraqi press has made the suggestion that the Haifa oil refineries be dismantled. He points out, however, that moving a plant of that size would cost millions of pounds and would take several years.

The English-speaking section of the population, the correspondent says, would like to see the pipeline re-opened and suggests that if guarantees could be given against an attempt at expansion by Israel, oil should again flow to Haifa.

(Palestine Post, 6 August 1949.)

(4) OIL STARTS FLOWING TO TRIPOLI

The Iraq Petroleum Co. has started pumping oil in the new pipeline from Kirkuk to Tripoli (Syria), "The Times" reported today.

The oil was not yet being pumped from the Kirkuk wells, the paper said, but came from storage tanks at Haditha, where the pipeline branches off - one arm to Tripoli and the other to Haifa. The pipes, which are 16 inches in diameter, will handle 90,000 barrels a day.

(Palestine Post, 4 August 1949.)

(5) ISRAEL AND HAIFA OIL REFINERIES

(Tel Aviv, Aug. 15.)

An important decision by the Israeli Government on the future of the installations of Consolidated Oil Refineries at Haifa is expected this week. It is believed that the company will be given a limited time within which to reopen the refineries, in default of which the Government may claim the right to use them for its own purposes, as it did last year. The Israeli Government is apparently dissatisfied with the Anglo-Egyptian agreement on cargoes passing through the Suez Canal and it is said that other arrangements are likely to be made for the delivery of crude oil to Haifa for refining.

(Times Of London, 16 August 1949.)
