OILY DEALS

Exploration, diplomacy and security
in early Cold War France and Italy

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<th>Description</th>
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<tbody>
<tr>
<td>AGIP</td>
<td>Azienda generale italiana petroli</td>
</tr>
<tr>
<td>AIOC</td>
<td>Anglo-Iranian Oil Company</td>
</tr>
<tr>
<td>ARAMCO</td>
<td>Arabian-American Oil Company</td>
</tr>
<tr>
<td>BRP</td>
<td>Bureau de recherches de pétrole</td>
</tr>
<tr>
<td>CFP</td>
<td>Compagnie française des pétroles</td>
</tr>
<tr>
<td>CGG</td>
<td>Compagnie générale de géophysique</td>
</tr>
<tr>
<td>CIA</td>
<td>Central Intelligence Agency</td>
</tr>
<tr>
<td>CIP</td>
<td>Comitato italiano petroli</td>
</tr>
<tr>
<td>CREPS</td>
<td>Compagnie de recherches et d'exploitation de pétrole au Sahara</td>
</tr>
<tr>
<td>CTRP</td>
<td>Comitato tecnico ricerca e produzione</td>
</tr>
<tr>
<td>DICA</td>
<td>Direction des carburants</td>
</tr>
<tr>
<td>ECA</td>
<td>Economic Cooperation Administration</td>
</tr>
<tr>
<td>ECONAD</td>
<td>Committee of Economic Advisers</td>
</tr>
<tr>
<td>EEC</td>
<td>European Economic Community</td>
</tr>
<tr>
<td>ENI</td>
<td>Ente nazionale idrocarburi</td>
</tr>
<tr>
<td>ERP</td>
<td>European Recovery Program</td>
</tr>
<tr>
<td>FLN</td>
<td>Front de libération nationale</td>
</tr>
<tr>
<td>GPRA</td>
<td>Gouvernement provisoire de la République algérienne</td>
</tr>
<tr>
<td>GPRF</td>
<td>Gouvernement provisoire de la République française</td>
</tr>
<tr>
<td>IFP</td>
<td>Institut français du pétrole</td>
</tr>
<tr>
<td>IPC</td>
<td>Iraq Petroleum Company</td>
</tr>
<tr>
<td>LDP</td>
<td>Large-diameter Pipe</td>
</tr>
<tr>
<td>NAC</td>
<td>North Atlantic Council</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td>NEDC</td>
<td>Near East Development Corporation</td>
</tr>
<tr>
<td>OCRS</td>
<td>Organisation commune des régions sahariennes</td>
</tr>
<tr>
<td>OPEC</td>
<td>Organization of the Petroleum Exporting Countries</td>
</tr>
<tr>
<td>RAP</td>
<td>Régie autonome des pétroles</td>
</tr>
<tr>
<td>SDECE</td>
<td>Service de documentation extérieure et de contre-espionage</td>
</tr>
<tr>
<td>SNE</td>
<td>Soyuznefteexport</td>
</tr>
<tr>
<td>SNPA</td>
<td>Société nationale des pétroles d’Aquitaine</td>
</tr>
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<td>Code</td>
<td>Description</td>
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<tr>
<td>-------</td>
<td>-------------</td>
</tr>
<tr>
<td>[SN] REPAL</td>
<td>Société nationale de recherche et d’exploitation de pétrole en Algérie</td>
</tr>
<tr>
<td>SOCONY</td>
<td>Standard Oil Company of New York</td>
</tr>
<tr>
<td>SONJ</td>
<td>Standard Oil Company of New Jersey</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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**Archive codes**

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<tr>
<td>AHTOTAL</td>
<td>Archives historiques du Groupe Total [Fra]</td>
</tr>
<tr>
<td>AMEMB</td>
<td>US Embassy</td>
</tr>
<tr>
<td>AN</td>
<td>Archives nationales [Fra]</td>
</tr>
<tr>
<td>ANOM</td>
<td>Archives nationales d’outre-mer [Fra]</td>
</tr>
<tr>
<td>ASENSI</td>
<td>Archivio storico Eni [Ita]</td>
</tr>
<tr>
<td>ASMAE</td>
<td>Archivio storico-diplomatico del Ministero degli Affari esteri [Ita]</td>
</tr>
<tr>
<td>BRITEMB</td>
<td>British Embassy</td>
</tr>
<tr>
<td>DS</td>
<td>Department of State [USA]</td>
</tr>
<tr>
<td>FO</td>
<td>Foreign Office [UK]</td>
</tr>
<tr>
<td>FREMB</td>
<td>French Embassy</td>
</tr>
<tr>
<td>ITEMB</td>
<td>Italian Embassy</td>
</tr>
<tr>
<td>MAEF</td>
<td>Ministère des Affaires étrangères [Fra]</td>
</tr>
<tr>
<td>MAEI</td>
<td>Ministero degli Affari esteri [Ita]</td>
</tr>
<tr>
<td>NARA</td>
<td>National Archives and Records Administration [USA]</td>
</tr>
<tr>
<td>NATOA</td>
<td>Nato Archives [Bel]</td>
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<tr>
<td>TNA</td>
<td>The National Archives [UK]</td>
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The University of Manchester - Faculty of Life Sciences
Roberto Cantoni, PhD
Oily Deals: exploration, diplomacy
and security in early Cold War France and Italy

Abstract

Oil is one of the most widespread high-density energy sources in the world: its importance for the military-industrial complex became even more evident in the postwar context. In this framework, establishing the conditions for accessing the world’s oil-rich areas became essential for states, not only to provide for their own energy needs, but also to buttress national economic and geostrategic interests, and protect energy security. In addition, regulating the oil flow between countries afforded the ability to influence their operational capabilities.

Exploiting oil as a geopolitical weapon was not distinctive of the two global hegemonic powers, but was also employed by less powerful countries, such as France and Italy. My thesis shows how, from the second half of the 1940s, successive Italian and French administrations established agencies for hydrocarbon management, and devised strategies of oil exploration according to their political agendas. Achieving energy autonomy was the main objective of both countries. However, the predominance of Anglo-American interests in both French and Italian oil scenarios led to continuous bilateral diplomatic tensions, especially over issues of exploration rights. Anglo-American governments and companies sought to shape the French and Italian oil scenes to their benefit, also by looking for allies in the political classes of the two countries. It was the outcome of these ‘oily deals’ that eventually shaped the history of Italian and French oil industries.

Conflicting interests were revealed at their fullest during the Algerian war of 1954-62: following the discovery of large oil and gas fields in Algeria, US and Italian companies started to negotiate, first with the French and then the Algerians, their access to, and prospecting rights for Algerian territories. My work shows that negotiation processes involved secret surveillance activities, the establishment of parallel diplomacies, and serious confrontation between Cold War allies. A fundamental role in these deals was played by technocrats and geoscientists, who facilitated the communication of secret data on oilfields to their national authorities.

Significant global oil discoveries occurred worldwide in the 1950s, eventually leading to overproduction: an outcome assisted by major progress in geophysical prospecting techniques. France’s new role as an oil producer thanks to discoveries in Africa provoked a shift of national interest from exploration to transport. At the same time Italy, after the signing of massive oil-for-technology barter agreements with the Soviet Union, could now dispose of a surplus that needed channelling to potential outlets. For both countries, building pipelines became an essential aspect: however, as both were targeting the West European market, Europe became an arena of bitter competition for pipeline dominance.

Italian-Soviet contracts, together with the current level of West European trade with the Soviet Union, prompted an examination of Western security by international organisations. The issue of limiting Soviet oil exports into West European countries was widely debated at the European Community and NATO, as was European technological aid to the Soviet project of constructing a colossal pipeline system. My analysis of the terms of the debates, their development and outcome, reveals the ambiguity of the concepts of security and ‘strategic technology’ as a ground for decision-making, indicating how these were construed as co-products of negotiations.
Declaration

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Dedication

To my parents Giovanni and Nunzia, who have unfortunately had to endure my endless migrations
Acknowledgments

Firstly, I would like to acknowledge the European Research Council, whose generous grant made this project and my extended archival research possible. I would like to thank my supervisor, Simone Turchetti, whose guidance was very precious in these three years; my co-supervisor, Vladimir Jankovic; James Sumner and Jeff Hughes for their advice.

Much-wished feedback and advice came also from the members of the TEUS project scattered around France, Spain, Sweden and the UK, with whom I shared more than conferences and video-meetings: feeling part of a small but international and dedicated community was a fantastic stimulus for my research. My gratitude goes to them.

Many librarians and archivists were extremely helpful in assisting my research. They include staff from: in the UK, the British National Archives at Kew; in Belgium, the NATO Archives in Brussels (Eudes Nouvelot and Johannes Geurts in particular); in France, Archives diplomatiques du Ministère des Affaires étrangères at La Courneuve, Archives historiques du Groupe ELF/Total at Courbevoie (Benoît Doessant and Clémentine Pedon in particular), Archives CGG Veritas at Massy, Archives nationales at Pierrefitte-sur-Seine, Archives nationales d'outre-mer in Aix-en-Provence, Centre de documentation de l'Institut français du pétrole at Rueil-Malmaison; in Italy, Archivio storico-diplomatico del Ministero degli Affari esteri in Rome; Archivio storico ENI at Pomezia (Anna Landolfi in particular); Archivio tecnico ENI, Associazione pionieri e veterani ENI (Enrico Orsini in particular) and ENI Corporate University, at San Donato Milanese; in the USA, National Archives and Records Administration at College Park, Maryland.

I would also like to thank Francesco Guidi for an interview he conceded me at ENI's San Donato offices; Stuart Butler, Adriano Cantoni and Sam Robinson for helping me with archival documentation; Mario Di Giovanni, for introducing me to the beauty of history many years ago. In addition, I would like to thank Raquel, Robert, Paul and Bart, for strongly recommending me against embarking on a PhD. Thanks to them, I became a historian instead of a linguist.

Last, but certainly not least, I would like to thank my family for their support, encouragement and packages of coffee, and my friends, whose company lightened up many rainy days.
CHAPTER 1. INTRODUCTION AND LITERATURE REVIEW

At 5.40am, Murielle, 46, the on-site emergency nurse at In Amenas gas plant was getting dressed in her bedroom. Her working day was due to start at 6am. [...] But at 5.50am [...] she was jolted by the “piercing sound” of the gas plant’s fire alarm. [...] An engineer [...] shouted: “Terrorists! Terrorists! It’s a terrorist attack!”

On 16 January 2013, a commando of around thirty al-Qaeda-linked terrorists erupted into the Tiguentourine gas plant near In Amenas, Algeria, taking hostage its personnel of eight hundred and triggering what came to be known as the ‘Algerian hostage crisis’. Run by British Petroleum (BP), the Norwegian Statoil and the Algerian national company SONATRACH, the plant accounts for 10 percent of Algeria’s colossal natural gas production. It is situated in the east of the country, in the middle of the Sahara desert, 1,300 kilometres from Algiers and a few ten kilometres from the Libyan border, from where the militants are believed to have trespassed into Algeria. The terrorists demanded an end to French military operations against Islamist groups in northern Mali, initiated a few days earlier, in return for the safety of hostages. The crisis ended four days later when, following frantic diplomatic activity involving no less than ten states, the Algerian special forces penetrated the site. By the time the situation was resolved, almost forty foreign hostages, an Algerian security guard and nearly all the militants had been killed.

That the terrorist attack took place at In Amenas was not a coincidence. The site was targeted not only because of its geographic specificity, but also because of its symbolic value. The militants knew that, because of the high number of countries represented by workers at the Algerian plant, their raid would catalyse worldwide media and diplomatic attention. Furthermore, Algeria is the fourth largest natural gas supplier to Europe, so the resulting abrupt halt of natural gas output would affect the economies of many European countries.


Chapter 1

The In Amenas attack revealed the vulnerability of Western interests in the area in the hydrocarbon sector, and unveiled a fundamental geostrategic theme, namely the intimate connection between hydrocarbons, international diplomacy and energy security.

Oil is still a significant factor in geostrategic thinking. The development of alternative forms of energy and growing interest in eco-sustainability, together with frequent news about environmental catastrophes caused by accidents at oil production facilities – of which BP’s 2010 oil spill in the Gulf of Mexico is only one of the latest and most significant examples – may prompt predictions of an end to the oil era. However, oil production has peaked and declined a number of times in the past, and debates about future reliance on oil have occurred more than once since the 1920s. Oil will remain the main source of energy for the entire twenty-first century at least, maintaining its role as a geopolitical device, as well as a security issue.

My study is framed in the context of the early Cold War. It is focused on two European countries, France and Italy, struggling to acquire energy autonomy from established transnational oil companies. I investigate two interconnected aspects: firstly, the role played by oil prospecting and surveillance in the quest for national security, defined by historian Melvyn Leffler as “actions deemed imperative to protect domestic core values from external threats”. While US national security policy has been studied since the 1960s, less attention has been focused on this area regarding European states. Secondly, I show how oil diplomacy has not so much, or not only, been the job of official diplomats, but that of oil technicians and technocrats, who themselves have acted as policymakers and diplomatic agents. While these multiple roles have already been emphasised by Ronald Doel, who explored connections between scientists and the military, I will argue that this is also the case in a field where scientific intelligence-gathering is less directly linked to military aspects, namely the petroleum industry. In the remainder of this chapter, I will situate my work

within the interconnecting frameworks of a transnational history of science and technology, and the diplomacy of natural resources. Before reviewing the relevant literature, I will explain the importance of oil and oil prospecting in the postwar historical context in more detail. I will then provide an overview of the thesis.

1.1 Why oil prospecting?

Oil is the most widespread source of high-density energy in the world. Its role as a universal energy currency, already significant for military operations during the two World Wars, became even more evident with the inception of the Cold War. Fundamental for fuelling the transport industry and heating houses, oil is also very versatile, as can be seen from the huge variety of synthetic products made available by the petrochemical industry from the 1950s onward. Since then, plastics and other mass-consumption oil derivatives have spread swiftly into everyday life.

Establishing conditions for accessing the world’s oil-rich areas is a necessity for the economic, energy and military security of nation states. Being able to monitor the subsoil for oil, or control the oil taps, is a geopolitical exigency, not only for one country’s own security, but also for exerting leverage on the security of other countries. More specifically, the power to regulate oil flows – and thus, prices – results in the capability to decisively influence enemies’ and allies’ military-industrial complexes and their economies. Consequently, the worldwide struggle for exploration concessions has been the chief cause of repeated diplomatic clashes in the past. This was also the case during the Cold War with conflicts between, but also within the two blocs. An inconsistent flow of oil, besides undermining its military planning, could affect a country’s economic strength. The ready availability of oil could also reduce strategic threats: it is true that Cold War confrontation would be quintessentially nuclear, but controlling oil supplies enabled the massive provision of energy also for non-military purposes.

Oil discoveries are not simply the result of individual exercises of data collection, but of years of scientific and technological activities, industrial failures and successes, and high financial investment by companies and states. All these factors made scientific intelligence – that is, the possibility of accessing restricted data on geological and geophysical surveys, as well as on exploration technologies – inestimably precious. In favouring one prospecting method over another, in possessing more reliable technologies than a rival company, or in
Chapter 1

owning confidential information on geological prospects of an area, may lay the distinction
between an oil discovery and a dry well.

The very same instruments that fail in one area might lead to a finding in another. Even
more importantly, the diverse use of geophysics – that is, the study of the earth using
quantitative physical methods – made it valuable to aims other than natural resource pro-
specting. The physical principles underlying oil exploration seismology, for example, were
the same as those employed in monitoring nuclear explosions. Geophysics had been rising
in importance as an academic discipline since the early twentieth century, notably in the
USA, home to the world’s most prominent geophysical companies. It required support from
a costly high-tech industry: it employed cutting-edge technologies that not all countries as-
piring to a role in the oil world were capable of developing. Those that were not, had to
borrow technologies from other countries or acquire the necessary knowledge abroad. This
affected the confidentiality of company activities, and companies’ autonomy in obvious
ways.

Indeed, the previous consideration can be extended beyond geophysical technologies: the
power bestowed on states by the availability of oil resources necessitated a high degree of
secrecy, including information gathered in exploration operations. When a country’s energy
security is at stake, and a possession or lack of certain data can critically affect it; and when
such data cannot be obtained by overt means, surveillance comes into play. Overt or covert
monitoring activities can thus be deployed over other countries’ prospecting operations,
technical expertise, corporate trading strategies or diplomatic relations.

The reader may legitimately ask why I decided to focus on geophysics and not geology.
After all, geology is also an essential part of the exploration machine, and its use historically preceded that of geophysics. A justification of this choice is to be found in the increas-
ingly higher degree of confidence that companies have placed in geophysics with respect to
geology since the late 1940s. Naomi Oreskes and Doel argue that this shift was also the result
of a change in methodological and epistemic expectations, which prioritised physics and
highly mathematised fields over more empirical ones. Geophysics, seen as based on more

Patronage and the Geophysical Sciences in the United States: An Introduction”. In J. R. Fleming (ed.)
“Military Patronage and the Geophysical Sciences in the United States”, special issue, *Historical Studies in
the Physical and Biological Sciences* 30 (2): 309-14, and articles in the same issue; Turchetti, S. (forthcoming
1) “In God We Trust. All Others We Monitor’: Seismology, Intelligence and the Test Ban Negotiations,
1957-1963”. In S. Turchetti and P. Roberts (eds.) *The Surveillance Imperative. Geosciences During the Cold War
and Beyond*. Basingstoke: Palgrave Macmillan.
quantitative, and more theoretically grounded data, and on the measurement of physical properties of the earth, came to be considered as more ‘scientific’ than geology.7

However, Oreskes and Doel note that geophysics was not intrinsically ‘better’ than geology. The shift was part of a broader move from the field to the laboratory, “which reflected an idealisation of the epistemic values of exactitude and control that laboratory work embodies”8. The two historians also emphasise that the needs of Cold War military patrons greatly contributed to the exploitation of geophysics, especially in the USA, resulting in increased funds for geophysical studies in research institutes, new instrumental practices, and larger professional opportunities for individuals trained in these techniques.9 I will return to this point later.

The high degree of technology characterising geophysical applications gave it a much heavier financial weight in companies’ balances than geology. It also asserted the predominance of American manufacturers on the world market: European companies soon became dependent on US technology to carry out geophysical prospecting. All these factors resulted in an increasingly wider application of these techniques worldwide. By the early 1950s, geophysics had come to be regarded by oil prospectors as the discipline to have the last word before drilling operations were carried out.10 As a result, geophysics took a prominent place in oil exploration, while geology remained a preliminary activity.

1.2 The transnational character of the oil industry

In light of the manifold fields covered by the world of oil, and in particular of the role of technosciences in the oil exploration industry, it seemed conceptually appropriate to situate my work within a hybrid theoretical framework, straddling the transnational history of technology and the history of resource diplomacy. Hardly anything epitomises the meaning of the concept of ‘transnational’ better than the oil industry.11 Although the headquarters of world oil companies may be physically located in national spaces, their activities span the

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8 Quoted from: Ibid., 547.
9 Ibid., 552.
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globe and know no borders, to the point of enjoying powers that can easily exceed those of national states, not to mention their budgets. The dynamics of oil industry, involving “movements and forces that cut across national boundaries” in terms of goods, people, ideas, words, capital, might, and institutions, make it an excellent candidate for a transnational historical study.12

In fact, the cross-border nature just outlined does not only simply refer to the fact that a company based in one country may carry out its prospecting work in another country; it also reverberates on the mobility of corporate staff and of the technologies employed, which are frequently the object of exchanges. The notion of transnationalism in technoscience has received much attention in the last fifteen years; it has been used in many different contexts, and with diverse meanings. On the one hand, some have felt the need to warn against its indiscriminate use. On the other, by considering the prominence of national narratives even in internationally-oriented studies, some scholars have questioned whether a genuinely transnational perspective has ever been adopted.13

While I am aware of the hazards of such a fluid concept, there seems to be no other viable conceptual framework in which to research oil matters. The very physical qualities of this natural resource, as well as the historical development of infrastructures conceived to carry it from one global area to another – namely pipelines and tankers – clearly demonstrate this. Also, going beyond comparative history is necessary if one intends to explain cross-border flows of technical knowledge. Thus, I am not going to simply compare the development of Italian and French oil exploration industries, but use these two countries’ ‘oily deals’ as a starting point to describe a more complex transnational scenario, in which French and Italian strategies and interests intertwined with those of other countries. These deals presented two facets: openly, they addressed economic urgency, while secretly they were decisive for government and military affairs, and/or energy security. As my thesis demonstrates, an important consequence of the double nature of these deals was mutual

mistrust between national agencies. In oil matters, Western alliances proved fragmentary, affected as they were by conflicting national interests.

In order to understand how a transnational viewpoint may afford us a better grasp of the mechanisms of knowledge production and the function of technoscience in global affairs, we need to focus on the “hybrid domains (scientific and geopolitical at the same time) in which flexible identities (the scientist-diplomat-politician) operate”.\textsuperscript{14} This geopolitical dimension of science-making was already very clear to US President Harry Truman’s administration in the aftermath of World War II: technoscience was to be employed as a tool in US foreign relations.\textsuperscript{15} The new strategy was typified by a report from the Director of the US Office of Scientific Research and Development, and Presidential Science Advisor, Vannevar Bush, author of \textit{Science – The Endless Frontier}. Bush suggested that basic science could contribute greatly to European economic growth, social well-being and, eventually, military strength.\textsuperscript{16} In his seminal monograph on American hegemony and the postwar reconstruction of European science, John Kringe argued that by collaborating with European countries where classificatory standards were less restrictive, US policymakers intended to benefit American industry by acquiring future European innovations for North American scientists.\textsuperscript{17}

In this respect, US funds provided by the 1948 European Recovery Program (ERP) were used for the reconstruction of European science. Although the Plan had originally been directed toward short-term reconstruction and political stability, this was the new direction suggested by Bush and other personalities within the US military establishment. Without a strong underlying scientific capability, they argued, economic growth and national security could not be achieved.\textsuperscript{18} The American initiative found fertile ground in Europe. By analysing US involvement in the creation of the European Centre for Nuclear Research (CERN) in Geneva, and the role of US private foundations and the North Atlantic Treaty Organization (NATO) in European science reconstruction, Kringe has convincingly shown that Amer-


\textsuperscript{18} Kringe (2006), 16.
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American hegemony was co-produced by both US and European policymakers and scientists, at the time materialistically longing for financial help and advocating the principle of scientific universalism.19

In 1949, in line with Bush’s approach, the American physicist and engineer Lloyd Berkner, a scientific statesman familiar with the US Research and Development Board’s policies, was asked by the State Department to produce a survey of the department’s responsibilities in the field of science. The following year he released the Science and Foreign Relations report, recommending that US scientists participate more in meetings abroad and that foreign scientists be encouraged to attend US symposia, in order to keep channels open for the movement of scientists and their concepts. The consulting scientists would play an important part in determining the policies of the State Department, and would be attachés with full diplomatic status.20 Notwithstanding the neutral face value of such a proposal, Berkner specified in a secret supplement to his report that the new officials’ activities would have to include intelligence gathering, while a second confidential report circulating through the State Department justified scientific internationalism as a means of reinvigorating US science.21

The close relationship between science, foreign policy and intelligence gathering was brought to the fore by Doel’s paper on the role of scientists as “policymakers, advisors, and intelligence agents”.22 This aspect was further developed in Allan Needell’s book on Berkner’s life as a scientist and policymaker. In both Doel’s and Needell’s cases, however, the focus of the narrative was the United States, whereas I focus on two European countries which, due to their lesser position in Cold War dynamics, could not count on world power politics to articulate their intelligence-gathering operations.23 The case of oil shows that Krige may be correct in emphasising collaboration, since both French and Italian companies were assisted by US agencies or individual technicians. These, however, used collaboration as a way of controlling foreign advances: and this activity was further enhanced, in line with what Doel argues, by networks of US geoscientists and intelligence agents operat-

20 Needell (2000); Krige (2006), 35.
22 Doel (1997).
ing in Europe.

With the publication of Gabrielle Hecht’s *The Radiance of France*, the view of scientists as policymakers was transposed to the other side of the Atlantic. Hecht’s monograph, a sociological account of the birth and development of the French military and civilian nuclear programme, and of its technological and diplomatic tensions, introduces the concept of ‘technopolitical regime’ to characterise “the tight relationship among institutions, the people who run them, their guiding myths and ideologies, the artefacts they produce, and the technopolitics they pursue”. Hecht applies this concept to the conflicts and negotiations characterising the relationship of the two major institutions of the French nuclear sector, the *Commissariat à l’énergie atomique*, responsible for the general scientific and military aspects of the nuclear program, and *Électricité de France*, the public utility responsible for the production, transmission, and distribution of electricity. She analyses the role played by French identity in the shaping of postwar industrial reconstruction, and shows how French technocrats conducted their relations according to their different technopolitical viewpoints.

Technology, Hecht claims, is not a tool of politics, but a mode of politics. Technology and politics are not two parallel lines that at some points may deviate from their path and cross, but two permanently intertwined lines. Conceptualisations of French identity and the meaning given to national technoscientific prowess as a way of restoring France to its earlier greatness are central to my study. Together with the consolidation of postwar economies, postcolonial humiliation, and underdevelopment in science, the reconstitution of national identities and strength mattered in Europe as much as the increasing tensions between the superpowers. Inspired by Hecht’s analysis, my story shows how, within Italy and France, the creation of new oil agencies was prompted by technopolitical shifts from conservative to aggressive policies, enacted by men with very clear ideas about what a national state should or should not do with regard to the development of its energy security. Technological development was seen as a way of implementing specific strategies to position Italy and France in the Cold War scenario. While, in the French situation, oil history

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25 Hecht (2009), 56.


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replicates Hecht’s nuclear narrative, in the Italian case the country aspired to assert a new role in international relations after Fascism. Through the ‘Neo-Atlanticist policy’, designed by the Christian Democrat Left wing in the 1950s to boost Italy’s autonomy from the USA in foreign politics, it was hoped this new position could be attained.

Although I know of no parallel work to Hecht’s on the Italian situation, technopolitical connections have indeed been explored: for example, Barbara Curli’s study on the Italian nuclear project. Curli investigated, through a considerable survey of Italian and foreign archives, the confrontational dynamics between politicians, technocrats and scientists on Italy’s nuclear projects. A further study within the nuclear narrative framework is Simone Turchetti’s work on an affair concerning the Italian Communist physicist, Bruno Pontecorvo.

Pontecorvo worked with Enrico Fermi in the 1930s. Involved in the Manhattan Project during the war, he then moved to the British Atomic Energy Research Establishment. In 1950, at the start of the ‘red scare’ in the USA and its repercussions in the UK, he defected to the Soviet Union. Turchetti uses this story to elucidate the relations between nuclear science, security and politics in the early days of the Cold War. Significantly, in terms of scientist-mediated technological transfer between disciplines, he highlights how Pontecorvo’s expertise originated in his work in applied nuclear geophysics, using neutrons to prospect for oil in the USA before engaging in the Manhattan Project. Turchetti also brings to the fore the consequences of knowledge transfers for a country’s national security.

Transposing Pontecorvo’s story to the scenario of oil and gas, the Italian geophysicist Antonio Bucarelli is a case in point. In the late 1940s, Bucarelli started working for the Italian public oil company Azienda generale italiana petroli (AGIP). In 1950 he accepted a job offer from the American oil company Gulf Oil, thus leaving AGIP. He later left Gulf and joined the US Western Geophysical Company (WGC), which employed him on surveys for the Italian Montecatini, one of AGIP’s antagonists. Professional paths of a similar intricacy were not at all exceptional in the oil industry. Technician-mediated transfers of knowledge between companies were the rule rather than the exception, and had obvious implications.

in terms of information gathering. For a company, acquiring a technician also meant acquiring intelligence on the methods employed, and data collected by its competitors.

1.3 Technopolitics of natural resources

Approaching the history of Cold War from the aspect of resource diplomacy and technopolitics facilitates connecting it with the history of decolonisation. Beyond two-bloc tensions at a global scale, postcolonial perspectives have revealed the importance of the involvement of third powers as agents in Cold War politics.\(^\text{33}\) In general, in Cold War literature of resource diplomacy, we are faced with a strong prevalence of nuclear narratives centred on uranium, whereas other minerals have been left to the expertise of economists and political scientists: this is particularly the case with oil.\(^\text{32}\) Significant contributions to uranium technopolitics include Jonathan Helmreich’s work on the secret efforts of the USA and the UK to monopolise the Western world’s supplies of uranium and thorium during, and immediately after, World War II. The two countries enacted a policy of negotiations with Belgium, Brazil, the Netherlands and Sweden, during which, Helmreich argues, governmental agencies were only partly informed of decisions taken by business and the military.\(^\text{33}\)

Exploring the postcolonial development of the uranium exploitation in Africa, and using an extensive archival apparatus from a dozen states, Hecht’s *Being Nuclear* and her previous papers on the same subject investigate the problem of the status of nuclear items; that is, the contingent nature of their very ‘nuclearity’, varying according to time, space, and technopolitical regime. In her monograph, Hecht reveals how Western powers secured a steady and cheap uranium supply for their nuclear programmes, while striving to prevent their use by politically undesirable nations.\(^\text{34}\) In my sixth chapter, I will show how a similar argument

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was at the root of a NATO confrontation between the British and American administra-
tions, regarding the strategic status of steel pipes for pipelines. Pipelines as political devices
have recently been the object of a monograph by Andrew Barry on the Baku-Tbilisi-Cey-
han oil pipeline from the Caspian Sea to the Mediterranean, built in the second half of the
2000s but debated during the entire previous decade.35 Denying the passive role of material
artefacts, Barry’s book analyses the critical part that material objects play in political life,
and investigates how political conflicts developed around objects entangled in increasing
amounts of information. He reveals how, although the pipeline project was an experiment
in transparency and corporate social responsibility, a number of disputes were generated,
which involved engineers’ reports, steel and chemicals, but also objects such as houses and
trees. In line with Barry’s approach, I demonstrate that pipes as political devices were the
central element of a debate on Soviet oil exports, which from the late 1950s threatened to
endanger Western security.

Collaborations between European countries, or of European countries with the USA in
uranium prospecting programmes, have also recently been explored in a study by Matthew
Adamson, Lino Camprubí and Simone Turchetti, included in a forthcoming volume on
Cold War surveillance, part of which is dedicated to mineral resource prospecting. In this
paper France, Spain and Italy are depicted as trying to challenge US dominance in atomic
energy production by planning strategic mineral surveying on their own territories. In de-
vising such tactics, the three countries could count on the action of transnational figures
such as scientist-diplomats, engineers and prospectors.36

The few publications that have focused on the technopolitics of other natural resources are
all very recent. Lino Camprubí has investigated international collaborations in prospecting
in the Western Sahara during the 1960s, in connection with the role of Moroccan, French,
Spanish and American interests in the world market for phosphates. Leucha Veneer and I
have explored French and British responses to pressures on oil security in the first half of
the Cold War, revealing how these two former imperial powers reacted to the discovery of
oil in their own territories. We have shown how these countries mobilised their surveillance
and diplomatic apparatuses to gain and retain control of, or access to, oil in Algeria in the
1950s and the North Sea in the 1960s.37

36 Adamson, M., Camprubí, L., and Turchetti, S. (forthcoming) “From the Ground Up: Uranium
Prospecting and Atomic Energy in Western Europe, 1945-1964”. In Turchetti and Roberts (eds.) The
Surveillance Imperative.
37 Camprubí, L. (forthcoming) “Resource Geopolitics: Geophysics, the Cold War Phosphate World
Political scientist Timothy Mitchell can arguably be said to have pioneered oil technopolitics. In a 2002 paper, he introduced an innovative device for analysing the interplay between resources and geopolitics. “The politics of oil”, he argued, “is usually explained in terms of the desire of the United States to protect the global supply. But that is not the problem. The real problem [...] is to protect the system of scarcity.” 38 In his more recent publications, he has developed this concept of ‘production of scarcity’ within oil-based political systems, or ‘carbon democracies’ .39 According to Mitchell, the emergence of oil as the main energy currency, gradually replacing coal, created new problems for production companies. Since oil was easy to transport over long distances, major companies – transnational, vertically-integrated companies with activities in several areas of the globe – were vulnerable to cheaper oil coming from other worldwide sources.40 In order to protect themselves, they devised new mechanisms to limit oil production and distribution, which materialised before World War II in consortium agreements restricting the development of new oil discoveries in the Middle East, and in cartel arrangements to control worldwide distribution and marketing. After the war, in order to continue producing scarcity, the majors stimulated European oil consumption through the Marshall Plan, which funded oil-related activities, and designed the apparatus of ‘national security’ as a strategy for defending corporate interests.41

In my work I will contend that, while Mitchell’s argument on the production of scarcity seems to hold throughout the 1940s and 1950s, it starts losing explanatory power by the early 1960s, when the oil market comes to be characterised by overproduction, mainly caused by the Soviet Union’s renewed role as an oil exporter and by a large number of discoveries by independent oil companies in Africa. By looking at national security as a polite form for vested economic interest, Mitchell undoubtedly makes an important point. Yet one should not underrate another equally important observation concerning the superpowers’ relations during the Cold War, namely that “much of international politics [was] ultimately driven by fear”, and that appealing to national security, especially when potential

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40 Up to the early 1960s, the list of the ‘oil majors’ included the British Anglo-Iranian Oil Company, the Anglo-Dutch Royal Dutch Shell, the American Standard Oil of New Jersey, Standard Oil of New York, Gulf Oil, Standard Oil of California, and TEXACO.
41 Mitchell (2009), 409.
military dangers were involved, did not merely amount to defence of capitalist interests.\footnote{Quoted from: Jervis, R. (2001) “Was the Cold War a Security Dilemma?” Journal of Cold War Studies 3 (1): 36. For a bibliography of US-Soviet mistrust, see notes 1 and 2 therein.}

In any case, while producing scarcity may be seen as a powerful analytical tool as far as the major companies are concerned, it does not appear to be applicable to French and Italian national companies. The needs of companies such as the Italian public holding \textit{Ente nazionale idrocarburi} (ENI), the French public holding \textit{Bureau de recherches de pétrole} (BRP), and to a lesser extent the French private-public \textit{Compagnie française des pétroles} (CFP) were different from those of the majors. For France, especially after the discovery of oil and gas in Algeria and Central Africa by CFP’s and BRP’s affiliates in the mid-1950s, it became a ‘national security duty’ to protect those resources from the penetration of non-French companies, in particular Anglo-American ones, and to increase production as rapidly as possible, to achieve the energy autonomy French administrations had sought since the end of the war. Together with the development of a nuclear programme, autonomy was seen as the principal way of repositioning France within the greater powers.

Italy’s technopolitics were first articulated in the protection of the gas-rich region of the Po Valley from foreign exploration, and in making this a private ground for ENI since the mid-1940s. A grand scheme of oil trade, exploration and production agreements with Middle Eastern and North African countries was developed in the following decade. When limited results obtained by ENI’s prospecting activities threatened Italy’s security through a lack of energy, the country’s strategy radically changed: the oil that Italy had found in insufficient amount was to be purchased in the East.

1.4 Geophysical surveillance for national security

“\cite{Jervis1978} [M]any of the means by which a state tries to increase its security decrease the security of others”.\footnote{Quoted from: Jervis, R. (1978) “Cooperation Under the Security Dilemma”. World Politics 30 (2): 169.} This ‘security dilemma’, formulated in 1978 by international relations scholar Robert Jervis, is seen as a fundamental principle of Cold War geopolitics. While Jervis has argued that the dilemma materialised in an expansion of military and nuclear capabilities, he has paid less attention to surveillance and intelligence-gathering activities aimed at improving knowledge of the earth’s resources. Instead, resources became key to national security, in terms of some countries safeguarding their own security (the USA trying to control oil in Italy and France, in particular) and, in so doing, undermining that of other coun-
tries. The very process leading to the maturity of geophysical sciences was intimately linked to national security. In order to fulfil the ‘surveillance imperative’ – that is, to build a strategic information-collecting apparatus aimed at penetrating the secrets of the earth and, in so doing, monitoring enemies and allies – states had to develop costly research programmes. Knowing the earth meant knowing one’s enemy, as and transnational debates on Algeria and on the potential of Soviet oil resources, which I cover in Ch. 4 and 6 respectively, demonstrate.44

Links between surveillance and geophysics had already been made explicit during the war. In 1942, the US Engineering, Science, and Management War Training Program sponsored a 12-week course in geophysics at the Colorado School of Mines, the first half of which covered applications of interests for the military sector, such as the location of hostile guns by sound and flash ranging; airplane detection by acoustic, optic, and radio means; harbour surveillance, marine communication and signalling, radio acoustic position finding, and marine echo sounding.45 Writing about the history of the Committee on the Geophysical Sciences, part of the Research and Development Board of the US Department of Defense, historian John Cloud has observed that the Committee’s 1948 report could be used to interpret the transformation of the earth sciences that was about to follow:

The Committee’s members recognized that the geophysical sciences required support for basic research, for funding to address ‘unsolved problems ... of a fundamental nature’. Yet they also confidently assumed that every single discipline [...] could and would contribute to specific Cold War military objectives.46

In fact, from the 1948 report we can frame a picture of applications of geophysics to warfare: for example seismology, soon to become the dominant method in oil-prospecting geophysics, could be employed in studies on shock protection for surface and subsurface installations, and on hurricane detection. Its importance was fully revealed in 1959, when James Killian, US President Dwight Eisenhower’s Special Assistant for Science and Technology, appointed a panel chaired by Berkner, to draft a plan regarding new seismic tools

44 The phrase ‘surveillance imperative’ is in Turchetti and Roberts (eds.) (forthcoming) The Surveillance Imperative.
45 Tripp, R. M. (1945) “Geophysics in national defence’: an ESMWT course conducted at the Colorado School of Mines”, Geophysics 10 (3): 432-3. The second half of the course dealt with the possibilities and results obtained by geophysical exploration for strategic minerals.
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for controlling and detecting nuclear tests. Moreover, terrestrial magnetism and electricity, also used in oil prospecting, could be applied to mine and submarine detection, guidance systems for missiles and decreasing or eliminating unwanted magnetic fields.\(^\text{47}\)

Seismology’s instrumental role as a means for intelligence gathering during the Test Ban Treaty negotiations of 1957-63 has also been emphasised: the negotiations overlapped with the establishment and development of a US/UK collaboration to promote intelligence sharing on the Soviet nuclear programme.\(^\text{48}\) Applications of this geophysical sub-discipline to nuclear and earthquake detection and prediction have been extensively studied. Bruce Bolt and Kai-Henrik Barth analysed how this field expanded from a small academic discipline to a large military-industrial enterprise during the 1960s.\(^\text{49}\) Countering Paul Forman and Stuart Leslie’s argument about the military stripping academia of its control over science and redirecting it toward their aims, Barth argues that in the case of seismology, which came under the Department of Defense’s patronage in the 1960s as a consequence of the nuclear test detection mission, research trends did not substantially change.\(^\text{50}\) After the 1963 Limited Nuclear Test Ban Treaty was ratified, the importance of this discipline to Western security only increased.

Geophysics, however, was only part of a larger network of surveillance systems emerging from the range of earth sciences. In surveillance, systems such as satellites and video cameras, or sonars and radars immediately spring to mind. Technologies developed within the earth sciences also facilitated other kinds of monitoring however, such as the study of ocean currents, to develop anti-submarine warfare measures, and geo-engineering and climate models, to control and affect weather.\(^\text{51}\)

From the picture outlined here, it does not come as a surprise that “[t]he objectives, fund-


\(^{\text{48}}\) Turchetti (forthcoming 1).


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ing and equipment [of geophysics] were often secret, involving some of the highest levels of secrecy in history”. It was indeed this aspect of secrecy from which originated the phrase ‘science in black’ coined by Doel to define a science based on the “large, unexplored continent of interconnections, maintained in secrecy, between scientists and public officials mutually interested in adopting science to serve U.S. interests and the national security state”. In this work, I show that geoscientific information involved in the case of oil is ‘in grey’, rather than in black: links between geoscientists and oil companies were manifest, but the handling of the intelligence they produced was secret.

While investigations of geophysics’ connections with military security have led to a series of studies on the multiple aspects of a scientist’s activity – in particular, the *Historical Studies in the Physical and Biological Studies* journal has dedicated a special issue to military patronage and geophysics in the USA – much less attention has been dedicated to fields where the connection with the military or with weaponry is more tenuous. Yet as Matthias Heymann and Janet Martin-Nielsen have recently reminded us, Cold War science was also conducted by actors outside the military sector and with less direct connections to Cold warfare, namely civilian authorities, industrial and academic spheres.

In the case of oil exploration, even the most directly involved actors, namely petroleum technicians and engineers, have rarely been the focus of scholarly attention. One such example is a sociological study by Edward Constant, centred on the Texas petroleum engineers’ fraternity. However, it is circumscribed to an area of the United States, and totally abstracted from the historical Cold War context. Yet there are many aspects of potential interest for a historian. The secrecy that characterises the military-geophysical relations is also found in exploration geophysics, and on some occasions extends beyond the confidentiality of quantitative data regarding minerals, to include prospecting and processing techniques, especially when these could also be employed in the military sector. In this respect, in 1947 John Jakosky, the President of the American Society of Exploration Geophysicists, lamented that:

[M]any new applications in nearly all fields of engineering, are being retarded now due to a

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53 Quoted from: Doel (1997), 216.


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policy of secrecy forced upon many industrial and research organizations during the past five years. [...] Such a policy greatly retards our national progress by inhibiting the dissemination of fundamental information. It also fosters unnecessary rivalry between scientists and laboratories, with the resultant duplication of much fundamental research and studies [...].

Such secrecy found a powerful rationale in the aforementioned application of geophysical knowledge and equipment to matters which could greatly affect a nation’s security, of which uranium prospecting is only one example. A further characteristic of historical studies on geophysics is that they have largely focused on the United States, thus missing the contested interests found in other continental contexts. For example, narratives of post-war technoscience in Europe related to a number of aspects, including scientific and industrial reconstruction and modernisation, national science and technology policies, international competitiveness, sovereignty and identity, contexts of decolonisation and others. By focusing on the establishment of governmental agencies for oil exploration in France and Italy, I show the modes through which most of these factors were involved. Intelligence and governmental agencies devoted considerable attention to the oil prospecting of both their own country and other states. This entailed concerns about the circulation of knowledge beyond borders, as shown by the case of Algeria, where French, American and Italian technical personnel operated during the 1954-62 independence war (Ch. 4).

1.5 On the neglect of oil exploration geophysics

Despite the fact that the study of technoscience in international relations has been a substantial subdomain of history of science and technology since the early 2000s, out of the thirteen papers that constitute a 2006 issue of the Osiris review on science, technology, and international affairs, the words ‘oil’ or ‘petroleum’ are mentioned in only one. In an earlier collection dedicated to earth sciences in the Cold War by the Social Studies of Sciences journal in 2003, oil is mentioned only once, in relation to a technique used in nuclear detection.

60 Barth (2003), 761.
Conversely, when the focus of academic research has been oil, as is the case for the 2012 special issue of the *Journal of American Studies* on ‘Oil cultures’, technoscientific aspects were completely bypassed.\(^{61}\) Although only a rough index with limited value, this simple analysis reveals a gap in the literature.

Why such neglect of exploration geophysics? I can see three reasons. First, paraphrasing what Hecht wrote about uranium, it would appear the technology involved in exploration geophysics is considered so conventional it is deemed uninteresting, especially when compared with parts of the oil industry the malfunctioning of which have more immediate consequences on supplies, such as pipelines.\(^{62}\) Secondly, most oil exploration is carried out by oil and geophysical companies, and company archives may be harder to access than those of public bodies.\(^{63}\) Thirdly, the prominence of nuclear culture in the Cold War, and of narratives of apocalyptic warfare: put simply, oil does not fuel weapons of mass destruction, although it does fuel the planes carrying them.\(^{64}\) Charles Bates, Thomas Gaskell and Robert Rice’s *Geophysics in the Affairs of Man* is an exception to this lack of regard. Albeit passé in its factual narrative, this geophysicist-authored work is a technical and economic history of the development of three major aspects of geophysics, namely the growth of geophysical exploration into a veritable industrial business; the opening of the American Arctic to science and industry; and the utilisation of geophysics in military combat and nuclear arms control.\(^{65}\)

While Bates, Gaskell and Rice delved extensively into the technology used in geophysical exploration, their focus is, again, mainly on the USA. This choice is partly justified since, as I mentioned, American companies were historically, if not always pioneers, at least the main developers and users of most geophysical techniques. However, the absolute prevalence of this national dimension and a lack of historical analysis are important limitations of this work. While the book’s overall internalist viewpoint, abstracting the purely technoscientific from its sociopolitical context, is typical of most scientist-authored publications, it is at least partly mitigated by the authors’ focus on human agency.

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62 Hecht (2002), 693.

63 Only after a lengthy exchange of emails with those responsible at the French *Compagnie générale de géophysique's* document centre was I allowed to look at a very few brochures and photos. Unfortunately, these were not very relevant to my thesis.


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A further exception to the neglect of oil is a paper by Doel. Going back to the 1920s, he reflects on how the earth sciences were influenced by factors outside geophysics proper, and identifies one such factor in the demands from the oil and mining industries. The successes achieved by seismic prospecting, and especially seismic reflection – Doel maintains – facilitated a boom in oil industry, and prompted several American universities to create courses in exploration geophysics.

While the politics of Cold War geophysics in the USA has received much attention from historians of technoscience, the very few works available about the history of French and Italian exploration geophysics have mainly been authored by people directly involved in geophysical research, such as former company employees, or have been published with celebratory intents by the companies themselves. These works mostly oscillate between markedly internalist narratives and epic tones, depicting the heroism of oil prospectors in domesticating a hostile nature in Equatorial swamps or North Sea storms. Although a work published in 2006 by the French geophysical giant, Compagnie générale de géophysique (CGG), for its 75th anniversary does provide a nice educational picture of the company’s technological evolution, it does not escape the Whiggish character typical of this kind of publication, where contingent aspects of enterprise development give way to warped standpoint about the historical necessity of technological progress.

On a completely different level of accuracy and insight is a work by historian of technology Geoffrey Bowker. In his sociological account of industrial dynamics at the French geophysics company Schlumberger from 1920 to 1940, inspired by Bruno Latour’s works, Bowker shows how the company’s founders and early developers conceived a method for testing potential oil fields, through the use of electrical currents. At the same time, they produced a ‘mythological’ rhetoric, which secured the company a position that enabled it to coin a new definition of technology, adapted to its needs. This allowed Schlumberger to establish its own position on the industrial market, and to carve a niche in the oil exploration business. Bowker explains how a contingent method was made universal; at the same

66 Doel (2003b), 401.
67 This is the case with Louis Allaud and Maurice Martin’s monograph on the history of Schlumberger’s well-logging technique, but also, as is to be expected, of publications produced by the corporations themselves. See: Allaud, L. A., and Martin, M. H. (1977) Schlumberger: The History of a Technique. Hoboken: John Wiley & Sons.
time he approaches the issue of patenting new technologies produced in the field, and reveals how these technologies were defended in the courts. What is important about Bowker’s account is that nature, politics, science and society are demonstrated to be part of the same activity. Such an intimate connection is also highlighted along my thesis.

There appears to have been a higher interest in the history of geophysics in Italy than in France. In his early reconstruction of the initial stages of Italian oil exploration, Federico Squarzina presented some anecdotal information about the typology of geophysical techniques used, as well as specifications and the origin of the instrumentation employed in surveys. However, following his attempt, the exploration dimension was completely lost from Italian literature for almost twenty years, before being taken up by Manlio Magini. Magini’s work has contributed to the statistical picture of Italy-based geophysical activity, but his main concern is similar to that of his predecessor; to outline a detailed chronology rather than understand the dynamics underlying events.

It is only with studies by business historian, Daniele Pozzi, that the importance of the accumulation of technoscientific competences in AGIP/Eni’s development was brought to the attention of Italian scholarship. Pozzi’s 2009 volume and his previous studies on technology, knowledge and organisation at the Italian oil company are the foundational references for my second chapter. In his theoretical premises, Pozzi followed the analytical line adopted by Bowker, by emphasising the societal and human agency elements: it is not techniques that are introduced, but the technical staff introducing them. Geologists and geophysicists eventually acquire a role as agents of technological development.

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Relying heavily upon ENI archival documents, Pozzi has been able to compellingly explain the limits and reasons for the Italian company’s place in history. While a central role in his account is played by ENI’s first President, Enrico Mattei, the figure of the Italian entrepreneur is deprived of certain mythological aspects that characterise most journalistic works on ENI’s history and Mattei (see below). While Pozzi made extensive use of Italian archives, however, the detail of his work did not allow him to explore to a similar degree of accuracy the international aspects of the company’s activities. Thus, although his deconstruction activity is certainly valuable to Italian historiography, this is compromised by the lack of account of international political dynamics. In conclusion, there appears to be no historical accounts available of the role played by Italian or French oil prospecting within the broader geopolitical context of the Cold War. In my work, I try to partially fill this gap.

1.6 Oil histories and diplomacy

In October 2013, the USA took back its place as the leading oil and gas producing country in the world.74 As it has maintained that position for most of the last century, it is not unexpected that, like American geophysics, the American oil economy is also by far the most studied in the world.75 While most works focus on specific periods or topics, no current reference gives a broader overview than Daniel Yergin’s monumental world history of oil, The Prize.76 Yergin’s monograph covers the world of oil from its birth in the nineteenth century to the 1990s, and shows how oil was, is and will be a driver of political power, as well as a decisive factor in world affairs. The importance afforded the human element as an agent of oil policies, the broad international political and economic perspective provided, the emphasis on the linkage between national strategies and the global politics of power, as well as the massive bibliography accompanying it, make this work an essential preliminary


reading to more specific studies. While Yergin uses almost exclusively sources in English, and is at times unbalanced in the detailing of some issues (such as the creation and development of the Organization of Petroleum Exporting Countries, OPEC), these are minor drawbacks of his masterly narrative.

Given the importance of issues of energy in the reconstruction of postwar France, the major role of a few French personalities in managing the energy recovery of the country, and the weight given by French administrations to energy autonomy, it is somewhat surprising that so little attention has been dedicated to the oil sector. French literature on oil and international relations has produced factual narratives rather than geopolitics- (or geophysics-) centred analyses. Also, while agency is frequently attributed to companies as unitary entities, information on the people who contributed with their practical activities is extremely scarce:

The history of the French oil industry – laments international politics scholar, Douglas Yates – has been written as if the national oil companies were actors. [...] Such personification of large corporations by historians is a poor rhetorical convention. Companies are not people. [...] For if we confuse a company with the men who inhabit it, we lose sight of the human agency that makes history possible.  

André Nouschi’s work on the history of French oil is a case in point. Nouschi has provided useful chronological and economic data on French oil companies, as well as their relations with foreign enterprises, but in such a broad picture the contribution of prospecting to the success of French oil industry was neglected. Moreover, the protagonists of his narrative are monoliths representing ‘the [French] State’ or ‘the Anglo-Saxons’. If, on the one hand, we recognise that lumping together individual agents under a collective label can be useful in simplifying the task of reconstructing industrial history, on the other hand, it leaves decisional processes hidden from the reader. Nouschi seems to disregard the fact that “institutions as such never exercise power; it is always the men in charge of the institutions”.  

79 Hillenbrand, quoted (with no further specification) in: Votaw, D. (1964) The Six-legged Dog. Mattei and ENI – a study in power. Berkeley/Los Angeles: University of California Press, 98. At the same time, though, it may be useful to remember that “[o]ne man, even in the most absolute of dictatorships, does not, by himself, wield power” without the consent of his hierarchy. Ibid.
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A lack of human agency and a very limited use of primary sources is also evident in Eric Melby’s earlier study on French oil within the international system; to my knowledge the first sizeable monograph on the history of the French oil industry. Melby’s use of documents from the French national archives is appreciable, as are his analytical skills, which make his study even more valuable. But his coverage of international matters is affected by lack of foreign documents. His reconstruction of non-French events, entirely based on journalistic or secondary sources, is less convincing.

Journalist Pierre Fontaine’s works attempt to elucidate some aspects of the oil diplomacy of the Cold War, especially regarding French vs. Anglo-American interests. While his 1955 and 1957 publications are dedicated to world oil dynamics and the role of France on the international scene in particular, his 1959 book has more specifically focused on the exploration side. Fontaine describes the life of a French geologist, whose manoeuvres in Libya intended to secure the region of Fezzan for France threatened to disrupt Anglo-American plans to partition the country, and shows how this led to the geologist’s murder in 1950. Fontaine’s works are all characterised by a strong personal tone and by an almost total lack of reference to sources, which often jeopardises the works’ reliability. The author’s intention, quite clearly, is to demonstrate how the Anglo-American majors threatened French oil interests around the world. While insufficient by scholarly standards, Fontaine’s works do at least shed light on one important aspect of my thesis, namely the aforementioned fragmented nature of Western alliances.

As for the protagonists of the French oil world, historical studies of French public companies have been carried out in three publications, two by ELF/ERAP’s (BRP’s successor) geologists, and one by historians Sophie Chauveau and Alain Beltran. The first two are rare examples of work centred on French technosciences. Important technical developments of geoscientific technologies are described in detail, as are the technical difficulties encountered by French companies in geological and geophysical exploration. However, a largely factual approach and a lack of human agency significantly reduce the analytical depth of these studies. As for Chauveau and Beltran’s volume, both its layout and register

strongly suggest this was intended as a popularisation work for a lay public rather than an academic study.\textsuperscript{83}

Jean Rondot and Emmanuel Catta have both worked at CFP, and published two company histories in 1962 and 1990, respectively\textsuperscript{84}. Both volumes include interesting geoscientific details of the development of the French company’s activities, and Catta especially highlights the role of the technicians; however, none of these works analyses the broader political context or the importance of surveillance operations for national security. As for the human protagonists of French public oil agencies, only one monograph is available, on Pierre Guillaumat, the first BPR President, and the most prominent character in French energy institutions from the postwar years into the late 1970s.\textsuperscript{85} This volume was the outcome of a symposium on the French technocrat, in which former executives of French oil companies, a couple historians and a journalist took part. It is essentially a collection of talks – rather than papers – on the development of the French oil industry. The tone is conversational and the work lacks references and a bibliography.

This publication does, however, give an indication of the network of agencies surrounding Guillaumat, of his personality and his love of secrecy (his having being a secret agent during the war is telling in this respect). Guillaumat’s ‘network’ is also explored in a chapter of a book by historian Eric Kocher-Marbœuf, which has exposed the extent of the interconnection between the cadres of the French oil companies and governmental administrators. Kocher-Marbœuf has highlighted the role of French élite education and of the corps of high public officials, and particularly emphasised the function of the Corps des Mines, to which most administrators of French oil belonged.\textsuperscript{86}

The importance of these professional groups and of the links between their members in French administrative life is also underlined in another work by Yates, included in a recent collection of historical studies. Edited by Alain Beltran, this collection is focused on the

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intervention of nation states in the management of public oil companies in some European states and oil-rich developing countries. The role of these companies, the volume’s authors argue, was to both establish national energy autonomy and security, and deal with the actions of transnational major oil companies by limiting their initiatives.  

Diplomats are finally brought into the picture in David Styan’s history of French-Iraqi oil and weapons deals, in which he explores relations between France and the Middle Eastern country, especially in the second half of the 1960s. Styan maintains that, in spite of the large change of staff within French administrations that occurred in the passage from the Fourth to the Fifth Republic in 1958, the latter’s policy toward Iraq did not significantly differ from the former, and continued to be based on access to oil, commercial relations, and France’s international role.

Styan analyses how Charles de Gaulle, once back in power in 1958, endeavoured to carve a role of prominence for France in the Middle East, a region rapidly undergoing a transformation from an arena of confrontation for imperial powers to one for the two superpowers. Styan’s work focuses on energy security and relies on a fairly large variety of sources, including books, newspapers, scholarly articles, and interviews with the protagonists of the events he describes. Archival sources are inexplicably disregarded: a serious flaw for an analysis based on a diplomatic narrative. However, Styan’s monograph has the virtue of emphasising the importance of access to oil for French energy security: to my knowledge, this is the first and only monograph giving such broad coverage to this aspect. I explored it more deeply through a number of documents issued by the French foreign counter-espionage agency (SDECE), which I was allowed to consult following an FoI request. SDECE’s papers enabled me to highlight the surveillance activities deployed by French authorities on allied countries, in particular in Algeria, where French influence was placed in jeopardy.

The limited number of French sources on oil history is counterbalanced by a plethora on the Italian side which, given the smaller size of the Italian oil company, ENI, in comparison to CDP or BRP, does not seem to make sense. The reason for this imbalance is Enrico Mattei, the man who became the symbol of Italian entrepreneurship and success while at the

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87 Beltran (ed.) (2010), The study I refer to is Yates (2010), within Beltran’s edited volume.
(de facto) head of AGIP/Eni almost without interruption from 1948 to 1962. Not only does Mattei’s renown stem from his death in a controversial plane crash, which undoubtedly contributed to the construction of his myth, but also from the results his enterprise accomplished during his lifetime: results in which he played an undeniably important role.

From 1953 onward, in particular, Mattei guided Eni through an aggressive international expansion, taking bellicose stances against, at various times, American, British and French interests, as well as Italian private industrialists. As Guillaumat did in France, Mattei perfectly encapsulated the figure of Thomas Hughes’s system builder: someone able to reconfigure an entire sector by creating new sources of capital, actively lobbying for his company’s interests and creating possibilities for expansion. The bibliography on Mattei numbers as many as his biographies: in many cases the focus is not AGIP’s or Eni’s activities per se, but rather the man himself. This is the exact opposite of the French situation: there, humans are absent; here, there is only one. To give an idea of Mattei’s importance, even to his contemporaries, the following statement was made in 1964 by economist Dow Votaw, author of the first scholarly study of the Italian company: “Italians look at Eni [the only other giant Italian public institution at the time, A/N] as a company but on Eni as Mattei”.

The quality of these works, mainly produced by journalists, former Eni employees and executives, varies greatly, as does their originality. Episodes described in early works are often repeated in later ones, disregarding the accuracy of sources, which in most cases are not even mentioned. This iterative phenomenon led to a strengthening of the narrative framework, which ended up acquiring a truth value only by virtue of its repetition; a ‘meme’, in the words of Richard Dawkins. In short, it did not just create a founding myth, but an entire mythology, based on a simplistic David-Goliath dichotomy, with Mattei, a man of flesh and blood at the head of a small company in an impoverished, defeated country, pitted

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89 Although only nominally, AGIP’s president from 1948 to 1953 was Marcello Boldrini, Mattei’s friend and mentor. Mattei was AGIP’s vice-president from 1945 to 1953, with a short interruption in 1947-8. In the early 1950s, he prompted the establishment of a new national oil company, Eni, of which he became president at its foundation, in 1953.


92 Quoted from: Votaw (1964), 3.

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gainst the all-powerful transnational and depersonalised Anglo-American majors.\(^{94}\)

Among this non-scholarly work, Marcello Colitti’s 1979 publication is an exception. Although mainly relying on secondary literature, it is one of the few non-recent ENI histories to make use of some archival sources. This enabled Colitti to avoid falling into most mythological traps, and to present the reader with a ‘grayscale view’ of the events, instead of a dichotomist narrative.\(^{95}\) ENI activities have also been the object of economic studies which, while detaching from the received views through the examination of quantitative data on the Italian company, often end up being data-dense chronologies, where the little analytical insight offered is often drowned in financial figures and company names.\(^{96}\)

For as much as these publications may provide valuable information in bits and pieces, their quality is incomparably different from that of a set of historical works, the publication of which began timidly in the 1990s, taking full shape from the 2000s. A decisive factor in causing this new trend may have been the establishing of ENI documentation funds from the mid-1990s, and the opening of a centralised corporate archive in 2006.

Most of these studies centre on ENI’s international relations and oil diplomacy. Even here, however, a distinction has to be made between publications based on company archives and those that are not. The latter still display a pronounced Mattei-centric narrative. They do not significantly detach from the general orthodoxy reported in journalistic sources, and one could argue they can be characterised by a statement historian Warren Kimball made about post-revisionist history: “orthodoxy, plus archives”.\(^{97}\) This is the case in works by Nico Perrone, Leonardo Maugeri and Benito Li Vigni, all of which use US and British archive documents.\(^{98}\) The work of Giovanni Buccianti, despite incorporating documents


from archives in five countries (although Russian archives are largely underrepresented), is strongly conditioned by the hypothesis that Mattei’s death was the result of an international plot, considerably affecting his historical analysis; also, his bibliography relies heavily on popular works that would hardly figure in a serious historian’s work.\textsuperscript{99}

All the sources examined so far focused on a description of the entire history of AGIP/ENI during Mattei’s time, from his entering AGIP to his death. Works examining shorter periods of time, or focusing on a single geographical area, and based on ENI archives, started to appear in the early 2000s. The historian of international relations, Alberto Tonini, explored ENI’s dealings with Egypt and Iraq from the mid-1950s to the early 1960s, through analysis of documents from several archives: including those from the British Foreign Office and the Italian Ministry of Foreign Affairs alongside ENI’s own. Once again, however, Mattei monopolises the narratives, leaving almost no room for other company staff; in addition, while the author’s aim is to cover operations in countries neglected by previous publications, his actual argument is unclear.\textsuperscript{100}

Bruna Bagnato’s three monograph series on ENI’s relations with the Soviet Union, Morocco and Algeria is strikingly different: here, finally, ENI takes the place of Mattei, yet without slipping into ‘French style’ company reification.\textsuperscript{101} Bagnato’s expertise on Italy’s relations with France, North African countries and the Soviet Union was particularly useful for my investigation, and in two of my chapters I attempt to develop the lines of research she traced. By framing ENI’s 1950s and early 1960s policy within the larger context of Italian aspirations to assume a mediation role in the Mediterranean, Bagnato underlines how Mattei’s entrepreneurship was indeed supported by a series of central political figures, all of whom shared foreign policy aspirations with the Italian tycoon. In her works on Italian-Moroccan and Italian-Algerian relations, she furthermore stresses the diplomatic diffi-


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cultures faced by Italy and ENI when confronted with the declining, but still visible influence of France on its former (Morocco) or existing (Algeria) colonies, where the Italian oil company was endeavouring to expand its interests. I review Bagnato’s Soviet and Algerian monographs below, as I describe my two case studies.

Finally, Ilaria Tremolada has described how ENI’s expansion into Iran was paralleled, and indeed preceded, by a number of other Italian companies in the 1950s. Tremolada’s work has the merit of acknowledging the important role played by Italian diplomatic staff in Middle Eastern countries where ENI operated. Even more importantly for my study, she highlights the part played by AGIP’s geological and geophysical personnel as a beachhead for ENI’s penetration into the Middle East.102 In my thesis, I explore this point further, and demonstrate both ENI geoscientists’ dual role in securing oil resources both nationally and internationally, and improving the company’s geophysical knowledge thanks to formal and informal contacts maintained with foreign concerns.

1.7 Two case studies of resource diplomacy and security

When different interpretations of security materialise in the same region of the world, a diplomatic clash is inevitably generated.103 To investigate the part played by technology in such clashes I will explore two cases that, up to now, have received little scholarly attention. In the first case study I examine the international developments which led to Algeria becoming one of the most fiercely contended, and most closely monitored prospecting grounds in the course of its decolonisation process. In the second, I look at the articulated reaction of transnational institutions to Soviet exporting policy in the early 1960s.

The Algerian War of 1954-62 has long been a marginalised event in the history of French-American relations. However, over the last twenty years, as the psychological taboo linked in particular to the frequent practice of torture by the French military on Algerian prisoners has begun to fade, an increasing number of studies have been published.104 The war


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depth influed French national and international politics, to the point of being the main
cause of a major change in the constitutional system in 1958. Algerian events have therefore
been analysed from many different points of view. Research has been carried out on
the war’s social, political and cultural repercussions in France and Algeria, as well as on the
aforementioned issue of torture.105

Surprisingly, while narratives of military security permeate all war narratives, most of the
available scholarly publications seem only to touch lightly on another kind of security, that
relating to energy.106 Ali Aissaoui’s book on the political economy of oil and gas in Algeria
is the only work to cover the subject extensively. However, it is mainly focused on the post-
independence period.107 Rédha Malek’s monograph on the 1956-62 Algerian-French peace
negotiations, while detailing the evolution of the dispute about sovereignty over the Algeri-
an Sahara, only vaguely refers to the role of the geoscientific (and legislative) intelligence
collected abroad by personalities from the pro-independence Front de libération nationale
(FLN).108

Accounts of the diplomatic side of the war, such as those by Matthew Connelly, who ad-
opts a broad transnational perspective based on Algerian archives, do not significantly fo-
cus on oil. Those by Martin Thomas and Irwin Wall, on Anglo-French and French-America
relations respectively, mention oil in only a very few passages.109 In general, the important-
ance of hydrocarbons in events during the war has been greatly underrated; yet Algeria was
by far France’s largest oil and gas reservoir. In 1959 the value of raw minerals guarded in
the region’s subsoil for France’s energy security had been emphasised in an article publish-
ed in Foreign Affairs by Jacques Soustelle, a former Marxist-leaning ethnologist, who had
led the French secret service during World War II, acted as Governor General of Algeria in

1954-1962. Paris: La Découverte. An essential cinematographic work is Gillo Pontecorvo’s The Battle of Algiers
(1966).

201-8, which includes testimonies of French geologists in Algeria during the war.


Press, 55-6, 237-8.
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1955-56, and then as Minister of State in charge of Overseas Departments in 1958-59 (Fig. 1.1).110

Soustelle’s paper, which reads more like an appeal to his national authorities not to lose the Sahara to an independent Algeria than a scholarly work, was followed in 1960 by a monograph by journalist Pierre Cornet. Cornet’s book, though lacking a bibliography and footnote apparatus, contains extensive descriptions of geophysical operations carried out in the late 1950s by companies operating in the Algerian Sahara, importantly underlining the interest of American prospecting and oil companies in the area, and also reviewing available training opportunities for geophysicists and geologists in France.111

Not until 1994 did another significant publication on Algerian prospecting appear, by ELF/ERAP geologist Alain Perrodon. Unfortunately, the international aspect is once more ignored.112 In fact, since Cornet’s book, and apart from a work by Rabah Mahiout that very hastily lists the main events in Algerian oil history, it was only in 2010 that a more comprehensive work was published. This was authored by Hocine Malti, one of the protagonists in the contemporary Algerian oil sector, and a former president of SONATRACH. Malti’s memoirs, significantly entitled “The secret history of Algerian oil”, reconstruct the largest Algerian industrial sector in fine detail, but are mostly centred on post-independence developments, and unsupported by primary sources.113 In line with Malti’s work, my thesis also takes into account secret oil deals between its protagonists: however, I focus on a time of major international turmoil, namely the Algerian conflict, and employ mainly archival sources to substantiate my argument.

Mattei considered embarking on Saharan exploration operations as part of his larger strategy: to establish Italian energy security on North African and Middle Eastern resources. It thus became mandatory to address the French and the Algerians to gain access to that area, the riches of which were being discovered in those very years. While ENI's

early proposals to the French have not been explored to any great extent, the development of links with the most powerful nationalist group, the FLN, is mentioned in many Italian journalistic sources.

Only very recently, however, have these been the subject of more extended interest. Two works were published in 2010 and 2011 by Italian institutions in Algeria, to coincide with the almost simultaneous 50\textsuperscript{th} anniversary of Algerian independence and 150\textsuperscript{th} anniversary of the proclamation of the Italian state.\textsuperscript{115} While the 2011 book is essentially a celebratory work with little scholarly interest, the 2010 publication, significantly titled \textit{Mattei e Algeria}, is far more informative. Its innovative aspect is particularly demonstrated by the inclusion of testimonies from Algerian officials involved in the war and in contacts with Eni. An essay by Bagnato is also included, in which she describes the historical-political context of Italian-Algerian relations during the independence war, alongside an interview with Eni’s ‘ambassador to the FLN’, journalist Mario Pirani.\textsuperscript{116} These documents, together with Pirani’s 2012 autobiography and Bagnato’s monograph, helped me establish the context in which to

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\textsuperscript{114} Soustelle (1959), 628.
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situate Italian-Algerian contacts, and substantiate my claim of ENI’s direct involvement in dealings with the FLN.117

While Federico Cresti and Anna Maria Gregni successfully pioneered the academic study of the evolution of French diplomacy’s standpoint vis-à-vis the Italian involvement in the Algerian War in a 2003 publication, Bagnato’s 2012 volume deserves a particular mention, exceeding as it does, in extension and historical rigour, all previous publications on Italian-French-Algerian relations.118 Largely based on Italian and French diplomatic archives, it contains extensive examination of the role played by ENI in the war’s dynamics, and more broadly within the grand strategy of the expansion of Italian oil interests to North Africa.

Bagnato highlights the difficulties faced by Italian diplomats with their French counterpart as a consequence of ENI’s actions, as well as the anxiety these caused within the French political environment. Following de Gaulle’s return to power, Bagnato argues, successive Italian administrations abandoned a policy of substantial agreement with the French. They developed a more autonomous stance, attempting to balance this with the need to conform to Italian-French alliances in transnational institutions such as NATO and the European Economic Community (EEC).

To sum up, it can be said that these sources where diplomacy is afforded a prominent role, oil is not taken into account, and vice versa. Even when both topics are covered, as in Bagnato’s work, there is no mention of the fact that an important share of the support given by ENI to the FLN included geoscientific intelligence on Algerian underground resources. This consideration prompts me to once more underline once more that my work is intended to fill an important gap.

In addition, none of the sources I reviewed examines in depth the role played by US institutions in surveillance operations on Algerian hydrocarbon exploration. The abrupt changes in the Algerian oil scenario after 1957-8, with the admission of a number of US companies, I argue, cannot be fully understood unless one takes account of the geophysical intelligence provided by American Algeria-based governmental institutions to their national companies. As mentioned, knowledge of what another country’s territory contained in its subsurface provided valuable indications of that country’s industrial and military potential.


Shifting to a different area of the world, in my second case study I focus on the Soviet Union. Since the mid-1950s on, a massive prospecting effort in the USSR had led to the discovery of a number of sizeable oilfields between the Ural Mountains and the Volga River. The most immediate consequence of such bonanza was a colossal increase in oil production, followed by Moscow’s launch of a grand scheme of exports not only to countries of its own bloc, but to Western Europe in particular. To Western oil majors, the most alarming characteristic of Soviet oil was its low cost, which could destabilise the international price structure. With the exception of Finland and Iceland, Italy (through ENI) and West Germany had become the largest Western-bloc importers of Soviet oil by the early 1960s. Not only this, their barter agreements with the USSR included exports of technological materials for the Soviet oil industry. Soviet plans to build an extensive pipeline system that would reach Eastern Europe, and could in principle be easily linked to Western Europe, therefore concerned the US administration as well as transnational organisations like NATO.

Over the past few decades, this ‘Soviet oil offensive’, as Moscow’s design became known beyond the Iron Curtain, has been the subject of a number of international publications, especially from economic and political analysts. Unsurprisingly, once this issue became critical for American oil interests and national security in the early 1960s, it was also at the core of American Senate discussions. In this context, the 1960 conclusion of a considerable oil-for-technology agreement between ENI and the Soviet oil company, Soyuzefteexport, has been deemed a crucial episode in the history of diplomatic relations between Italy and the USA. While the details of the agreement have been thoroughly discussed in journalistic and academic publications, the repercussions on intra-allies relations, which especially became manifest in debates held within transnational organisations, have been relatively neglected.

These repercussions have been explored only in Bagnato’s 2003 volume on Italian ‘Ostpolitik’, where ENI’s Soviet dealings are discussed within the vaster framework of an Italian strategy of rapprochement to the USSR via an ample industrial scheme including many of

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Italy’s leading manufacturers.\textsuperscript{121} As in her later volumes, Bagnato emphasises Italy’s self-assigned role as a mediator, this time between the East and the West, and the support given by Italian political and diplomatic institutions to the intensification of commercial relations between ENI and the Soviets.\textsuperscript{122}

In Chapter 6, I expand on Bagnato’s work by focusing more specifically on the EEC and NATO: in particular, I analyse the question of Soviet oil exports, discussed by both organisations. I show how the outcomes of the plans devised to stem oil imports differed, and why this was so. In the case of NATO, I also examine in depth the question of technology transfers occurring between the Soviet Union and some West European countries.

1.8 Thesis overview

In an earlier draft of this thesis, I chose to structure my chapters thematically, according to the three main topics of exploration, diplomacy and security. Such a scheme proved to be only partially feasible, in that these three aspects continuously intertwine. In addition, I realised that a thematic structure would prevent me from showing an aspect the importance of which will be emphasised in my narrative; namely the growing relevance of France and Italy within international energy scenarios.

I therefore decided to give this thesis a geopolitically ‘telescopic’ structure, with the main terms broadly identified in a national, international and transnational viewpoint. In Ch. 2, the geographical bases of my narratives are more or less national: while stressing the influence of international pressures, the focus is mainly on Italy. In Ch. 3, in my analysis of the French case, it expands to the Middle East and the French Union, the main protagonist being however France’s reconstruction.

In these two chapters, I discuss strategies developed as a result of the urgency of rebuilding French and Italian oil infrastructures, as well as an outcome of the novel Cold War settings. I first examine political developments in the two countries, the means through which the reconstruction of their oil industries was undertaken, and exploration operations restarted. In Ch. 2 I argue that, while the strong influence of Anglo-American oil interests in the

\textsuperscript{121} Bagnato (2003).
peninsula is undeniable, materialising in, among other things, constant pressure on the Italian political body for exploration concessions and a more favourable mining law; these were supported by the equally vocal interests of large industrialists within the Italian government, in an example of that co-production of hegemony conceptualised by Krige.\textsuperscript{123} However, the deep instability of postwar Italian administrations, together with the deployment of dilatory tactics, made the formulation of a new mining law an extremely lengthy process. In the early 1950s, the increasing influence within the governmental majority party of a political faction favourable to state-controlled policies also contributed to slow down privatisation processes, and eventually favoured the establishment of a national oil company able to withstand foreign pressures.

Parallel to my second chapter, Ch. 3 investigates the reconstruction of the French oil sector within the broader context of a strong policy of modernisation and re-industrialisation. On the domestic plan, French administrations set up a legislative apparatus that would allow them to moderate Anglo-American influence in the Métropole (mainland France) without coming to a direct clash with oil majors, and contextually supporting French commercial interests. Internationally, I show that, after CFP had barely managed to recover its position on the Middle Eastern oil scene through a legal struggle with its Anglo-American partners within the Iraq Petroleum Company (IPC), French authorities deemed it safer for national energy security to move their core interests to French colonies in Africa.

That shift was accelerated by Middle Eastern political turmoil, by the growing superpower tensions in the area, and by France’s declining prestige following the Suez expedition. This transition presupposed the constitution of a series of new oil agencies charged with the exploration of the former French Empire and with the education of a class of petroleum technicians and engineers. The mobilisation of a critical mass of geophysicists to Africa made it possible for France to develop vast technoscientific knowledge, enabling a national geophysical industry to flourish. The shift to Africa soon prompted a debate on whether Algeria should be kept as a French private ground, or opened to foreign exploration companies. Up to the mid-1950s, support for an all-French strategy prevailed; however, this would be dramatically challenged by the rise of nationalist movements in Northern Africa, and by the outbreak of the Algerian War in 1954 in particular.

In my fourth chapter I extend my view to colonial interests during the Cold War, and ex-

\textsuperscript{123} Krige (2006).
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Pand my narrative to one of multiple national actors, decolonisation, official and unofficial diplomacies. I demonstrate how Northern Africa acquired a major geopolitical significance from the 1950s, especially after intense geophysical prospecting, driven by the introduction of novel techniques and the reassessment of older ones, had led to important oil and gas discoveries. The new Saharan riches, together with the formulation and approval of a more permissive prospecting law, consequent to French difficulties in financing exploration in the entire Sahara, ushered in American independent companies initially, and later the US majors.

I argue that geoscientific intelligence acquired through secret surveillance operations by the US Consulate in Algiers, and then leaked to national companies, contributed greatly to rouse American oil interests, minimising concerns over the war. At the same time, US companies were only allowed into Algeria under a number of conditions, among which was the obligation to transmit all results of their geophysical surveys to French authorities. Foreign companies’ operations were constantly, either overtly or covertly, monitored by French geoscientists and oil administrators.

I then show how the Algerian geostrategic scenario was further complicated by ENI’s attempts to take part in the region’s oil activities. These materialised in the establishment of close relations between Italy and the FLN, and generated serious tensions between Italian and French diplomacies. I claim that by tightening diplomatic relations with countries such as the USA and Italy, Algerian nationalists could count on material and moral aid for anti-French purposes. In particular, I demonstrate that ENI supported the FLN not only financially but, more significantly, by leaking geophysical intelligence, thus enabling Algerian representatives to substantiate some of their claims at peace negotiations with the French in 1961-2.

In Ch. 5, the geopolitical perspective is further enlarged, to become fully transnational. I first investigate how the deployment of a considerable geophysical endeavour throughout the 1950s resulted in a series of important discoveries and, ultimately, in overproduction. Contextually, the new conditions of oil abundance prompted a decline in the world’s geophysical activity. While the successful French prospecting effort materialised in the Algerian and Central African oil discoveries, turning the country into an oil exporter, results achieved by Italy were of a more modest quality. ENI was driven to look for oil elsewhere. The Soviet exports strategy was instrumental in directing the Italians eastwards. With the
Italian-Soviet oil-for-technology barter agreement, I bring the USSR to the scene. Tensions between the two superpowers, somewhat implicit during the Algerian War – as they were mediated by third countries – became explicit. The Soviet oil offensive targeted the whole Western economy. I claim that the new availability of oil for Italy and France caused a similar shift of interests in the two Mediterranean countries, from exploration to the transport sector. I call this the ‘midstream shift’, and explain how it culminated in fierce competition for pipeline construction, leading to the rapid ‘pipeline-isation’ of Western and Central Europe.

Finally, in Ch. 6, I further expand my geopolitical framework to include supranational institutions (NATO and the EEC). I show how differing national strategies conflicted and were composed in transnational settings, and how national developments affected discussions. Within the NATO setting, I discuss how concerns over the Soviet pipeline system led to the proposal of an embargo on large-diameter pipes and pipeline technology by the US delegation. The opposition between reasons of economic security and reasons of military security developed through confrontations over technical expertise, and negotiations on the notion of ‘strategic’ materials.

I chose 1962 as a temporal end for my work: this choice is motivated by the almost simultaneous occurrence of four events that represented ruptures either in global Cold War history or in the national histories of the two countries under study. In March of that year, Algeria acquired its independence from France. In October, Mattei’s death in a plane crash marked the inception of less aggressive expansion plans for ENI. In the very same days, the Cuban missile crisis threatened to trigger a global nuclear conflict. In retrospective, it would mark a climax in tensions between superpowers, and prompt a switch of US military strategy from ‘massive retaliation’ – a full-scale response through weapons of mass destruction even in the case of a minor conventional attack – to the more varied ‘flexible response’, calling for mutual deterrence at strategic, tactical, and conventional levels. Finally, in November 1962, NATO controversially approved the pipe embargo. Moving from the national to the transnational, via the colonial, we see how significant a role oil played in the diplomatic and intelligence activities of the two West European countries.
CHAPTER 2. THE ALLIED SHADOW: INTERNATIONAL PRESSURES OVER THE RECONSTRUCTION OF THE ITALIAN OIL INDUSTRY

The Italian Government’s right to enter directly into the oil business of course is recognized, but you should point out the disadvantages of that course particularly in the situation that will prevail in Italy after the war.

Joseph Grew to Alexander Kirk, 22 March 1945

I believe we have every right to attempt openly to influence legislation where American interests are at stake […].

John Jones to Elbridge Durbrow, 16 September 1954

In tatters. No other expression could better define the state of Italian industry by the end of the war. The oil sector was no exception. The Anglo-American properties confiscated by the Fascist regime and handed over to the Italian public oil agency, Azienda generale italiana petroli (AGIP), had been damaged to various degrees or completely destroyed, as had most of AGIP’s plants. The majority of reservoirs were out of use, as were most fuel pumps; the vessels constituting the small tanker fleet had been lost or confiscated. Tank cars and exploration materials in the centre and south of the country were lost as these areas had been occupied by the Allies. AGIP’s assets in Romania and the Italian African colonies had been requisitioned by the Nazis during the war, or by the Allies afterwards. The company’s exploration staff had been halved; drilling equipment had been abandoned in Greece, Hungary and Croatia, where spot exploration had been carried out during wartime, and only in northern Italy could geological, geophysical and drilling operations be carried out.

1 NARA - Foreign Relations of the United States (FRUS, henceforth), 1945, IV, Europe, telegram no. 552, The Acting Secretary of State (Grew) to the Ambassador in Italy (Kirk), 22 March 1945, p. 1309.
2 NARA - FRUS, 1952-1954, VI, pt. 2, Western Europe and Canada, letter, top secret, official-informal, The Director of the Office of Western European Affairs (Jones) to the Counselor of Embassy in Italy (Durbrow), 16 September 1954, p. 1701.
3 Pozzi (2009), 136.
4 AGIP’s geophysical equipment in Italy, however, had been saved from Nazi requisition: in particular a valuable seismic recorder obtained from the American Western Geophysical Company (WGC) had been disassembled and hidden in safer places. Source: Memoriale di Virgilio Aso. The entire document is
Commenting on the Italian postwar situation to the State Department in 1945, Alcide De Gasperi (Fig. 2.1), the Italian Foreign Minister, and at a later stage Alberto Tarchiani, the Italian Ambassador in Washington, used dramatic tones when describing the economic situation: “We have millions of people without shelter and clothing; entire towns destroyed; the greater part of our industries paralyzed by the lack of raw materials and fuel; the transportation system completely disorganized”.  

![Fig. 2.1 Alcide De Gasperi (1881-1954)](image)

By February 1945, over half the peninsula was under Allied control. The rest of the country was under Nazi occupation and the authority of the newly established Repubblica Sociale Italiana, a puppet state led by former Italian Prime Minister, Benito Mussolini. With the aim of reconquering the remaining areas of the country, the Allied command devised a long-term strategy with respect to oil matters. The instructions given by US Acting Secretary of State, Joseph Grew, to the US Ambassador in Rome, Alexander Kirk (see quote at the beginning of this chapter), referred to aspects of a more extended plan, intended to both establish in Italy a US-like economic system consecrated to the free market economy (which

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5 reported in Pozzi (2003a), 44. A description of the consequences of the war on Agip properties can be found in: Archivio Storico Eni (ASENI, henceforth) - Fondo Agip, Organi deliberativi,Verbali Consiglio di Amministrazione Agip (C.d.A. Agip, henceforth), box (b, henceforth) 2, folder (fd, henceforth) 19, Attachment to the Minutes of 22 November 1944, Relazione del Presidente Gestione Commissariale e sulla situazione attuale dell’Azienda, 130-65. See also: Magini (1976), 63.

5 NARA - FRUS, 1945, IV, Europe: letter no. 858, Ambassador in Italy (Kirk) to Secretary of State (Stettinus) to, 20 August 1945, p. 1229. Kirk was reporting a memorandum received from De Gasperi to Stettinus; unnumbered letter, Italian Ambassador (Tarchiani) to Mr. William Phillips, Special Assistant to the Secretary of State, 28 May 1945, p. 1257.
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would especially benefit American companies), and take control of potential resources hidden in the subsurface, in the name of Western security.

In this chapter I demonstrate that, while claiming to be assisting Italy on the path to recovery, US officials were effectively establishing a scheme to gain control of the Italian oil market. I will show that oil reconnaissance played a key role in the struggle for oil control, with Western Geophysical Company (WGC) being called in by AGIP to carry out exploratory works on its behalf, while also working for the Italian affiliate of the largest American company operating in Italy, Standard Oil of New Jersey (SONJ). AGIP prospectors also attempted to keep their knowledge of deposits hidden in order to favour their company. I then discuss the role of AGIP technicians and executives – especially that of the company’s Vice-President, Enrico Mattei (Fig. 2.2) – and Italian policymakers in responding to the American plan by challenging US influence, promoting changes in the administration of oil technopolitics, and empowering the exploration sector with a higher degree of autonomy. In developing my argument, I emphasise the importance of gaining access to restricted geoscientific information, as well as securing land concessions to prospect.

2.1 Italian oil interests and exploration before and during the war

With the Allied occupation of southern and central Italy, industrial plants that had belonged to AGIP came under Anglo-American control. This was more a restitution than a requisition, as a number of these facilities had belonged to British and American concerns before being nationalised by the Fascist state. Early postwar management of requisitioned plants was carried out by a new structure, established by the Allied Command in the spring of 1944: the Comitato Italiano Petroli (‘Italian Petroleum Committee’, CIP).

The Committee was administered by representatives of the newly constituted Southern Kingdom, the Allied occupying government, and oil companies. These included the Italian companies AGIP, Azienda nazionale idrogenazione combustibili (ANIC, a subsidiary of the private chemical company, Montecatini) and Petrolea, run by FIAT, the car factory. However, also included were the oil majors active in Italy: in order of importance, SONJ, Royal Dutch Shell (Shell), and Standard Oil of New York-Vacuum Oil (SOCONY). The CIP was initially to supply oil for Allied civil and military operations.6 The Committee’s headquarters took over

6 Magini (1976), 89. Petrolea had been founded by the Soviet Fuel Syndicate in 1927, but had then been ceded to the Italian car company FIAT. ANIC was shared between Montecatini (50 percent), AGIP (25 percent) and Azienda italiana petroli d’Albania (25 percent), the latter controlled by AGIP. In 1953, AGIP bought Montecatini’s share.
AGIP’s offices and staff in Rome. Unsurprisingly, the Committee was essentially going to be dominated by officials of the Allied governments and the two largest global oil companies, with AGIP enjoying very little decision-making power. The CIC soon extended its activities beyond the original functions, to the point of exerting almost absolute control over oil and gas distribution in the country until 1948.

An intended effect of these circumstances was to prevent AGIP from autonomously planning the recovery of Italy’s oil production, especially since its wartime initiatives had revealed efforts to limit the influence of the oil majors. Although Allied plans indicated that the CIC would treat all the companies operating in Italy equally, it actually set the groundwork – as affirmed by US State Secretary, James Byrnes, to Kirk in August 1945 – for reserving “a fair share of the total business” for American interests. The Committee would be dissolved when Anglo-American domination of the Italian market was restored, taking the national oil market back to the situation that had existed prior to Fascism.

Before the constitution of AGIP, foreign oil companies had ruled the Italian oil market. Founded in 1926 by a consortium largely controlled by public administrators, AGIP was es-

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7 ASEN - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 2, fl. 18, Attachment A to the minutes of the meeting of 8 March 1946, p. 156; Pizzigallo (1992), 136 note 38.
8 Pozzi (2009), 142.
9 NARA - FRUS, 1945, IV, Europe, telegram no. 1395, Secretary of State (Byrnes) to Ambassador in Italy (Kirk), 20 August 1945, pp. 1314-5. This and the following quotes are from p. 1315.
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tablished to minimise the influence of British and American oil firms, so as to avoid seri-
ous threats to national oil security in case of war. At the time of Agip’s foundation, most
 crude oil imported by Italy came from Società italo-americana pel petrolio (Siap), a Sonj affiliate,
and Società anonima Nafta, a Shell affiliate. The former owned numerous oil and lubricant
 companies, as well as refineries and a solid distribution network; the latter controlled a re-
finery, oil and lubricant factories. SOCONY also owned a refinery and operated in lubricant
 transport and sale.

Among these large companies only Sonj was involved in oil exploration in Italy, through
 another affiliate, Società petrolifera d’Italia (Spi), active in the Po Valley (northern Italy) (Fig.
2.3). The creation of Agip as a consequence of the Fascist regime’s autarchic policies, in-
tended to ensure Italy’s economic self-sufficiency, challenged foreign interests, and resulted
in a system of regulations for protecting national enterprises. However, in terms of explora-
tion results, these policies did not live up to expectations. Exploration methods based on
physical measurement of the earth’s properties had been introduced in the very first years
of Agip’s existence. Gravimetry – the measurement of anomalies in the terrestrial gravita-
tional field with respect to an area’s average – had been first employed, with encouraging
results, in the Po Valley. But the scarcity of resources available to the Italian company, and
the difficulties in finding adequately trained staff had limited its operations considerably.
Gravimetry, as Daniele Pozzi has noted, soon revealed its inadequacy for a thorough ex-
ploration of the Po Valley. The deposits that would later turn out to be the most favourable
ones were invisible to this technique, which was unable to differentiate them from the sur-
rounding geological layers.

The introduction at Agip of German instruments for seismic prospecting, a technique that
enabled an estimation of the properties of the earth’s subsurface from reflected and refrac-
ted seismic waves, together with Agip’s manufacture of its own equipment based on the
German model, prompted the company to focus on seismology. Initially experimented
with during World War I by the French, British and Germans to locate enemy artillery, seis-
mology blossomed within the following decade into seismic exploration for hydrocarbons.

11 Royal Decree-Law n° 556 of 3 April 1926, published in the Official Gazette of 12 April 1926. In
12 Magini (1976), 49.
13 For a detailed list oil interests in Italy, see: Magini (1976), 64.
14 Ibid.
30.
17 Ibid.
Blasts produced by dynamite charges buried in the ground emitted seismic waves that interacted with geological layers. Reflected or refracted waves were then recorded by seismographs, arranged in log charts and interpreted, thus giving information on the underlying geological structures.

However, while the Germans were still experimenting with this new procedure in the mid-1930s, the American geophysical industry appeared to be at a more mature stage of development. In 1936 Rocco had already urged AGIP to acquire US technology, and in the same year the Italian-American geophysicist and conservative political activist, Henry Salvatori, founder and president of WGC, visited AGIP’s headquarters. In 1938, during an AGIP mission to the USA, Rocco and his fellow geologist, Tiziano Vercelli, managed to acquire seismic reflection instrumentation created by WGC, as well as one of the American company’s crews. The crew was sent to Italy in mid-1940.18

Once in Italy, WGC carried out an exploration survey in the area of Lodi, near Milan, and begun outlining some promising geological structures in the summer of 1940.19 The team, however, had to abandon Italy in October, as war broke out, leaving AGIP all of its seismic machinery. Thanks to the training received by WGC technicians during the survey, AGIP

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18 The crew was led by the Italian-American, Michael Boccalery. Pozzi (2008), 12; Magini (1976), 74.
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gleophysicists were able to use their ‘tacit knowledge’ and equipment in an intense wartime exploration programme.20 As a result, by the end of the hostilities, Italian technicians were aware of the potential of the Po Valley for oil and gas, and their prolonged activity there in comparison with WGC enabled them to collect more detailed information than American geophysicists possessed.

In 1944, AGIP made a further gas discovery in the Po Valley at Caviaga, but the gas field was not made operational to avoid the Nazis taking control of it. Marcello Colitti, a former executive of Ente nazionale idrocarburi (ENI) – AGIP’s successor – has argued that data on the Caviaga gas field were probably disseminated widely, and it is likely that besides WGC, SPI – whose director had been in close contact with an AGIP executive –, military intelligence, Italian partisans and Allied officials had informed the Allied commission in Italy and the American intelligence centre – the Office of Strategic Services in Switzerland – about the findings21. Yet these key gas deposits were yet to be revealed.

In the 1930s and early 1940s, AGIP had then extended its activities to the refining and hydrocarbon transport sectors, through the acquisition of a refinery near Venice, the foundation of Anic, with Montecatini, to obtain oil substitutes by hydrogenating coal – consistent with Fascist autarchy plans – and the subsequent construction of two refineries for Anic’s use.22 In order to manage the construction of an Italian gas pipeline network, a dedicated company, SNAM, had also been established. From this picture, we can see that although Italian industrial power in the country’s oil was not comparable to its Anglo-American counterpart, it had been steadily, albeit slowly, increasing.

AGIP carried out a reasonably lively policy of exploration during its first two decades of life. As well as a geophysical programme including extended gravimetric and seismic works of large reconnaissance and detail, and a systematic series of geological surveys, not only in the Po Valley but also in central and southern Italy (including Sicily), the company had drilled 372 wells, half of which were exploratory. This percentage demonstrates the im-

21 Colitti (1979), 61-2.
22 Anic was shared among AGIP, together with the Italian Enterprise for Albanian oil and the chemical industry Montecatini, which was the majority shareholder.
portance AGIP gave to the search for new potentially oil-rich geological structures.\textsuperscript{23} Prospecting had also been carried out outside Italy, mainly in Italian colonies in the Horn of Africa, Libya, Albania, and more intermittently in Romania, Greece, Hungary and northern Yugoslavia.\textsuperscript{24} Exploration in both Italy and its colonies had attracted foreign interests already during the conflict. The political situation in the early postwar years in Italy and the world soon enabled the Western countries that had won the war to try and assert their influence on Italian resources.

\section*{2.2 A grand scheme of action}

Italy’s reconstruction coincided with the early years of the Cold War. From 1947, the world’s geopolitical scene was to be modelled to a significant extent by governments’ decisions with respect to their alignment within the Western or Eastern spheres of influence. In this context, the pro-American stance of Italian Christian Democrat-led (\textit{Democrazia Cristiana}, DC) administrations left no room for doubt: Italy would be aligned with the United States. Beside commercial interests, political and geostrategic aspects connected with American security also had much to do with Allied interest in Italy. The American government particularly feared the widespread sympathy for the Communist party among the Italian population. This threatened to jeopardise the actions of the country’s government, and consequently its alignment with the Western world.

Such concerns were fully exploited by successive DC administrations in negotiations with the American authorities. The rationale constantly underlying Italian political pressure on the American government was that, without Washington’s help, Italy would fall to Moscow. It was this ‘tyrannical weakness’ that enabled Italy to obtain at various times from the American administrations more than they would initially be disposed to concede.\textsuperscript{25} Such were American anxieties before the most polarised elections of Italian history took place in April 1948, that the National Security Council (NSC) was kept busy figuring out likely political scenarios after a victory of the People’s Democratic Front, essentially formed by the Italian Communists and Socialists, and devising measures to prevent such an outcome. Actively supporting DC-led administrations was therefore an entirely logical decision for Tru-
man’s government. The Americans certainly took considerable advantage of their position as occupants and of Italy’s poor economy, to employ covert party funding, propaganda and financial aids. In this way, they managed to influence postwar administrations, which in general already looked on US anti-Communist initiatives favourably.26

From a geostrategic viewpoint Italy, due to its position in the middle of the Mediterranean, was crucial to the Anglo-Americans. It dominated oil supply lines from the Middle East, where the US and UK majors had significant assets. In addition, it was also geographically close to the Balkans, and therefore vital both in the surveillance of Mediterranean traffic and as a possible departure point of air military actions directed eastwards. There was also an economic rationale: the peninsula was an ideal point of passage between Arabian oil-fields and oil-thirsty Central European markets.27 Italy’s geostrategic and commercial role was at the root of US Rear Admiral Ellery Stone’s conviction, expressed in June 1945, that it was essential to make Italy the chief US ally in the Mediterranean.28

In September, the US State, War and Navy Department Coordinating Committee agreed with the Rear Admiral’s opinion.29 In 1949 these geostrategic concerns informed the American decision to push for Italy’s inclusion in NATO. Italy’s status as a country in need of protection meant, however, that its contribution to any proactive strategy was limited. It entered the organisation as a lesser power and after prolonged hesitation by all of the 1948 Treaty of Brussels’s instituting members (Belgium, France, Luxembourg, the Netherlands and the UK).30 In 1954, a US Joint Chiefs of Staff’s top secret memorandum instructed that once Italian heavy industry and oil refining facilities returned to full operation, they ought to fulfil not only the needs of the Italian armed forces, but also those of other NATO countries.31

27 By 1953, Italy’s refining capacity would attain a stunning 21 Mt, compared to 9.7 Mt planned by the Organisation for European Economic Co-operation. In: Magini (1976), 96. See also: Pressenda and Sarale (1978), 44.
29 NARA - FRUS, 1945, IV, Report on Military, Naval, and Air Clauses of the Treaty of Peace With Italy by an Ad Hoc Committee of the State-War-Navy Coordinating Committee. Enclosure to SWNCC 155/1, dated 6 September 1945, p. 1038. Also reported, in Italian, in: Tremolada (2003), 68.
31 NARA - FRUS, 1952-1954, VI, pt. 2, Western Europe and Canada, top secret, Memorandum by the Chairman of the Joint Chiefs of Staff (Radford) to the Secretary of Defense (Wilson), 23 March 1954, Subject: NSC 5411-U.S. Policy Toward Italy, pp. 1665-6.
Finally, in the American stance vis-à-vis Italy there were aspects related to the hoarding of concessions and potential resources. After the war, AGIP was still dismembered, and weak. Prior to the Caviaga discovery, the company’s headquarters had been moved to Milan, with only a subsidiary office remaining in Rome.\textsuperscript{32} After Italy’s partition, communications between the two areas had been interrupted. Since AGIP could hardly do any harm to American interests in Italy in its present conditions, US companies flanked by large Italian private companies such as Montecatini attempted to expand their activities at the expense of the public agency. In order to do so, British and American diplomacies devised a grand plan to hinder the recovery of the Italian company.

The Anglo-American course of action outlined by Grew in March 1945 had in fact been inaugurated somewhat earlier: in February, Grew had written to Kirk about an initiative devised in cooperation with the British government, concerning the liquidation of some of AGIP’s properties and, in compensation for war damages, transfer of ownership to Anglo-American concerns.\textsuperscript{33} The constitution of the CIP was indeed part of the larger framework of American postwar foreign oil policy, revealed at the Chicago Council on Foreign Relations in December 1944 by the US Interior Secretary, and head of the Petroleum Administration for War, Harold Ickes.\textsuperscript{34} The substance of its cardinal points was to assert influence in foreign governments’ management of their own oil resources, and to ensure that access to international primary sources be inscribed in a free market economic system.

It was not a new viewpoint, as agencies endowed with the largest assets always advocate the ‘democratic force’ of free market. The underlying tenet of this view was that world resources could be exploited for US energy needs, and that recovery programmes in US-occupied countries would be more pliable to those needs.\textsuperscript{35} It was in this context that, from 1944, AGIP’s board of directors started cooperating with the CIP in matters of war damages and the restitution of confiscated properties.

\textsuperscript{32} ASEN - Fondo AGIP, Organi deliberativi, AGIP-Verbali C.d.A., b. 2, fd. 18, Meeting of 17 February 1945.
\textsuperscript{33} NARA - FRUS, 1945, IV, Europe, telegram no. 263, The Acting Secretary of State (Grew) to the Ambassador in Italy (Kirk), 10 February 1945, p. 1307.
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Diplomatic initiatives, however, were accompanied by more stealthy intelligence work. In February 1945, an American petroleum adviser called West, secretly operating in Italy, informed the US embassy in Rome that the country’s authorities had not abandoned their intention to establish a strongly state-controlled oil policy. Consequently, Grew wrote to Kirk in March that there would be grounds for “considerable concern” had the Italian government contemplated pursuing a prewar oil policy in the new postwar context. Grew instructed Kirk to talk to Italian Prime Minister, Ivanoe Bonomi, in order to ensure the Italian government aligned itself with the oil policy the Allies intended to pursue, and suggested the Foreign Office take the same initiative. In fact, the idea of deploying a joint Anglo-American diplomatic effort in this sense had already been formulated in January 1945.

It is important to remember that postwar Anglo-Italian relations were characterised by tensions. Winston Churchill’s government held a much harsher attitude towards Italy than its American counterpart. Before the end of the war, as a 1945 report by the Office of Strategic Studies revealed, the British services (in particular the intelligence officer, Francis Rennel Rodd), together with Italian Army General, Giuseppe Castellano, and with the help of the Sicilian mafia, devised a plan to cause the secession of Sicily from Italy, by funding the island’s separatist movement. The UK had strong interests in the Sicilian sulphur industry, and its government planned to transform the complex of Sicily and the smaller island, Pantelleria, halfway between Sicily and Tunisia, into a new Malta, thus creating a strategic triangle in the Mediterranean.

As far as Italian colonies in Northern and Eastern Africa were concerned, Anthony Eden, Churchill’s Foreign Secretary, explained that the return of Italy to the Red Sea area should be prevented because of British strategic interests. In addition, only control over the Cyrenaica and Tripolitania regions in northern Libya would allow the UK to build military bases, thus securing Mediterranean routes for its national economic and commercial interests. We hardly need to remember the value of the Suez Canal and the Red Sea to British maritime transport – especially, oil tankers – to understand the importance to the UK of acquiring influence over former Italian colonies.

36 NARA - FRUS, 1945, IV, Europe, telegram no. 552, The Acting Secretary of State (Grew) to the Ambassador in Italy (Kirk), 22 March 1945, p. 1309.
37 NARA - FRUS, 1945, IV, Europe, telegram no. 108, The Secretary of State (Stettinius) to the Ambassador in Italy (Kirk), 19 January 1945, pp. 1304-5.
39 TNA - Prime Minister’s Office Files (PREM, henceforth) 3/243/8, Policy towards Italy and Italian Government, Anthony Eden (FO) to Winston Churchill (Prime Minister), 25 September 1945.
This explains why, even up to 1948, Italian pleas to the Foreign Office for concessions regarding former colonies were rejected “almost with contempt” by His Majesty’s Government. British plans for Italian colonies, however, clashed with American intentions of exerting their own influence on the Mediterranean Sea. While the British and American authorities were divided over this issue, they agreed that the role Italy’s indigenous energy sector should play in the reconstruction of Italian oil industry ought to be reduced.

The Allies’ clear intentions in the oil sector notwithstanding, the Italian government was not convinced that this was the route to follow. De Gasperi declared that it was one thing to refund the damages suffered by Anglo-American companies as soon as possible; it was a completely different matter to dismantle the public oil agency. Indemnification, he maintained, would be effected in money, not by ceding public properties to private interests. The Italian government had no intention of bailing out and liberalising the entire oil industry. Oil distribution apparatus and industrial plants were the only means Italy disposed of, to stimulate cooperation with Allied concerns, and thus create, within certain limits, a competitive regime in the country. Obviously, US officials were not merely putting requests to the Italian authorities, but also applying pressure directly on AGIP.

The key issue underlying this exchange was the seizure of geophysical data, and whether AGIP could oppose it. In April 1945, DC Senator, Armando Petretti, a former vice-president of AGIP, had been appointed to the company’s presidency. In his first address to the board of directors, he recognised that a resumption of AGIP’s normal business was subordinated to the Allied authorities’ decisions, and that the Italian company would have to defer for the time being all exploration employing state funding. To the exception of a few running works displaying a significant or real chance of success, all further prospecting activities would have to be left to private initiatives. As Colitti has commented: “It is not clear whether this was an ‘elastic’ defence by the enterprise, or a veritable decision in favour of the dismantlement of the exploration sector”.  

41 NARA - FRUS, 1945, IV, Europe, telegram no. 1729, The Ambassador in Italy (Kirk) to the Secretary of State (Stettinius), 24 June 1945, pp. 1311-2.
42 NARA - FRUS, 1945, IV, Europe, telegram no. 2868, The Ambassador in Italy (Kirk) to the Secretary of State (Stettinius), 27 September 1945, p. 1318.
43 Ibid.
44 ASEN - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 2, fd. 18, Meeting of 10 April 1945, Report attached to the minutes, p. 34.
45 Colitti (1979), 68. My own translation.
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As for commercial operations, all power was in the hands of the Cip. In May, two Allied colonels, one from the Allied Military Government and another from the Allied Headquarters’ Petroleum Section, informed the Italian authorities of their decision that oil products imported by the Allies be exclusively distributed through Italy by the Cip.46 In the face of Anglo-American pressures, both in terms of the colonels’ messages and the joint diplomatic démarche, Petretti reassured the American Embassy that no exclusivity or monopoly policy would be adopted in Agip’s favour.47 The Cip did adopt a policy of preferential treatment in favour of foreign concerns, however. When the Committee started reconstructing refining plants with its own funds or in collaboration with oil companies, it reserved its priority aid for majors-owned refineries.48 In fact, the Anglo-Americans were particularly concerned about Italy’s refining capacity, for the geostrategic and economic reasons I previously explained. Their intention was to make Italy into Europe’s refinery.

The importance of Italian oil for American commercial interests was described in a 1943 Intelligence Memorandum. The document recorded forty-four American enterprises that had each directly invested over $30,000 in Italy. Overall, such enterprises had invested over $73 million. Sonj alone had contributed ca. $25 million, equivalent to 33.9 percent of all US investments in Italy. Socnov ranked third (ca. $9 million) in the list, and Texaco eighth (ca. $2 million). The oil industry, the memorandum underlined, represented by far the largest investment category for American concerns: it amounted to almost 49 percent of the total.49 US oil interests had therefore to be protected, either openly or secretly, as demonstrated by the attempt to get hold of geophysical data in the hands of Agip.

46 Ibid. Source reported: Archivi dell’Istituto di storia del movimento di liberazione, Milano, Carte Merzagora, b. 34. The cited exchange is from 18 May 1945. The first colonel was Harry Hershenson; as for the second one, King, I could not retrieve his first name in my sources; ASEN - Fondo Agip, Organi deliberativi, Agip-Verbal C.d.A., b. 2, fl. 19, Attachment to the minutes of the meeting held on 9 August 1946: Memorandum # 1, Precedenti situazione e riassetto dell’A.G.I.P; NARA - FRUS, 1945, IV, Europe, telegram no. 1392, The Acting Secretary of State (Acheson) to the Ambassador in Italy (Kirk), 14 September 1945, pp. 1316-7.
47 ASEN - Fondo Agip, Organi deliberativi, Agip-Verbal C.d.A., b. 2, fl. 19, Attachment to the minutes of the meeting held on 9 August 1946: Memorandum # 1, Precedenti situazione e riassetto dell’A.G.I.P.
49 Perrone (1995), 34-5. Source reported: NARA - Department of State, Office of Intelligence Coordination and Liaison (Oel), Interests of US Business Firms in Allied Italian Organizations, Intelligence Memorandum, Oel - 3526.10, 17 July 1946. Data are referred to 31 May 1943, but according to Perrone they can be considered unvaried after the Liberation.
2.3 Enrico Mattei' apparent defeat, and AGIP's data seized by the majors

On 30 April 1945, Enrico Mattei, at the age of thirty-nine, was appointed extraordinary commissioner of AGIP by the National Liberation Commission for Northern Italy. In June his role was acknowledged by the Allied command.50 Born in 1906 into a middle class family in central Italy, by 1931 Mattei had become a chemical industrialist in Milan. While in Milan, he had developed links with the local high-bourgeois, socialising Catholic milieu, from which DC cadres would later emerge. In July 1943, members of this intelligentsia, who would later form the party’s left-wing faction, had already established the guidelines of postwar DC policy. In economics, these recapitulated an advocacy of state intervention; in politics, marked sympathies for developing countries. These ideas deeply influenced Mattei's conception of the state as the prime mover in economic matters.51 Following the armistice of September 1943, Mattei had joined the Resistance movement, and in 1944 he represented DC amongst the partisans. When he was called to AGIP, his duty was to supervise its work force and assets during the transition from a divided to a unified company.52

Facing the possibility of a purge of Fascist collaborators, AGIP's geologists and geophysicists who had moved to the north of the country under the Repubblica Sociale's regime, and who had collected critical geoscientific data, directly addressed Mattei. It might have well been in these circumstances that the latter met geologist, Carlo Zannatti, for the first time. Zannatti had worked at AGIP during the Fascist era, and had subsequently been laid off in May 1945. After Mattei's appointment, he and other company geologists started sending the vice-president technical notes. In one of these, the current prospecting operations being carried out by AGIP were criticised, and the majority of prewar exploration activities were dismissed as fruitless.53 The rest of the document was dedicated to the Lodi area near Milan, where the Caviaga field was located. It suggested this was an oilfield not yet brought to light, and that further discoveries in the Po Valley were possible. AGIP, the technicians claimed, was the only enterprise with sufficient means and experience to develop an extensive geophysical programme. Works should be started at a rapid pace, as information regard-

52 Pozzi (2009), 155. Split into two during the war, AGIP's offices in Rome and Milan were now to be reunified.
53 ASEN - Fondo ENI, Presidenza Mattei, b. 1, fd. 40, sub-fd. 4, Situazione delle ricerche petrolifere nell'Italia Settentrionale, 11 September 1945.
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ing the deposit was less secret than one might think, since SONJ was also aware of it.54

According to Pozzi, the tone used in the note was probably exaggerated, but this was deliber-
erate, as AGIP’s geologists attempted to convince Mattei, who was not a technician, to re-
vitalise prospecting works by presenting him with a “functioning ‘black box’”; a treasure
chest waiting to be opened.55 These tactics highlight the weight of AGIP technical staff in
decision-making processes. Without the expertise and persuasiveness shown by its
geoscientists, AGIP may as well have remained a predominantly commercial company. This
aspect is very often underrated by those accounts that attribute the continuation of explora-
tion operations exclusively to Mattei. In the summer of 1945, Mattei authorised the
drilling of a second well at Caviaga.

However, the expansion of operations would need adequate financial backing. In Novem-
ber 1944, AGIP counsellor and head of the General Directorate of Mines, Luigi Gerbella,
had written to the Minister of Industry, Giovanni Gronchi, about the necessity of obtain-
ing from the Treasury the public funds scheduled for AGIP’s 1944-5 prospecting pro-
gramme.56 Yet the Minister of Treasury and Liberal Party member, Marcello Soleri, a
staunch supporter of the free market, stated his unwillingness to use public funds for ex-
ploration, and suggested instead the liquidation of old AGIP sites. In Soleri’s reply to Gron-
chi, however, no mention was made of the Lodi sites, which had been surveyed using
AGIP’s own resources.

According to political historian, Giorgio Galli, Soleri was put under pressure by represent-
atives of the major oil companies, who arrived in Rome in the summer of 1944. Among
these officers were Richard King Mellon of Gulf, an expert in Italian oil matters, and the
eminent geologist and oil economist, John Elmer Thomas, who had close links with the US
Ambassador in Italy, Kirk. In the early 1930s, Thomas had already surveyed the geology of
Italy; in August 1944, he was also allowed to see documents discovered by the Allies at the
Ministry of Agriculture and in AGIP’s offices, and may have realised the country’s potential
was even higher than he previously imagined.57 On meeting Mattei, Gronchi suggested he
shall matters, as an imminent cabinet crisis would oust Soleri from the government.

54 Ibid.
55 Quoted from: Pozzi (2009), 158. My own translation.
56 Pozzi (2003c), 6 note 17. Source reported: Archivio Centrale di Stato (ACS, henceforth) - Ministero
Industria Commercio e Artigianato, Direzione Generale delle Miniere, Permessi e Concessioni, b. 314,
fd. 6, sub-fd. 11.
Thus, while acquiescing to Soleri’s guidelines, AGIP’s board postponed any definitive decision about public-funded activities to a time when relations could be re-established between the Milan and Rome company offices.\textsuperscript{58} A technical commission was established by the headquarters in Rome, under Gerbella’s supervision, to make decisions on which sites to keep in operation.\textsuperscript{59} In October 1945, AGIP’s board was reunified and brought back to Rome. Mattei was appointed as one of its two vice-presidents.\textsuperscript{60}

At this point a conflict ensued, the ‘new’ AGIP against the ‘old’: the former, younger faction advocated a rapid transformation of the enterprise’s structure, and greater autonomy for the exploration branch; the latter, older faction defended a focus on commercial strategy, the recovery of financial stability and, in short, continuity with the prewar organisation.\textsuperscript{61} Petretti, the most influential representative of the ‘old’ AGIP, would not take any significant autonomous initiative before a plan had been devised with the central political authorities.

Before the end of the year, Gerbella’s report was presented to the board of directors. It recommended the termination of exploration activities in the south and centre of Italy, and in Sicily. Gas extraction activities should be carried out on only four central sites, while in the north of the country, all sites where exploration had started before the introduction of seismic studies should be abandoned, and efforts focused on only the most favourable areas in the Po Valley. As a consequence of this report, Petretti announced that studies carried out by AGIP in areas to be abandoned, would be made available to technicians working for other firms, in order for private companies to take up the baton.\textsuperscript{62}

Such disclosures went against the advice of Mattei and the AGIP geoscientists. It not only meant capitulating to foreign interests but, more importantly, handing over an impressive amount of sensitive data about the Italian subsoil to companies possessing far more powerful exploration apparatus. These companies might be able to extract from AGIP’s data more valuable information than the Italian company itself had, thus compromising AGIP’s (and Italy’s) future energy security. It would give an additional weapon to the oil majors already enjoying the diplomatic might of their respective countries. For the majors, Petretti’s decision was a considerable bounty, allowing them to acquire data resulting from

\textsuperscript{58} Pozzi (2003a), 7.
\textsuperscript{59} ASENI - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 2, fd. 18, Meeting of 19 December 1945, p. 114.
\textsuperscript{60} ASENI - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 2, fd. 17, Minutes of decisions of the Extraordinary Commissioner on 20 October 1945, pp. 20-2.
\textsuperscript{61} Pozzi (2003c) calls “old AGIP” the former Roman branch of the company.
\textsuperscript{62} ASENI - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 18, fd. 2, Meeting of 19 December 1945, p. 114.
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years of work and considerable expense. This was AGIP’s most valuable asset since, as Kirk’s oil economy adviser, Elmer Thomas, noted, success in oil exploration consisted of “90% data, 9% technical capabilities, 1% luck”.

However, it appeared to be too late to contest Petretti’s decision, as he had already declared to representatives of SONl and Shell his willingness to ease their participation in the country’s exploration. When Petretti informed the council of contacts made with Shell representatives, he was probably referring to a request he received from the CNl’s President, and the local manager of Shell’s Italian affiliate Nafta, Alberto De Graan, to carry out exploration studies in Italy. The AGIP board approved of Petretti’s ‘oily deal’ and provided information to Shell geologist, Taverne, who visited the company’s sites in the Po Valley in early 1946. Although Petretti’s authorisation excluded the area of Caviaga, it appears Taverne had already visited the area in January 1945. Sir’s Carl Wiedenmayer was also allowed to see AGIP’s technical reports, and visited Lodi on 15 February. Later on, Leutzinger, a Gulf geologist, also obtained data from the Lodi office.

In March 1946, a further commission was formed to evaluate sites to be abandoned in southern and central Italy. For this purpose, contact was established with SONl’s Manager for European operations, Ralph Bolton, as well as with Wiedenmayer, Taverne, and the MacMillan Company, Gulf’s affiliate for exploration in New York. WGC also brought forward a proposal for funding AGIP’s studies in the most promising area of the Po Valley, but the board rejected this. A year later, the trend initiated by Petretti was still ongoing. The American company Sinclair Oil was authorised to look over geological studies carried out in Eastern Africa by AGIP, in exchange for copies of future reports drawn up by its geoscientists, and for a lump sum payment of $25,000 if oil findings of a commercial value were made. Through the former provision, AGIP at least attempted to obtain new data on Italy’s former African colonies.

65 This episode is reported in Colitti (1979), 87, and in Pozzi (2009), 165. Leutzinger’s and Taverne’s first names could not be retrieved in ENI archives or in secondary sources. Taverne’s visits are documented in: ASENl - Fondo AGIP: Organi deliberativi, Verbali Comitato esecutivo AGIP (1945-1949), b. 16, fd. 3B, Meeting of 1 December 1945, p. 12; Meeting of 4 January 1946, p. 23; Direzione Mineraria, Ricerche e produzione, b. 201, fd. 2FF, £ 16375.
66 Colitti (1979), 87.
In the summer of 1946 the Minister of Treasury, Epicarmo Corbino, recommended the total liquidation of AGIP. Petretti disagreed, however, explaining to Corbino that AGIP’s activities were in a phase of recovery, the conflicts with the CIP on indemnification of war damages were about to be solved, and financial stability had been restored, thus implying there would be no grounds for liquidation. Petretti then gave notice that talks were in progress to associate AGIP with foreign capital for a revitalisation of the refining sector. Gaining support from a major could neutralise the risk of liquidation and diplomatic pressure from the Anglo-Americans. Negotiations were ongoing with the British Anglo-Iranian Oil Company (AIOC, later BP).

As for the issue of liquidation, while Petretti felt confident he would be able to clarify the situation to competent ministers, he believed a reorganisation of the enterprise should take place. It was precisely with such a reorganisation of AGIP in mind that Mattei presented the board with an ‘urgent plan’. The picture Mattei presented, however, was very different from Petretti’s. Firstly, contrary to Petretti’s positive assessment of AGIP relations with the CIP and Anglo-American companies, Mattei saw them as problematic. Until the issue of war reparations was settled, the Italian company could not properly arrange its balance sheets. But the Anglo-American companies refused to take back their properties and staff members until the latter were first dismissed, and could then be rehired with no length of service benefits. Obviously this situation favoured the status quo, resulting in AGIP’s paralysis while SONJ, SOCONY and Shell restarted their own marketing activities.

The “famous diplomatic notes of the Allied governments”, Mattei maintained, should not hinder a reorganisation of the enterprise, to strengthen its position. In April 1947, negotiations with AIOC eventually reached a successful conclusion. The British company would supply AGIP with crude oil and refined products from its Venice refinery for ten years. Moreover a company, with AGIP holding a majority, was to be constituted to manage the refinery and its supplies. While AGIP secured itself a friendly collaboration with the British

70 ASEN1 - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 2, f. 19, Attachment A (dated 6 December 1946) to the minutes of the meeting of 5 February 1947.
71 ASEN1 - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 2, f. 9, Meeting of 9 August 1946. pp. 9 et seq.
72 ASEN1 - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 2, f. 19, Attachment A to the minutes of the meeting held on 9 August 1946, Report and proposals by Vice-President Mattei for an urgent reorganisation of the Enterprise, pp. 21-4.
73 Ibid., 25. My own translation.
74 ASEN1 - Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 2, f. 19, Meeting of 26 February 1947. See also files contained in: TNA - FO 371/67785.
major, the situation was sensitive for Italian oil security, as it would dispense fuel to planes in Italian airports and ships moored at Italian harbours, including military ones.\(^75\)

The April meeting was the last one in which Mattei participated as vice-president. In November 1946, Gerbella’s appointment as general manager of \textit{AGIP} was an unmistakable sign that the board of directors were seeking continuity with the past. They rejected the more dynamic exploration and restructuring programme that Mattei had proposed.\(^6\) However, Mattei held his position in the board as a director, and contributed to stimulate further exploration works in the Po Valley. By the end of the year, \textit{AGIP}’s board had devised a programme of geophysical surveys that involved the employment of a second WGC seismic crew. At this time \textit{AGIP} also negotiated with the French company Schlumberger, for a crew to be dispatched to Italy to execute electrical well logging, a procedure the French concern had pioneered. This technique provided a detailed record of the more superficial geologic layers, prior to the drilling of an actual well. Considering the high costs of drilling, the technique would mean significant savings if oil was eventually found.\(^77\) Contacts with Schlumberger strengthened over time, and \textit{AGIP} technicians periodically took part in training courses at the company’s offices in Paris.\(^78\)

While awarding its surveys mainly to foreign contractors, \textit{AGIP} was also attentive to international advances in geophysics. Beside the more conventional techniques, the Italian company was open to experimentation with technical novelties such as radioactive logging, the developments of which in the USA, the Italians were following closely. Radioactive logging was especially designed for prospecting inside cased wells – where electrical logging was of no use – to survey the amount of hydrogen-containing substances in rock. This indicated the localisation of porous and potentially oil-bearing rocks.\(^79\) The method had been the subject of a study by a geophysicist from the Geological Office of the Italian Mining Service, and it had been proposed that \textit{AGIP} would experiment with it. The board had ap-

\(^{75}\) \textit{ASENI} - Fondo \textit{AGIP}, Organi deliberativi, C.d.A. \textit{AGIP}, b. 2, fd. 19, Attachment B to the minutes of the Meeting of 24 April 1947, pp. 170, 172; Meeting of 24 May 1947.

\(^{76}\) \textit{ASENI} - Fondo \textit{AGIP}, Organi deliberativi, C.d.A. \textit{AGIP}, b. 2, fd. 19, Meeting of 2 November 1946.

\(^{77}\) \textit{ASENI} - Fondo \textit{AGIP}, Organi deliberativi, C.d.A. \textit{AGIP}: b. 2, fd. 19, Meeting of 12 June 1947, pp. 227-8; Meeting of 24 July 1947, pp. 268-9; Meeting of 30 August 1947, pp. 289-91; b. 3, fd. 1A, Meeting of 18 December 1947, pp. 34-5

\(^{78}\) Data about \textit{AGIP} technicians’ participation in Schlumberger courses is reported in Pozzi (2009), 256.

\(^{79}\) Turchetti (2012), 277. Source reported: Interview by Pozzi to Pietro Bazzana, Ugo Bini and Livio Da Rùn, recorded on 27 June 2002.

proved both the expense and the execution of the experiments.\textsuperscript{80} The board also asked the eminent Italian physicist, Bruno Pontecorvo, who had developed neutron well logging, to collaborate with AGIP. Yet, contends Pozzi, following the departure from the company of Rocco early in 1948 due to a decrease in prospecting activities, and the handing over of the geophysical sector to Camillo Contini, interest for theoretical studies prevailed over applications of geophysics for the location of suitable geological structures.\textsuperscript{81}

Contrary to the received view that the pre-Mattei administration adopted a passive attitude, in April 1948, AGIP engineer Cesare Gavotti presented to the reconstituted Consultancy Committee for Exploration a programme of activities to be carried out from 1948 to 1950, which included geological, gravimetric and seismic works, and had been commissioned by Petretti. The programme also included areas the exploration of which had not been previously carried out with seismology.\textsuperscript{82} Therefore, CIP’s efforts to control oil security in Italy by obtaining information and permits had been effectively countered by the delaying tactics and restoration of prospecting activities by AGIP, which were in full swing by the late 1940s.

2.4 New AGIP takes over and reorganises exploration

Having resigned from AGIP’s vice-presidency, Mattei did not remain idle. His growing engagement in political activity presented him with the chance to return to AGIP in a stronger position, when the board was revamped in the spring of 1948. In order to understand how he achieved this, we need to turn to the broader national and international context. In April 1948, the first postwar political elections took place in Italy. The difficult collaboration between parties with different political allegiances that had characterised the years following the Liberation, was then replaced by a DC-led government. The formulation of the Truman Doctrine now produced a marked opposition between on one side, the Socialists and Communists, and on the other, DC.\textsuperscript{83} Mattei was a DC candidate, while he also campaigned against the Communists for De Gasperi, in exchange for his ample decision-mak-


\textsuperscript{81} Pozzi (2009), 217; Turchetti (2012), 87.


According to the Truman Doctrine, formulated in March 1947, the US was to support countries that resisted ‘outside pressures’ (that is, from the Soviet Union). The enunciation of the Truman Doctrine is seen by many historians as marking the beginning of the Cold War.
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ing power in the management of oil affairs.

These elections represented a fundamental turning point in Italian history. They marked
the defeat of the Leftists, with the Socialist and Communist parties together achieving 31.0
percent of the votes, and DC obtaining 48.5 percent. The Christian Democrat victory was
strongly supported by American initiatives. In November 1947, the Nsc had advised the US
government that due to “security interests of primary importance”, it was necessary to
support De Gasperi’s cabinet. This entailed economic aid, further loans for reconstruction,
maintaining grains shipments, improving the capabilities of internal security forces, and
winning the propaganda war.\(^{84}\)

Furthermore, the Nsc suggested, Italy’s main foreign policy objectives, such as revision of
the Peace Treaty, membership in the UN and border claims against Yugoslavia (known as
‘the Trieste question’) may also have to be supported. Significantly, the Nsc ruled out the
use of American armed forces if a civil war should occur.\(^{85}\) In the same month, the newly-
established Central Intelligence Agency (CIA) was asked by Army Chief of Staff, Dwight
Eisenhower, to shortlist a number of Italian agents for possible covert operations in Italy.
A military plan was also laid out, to strengthen Italian internal security through an increased
supply programme.\(^{86}\)

In January 1948, the US Ambassador in Rome, James Dunn, informed Washington of the
rising strength of the Leftists; a Communist coup – he wrote – may happen in the near fu-
ture.\(^{87}\) These revelations prompted the Nsc to abandon its anything-but-the-military
stance.\(^{88}\) A list of further pre-emptive measures was devised, including declarations by key
US congressmen and the State Secretary, George Marshall, that the American economic
assistance Italy had been enjoying up to then, would be discontinued in the event of a

\(^{84}\) Quoted from: NARA - FRUS, 1948, III, Western Europe, top secret, Report by the National Security

\(^{85}\) Ibid. The ‘Trieste question’ regarded some territories in northeastern Italy and northwestern Yugoslavia,
including the city of Trieste, the sovereignty over which was being disputed between the two countries.

\(^{86}\) Miller (1985), 43; NARA - FRUS, 1948, III, Western Europe: top secret, Memorandum by the Acting
Director of the Office of European Affairs (Reber) to the Acting Secretary of State (Robert A. Lovett),
*Present Italian Situation; Implementation of NSC 1/1 ‘The Position of the United States With Respect to Italy’, 28
November 1947*, pp. 727-9; top secret, urgent, telegram no. 3957, The Ambassador in Italy (Dunn) to
the Secretary of State (Marshall), 7 December 1947, pp. 738-9.

\(^{87}\) NARA - FRUS, 1948, III, Western Europe: confidential, telegram no. 314, The Ambassador in Italy
(Dunn) to the Secretary of State (Marshall), 21 January 1948, pp. 819-22; top secret, urgent, telegram no.
383, The Ambassador in Italy (Dunn) to the Secretary of State (Marshall), 29 January 1948, p. 824.

\(^{88}\) NARA - FRUS, 1948, III, Western Europe, top secret, Report by the National Security Council, NSC
1/2, *The Position of the United States With Respect to Italy*, 10 February 1948, p. 767. See also: Smith, T. E.
Treaty”. *Diplomatic History* 7 (2): 139-56.
Communist victory.\textsuperscript{89} In addition, the US would press for immediate inclusion of Italy in negotiations for the Western Union, and for Italian participation in allied consideration of economic matters in Germany.\textsuperscript{90}

During the period preceding the elections, the Italian government did not put a stop to American overt and covert operations. On the contrary, De Gasperi supported and even solicited them; an attitude apparently confirming historian Geir Lundestad’s claim that the USA became an empire ‘by invitation’.\textsuperscript{91} In the electoral campaign, Mattei was the main architect of a fracture between Communist and non-Communist (mainly, Catholic) partisans. Their first congress in Milan in February extended to the partisan association a split that had already taken place in parliament, when in May 1947, De Gasperi, appointed Prime Minister in December 1945, excluded Communist and Socialist ministers from his cabinet. During this period the French government had made a similar move. The recent changes had presumably been prompted by the Truman Doctrine, which allowed for the sale of modern US weapons to French and Italian armies at symbolic prices, in exchange for measures to limit Communist influence.\textsuperscript{92}

Thanks to the links Mattei had developed with the DC establishment, in February 1948 the Minister of Industry, Giuseppe Togni, strongly recommended to the Minister of Finances, Giuseppe Pella, that Mattei be appointed AGIP president when its new board of directors was nominated.\textsuperscript{93} When DC won the elections, Mattei used the success, De Gasperi’s support and that of the new Minister of Finances, Ezio Vanoni, to make a bid for power at AGIP. In June a new board of directors was elected, and Marcello Boldrini, a renowned


\textsuperscript{90} NARA - FRUS, 1948, III, Western Europe, top secret, Report by the National Security Council, NSC 1/3, Position of the United States With Respect to Italy in the Light of the Possibility of Communist Participation in the Government by Legal Means, 8 March 1948, p. 778.


\textsuperscript{92} Ginsborg (1996), 86.

\textsuperscript{93} Pozzi (2003c), 24. Source reported: ACS - Ministero Industria e Commercio, Ufficio Studi, b. 1, f. 11, Lettera spedita il 7 febbraio 1948, dal Ministro dell’Industria al Ministro delle Finanze.
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professor of statistics in Milan, who was also Mattei’s friend and mentor, was appointed to the presidency, with Mattei becoming one of the two vice-presidents. The ‘new’ AGIP eventually had the upper hand on the ‘old’. The technopolitical conflict between the two had thus been won beyond the company itself.

During the final period of Petretti’s presidency, the prospecting sector had restored its balance sheets thanks to the revenues from Caviaga’s methane gas, which had started feeding a pipeline in Milan’s industrial district.94 The creation in July 1948 of the Comitato tecnico ricerche e produzioni (CTRIP), including Mattei, geologist Ramiro Fabiani and (albeit unofficially) Zanmatti, was intended to provide a strong decision-making structure for future AGIP exploration and technical activity.95 Its dynamism materialised in the presentation of a five-year plan for the exploration of the Po Valley, which included the completion of geophysical prospecting works within the first three years, together with the execution of over two hundred surveys and the start of production activities in at least two other gas fields.96 Such intense expansion was undoubtedly supported – as I will show in the next section – by the discovery of oil and gas at Cortemaggiore (in the middle of the Po Valley), announced to the press in June 1949.

The following year, the establishment of a Mining Directorate in Milan, distinct from the industrial sector, significantly increased the company’s exploration branch’s freedom to act. Some of CTRIP’s functions were now transferred over to this new section.97 The Directorate propelled the expansion and modernisation of geophysical equipment, the purchase of new drilling materials, and new contracts with specialised US companies for work and staff training. For geophysics, this meant WGC, and in turn implied the resuming of a more formal collaboration with geologist, Rocco, who had been working for the American company after leaving AGIP, and was rehired in 1951.98 In the same year, Zanmatti returned at the helm of the mining section to supervise the expansion of the oil prospecting sector. Attending regular meetings that began to take place between AGIP’s staff, and its foreign and Italian contractors, he discussed the problems faced in exploration, in what represented the materialisation of AGIP’s joint production of geoscientific knowledge.99 From 1949, AGIP also offered scholarships to young university graduates, so as to then hire and train

94 ASEN | Fondo AGIP, Organi deliberativi, C.d.A. AGIP, b. 3, fd. 1A, Meeting of 28 October 1947.
96 Ibid., Meeting of 3 August 1949.
97 Ibid., Meeting of 3 February 1950, pp. 251-2.
98 Ibid., Meeting of 24 March 1950, p. 266; CEDI (1992a), 177.
them in the field.\textsuperscript{100}

Even before his return, Rocco had coordinated AGIP’s seismic works within a committee formed by Italian and American geophysicists. In addition, all newly appointed AGIP geophysicists were being sent for a training period to WGC’s central offices in the United States, as there was no adequate university course in applied geophysics available in Italy at that time. Only the Lerici Foundation at the Milan Polytechnic owned sufficient experimental equipment to execute its own oil geophysical studies. Italian technological dependence in geophysics not only from the USA, but also from France, was first and foremost due to structural reasons, as the very institutions that would have had to take on the training of exploration geophysicists were practically non-existent.

There was, for instance, no Italian equivalent of the Association française des techniciens du pétrole (AFTP), which since 1930 had been grouping French oil technicians and engineers. An Italian Petroleum Institute on the model of the Institut français du pétrole (IFP) (see p. 106), which could lead research and training activity in the oil sector as desired by AGIP geologist, Oreste Jacobini, in 1948, was never established.\textsuperscript{101} In 1942, the Italian Geophysical Association was indeed constituted: unlike the American Society of Exploration Geophysicists, however, it grouped all kinds of geophysical research, and it was not essentially concerned with exploration for natural resources.

Essentially, as historian Roberto Maiocchi has reasoned, while importing US technologies was an inescapable condition for a country in such financial conditions as Italy was, which wanted to rapidly acquire some know-how, it would have been necessary, in order not to compromise the long-term evolution of Italian technoscience, “to support the import of machineries and patents with autonomous industrial research”.\textsuperscript{102} This was not done, in general – and vis-à-vis oil exploration in particular – and Italian applied research took a substantial step backwards with respect to prewar conditions.

Besides the Lerici Foundation, the other Italian contractor AGIP collaborated with, was the

\textsuperscript{100} See: CEDI (1991), 152-3, 245-6 286-7, 293-5; ASENSI - Fondo ENI, Segreteria societaria, b. 162, fd. 2BC3; b. 163, fd. 2DBE.


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Italian Geological Service, from which in 1952 the company hired a further seismic crew. The team was to include members from both AGIP and the Geological Service, and its hiring followed an agreement between the Ministry of Industry and the oil company. This crew could use for its surveys a new kind of seismic recorder that it had received “as a homage” from SONJ. Actually, AGIP had not freely chosen to resort to the Italian Geological Service. Instead, it had been rather ‘forced’ to use that crew, as Zannatti confided to his CTRP colleagues. The company could benefit from the new recorder, in exchange for training three geophysicists recommended by the ministry.\(^{103}\) Since the parliament was then discussing a law that threatened to concede AGIP exclusive rights over the Po Valley, the recorder was a self-interested present by the US major.\(^{104}\) SONJ must have realised that its plans for getting hold of promising permits in the Po Valley were in jeopardy. It thus hoped to raise its bid through a persuasive offer or ‘gift’.

In 1951, at AGIP’s peak of activities, of the twelve seismic crews AGIP entrusted its surveys to, eight were provided by contractors. Five of these were from WGC, two from Italian institutions and one from a British subsidiary of the USA-based Seismograph Service Corporation.\(^ {105}\) As for non-seismic operations, beside its own gravimetry crew and electrical logging by Schlumberger, AGIP had hired a further French contractor, *Compagnie générale de géophysique* (CGG), whose crews had already been working for smaller Italian companies since the late 1940s, on a particular kind of electrical survey outside the Po Valley.\(^ {106}\) The French company was charged with studies employing the French-patented telluric current method, which exploited the earth’s natural electric currents to determine differences in the apparent resistivity of geological formations with depth.\(^ {107}\)

This dependency on other foreign contractors enabled AGIP to reduce the influence of WGC on its affairs by exploiting the rivalry with some of its competitors. It began to decrease from 1952, when AGIP started a process of internalisation of competences, not renewing most of the contracts with WGC once AGIP’s personnel had been trained. Yet this did not mean less collaboration with the Americans in terms of equipment or staff exchanges. The excessive commitment to WGC, Pozzi argues, created a sort of “path dependence” that would last until the late 1960s, when Rocco left AGIP.\(^ {108}\)

\(^{103}\) CEDI (1992c), 58.
\(^{104}\) This argument is maintained in Cassano (ed.) (2008), 57.
\(^{106}\) Squarzina (1958), 75-6, 87.
\(^{107}\) CEDI (1992a), 36-7.
\(^{108}\) Pozzi (2009), 248. The close collaboration between AGIP and WGC is shown along the life of CTRP. See:
Such collaboration enabled AGIP to use the most advanced technologies available without having to dedicate part of its resources to staff training, as that burden was left to WGC. However, it negatively affected AGIP’s innovation capabilities, as the collaboration did not impel the Italian company to develop its own technologies. In any case, AGIP did also send its own men into the international arena, to acquire information on novel methods, a process that significantly increased after ENI’s foundation and the internationalisation of the company in the mid-1950s. In 1952, following the appointment of Antonio Selem as director of the Geophysical Section, this was restructured into four sections: seismic, experimental radioactive logging, geophysical laboratory, gravimetric and magnetic laboratory.

By 1953, all AGIP technicians had been trained by WGC, and all four of AGIP’s teams used WGC equipment. Between 1948 and 1953, ENI’s foundation year, AGIP’s geophysical sector expanded considerably: seismic crews were increased from two to nine (peaking at twelve in 1951, as previously mentioned), corresponding to an increase of sixty-five crew months of activity. The company’s only gravimetric team also expanded. crews adopting magnetic, electrical and telluric techniques were hired for specific operations. By the end of 1953, the entire Po Valley had been studied through seismic methods, several gas fields were in operation, gas production was over two billion cubic metres, and both methane gas sales and the gas pipeline network were expanding to the whole of northern Italy. Such unprecedented expansion had been unimaginable when Mattei re-entered AGIP in 1948: the company’s technical capabilities were discredited by large Italian industrialists and the oil majors, the main underlying criticism being that AGIP’s limited financial means would never

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9 This factual monopoly, according to ENI geophysicist, Francesco Guidi, had negative ramifications in terms of the company’s technological innovation, as the lack of competitors would not urge AGIP to develop its own instruments. Francesco Guidi’s interview to the Author, San Donato Milanese, 4 February 2013.

10 In 1952, for example, Edoardo Merlini, chief of the Technical Service within AGIP’s Geophysical Section, was sent on a mission to Germany and the UK to collect information on the state of the art technologies being developed or utilised by local firms in seismic recording devices and laboratory set-ups. ASENIR - Fondo ENI, Presidenza Mattei, b. 48, fd. 3E0, AGIP Sezione Geofisica Lodi, “Relazione sui dispositivi di registrazione sismica, laboratori e loro organizzazione, altri reparti, notati durante il viaggio in Germania e Inghilterra effettuato dal 29/9 e 15/10/1952. by Ing. Edoardo Merlini”, 27 October 1952.


13 ASENIR - Fondo ENI, Presidenza Mattei, b. 70, fd. 47F, ENI - Direzione Studi, Servizio IV - Attività geofisica.

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enable it to fully explore the country.

Beside its function as a geophysical provider, in the course of the 1950s WGC also fulfilled strategic tasks for ENI. For example, when in 1954 the Italian company wanted to extend its permits in Sicily, it attempted to do so through secret agreements with WGC, in order to elude the regional law that prevented overly large permits being assigned to a single company.\footnote{Pozzi (2009), 328. Source reported: ASEN - Fondo ENI, Presidenza Mattei, Agip Mineraria - Comitato esecutivo, b. 29, fd. 8.} The American contractor also acted as a middleman in 1958, when Pan American Oil Company, an affiliate of Standard of Indiana and closely linked to WGC, contacted the Italians to exchange data and devise a common strategy on some Iranian permits bordering those obtained by ENI.\footnote{ASEN - Fondo ENI, Estero, Assistente del Presidente per l’estero, b. 10, fd. 8B2, letter, Mario Ferraris to Enrico Mattei, 28 February 1958.}

\section*{2.5 Premises and consequences of the Cortemaggiore discovery}

The CIP was dissolved in December 1948. Such a formal act did not substantially affect the Italian oil scene since, following the Committee’s termination, the main commercial operators associated under the Unione Petrolifera, presided over by SONI’s general manager in Italy, Guido Ringerle.\footnote{ASEN - Fondo Agip, Organi deliberativi, Agip Consiglio di Amministrazione, b. 3, fd 1A, Meeting of 15 June 1948, p. 120.} When the issue of war reparations for nationalised foreign companies was resolved at the end of the year, Agip once again found itself dominated by the majors, not least because its oil imports were only authorised within the American-funded European Recovery Plan (ERP, also known as the Marshall Plan), set up by the Truman administration in 1948.\footnote{The alternative denomination comes from the name of US Secretary of State, George Marshall, who launched the Plan. Before the establishment of ERP, Italy and other countries involved in the war had been given assistance by the United Nations Relief and Rehabilitation Administration, an international relief agency largely dominated by the United States.} In fact, one could argue that the dissolution of the CIP was prompted by the launching of the Marshall Plan, which would allow a similar degree of control over Italian oil security (see para 2.7).

In the first years of the Boldrini presidency, Agip did try to establish a more favourable agreement with the majors. What the company’s board suggested was a return to prewar market quotas, which would give Agip-Sonj-Shell 80 percent control of the market.\footnote{ASEN - Fondo Agip, Organi deliberativi, C.d.A. Agip, b. 3, fd 1A, Meeting of 27 July 1948, pp. 134-5. Both the British and the American reacted unfavourably to Agip’s quotas, as since June 1946 their overall quota was only 5\% larger. TNA - FO 371/79500, f. Z 22/1531/400, letter, Ministry of Fuel and Power, Petroleum Division (illegible) to FO (D. Pemberton-Pigott), 28 January 1949.} Fear-
ing AGIP’s more assertive stance, however, SONI refused a market repartition, maintaining that US antitrust laws prevented the formation of cartels. This sounded farcical, especially in light of the far larger cartel SONI had formed and jointly managed with Shell and AIOC—later joined by other majors—since the Achnacarry Agreement of 1928.\textsuperscript{120} Meanwhile, SONI’s increased Middle Eastern production had started to flow into Europe, and the American company intended to place part of it on the Italian market. This resulted in SONI starting a price dumping action, which seriously hit AGIP’s profits.\textsuperscript{121}

On top of this, between 1947 and 1948 the USA became a net oil importer for the first time in its history. This new position encouraged the US government to modify its oil policy. From now on, American oil would be saved for the domestic market—it had the further advantage of being far from the USSR—while Middle Eastern oil would fuel Europe.\textsuperscript{122} At this point, AGIP discovering new oil became a ‘make or break’ move. Either oil would be found, or the company would be crushed by its competitors.

Less than one year after Boldrini’s appointment, the Cortemaggiore oil discovery made the headlines in all Italian newspapers. Much has been written on this episode, which has largely been retrospectively described as a bluff.\textsuperscript{123} Although very little oil would be extracted at Cortemaggiore, this would be offset by the discovery of considerable amounts of natural gas. In addition, it marked a psychological victory for the public enterprise, which would market its own fuel under the slogan “Supercortemaggiore: the powerful Italian petrol” (Fig. 2.4), despite most of the fuel actually distributed coming from AIOC’s Middle Eastern oilfields, not Italy.\textsuperscript{124} With the discovery of oil, the national company had proved its ability to achieve such a result, and Mattei could now claim it would damage the Italian economy to spoil such a colossal effort by conceding rights over the Po Valley to foreign companies. Italy should be autonomous in managing its energy use.

It is interesting to examine the reactions the announcement provoked among oil companies. In November, in the long wake of the discovery, SONI executive, Ralph Bolton, ad-

\begin{itemize}
\item \textsuperscript{120} Yergin (2009), 246-51; Bamberg, J. H. (1994) \textit{The History of the British Petroleum Company}. Vol. 2: \textit{The Anglo-Iranian Years, 1928–1954}. Cambridge: Cambridge University Press, 528–34. Through the Achnacarry Agreement, signed in Scotland in August 1928, the global oil market was split, according to predetermined quotas, between SONI, Shell and the British Anglo-Persian Oil Company.

\item \textsuperscript{121} \textsc{ASENI} - Fondo \textsc{AGIP}, Organi deliberativi, C.d.A. \textsc{AGIP}, b. 3, fd. 1A, Meeting of 4 March 1949, pp. 134-5.

\item \textsuperscript{122} Pozzi (2009), 190-1.

\item \textsuperscript{123} Montaneli, I., “In mano di Mattei le chiavi di una grande cassaforte dell’Italia”, \textit{Corriere della Sera}, 13 July 1962; Galli (1976), 116, writes of “fictional oil” (my own translation); Pressenda and Sarale (1978), 34; Lomartire (2004), 157-8; Toninelli (2008), 10. But see Pozzi (2009), 199.

\item \textsuperscript{124} Frankel (1966), 52.
\end{itemize}
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dressed a speech at the American Chamber of Commerce in Italy, stating that his company was firmly determined to take part in the exploration of the Po Valley. 125 This was anathema to AGIP. Presumably Bolton felt emboldened in his requests having reached a partial settlement with AGIP. The previous April, ANIC had concluded an agreement with SONJ for the joint management of a new refining company. The new company, however, distributed its products only to SONJ’s network. The British Ambassador in Rome, Victor Mallet, promptly informed the Foreign Office of the establishment of the new company; presumably, he was afraid the new Italian-American agreement would weaken the British position in the Italian refining market, and threaten Anglo-Italian cooperation between AGIP and AIOC within the Venice refinery. 126

Bolton’s 1947 speech was not the first attempt made by SONJ to enter exploration of the Po Valley. The US major’s intention to prospect in the valley had been paralleled throughout the early postwar years by similar claims from other companies, both Italian and international. These had been dealt with in extremely diverse ways, often according less with a pre-ordered general scheme devised by DC than to the political ideas of the individual ministers of Industry. During De Gasperi’s first mandate as premier in 1946, his Minister of Industry, Gronchi, claimed to be open to agreeing and promoting all possible facilitations, so as to be able to allow SONJ, which had presented a request for a concession on the

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125 Colitti (1979), 145. Source reported: ACS - Fondo Segreteria Particolare Presidenza del Consiglio, b. 27, fd. 207.
127 The six-legged dog symbol, designed in 1952, became AGIP’s symbol in 1954.
whole Po Valley, to start its exploration work.128

Given Gronchi’s favourable viewpoint with respect to AGIP and to Mattei, it seems that he presumably applied delaying tactics. The Italian government could not directly support its national company, without attracting Anglo-American attention, so it did so indirectly. Gronchi did not push hard for a solution to the requests by SONJ and other companies to release licences more promptly, in order to let AGIP explore the Po Valley unchallenged. Meanwhile, in 1947, AGIP’s exploration rights in the valley were confirmed.129

However, after Gronchi and his successor, the Socialist Rodolfo Morandi, had reassured private concerns, in 1947 the Ministry of Industry was flooded with over four hundred demands for permits and concessions.130 Also, Confindustria, the influential Italian employers’ federation, applied pressure on the government to open the valley to private initiatives. In August, it was announced that SONJ’s affiliate, SPI, had struck oil near Ferrara, in one of the areas of the valley previously abandoned by AGIP. Although the rumours were quickly denied, they served to focus Italian and international interest on the prospecting that had been proceeding for some time in the valley under SONJ’s auspices. To substantiate its request for exclusive rights over the valley, and to make itself heard in the Italian political body, SONJ could also count on the influence of SPI’s Managing Director, Edward Borrego, the former Petroleum Attaché of the US Embassy in Rome.131

Borrego took advantage of the media attention on the Ferrara ‘non-discovery’ to state that in order to pursue SPI’s programme with good prospect of success, his company required more extensive concessions. In the meantime, he said, seismic research was being carried out by SPI in the small portion of the valley in which it operated, by a contractor that knew that area all too well: WGC.132 So, notwithstanding contract obligations of secrecy with third parties, at least part of the intelligence gathered by the American geophysicists while working in AGIP’s area was probably leaked to SONJ’s affiliate. Crucial pieces of scientific information on deposits, and the more or less hidden transfer of the knowledge they contained, were therefore at the core of the struggle to acquire control of oil security in Italy.

129 Magini (1976), 101.
130 The Manchester Guardian, “Competition for oil concessions: Pressure on Italy to Admit Foreign Firms”, 18 December 1954.
131 TNA - FO 371/79503, f. Z 22/88/8061, letter, Britemb Rome (Clarke) to FO, State Secretary (Bevin), 10 September 1947.
132 Ibid.
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The 1947 exclusion of the Leftists from parliament, and the consequent formation of a new cabinet, afforded a stronger influence to DC’s moderate wing, which favoured the development of private operators. However, due to the length of bureaucratic processes, concession demands were still left unanswered. Adopting the methods of free competition along US lines – oil expert and ENI economic analyst, Paul Frankel, claimed – would have led to a “substantial waste of scarce resources in the quite different circumstances prevailing in Italy”. 133 Without having to worry about competitors, the public enterprise could instead decide on how and at what pace to carry out exploration.

In November 1947, the new Minister of Industry, Togni – the man who would later recommend Mattei’s appointment as AGIP’s president – submitted a request for opinions about the Po Valley concession to the Higher Council of Mines, which in turn charged an ad hoc committee to examine the thorny issue. The entire operation, however, went out of Togni’s control, and ended up favouring the majors. The committee presented a report the following May, which recommended splitting the valley into a few vast concessions to be allotted to public and private concerns. The exploration market would therefore be liberalised. The report also suggested criteria for reforming the old mining law dating from 1927, with which the Council of Mines agreed to formulate a new law proposal. Now Ivan Matteo Lombardo, Minister of Industry from May 1948, decided to delay the legislative process, and established that no concession would be assigned before the new law was passed. This decision, intended to present parliament with compelling legislation that would back private initiative in the valley in the long term, essentially favoured the status quo in the short term, and thus, indirectly, AGIP.

The law proposal devised by the Council of Mines assigned over two million hectares to a few private companies, and one million to AGIP. It was planned that Spi be licensed 43.5 percent of the first area (slightly less than a million hectares), a surface area over twenty-four times larger than the maximum size allowed in the USA to an individual concessionaire. 134 Manlio Magini has sarcastically remarked that the provision “could not have been less favourable for collectivity and more profitable for the private sector had it been drawn by [SON]”. 135

Despite repeated solicitations from foreign oil companies, the government did not produce

133 Frankel (1966), 53-4.
134 Magini (1976), 107-8.
any law proposal. Therefore, in April 1949, Lombardo presented the parliament with his own, devised according to the Council of Mines’s recommendations, but with some significant amendments.\(^{136}\) It still advantaged private oil companies. For instance, the most significant provision obliged the concessionaire to pay an 8 percent royalty to the state over the oil extracted, but only after a period of ten years from the enactment of the law. For the first ten years, there would be no royalty to pay at all. This contrasted markedly with the situation in the United States, where royalties amounted to 12.5 percent and were to be paid on the spot. In addition, the ten-year exemption would encourage private companies to exploit the concession intensively, thereby exhausting the fields before any royalty could be applied.

From a technical point of view, the law did include improvements vis-à-vis the 1927 regulations, such as the sanction of the right to automatically obtain an exploitation concession after oil or gas was found, or the principle of a progressive reduction of the exploration area. However, Pozzi comments, a series of elements enabling AGIP to operate unrivalled persisted, such as an ambiguity on the procedures through which the minister would evaluate the requests. The outcome of a request effectively depended on the minister’s arbitrary judgment.\(^{137}\)

At that point, DC’s internecine clash of economic philosophies became apparent. The Minister of Finances, Vanoni, a man in favour of state intervention in economy, and linked to Mattei, managed to get parliamentary examination of the bill postponed until an Inter-ministerial Commission for Reconstruction had presented its own advice, contextually triggering protests by Montecatini executive, Carlo Faina, who was also the President of the Italian Mining Association, which in turn was part of the Italian employers’ federation, Confindustria.\(^{138}\) While waiting for the Committee’s counsel, examination of concession requests was again suspended. AGIP could not have been happier.\(^{139}\)

In the course of the struggle between advocates of liberalism and statism, Mattei managed to win over De Gasperi and Vanoni, thus clearing the ground for the achievement of a project that would completely transform the public oil company. The Cortemaggiore dis-


\(^{137}\) Pozzi (2009), 289.


\(^{139}\) Bellini and Previdi (1970), 55-6.
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covered played down Lombardo’s initiative for over a year. In July 1950, Togni, during his second mandate as Minister of Industry, in answer to a parliamentary enquiry at the Senate, confirmed the cabinet was working on the creation of a national agency for hydrocarbons, which would enjoy exclusivity rights over the Po Valley. ¹⁴⁰

In the meantime, to sweeten the pill for private companies and US diplomats pushing for the release of licences, between 1951 and 1953, over one million hectares was assigned to Italian and foreign firms, especially to Montecatini. ¹⁴¹ Had AGIP’s monopoly of the Po Valley not been enough to generate complaints from the private sector, the public company’s entry into the gas market in 1951 only exacerbated the situation. Even before this, the Italian gas market was crowded, and private gas companies received the news of AGIP’s entry with disquiet. Their concern was not unfounded, as the public company was to adopt market dumping as its main course of action, enabling it to achieve a dominant position. ¹⁴²

The liberalisation promoted by Togni and by his successor at the Ministry of Industry, Pietro Campilli, was particularly due to the pressure placed on the Italian government by Bolton. After a meeting with De Gasperi on 30 January 1951, Bolton denounced that, while demands presented by SONI’s affiliate were still outstanding, AGIP’s permits in the Po Valley had been extended. Such a course of action, he complained, constituted a preferential treatment, and infringed the Treaty of Friendship, Commerce and Navigation signed in 1949 by the Italian and US governments. SONI therefore threatened to appeal to Washington for support. ¹⁴³

In order to make his point clearer, in the autumn of 1951 Bolton issued an ‘ultimatum’ to De Gasperi: unless new exploration permits were issued, assuring private interests some kind of protection, hundreds of workers of the affiliate SIAP (whose business name changed that year to ESSO Standard Italiana) would lose their jobs. ¹⁴⁴ New concessions were not given, and 357 workers were dismissed. ¹⁴⁵ Gulf also applied pressure on De Gasperi. In

¹⁴¹ Magini (1976), 110.
¹⁴⁵ Perrone (1995), 52. Sources reported: ACS - Presidenza del Consiglio dei Ministri, 1951-54, b. 27, fd. 210, Segretario Generale Unione Sindacale di Pram e Provincia, Confederazione Italiana Sindacati Lavoratori (Giovanni Guatelli) to Presidente del Consiglio (De Gasperi), 23 May 1950; Ibid., SONI
December 1949, under Dunn’s auspices, company geologist, Chester Baird, paid a visit to De Gasperi to state Gulf’s wish to carry out prospecting operations in Italy. In 1950 two Gulf officials were allowed to confer with the President of the Republic, Luigi Einaudi, but concessions were not made.  

Togni’s 1950 bill was ultimately rejected, but at the same time an alternative proposal materialised, from Vanoni. This formally assigned control over most areas in the Po Valley to AGIP. The Vanoni bill facilitated the transformation of AGIP into a new agency, ENI, while postponing the definition of regulations concerning exploration outside the valley. In June 1951, ENI’s constitutive bill was presented to the Council of Ministers, but was only passed in January 1953, after a bitter political battle at the Senate. The new agency was structured as a holding company. Four ENI sectorial corporations were instituted, for exploration and production, hydrocarbon transport, commercial activities, and petrochemistry. In March, Mattei resigned from his deputy seat and became the first ENI president. The establishment of a vertically integrated company on the model of the majors was a clear indication from the Italian authorities that, from now on, national interests in the peninsula would be expanding, and foreign companies’ influence be challenged.

While, by the time ENI was founded, the Italian activities of American companies were still increasing, British companies’ shares of inland trade had dropped to 30 percent (from 40 percent in 1950), and their supplies of oil to Italy decreased to 20 percent of the total (compared to 40 percent in 1950). The Petroleum Division of the British Ministry of Fuel and Power argued that the American companies’ shares had increased proportionally. The Americans had gnawed alarmingly at British interests. This was not only true in Italy, but more worryingly also in the Middle East, the main source of British oil. Now, British security was being endangered by political events occurring in Iran, where in 1951, Prime

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146 Bolton to Presidente del Consiglio (De Gasperi), 15 December 1950, which confirms the audience with the Prime Minister on 29 April. See also: Colitti (1979), 148. Sources reported: ACS - Fondo Segreteria Particolare Presidenza del Consiglio, b. 27, fd. 207; b. 27, fd. 220; b. 27, fd. 208.

147 Perrone (2001), 50. Source reported: ACS - Presidenza del Consiglio dei Ministri, 1951-54, b. 27, fd. 208, Pro-memoria, 7 June 1950 (unsigned).

148 The constitutive law was published in the Official Gazette on 23 March 1953, n. 136, but a substantial parliamentary agreement had already been reached a year earlier. ASEN1 - Fondo Agip, Organi deliberativi, C.d.A. Agip, b. 3, fd. 1B, Meeting of 29 March 1952, p. 126.

149 A holding company is a company created to buy and own the shares of other companies, which it then controls (definition by Oxford English Dictionary).


150 NARA - FRUS, 1944, III, The British Commonwealth and Europe, letter, The British Prime Minister (Churchill) to President Roosevelt, 20 February 1944, pp. 100-1.
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Minister, Mohammad Mosaddegh, had nationalised AIOC, thus triggering alarm in London.151

Italian shipping companies – and to a lesser extent Japanese, German, US and Turkish firms – began a massive trade in nationalised Persian oil, disconcerting and angering the British government. While AGIP was not directly involved, the amount of the imports, their frequency, and the fact that some of this oil would be delivered to the Soviet bloc, triggered a long conflict between British and Italian authorities, which would only be resolved in the courts.152 Although the Italian Ministry of Foreign Trade, the Christian Democrat, Ugo La Malfa, suggested Mattei take active part in the trade, he declined, in order not to jeopardise AGIP’s relations with AIOC.153 This was a wise decision, the issue having already enraged the British Prime Minister, Churchill, who, commenting on the Italian role in Persian oil traffic, stated to Eden that the Italians had demonstrated what “paltry friends and allies” they were.154 The process leading to the approval of a new mining law appeared to confirm that Italian policymakers’ desire to put ENI in the driving seat in oil exploration matters was stronger than their willingness to acquiesce to Anglo-American plans for Italian oil.

2.6 Still a long way to a new mining law

The complaints made to high-level Italian politicians by US officials were stark proof that their national companies were increasingly afraid of losing to AGIP in Italy. The possession of geoscientific data had not been enough to obtain permits, but there was still one weapon left to wield. Rather than acting on individual permits, the new American Republican government, led by Eisenhower, sought to inform Italian legislation directly, attempting to shape it to its interests, and oppose Vanoni’s statist approach. As far as the mining law was concerned, private oil companies and politicians of the DC Right also supported the State Department. In 1954, with the law still under discussion, staff at the US Embassy deemed it worth trying to convince Vanoni of the merits of private enterprise.

For as naïve as this tactic was, in September, Elbridge Durbrow, Counsellor at the US Em-

152 On Italian companies’ dealing in Persian oil, see: Tremolada (2011). A considerable amount of data on this matter, most of which relates to 1953, is also found in TNA - FO 371/104606, 371/104616, 371/104617, 371/104619 to 371/104630, 371/113126, PREM 11/501.
bassy in Rome headed by Claire Boothe Luce, wrote about the idea to the Assistant Secretary of State for European Affairs, Livingston Merchant. Luce and Durbrow had planned to take advantage of an international meeting in which the Italian minister would take part, by giving Vanoni a “short and effective course in American institutions”.155 The Ambassador also suggested that her husband, Henry Luce, the magazine magnate, assist the State Department in its indoctrination attempt.156

Regarding oil, the message was extremely explicit. The State Department’s Desk for Western European Affairs made it known to the US Embassy in Rome that the Americans had “every right to attempt openly to influence legislation where American interests were at stake”.157 US experts – commented the British Ambassador in Rome, Ashley Clarke, to Eden – appeared to believe that under the methane deposits existed extensive oilfields, and SONJ was annoyed by the current deadlock on concessions, as the current mining law prevented their exploitation.158

However, negotiations over a comprehensive mining law would drag on for years, and a new law would eventually be approved only in 1957, after further international pressure.159 The tone of the exchanges between American diplomats suggests that the State Department held patronising views about Italian politicians. This attitude prevented US officials from understanding Vanoni’s plan, and led them to underestimate the socialising trends that existed, not only in the Italian Left parties, but also in part of DC. Vanoni would not be persuaded into adopting an entire economic ideology because ‘it worked’ in the United States. As far as exploration was concerned, up to 1957 AGIP continued to prospect and exploit the Po Valley unchallenged.


156 NARA - FRUS, 1952-1954, VI, pt. 2, Western Europe and Canada, letter, confidential, official-informal, The Counselor of Embassy in Italy (Durbrow) to the Assistant Secretary of State for European Affairs (Merchant), 2 September 1954, p. 1699. See also the enclosure to the previous exchange, pp. 1699-700.


158 TNA - FO 371/113125, f. WT 1531/5, confidential, letter, Britemb Rome (Ashley Clark) to State Secretary (Sir Anthony Eden), 4 December 1954. Interestingly, in 1955 ENI did try to interest SONJ in prospecting parts of the Po Valley which would be too expensive for the Italian company to prospect, but the American major declined the offer, invoking Italy’s unfavourable mining law as their reason. ASEN1 - Fondo AGIP, Direzione Minaria, Ricerca e produzione, b. 263, fd. 36B, letter, SONJ (Carroll E. Cook) to AGIP Mineraria (Rocco), 14 April 1955.

159 On British concerns over the mid-1950s developments of the mining law, see: TNA - POWE 33/229.
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However, such success was counterbalanced by its defeat in Sicily. One of the four Italian territories enjoying a special legislation characterised by a higher degree of autonomy, Sicily used its regional powers to pass its own mining law in 1950. The Sicilian law extended ownership of land below the surface, whereas Italian law held that everything found below ground was state property. Pressure from Gulf resulted in a concession for the whole southeast area of Ragusa (Fig. 2.5), while the large Italian private chemical company, Edison, and its affiliates were assigned over 300,000 hectares.\(^\text{160}\)

Private companies meeting a policy of obstruction by AGIP in the Po Valley could take advantage of the greater degree of liberalisation granted by Sicilian authorities, and by 1953 had taken almost all the concessions on the island (750,000 hectares, against a mere 4,600 allotted to AGIP). The prime locations were given to a Gulf-Montecatini joint-venture, to Edison, to a local SONI affiliate, to D’Arcy Exploration Company – an AIOC affiliate – and to WGC.\(^\text{161}\) For AGIP the Sicilian episode was a humiliating defeat, opening the island to its competitors, and this feeling was only embittered by Gulf’s oil discovery at Ragusa in January 1954. By then, however, AGIP had already abandoned all its operations on the island. The decision to favour private companies at the expense of AGIP led to a replication in Sicily of a situation common in other areas of the world. From 1950 to 1952 no well was drilled by any private concern; in the following two years, Gulf was the only company to drill – a total of four wells – and only twenty-two more were planned from 1955 to 1958, despite private geologists asserting the area could justify at least a thousand. Paraphrasing Mitchell, one could argue that scarcity had begun to be produced in Sicily.\(^\text{162}\)

In fact, to Anglo-American companies the need to find new oil mattered only to a limited extent, as they were already producing enough oil elsewhere to fulfil their demands. A more valid reason to gain control over potentially exploitable areas – without actually fully exploiting them – was to prevent AGIP from acquiring energy autonomy. So, the primary goal of acquiring new concessions was not exploring and producing, but to regulate and impede production if necessary. The disappointment for AGIP caused by the Ragusa oil discovery was not only a result of American success. What undoubtedly displeased company technicians was to have let the Americans freely access intelligence on Italian subsoil.\(^\text{163}\)

\(^{160}\) TNA - FO 371/113125, f. WT 1531/3, restricted, letter, Britemb Rome (Ashley Clark) to FO, Western and Southern Department, 20 February 1954.


\(^{163}\) AGIP stopped its activities in Sicily in 1950. Sec: ASEN1 - Fondo AGIP, Direzione Mineraria, Ricerche e produzione, b. 7, fd. 7DA.
Besides getting control of promising areas and minimising their exploration, the majors’ strategy of preventing Agip from acquiring some energy autonomy while keeping the Italian market under their influence was also enacted through other means, as I will now demonstrate.

![Map of Sicily](image)

Fig. 2.6 Map of Sicily, with the province of Ragusa highlighted (RG)

### 2.7 Oil in the Marshall Plan

European dependence on US aid, merchandise and resources was reinforced through the Marshall Plan. The Plan made it possible to construct heavy oil-consuming lifestyles in Western Europe, which subsidised the construction of refineries and oil-based heating systems, road construction and car manufacturing. Evaluations of the Plan, as well as its global necessity and benefits for Europe, have kept historians busy over the last few decades. Most agree that beside securing West European countries to the US sphere of influence, and helping the US industrial apparatus place their merchandise surpluses on European markets, funds did play a significant role in boosting the European economy. Historian, Elena Aga Rossi, and other authors have comprehensively analysed the Plan; my

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164 Mitchell (2009), 409.
focus here will be an evaluation of its effects on the oil sector in Italy.\footnote{166}

In 1947, nearly half of Western Europe’s oil was provided by American companies, which required dollar payments. Oil, maintains historian David Painter, “was the largest single item in the dollar budget of most West European countries”.\footnote{167} However, its high price was rapidly consuming those countries’ dollar reserves, so the Plan was instrumental in allotting European countries enough dollars to manage their oil purchases. From April 1948 to December 1951, the Plan assigned more than $1.2 billion for the purchase of crude oil and oil products.

This point was further clarified at the time by Walter Levy, a former S	ext{O}N	ext{J} executive, now at the head of the Oil Division of the Economic Cooperation Administration (ECA), the agency that administered the repartition of Marshall aid. In March 1949, during a speech at the Conference of the Petroleum Industry in New York, he declared that total dollar oil imports from American companies would amount to $550 million in the fiscal year 1950. Together with payments for tanker transportation and oil equipment, the total increased to a figure between $800 and $900 million, which corresponded to over 20 percent of the total deficit estimated for 1950 by the ECA.\footnote{168} Oil alone corresponded to 10 percent of the total Marshall aid, more than any other single product.\footnote{169}

One may wonder how a policy intended to aid the recovery of European industry could blend with oil market characteristics. Indeed, it would appear that US public intervention threatened to upset the balance established through the Achnacarry Agreement. There was indeed widespread concern among oil majors that aid provided through the Marshall Plan, which would allow European countries to be supplied with artificially low-priced oil, would destabilise the oil market and reduce their profits.\footnote{170} Painter has emphasised how, in effect, the ‘sale’ funded by the ECA was not such exactly, but rather a transfer among the companies’ respective corporate affiliates, due to the vertical integration of the industry.\footnote{171}


\footnote{167}

\footnote{168 NARA - RG 469, Mission to Trieste, Entry 1394, Mission to Trieste: Office of the Director, Subject Files 1947-50, b. 1, Petroleum, W. Levy, Petroleum under the ECA Program, p. 3; Toninelli (ed.) (2006), 8. Also in Yergin (2009), 406, and sources reported at p. 818 note 12.}

\footnote{169 Painter (1984), 362.}

\footnote{170 NARA - RG 469, Mission to Trieste, Entry 1394, Mission to Trieste: Office of the Director, Subject Files 1947-50, b. 1, Petroleum, W. Levy, Petroleum under the ECA Program p. 2.}

\footnote{171 Painter (1984), 363.}

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fore, although prices imposed by the ECA may have been lower than comparable US prices, they did not reflect market forces. Even after ECA’s reductions, prices offered by the cartel were still much higher than their production costs in the Middle East. This discrepancy allowed the companies to accumulate huge profits.¹⁷²

All in all, the Plan was aligned with the interests of the American oil industry. According to economist, Alberto Clò, it even facilitated US companies’ European penetration, to countries that were keen on protecting their own national oil companies, such as France and Italy. For as much as Anglo-American companies may have been assigned by their governments the primary task of managing the allocation of oil to Western countries as economically as possible, they were nonetheless instruments of American foreign policy, and were expected to protect national interests.¹⁷³

Over 56 percent of the oil supplied to West European countries by American companies between mid-1948 and late-1951 was funded by the ECA and its successor, the Mutual Security Agency. The prices imposed by US agencies also helped maintain markets for American companies at a time when their potential customers would otherwise not have been able to afford to buy oil.¹⁷⁴ The Plan may therefore be seen as a way of creating dependence on the majors, even if profits were relatively small. Historian, Philippe Tristani, has described it as a veritable ‘Trojan horse’ for the conquest of European markets by the American majors. Significantly, over 70 percent of oil purchased by European countries through ERP funds came from SONI (48.8 percent), Caltex (14 percent) and SOCONY (9.2 percent).¹⁷⁵

Through the Marshall Plan, Italy received $1.2 billion between 1948 and 1951, making it the fourth-largest beneficiary in Europe after the UK, France and West Germany.¹⁷⁶ Part of these funds was used to rebuild Italian oil industry. However, the benefits for AGIP were extremely limited. After the war, the Italian company attempted to find considerable capital, mainly to restore its distribution network. Resorting to Marshall funds was considered to be a viable way of rejuvenating the sector. In this context, however, according to the account given by some authors, AGIP was deliberately excluded from ERP funds for political

¹⁷² Toninelli (2006), 10-1; Yergin (2009), Ch. 21.
¹⁷⁴ Painter (1986), 155-60; Painter (2010), 498.
¹⁷⁶ Schain (2001), 1-3. The UK received $3,30 million, France 2,30 million, and West Germany 1,4 million.
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reasons.177

It is fair to assume that the Italian oil industry, to the partial exception of refineries, was not at the top of ECA’s list of priorities as far as reconstruction was concerned. Other industrial sectors that would heavily rely on US oil were earmarked significant sums, such as iron and steel mills, as well as chemical, rubber, electro-mechanical, and metallurgical small industrial concerns. Further funds had also been assigned to other private enterprises such as Fiat, Montecatini chemical and mining industries, Pirelli cable and rubber manufacturers, and four leading shipyards.178 The trend inaugurated by the Export-Import Bank was pursued in subsequent aid programmes.

Although Agip was not among the main assignees of the Marshall Plan, it was allocated some ERP funds – one million pounds sterling – in 1949-50 for the Venice refinery. However, this was because the Italian company shared the plant with AIOC. On the other hand, Agip was denied smaller sums – a third of the previous amount – it had demanded for the independent modernisation of its distribution network.179 As for drilling materials, necessary for potentiating the old drills in use in Agip’s operating fields, four of the ten requests for ERP funding presented by the CTRP were accepted.180 However, as the procedures to obtain them dragged on, eventually coming to a standstill, the Committee decided to acquire the drills through other means. No geophysical equipment was obtained by Agip with ERP funds.

What might appear as a neglectful attitude towards the Italian oil industry was actually deliberate. As I have previously shown in this chapter, assisting the reconstruction of the European refining industry was instrumental to American military and economic security (see p. 64). However, when the Organisation for European Economic Cooperation – founded in 1948 to help administer the Plan in Europe – and its oil committee in particular, presented Levy with estimates of the oil equipment needed in Europe, the ECA Oil Division chief replied these were unrealistic and incomplete. As a consequence, ECA would not

177 Li Vigni (1996), 36; Bazzoli and Renzi (1984), 106-7; Pietra (2001), 93; Lomartire (2004), 128, share a similar view.
finance any expansion programme for the time being.\textsuperscript{181}

Levy implemented this policy by establishing that no authorisation be given for petroleum equipment. It was one thing to help the Europeans reconstruct their refineries to the benefit of American interest. But supporting an expansion of their oil industry would go against US companies, by giving European companies a higher autonomy. Higher European autonomy could imply an increased effort from national companies in exploring for indigenous oil deposits; and, if oil was found, that would force a decrease in oil shipments to Europe from concessions held by US companies in the Middle East. In turn, this would entail political repercussions that could even materialise in the expulsion of US interests from that area, and that, Levy maintained, could endanger US energy security.\textsuperscript{182} Of course, many of these concerns reflected unlikely and extreme events, and concealed a very precise agenda. In the end, the ECA financed very few refinery projects, and allotted only $24 million to the expansion of refineries in Europe.

In the wake of the 1949 Cortemaggiore discovery, and with the mining law being discussed in the parliament, rumours began to circulate of a decrease in oil supplies to Italy. A Rome correspondent of the\textit{ New York Times} claimed that, according to some ECA officials, the US government was considering diminishing exports to Italy, in retaliation for the possible decision to create a state monopoly for the Po Valley.\textsuperscript{183} This had presumably been the effect of Bolton’s machinations. The S\textsuperscript{ONJ} representative had important connections in ECA’s Oil Division; in addition, he was a close friend of David Zellerbach, the head of ECA’s Mission in Italy.\textsuperscript{184} He devised a similar strategy a few years later, outside the framework of the Plan and to the same ends. On both occasions, Bolton’s suggestions were not endorsed by the US authorities.\textsuperscript{185}

In any case, the belated start of distribution of aid in Italy, together with the slowness of the country’s assignment procedures, greatly limited Agip’s resort even to the small funds available. Only after some ‘bureaucratic bottlenecks’ were eliminated in 1950, could Agip borrow ERP funds from 1951 through the mediation of the\textit{ Istituto mobiliare italiano}, charged with the repartition of funds nationwide.\textsuperscript{186}

\textsuperscript{181} Painter (1984), 372-3.
\textsuperscript{182} Ibid., 373-4.
\textsuperscript{184} \textit{The Evening Independent}, “Oil Firms Charged With Delaying Italian Aid”, 16 September 1949, p. 14.
\textsuperscript{185} Tremolada (2011), 176. Source reported: NARA - RG 59, Lot files 58D357, b. 19, Memorandum of conversation with Mr. Bolton, Mr. Collado, \textit{Problems faced by the Standard Oil Company of New Jersey in Italy}, 16 November 1954.
\textsuperscript{186} ASEN1 - Fondo Agip, Organi deliberativi, C.d.A. Agip, b. 3, fd. 1B, Meeting of 24 April 1952, p. 153 et
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2.8 Conclusions

In the early postwar years, developments in the Italian oil industry were marked by the tangible influence of Anglo-American interests, both oil companies and national governments. The aim was to re-establish the prewar repartition of the Italian market, behind the pretext of giving Allied companies a ‘fair share’. Given that the Italian public company disposed of incomparably lesser means than the Anglo-Americans, these actions would in effect neutralise AGIP, and restore the predominance of Sonj and Shell. These companies’ oily deals were decisive to the future of both Italy and its allies during the Cold War. Opinions held by Italian policymakers with respect to this strategy varied greatly, by virtue of Italy’s unstable balance of powers within DC. Decisions in the industrial field largely depended on the political tenets of individual ministers, and on the alternating waves of pro-private vs. pro-public majorities in the government. Nevertheless, some politicians understood that Italian national security was reliant on acquiring a degree of control over oil reserves, and if that was going to happen, AGIP should be given some autonomy.

Anglo-American military security interests coupled with their commercial interests when, especially in the run-up to the 1948 elections, the possibility materialised that Italy could become Communist. Such an outcome would not only disrupt the Allied geostrategic plans, but also jeopardise US economic security. Thus US diplomacy intervened massively in the electoral campaign, deploying a series of overt and covert measures to secure Italy in the Western sphere. After the elections, and a DC victory, alarm somewhat diminished. Laissez faire trends within the successive Italian administrations started to lose ground from the late 1940s, due to the growing influence of the DC Left, who favoured a strong public role for the state in the country’s economy. It was this factor that enabled Mattei to implement his dynamic programme at AGIP. Being acquainted with the most influential representatives of the DC Left was fundamental in the change of AGIP’s technopolitical regime, prompting the switch from an older class of public administrators prioritising the company’s financial stability, to a younger class favouring a substantial reorganisation, and an expansion of the exploration sector.

The key asset in this conflict for economic influence and energy security was represented by geophysical data and knowledge. While it should be emphasised that a revitalisation of exploration activities was already being carried out to a certain extent by AGIP’s directorate
during Mattei’s absence from 1947 to 1948, on receiving his second mandate as vice-president, Mattei reorganised the management of prospecting activities by establishing new structures endowed with a stronger decisional power. In furthering exploration operations, he resorted to contractors in the first instance, in order that surveys could be executed as fast as possible and with the most technologically advanced techniques available; thanks to WGC’s training, AGIP technicians could form their own crews, which from 1952 rapidly became the majority.

Durable contacts established with WGC and with a few other contractors enabled AGIP to increase its geophysical ability, while creating a strong dependence on American equipment. On the other hand, by working side by side with AGIP, WGC could gather intelligence to be used while working for SONI’s affiliate. Transfer of geoscientific data from AGIP to foreign enterprises was also favoured by the Italian company’s early postwar policy, which encouraged the acquisition of information it had collected by the majors. This situation radically changed under Mattei’s presidency.

Mattei asserted his influence by getting politicians on his side, but also by making sure that AGIP came first in the competition to prospect for oil deposits, thus coupling political influence with material control of the oil and gas fields. Gaining and using geophysical data, skills and instruments was as vital to Italy’s oil security as the political game. The Italian entrepreneur also succeeded because his political allies used delaying tactics when devising new mining regulations. The long debate about the mining law is a case in point of the influence of private interests in the Italian oil sector. The political-bureaucratic procedure that finally generated the new law lasted eight years. The prolonged instability of successive Italian administrations meant the stages of the procedure were again heavily dependent on the political allegiance of the ministers of Industry and Finance. This turned out to be an ambivalent policy, which materialised in particular into the frequent standbys in the procedures for concession allotment.

The higher autonomy enjoyed by Sicily allowed the island to develop a different policy, resulting in only a minor role for AGIP. During the debate on Italian mining law, the State Department and the US Embassy in Rome, together most notably with SONI, were part of the game, and attempted to influence the parliamentary discussion by playing the card of American national security.

While the Marshall Plan did not significantly benefit AGIP, it was not an effective political
weapon for SONI either. Threats of a drop in oil supplies if AGIP acquired a monopoly in the Po Valley never materialised. The Plan, however, did contribute to the consolidation of American companies’ interests in the country. While a new national mining law would only be passed in the late 1950s, the constitution of ENI in 1953 was an important step for the advocates of public intervention in Italian oil. The restructuring of the public company, and especially the larger autonomy conferred on its prospecting sector would endow the country in the following years with a powerful instrument to withstand external pressure, develop an independent geopolitical strategy, and protect the country’s energy security. This path was fairly similar to the one taken by France in the early postwar years, as I will now demonstrate.
CHAPTER 3. FROM THE MIDDLE EAST TO AFRICA: THE FRENCH

QUEST FOR ENERGY SECURITY

Persian oil [...] is yours. We share the oil of Iraq and Kuwait. As for Saudi Arabian oil, it's
ours.

Franklin Roosevelt to Edward Lindley, February 1944¹

The Americans came over here and they only received the information we gave them. They
haven't got more information on our territories than we have got on theirs.

Pierre Guillaumat, 19 June 1947²

By 1939, the French oil industry had become the largest in Europe.³ Five years later, how-
ever, most of it was gone. The war balance in terms of material damages suffered can be
described in stark figures: from an overall prewar evaluation of the industry, estimated at
$10.5 million, $6.7 million was destroyed.⁴ Of the materials available in 1939, “600 barges,
8,000 tankers, 5,000 tanker lorries, several pipelines, thousands of pumps, tens of thou-
sands of petrol cans and metal drums, refineries, reservoirs”⁵, little was left; two-thirds of
the fleet had been sunk; refining capacity had decreased from 8 million tons (Mt) in 1938 to
1.5 in 1944; and the only two working pipelines had been built by the Americans, with pri-
ority over usage assigned to the Allied army.⁶ The Schlumberger company, the flagship of

¹ Quoted in: Yergin (2009), 383. TNA - FO 371/42688, fd. 76/34, no. 846, Britemb Washington
(Ambassador Edward Lindley, Viscount of Halifax) to FO (Anthony Eden), 19 February 1944. Halifax
was reporting a sentence by US President Franklin Roosevelt.
² Archives Historiques du Groupe ELF/Total, La Défense, Courbevoie (AHTOTAL - henceforth) - Fonds
ELF-ÉRAP, b. 07AH0168-6, REPAL - Correspondence - Minutes of the Conference held on 19 June 1947
at the Under-Directorate of Algeria, under the presidency of Mr. Maisonneuve, Director of General
Affairs, on the subject of oil-related foreign activities in Algeria, p. 8. Pierre Guillaumat was at the same
time the French Fuel Director and the President of the Bureau des recherches de petroles (BRP). My
own translation.
³ Nouschi (2001), 16. On the history of international oil in the Middle East, with a focus on France, see:
⁴ These figures are reported in francs-1938 in Nouschi (2001), 119. Throughout this chapter, they are
given in dollars-1999.
early French geophysics, had moved its headquarters to Houston, Texas. Over five years, France had lost most of what it had managed to build in the previous fifteen.

To a much larger extent than the Italian, the French oil industry was characterised by strong international links from its very inception. In the French Métropole (that is, mainland France plus Corsica), the Anglo-American majors established their activities far earlier than any native company. Abroad, following the foundation of the Compagnie française des pétroles (CFP) in 1924 as a public-private company, France gained access to a substantial share of the British-dominated, Middle Eastern consortium, Turkish Petroleum Company, thus aligning both the company and the country with the majors’ interests. In this chapter I analyse the development of oil relations between, on one side, the French industry and early postwar administrations, and on the other, their Anglo-American counterparts. My narrative is set against a background of French reconstruction, part of a longer historical process known as the Trente Glorieuses (‘Glorious Thirty’) – from 1946 to 1975 – that would facilitate the transformation of France from a “rural, empire-oriented, Catholic country into a fully industrialized, decolonized, and urban one”.6

I begin with a bird’s eye view on the establishment and expansion of Anglo-American firms in France, and then expand my narrative first to the Middle East, and later to Northern Africa. In the former area, I investigate the clash of interests between CFP and its Anglo-American partners over Turkish Petroleum’s successor, the Iraq Petroleum Company (IPC), which characterised the early postwar years and the dynamics of which clearly revealed the new world balance of power in oil exploration and production.

I then argue that, once the Middle Eastern trouble had made French public authorities aware that having CFP as the sole supplier of oil to the country was a risky strategy, issues of national security drove them to create wholly public institutions to financially and technically support exploration and production activities in the French Union (as the former French Empire was called from 1946).7 In this context, I examine the penetration of non-


French companies in North African exploration endeavours, and emphasise the role played by the possession of confidential geoscientific information and surveillance activities in relations with other countries. I also highlight the role of the geoscientific training of French technicians by US companies as a sine qua non for the French administration allowing these companies to acquire permits in metropolitan France. Finally, I return to the subject of US economic aid, and explain its effects in rebuilding the French oil industry.

3.1 The Middle East and beyond: early expansion of French oil interests

The first step taken by French authorities toward establishing a national oil industry had been the creation of CFP, at the behest of the President of the Republic, Raymond Poincaré. This was in response to a very practical issue: possession of a 25 percent share in the Turkish Petroleum Company was taken, in order to develop a French-controlled oil producer. The French state held a quarter of CFP’s shares, later increased to 35 percent. The assignment to CFP of these shares resulted from the 1920 San Remo Agreements between the UK and France, which had split the former Ottoman territories between the two imperial powers.

Following the consortium’s discovery of an extensive oilfield at the Iraqi site of Baba Gurgur in 1927, the US government and major oil companies applied pressure on Britain to admit five American companies to Turkish Petroleum. The Near East Development Corporation (NEDC), as the American consortium was called, included SONJ and SOCONY, each holding 25 percent, plus Pan American Petroleum, Gulf and Atlantic Petroleum, holding 16.67 percent each. Through the 1928 Group Agreement, also known as the ‘Red Line Agreement’, the consortium’s partners established that they would only operate jointly

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8 AHTOTAL - Fonds Total-CFP, b. 92.10/1, CFP - Minutes of the Board of Directors (MBD, henceforth), Meeting of 28 March 1924, p. 5. Turkish Petroleum was a consortium operating in the area of the former Ottoman Empire, which by a few years after its creation in 1911, found itself divided between AIOC’s predecessor, the Anglo-Persian Oil Company, the majority shareholder; the German Deutsche Bank; Shell’s affiliate Anglo-Saxon Company; and the Armenian businessman, Calouste Gulbenkian, who held 5 percent. Yergin (1991), 169-71.


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within a delimited territory – demarcated by a red line drawn on a map (Fig. 3.1) – which included most of the former Ottoman Empire.

According to this arrangement, company shares were equally divided among Anglo-Persian, Shell, CFP, and NEDC, Armenian businessman Calouste Gulbenkian maintaining his original 5 percent. A year later, the company was renamed IPC. CFP’s history is intimately linked to that of IPC, as revealed by the amount of time the French company’s board of directors spent discussing topics related to the Iraqi consortium. Indeed, to a great extent the French company’s foreign production until the mid-1950s amounted to its share within IPC and its affiliates. After the war, however, it became apparent that Anglo-American shareholders of IPC would try to force the French into a minority position.

This made its managers even more eager to strengthen their prospecting sector, which was by then already well developed. CFP also carried out prospecting operations outside the consortium, in mainland France, African areas of the French Union, Colombia and Russia.11 Recovering oil and finding new technologies to assist in prospecting was thus critical to its future. In 1927, recognising the need to fill a gap of knowledge and expertise in its exploration geophysics sector, CFP acquired a majority share in a company specialised in the use of gravimetry. Ten years later this company merged with two other geophysical firms, one specialised in electrical, the other in seismic and magnetic prospecting, to form the Compagnie générale de géophysique (CGG).12

The first of the two companies was none other than the renowned Société de prospection électrique, founded and managed by the Schlumberger brothers, which had pioneered electrical logging prospecting techniques in France and abroad, and which two years earlier had created an American affiliate, the Schlumberger Well Surveying Corporation.13 Following the merger, CGG acquired from the three companies not only their staff, prospecting equipment and vehicles, but even more importantly their geophysical documentation, studies, patents and licenses, commercial organisation, and funds.14

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11 AHTOTAL - Fonds Total-CFP, Ordinary General Assembly (OGA, henceforth) of 2 June 1937 - Report of the Board of Directors (RBD, henceforth), p. 3; OGA of 22 June 1938 - RBD, p. 2; Rondot (1962), 65.
13 CGG only acquired Schlumberger’s electrical logging sector, not the entire enterprise. On the history of Schlumberger, see: Allaud and Martin (1977). For an analysis based on the theoretical framework of social constructivism of technology, see: Bowker (1994).
14 AHTOTAL - Fonds Total-CFP, b. 85.26/5 SPG.
Fig. 3.1 The area included in the Red Line Agreement\textsuperscript{15}

Once this critical mass of knowledge and resources had been put together, CGG, thanks to the work of its general manager, the geophysicist Raymond Maillet, started designing its own equipment. It could also rely on the reputable theoretical works of geophysicist, Vladimir Baranov, who had been working for Schlumberger before the merger. As mentioned in Ch. 2, by 1938, CGG had experimented with, and patented, a new electrical prospecting technique, the telluric method, which unlike the usual electrical technique employing artificial currents, used the earth’s natural currents to study resistance of the rocks to their pas-

\textsuperscript{15} Source: TNA – Ministry of Power (POWE, henceforth) 33/1709, D’Arcy Exploration Company Limited and Others, And Turkish Petroleum Company Limited - “Red Line” Agreement, 31 June 1928, p. 21, Schedule B.
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sage. By the time the telluric method was invented, the company’s crews had already been operating in a significant number of regions around the world.

The consequence of improved knowledge on hydrocarbon prospecting methods was the discovery of a natural gas field at Saint-Marcel in southwestern France. A new public organisation was set up, the Régie autonome des pétroles (RAP), to exploit the field’s gas, which was distributed from 1943. By then, however, France had been defeated a few months after entering the war, and had been under German control for over two years, either through direct occupation, mainly in the north, or indirectly through the collaborationist Vichy Regime led by Marshal Philippe Pétain in the south and centre. However, the war did not stop prospecting. In late 1941, the Vichy government founded the Société nationale des pétroles d’Aquitaine (SNPA), in order to supervise exploration activities in the French southwest. Two years later, the government transformed an existing public agency, responsible for the control of imports, refining and distribution of oil products in France, into the Direction des carburants (‘Fuels Directorate’, DICA). The new agency was to centralise and assert more control over the management of funds for the oil industry and data gathered in recent hydrocarbon surveys, in order to draft attribution decrees for exploration permits in France and the French Union.

Similarly to the situation in Italy, the expanding national oil industry faced powerful rivals in the oil majors. The Vacuum Company (later to join SOCONY), SONIJ, and later TEXACO, had been establishing and expanding their commercial activities in the Métropole through their affiliates. SONIJ’s investments in France had quadrupled through the 1920s thanks to support from the Banque de Paris et des Pays-Bas. Shell was also present, within a joint-venture with a group of industrialists and businessmen linked to a number of important Parisian banks. AIOC had also founded its own French affiliate, by investing an initial sum four times larger than CFP’s starting capital.

Aside from extending prospecting activities in the French Empire and elsewhere through CgG and other, smaller prospecting companies, in order to find energy resources for building their own security, French authorities had attempted to limit the expansion of foreign

17  Precisely, France, Northern Africa, Gabon, Romania, the Dutch Indies, Iran, India, Venezuela, the Soviet Union and Turkey. AHTOTAL - Fonds Total-CFP, b. 92.13/8 Participations de la Compagnie française des pétroles (CFP) dans différentes sociétés, historique et vie de la société. CFP, Minutes of the Direction Committee, meeting of 26 April 1938.
19  For a complete list of ‘majors’ affiliates and participations, see: Nouschi (2001), 39.
interests. A number of laws passed from 1925 on were intended to regulate imports, refining activities and the commercialisation of oil products on the national market. French governments had opted for a system that was equidistant from an American-like free market and a Soviet-like state monopoly. The state allowed market shares to private refining companies in order to guarantee the survival and development of the French refining industry.

At the same time, protection measures were approved to defend the newborn industry from foreign competition. In particular, a law passed in 1928 placed imports of crude oil and derivatives under the state’s authority.20 It was not, as in the Italian case, autarchy, but a revamping of protectionism. The 1928 law established a regulation for imports; French authorities could now assign long-term authorisations for importing oil to refine and products to market. The new provisions stabilised the presence of companies on the French territory, and favoured long-term programmes such as the construction of refineries. On the other hand, the majors particularly benefited from the establishment of import authorisations, as they made off with most quotas, thus consolidating their already strong positions.21 A further clause included in the new law provided for a preferential outlet on the national market for CFP’s Iraqi oil.22

Such measures resulted in an unprecedented expansion of refineries in the country. By 1938 fifteen refineries were operating in France, most of which belonged to Anglo-American concerns.23 The CFP-managed Compagnie française de raffinage (CFR), which had been constituted with a view to a start-up of the French refining industry, operated with two refineries in the country.24 However, in the face of opposition from the majors, it was only authorised to refine up to 25 percent of the distributing companies’ needs.25 Following the

24 AHTOTAL - Fonds Total-CFP, Extraordinary General Assembly of 20 March 1929 - RBD, p. 2; OGA of 12 April 1929 - RBD, p. 3. The refineries mentioned were located in Normandy and in Provence.
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foundation of CFP, its growing Iraqi production gradually caused a shift in the origin of crude oil refined in French plants: while in 1929, only American oil was processed, in 1938 the plants used 55 percent American oil and 45 percent Middle Eastern.26

3.2 Pierre Guillaumat and the state of national oil technology

In the early postwar years, France’s financial situation was particularly serious. Public debt was rising as steeply as inflation. Requisitions operated by the Nazis and the separation of the country into two zones affected everyday life. Means of transportation were scarce.27 After the fall of the Vichy regime in June 1944, the Provisional Government of the French Republic (GPRF) was established to administer the country. Led by General Charles de Gaulle its chief goal was employing all possible means to reconstruct the French economy and industry. Above all, France needed energy sources, possibly domestic, but definitely in large quantities. Although coal played a fundamental role in the GPRF strategy (hence the French demands to be authorised to exploit the German Saarland mines), the importance of oil had cannot be underestimated. If the French wanted to reclaim their seat among the great powers, they needed to be energetically autonomous. Indeed, notes Hecht, the way out of energy dependence became the main instrument by which the government envisioned the regeneration of French identity.28 This objective had first and foremost to be achieved by restructuring the French oil exploration industry.

Against this background, in late 1944, with most of France liberated from the Nazis and their local allies, Pierre Guillaumat (Fig. 3.2), at the age of thirty-five, was appointed Fuels Director by de Gaulle. He would dominate the French oil scene for the following two decades as head of a number of essential energy institutions, substantiating the common characterisation of him as the ‘father of French oil’.29 Son of a general in the French army, and a close family friend of de Gaulle with similar political convictions, Guillaumat had been educated at the prestigious École Polytechnique and had then entered the Corps des mines, the most prominent of the technical Grand Corps of the French State, formed by the State Engineers of the Mines. This educational path, Polytechnique plus Mines (also known as X-Mines), soon came to embody the route to follow for French public high officials aiming at

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26 Murat (1969), 32.
charges of prestige in the administration of energy institutions. The oil industry, in particular, would soon fall under the domination of\textit{ polytechniciens} and\textit{ corpsards}.\textsuperscript{30}

![Pierre Guillaumat (1909-1991)](image)

As we have seen, the organisation of the oil industry entails first and foremost the ability to collect and use restricted information on potentially oil-rich areas. This brought together prospectors and intelligence agents. That Guillaumat had experience of both made him particularly suited to the tasks de Gaulle assigned him. After a few years as chief of the French mining services in Indochina from 1934 to 1939, Guillaumat had become an agent of the French intelligence services in Tunis, and later rejoined the Gaullist secret services in Algiers during the war. Although he has at times been described as a Mattei-like energy czar, in contrast to the ENI president, the Frenchman favoured a low profile, even if he did share with Mattei a desire to reduce the majors’ influence in his country.\textsuperscript{31} “His tendency to secrecy and his instinctual authority – comments historian Matthew Adamson – became part of his system-building method”.\textsuperscript{32} “[O]ne can affirm with no exaggeration that [Guillaumat] has been the most dynamic and the most secret inspirer [of French oil policy]”, adds Nouschi.\textsuperscript{33}

\begin{flushleft}
\textsuperscript{30} Yates (2010).
\textsuperscript{33} Quoted from: Nouschi (2001), 134. My own translation.
\end{flushleft}
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While working in Tunisia and Algeria, Guillaumat had collaborated with André Rauscher, an engineer for Shell Tunisia, on a mission to gather intelligence on the Italian army in Libya during the war. According to journalist, Pierre Péan, Rauscher created an intelligence network with Guillaumat and other former polytechniciens, which included Pierre Taranger from CCG and Léon Kaplan from Shell. Soon after the war this small group of experts, characterised by strong personal links, would take control of the French oil agencies. Like Guillaumat, many corpsards had entered the cadres of the French intelligence services during the war, and were now engaging in bringing together intelligence and geoscientific expertise.

Throughout his career, Guillaumat remained in close contact with the French foreign secret services, which later developed into the Service de documentation extérieure et de contre-espionnage (SDECE). He used men from the secret services to manipulate the politics in former French African colonies, and to launch military operations designed to secure French oil interests. In 1946, the former secret agent and new head of DICA starkly revealed the challenges the French public oil sector faced: “France has practically no natural oil. Its foreign supply resources are under foreign control. Its oil exploration industry is very much delayed and lacks modern drilling equipment; its refining techniques have no more a leading role. Its oil fleet is weak.”

The industry had to be completely rebuilt. While DICA would provide an orientation for French oil activities, GPRF authorities knew quite well that the agency ought to be supported by a network of other institutions operating in oil research, exploration and production. A fundamental step in this direction was the foundation in 1944 of the Institut français du pétrole (IFP), presided by René Navarre. Besides training engineers and workers, the institute was to carry out research on oil technology, economy and administration, and collect documentation on scientific and technological knowledge relevant to the country’s oil activities.

In order to secure drilling material at affordable prices, DICA also created the Société nationale de matériels pour la recherche et l'exploitation du pétrole.

38 Institut Français du Pétrole - Fonds documentaire, Rueil Malmaison (IFPFD, henceforth) - Activités de l'Institut Français du Pétrole, Réalisations de 1946 - Projets pour 1947 et les années suivantes.
However, in the decade following the end of the hostilities especially, the French geophysical industry, similarly to the Italian one, found itself dependent on American technologies to a significant extent. “If we wanted to be autonomous thanks to our oil, we could not wait for the development of a French technology”, André Giraud, an X-Mines and former Fuels Director with a long career at the Ministry of Industry, as well as in oil and nuclear agencies, affirmed later.39 The key issue, he argued, was not so much to employ national technology, but to use the best available, regardless of its origins. And that meant American technology.

The inadequate status of French geophysics, however, was regarded as a grave problem. In January 1946, Edmond Vellingher, Director of the École nationale supérieure du pétrole’s Toulouse section, expressed in a talk at the French association of oil technicians (AFTP) his concern about such a heavy dependence on foreign equipment and methods. France, he maintained, had an “imperious necessity to make an effort of creation and research” in the exploration and production sector.40 In the face of such supremacy, French technocrats decided that although it was inevitable to rely on the Americans in the first instance, efforts would have to be made in the education and training of French technicians and engineers, thereby giving the country a relative technological independence.

Such a strategy was not only exemplified by the creation of the IFP, but also by CGG’s attempts to get back on track. The French geophysical company, as CFP President, the X-Mines Victor de Metz, stated at a 1946 board meeting, had been excluded from technological progress, and there was a deep interest in familiarising the geophysical firm with new American techniques. Chances for CGG to work with a US firm, however, were not deemed encouraging. De Metz pragmatically proposed to the board a compromise in order to facilitate relations between US and French technological contractors. CGG would surrender to Schlumberger (which, though officially an American company, maintained tight bonds with France) the licence for using its telluric method. In return, Schlumberger would allow CGG to benefit from its experience in the employment of other geophysical methods.41

In order to restore their geophysical industry, the French could also count on their prewar prestige in this discipline. In the aftermath of the war, and thanks to the efforts of the new technological agencies, France’s prominent position in European geophysics was soon re-

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41 AHTOTAL - Fonds Total-CFP, b. 92.10/1 - MBD, Meeting of 4 December 1946, pp. 5-6.
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established. By 1951, of the 710 geophysicists operating in Western Europe, 35 percent
were based in France. Only 6 percent were in Italy.42

3.3 A new tool for exploration: the creation of the Bureau de recherches de
pétrole

Although France was in a stronger position than Italy, it could not afford to jeopardise Al-
lied relations. Furthermore in 1945, being a strategic material, oil was still subject to a parti-
tion system conditioned by war exigencies. This was particularly true for crude oil distrib-
uted in the Mediterranean, the delivery of which depended on an inter-Allied system. After
February 1945, the IPC share of oil due to CFP was directed to a Shell-owned refining plant
in Haifa, Palestine, while CFP received, in exchange, oil products it could cede to a number
of clients. These, however, had to be chosen in geographical markets meeting the reparti-
tion plans drawn up by the Allied Petroleum Division.43 Therefore, as had happened for
Italy, French policymakers had to seek compromises with allies and majors rather than na-
tionalise.

In March, US Acting State Secretary, Joseph Grew, whose key role in influencing oil policy
in Italy I highlighted in Ch. 2, invited the GPRF to participate in a supply arrangement with
the Anglo-Americans. If the government accepted, it would have to transmit to the British
and American governments a list including French needs in crude oil and oil products,
which would then be given to the Anglo-American Allocating Board. The Board, Grew
stressed, “would know at all times the amount of oil and transportation available for im-
porting countries”. In addition, since every country had to obtain specific amounts, if a
country imported oil from other sources, the quantity assigned by the Allocating Board
would be reduced accordingly (the ‘reduction clause’).44 Finally, all French tanker capacity
and all transportation facilities would be operated within the framework of the supply ar-
range ment.

As in the Italian case, Grew’s instructions amounted to handing over to the Allies all pos-
sible information on France’s oil needs, as well as – temporarily – their transport facilities.

indication, in 1956 the number of seismic crews employed was 22 for AGIP and affiliates and 61 for
BRP and affiliates (AGIP Mineraria, Relazioni e Bilanci, 1954-1961; AGIP Mineraria (1956) Relazioni e
bilancio al 31 dicembre 1956. Roma: AGIP/CEDI, p. 17-8; AHTOTAL - Fonds ELF-ERA, b. 10AH0832-
43 Carta (1990), 74; Nouschi (2001), 131.
44 Quoted from: NARA - FRUS, 1945, IV, Europe, telegram no. 847, The Acting Secretary of State
(Grew) to the Ambassadour in France (Caffery), 2 March 1945, p. 776.
The request was disguised as a measure for equitable distribution; it was instead a genuine surveillance operation, which the French, given their situation, could hardly oppose. Considering France’s chances of obtaining its oil from IPC concessions, the reduction clause was tantamount to an obligation to use only oil distributed by the Anglo-Americans. When the GPRF asked the State Department to give France a seat on the Allocating Board as a condition in the acceptance of the supply agreement, and by virtue of the country’s large role in oil importing, transporting, and refining, it was told that a response to that request needed time. A decision could not be taken before the operation of the supply agreement.\(^{45}\) Now it was the Allies that were deploying dilatory tactics.

However, Grew suggested the US Ambassador in France, Jefferson Caffery, that if the French asked for further explanation, he should advance reasons of military security.\(^{46}\) The French capitulated and sent a list of their requirements. At the end of hostilities, the supply agreement was terminated, and the Petroleum Division lifted its opposition to GEF’s crude imports into France. However, the Americans specified that they expected the French to restore a regime of free market, with no preferential treatment for French companies.\(^{47}\)

In the aftermath of the Liberation, in October 1945, the first postwar legislative elections took place in France, to elect a Constituent Assembly for seven months. The victory of the Communist Party, which became France’s largest party, followed by the centrist Christian Democrats and the Socialists, meant that the Leftists held 54 percent of the Assembly.\(^{48}\) These three parties formed the first assembly – the phrase \textit{Tripartisme} was coined to designate this coalition. Further legislative elections in late 1946 once more underlined the strength of the Communists, who gained 29 percent of the votes.\(^{49}\)

The predominance of the Left and the substantial financial commitment necessary for revitalising the energy sector materialised in a heavy public intervention in the management of natural resources. From 1946, a wave of nationalisations ensued, lasting until early 1947.

\(^{45}\) NARA - FRUS, 1945, IV, Europe, telegram no. 2943, The Ambassador in France (Caffery) to the Secretary of State (Stettinius), 24 May 1945, p. 778; telegram no. 2598, The Acting Secretary of State (Grew) to the Ambassador in France (Caffery), 7 June 1945, p. 780.

\(^{46}\) NARA - FRUS, 1945, IV, Europe, telegram no. 2598, The Acting Secretary of State (Grew) to the Ambassador in France (Caffery), 7 June 1945, p. 780.

\(^{47}\) NARA - FRUS, 1945, IV, Europe, letter no. 3652, The Ambassador in France (Caffery) to the Secretary of State (Byrnes), Enclosure: The American Ambassador (Caffery) to the French Minister for Foreign Affairs (Bidault), 31 October 1945; Catta (1990), 74.

\(^{48}\) At the October 1945 elections, the Communists and their allies gained 27.1 percent (159 seats), the Christian Democrats 25.6 percent (150 seats), the Socialists 23.4 percent (146 seats).

\(^{49}\) At the November 1946 elections, the Communists and their allies gained 29.0 percent (182 seats), the Christian Democrats 27.6 percent (173 seats), the Socialists 16.3 percent (102 seats).
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Then, a mere two months after the enunciation of the Truman Doctrine, the Cold War materialised in France. In May, under the pretext of Communist support for a series of strikes led by France’s largest trade union, the Communist-dominated Confédération générale du travail, the Socialist Prime Minister, Paul Ramadier, excluded Communist ministers from his cabinet. This act, together with the subsequent marginalisation of the Socialists in a new, extremely heterogeneous centrist coalition known as Troisième Force (‘Third Force’), marked the beginning of a long period of instability in French governmental life.

However the 1946-47 nationalisations, which extended to many sectors of the French economy, enabled the Left to strengthen the economy under control and will of the state. Three important sectors underwent substantial nationalisations: energy, transport and banking. In the energy domain, however, a dual policy was adopted. While coal, gas and electricity were totally nationalised, oil was not. Before clarifying why this was the case, it is worth noting that at the time of the nationalisations, oil played a lesser role than coal: as an indication, in the first five-year plan for reconstruction it was not listed among the six sectors believed to be fundamental to the revitalisation of the French economy, namely electricity, coal, steel, concrete, railway transports and equipments for agriculture. Oil would acquire a growing importance only in the following five-year plans: the third and fourth plans allotted considerable funding to prospecting and exploration, the fifth and sixth plans to refining and distribution.

Historians, Sergei Berstein and Pierre Milza, have explained the non-nationalisation of the French affiliates of foreign oil companies by arguing it was not strictly needed, as the state was already present in that sector through CFP and SnPFA. In fact, this anomaly calls for a broader analysis (see also para 3.7). Firstly, oil was in the hands of foreign majors, supported by their governments, and of CFP, in contrast to coal and electricity, sectors in which a major part was played by French private industrialists. Now CFP’s early postwar relations with its IPC partners became strained. In such circumstances, the British and American governments would have interpreted a nationalisation of the oil industry as a direct threat to their interests in France, which were especially strong in the refining and marketing sectors, and retaliate over IPC.

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51 Nouschi (2001), 132.
To comply with the master plan devised for the public oil industry, in October 1945, de Gaulle’s government created the Bureau de recherches de pétrole (BRP). The Bureau was meant to assure the coordination of oil exploration, by specifying the nature of permits and concessions, and fund prospecting activities through budget subventions. In addition, it was made responsible for devising a national programme of oil exploration.  

The BRP was to work together with DICA and the RAP: while the latter would mainly prospect in France, the efforts of the BRP would largely take place abroad. Through the Bureau, the Ministry of Industry signalled a new effort by the State to improve France’s position in the international oil industry. In a way, the Bureau was tacitly handed the baton of energy provision previously held by CFP. The direction of the new institution was entrusted to Fuels Director, Guillaumat. At the same time, he was assigned one of the two seats reserved for government representatives within CFP’s board of directors.

Contrary to the RAP, the BRP was not allowed to directly participate in exploration. So, soon after its constitution, it started taking majority shares in existing exploration syndicates, constituted earlier under the initiatives of French administrations throughout the French Union. This policy of share buying was to be a characteristic of both the BRP and the RAP, and a strategy pursued through the 1950s. The Bureau’s programme was carried out through four five-year plans between 1946 and 1965. Within the first five-year French reconstruction plan, the Plan de modernisation et d’équipement (also known as the Monnet Plan), through which the Marshall Plan was also to be applied, the BRP received almost 49 percent of the funds allotted to hydrocarbon exploration. Thanks to the first two plans, the Bureau could buy the first drilling materials in the USA and fund exploration in the Union.

Further measures promoted by the French government to stimulate exploration included the 1953 provision for oilfield reconstitution, which encouraged companies to reinvest their production profits into oil exploration in the French Union, by exonerating 50 percent of overall profits from corporate tax. They also included the 1954 the Fonds de soutien

53 Nouschi (2001), 134-5. Nouschi argues that with BRP, the French government also intended to create a vertically-integrated company. However former Fuel Director, Jean Blancard, has claimed that no talk of distribution was ever made. See: Kocher-Marbreuf (2003), Ch. IX, para 4.
58 Chauveau and Beltran (1998), 42.
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aux hydrocarbures. Promoted by Fuels Director and corseard, Jean Blancard, and fed through a
tax on gasoline, this fund was intended to promote exploration in the franc zone.59 Interestingly,
it was controlled by Roger Goetze, who was at the same time budget director at the
French Ministry of Finance, and president of BRP's Algerian affiliate, the Société nationale de
recherche et d'exploitation des pétroles en Algérie (REPAL). This double function, according to his-
torian Eric Kocher-Marboeuf, gave him “almost unlimited power” to feed the fund which
financed the BRP in those years.60

While the first years of BRP’s activities were not characterised by oil and gas discoveries,
this was not the case for other companies based in France. At the end of 1949, SNPA struck
oil at Lacq, in the country’s deep southwest, using seismic reflection.61 This was the first
discovery in metropolitan France, and gave rise to as many hopes in the country as the sim-
ultaneous Cortemaggiore finding had in Italy.62 The Aquitanian company made another im-
portant discovery two years later, again at Lacq, this time a gas field.63 1951 can be con-
sidered a key year for French oil exploration for a further reason. The assigning of a five-
year permit in the area of Bordeaux to SONI’s affiliate Standard française, was the first per-
mit awarded by the French administration to a foreign company.64

Three years after the assignment of its permit, in 1954, Standard française (renamed Esso
Standard in 1952) struck oil at Parentis, some 80 km southwest of Bordeaux. The oilfield
was soon to be recognised as the largest in France. A fundamental part in this discovery
had been played by geophysical innovations introduced by the American company in 1952,
through the use of arrays of detectors, arranged in specific patterns, in order to obtain a
better signal-to-noise ratio and improve the quality of seismograms, thus facilitating their
interpretation.65 The permit assigned to SONI’s affiliate revealed that, while the Bureau was
prepared to give away some licenses, it demanded in return that the US company train
French technicians, through internships and stays abroad. Finally, the company had to sur-

59 The franc zone included the African areas under French domination, in which the franc was employed
as currency.
60 Kocher-Marboeuf (2003), Ch. IX, para 9.
62 AHTOTAL - Fonds Total-CFP b. 92.10/2, CFP - Minutes of the Study Committee, Meeting of 3
October 1950, p. 3; Rutman, G. (1994) “Quelques éléments pour l’histoire de la Société nationale des
pétroles d’Aquitaine (SNPA) de 1941 à 1976”. In Prouvost (ed.) La recherche pétrolière française, 150. See
France”, 23.
64 Héritier (1994), 23.
pétrolière française, 220.
render a 10 percent participation to BRP. Sonf’s vast interests in France implied that its
permit request could not merely be dismissed by the French authorities. They therefore op-
ted for reaping the highest possible benefit from the major in technical terms, namely com-
pleting and updating French technicians’ knowledge. The majors could not avoid coming to
terms with the French government as far as the exploration of France was concerned, but
the balance of power was very different in the Middle East, from where France was ex-
tracting its only production in the late 1940s.

3.4 Middle Eastern controversies

During the 1950s several events in the Middle East exposed the decline of former imperial
powers, and clarified the area had become a ground for confrontation between the super-
powers. This was the place where US security was most at stake. In a stark materialisation
of Jervis’s ‘security dilemma’ (see pp. 25–6), the expansion of US interests inevitably meant
a reduction in the security of the powers already present in the region, namely France and,
in particular, the UK. The latter had a monopoly on Persian oil and essentially managed the
Iraqi consortium through AIOC and Shell. Although prior to the war the American adminis-
tration and oil firms had prioritised the control of resources in Mexico, during the conflict
they gradually shifted their attention to the Middle East, prompted by advice received by
the eminent geologist, Everette DeGolyer, one of the key founders of the American Asso-
ciation of Petroleum Geologists in 1916, as well as the founder of Geophysical Service In-
corporated in 1930 (an enterprise specialised in seismic reflection), now working as US As-
sistant Deputy of the Petroleum Administration for War.67

From mid-1943, fear of shortages spread through the US oil industry and government. In
June of that year, the Secretary of the Interior, Ickes, urged the President, Franklin
Roosevelt, to take immediate action in order to acquire foreign oil reserves, fearing that the
armed forces might face a shortage in 1944, which would therefore affect the domestic in-
dustry by obliging them to resort to American reserves.68 Thus, in 1944, the US administra-

67 Bates, Gaskell and Rice (1982), 20, 22; Nash (1968), 171. Sources reported: Ickes to Franklin D.
Roosevelt, July 9, 1941, in FDE Mss.; Ickes to Cordel Hull, June 24, 1941, Ickes to H.D. Collier
[President, Standard Oil Company of California], June 27, 1941; Ickes to Frank Knox, June 30, 1941, in
DI Records.
68 On the opposition of the oil industry to the participation of the US government in Middle Eastern oil,
see also: Anderson (1981), 100-2, and Vergin (2009), 379-81. Also in: “Multinational Oil Corporation
and U.S. Foreign Policy” (1975) Report together with individual views, to the Committee of Foreign
Relations, United States Senate, by the Subcommittee on Multinational Corporations”. Washington: US
Government Printing Office, 6 (http://www.mtholyoke.edu/acad/intrel/oil1.htm, accessed 22 January
2013).
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tion attempted to reach an agreement with Britain, to define their mutual policies in the Middle East and exclude other powers (basically an Anglo-American version of the old San Remo agreements). The plan, however, was shelved three years later after a long stall, prompted by the opposition of US independent oil producers.69

The US government’s policy of non-interference in the affairs of American oil companies in the Middle East had been clearly stated in Ickes’s outline of the American foreign policy. In fact, US diplomacy would support a policy aimed at securing advantages to American enterprises in competition with British and other foreign firms. Putting foreign oil in the hands of American nationals was a cardinal principle of US national security.70 In order to boost such security, it was also deemed essential to suppress the nationalist tendencies of producing countries, or at least remove them from Soviet influence.71 A series of measures were therefore enacted in order to keep the Soviets at bay, in both southeastern Europe and the Middle East. Greece and Turkey were allocated financial aid under the Truman Doctrine from March 1947. In October, the USA signed an agreement with Iran, and established a radar zone to monitor nearby Soviets. A further agreement was signed with Saudi Arabia, enabling in 1949 the establishment of a US military base in Dhahran, which was also the seat of the Arabian-American Oil Company’s (ARAMCO) headquarters.72

A geostrategic aspect of Soviet influence also needed to be taken into account. The Middle East could be used as a departing point for possible attacks on the USSR by Western powers; at the same time, it was also from there the Soviets could dispute the West’s supremacy over the Mediterranean.73 The Middle East was therefore ripe for conflict even without the French. The latter’s weak postwar position materialised in Anglo-American attempts to oust them out from Middle Eastern oil affairs.

With World War II and the invasion of France by German troops in June 1940, French shares in IPC were confiscated by the British, and passed over to the UK Custodian of Enemy Property branch. The sale of oil to French ships at IPC terminals in Palestine and Syria

71 Tristani (2010), 83.
72 A second containment strategy concerned the establishment of a belt of pro-US States all around the USSR. This strategy was implemented from 1953 with the creation of a Northern Tier (Pakistan, Iran, Iraq, Turkey, USA and UK) through the Baghdad Pact. See: Brogi (1996), 132-4.
73 Rondtor (1952), 288.
was also blocked, as occupied France was by then an enemy country. For the same reason, all of CFP’s contacts with IPC had been severed. Following the Liberation, French diplomats contacted IPC in London. In September 1944, CFP Director and future President, de Metz, led a mission to London in order to ask IPC to reverse the confiscation of French shares. Almost simultaneously, a démarche was made at the British Embassy in Paris to the same aim. René Massigli, the French Ambassador in London, backed up CFP’s request in an exchange with the British State Secretary, Eden, and the Board of Trade. The French request was approved the following February, enabling CFP representatives to once again be part of the IPC board. French oil security appeared saved, at least for the moment. From 1945, the French company resumed its IPC oil deliveries.

This was only a ‘happy ending’ for the French to a limited extent, since even once deliveries resumed, CFP faced a serious threat to its oil supplies from the Red Line Agreement. With the inception of the Cold War, US companies, aware of their country’s new world role and of the power this conferred on American trading agents abroad, sought to exercise greater influence in Middle Eastern oil affairs. By contending that the Red Line Agreement was curbing their aspirations in the area, SONJ and SOCONY now pursued an ‘open door’ policy they had launched, albeit informally, before the war. The new US government, presided over by Truman, fully endorsed this, to the point of applying pressure on the British government, in the spring of 1945, to renounce its political interventionism – aimed at obtaining oil concessions – in areas dependent on British sovereignty.

In the spring of 1946, SONJ and SOCONY declared to the press that they considered the agreement lapsed and void. Following this declaration, the two companies consulted the US State Department for advice on how to negotiate an agreement with their IPC partners. SONJ’s Orville Harden and SOCONY’s Harold Sheets explained to Undersecretary of State for Economic Affairs, William Clayton, and to his Special Assistant, George McGhee, that the IPC signatories had recently been informed by three independent British Counsels that,

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74 AHTOTAL - Fonds Total-CFP, OGA of 16 September 1940 - RBD, p. 8; OGA of 5 December 1945 - RBD, p. 4.
75 AHTOTAL - Fonds Total-CFP, CFP OGA of 16 September 1940 - RBD, p. 8.
76 AHTOTAL - Fonds Total-CFP, b. 92.10/1 - MBD, Meeting of 8 November 1944, p. 4.
77 AHTOTAL - Fonds Total-CFP, OGA of 5 December 1945 - RBD, p. 3; AHTOTAL - Fonds Total-CFP, b. 92.10/1 - MBD, Meeting of 8 November 1944, p. 4.
78 AHTOTAL - Fonds Total-CFP, OGA of 26 June 1946 - RBD, p. 4; CFP OGA of 2 July 1947 - RBD, p. 4.
79 NARA - FRUS, 1945, VIII, The Near East and Africa, Memorandum by the Acting Chief of the Petroleum Division (Loftus) to Mr. John D. Linebaugh of the Division of British Commonwealth Affairs, 31 May 1945, p. 52.
80 AHTOTAL - Fonds Total-CFP, b. 92.10/1, CFP - MBD, Meeting of 5 June 1946, pp. 2-3.
under the British law, the Red Line had ceased to exist in June 1940, following the Nazi invasion of France and the transformation of the country into an enemy of the UK, where IPC was domiciled.\textsuperscript{81}

The new situation implied that, lacking a new agreement, the rights of the participating companies would only amount to receiving a share of IPC’s profits, without actually managing their production. A new agreement was therefore urgently necessary. As the original participation of American companies had been made at the intercession of the government, it would be in its interest for those companies to control their own share, rather than receive profits derived by oil produced under the control of a British company.\textsuperscript{82} Clayton agreed, replying that should US companies meet with difficulties in securing a new agreement, the State Department would support them. The two parties also agreed that restriction clauses which obliged IPC partners to operate jointly would have to be eliminated.

Clayton knew that the French would not agree. CFP was in no position to take on new concessions, whereas other companies could take advantage. In practice, if SONJ was allowed to develop its production in other Middle Eastern areas, it would certainly not be encouraged to push forward on its IPC production, quite the contrary. This, however, would affect the French share. These concerns were confirmed when, in the autumn of 1946, representatives of NEDC maintained that the Sherman Antitrust Act forbade them to respect the restrictive provisions of the agreement.\textsuperscript{83}

Believing that the Red Line would not be resumed, and since the unanimity of all IPC directors was needed in order to modify the old agreement, the State Department and SOCONY tried to negotiate a solution with the French government and de Metz, once the removal of the substantial French interests in the area was already a \textit{fait accompli}. US Secretary, James Byrnes, described the conversations as “protracted and oblique”.\textsuperscript{84} At the end, SONJ presented its IPC partners with an ultimatum meant to speed up a settlement. Simultaneously, the State Department secretly addressed the British to ensure they agreed. During bilateral talks organised in London in November, Clement Attlee’s government accep-

\textsuperscript{81} NARA - FRUS, 1946, VII, The Near East and Africa, Memorandum of Conversation, by Mr. George C. McGhee, Special Assistant to the Under Secretary of State for Economic Affairs (Clayton), 27 August 1946, pp. 31-4.

\textsuperscript{82} Ibid.

\textsuperscript{83} AHTOTAL - Fonds Total-CFP, h. 92.10/1, CFP - MBD, Meeting of 6 November 1946, p. 3.

\textsuperscript{84} Quoted from: NARA - FRUS, 1946, VII, The Near East and Africa, confidential, letter no. 598, The Secretary of State to the Chargé in the United Kingdom (Gallman), 29 November 1946, p. 40.
ted the American view that the preservation of competition in the international oil trade impelled the non-restoration of the Red Line Agreement.85

However, the secret deals between the Americans and the British were revealed to the French through press leaks. In December, CFP executive, René de Montaigu, revealed details to the his company’s board about the recent move made by SONJ and SOCONY in Saudi Arabia, where the two majors had just agreed with ARAMCO on their participation in Saudi oil operations. De Metz further disclosed the imminent signature of an agreement between AIIOG, SOCONY and SONJ. Over the next twenty years, AIIOC would sell SONJ and SOCONY 160 million tons of crude from its Iranian and Kuwaiti field. These would be delivered by a large-diameter pipeline, the construction of which would be funded by the two American companies, to link the Persian Gulf to the Mediterranean.86

If one also takes into account that the British company exploited its Kuwaiti oilfields on a 50:50 basis with Gulf, and that through the new pipeline AIIOC would be able to augment Iranian and Kuwaiti production to its liking, it is easy to see grounds for the French protests against the coming together of a much stronger Anglo-American alliance. Thanks to the AIIOC deal, SONJ could count on British acquiescence over the Red Line.87 As for the other British company, Shell, its neutrality was acquired through an extremely favourable long-term contract giving the company free access to Kuwaiti oil. From May 1947, Gulf would provide 30 percent of Shell’s crude oil requirements in the Eastern Hemisphere.88 Although the contract would only be signed in mid-1947, the negotiations had been known to the State Department since the previous December.89

De Metz was outraged. He considered the unilateral termination of the Red Line and the simultaneous taking of shares in ARAMCO as an “extremely serious infringement to the ac-

86 AHTOTAL - Fonds Total-CFP, b. 92.10/1, CFP - MBD, Meeting of 27 December 1946, pp. 2-4; Anderson (1981), 153-4. See also: Nouschi, A. (1983) “Un tournant de la politique pétrolière française: les Heads of Agreement de novembre 1948”, Relations Internationales 44 [no page number reported]. The actual amount of crude oil negotiated by the three companies was 134 million tons, not 160, as reported in: NARA - FRUS, 1946, VII, The Near East and Africa, secret, U.S. urgent, telegram no. 8023, The Acting Secretary of State to the Chargé in the United Kingdom (Gallman), 4 December 1946, pp. 43-4.
87 This interpretation was advanced by French Ambassador in the USA, Henri Bonnet, in: NARA - FRUS, 1947, V, The Near East and Africa, telegram, Memorandum of Conversation, by the Assistant Chief of the Petroleum Division (Eakins), 10 January 1947, p. 632.
88 Rondot (1962), 93-5; Stoff (1980), 200.
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cords of 1928”, and advised the board to take legal action against NEDC’s decision at the British High Courts of Justice.\(^\text{90}\) Unsurprisingly the government commissars, Guillaumat and Jacques Brunet, agreed the termination should be challenged in court, and the Fuels Director announced that DICA would retaliate against British and American interests in France. In early January 1947, the French Ambassador in Washington, Henri Bonnet, delivered Clayton a letter of formal protest against the American denunciation of the agreement. The French Ambassador in London, Massigli, also intervened in CFP’s favour.\(^\text{91}\)

The cancellation of the Red Line Agreement would put at risk not only French oil security, but all projects intended to restore the country to the status of a great power. Without energy autonomy, France would be reduced to the rank of a client of Anglo-American companies. The two diplomatic interventions affirmed that the Red Line Agreement persisted, French occupation notwithstanding. So, if the Americans wished to enter ARAMCO, the French should also be allowed in. France needed Middle Eastern oil and refused to decrease its production to the advantage of new Anglo-American or intra-American agreements. If the Red Line Agreement was violated, CFP would even appeal to the Hague’s international court against IPC. In any case, the French government would back the lawsuit that CFP was about to start at the British court against the denunciation, which represented “an erroneous and politically inadmissible interpretation of the English legislation on commerce with the enemy”, and against which “the French authorities could not fail to raise the strongest protest”.\(^\text{92}\)

However, on the eve of the first tribunal debate in January, de Metz and de Montaigu were visited in their hotel rooms by John Boyle, a Shell representative of IPC. Boyle and the two Frenchmen now negotiated a compromise, which NEDC took as a basis for further discussion. IPC would supply France as per their wishes, and a new large-diameter pipeline would be built from the Kirkuk oilfield in Iraq to the Mediterranean. This solution was accepted after minor negotiations, but CFP did not renounce the court proceedings.\(^\text{93}\)

Also in January, discussions took place at the State Department, between governmental officials and US companies. The companies’ representatives articulated their points of view,

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\(^{90}\) Quoted from: AHTOTAL, Fonds Total-CFP, b. 92.10/1, CFP-MBD, Meeting of 27 December 1946, p. 3. My own translation.


\(^{93}\) Carta (1990), 86; Rondor (1962), 97.
believing their legal defence rock-solid on the invalidity of the accord. They saw the French position as an effort to extort some kind of payoff under threat of retaliation, and aimed to reach an agreement that would satisfy the French as oil consumers rather than producers: for example, by agreeing with CFP on short-term contracts for crude oil at a favourable price from the Saudi production.\(^{94}\) As for French participation in the ARAMCO deal, that was out of question. The Saudi King, Ibn Saud, had insisted the concession be exclusively in American hands. While consenting to the companies’ opinion, the State Department diplomatically suggested that it would not oppose the two majors’ “voluntary withdrawal” from ARAMCO, although they would not impose it.\(^{95}\)

A possible settlement of the controversy was devised in February by Paul Nitze, US Deputy Director of the Office of International Trade Policy. SOCONY would buy SONJ’s quota in IPC and withdraw from the Arabian deal, and possibly also from the AIOC deal, thus allowing SONJ to expand its activities without further problems and respecting French rights within the Red Line.\(^{96}\) However, this hypothesis was met with a fin de non recevoir by the two companies, which deemed it safer to increase shared ownership over two areas than having all their eggs in one basket.\(^{97}\)

When Ramadier’s government also applied pressure on the State Department to have CFP access guaranteed in the Saudi Kingdom, Harden and Sheets suggested to CFP that any partner desiring more oil than its pro rata share could demand IPC make arrangements to supply them.\(^{98}\) In the face of the French use of legal means, the US majors were now proving willing to settle the matter by not undermining French oil security excessively in return for a provision that did not in any way hamper their profits. In other words, they just wanted to ‘sweeten the pill’ for the French on one side, while presenting them with a fait accompli on the other, since, by the end of March, SONJ and SOCONY had joined ARAMCO.\(^{99}\)

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\(^{94}\) NARA - FRUS, 1947, V, The Near East and Africa, Memorandum of Conversation, by the Chief of the Petroleum Division (Loftus), 9 January1947, pp. 629-31; telegram, Memorandum of Conversation, by the Assistant Chief of the Petroleum Division (Eakens), 10 January 1947, p. 632; secret, Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Under Secretary of State (Acheson), 16 January 1947, pp. 634-5.


\(^{97}\) NARA - FRUS, 1947, V, The Near East and Africa, Memorandum of Conversation, Prepared in the Department of State [the meeting covered by this memorandum was held in Mr. Nitze’s office at 2.30 p.m. on March 7], undated, p. 653.

\(^{98}\) Ibid., 651-3.

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In April, Bonnet received a formal reply to his earlier communication to the State Department. While expressing the wish that the negotiations in progress make it possible for CFP to meet its needs in Iraq, Acting Secretary of State, Dean Acheson, one of the main architects of the American Cold War foreign policy and the Marshall Plan, essentially supported SONJ and SOCONY’s position. The French request to enter the American company looked like a desperate attempt. Apart from the Saudi King’s opposition to non-American presence, one should not forget that pressure to keep ARAMCO all-American also came from US military circles. James Forrestal, Secretary of the Navy, believed it “of the utmost importance that [the company charged with developing the Saudi reserves] be American”, regardless of which company that should be.

According to Nouschi, France was not in a strong enough position to be able to impose its will on its IPC partners, therefore the government consented to the American proposal. While French weakness certainly played a role, the key issue was rather how the US administration sought to take advantage of it, substantially reducing French influence on oil affairs in the Middle East. France needed coal, oil and wheat, and it was to US aid that the French government appealed for these supplies, and to curb the inflation ravaging the country’s finances. Negotiations between CFP and its Anglo-American partners continued through the spring of 1947, a settlement being eventually reached by the end of May. The Heads of Agreement, settling the long dispute, were signed by all IPC partners in the autumn of 1948, once a further compromise had been reached with Gulbenkian.

The new agreement restored the Red Line arrangements with the significant exception of Saudi Arabia, where US companies would have a monopoly. Average Iraqi production would largely be increased, and IPC would build a new, large-diameter pipeline in order to satisfy the augmented production. The new deal secured the IPC development, and gave the right to each of its members to obtain the amount of oil they needed, independently of

101 Quoted from: Tristani (2010), 8, where the Navy Secretary’s name is misspelled as ‘Forrester’.
103 AHTOTAL - Fonds Total-CFP, b. 92.10/1, CFP - MBD, Meeting of 5 March 1947, p. 3-5. Also: Anderson (1981), 158. Sources reported: Cable, Harden, and Sheets (London) to Jennings (New York), 14 May 1947, and press release, 2 June 1947, file 32929, and minutes of SONJ executive committee meetings of May 15 and 27, 1947, file 33369, FIC Records.
104 AHTOTAL - Fonds Total-CFP, b. 92.10/1, CFP - MBD, Meeting of 4 June 1947, p. 3-5; NARA - FRUS, 1947, V, pt. 1, The Near East, South Asia, and Africa, secret, Memorandum of Conversation, by the Director of the Office of Near Eastern and African Affairs (Satterthwaite), 26 October 1948, pp. 55-6; confidential, Memorandum of Conversation, by the Assistant Chief of the Petroleum Division (Moline), 22 December 1948, pp. 64-5.
their quotas. Furthermore, restriction clauses were eliminated; there would now be complete freedom to acquire new interests in existing concessions (as in the case of SONJ, SOCONY, and ARAMCO).  

Was the agreement a pyrrhic victory for the French? Despite the Arab-Israeli war of 1948 and the consequent permanent closure of Haifa’s IPC terminal, and despite the political and economic turbulence caused in Iraq and Iran by ARAMCO’s introduction of 50-50 percent contracts in Saudi Arabia, by the end of 1953, CFP’s part in IPC production amounted to over 8 Mt. A ten-fold increase, when compared to the 806 thousand tons (kt) the company had received in 1945. In 1954, CFP also acquired a small share in an oil consortium established in Iran by Anglo-American companies, in the aftermath of the nationalisation of oil resources decided by the Iranian Prime Minister, Mosaddegh, and the subsequent Anglo-American military coup that toppled him. However, the IPC issue had demonstrated that French oil revenues in the Middle East depended on American goodwill, and the Americans received the largest piece of the cake.

By then the existence of an oil cartel controlling the worldwide oil market had been widely publicised. In 1952, the US Federal Trade Commission published a report, entitled The International Petroleum Cartel, the conclusions of which revealed to the public that the world oil industry was actually controlled by a few Anglo-American companies. The underlying implication that governmental measures should be taken to change this situation went against years of open and secret talks in which the US and UK governments had successfully collaborated to the opposite effect. Even before the report’s publication, news of the Commission’s investigations had greatly alarmed not only ministerial departments, but also the National Security Council (NSC). Once the report was published in a ‘sanitised’ version, in August 1952, it triggered negative reactions in oil producing countries.

106 AHTOTAL - Fonds Total-CFP, b. 92.10/1, CFP - MBD, Meeting of 1 October 1947, p. 4; b. 92.10/2, CFP - MBD, Meeting of 3 November 1948, p. 4; NARA - FRUS, 1947, V, pt. 1, The Near East, South Asia, and Africa, confidential, Memorandum of Conversation, by the Assistant Chief of the Petroleum Division (Moline), 22 December 1948, pp. 64-5.
108 On Mossadegh’s attempted nationalisation of Iranian oil and its outcome, see references in Ch. 2, p. 86 note 155.
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In January 1953, in a report presented to the NSC, the Departments of State, Defense and Interior extensively analysed the consequences of a reduction in the influence of Anglo-American oil companies. They eventually suggested that, in order not to jeopardise national security, the grand jury indictment of the companies under criminal charges be terminated and turned into a far more harmless civil action under the antitrust laws.\(^{11}\) Three days after receiving the report, President Truman, in utmost secrecy, ordered the investigations terminated.\(^{11}\) US security had been preserved. US law had bowed to vested interests.

3.5 Prospecting and monitoring North Africa

The threat to French oil security in the Middle East stimulated sweeping surveys in the French colonies. Although the Middle East was not lost, as CEP still owned almost a quarter of IPC, the new situation prompted the French to explore other regions, especially in their chasse gardée (‘private ground’), where Anglo-American interference could be stemmed. Unlike the Italians, the French still had their Union, and this had yet to be explored with modern geophysical methods. It was therefore a logical consequence for the French to start exploring Africa, especially the Sahara desert and the Guinea Gulf.\(^{11}\) Their attitude toward their Union had not changed much from empire times, the underlying idea still being that the Métropole disposed of a huge territory to use for its own profit.

Geological studies in the northern Sahara had been carried out since the 1920s by geologists Conrad Kilian, Nicolas Menchikoff, Maurice Lelubre and their teams.\(^{14}\) In particular, Kilian’s early observations on the sedimentology of the Algerian south – the Hoggar area (Fig. 3.3) – had been delivered to the French Académie des Sciences in November 1948 in a sealed box.\(^{15}\) However, they remained untouched until the geologist’s death (likely to have


\(^{11}\) Ibid.

\(^{12}\) Ibid.

\(^{13}\) Ibid.


\(^{15}\) Archives nationales d’outre-mer, Aix-en-Provence (ANOM, henceforth) - Fonds Ministériels (FM, henceforth), Affaires algériennes (1873/1964), b. 81F/2068, fd. Société nationale de recherches de pétrole d’Algerie, Les recherches de pétrole en Algérie, undated (probably 1949).
been an assassination) in May 1951. Kilian’s hypotheses on the areas turned out to be only partially accurate, but news of his exploratory activities did open the way to a new conception of the Sahara desert as a reservoir of hydrocarbons, therefore instigating further work.

From 1941 on, geological reconnaissance missions were dispatched to the desert under the auspices of the Service de recherches minières d’Algérie first, and of Repal from 1946. Repal’s board was the clearest expression of corpsard power: the General Inspector of Mines in Algeria, Gaston Bétier; the company General Manager, Armand Colot; CgG’s General Manager, René Migaux; and Paul Moch, one of the company’s two vice-presidents, who had been appointed President of the RAP by Guillaumat a year earlier, all came from the Corps. One of the missions, sent in 1948 under the leadership of geologist and corpsard, Michel Tenaille, could also count on Willy Bruderer, a CFP geologist and a member of BRP’s North African Commission. The results of the survey appeared to reveal the existence of promising oil structures.

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115 Sedimentology studies the physical and chemical properties of sedimentary rocks and the processes involved in their formation, including transportation, deposition, and lithification of sediments (Source: Merriam-Webster online dictionary, entry: “Sedimentology”, http://www.merriam-webster.com/dictionary/sedimentology, accessed 22 January 2014).


117 In fact, notes Perrodon, the surface indices mentioned by Kilian were never found later by oil companies: they were instead associated with “a sulphurous source, showing irisation due to iron oxide” by geologist Michel Tenaille. M. Tenaille, Note sur Conrad Kilian, 24 April 1970, unpublished, reported in Perrodon (1994), 326. My own translation.
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However, CFP’s Study Committee had underlined the idiosyncratic geological conditions of that region. This meant that little valuable information on its real potential would be obtained without the application of a more powerful geophysical technique. Through the estimation of physical quantities, this discipline was believed to offer a better understanding of the characteristics of putative deposits.118 Indeed, it had been the wish to train French geoscientists in novel geophysical applications that could facilitate surveys of the colonies’ subsurface, which had persuaded the French to accept deals with Sonj in France.

CGG was thus committed to an extended gravimetry campaign. However, gravimetry was slow and its interpretation in the region proved hard. Besides the slowness and high cost, some lamented that data obtained did not distinguish gravity anomalies in the deeper basement from the large structural traits of the sedimentary basin, closer to the surface. The use of telluric currents did not give any spectacular results either.119 Non-decisive results notwithstanding, in 1950 the geophysical campaigns prompted REPAL and CFP to jointly request an exploration permit over 300,000 km² of the south Saharan region.120 In the following months, with the permit request still pending, the two companies intensified their surveys. From 1951, seismic reflection was introduced to the area, but again, due to the unfavourable surface conditions and to the problem of multiple reflections, which masked the less energetic, true reflections, results were deceiving. Even with the introduction of techniques learned from US prospecting firms, such as multiple detectors and pattern shooting, these problems were only addressed to a limited extent.121

In October 1952, the permit was finally issued. It covered 248,000 km², which CFP and REPAL split equally and a joint geophysical campaign was agreed upon.122 1952 represented a decisive year. REPAL’s chief geologist, Igor Ortynski, convinced CGG to apply a method, seismic refraction, that had been out of fashion for decades, but which seemed more ap-

propriate to the geological characteristics of the Sahara. Besides eliminating the problem of multiple reflections, this technique allowed the penetration of younger geological layers characterised by high reflection coefficients (which made seismic reflection useless), and produced a picture of deeper layers. The first application of seismic refraction led to the implantation by CFP and REPAM of an exploration well at Berriane, in the region of Ghardaïa, some 600 km south of Algiers, where some oil traces had been found.

At this point, the two companies decided to launch a general survey with seismic refraction in the northern area of the desert, resulting in the discovery of more oil traces. For managing its part in the Algerian concession, in January 1953 CFP founded its affiliate CFP (Algérie) (CFP(A)), entrusting the presidency to corpsard, Jacques Bénézet, Assistant Manager of CFP and a lycée companion of REPAM’s President, Goetze. Once again, it is hard to ignore the esprit de corps that oriented the choice of executives in the French oil industry. Technoscience was widely viewed as politically neutral. Chosen using competence criteria, instead of their political allegiance, technocrats were seen as non-politicised agents, whose valuable expertise and dynamism, and detachment from political power, would enable them to direct their activities to the exclusive benefit of the nation.

The surveys might have been only partly successful, but attracted some interests as, by 1952, the American government had put the oil activities in Algeria under close surveillance. At the same time, in Europe, French-American tensions increased, due to the French Assembly’s torpedoing of a plan to form a pan-European defence force, which the US government – especially Acheson – had strongly encouraged. Hydrocarbons steadily grew in importance in the thick political and economic reports that the American Consulate General in Algiers sent to the State Department. Along with these reports, the State Department also recorded the initiatives of individual American oil companies, as well as French activities not directly involving American interests.

His Majesty’s Government also instructed its agents abroad to find out what the French were doing, and confidentially

125 Kocher-Marberuf (2003), Ch. IX, para 5.
126 The idea of a European Defence Community had been launched by French Prime Minister, René Pleven, in 1950 as an alternative to West Germany’s inclusion into NATO. However, concerns about German remilitarisation and about surrendering part of the control over the French armed forces to a supranational organism, caused the French Assembly to reject the ratification of the establishing treaty in 1952. For an American point of view on this issue, see: NARA - FRUS, 1952-1954: V, pt. 1, Western European Security, pp. 571-1113 et seq; VI, pt. 2, Western Europe and Canada, pp. 1139-511.
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received detailed information from its Parisian embassy about BRP’s five-year plans, including some details on results and perspectives.\(^{128}\)

The French soon realised that secretly acquired geophysical knowledge was not enough to grant safe and quick oil supplies from Algeria. They needed to increase their prospecting effort even further if they aimed to find oil anytime soon. They were therefore faced with two main options. They could let Anglo-American enterprises in, thereby gaining in efficiency, financial backing and technological knowledge. Or they could continue independently, thus taking responsibility for a colossal prospecting burden which would last for many years, with unguaranteed results. This road was a dangerous one for a country struggling with heavy inflation.

The admission of foreign capital soon became debated within the French administration. The French Commission de modernisation des carburants, an agency established after the institution of the BRP, and responsible with it for devising a prospecting programme in the French Union, highlighted the necessity of American technology, expertise, and financing for an accurate exploration of the Sahara as a rationale for the admission of foreign companies. At the same time, however, the Commission established a series of clear conditions for foreign participation. It should not exceed half of the shares in the companies formed; the chairman of directors, and half their boards should be French; and significantly, French technicians would be seconded to foreign exploration directors to monitor their activities and improve their own technological ability.\(^{129}\)

As a consequence, in 1947, when Gulf proposed constituting a French-American company with BRP’s Tunisian affiliate and asked for a majority of shares, Ramadier’s government rejected the offer. Guillaumat, however, was more inclined to accept mixed companies with a foreign majority.\(^{130}\) After funding reductions in BRP’s oil programme in late 1948, and in the face of new requests from Shell and Gulf, the possibility of foreign participation was re-ex-

\(^{127}\) For example, see: NARA - RG 59, Subject Numeric Files, 1950-54, French Africa, b. 5006, f. 8518.00/11-1052, Foreign Service Despatch, American Consulate General, Algiers (Amsongen Algiers, henceforth) (Leon G. Dorros), to Department of State, Washington (DS, henceforth), Monthly Economic Report - October 1952, 10 November 1952.


\(^{129}\) ANOM - FM, Affaires algériennes (1873/1964), b. 81F/2067, 1d. Politique du pétrole, The Minister of Foreign Affairs to the Minister of Interior, Memorandum sur les demandes de permis de recherche de pétrole presentées par des sociétés étrangères en Tunisie, 29 October 1947; secret, coded telegram no. 1103-1104-1005, The Minister of Interior to The Governor General of Algeria, 31 October 1947.

\(^{130}\) Bossuat (1997), 242. Source reported: 5 A 14, MIC, direction des carburants, 13 février 1948, DC 1125, R. Lacost. In:
amined, and a foreign capital majority in mixed companies in Tunisia was accepted, provided some guarantees were given by the foreign concerns.\textsuperscript{131} Shell was eventually admitted to the North African country, with a majority participation of 65 percent to the Compagnie des pétrole de Tunisie, with the BRP holding the remaining shares. The government agreed to give licences, historian Gérard Bossuat has claimed, as it understood that only a few Anglo-American companies had enough means to exploit Tunisian oil.\textsuperscript{132} In fact, in the Tunisian exception, informal ties between key actors may have played a fundamental role. The fact that Shell française’s President was Léon Kaplan, who had operated as a secret agent with Guillaumat in Tunis during the war, certainly influenced the outcome, and may well have played a part in Shell’s later admission to Algeria.\textsuperscript{133}

The disagreement between authorities in favour of, and those opposing, the opening of the Sahara to foreign operations came to a head at a crucial meeting held in June 1947. The French Director of General Affairs, Pierre Maisonneuve, organised a conference at the Under-Directorate of Algeria to discuss three foreign companies that had shown an interest in Algeria: Caltex, Gulf and AIOC. The conference was attended by representatives of four ministries (including Guillaumat), members of the domestic and foreign intelligence services, executives of the oil agencies BRP and REPAL, and officials of the National Defence. Guillaumat argued that collaboration with foreign companies would be extremely profitable for the French economy, due to the shaky state of French finances. Moreover, Monnet Plan’s provisions for oil prospecting had only very limitedly been carried out.\textsuperscript{134}

As the Fuels Director reminded those at the meeting, the French had interests in Middle Eastern oilfields. So the government could not deny equivalent rights to foreign companies willing to work in French territories. Their exclusion would trigger retaliation. Lucien-Benjamin-Gabriel Bonneau, Director of the African and Near Eastern Department at the Foreign Ministry, argued that the benefits that local populations would enjoy from oil discoveries, thanks to an increased availability of energy to be used for industrialisation projects,


\textsuperscript{133} Koehler-Marbot (2003), Ch. 9, para 10 and note 10.

\textsuperscript{134} AHTOTAL - Fonds ELF-ERAP, h. 07AH0168-6, REPAL - Correspondence - Minutes of the Conference held on 19 June 1947 at the Under-Directorate of Algeria, under the presidency of Mr. Maisonneuve, Director of General Affairs, on the subject of oil-related foreign activities in Algeria, p. 5.
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would prompt North African nationalist movements to a détente with France, and out-
weigh the risks of a foreign presence.135

In addition, non-French companies would surely favour order and stability; that is, the
political status quo of the region and French authority over North Africa, which was begin-
ing to feel the wind of Arab nationalism. The discovery of oil in regions such as Tunisia
or Morocco, Bonneau explained, could not be seen in itself as a threat to French security,
but only in relation to the international position of France: only France’s weakness would
threaten its security.136

Nevertheless, Guillamart’s proposal to develop joint participation with foreign companies
countered resistance. Henri Urbani, representative of the Government General of Al-
geria, firmly challenged it. What worried Urbani especially was a lack of knowledge of
what US exploration teams were doing in the region, and how much they knew about
French operations. It was clear that some teams had secretly been visiting Algeria already
and that, once again, decisions in board rooms and government buildings followed pro-
specting activities in the field:

First of all, every day we see Americans coming back and forth to Algeria. We don’t know
much about what they come to do, but what we do know is that they are interested in oil.
[…] Once we give the Americans exploration permits, we will see them arriving in Algeria en
masse and, from that moment on, what kind of actions are they going to deploy in the coun-
try?137

Moreover, Urbani questioned who could guarantee American companies would not muscle
in on the General Government to safeguard their interests or, more worryingly, spur Arab
nationalism by fuelling anti-French feeling. If the French were obliged to admit those com-
panies, he concluded, it would be better to create companies in which foreign interest could
participate, without taking part in prospecting operations. Foreign enterprises taking the
technical and financial control of operations would be harmful for French interests in Al-
geria. Urbani’s reservations were understandable. In June 1947 France was still very weak,
both financially and politically. There was little doubt that the Hexagon (another name for
France) would be forced to give in if the Americans decided to deploy all their influence in
North Africa.

135 Ibid., 6-7.
136 Ibid.
Guillaumat, however, disagreed with Urbani. He believed that not many American companies could bear the onus of working outside the United States with the same proficiency they had at home. Furthermore, he was not at all convinced that, as Urbani had maintained, such frantic foreign activity had taken place during the war in Algeria. More significantly, as a former intelligence officer, and thanks to his relations with people such as Kaplan, Guillaumat had access to restricted information on the Allies’ activities that Urbani did not. The point was not to deny the foreign presence in Algeria, but rather to reveal that he already knew about this presence. “The Americans came over here and they only received the information we gave them. They haven’t got more information on our territories than we have got on theirs”, Guillaumat retorted.138

Bonneau downplayed the extent of US influence in North Africa: in any case, he concluded, if the Americans were willing to access this region, they would use their own transport companies, radio companies and, undoubtedly, their secret services.139 Although scepticism persisted within the Government General, Guillaumat apparently succeeded in convincing most of his colleagues that collaboration in Algeria would not threaten French interests in the region. Yet, while the French had been surveying Algeria’s geology on the ground, the American military had been busy reconnoitring it from the sky.

3.6 Anglo-American attempts to enter Algeria

The surveillance of potential oil-bearing areas in Algeria was a decisive element in establishing whether or not Anglo-American companies would enter the country. Guillaumat knew that during the war the US Air Force had taken aerial photographs in Algeria and that the photos could provide geological indications on the presence of oilfields. After the war, the Gpra succeeded in making sure that photographic material could not be made available without their prior consent. Yet at the time they did not possess copies.140 Following Guillaumat’s decision to let the American companies prospect North Africa under the control

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139 Ibid., 9.
140 AHTOTAL - Fonds ELF-ÉRAG, b. 07AH0168-28, REPAL – MBD, 6th Meeting, 30 December 1947, pp. 5-6; MBD, 7th Meeting, 14 January 1948, p. 3; MBD, 8th Meeting, 3 March 1948, p. 9; MBD, 12th Meeting, 12 November 1948, p. 6; MBD, 18th Meeting, 9 January 1950, p. 3; ANOM - Affaires algériennes (1873/1964), b. 81F/2090, fil. Recherche pétrolière, attribution de concessions et de permis, affaires diverses, 1949-1957: State Secretary to Economic Affairs to Direction of General Affairs (Ministry of Interior), Cession des photographies militaires américaines du territoire algérien à une Compagnie Pétrolière Américaine, 14 January 1948; Ministry of Interior to State Secretary to Economic Affairs, [same title], 30 January 1948; The Governor General of Algeria to the Minister of National Defence, Air Chief of Staff, Photographes aériennes prises en Algérie par l’Armée Américaine, 24 August 1948; The Vice-President of the Council, Minister of Interior, to the Minister of National Defence, [same title], 16 November 1949.
of, and in coordination with, French authorities, the possibility of allowing foreign companies to view the photo set was further explored.

In the summer of 1948, SONJ asked for and gained access to the photo set, following an agreement between the French Embassy in Washington and the State Department. The consultation was permitted under the condition that copies be sent to five French institutions (including REPAL), and that the names of the geologists involved in the American surveys be revealed to French authorities. The French Air Force Chiefs of Staff would also have to obtain copies of the photos. REPAL’s geologist, Tenaille, was made responsible by the Ministry of Industry for monitoring SONJ technicians’ activities, and reporting back to DICA. Gulf, AIOC, Shell and the American Conodora Petroleum Corporation had also shown interests in French exploratory activities in Algerian regions. Should oil be found, these companies were ready to engage in major exploratory campaigns. Yet, in contrast to SONJ and the French, they did not have access to the photos, and thus had far less knowledge on where they could strike oil. Before setting foot in Algeria, therefore, they requested licences just to sound out French reactions, and from these reactions figure out if the French had discovered something. Access conditions put in place by the BRP enabled Guillaumat to lure these companies into North Africa, without losing control of the oil that might be found there.

In September 1947, one of Gulf’s lawyers sent a letter to Yves Chataigneau, Governor General of Algeria, through the French Embassy in Washington. Gulf wished to start

143 In the summer of 1949, Conodora was also authorised to access the American set of photos. ANOM - FM, Affaires algériennes (1873/1964), b. 81F/2060, ld. Recherche pétrolière, attribution de concessions et de permis, affaires diverses, 1949-1957; secret, coded telegram no. 5939/5940, The Governor General of Algeria to The Minister of Interior, 23 August 1949; secret, The Minister of Interior to the Minister of National Defence, Air Chiefs of Staff, Remise par les Autorités militaires américaines de photographies aériennes de l’Algérie à la Conodora Petroleum Corporation, 24 August 1949. For the interest shown by AIOC, Caltex and Gulf, see: ANOM - FM, Affaires algériennes (1873/1964): b. 81F/2067, ld. Politique du pétrole: The Governor General of Algeria to the Minister of Industry and Commerce, and to DICA, Création d’une filiale de l’Anglo-Iranian Oil Company en Algérie, 19 September 1947; secret, coded telegram no. 5698-99, The Governor General of Algeria to the Minister of Interior, 25 May 1947.
144 AHTOTAL - Fonds ELF-ERAP, b. 07AH0168-6, REPAL - Correspondence - Letter [unsigned] dated 10 September 1947, Gulf Legal Department to Yves Chataigneau, via French Embassy (Fremb, henceforth) in Washington.
exploratory works in Algeria, and was ready to carry out over $1 million worth of prospecting works, including surface geology, photo geology and seismic works. In exchange for its financial commitment, the American company received useful data on Algerian geology through the French Embassy, and decided to begin large-scale works, provided the French government agreed. Gulf addressed DICA and the BRP in Paris, and its representatives met Guillaumat and Rap’s Moch. Before beginning work, the company demanded a series of guarantees, including the availability to Gulf of documentation on geology and oil exploration kept by the Mine Service, Repal, the Hydrography Service. Due to the conflict between different departments in the French government, however, when Gulf applied for an exploration licence, it met resistance, with the Algerian Assemblies refusing to award the permit, angering Guillaumat, especially after DICA had conceded the US major valuable geological intelligence.\(^{145}\)

However, in other circumstances, the Fuels Director’s plans were successful. A concrete example of French-foreign collaboration, based on the sharing of confidential geological information, is demonstrated by the case of a Sonj survey. Sonj had shown its interest in Algeria in early 1947, and had obtained authorisation to send a team of geologists to carry out a study, provided a thorough account of the team’s activities be transmitted to Repal. Later in 1948, the American company used the sets of aerial photographs discussed above to support their work. The report was completed in early 1950 and forwarded to Repal as stipulated, but its conclusions were rather deceptive. The only area deemed to have serious commercial oil possibilities was one that the Americans knew would be assigned to Repal.\(^{146}\) In the light of these results, Sonj decided to abandon Algeria.

In a note sent in October 1950 by Governor General of Algeria, Marcel-Edmond Naegelen, to Interior Minister, Henri Queuille, however, Naegelen gave reassurances about the Sonj report. He assumed the Americans might have downplayed their actual results, as due to the current oil abundance on the market, the majors were unwilling to commit their capital to exploration of areas characterised by uncertain results. As Sonj owned copious reserves and had recently made important discoveries in Canada, it might have wanted to dis-


\(^{146}\) AHTOTAL - Fonds ELF-ERAP, b. 07AH0168-6, Repal - Correspondence - Note dated 28 November 1950, Moch to Directeur des carburants [Guillaumat], cit.; Note dated 18 October 1950, Recherches d’hydrocarbures dans le Sahara, Governor General of Algeria [Marcel-Edmond Naegelen] to Interior Minister [Henri Queuille], forwarded on 27 October to DICA [Guillaumat] and on 31 October to BRP’s Delegate General [Moch].
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simulate the geologists’ results, to keep potential oil buried underground. In the summer of 1952, Caltex attempted to have two of its geologists survey an area in the Algerian west, in the region of Tindouf, close to the Moroccan border. But due to the political sensitivity of the area, which was disputed between Morocco and Algeria, and where particularly delicate problems could result from the point of view of French sovereignty, the Ministry of Interior refused the request.

While Guillaumet was accepting some forms of collaboration with foreign enterprises, he also made limited concessions to try and gain some influence in the management of oil exploration projects abroad. In October 1951, Shell française informed the new Governor General of Algeria, Roger Léonard, of its intention to request a vast exploration permit (in light blue in Fig. 3.4), bordering the one demanded by the CFP-REPAL joint venture. Shell’s request generated a debate within the BRP. Rap’s Moch deemed Shell participation possible, but the new company should include the French. In February 1952, REPAI’s President, Goetze, urged Léonard to consider the consequences of allocating foreign companies such permits. Goetze reminded Léonard of a clause contained in REPAI’s permit allowing the company to prospect outside its permit zone, presumably suggesting that the French company was aware of the high chances to find oil there. The French joint venture – REPAI’s President lamented – had requested its permits in August 1950, earlier than Shell, but these had not yet been agreed.

Furthermore, since geological knowledge about the area was less detailed at the time REPAI had requested its permits, Shell could pick up the areas which now, following the French surveys, showed more promise. It would thus be preferable, in the light of new geological data about the Sahara basin, to allow the French company priority over Shell or other companies in unexplored areas. In order to prevent Shell from gaining uncontrolled access to

147 AH TOT AL - Fonds ELF-ERP, b. 07AH0168-6, REPAI - Correspondence - Note dated 18 October 1950, Recherches d’hydrocarbures dans le Sahara, Governor General of Algeria [Marcel Edmond Naegelen] to Interior Minister [Henri Queuille], forwarded on 27 October to DICA [Guillaumet] and on 31 October to BRP’s Delegate General [Moch], pp. 3-4.
150 AH TOT AL - Fonds ELF-ERP, b. 07AH0168-6, REPAI - Correspondence - R. Goetze to BRP’s Delegate General [Paul Moch], 27 February 1952. Two undated letters attached from Goetze to Léonard, Governor General of Algeria.
Fig 3.4 Map of assigned and demanded permits for oil exploration in the Sahara by 1952

the bordering area, Goetze proposed that REPAL take a financial stake in all companies engaged in the Sahara, especially in prospecting activities. Eventually, although the requests jointly made by Shell and the RAP were approved, REPAL received the Governor’s support to secure a counsellor seat with a small financial stake in any business formed by the two companies.\textsuperscript{153}

In 1953, Shell and the RAP jointly established two companies: the \textit{Compagnie de recherche et exploitation des pétroles au Sahara} (CREPS), with the RAP holding a majority, and the \textit{Compagnie des pétroles d’Algérie} (CPA), with Shell majority.\textsuperscript{154} In 1954, the former discovered the first gas field of commercial value, and two years later, the important oilfield of Edjeleh. In the longer term, French territorial gains in Algeria were significantly successful. While in the mid-1950s the French would have to yield little by little to the presence of foreign companies in the Algerian Sahara, to the point of abandoning the majority principle, this turned out to not be a dramatic concession. Wholly-owned French companies would discover and keep control of the two largest Algerian oil and gas fields, Hassi Messaoud and Hassi R’Mel. While French authorities could keep quite a strict stance vis-à-vis foreign companies in their African territories, in the \textit{Métropole}, where supplies depended on Anglo-American firms, the French government sought to find compromises, in the light of the aid it received.

\subsection*{3.7 Foreign aid to the French oil sector\textsuperscript{155}}

From 1945 French contacts with the American administration had resulted in financial aid, allowing imports to regain some vitality. However, exports from France had not been as consistent; in addition, coal, oil and rubber imports remained under the allied military authorities’ responsibility, as established in the Crowley-Monnet Agreements of January 1945.\textsuperscript{156} Such inconsistency brought a serious inequality to the French balance of payments, which France had to compensate for by selling the Bank of France’s gold stocks.Only

\begin{thebibliography}{99}
\item [152] Ibid.
\item [153] AHTOTAL - Fonds ELF-ERAP, b. 07AH0168-6, REPAL - Correspondence - R. Goetze to BRP’s Delegate General [Paul Moeh], 17 September 1952. Letter attached dated 31 May 1952 from Léonard, Governor General of Algeria, to Goetze.
\item [155] Dollar amounts in this section are given in their contemporary value.
\end{thebibliography}
From the Middle East to Africa

massive foreign aid could prevent the country exhausting its remaining gold stocks to pay for the 1946 import programme.

Thus, in February 1945, de Gaulle sent Monnet on a mission to the USA. He secured from the Americans, within the land-lease framework, $1.6 billion in primary sources and food-stuffs, as well as a $900 million loan at a very low rate of interest to start reconstructing the country’s economic infrastructure.\(^{157}\) The UK also gave a contribution to improve the French economy, through a $1 million loan to be reimbursed within twelve years.\(^{158}\)

In May 1946, US State Secretary Byrnes and the GPWF delegate Blum signed a further agreement, allowing France to cancel almost three quarters of its debt to the USA – the remaining sum having to be reimbursed at a two percent interest rate – and offering an attractive loan contract for $2.3 million to be allocated through the scheduled Marshall Plan, in exchange for the opening of French market to American products, especially films.\(^{159}\) A few months after the signature of the Blum-Byrnes agreement, Monnet proposed a five-year plan of reconstruction; this was the famous Monnet Plan, which was approved by Léon Blum’s short-lived government in early 1947. The plan aimed to restore French production to its 1929 levels by 1948, and to exceed it by 25 percent by 1950. Its main objective was to make France the most important steel producer on the continent, in place of Germany, by using German and American coal.\(^{160}\) Monnet’s scheme was meant to achieve this objective through a three-fold action: renewing and improving the country’s equipment; supporting the increased demand of consumable goods; and reconstructing destroyed buildings.\(^{161}\)

To accomplish the initial stages, France received new funding from banks and other states, such as Canada and New Zealand, although the essential aid came from the United States. In December 1947, the *Hexagon* was assigned $284 million interim aid. Oil was assigned $32 million.\(^{162}\) Once the Marshall Plan was put into effect in April 1948, the US administra-

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157 Berstein and Milza (1991), 93.
162 Bossu (1997), 118 table 16.
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tion demanded that the countries which benefited from it draw detailed plans of the way the funds would be used. The Monnet Plan had been ready for two years, so the France-based American authorities established that the largest amounts of American funds would be distributed through it: between 1948 and 1951, France benefitted from around $2.5 billion of American aid.163

Despite the smaller part played in the Monnet Plan by oil (see pp. 108-9), French planners were perfectly aware of the significance of hydrocarbons for the country’s future, so crude oil and oil products were to be given significantly more funding in the subsequent five-year plans.164 The French Commissariat général du Plan in 1947 stated that: “In order to fill in the deficit in its energy production, France must think first of all to oil. The recovery of its economic situation, as well as that of its domestic finances, are tightly linked to the development and to the modernisation of its oil industry”.165 In 1949, Henri Ballade, General Secretary of the Oil Refining Union, and Vice-President of the Oil Committee of the Organisation for European Economic Cooperation, stressed that “oil is the key issue for the recovery of Europe”.166 As I demonstrated in the case of Italy, crude oil was indeed one of the central commodities in ERP.

While the French were aware of the role of oil in the recovery of their industrial might, so were the Americans. Indeed, during the talks for the Blum-Byrnes agreement, American negotiators demanded the right for their companies to expand in the French market, and that some legislative restrictive clauses be eliminated. Blum did not let the US government and majors have what they wanted, but rather compromised by offering American companies that had suffered destruction in the war treatment on an equal footing with French companies (this was not the case for British companies registered in France, who received worse treatment).167 Moreover, Blum assured Byrnes that no American oil company would

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163 Ibid., 860 table 28.

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be nationalised. It was the Commissariat’s opinion that it would be dangerous to nationalise and run the risks of IPC’s retaliation against French interests in the Iraqi company.

In the light of the situation described in the previous paragraphs vis-à-vis the consortium, French fears appeared justified: there was no further need to antagonise the Americans in France, when CFP was already running the risk of being excluded from the only productive area in which it operated. These quid pro quo tactics allowed the French to maintain an aggressive stance in the IPC question. In addition, it was deemed the law of 1928 sufficiently protected the French oil industry for the time being: nationalisation was not urgently needed.

The role of the ECA Mission in Paris was fundamental: not only because Paris was the seat of the representatives of the Marshall Plan in Europe, but also as it was made responsible for detecting illegal importations, usage for military aims of ERP products (oil, especially), re-exports directed eastwards, re-sale of ERP products in exchange for dollars.168 The Monnet Plan and US aid were deemed instrumental by the French administrations for achieving the first objectives in the reorganisation of the oil sector, namely rebuilding the refining industry and laying the foundations for an aggressive oil exploration programme. In the first five-year plan, the aim was to reach 13 Mt of refining capacity by the end of 1950.169

The increase in French consumption, ECA’s Oil Division head, Walter Levy, noted at an AFTP conference in December 1948, was striking. Consumption in 1947 was already at 1938 levels (5.9 Mt), and in 1949 this quota was expected to reach 8.2 Mt.170 Indeed the oil sector, including crude oil, products and equipment, absorbed between a fourth and a fifth of US aid, thus holding the second highest place after foodstuffs.171 Unlike AGIP, CGG considerably benefited from American aid, but only until 1948. For example, the company bought the Allies’ surplus vehicles, vans and jeeps, the sturdiness of which made them particularly suitable for geophysical missions, while Marshall funds were used to complete their equipment: electronic materials, drills, and advanced, multi-track seismic recorders were all acquired from the USA.172

Actually, French recovery was happening too fast, and that worried the majors. Therefore American oil companies put pressure on the ECA, since that rapidity could harm their in-

170 Levy (1949), 43.
171 Ballande (1949), 19.
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interests in the French market. The French oil products imports programme, considered to be too vast by ECA, was therefore reduced, officially in order to manage oil resources in the dollar area. At the end of July 1948, a meeting took place in Washington between Ambassador Bonnet, Levy, and a representative of the fuel purchase group. Levy insisted that a too large increase of French oil production would result in the reduction of the volume of affairs for US companies, especially in the French Union, and declared it necessary to leave part of the market to these companies, who had been the suppliers for those territories for years.

At a further meeting, Levy used economic support as a bargaining chip to gain influence in African affairs. He pointed out that “the activities of CFP upset American companies, especially in Africa”, and implied that the acceptance by the ECA of the French imports programme of oil products in the third quarter of the year would depend on the treatment reserved for American companies. Namely, it would derive from the guarantees given to them with respect to the protection of their markets in French overseas territories. An irked Bonnet remarked in a letter to Hervé Alphand, Director of Economic Affairs at the Foreign Ministry, that Levy’s request was inadmissible, and that he would not recommend transmitting the American’s observations to the ECA mission in France. At yet another meeting Levy returned to the tensions between CFP and American companies, telling Bonnet he “had the feeling” that certain of these might be discriminated against, in particular in Cameroon, in comparison to the French company. Guillaumat himself responded six days later, stating that CFP had adopted the fairest attitude in Africa, exactly in order to avoid discrimination against CFP by American companies.


176 Ibid.

177 Ibid.


To summarise, ECA conditioned the approval of the oil products imports programme to the opening of French overseas territories to American companies. In practical terms, this resulted in a cut of $4 million to the French fuel imports programme in late 1948. In addition, the French Foreign Minister, Robert Schuman, explained to Bonnet that “a sort of embargo ha[d] been placed on oil equipment exports departing from the US to the participating countries [to the Marshall Plan]” (see p. 92). This consequence was particularly serious as much of the oil equipment needed for the maintenance and expansion of oil facilities was available only from the United States, and the majority of oil tankers were under either US or Panamanian registry, thus requiring dollars to lease.\(^{179}\) Besides being a retaliation measure against the French, those restrictions were also a consequence of ECA’s unwillingness to stimulate the expansion of European oil industry more than the US companies needed, as I explained in para 2.7. The consumption of oil in Europe should be encouraged, but the continent’s capabilities in autonomously managing the oil sector should not.

Unsurprisingly, a look at the role of ECA aid in the French refining sector reveals that Anglo-American companies received the largest share of American aid. French affiliates of Caltex, Shell, SOCONY and SONJ (but also CFP) all demanded and obtained funding for over $1 million each, mainly for petrochemical equipment. While almost $11 million of aid was assigned to refining, only $1.5 million went on oil exploration.\(^{180}\) The ECA was willing to help wherever their interests were concerned, but there was no economic rationale in funding exploration operations of French governmental agencies, as that could only create a higher autonomy from the majors.

### 3.8 Conclusions

French early postwar administrations, despite their overall weakness and political instability, helped France reclaim its prewar world ranking, through a strong industrialisation and modernisation policy. Such outcome was achieved because technocrats at the head of national energy agencies survived the repeated government changes. In the world of oil, two parallel lines of action were pursued: first, setting production in the Middle East going, through the re-appropriation of CFP shares in IPC and the resolution of IPC’s internecine


\(^{180}\) Bossuat (1997), 360 table 45, 361 et seq: Caltex also used Marshall aids to rebuild its destroyed refinery at Bec d’Ambès, close to Bordeaux, in order to take in new oil deliveries from Saudi Arabia. See: Mitchell (2011), 132.
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controversies linked to France’s enemy status during the war. The main solution agreed upon by the IPC groups allowed CFP to enjoy an increased production, which in turn allotted France a larger share of crude oil and oil products for its expanding market and energy needs. On the other hand, by reflecting the new world balance of power, the settlement of the IPC issue demonstrated the reduced status of France with respect to the USA on the Middle East oil scene.

The second line of action, influenced by socialising trends in the French parliament in the earliest postwar years especially, aimed to institute public agencies devoted to hydrocarbon exploration in the French Union. This impulse led to the establishment of the BRP and of a number of affiliates in the Union, as well as the foundation of further agencies for oil research and prospecting equipment. The reinvigorated exploration effort brought the discovery of the first oil and gas fields in France at Lacq, in 1949 and 1951 respectively. The first assignment of an exploration permit in France to a foreign company, under the proviso – amongst others – of technical training for French technicians in novel geophysical techniques, resulted in the discovery of the Parentis oilfield by SONJ in 1954.

Not long after the re-establishment of CFP rights in IPC, the new political situation in the Middle East, with its increasing instability due to superpower confrontation and the increased role of that region for US energy security, led French authorities to look for a more stable area to establish the country’s oil security. The development of French autonomy would take place in the French Union, a huge territory that could be prospected without running the risk of suffering foreign influence. The BRP and CFP mobilised their army of exploration geophysicists, diplomats, intelligence agents and governmental technocrats, to learn about what could be found in the Union and what other countries intended to do in these regions. The possession and management of confidential geological information shaped the beginning of Algeria’s oil era, and gave a marked advantage to French companies.

Guided by data acquired before and during the war, both CFP and the recently established public enterprises started prospecting the Sahara with vast geophysical campaigns. The employment of seismic refraction by CGG prospectors, to overcome difficulties met by other methods in the region, materialised in the first oil findings in Algeria. Foreign oil companies, however, also wished to establish their presence in the Sahara, taking advantage of their power on the international scene. The repeated requests of Anglo-American enterprises to
this end caused an enduring quarrel between French institutional sectors, resulting in the strictly government-moderated entrance of Shell into Tunisia and Algeria, in a joint venture with French public agencies. In other cases, Guillaumat advocated limited concessions to gain collaborative exploration ventures. The rest of Algeria, however, would safely be in French hands for at least some years.

In the process of modernisation of the French oil industry, American aid played a far greater part than in the Italian case, although here too initial US support for the acquisition of oil exploration equipment was soon frustrated by the ECA and pressure from oil majors. Aid to the refining sector was more significant, but a policy of discrimination was stealthily enacted, enabling Anglo-American interests to prevail over French needs. Considering the incomparably larger role given by the ECA to sales of crude oil, rather than providing the means for reconstructing and expanding the oil industry, the agency’s oil policy seemed to be guided by the principle of acquiring more customers for Anglo-American oil.

France, by and large, regained its own role in the industry and made oil one of the pillars of its national security, especially after major discoveries occurred in the mid-1950s in Central Africa and Algeria. Yet it was exactly the territory that most facilitated the restoration of that role – Algeria – that would go on to threaten it.
CHAPTER 4. OIL DIPLOMACY IN WARTIME ALGERIA

The destiny of France lies in the Mediterranean [...] Italy must renounce absurd rivalries.

Charles de Gaulle, November 1944

Between November 1954 and March 1962, Algeria was the scene of an independence war that, theoretically at least, opposed the French colonists and armed forces against organised groups of Algerian nationalist fighters. In reality, this conflict did not just involve the French and Algerian sides. It was a multinational affair, in which French allies within international organisations, notably the USA and Italy, also took part, as well as other North African countries. The main reason behind such multilateral involvement was the prize the winning side of the war would receive, namely the control over hydrocarbons concealed in the Algerian subsurface.

The multinational character of the Algerian war is also underlined by its being a ‘diplomatic’ conflict. Historian, Matthew Connelly, has argued that the achievement of Algerian independence in 1962 was mainly the result of unofficial diplomatic actions carried out by the Front de libération nationale (FLN) around the world. The FLN, the nationalist group that gained the upper hand from around 1958, had been weaving diplomatic relations with other countries for its anti-French purposes from even earlier. By June 1960, the French foreign secret services were aware of 177 FLN affiliates in forty states, including most Arab countries, the USSR, the USA, China and Italy.

In this chapter I show how French, US and Italian oil interests collided in Northern Africa, and Algeria in particular, from the second half of the 1950s to the early 1960s. The Algerian war came to define an international crisis, largely believed to have been prompted by two events: the French Air Force’s hijacking of a plane carrying four FLN leaders from Mo-

2 Connelly (2002), 5.
3 Thénault (2005), 115.
4 Connelly (2002), 195. Source reported: ADMAE - Secrétariat d’État chargé des Affaires algériennes, b. 6, Note SDECE no. 23754/A.
rocco to Tunisia in October 1956, and its bombing of the Tunisian village of Sakiet Sidi Yousef in February 1958. The latter event, in particular, triggered the backing of the majority of UN countries for a Tunisian complaint against France, and the establishment of a joint Anglo-American good offices mission. But while the multinational nature of the war has been explored in depth, very few scholarly works have mentioned the critical role played by oil and energy security.

After the Berriane finding mentioned in Ch. 3, the discovery in 1954 of the first gas field at Djebel Berga by the Anglo-French CREPS marked the starting point in the production of Algerian hydrocarbons. Unlike geological structures found later in the northern Sahara desert, the different geological characteristics of the Djebel Berga area, in the central Sahara, allowed the gas field to be discovered through geological, rather than geophysical, techniques. The relative simplicity of tectonics in the area had rendered surface methods such as photogeology and aerial photography sufficient for determining the existence and extension of the field.5

Later discoveries in 1956 ignited a confrontation between several countries over control of the region’s resources, placing French oil security at risk. Between 1957 and 1958, US companies started negotiating with French authorities for access to new areas for exploration. From 1958, the French foreign secret services recorded with concern that European and Japanese companies were following suit, but often by negotiating with the FLN rather than French authorities.6 Among these was the Italian state company, ENI.

I argue that, in order to better understand the war in Algeria, we need to focus on the role of oil as a geopolitical device. If one leaves the corridors of power where the crisis was debated and looks at the ‘oily deals’ taking place in the underground of international politics, a new picture emerges. France’s international allies could not overtly undermine its influence in North Africa. But my study reveals that they certainly did not stop the efforts of their oil companies to unsettle France and, therefore, obtain the exploration and mining concessions in conditions that French institutions had denied them for so long.

In my analysis, I will stress the essential role of geoscientific intelligence in the shaping of

5 However, the well found at Djebel Berga turned out not to be commercially viable. For a history of oil exploration in Algeria, see: Perrodon (1994), 323-40.
the conflict and its outcome, and underline the role of technicians as diplomats, and diplomats as intelligence agents. As geophysical knowledge is geostrategic intelligence, the companies possessing it could efficiently utilise it for geopolitical gains, operating as a kind of ‘fifth column’.

4.1 Saharan discoveries and French-American relations in Algeria

In 1953, a year before the war, four oil companies were operating in Algerian territory. The French alone managed CFP(A) and Repal, while together with Shell they owned CREPS and CPA. After the Djebel Berga discovery, the prospecting effort of the 1950s paid off spectacularly. Firstly, there were the southern Saharan regions: the absence or very limited extension of shallow geological layers (such as the Mesozoic) enabled recognition of possible oil-bearing structures on photogeological maps. In 1952, the BRP had sent an IFP geological mission to the basin of Illizi, close to the Libyan border, where geologists revealed the existence of a promising geological structure (a ‘salt dome’, in technical language) at Edjeleh, and had found some oil traces.7

CREPS obtained a permit for this area in 1953, and almost three years later, integrating its geological indications with those from geophysical surveys, struck oil at Edjeleh and Tiguentourine. In the same year, CFP(A) – in association with Repal – discovered a large oilfield at Hassi Messaoud (Fig. 4.1), and a huge gas field at Hassi R’Mel, as a consequence of a massive prospecting effort started in the late 1940s. In 1956 further oilfields were discovered by BRP’s affiliates in Gabon, at Ozouri and Pointe Clairette. The definition of 1956 as a French faustus annum is no exaggeration.8 In 1957, yet another oilfield was found at Zarzaitine, not far from Edjeleh.

As I discussed in the previous chapter, until the first North African oil discoveries American companies were conspicuous by their absence. Aside from the restrictive provisions imposed by the BRP, the prohibitive conditions of prospecting in the desert also put off potential investors. The characteristics of the subsurface, the high costs of operations, a hostile climate and difficulties met by most geophysical techniques in the northern region of the desert (see p. 124) hindered surveys. But while foreign companies hesitated, French ones were fully exploiting their quasi-monopoly in the Algerian Sahara, and deploying an entire new range of geophysical instruments and techniques, mainly, but not only, acquired

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7 Combaz (2002), 7.
8 Yates (1996), 57.
from US firms.

The discoveries of Hassi Messaoud and Hassi R’Mel had largely resulted from CGG’s reintroduction of seismic refraction, but not only from that. Seismic refraction had been backed up by a series of technical improvements in geophysical methods and equipment, such as the multiplication of detectors and shooting patterns, and the employment in radio transmission of very-high-frequency equipment, which considerably improved communications between observers and shooters. The advent of magnetic recording also had important consequences by improving record interpretation and presentation, allowing the adding of individual shots, making seismograms indefinitely reproducible and modificable, and determining the typical signal related to a particular marker bed.\(^9\)

![Hassi Messaoud: view of the field and the accommodation site](image)

C\(\text{GG}\) and smaller French geophysical companies started to use this new equipment thanks to links they established with US manufacturers. Guillaumat’s strategy of exchanging limited concessions to US companies for training and equipment was thus rewarded. C\(\text{GG}\)’s purchase in 1954 of the first American IBM analog computers for processing seismic data

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\(^9\) Layat et al. (1961), 438-9, 442-3. A marker bed is a bed of rock strata that are readily distinguishable by reason of physical characteristics and are traceable over large horizontal distances (Source: [http://www.britannica.com/EBchecked/topic/365643/marker-bed](http://www.britannica.com/EBchecked/topic/365643/marker-bed), accessed 22 January 2014).

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records further aided data analysis and interpretation. The deployment, from 1955, of small transport planes facilitated the work of prospectors, as did the introduction of portable recording equipment.\footnote{11}

The US Consulate General in Algiers kept the State Department updated on all French surveying activities, yet oil seemed to remain in the background in the Department’s North African reports. These focussed instead on conflicts between the French and the nationalist movements of Morocco and Tunisia, at that time French protectorates. The most serious problem in North Africa was French obstinacy in keeping colonial-like links with these two countries. It made bilateral reconciliation hard, and endangered European security and the use of the North African region as a French and American base for military operations in Europe.

In August 1954, a US National Intelligence Estimate anticipated that the conflicts in North Africa were likely to prompt Soviet support for nationalist movements.\footnote{12} Unsurprisingly, this made American diplomats even more anxious. Eisenhower and his State Secretary, John Foster Dulles, now faced a security dilemma. If the USA helped the nationalists, it would deter collaboration between them and the Soviets, thus assuring the safety of US bases in North Africa. But this support would complicate French-American relations and compromise the very use of those bases. Conversely, assisting its NATO partner would almost certainly alienate Arab countries’ support for the United States, which would inevitably threaten its influence in the Near and Middle East to the advantage of the Soviet Union. In addition, there was a most concrete risk that prolonged support for the French would be condemned by the UN.\footnote{13} The main lines of this dilemma would become a leitmotif of American policy, and led to the US government taking a middle-of-the-road standpoint.\footnote{14}

However, Dulles hoped that African resources could be used as a weapon of diplomacy in North Africa, prompting a détente between the French, the Moroccans and the Tunisians, as he already suggested in 1949 to the French Foreign Ministry Robert Schuman.\footnote{15} But for

\begin{itemize}
  \item \footnote{13} NARA - FRUS, 1952-1954, XI, pt. 1, Africa and South Asia, Statement of Policy by the National Security Council, 18 October 1954, p. 172.
  \item \footnote{14} Connelly (2002), 8.
\end{itemize}
the French, those resources were expected to play a crucial role in national security, not be objects of diplomatic barter. As a result, in the wake of the Edjeljeh discovery, Olivier Wormser, Director of Economic and Financial Affairs at the Quai d’Orsay (the French Foreign Ministry), had urged his government to hasten the development of Saharan oil. That was seen as an essential step toward the country’s energy autonomy. At the same time, however, French authorities also explicitly started asking for US help in exploration. Thus, the ambiguities of the late 1940s persisted.

In March 1955, the Algerian Government General offered Caltex’s affiliate, Overseas Petroleum Company, the opportunity to prospect a region of 50,000 km² northeast of Tindouf, along the Moroccan border. Overseas, however, wanted exclusivity. The French authorities made it known they would reject any such request, and eventually Overseas decided to postpone the survey till a more favourable time. Jean Blancard, another corpsard, andGuillaumat’s successor at the Fuels Directorate from 1951, countered the Governor General’s proposal. Blancard rejected the idea of exploratory activity being carried out in the Tindouf area for the next five years. Since his approval was necessary to grant the exploration permit, Overseas’ request was shelved.

There seemed to be less rigidity in entrusting prospecting works to American contractors. Resorting to US expertise was quite common, as in the case of Repal, which approached the Independent Exploration Company (Houston, Texas) to carry out seismic works in several widely scattered areas of its concession. By 1954, the year of the outbreak of the Algerian War, geophysical activity in the Sahara was expanding at an impressive rate: 49 crew months of seismic works, 62 of gravimetry and magnetometry, and 7.5 of electrical surveys were carried out in that very year in the Sahara, in contrast to the 24.5, 36 and 2.5


17 Ironically, this was the same area where the French Ministry of Interior had prohibited Caltex’s prospecting activities three years earlier (see p. 132 of this work). NARA - RG 59, Central Decimal Files, 1955-59, French Africa, b. 4604, f. 851S.2553/3-855, Foreign Service Dispatch: Amcongen Algiers to Department of State (DS, henceforth), official use only, Leon G. Dorros, Petroleum Exploration in Algeria, 8 March 1955.


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months, respectively, in 1953. In 1955, these figures were expected to increase again (Fig. 4.2).20

Such growth was endangered by the conflict, as was European security. From 1956, French forces started withdrawing from the German border to be seconded to North Africa, with NATO’s reluctant approval.21 For State Department analysts, the Algerian war was dividing the non-Communist world between Arab, anti-colonial countries, and colonial powers. France’s internal situation, as the North African conflict ensued, could cause “a most serious internal crisis […] with unpredictable results on the future of French democracy and on France’s alignment with NATO”.22 From their point of view, the French feared the Americans wanted to replace them in North Africa. The US Ambassador in Paris, Clarence Dillon, revealed to State Department officials that the promised delivery of a small number of helicopters to France had not been enough to stem a sharp rise in anti-Americanism in French public opinion on US policy in North Africa.23 Also, at the same time the US government attempted to convince the French administration of its good intentions, US majors had not remained idle. On the contrary, they had been closely monitoring French oilfield activities.

Fig 4.2 Geophysical activity in Algeria (1952-1965)24

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4.2 A Libyan incident and the ARAMCO affair

The Algerian War not only divided diplomats, it also had serious repercussions for the oil sector. In this respect, initial tensions between American companies and French administrations occurred in the first months of 1956, when the French Foreign Legion exposed illegal prospecting activities by two SONJ technicians at the border between Algeria and Libya, close to the Edjeleh oilfields, and just a month after oil had been struck. SONJ had obtained a large exploration permit in Libya bordering Edjeleh, and that represented a splendid excuse to monitor CREPS’s operations and results. Following this episode, CREPS and RAP’s President, Paul Moch, called for support from the National Defence. Forty legionnaires were seconded to protect the field from prying eyes.

At this point, a territorial dispute ensued between SONJ, Libya and Algeria regarding Libyan-Algerian borders. SONJ informed the Governor General of Algeria, Robert Lacoste, that the producing well drilled by CREPS in the permit of Zarzaitine was on Libyan territory, and was therefore part of the SONJ permit. The company’s chief geologist had asked for the support of the Libyan government on these grounds. Immediately after receiving the news, and fearing SONJ’s influence over the Libyans and the diplomatic consequences of a French-Libyan dispute, Lacoste suggested the State Secretary for Algerian Affairs, Marcel Champeix, contact the Libyans as soon as possible in order to settle the border issue to the French advantage.

In April, Blancard met on two occasions with SONJ board members, Arthur Proudfoot and David Shepard, to discuss the Libyan affair. The American representatives reassured the French they had not made any claim about Zarzaitine, but did not clarify their position regarding the ownership of the well, and left the French worrying that the US major might make a claim at some point. Blancard then asked Shepard to write a letter stating that SONJ would permanently relinquish any claim on fields found as a result of the CREPS discovery. He also cunningly suggested that SONJ ceding the RAP a 20 percent interest in its Libyan

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affiliate would facilitate the settlement of the territorial dispute.

That concession would have enabled the French to return to the Fezzan region, which they had been occupying since Italy’s defeat in World War II, and had then abandoned following Libyan independence in 1951. However, the major’s board dissented, fearing the move would create a dangerous precedent. SONJ was not disposed to bargain the settlement of a territorial dispute in exchange for letting the French re-enter a highly promising Libyan area. However, the major’s secret monitoring made it clear to the French that, unlike in the early postwar years, SONJ was now very interested in entering the Algerian business, with or without French consent and, if need be, by wielding its influence on Arab countries in order to achieve its goals.

The territorial dispute was only solved in December 1956, after two months of bitter negotiations. The French managed to gain an appreciable size of land, and preserved the entire territory surrounding the Edjeleh oilfields. Significantly, during the Libyan affair, the US government, while officially supporting French policy in Algeria, did not intervene to prevent SONJ from taking a stance that could upset French interests. Eisenhower’s administration did not want to compromise its relations with Libya either, especially considering the growing interests of US oil companies there. Negotiations were also affected by two almost simultaneous events, namely the Suez crisis and the arrest of four of FLN’s chiefs, including Ahmed Ben Bella (Fig. 4.3).

On 22 October 1956, the French Air Force, with the support of the secret services and a number of ministers from Guy Mollet’s cabinet, in office from February, hijacked a Moroccan plane carrying four of FLN’s historical leaders. The plane was travelling from

28 AN - b. 19900317/21, fl. 1, Entretien du mercredi 26 mars à 10h., 4 April 1956 (FOIA n° 111 382); NARA - RG 59, Central Decimal File, 1955-1959, b. 2622, f. 651S.7331/5-256, DS, Memorandum of Conversation, “Standard Oil Company of New Jersey Position Regarding the Algerian/Libyan Border Dispute”, official use only, 2 May 1956. On French activities in Fezzan preceding and following Libyan independence, see Fontaine (1959).


30 AN - b. 19900317/21, fl. 1, Ministry of Foreign Affairs, Directorate of Economic and Financial Affairs, to the State Secretary to Industry and Commerce, Rapport de mission sur la commission de délimitation de la frontière franco-libyenne de Ghat à Ghadames, 2 January 1957 (containts a Note sur la negociation frontalière franco-libyenne, 23 Octobre - 26 Decembre 1956) (FOIA n° 111 382).
Rabat to Tunis, where the four were expected to meet Tunisian president Habib Bourguiba, and was under Moroccan protection.\textsuperscript{31} It was forced to land in Algiers, and its passengers were arrested. This action, which Mollet had not authorised and which he judged a terrible mistake, provoked vibrant protests from Arab countries, and prompted a démarche by the FLN representative in the USA, Mohamed Yazid, as well as the Libyan government. Yazid wrote to Eisenhower, informing him of the detrimental effects of the French action on the settlement process.\textsuperscript{32}

Soon after the arrest, the French press speculated that among the documents confiscated from Ben Bella, were some revealing that ARAMCO massively funded the Algerian nationalists in exchange for priority exploration and exploitation rights in the hydrocarbons sector, once the country achieved independence.\textsuperscript{33} While Mollet lent weight to such rumours, American diplomats were quick to reassure their NATO ally. The US Ambassador in France, Dillon, denied the allegations and made sure the French did not publish the relevant documents.\textsuperscript{34} A few days later, however, Mollet’s cabinet chief, Jean-Louis Biget, reassured the

\textsuperscript{31} Bagnato (2012), 155-9.
\textsuperscript{34} Archivio storico-diplomatico del Ministero degli Affari esteri, Rome (ASMAE, henceforth) - Ambasciata d’Italia a Parigi, 1951-1958 - b. 74 (Algeria ’57), Quaroni to Italian Foreign Ministry (MAEI, henceforth), Italian Embassy (Itemb, henceforth) London and Washington. “Presunti aiuti americani alla ribellione algerina”, 5 February 1957.
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American Embassy: “there was virtually nothing”, he claimed, “which would tend to incriminate any US individuals, private companies or labor unions”.  

However, Mollet never retracted his claims, even when he discovered Lacoste had passed the rumours to the press without checking their likelihood. Lacoste’s influence on Mollet appeared so strong that the Director of the Office of Western European Affairs, Matthew Looram, wrote to the First Secretary of the American Embassy in Paris, Robert McBride that: “Lacoste must really have Mollet cowed if the Government is so reluctant to take a public stand on the matter”. Indeed, Mollet’s early policy of negotiation with the FLN (which he soon modified) had made him so unpopular among French colonists in Algeria that Lacoste enjoyed far more authority there. Contradicting Lacoste would have further worsened the Prime Minister’s position.  

Aside from Mollet’s behaviour, a further point annoyed State Department officials. At the time the ARAMCO affair was developing, the French oil administrators were striving to convince American companies to become involved in the exploitation of the Sahara. An officer from the BRP had been sent to the USA expressly to persuade them. Looram claimed Mollet was trying to draw the Americans in, in order that the State Department support French policy in Algeria, and he was not completely wrong (see para 3.5).

The rationale behind the direct appeal to US companies can also be found in Mollet government’s awareness of the laissez faire policy adopted by the US government vis-à-vis its national companies in North Africa. Instead of having US companies’ officials secretly dealing with the FLN, Mollet understood it would be better to reach agreements with the Americans directly. This amounted to a reaffirmation of French authority in Algeria. However, Looram believed, if the Americans accepted those advances, French public opinion that US oil companies, with the support of their government, were trying to corner the

35 Quoted from: NARA - RG 59, Central Decimal File, 1955-59, French Africa, b. 3378, f. 751S.00/11-756, DS, telegram from Amemb Paris, to Secretary of State, confidential, 7 November 1956, signed Dillon.

36 Quoted from: NARA - RG 59, Records of the Office of Western European Affairs, Subject File Relating to France, 1944-60, Lot 61D30, b. 2, fd. 16 Algeria-ARAMCO, confidential, Memorandum, Robert McBride to Matthew Looram, 25 February 1957. On the margin of the sentence where Mollet’s attitude was explained, McBride warned Looram that the story “must of course not be used under any condition”. Looram’s quote is found in: Ibid., official-informal, confidential, Looram to McBride, 27 March 1957.

37 When Mollet visited Algiers in February 1956, a few weeks after becoming prime minister, he was pelted with rotten tomatoes by French Algerian colonists at a demonstration. Stora (1993), 20.

French in the region, would be confirmed.39

Indeed, after the FLN leaders’ arrest there had been contacts between ARAMCO and the Algerians, albeit indirectly. In November 1956, the company’s Vice-President, James Duce, had received from King Saud of Saudi Arabia a request to contribute to a fund for the prisoners. ARAMCO had left the issue pending, but actually kept in touch with the FLN, as we will see later.40 Rumours about ARAMCO’s actions to undermine the French in Algeria continued throughout 1957. In the summer, a secret note of the French foreign secret services (SDECE) argued that if the French were ousted from Algeria, ARAMCO would be the greatest beneficiary, as it would take possession of local oil reserves, either to exploit them or to limit production (thus producing scarcity).41 When, at a dinner at the French Embassy in Rome in April 1958, the French Minister of Defence, Jacques Chaban-Delmas, stated he had “definite information” that ARAMCO was subsidising the FLN, the State Department asked the French Embassy in Washington for a rationale of these accusations. Rather embarrassed, Embassy Counsellor, Jean de la Grandville, replied that he would raise the issue with the Foreign Ministry: this was a diplomatic way of apologising.42 The FLN chiefs’ arrest was paralleled by another major political event, the joint Anglo-French-Israeli Suez expedition, which further strained relations between the Western bloc and Arab countries.

4.3 Divide and rule?

Slightly over two weeks after the plane hijacking, the Israeli-Anglo-French joint Suez military expedition, launched as a result of Egyptian President, Gamal Nasser’s decision to nationalise the Suez Canal, was over.43 American intervention to stop the invasion by enacting a Saudi-supported oil embargo to France and the UK had turned the invaders’ military success into a political débâcle. Nasser’s position was strengthened, as well as that of Arab na-

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40 NARA - RG 59, Central Decimal File, 1955-59, French Africa, b. 3378, f. 751S.00/11-1456, DS, Memorandum of Conversation between Mr. James T. Duce, Vice President, ARAMCO, and Mr. Fraser Wilkins, Director, NE, official use only: “Fund for the Algerian Rebels“, 14 November 1956.
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tionalists in general. The outcome was the worst-possible scenario for the French. Nasser was aiding the FLN substantially, both militarily and financially, and it was in Cairo that FLN political leaders were finding refuge.

For the State Department officers, the result of the Suez expedition proved the French were dealing with the Algerian conflict in a way that endangered the world order they had in mind. The only practical result of the expedition had been the impairment of European access to Middle Eastern oil, which had made Western Europe more vulnerable to Soviet attack. The US government was incensed. Deputy Undersecretary of State for Political Affairs, Robert Murphy, told a Quai d’Orsay official that, if the Algerian situation dragged on, the French should be ready to make all necessary concessions.

After Suez, oil provision became an even more urgent issue for Mollet’s government. Due to the closing of the Suez Canal, the Arab embargo, and the sabotage of pipelines connecting Iraqi oilfields to the Mediterranean coast, France was forced to rely solely on its Iranian oil, shipped to the Métropole around Africa. This oil, however, was expected to satisfy only half the country’s needs. In these circumstances, the ability to autonomously manage Algerian resources became critical to French security. Believing a solution to the oil exploration problem should be found within a broader administrative framework, the French government established a new organisation to facilitate an adequate development of Saharan resources. In January 1957, the Organisation commune des régions sahariennes (Ocrs) was constituted. It included the Saharan portions of Niger, Chad, Mauritania, French Sudan (today, Mali) and Algeria’s Saharan départements of Oasis and Saoura.

In the same month, viewing this as a dangerous move to separate the Sahara from Algeria,

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44 Wall (2001), 33.
45 In this respect, Jacques Soustelle had stated: “In acting against Nasser, France is hitting the head of the octopus whose tentacles have for so many months been strangling North Africa. The duty offices from which orders for bloodshed are issued, the quays from which weapons for killing in Algeria were loaded, the camps and barracks where commandos were trained, have all come within our reach... Everyone understands that the future of French North Africa hangs on what is happening and what will happen in Egypt”. Quoted from: Love, K. (1969) Suez, the twist fought war. New York: Megraw-Hill, 129.
Yazid called from New York for UN sponsorship of a new round of negotiations based on the recognition of Algeria’s right to independence, before it was too late to recover Saharan hydrocarbons. The appeal was immediately rejected by Mollet.\textsuperscript{50} The Algerian question, according to the French Prime Minister, lay outside the UN’s competence. The French supported this line through lobbying actions directed at almost forty ambassadors, and at the UN especially, where Foreign Minister, Christian Pineau, personally met most heads of delegations, while SDECE agents sought to bribe a number of representatives.\textsuperscript{51}

Soon after OCRS’s establishment, and with the view that possible FLN actions might disrupt the oilfields’ operation, a mixed civil-military study group was set up, with representatives from a number of ministries including Fuels Director Blancard and BRP’s President Guillaumat.\textsuperscript{52} The group was meant to outline measures for the protection of Saharan oil and gas installations and industrial plants, as well as of locations of strategic importance such as Colomb-Béchar or Reggane, where the French army was experimenting with remotely-controlled missiles. Such strategic function would become evident in the early 1960s, when the Algerian sites of Reggane, Hammaguir, In Ekker and Béchar were chosen for the first French nuclear tests.\textsuperscript{53}

The French Army collaborated in the effort by sending further regiments of parachutists and helicopters, and through the creation of a local militia, which would also protect oil transport infrastructures. The construction of a network of military airports close to the most sensitive installations of the French Union was also agreed upon.\textsuperscript{54} While defending oil facilities from possible nationalist attacks, such militarisation was also a strong indication


\textsuperscript{52} Guillaumat had taken back the leadership of the oil agency by replacing Blancard in 1955, and combined this position with that of general manager of the French Commissariat à l’énergie atomique, which he had taken from 1951.

\textsuperscript{53} The first French nuclear test took place at Reggane in February 1960.

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of the French determination to control exploration sites.

In June 1957, a Ministry of Sahara was established, led by the Socialist Max Lejeune, to manage the two new desert départements (see Fig. 4.4, for a map of exploration permits in the Algerian Sahara in early 1957). Lejeune affirmed that foreign capital would not be excluded from investment in OCRS, with the proviso that the nationality and independence of French Saharan enterprises not be up for discussion.\(^{55}\) By separating the Saharan regions from the northern Mediterranean belt, the French government believed it would be easier and less risky to make administrative concessions to an Algeria amputated from her richest areas. By allowing other Saharan countries to participate in the organisation, it was hoped the Algerians’ vocal attitude with respect to their portion of the desert’s resources be moderated by countries more prone to French influence.\(^{56}\)

Not long after the creation of OCRS, in March 1957 international political attention on North Africa materialised in US Vice-President, Richard Nixon’s mission to Africa. “Through his demagogical handshakes”, Italian Ambassador in Paris, Pietro Quaroni, caustically commented, Nixon would enable the USA to tighten its links with African countries such as Tunisia and Morocco, and thus oust the French from Algeria’s neighbouring countries.\(^{57}\) In his final confidential report to Eisenhower, Nixon explained that French prestige was rapidly decreasing in the area, and that there was a widespread conviction in North African governmental classes that the French could no longer sustain a massive military effort. Nixon proposed that the USA draft a plan that, while acknowledging French interests and responsibilities, would bring the dangers to which their actions exposed the whole West to their attention.\(^{58}\)

Things were also moving on the British side. In May, former Minister of State for Foreign Affairs, Anthony Nutting, met a Shell under-director, Denick Hirsch, whose friendly attitude toward the FLN was known to SDECE, in order to discuss the political and commercial scenario in the region. Hirsch’s pro-FLN stance, the French secret services commented, was


Fig. 4.4 Map of exploration permits in the Algerian Sahara in early 1957

common among Shell executives, and was endorsed by Jack Lee of Shell’s commercial department in particular. Lee had contacted the American diplomatic services in Morocco, thanks to an endorsement by the Foreign Office; a connection that clearly revealed threateningly close relations between the British political environment and the Anglo-Dutch major.  

British and US interests thus appeared to coagulate in an anti-French strategy. As a consequence, the US government found it extremely hard to allay French fears about its duplicity. Undoubtedly, the November 1957 British and American deliveries of weapons to Tunisia, which patently supported the Algerian fighters, did nothing to make the American claims any more credible to the French, and exasperated the Quai d’Orsay.

While it does not seem that the US government overtly aimed to replace the French, both the US State Department and oil companies saw the end of French colonialism compliant with ‘the sense of history’, as two secret SDECE notes explained. Significantly, a US plan designed by Eisenhower’s Economic Advisors and included in the President’s namesake doctrine of economic assistance to Arab countries to prevent Soviet influences in the region, identified Algeria as independent. American economic penetration, therefore, went hand in hand with the acquisition of independence for former colonies in Africa. However, SDECE maintained, such an acquisition entailed France’s “suppression as a world power”.

While Nixon’s thoughts regarding Algeria remained unknown to the public, this was not the case for a speech given early in July 1957 by the US Democrat, John Kennedy, at the Senate. Now openly supporting the Algerian nationalists, Kennedy pressed Eisenhower’s government to take a definite, pro-independence position, maintaining the Algerian issue had become by then an international affair. Kennedy’s discourse provoked an irate reac-

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60 AN - b. 199003117/8, fl. 2, Algérie 1957/64, secret, Note SDECE, 
*Au sujet de Mr Anthony Nutting et de la Shell*, 23 May 1957 (FOIA no 111 382).


64 Quoted from: Ibid. My own translation.

tation from Minister Pineau. The French Ambassador in Washington, Hervé Alphand, told Dulles that Kennedy’s speech would inflame French public opinion and worsen French-American relations. Indeed, Kennedy’s speech represented a brilliant victory achieved by the FLN within the diplomatic sphere.

US oil interests may well have been ‘smoothing’ such an endorsement. The US government distanced itself from the Democrat senator’s declarations, but SDECE’s argument was that Kennedy’s talk reflected the position of American public opinion. From 1957, American oil companies began soliciting permits in the Sahara. The flood of permit requests was certainly greatly stimulated by changes in BRP’s mining policy. While the establishment of OCRS did not incite the majors to intervene in Algeria due to the conditions imposed by the French, it aroused the interest of smaller independent US companies. This situation was also looked on favourably by Mollet’s government, as I shall now demonstrate.

4.4 A ‘half-open door’ policy

Independent companies did not dispose of the massive international reserves that the majors owned. Therefore, there was no risk they might resort to a strategy of scarcity production. Instead, they would commit their expertise and capital to finding and extracting as much oil as possible, in collaboration with the French authorities. In addition, these companies, lacking interests in the Métropole, had less retaliation power over the French than the majors. Finally, their lesser international diplomatic leverage would dissuade them from seeking agreements with the FLN, and rather prompt them to ask their government to protect the Algerian status quo.

Thus in July 1957, the US Cities Service Company informed the State Department it was about to agree an exploration contract with Repal for some areas close to the Libyan border. Unlike the majors, independent companies seemed disposed to accept BRP’s rules for accessing the Sahara, namely that no foreign group should hold the majority of any concession; that they engage to supply and train technicians and provide drilling equipment; that

they relinquish half of their permits after five years; and finally and most importantly, that they transmit to the BRP all geological and geophysical data collected. For the BRP, the last provision in particular meant gathering intelligence at no cost, while the training of French specialists by the Americans would improve the quality of national geoscientific expertise.

The Algerian newspaper, *Echo d’Oran*, reported two further conditions, that is a) that permits should not be given to foreign companies unless these were willing to reciprocate by giving French companies concessions outside the franc zone, especially in Venezuela and Mexico, and b) that concessions would be given only to those companies that adopted a non-interference policy with respect to French-North African relations. Although the BRP denied both conditions, there seems to have been some ground to them.70

Guillaumat declared that the BRP would start an open door policy in the Sahara, and grant permits for 60,000 km² within the following four months. The Americans would be let in, but under French conditions. In August, the Bureau announced that a number of Algerian areas were about to be released by Repal and CFP(A), and would thus be available for other bidders. At least five companies applied for permits, two of which included American interests. According to San Harlan, Vice-President of Cities Service, the most interesting aspect of American participation was an increase in the number of facilities and prospectors, the financial interest being only secondary.71 In practice, Cities Service intended to use its first permit as a bridgehead to explore the territory further, and possibly attain other Saharan areas. A number of other US company representatives soon rushed to Paris. The US Minister Counselor in Paris, Charles Yost, talked with agents of Phillips Petroleum, Tide Water, Sun Oil, Conoco and Continental. He was also aware that Sonj, Sinclair Oil, Newmont Mining and Caltex were preparing permit applications.72

In one of the many reports from the American Consulate in Algiers, Consul, Lewis Clark, confessed he was surprised by the radical change occurring in the French administration that year, but this was consistent with the economic laissez faire views of France’s new prime ministers, the Radical Maurice Bourgès-Maunoury (June to November 1957) and Félix Gaillard (up to May 1958). An early instance of this change was the announcement,

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70 NARA - RG 59, Central Decimal Files, 1955-59, French Africa, b. 4604, f. 851S.2553/8-2957, telegram no. 62, Algiers (Cootes) to Secretary of State, official use only, received 30 August 1957; f. 851S.2553/9-957, telegram no. 1217, Paris (Yost) to Secretary of State, official use only, received 9 September 1957.


72 NARA - RG 59, Central Decimal Files, 1955-59, French Africa, b. 4604, f. 851S.2553/9-957, telegram no. 1217, Paris (Yost) to Secretary of State, official use only, received 9 September 1957.
in 1958, of the constitution of the group formed by Cities Service and two French investment companies. In the following months, more US companies applied for permits, always in co-participation with French concerns: this was the case for Sinclair Oil, Newmont Mining, and Phillips Petroleum. As I already mentioned, besides being an economic move, this was also a political one. It was designed to show French goodwill to American authorities, in order that these not support the majors’ covert actions in Algeria, potentially more dangerous to French interests.

Clark commented that American companies were not new to Saharan exploratory activities: aside from Overseas, which as we have seen had explored the western Sahara, the two seismic companies Independent and Rogers had been working for French companies in the Hassi R’Mel area and south of Reggane. In addition, between ten and twelve American technicians and engineers were working independently for French companies engaged in drilling activities, and more were expected to enter Algeria in early 1958 as contractors. However, while the activities of small US companies were sponsored by the French, some could now be playing a role as ‘double agents’. The very sensitive information some companies collected in their visits was sent back to the State Department and used to put forward more claims.

In May 1957, for example, an American representative working for a lubricant firm travelled to Hassi Messaoud to estimate first-hand the likelihood of the wells’ productive potential reported by the French, and subsequently downplayed the scope of the discovery. Later on, an American engineer was called by CFP(A) to supervise the production of one of Hassi Messaoud’s wells; meanwhile, a further US citizen surveyed the Hassi R’Mel area, and reported back about its structure. In mid-1958, the American production superintendent of CFP(A) confidentially reported to the State Department that tests on one of Hassi Messaoud’s wells had proved deceptive, and that reports leaked to the press about the well being a potentially huge producer had proved “extremely embarrassing for the management

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75 Ibid.
of the company”. He added that the company would declare to the press that the well had been considered an exploratory one from the beginning, and provided more realistic quantitative estimates.

Once again geoscientific knowledge had proved to have hidden strategic qualities. “These facts”, commented Consul General, Frederick Lyon, “are very closely guarded secrets. No information of this type is available officially and such facts as the Consulate General had obtained come privately and principally from the source mentioned”.78 Information of this kind was fundamental for the US government to assess French real oil potential. Thanks to the Consulate’s reports, the State Department was able to transmit data to US companies: most would consult it before engaging in negotiations with French authorities.

By June 1958, British and American geoscientific information-gathering activities had considerably increased. Fifteen geophysical crews were working in the Sahara. While six were from CGG, three were from Shell-controlled CPA; one, contracted by CGG, was from the American seismic prospecting company MacCollum Exploration; and four other American-controlled seismic reflection crews from Independent and Rogers were working in several points of the Sahara.79 Moreover, the Americans could count on their technological superiority in oil equipment as a lever to blackmail the French and obtain the results they desired. A secret SDECE report to DICA reveals that in December 1957, British oil representatives met officers from the US Chase Bank (SONJ’s reference bank).

At the meeting, the former let the latter know of their anxieties over Saharan projects developing without adequate British presence. Such concern was shared by the Americans who, in order to mollify the French, declared themselves willing to blackmail them by blocking exports of prospecting and drilling materials in case they – that is, the Standard Oil group – were not allowed to take part in Saharan exploration.80 BP was eventually admitted to the Sahara exploration in the summer of 1958, but this was still through a minority participation they owned in the Société des pétroles de Valence.81 As for SONJ, presumably as a consequence of the Chase Bank’s pressure, it eventually succeeded in signing a contract

79 Ibid.
80 AN - b. 19900317/8, fl. 2, Algérie 1957/64, secret, Note SDECE, Les Anglo-Saxons et le pétrole saharien, 30 December 1957 (FOIA no 111 382).

In December 1957, SONJ’s Proudfit informed the State Department of his intention to travel to Paris to confer with the French ‘Minister of Mines’ (as no such ministry existed in France, he presumably meant the Fuels Director, Blancard). The French government, he said, had been urging his company to invest in the Sahara. SONJ had accepted to get involved, but only as long as the government share of the profits would not exceed 50 percent. Proudfit candidly admitted that obtaining a concession in Algeria was not important \textit{per se}, but it would allow the major to consolidate its interests on the French market, and improve relations with the government. Thus, in January, he and another SONJ representative met Blancard and CFP’s President, de Metz, to renegotiate Algerian concessions.\footnote{NARA - RG 59, Central Decimal Files, 1955-59, French Africa, b. 4604: f. 851S.2553/12-1357, DS, Memorandum of Conversation, ”Standard Oil’s Operations in Algeria”, confidential, 13 December 1957; f. 851S.2553/1-458, outgoing telegram n. 2452 from DS to Amemb Paris, signed Dulles, official use only, 4 January 1958.}

SONJ’s interest in Algeria, a secret SDECE report underlined, was the other side of the coin of ARAMCO’s activities in the Middle East. Both were the results of Chase Bank’s diversification policy, as the bank controlled the whole Standard galaxy. ARAMCO would leave Algeria to SONJ. As for the latter, SDECE believed its intervention had then been prompted by three factors: oil had begun to flow in Algeria; its competitors had taken or were taking positions; and in some sectors there was a risk that franc oil would replace dollar oil.\footnote{AN - b. 19900317/8, fd. 2, Algérie 1957/64, secret, Note SDECE, L’attitude du Groupe Standard à l’égard du Sahara français, 1 February 1958, pp. 1-4 (FOIA n° 111 382).}

These developments had mollified SONJ’s position, but the company’s insistence on majority participation, concerns over excessive government control and the insecurity of local conditions, were in fact, according to the French secret services, delaying tactics with a view to the Arab Petroleum Congress scheduled for February 1958 at Cairo. The Americans wanted one last opportunity to deal directly with the Algerians, but at the same time they were urging the French to concede them more favourable conditions than those enjoyed by independent companies, by insisting on French need for American companies’ favour with regard to their metropolitan market.\footnote{Ibid., 4-5.}

The negotiations continued unabated notwithstanding the turmoil caused by the French
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Air Force’s strike, on 8 February, over the Tunisian village of Sakiet Sidi Youssef. While the French military asserted their objective was to destroy an FLN stronghold, the attack caused over seventy casualties among civilians. The Tunisian envoy presented the UN with a motion of condemnation for France. Relations between the French and American governments became strained, especially since the Americans knew that military equipment sent from the USA for NATO purposes had been used in the raid. In order to avoid a difficult debate at the UN Security Council, which would force the United States to take a definite position in the conflict, the American government suggested to the French and the Tunisians a joint Anglo-American good offices mission, which the two governments accepted.86

4.5 A major change in the scenario

When in April, the French Assembly rejected Prime Minister Gaillard’s request to accept the mission’s conclusions, the government fell, marking a crucial step in the crumbling of the Fourth Republic.87 The final blow came in May, when French colonists assaulted the General Government in Algiers during a demonstration in support of French Algeria. The fear in France of a military coup carried out by the Algerian generals convinced the French government, now led by the Christian Democrat, Pierre Pflimlin, to accept the only solution that would ward off this possibility. This was the return to power of the only authority the Algerian military would respect: Charles de Gaulle. The General formed the last of the Fourth Republic’s cabinets in June, and in January 1959, became the first President of the Fifth Republic, replacing the parliamentary government with a semi-presidential system.

While the French Republic was disintegrating under the actions of the Algerian military, the FLN took advantage of the extreme instability of the French political situation. In April, FLN’s New York delegation published a report on Saharan oil, which attributed the French obstinacy in not relinquishing the region, to the government’s determination to exploit Algerian hydrocarbons for its own benefit.88

The French secret services learnt that the FLN had also secretly contacted foreign oil companies and reassured them that an independent Algeria would seek their collaboration and

87 Thomas (2000), 156; Bagnato (2012), 395.
88 AN - b. 19900317/8, fd. 2, Algérie 1957/64, secret, Note SDECE, Le FLN. et le pétrole du Sahara, 16 April 1958 (FOIA n° 111 382).
recognise their legitimate interests in exchange for their help. The Front, however, clarified that only an independent Algerian government could have the right to sanction such agreements, and that Algeria would not recognise any accords or commitments taken by those companies with the French.\textsuperscript{90} French intelligence agents speculated that this was FLN’s response to SONJ-BRP-CFP negotiations. Now that the French government had decided to look for a settlement with the American major, the FLN decided to raise its bid, and offer full collaboration to the Americans.

Further security problems materialised in November 1957, when a team of CPA prospectors was attacked, and some killed. The FLN also threatened to sabotage pipelines. Notwithstanding these episodes, by the summer of 1958 the number of American independent companies in association with French counterparts had increased. An affiliate of the Italian company, Edison, also obtained some permits. The American Consulate in Algiers now counted twelve foreign-French associations involved in the development of Saharan resources.\textsuperscript{90}

In order to promote the intervention of foreign companies in Algeria, in November 1958 de Gaulle’s government approved the long-awaited law that would regulate oil activities in the Sahara: the \textit{Code pétrolier saharien} (‘Saharan Oil Code’). The Code provided companies with greater freedom to act than the previous exploration and production rules. An advantageous fiscal regime was created, as well as new provisions on exploration, including a prospecting authorisation, to be obtained before companies could start their field operations.\textsuperscript{91} This was a necessary step to take before demanding a permit, and could be used to accumulate data about a territory before deciding whether to make any further investment. All data, needless to say, had to be transmitted to the BRP, which could therefore even compare results from different companies on the same area, and judge the technological advances of foreign enterprises.\textsuperscript{92} The Code thus aligned with Guillaumat’s strategy of giving away spe-

\textsuperscript{90} Ibid., 16.
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cific exploitation rights while retaining control of geoscientific knowledge.93

A month after the Oil Code had been approved, the French tried to regain public confidence regarding the Sahara. De Metz had urged de Gaulle to visit the Hassi Messaoud and Edjeleh oilfields, in order to boost the morale of crews operating there. The event would have an impact on the partisans of French Algeria. De Gaulle’s visit was meant to reaffirm that the French had no intention of leaving North Africa.94 The press gave the visit broad coverage, and highlighted claims about the potential of Saharan oil: claims which were greatly exaggerated.95

De Gaulle’s visit gave impetus to the Saharan oil boom (see Fig. 4.5, a chart of Algerian production), which was further stimulated by the press announcement of the final agreement between SONJ, CFP and Pétropar, a government-controlled investment company.96 The agreement gave the association exploration rights over an area of 20,000 km² in the Eastern Dune, bordering Libya.97 SONJ would hold half of its shares. It was the first time a foreign company had been allowed more than 49 percent control of a Saharan permit.98 The agreement, announced in January 1959, immediately triggered unfavourable reactions in France. Both left- and right-wing newspapers accused the government of selling off the Sahara to foreign interests.99

In fact, what opponents of the deal were most scared of, were possible connections between SONJ and Arab nationalism.100 By mollifying SONJ, Guillaumat and de Gaulle hoped to stop US majors secretly supporting the cause of the Algerian rebels. Reactions to the French-American deal were not limited to the French environment.

93 Benchikh (2005-06), 9.
94 AHTOTAL - Fonds Total-CFP, b. 1 PRES-2, de Metz to to de Gaulle, 28 November 1958. For a coverage of the final phases of the Fourth Republic, and in particular on the events of May 1958, see: Rioux (1987), 303-8.
95 That claims had been exaggerated became clear during private conversations with the chief geologist of Repal, the Director of the Brp in Algiers, and various American oil technicians working in the Sahara.
99 Carta (1990), 226; Cornet (1960), 90.
Fig. 4.5 Development of Saharan oil production in million tons (1957-1965). ‘Bassin de Polignac’ refers to southern Sahara; ‘Zone Centre-Nord’ to central and northern Sahara.\textsuperscript{101}

\textsuperscript{101} Centre de recherches sur l’Afrique méditerranéenne (ed.) (1966), 100.
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A few months after the establishment of the FLN’s government-in-exile, the Gouvernement provisoire de la République algérienne (GPRA), Mohamed Yazid, Minister of Information, once more declared French-foreign agreements invalid.102 After January, Yazid travelled to the USA to continue his lobbying activity at the State Department and the UN. Now de Gaulle urged SDECE to shadow him and Abdelkader Chanderli, the permanent FLN representative in Washington.103 Ambassador Alphand was instructed to make representations at the Department concerning Yazid’s return to America.104 The Algerian’s mission, he maintained, was to contact American oil companies owing concessions in the Sahara in order to arrange a subsidy or gain guarantees from them. By reversing Yazid’s threat, Alphand made it clear that present and future applications for concessions to companies known to have made arrangements with the GPRA would be compromised.105

Initially, Dillon, currently Acting State Secretary, objected to Alphand’s démarche. Yazid, he retorted, was free to talk to oil companies.106 At the same time, Dillon also verified the French Ambassador’s claims. A number of US officials were instructed to approach American companies operating in Algeria. Both Sinclair’s and Cities Service’s Presidents affirmed they had never been approached by Yazid, but that in case they were, they would not in any way modify their policies.107 “Ironically”, notes Connelly, “at the same time, the délégé


103 AN - b. 19903117/8, fl. 2, Algérie 1957/64, secret, Note SDECE, Le F.L.N. et les compagnies pétrolières américaines, 30 January 1959 (FOIA no 111 382).

104 Philippe Bourdrel writes that internationalisation of the conflict is a “result to attribute to the intelligent FLN propaganda abroad, and in particular at the UN where Abdelkader [ficte: Abdelkader] Chanderli and Mohammed Yazid have invested large intellectual, political and diplomatic sectors”. Bourdrel (1996), 153. My own translation. Also Thénault writes of the action carried out by Chanderli and Yazid in the US, and in particular at the UN. Thénault (2005), 154.


*général’s* office in Algiers arranged for oil and gas to pay protection money to the GPRA.108 The Department’s officials eventually lambasted Yazid for threatening attacks on American oil facilities if they did not support the Front.109

Historian, Irwin Wall has argued that the State Department wanted to keep its Algerian contacts, and thought they might have worked in France’s interest, if the French had been sincerely willing to negotiate a ceasefire with the fighters.110 On the other hand, now that American oil companies had been durably admitted to the Sahara and were developing their activities, antagonising the FLN would be counterproductive. By the end of 1960, thirty foreign companies were operating in the Algerian Sahara; most were American, and included SOCONY Mobil, Caltex and SONJ. Overall, they controlled 22 percent of the land, but only 7 percent of the proven reserves (Fig. 4.6).111

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108 Ibid. Sources reported at p. 343 note 58.
110 Wall (2001), 167.
112 Centre de recherches sur l’Afrique méditerranéenne (eds.) (1966), 98.
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The FLN and its diplomats did not limit themselves to lobbying politicians and UN representatives in the United States. They also directed their attention on European governments and oil companies. In such circumstances an important role was played by the Italian oil company ENI, which approached both the French and the FLN with a view to establishing a foothold in Saharan exploration. I shall now show that Italian open and secret support afforded the Algerians crucial ammunition, advancing the definition of the new North African state.

4.6 An Italian business card to the Sahara

By the early autumn of 1956, there had already been contacts between ENI and André Giraud, an X-Mines and a top official at the BRP, about the possibility of Italian participation in Saharan exploration and drilling operations on permits to be released the following year.113 This had been a French initiative, and was all the more significant if one considers that up to that point the only non-French company allowed to prospect in the Sahara was Shell.114 Half a year later, large Italian companies such as FIAT and Montecatini expressed their interest in Sahara’s oil, but Blancard received their requests with scepticism, as he doubted the Italian capitalists could put together the funding, materials and workforce required to find and extract hydrocarbons.115

Toward the end of 1957, the idea of carving out a space in Algeria by taking advantage of the French half-open door policy also began to take hold in the Italian diplomatic circles. In October, in a telegram sent from the Italian Embassy in Paris to the Italian Minister of Foreign Affairs, Giuseppe Pella, Ambassador Quaroni argued that Italy should “present [its] business card to the Sahara”.116 The diplomat criticised the waiting stance of the Italian government. Believing these were abstaining from taking initiative in the hope it would be more profitable to deal with the Algerians (and thus assuming that they would soon be independent). This stance, he warned, could prove dramatically wrong. It seemed unlikely to

113 Giraud would be appointed Ifp’s Deputy General Manager from 1958 to 1964, then Fuels Director until 1969, at the same time holding the seat of Vice-President of the nationalised French car manufacturer Renault from 1965 to 1971. He would then be nominated Deputy General Manager of the Commissariat à l’énergie atomique, while also working as an executive at Électricité de France from 1970 to 1978, and later on be appointed Minister of Industry from 1978 to 1981, and Minister of Defence from 1986 to 1988.
114 ASEN - Fondo ENI, Estero, Rapporti commerciali con l’estero, b. 73, fd. 2003, “Appunto per il signor Amministratore delegato”, 27 September 1956.
115 AN - b. 19900317/8, fd. 3, Algérie-Sahara, confidentiel, Direction des carburants (Blancard), Compte rendu d’un entretien avec M. Renzo PIGA, 5 April 1957 (FOIA n° 111 382).
Quaroni that oil concessions given to private concerns would be cancelled after the French departure. 117

Moreover, the Ambassador noted in a later exchange, austerity measures taken by the French government had forced the Minister of Sahara, Lejeune, to accept a budget cut, which risked jeopardising the Saharan development programme. This would mollify the French, who had thus far been reluctant to give permits to foreign companies. 118 ENI’s intervention was therefore solicited, especially since by late 1957, the Italian company was in extremely good relations with Middle Eastern oil producers.

1957 was crucial for ENI history and indeed, more broadly, for the history of oil relations, as the Italian firm enacted a new system of collaboration with Middle Eastern states, which would threaten the majors’ oligopolistic control of oil from that area. In that year the Italian company signed two contracts with Iran and Egypt that substantially modified the 50-50 division of profits in use at the time. Simplifying an otherwise more complex issue, the Italian-Iranian agreement attributed 75 percent of profits to the producer, the other 25 percent going to the Italian enterprise. Moreover, producing countries acquired a role as partners on an equal scale in prospecting operations.

This was an important change as producers could eventually become directly involved in the oil industry proper, train their technicians in Western techniques, and to some extent develop their own technical apparatus (while also gathering geoscientific data). 119 The new contract model caused much anxiety among the majors, as they believed all other oil producers were going to ask for similar conditions as those agreed by ENI. From the second half of the 1950s, ENI’s geophysicists played an important diplomatic role in perfecting these deals. Antonio Selem, the chief geophysicist of AGIP Mineraria (ENI’s exploration branch), would be instrumental as the company’s ‘travelling ambassador’. Mattei used to send him to secretly negotiate in countries where his own presence would have aroused suspicion, thus keeping a low profile for ENI’s operations.120

117 Ibid.
119 The model for the new contracts had been proposed by the Iranians, not Mattei, as has often been maintained in the Italian literature. Tremolada (2011), 310. For an analysis of ENI’s activities in Iran in the 1950s, refer to the same volume; for American diplomacy’s point of view on the Italian-Iranian agreement, see: NARA - RG 59, Central Decimal File, 1955-1959, Iran, bxs. 4973 and 4974. See also: Nutri, L. (1999) Gli Stati Uniti e l’apertura a sinistra. Importanza e limiti della presenza americana in Italia. Bari: Laterza, 136-46.
120 For example, he was send on missions to Jeddah and Cairo in early 1959. Tremolada (2011), 350.
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Quaroni and Mattei agreed that the French would soon be forced to leave Algeria. The
Ambassador was furthermore convinced that a clearly pro-Arab policy would strengthen
Italy’s relations with the USA. Italian support for Arab states would balance the negative
effects of French actions in North Africa (but only as long as the Italians did not challenge
American oil interests).\textsuperscript{121} Quaroni also maintained that contracts such as those signed by
ENI with Iran had made Algerian representatives aware of the “enormous gains the coun-
try where prospecting was carried out could achieve, as well as the development that those
activities brought with their collateral enterprises”.\textsuperscript{122}

Mattei understood the point. Already in April 1956, ENI’s newspaper Il Giorno had pub-
lished an article on a solution for the Algerian crisis based on the acknowledgment of the
FLN as a valid interlocutor; exactly what the French abhorred.\textsuperscript{123} Then, in November 1957,
Il Giorno contested French rights over Saharan natural resources. It underlined that France
had no other choice but “to deal with the countries that keep the oil tap in their hands”,
and Algeria was “bound to achieve independence, in particular for reasons attaining to oil”.
This statement was considered most unfriendly by the French, who made their representa-
tions to Pella through Foreign Minister Pineau.\textsuperscript{124}

French diplomats were convinced Il Giorno’s (and therefore Mattei’s) viewpoint coincided
with that of the Italian government, as thanks to ENI’s financial resources, Mattei could in-
fluence parliamentary decisions.\textsuperscript{125} They also believed an unfavourable attitude from the
Italian government to France in Algeria weakened the French position at the UN on this
delicate matter. The issue troubled Quaroni, already busy with a dispute on deliveries of
Italian weapons to Tunisia, which as we have seen was acting as a proxy for Algerian fight-
ers.\textsuperscript{126}

\textsuperscript{121} ASMAE - Ambasciata d’Italia a Parigi, 1951-1958, b. 81 (Algeria ‘58), telesp. N. Ris. 851, Quaroni to

\textsuperscript{122} Quoted from: ASMAE - Ambasciata d’Italia a Parigi, 1951-1958, b. 74 (Algeria ‘57), telesp. N. Ris.
1863/1297, Quaroni to MAEI, “Limiti delle possibilità francesi nello sfruttamento del Sahara”, 3

\textsuperscript{123} ENI’s ownership of Il Giorno would not be publicly disclosed until 1960.

\textsuperscript{124} Quoted from: ASMAE - Direzione Generale Affari Politici, Ufficio I (1947-1960), b. 43, telesp. n. Ris.
1539/1191, Quaroni to MAEI, “Attacco dei ribelli ad un gruppo di esperti petroliferi francesi nel Sahara
- Reazioni francesi all’articolo del “Giorno” sul Sahara”, 11 November 1957. My own translation; AN -
b. 19900317/13, fl. 1, sub-fl. Italie 1955/1979, Note pour Monsieur de Directeur - Compte rendu de la
réunion tenue chez M. Darvidant avec MM. Baudet, Sébilleau, Jordan, le 14.11.57, Articles inspirés par M.
MATTEI, dans “Il Giorno” - Confrence de MATTEI à PARIS le 22 Novembre: “L’Italie et le pétrole”, 16
November 1957 (FOIA n° 111 382).

\textsuperscript{125} Bucchiatti (2005), 61. Source reported: ADMAE - EU 1956-1960, Italie, 297, Europe, Série 21, Sous-
série 23, Dossier 15, Italie, Politique Extérieure, télégramme de Fouques-Duparc à MAEF, 10

\textsuperscript{126} ASMAE - Ambasciata d’Italia a Parigi, 1951-1958 - b. 74 (Algeria ‘57), Quaroni to Magistrati, Direzione
Generale Affari Politici, MAEI, 12 November 1957. Also in Bagnato (2012), 303 note 218. For an
Italy continued supporting France at the UN; but its administration was secretly endorsing the Algerian nationalists. As in the American case, the Italian government openly supported its European ally, while covertly adopting a laissez faire policy vis-à-vis ENI’s actions in North Africa. Italy’s Mediterranean aspirations, the French Ambassador in Italy, Jacques Fouques-Duparc, wrote in September 1957, were not limited to providing the country with the most convenient energy resources, but extended to make Italy the champion of Afro-Arab nationalism.\(^{127}\) Italian attempts to replace French technical staff with Italians at the Moroccan Office for Phosphates were also viewed with apprehension. The French Foreign Minister, Pineau, cautioned Italian Prime Minister Adone Zoli in late 1957 against trying to replace French staff.\(^{128}\)

ENI’s Middle Eastern initiatives made the French anxious, as did a speech given by Mattei at the Centre d’études de politique étrangère in Paris in late November, in which he maintained that oil could no longer be managed in a colonial style. As a consequence of the steps taken in 1957, SDECE put Mattei under surveillance. Premiers Bourgès-Maunoury, Gaillard, de Gaulle, and later Michel Debré, were thus kept updated about his activities, trips and meetings.\(^{129}\)

However, the French hoped to co-opt Mattei into the Sahara under their conditions. In November 1957, Italian Social-Democrat leader and former Deputy Prime Minister, Giuseppe Saragat, suggested the new French Ambassador in Rome, Gaston Palewski, approach Mattei with a view to examining how to cooperate in Saharan exploration. Palewski did not reject the suggestion outright; he wrote to Pineau to ask for his opinion, leaving the possibility open.\(^{130}\)

But while Italian politicians attempted to soften up French authorities, Mattei thought it more convenient to approach the Algerian nationalists. The first ascertained contacts between him and the FLN occurred in 1958, when the ENI President met the Front’s rep-

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128 Cresti and Gregni (2003), 55. Source reported: ADMAE – Direzione Affari Politici ed Economici (DAPE, henceforth) -Italie, 300: Palewski to MAEF, 26 October 1957; Palewski to Pineau, 28 November 1957.

129 Maurice Bourgès-Maunoury was the President of the French Council of Ministers from June to November 1957; Félix Gaillard succeeded him until May 1958.

130 AN - h. 19900317/13, fd. 1, sub-fd. Italie 1955/1979, Frenrb Rome (Palewski) to Minister of Foreign Affairs (Pineau), Opinion italienne et question algérienne. Proposition de M. SARAGAT, 5 December 1957 (FOIA no 111 382).
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representative in Rome, Taïeb Bouahrouf. This initial acquaintance allowed him to meet several other FLN leaders over the following years.\textsuperscript{131} To find a rationale for these contacts, we need to look at what had happened on both sides of the Mediterranean. De Gaulle’s comeback had been welcomed by the Moroccan and Tunisian governments, thus complicating their relations with the FLN. After the failure of a new Maghreb conference in June 1958 and the construction in Tunisia of a pipeline to bring Algerian oil to the coast (see pp. 224-5) the crisis between Bourguiba and the FLN reached its peak.\textsuperscript{132}

Such departure from a Maghreb unity accelerated the need for the FLN to look for interlocutors well-disposed to their cause. The Italian ‘Neo-Atlanticist’ political doctrine – the ambition to develop a specific role for Italy in developing countries while keeping an Atlantic allegiance and protecting national interests – tailored the country’s need for energy sources to fuel a growing industrial network.\textsuperscript{133} On the diplomatic side, it was easy for Italian administrations to support the cause of anti-colonialism, opportunistically embraced after the Treaty of Paris of February 1947 had obliged Italy to renounce its colonies.\textsuperscript{134}

Besides making contacts with the Italians, the FLN (and later the GPRAl) also approached other countries for help. Since the US military supported the French behind the NATO banner, they requested assistance from the Soviet Union. The Soviets did provide the FLN with weapons via their Eastern European satellites and Egypt.\textsuperscript{135} In March 1961, an agreement was signed between the USSR and the GPRAl. Amongst other provisions, it included the plan that half of Algerian foreign trade be exchanged with the Soviet Bloc. Algeria would also close down French military bases within a year so as to prevent them being available to NATO.\textsuperscript{136}

Many GPRAl politicians and diplomats did not view Communist ideology particularly favour-

\textsuperscript{131} Kabilia, D. O. (2010) “Enrico Mattei e la Rivoluzione Algerina”. In Ambasciata d’Italia - Istituto Italiano di Cultura di Algeri (eds) Enrico Mattei e l’Algeria, 18. An indication of the good disposition of the Italian government toward the FLN/GPRAl representative was given after a failed attempt to assassinate Bouahrouf in July 1959, presumably orchestrated by the terrorist organisation Main Rouge, which secretly acted as SOE’s armed wing. After the episode, according to Reïda Malek, Italian Minister of Interior Fernando Tambroni gave the Algerian a Beretta gun and a gun licence. Malek (1995), 75.

\textsuperscript{132} Théault (2005), 158.

\textsuperscript{133} As for the Italian ‘Mediterranean mission’, see Brogi (2002), 204-10; Brogi (1996), 59, 125-6; Brogi (2006), 742.


\textsuperscript{135} Eveno and Planchais (1989), 177. China was to be the first non-Arab country to recognise Algerian independence in 1962.

ably, as it clashed with their religious beliefs. They were, however, ready to put ideological divergences aside, in order to reach political objectives, whether with the Americans or the Soviets. Their priority was to get rid of the French and acquire the possibility of managing their own resources. The Americans had seemed uncertain to the Gpra, their support having been lukewarm. Approaching the Soviets may also have been a move designed to convince the United States to assume a more definite pro-Algerian stance. To return to Algerian-Italian relations, it was Abdelhafid Boussouf, the Gpra Minister of Armaments and General Relations and Communications, who understood Mattei’s aspirations to carve out a prominent position for ENI in the Sahara.

4.7 Early approaches to the French and the Algerians

In July 1958, Mattei had gained ENI an exploration permit in southern Morocco, snapping it up from SONJ and taking his personal revenge over an analogous move made by SONJ in Libya in 1957. Based on the Iranian template, the Moroccan-Italian agreement was a clear sign of ENI’s lack of subjection before the majors. In addition, the choice of Morocco, up to then a private French ground, also hinted at Mattei’s inclination to not accept French collaboration proposals on joint exploitation of the Sahara. Expectedly, the French protested.137

Boussouf also appreciated Mattei’s initiative and ENI’s different policy regarding profit-sharing with producing countries, so he encouraged the ENI President in this sense, by sponsoring the allotment of a concession to the Italian company in Libya, to which King Idriss I consented despite external pressures in late 1959.138 Thankful for such support, Mattei did his best to promote the Algerian cause within the Italian political environment. Italy soon became the European country in which the FLN enjoyed the highest facilitations and the largest support for its own political and diplomatic action.139

That did not mean that Mattei was committed to not dealing with the French, as has generally been maintained. Mattei carefully examined the French propositions, but found them unsatisfactory. At an August meeting between the French Director of Economic and Fin-

139 Kablia (2010), 18.
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ancial Affairs at the Quai d’Orsay, Wormser, and Italian Prime Minister, Fanfani, the French diplomat reported that Mattei had approached CEP and had shown an interest in being associated with the exploitation of Hassi Messaoud. The French company had rejected his proposal, however, while Mattei had refused the CEP’s counterproposal.140

French diplomatic sources also reveal that Mattei fruitlessly approached the small French Compagnie d’exploitation pétrolière (CEP) in early 1957 – which entered the Sahara that year – aiming for a joint exploration of CEP’s Saharan permits next to the area of Edjelgh.141 From ENI sources, however, it emerges that CEP’s President, André Demargne, had been the one to approach AGIP Mineria.142 In any case, in January 1957 CEP was ready to sign an agreement with AGIP. The French company would be the sole owner of mining rights, and AGIP would participate in the association’s capital up to a maximum of 30 percent.143 Mattei delegated the task of discussing the proposal to ENI’s Foreign Relations Department led by Franco Briatico, but in the end the French offer went unheeded. “E.N.I. did not even reply”, complained the Cabinet of the Foreign Ministry later that year.144 Mattei also met Guillaumat in Paris in May 1957 to the same purpose, but the talks led nowhere.145

Up to this point, Italy and France had followed fairly similar strategies, namely resisting the majors’ attempts to take over their own national markets. Now, however, their paths started to diverge significantly. While Guillaumat and Blancard sought to compromise with the majors, to sort out the situation in Algeria, Mattei’s aggressive expansion policy openly challenged them. ENI’s scarce enthusiasm in dealing with the French was possibly once more due to the strictness of association conditions, which must have seemed uninteresting to Mattei, when faced with the opportunities the 75-25 contracts presented to the Italian company.

In November 1958, during a stopover in Warsaw, the ENI President met the French Ambassador, Étienne Burin des Rosiers, with a view to a possible collaboration between France, Italy and the Arab-Saharan countries. Mattei’s proposal was to preserve French predominance in the Sahara, but without keeping the desert politically subject to them. He proposed a repartition of French Sahara’s resources among the two European countries and the relevant Arab countries. Mixed companies were to be formed; a fixed percentage would go the European duo, another to the Arab country concerned. If Paris agreed, Mattei would propose the constitution of such companies to the Tunisian, Moroccan and Algerian chiefs of state.146

However, the Italian proposal presupposed de Gaulle recognising the GPRA as the legitimate government, which the General would not. In the face of such difficulties, the proposal was shelved.147 French anxieties with respect to ENI were not limited to Algeria, but encompassed the entire North African policy of the Italian company: Henri Langlais, the person responsible for Algerian Affairs at the French Foreign Ministry, lamented that the Italians were “much too anxious” to play a role in Mediterranean affairs, and complained about “alleged attempts by the FLN to come to some understanding with Signor Mattei, the oil king”.148

The reaction of French diplomats to the news of ENI’s plans to build a refinery in Morocco, a few weeks after the Fanfani-Wormser talks, was rather telling in this respect. The French applied pressure on Fanfani to include some clauses favourable to their companies in the possible contract.149 Wormser expressed “serious stipulations”, since the contract provided that the refinery’s supply of crude oil would be an ENI exclusive. As a consequence, the Italians would be free to use crude oil from any provenance. This was not admissible, due to Morocco’s membership in the franc area, and to the priority the country was supposed to give to French refiners.150 Later, when meeting the Moroccans, William

146 AN - h. 19900317/24, fd. 3, sub-fd. Italie Mons Mattei, 1957/58, The Ambassador of France in Poland (Burin des Rosiers) to the Minister of Foreign Affairs (Couve de Murville), Conversation avec M. Mattei au sujet du pétrole saharien, 20 November 1958 (FOIA n° 111 382); ASEN - Fondo Eni, Presidenza Mattei, b. 75, fd. 150, Appunto, Roma, 20 November 1958. This episode is also reported in Bagnato (2012), 703.
147 Bagnato (2003), 222-3; Bagnato (2012), 706.
148 Henri Langlais’ quote is reported in Kettle (1993), 357.
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Carlisle of Sonj was surprised to learn that the refinery agreement had been given to Eni.\textsuperscript{151} This was a visible indication that the Italian company threatened American interests in Morocco.

In January 1959, SDECE reported that the FLN had reached agreements with Japanese, Italian and US companies on the Italian-Iranian model. The claim, originating in Egypt, was exaggerated, as no agreement had been reached, but the talks increased French concerns.\textsuperscript{152} It is therefore not surprising that the French Premier, Debré, welcomed the fall of Fanfani’s government in February 1959.\textsuperscript{153} Without the support of the Prime Minister, the Eni President could now be more easily attacked by his adversaries at home, such as Confindustria, and by the Anglo-American trusts. In fact, SDECE speculated, Mattei might not even be confirmed as Eni’s president (his mandate was to expire in April) because of pressures on the government from Italian industrialists.\textsuperscript{154}

At the time Fanfani was resigning from his charge, France withdrew its Mediterranean Fleet from NATO command.\textsuperscript{155} Italy indirectly contributed to that outcome. In September 1958, de Gaulle had called Eisenhower to ask for the formation of a Anglo-American-French tripartite directorate with a view to discussing issues regarding NATO and nuclear weapons. This would entail Italy’s exclusion from the powers-that-be. As a consequence, Fanfani had vigorously protested to Dulles, Eisenhower, Macmillan and the West German Chancellor, Konrad Adenauer, stating Italy’s opposition to the directorate, and threatening a complete reappraisal of the Italian political position.\textsuperscript{156} Eventually, the directorate was not formed, so de Gaulle decided France should go its own way.

Much to the chagrin of the French, Mattei remained as head of Eni. In addition, by the end of the decade, the FLN had increased its network of contacts in Italy to include, besides the DC mayor of Florence, Giorgio La Pira, also the Socialist Secretary, Pietro Nenni, and the Communist Secretary, Palmiro Togliatti.\textsuperscript{157} Thanks to Mattei’s mediation, and with


\textsuperscript{152} AN - b. 19900317/8, fl. 2, Algérie 1957/64, secret, Note SDECE, Algérie-Japon-Italie - Accords pétroliers F.L.N., 22 January 1959; secret, Note SDECE: Algérie-Japon - La bajon et les accords pétroliers F.L.N., 10 March 1959 (FOIA n° 111 382).

\textsuperscript{153} Michel Debré was the French Prime Minister from January 1959 to April 1962.

\textsuperscript{154} In that eventuality, SDECE reckoned fundamental to know about his successor. AN - b. 19900317/13, fl. 1, sub-fd. Italie 1955/1979; secret, Note SDECE, Italie - Après le voyage de M. Fanfani au Caire, 20 February 1959; secret, Note SDECE, Position actuelle de Mattei, 11 April 1959 (FOIA n° 111 382).


\textsuperscript{156} Brosio (2008), 388.

\textsuperscript{157} Malek (1995), 73-4. In October 1958, La Pira organised a Mediterranean Meeting in Florence, which was funded by Eni. The meeting became an excellent political platform for FLN’s representatives,
a view to de Gaulle’s visit to Italy in June 1959, the FLN representative in Rome, Boulahrouf, could also meet Italian President Gronchi, to whom he explained the Algerian situation and suggested he survey his French counterpart about the possibility of negotiations with the FLN.158

In the summer of 1960, as the foundation stone of the Moroccan refinery was laid (by then, ENI had also constituted an Italian-Tunisian company and obtained an exploration permit in the former French protectorate), Mattei used the power position acquired in Morocco to propose a gentlemen’s agreement to the French through an unofficial ENI representative.159 The French ambassador in Rabat, Alexandre Parodi, expressed his concern to Wormser about what Mattei now wished to do. ENI, he explained, intended to mediate relations between France, on one side, and Tunisia, Morocco and the FLN on the other.160 By extending activities to Algeria’s neighbours, and by weaving links with the Front, SDECE revealed, Mattei sought to open the Saharan oil and gas fields to Italian influence.161

A month later, Wormser replied that there would be no problem maintaining contacts with ENI on an off-the-record basis and that, as far as ENI’s proposal was concerned, he would consult with the BRP and the DICA to investigate opportunities.162 Nevertheless, BRP’s position with respect to ENI’s actions was clear. In June Blancard, who after leaving DICA in 1959 had returned to BRP’s presidency, complained about Mattei alongside the Foreign Minister, Maurice Couve de Murville. Blancard urged him to plan countermeasures, and suggested retaliating by expanding French gas interests in Italy. Finally, he suggested French public powers intervene by protesting to the Italian government about Mattei’s “inadmissible eruption” into the Algerian political field.163

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159 On the Tunisian-Italian agreement, see: Magini (1976), 183; AHTOTAL - Fonds Total-CFP, b. 97 AA096, fd. 1, f. 1, ENI 1960-1961: Relazioni e bilanci delle principali società del gruppo al 31 dicembre 60, p. 42. The agreement between Agip Mineraria and the Tunisian Government was signed on 1 June 1960.
163 Quoted from: ADMAE - Série: Cabinet du Ministre, Sous-série: Couve de Murville (1958-1968). N. 70,
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It was a critical moment for the French in Algeria: they had agreed to start negotiations with the FLN, and the last thing they wanted was to see an ally of the Algerian nationalists with vested interests in replacing the French acting as a mediator between them and their former North African possessions. Accepting US companies had been enough to acquire the American government’s support for a French Algeria and adequately ‘put the desert into production’: Italy, on the other hand, could not offer similar rewards. The secret battle fought between French and Italian oil agencies and diplomacies for the control of Saharan resources was scaled up by the establishment of ENI’s own diplomacy in North Africa, and by the aid this gave to Algerian nationalists in terms of legislative and geoscientific knowledge.

4.8 ENI parallel diplomacy and the Sahara problem

By early 1960, French authorities had good reason to be suspicious of ENI’s manoeuvres. The company had consolidated its relations with the GPRA. In order to liaise with it in Algeria, ENI employed journalist and former intelligence agent, Italo Pietra. Later on, in the summer of 1961, journalist Mario Pirani was sent as a covert ‘ENI ambassador’ to Tunis, where the GPRA had its headquarters. Thus ENI set up a veritable parallel diplomacy. Pirani was to assist the GPRA and help it plan future energy scenarios for Algeria.164 The French services were immediately notified of his appointment by the British services.165

Another important element of ENI’s hidden diplomacy was the Turkish citizen, Arslan Humbaraci.166 Connected to FLN’s most radical wing, he served as an intermediary between the GPRA and ENI, taking advantage of his only indirect connection to the Italian company, which made him appear less suspicious than ENI’s officials. ENI’s diplomacy was so strongly developed that, at a meeting at the International Affairs Institute in 1967, Quarioni maintained that “for years, the real Italian foreign policy has been carried out by Enrico Mattei”167

164 Blencard (Brp) to MAEF, 24 June 1960.
ENI supported the Algerian fighters in various ways. At a meeting between representatives of the main Algerian trade union (the Union générale des travailleurs algériens, closely connected to the FLN), the Italian Communist Party and Mattei, the latter offered financial aid in exchange for their collaboration with the Italian oil company.168 According to a secret SDECE note, Mattei offered a hundred million francs to the GPRA if it held out against French demands in the Sahara.169 Although no reliable proof of this has been advanced, ENI certainly subsidised the publication of Algeria, a magazine by the Italian Commission for peace in Algeria, and proposed supplying fuel to FLN’s armed wing. According to Pirani, however, the Algerians refused as they had already agreed a deal with Sonl and Shell.170 It has also been maintained that ENI helped the Algerians educate their future oil industry’s cadres through scholarships at ENI’s Scuola superiore di studi sugli idrocarburi, close to Milan.171 We know for sure that in June 1960 Krim Belkacem, GPRA’s Foreign Minister, thanked Mattei “for the moral and material help” given to the FLN.172

We now know that ENI definitely played an important role when the conflict came to a conclusion with peace negotiations between the French and the Algerians. On 8 January 1961 the Algerian population accepted, through a referendum, a project of self-determination proposed by de Gaulle. In May, French-Algerian peace negotiations started in the French town of Évian. A month before the meeting, Bernard Tricot, one of the main authors of the Constitution of the Fifth Republic, sent the head of the French delegation and Minister for Algerian Affairs, Louis Joxe, a document outlining the governmental position on the Sahara. Tricot listed among the main objectives: not being expelled from the desert; keeping the possibility of testing nuclear weapons there; the continuation of paying for oil products in francs; and finally, the opening of Saharan extraction and transport in-

171 However, I could not find any document supporting this claim in the school’s archives, and among its students there appears to be no Algerian or French of Algerian origin at least until 1962. But see: Bagnato (2010), 708. Source reported: Interview to dr. Eugenio Ceñis, 17 April 2003; Li Vigni (1996), 205.
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dustry outlets to French expertise and materials.173

The French were therefore determined to keep control of the oilfields and nuclear facilities in the Sahara, to the point of establishing the autonomy of that region.174 This viewpoint found its legal justification in the Sahara having already been separated from the northern areas of Algeria through OCRS. Often referred to as de Gaulle’s thesis, the author had actually been Guillaumat, who had easily convinced the General of its convenience.175 The threat of awarding independence only to northern Algeria while keeping the Sahara French was however a negotiating position. The very geography of the Sahara made its control highly unlikely. An independent Algeria, in agreement with Tunisia and Morocco, could well isolate the desert.176

Unsurprisingly, the Algerians opposed the French position, defending the claim that the Sahara was and ought to remain Algerian. On this and on another point regarding citizenship for French colonists in an independent country, the talks stalled, and were suspended in mid-June.177 The status of the Sahara was also one of the topics Chanderli discussed in the same month with two State Department officials. After remarking positively on the election of Kennedy to the US presidency, which he hoped would facilitate more frequent contacts between him and the Americans, Chanderli told the officials that the GINRA would restore negotiations at any time. But France ought to recognise Algeria’s indivisibility – meaning no partition and no retention of sovereign enclaves by the French – and territorial integrity.178

Chanderli hoped the new US government would encourage the French to return to the negotiating table. The USA, he observed, suffered a bad reputation among the Algerian population for its hesitation in supporting the independence struggle, whereas the Soviets had recently been helping the Algerian cause more openly.179 US detachment from French polit-

176 Melby (1981), 278.
ics in Algeria happened gradually, but the news that in early 1960 Algeria was turning to the USSR as a main partner undoubtedly accelerated that process.

French-Algerian negotiations were resumed in July 1961 in Lugrin, Switzerland. By that time, the FLN had assured itself the important support of former Iraqi Minister of Economy, Nadim al-Pachachi, as a petroleum adviser. The talks once more came to a standstill over the Saharan question, and were suspended after a week. Further, secret negotiations took place in the autumn and winter in Switzerland and France. The French and Algerian delegations seemed to agree on a future collaboration in the oil sector, but the problem of Saharan sovereignty persisted. With a view to the reopening of negotiations in 1962, Eni's Studies Service aided the Algerians in devising a possible treaty with France about the exploitation of Saharan resources. In practice, affirmed Pirani, all articles about the future of Saharan oil were studied by Eni technicians together with the Algerians. At the peace negotiations, the delegation led by Belkacem used documentation prepared by Eni to suggest the kind of organisation to be given to the sector and the guarantees to demand.

Eni also gave the Algerians geoscientific intelligence on the Saharan subsoil. Mohamed Khelladi, former Director of Communication and Research at the GpRA's Ministry of Armament and General Relations, affirmed that Mattei organised two visits to the Eni offices near Milan to allow him to look for documents and studies on Algeria, and that two of his collaborators later went to Rome for new consultations on the topic. Khelladi could consult complete documentation including the detailed text of provisions regulating the oil


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sector, as well as copies of contracts, concession acts, tables and indexes of prices, and files with data of every single company operating in the Sahara.\textsuperscript{185}

Besides the Italians, the Algerians could also count on the support of BP in London, the Elwerath company in Germany, and on the Saudi Minister of Petroleum and Mineral Resources, Abdullah Tariki. In order to collect and coordinate all this information, the G\textsuperscript{P}R\textsuperscript{A} set up a petroleum commission led by Claude Cixous, an aeronautical engineer that had been working at the Oil Code. The Algerians’ knowledge of Saharan operations details, and their firmness on the legal framework in which the oil sector should be established, caught the French unprepared.\textsuperscript{186}

Our knowledge on the technical support provided by ENI to the Algerians has up to now been based on accounts by Pietra, Pirani, and by personalities from the Algerian agencies. However, it has never been supported by archival sources.\textsuperscript{187} Only a slight, albeit significant trace of the documents used at Êvian can be found in ENI archives, namely a folder entitled \textit{Documents prepared for G.P.R.A. with view to Êvian}. Yet, this only contains documents produced after the Êvian agreements had been signed. It is not unlikely that the extreme sensitivity of the data with respect to the French-Italian relations led to their destruction after filing.\textsuperscript{188}

We do know, however, that ENI was in possession of a thick report dated July 1960 on prospects in the Algerian Sahara, by Myron Kozâry.\textsuperscript{189} Kozâry, a US citizen of Jewish-Hungarian origins, had worked within the US intelligence services during World War II, and done fieldwork for his Geology PhD in Revolution-time Cuba with the American International Oil Company from 1955 to 1958. He later moved to New York as a staff geologist within the same company, and studied the geology of Europe, Africa and the Middle East extensively.\textsuperscript{190} Abstaining from speculation, and even neglecting the significance of Kozâry’s Cuban acquaintances, we are presented with a former American intelligence officer and geologist who, during an anti-colonialist war, leaked a secret dossier on Algeria to a com-

\textsuperscript{185} Kablia (2010), 19-20.
\textsuperscript{186} Ibid., 197-8, 201.
\textsuperscript{187} Testimonies of ENI “ambassadors” have also been reported by other authors. See, for example, Buccianti (2005), 231.
\textsuperscript{188} The folder is included in: ASEN I - Fondo ENI, Relazioni Esterne, b. 129, fd. 2F2B.
pany strongly suspected of Soviet sympathies.\textsuperscript{191} All this occurred at a time when, as I mentioned, the Algerians were asking the Soviets for material support.

We also know that in November 1960 three geologists from AGIP Mineraria, led by Carmine Loddo, visited the Hassi Messaoud oilfield, to which they had been invited by Claude de Lapparent, CFP(A)’s Exploration Director, in order to learn about the techniques and the most important results obtained by the French company. The visit had been fostered by Roberto Passega, at the same time an AGIP and CFP(A) consultant for sedimentology. The three French technicians chosen to attend the Italian delegation, Henri Vautrin, Robert Wetzel and Willy Bruderer (whom we met in Ch. 3 as a pioneer of Algerian geological exploration), were among the highest persons in charge of the policies adopted by the company in oil prospecting both in France and abroad.

During talks with Bruderer in Paris, where the visit had started, Loddo had the chance to go through the geological documentation regarding Algeria, especially Hassi Messaoud, while in the Algiers offices the French geologists were also “very liberal” in revealing the Italians works completed and in progress, despite being unwilling to hand over any documents such as maps, seismic sections and profiles, or electrical well logs.\textsuperscript{192} The Loddo report was full of details about the history of oil exploration in the Sahara, geological characteristics of the area of Hassi Messaoud, techniques used for prospecting, production, estimates of reserves, and details on organisation of the exploration department. A similar report was also prepared for the gas field of Hassi R’Mel.\textsuperscript{193}

One may wonder why French geophysicists allowed ENI technicians to visit the oil and gas fields. But in fact, the links the Italian company developed with its French counterpart in the exploration sector were quite solid, dating back to the late 1940s. As I have previously shown, CGG and Schlumberger worked in Italy throughout, and beyond, the 1950s. On several occasions CGG offered its services to AGIP, especially in African countries.\textsuperscript{194} As a matter of fact, Italy was for long time CGG’s second-best customer after France.\textsuperscript{195} Apart from CGG, to which AGIP entrusted some geophysical works especially outside the Po Val-

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\textsuperscript{191} The Cuban Revolution culminating in 1959 in Fidel Castro’s takeover had started in 1953. It was therefore under way during Kozáry’s permanence on the island.

\textsuperscript{192} Quoted from: ASEN - Fondo ENI, Estero, Rapporti commerciali con l’estero, b. 73, fil. 2003, “Visita agli uffici, ai laboratori e al giacimento petrolifero di Hassi-Messaoud”, by C. Loddo, 20 December 1960. The “very liberal” quote is from the same document, my own translation.

\textsuperscript{193} Ibid.

\textsuperscript{194} ASEN - Fondo AGIP, Direzione Mineraria, Ricerche e produzione, b. 355, f. 3FC, Roger (CGG) to Egidi (AGIP Mineraria), 8 March 1962; Roger to Egidi, 29 March 1962.

\textsuperscript{195} AHTOTAL - Fonds Total-CFP, b. 92AA039, f. 13, CGG’s yearly reports, “50 ans de géophysique”, 1964.
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ley, and later in Egypt, the Italians had woven and strengthened links with Schlumberger for electrical logging and the training of geophysicists (see p. 70). 196

In addition, when, in 1956, ENI established its Scuola superiore di studi sugli idrocarburi near Milan, to train young graduates to the different oil sectors, it often invited French technicians and managers to give classes or seminars. By the end of 1961, relations between AGIP and CGG relations were so friendly that the General Manager of CCG’s Italian affiliate, Albert Roger, even sent Mineraria’s official Egidio Egidi a copy of an article by CCG’s President Léon Migaux on refraction seismology in the Algerian Sahara. This was a surprising initiative, if we think of Italian-French diplomatic relations at the time. 197 Even in early 1962, Mineraria had a number of its magnetic tapes processed at CCG’s playback centre, where Italian technicians could also assist interpretation operations. 198

The French government’s annoyance toward Mattei during the Algerian War also derived from this knowledge that French experts had assisted the Italians for many years. It is reasonable to argue that at least part of the intelligence collected on all these contact occasions was passed on to the Algerians during their frequent contacts with ENI. The company’s personnel did not refrain from using information acquired through its informal links with French geophysical and oil companies, to further its policy that placed French interests in jeopardy. The Italians, therefore, used geophysics as a bargaining chip with the Algerians, in exchange for the promise that they would be allocated some exploration permits after the war.

4.9 The Évian Agreements, and Mattei’s threat defused

Two months after the May 1961 negotiations, Mattei was invited by the BRP to be part of a pool of British, American and French oil companies, but he declined the offer, which the French services explained by his having concluded a secret agreement with the GPGA. The same explanation was used once French-Algerian peace talks were resumed at Lugrin in southeastern France. It appeared that in May a contract had been signed between an Austrian company based in Vienna – serving as a cover for ENI and the Union of Swiss Banks – and the GPGA. Reportedly the accord regulated prospecting and refining in an independ-

196 CEDI (1992a), Meeting of 17 April 1950, 124; Squarzina (1958), 76, 87.
197 ASEN - Fondo AGIP, Direzione Mineraria, Ricerche e produzione, b. 260, fd. 36F, Roger to Rocco (AGIP Mineraria), 26 January 1962.
198 ASEN - Fondo AGIP, Direzione Mineraria, Ricerche e produzione, b. 260, fd. 36F, Roger to Egidio Egidi (AGIP Mineraria), 26 February 1962.

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ent Algeria, and was analogous to the one signed between ENI and Morocco.¹⁹⁹ French reactions materialised in diplomatic pressure on the Italian authorities to stop Mattei, and in the threat of the far-right terrorist Organisation de l’armée secrète in support of French Algeria, which sent Mattei a letter in July, claiming that he would be killed if he went on with his “anti-French activities”.²⁰⁰

The news of the supposed Algerian-Italian agreement provoked frantic diplomatic exchanges.²⁰¹ The Italian diplomats tried to deny all allegations of GPRA-ENI contacts, but did not persuade their French counterparts.²⁰² In the summer of 1961, French suspicions about the agreement became so acute they drew the attention of de Gaulle himself.²⁰³ According to the US Ambassador in Rome, George Frederick Reinhardt, however, “when [Mattei] gave evidence of attempting to develop special relationships with the FLN with a view to obtaining special concessions in Algeria after the liberation, the Government […] forced him to back down”.²⁰⁴

These developments coincided with a crisis in Tunisian-French relations. On 19 July 1961, serious incidents occurred near the French military base of Bizerte, in Tunisia, the evacuation of which Bourguiba had long requested. While the clash ended up in a military defeat for the Tunisians, Bourguiba succeeded in reaching a settlement scheduling the withdrawal of French troops. However, the clash meant that all French hopes of internationalising the Saharan resources by involving Algeria’s neighbours were now compromised.²⁰⁵ The mounting costs of the French military commitment in North Africa also affected the funding of ambitious French nuclear projects. Diplomatically isolated, with newly-independent African countries clubbing together against it at the UN, and confronted with waning US


²⁰⁵ Bagnato (2012), 697.
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support, France capitulated. 206

In September 1961 de Gaulle yielded on Algerian sovereignty over the Sahara, on the condition that French interests be safeguarded. This decision was eventually sanctioned in March, through the Évian Agreements. The Sahara would be Algerian, while the Algerians committed to respecting the rights acquired by French companies and the Oil Code. The Gpra sanctioned French rights in prospecting activities over a surface of 700,000 km², and kept Algeria within the franc zone. A French-Algerian agency was created, as suggested by ENI, to manage the hydrocarbons sector. On the military plan, the base of Mers-el-Kébir was rented for fifteen years to France, and the use of Saharan facilities for nuclear tests was conceded for five. 207 Most importantly, French companies were to enjoy a priority for six years in distribution activities and in the allotment of exploration permits on unexplored areas, all other conditions being equal. 208 In effect, the Évian Agreements planned a veritable cordon sanitaire around the hydrocarbon sector. 209

Bazzoli and Renzi, and other authors, have argued that the specification about equal conditions was an ingenuous stratagem devised by ENI’s technicians in order to get access to Algerian oil-rich areas by simply proposing Iran-like contracts, more advantageous to Algeria than the usual 50-50 contracts. 210 But the scheme was successful only to a limited extent. Mattei suddenly died in October, and his antagonising policy was discontinued by his successor.

After Évian, Ambassador Palewski stated that frictions between France and Mattei would probably dissipate, as France would now favour foreign investments, including ENI’s. 211 However, Wormser’s hopes were soon proved wrong. Mattei continued to oppose any idea


208 However, reports Melby, the French amended the Oil Code a few weeks before the signature of the Évian agreements, so to limit the degree of control the Algerians could exert on French companies operating in the Sahara. Melby (1981), 279, 281-2.

209 Péan and Séroné (1982), 86.


of an association with the French.\footnote{ADMAE - Série: Service de liaison avec l’Algérie, Sous-série: 1957-1966. N. 45, secret, Note SDECE, Italie - Activités de M. Mattei, 2 May 1962.} While keeping an uncompromising stance on this matter, Mattei was concerned about American influence in independent Algeria.\footnote{Ibid.} Indeed Ben Bella was in favour of American rather than Italian participation. Before Évian he had negotiated with ARAMCO about the future exploitation of Algerian resources; an initiative that had caused a dispute within the GPRA.\footnote{AN - b. 199003117/8, fd. 2, Algérie 1957/64, secret, Note SDECE, Algérie-Italie-R.F.A.-Maroc - Le G.P.R.A. et l'exploitation des pétroles sahariens, 19 January 1962 (FOIA n° 111 382).} Also in October 1962, when ENI proposed to the new Algerian government that it build a refinery, which triggered French protests, the \textit{Washington Post} speculated that Ben Bella, who had been freed from French authorities and elected Prime Minister in September, would not accept the offer, since many French technicians were already abandoning Algeria, and an agreement with ENI would accelerate the trend.\footnote{The \textit{Washington Post}, “Mattei’s Projects in Africa”, 1 October 1962.} In any case, we know that in early November, Mattei was due to fly to Algiers where he would sign an oil agreement with Ben Bella. It was probably a contract for oil extraction and transport equipment, or for the construction of a refinery.\footnote{Bazzoli and Renzi (1984), 230; Buccianti (2005), 292; Lo Bianco, G., and Rizza, S. (2009) \textit{Profondo Nero}. Milano: Chiarelettere, 65-6; AN - b. 199003117/13, fd. 1, sub-fd. Italie 1955/1979, secret, Note SDECE, Italie - Activités de la Fiat et de l’ENI en Afrique du Nord, 10 August 1962 (FOIA n° 111 382).}

At the end of that month, the sudden death of Mattei brought all these plans to an end. On 27 October 1962, coinciding in time with the climax of the Cuban missile crisis, a plane crash, the causes of which have been widely speculated about over the last five decades, put an end to Mattei’s life. In 2003, an Italian court concluded the crash resulted from an attack carried out by someone whose identity was not possible to trace. After leaving SDECE, Thyraud de Vosjoli, the services’ representative in Washington claimed that his agency’s secret armed wing, known as the \textit{Main Rouge} (“Red Hand”), assassinated Mattei, although intelligence officials dismissed his claim.\footnote{The placing of explosives on Mattei’s plane has in the past been attributed to American majors backed by the Sicilian mafia; large Italian industrialists; to Mattei’s \textit{de facto} successor at the presidency of ENI, Eugenio Cefis; to the French \textit{Organisation de l'armée secrète, or to collaborations between these suspects. De Vosjoli’s statement is reported in: Porch (1997), 373 notes 28 and 29.}

Mattei’s \textit{de facto} successor at the head of ENI, Eugenio Cefis, sought – mainly for financial reasons – to follow quite a different policy from Mattei. ENI’s entry into oil prospecting activities in Algeria was temporarily removed from the company’s plans, and Cefis instructed that ENI focus on activities already operative. Projects in an embryonic state – for in-
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stance, in sub-Saharan Africa – were interrupted. Yet relations with the Algerians were never completely cut off, in spite of some ups and downs. ENI’s interest moved from oil to gas, and in the early 1970s the Italians would reach an agreement with Algeria on natural gas supplies.

4.10 Conclusions

During the Algerian war of independence, the Sahara was not only the setting for military events between the French and the Algerians. A battle was fought in the hydrocarbon sector too, and involved French and foreign governmental institutions, intelligence services and oil agencies. At the heart of the struggle was the right to prospect the desert. From the second half of the 1950s, a change in French mining policy, mainly prompted by economic considerations and the need to quickly dispose of a large amount of fuel for national security, led to the admission of a number of foreign companies to oil exploration and production activities.

This was first the case for American independent companies, and later also for majors and smaller Western European firms. At the same time, the new regulations provided the BRP with a large amount of data about the Algerian subsurface, and helped French oil technicians improve their knowledge of prospecting methods by obliging foreign firms to train French geophysicists in the new techniques. As I have shown, examining the transfer of this knowledge casts new light on important aspects of the conflict and explains the unfolding of diplomatic activities and negotiations.

The strategy gradually adopted by the French, mainly devised by Guillaumat and the other corpsards at the head of the French oil industry, was that of a ‘half-open door’, allowing foreign enterprises into Algeria under restrictive conditions. This was what Guillaumat had wanted since the late 1940s: foreign activities in French territory would not compromise national energy security, he assumed, if the BRP and CFP continued to retained control of geoscientific information and have a stake in the results of these operations, and if French prospectors kept the latter under close surveillance.

The Algerians challenged French exploitation plans, and found precious allies that shared with them an interest in undermining French influence over the Sahara, especially by getting hold of this geostrategic knowledge and using it in ways that would no longer allow the Hexagon’s administrations to single-handedly control Saharan resources. American com-
companies working in the Sahara, and especially US technicians visiting, or working on the Algerian oil and gas fields, were a fundamental source of information to the State Department, which used to leak secretly collected intelligence to US companies potentially interested in entering the Saharan game.

Unable to count on similar information, ENI devised a different strategy to access the Sahara. While dealing with French authorities and trying to persuade them to set up mixed companies that would also involve North African countries, Mattei addressed the FLN hoping to bypass the French once Algeria became independent. ENI established a parallel diplomacy to deal with the Algerian nationalists and support them in various ways.

On the governmental plan, both the USA and Italy had to navigate their way through a double-faced game with the French and the Algerians, for different reasons. Successive Italian administrations aimed to build good commercial and diplomatic relations with Arab countries. Yet they could not take their side too patently, as this would have compromised French-Italian relations. So, officially they sided with the French, while unofficially leaving ENI an ample degree of freedom to secretly propose ‘oily deals’ to the Algerians. Geoscientific and organisational knowledge leaked from ENI to the GPRAA helps us to see these secret negotiations, which often went against official policy positions.

The position of the American administrations had to be more carefully devised with respect to the international scenario, by virtue of the United States’ superpower status. However, here too, an ambivalent attitude is revealed. The Americans had their own military and commercial interests in Northern Africa, but were also trying to avoid the formation of alliances between the Soviets and the African nationalists. At the same time, the US authorities saw that French North African policy was imperilling Western security. While Eisenhower’s government officially sided with the French for most of the war, supporting them both diplomatically in international settings and militarily, US companies were left free to operate as they wished. Eisenhower viewed the French demise as responding to ‘the sense of history’, and the Algerian cause was openly endorsed by Kennedy’s administration from early 1961.

The links kept by the Americans and Italians with the Algerian fighters and the GPRAA not only allowed the Algerians to count on moral and material aid for anti-French purposes, but also to defend on technoscientific grounds the idea of the Sahara as an integral part of Algeria, and to plan the establishment of post-independence oil resources management.
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The support given by ENI to the GPRA played a fundamental role in this respect.

After Évian, Italy and France had to re-design their strategies for different reasons. Because of the agreement with Algeria and thanks to its production from Iraq, Iran and Central Africa, France could now rely less on prospecting as a key asset in oil security. ENI, faced with the feeble results obtained in its concessions in the Middle East and North Africa, opted for obtaining its energy provisions in a different way, namely by buying them abroad. In both cases, the result was a ‘shift’ toward other sectors of the oil industry, also relevant to national security. It is this shift that I discuss in the next chapter.
CHAPTER 5. THE MIDSTREAM SHIFT

Like death itself, the ultimate decline of our complex and wonderful oil industry is already distantly in view. Any discussion on the future of geophysics as we know must contemplate the ultimate partial replacement of oil and gas as energy sources and the ultimate role of geophysics in finding ores for atomic energy.

Paul Lyons, SEG President

By end of the 1950s, the petroleum industry was characterised by an overcapacity to produce, which would continue until the oil crisis of 1973. By way of example, between 1959 and 1960, world production increased by 6.2 percent. In 1960, for the first time, three Middle Eastern countries (Saudi Arabia, Kuwait and Iraq) all averaged over 50 Mt per year, while African production more than doubled. Even more significantly, the Soviet Union overcame Venezuela as the world’s second-largest producer. In the same timespan consumption rates also rose considerably, but new reserves were added much faster than they were being used up.

The most significant factor causing overproduction was the high number of global oil discoveries in the 1950s. As we have seen in the case of Algeria, quantitative and qualitative improvements in prospecting, a sharp rise in geophysical activity and the introduction of new techniques, paved the way for these findings. To some extent, overproduction was the consequence of the coming of age of exploration geophysics. However, I will argue, it was also the cause of the relative and temporary demise of geophysics as a geostrategic weapon in areas already subject to intense exploration.

In the cases of Italy and France, early-1960s availability of cheap and abundant Soviet oil for the former, and copious production from French-controlled African oilfields for the latter, generated new demands on national security, and reduced the need for new exploration. The fundamental phase for both countries’ national oil companies now became the

1 Lyons (1955), 506.
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transportation of oil from the field to the industrialised areas it was needed, both within and beyond national borders. The establishment, in 1957, of the European Economic Community (EEC) opened a large new market for this oil.

Exploring for yet more oil therefore became less crucial for both countries’ security than its regular transport. The flow of oil from oilfield to market would need to be smooth, without interruptions that could endanger the fuelling apparatus, consequently putting energy security at risk. Using a physiological metaphor, pipelines are the vessels through which the energy of a country flows. Problems in the flow impede energy supply, affecting the health of a state, in terms of industry, military, transport and heating. A shift in security priorities therefore occurred from prospecting activities to transport and to the wholesale marketing of crude; that is, from the ‘upstream’ to the ‘midstream’ sector. I call this phase the ‘midstream shift’.

The first section of this chapter looks at the causes of overproduction, detailing in particular the role of the Soviet Union as an exporter. I then show how geophysical activities declined on a global scale from the second half of the 1950s, and briefly look at the different development of Italian and French geophysical operations up to that point. In the remaining sections, I focus on how oil operations moved to the midstream in Italy and France. Regarding ENI, I analyse how the abundance of Soviet oil materialised into agreements with the Italian company, and the diplomatic issue these initiatives determined. I then demonstrate how ENI engaged in a pipeline duel with a consortium of US and European companies, with the aim of supplying the West European market.

At the same time, I show how the Italian company eventually came to terms with American majors on the commercial side, and signed a number of considerable supplying contracts with them by the early 1960s. I also look at how the French authorities established a system of pipelines in Algeria, devising their paths according to geopolitical concerns. Saharan oil not only allowed France to reach a certain degree of energy autonomy, it also generated the problem of commercialising the new oil in the Métropole, where the distribution market was mainly in the hands of foreign companies. I discuss the strategies devised by French oil agencies and governmental institutions to overcome this problem.
5.1 An oversupplied market

The 1950s were the age of ‘elephants’, as large oilfields were known among oilmen.\(^4\) In 1953 that situation had already prompted Everette DeGolyer, the prominent American geophysicist, to forecast one of the majors’ worst nightmares: overproduction. Marketing oil, rather than producing it, became the main problem.\(^5\) The striking figures Daniel Yergin reports are self-explanatory in this respect; world oil production increased from 438 Mt a year in 1948 to 2,100 in 1972.\(^6\) Unsurprisingly, such colossal production also affected world prices, which between 1954 and 1970 decreased from $15 to $10 per barrel.\(^7\)

We have seen how in the 1940s and for most of the 1950s, the strategy of scarcity production enabled a cartel of Anglo-American companies to manage the oil market by acquiring a large number of concessions in oil-rich areas, and imposing limits to oil production.\(^8\) I have also explained how intelligence and diplomacy work took place to reduce the influence Italian and French interests could play in this strategy. However, by the late 1950s, not only had the growth of national oil enterprises undermined these plans in a number of areas, but several new market factors were putting this approach at risk. One such factor was the colossal amount of oil the Soviet Union had started extracting and marketing.

A further element was the appearance on the market of a few, aggressive independent oil companies. For example, while in 1946 only nine companies operated in the Middle East, by 1956 there were nineteen (and eighty-one by 1970). The most significant instance of the activism of these new competitors was revealed in Libya. Here, especially after the Algerian discovery of Edjel in 1956, and thanks to new legislation that welcomed foreign intervention, British, French, North American, Dutch, German and Italian companies hastened to ask for exploration permits.

Most new enterprises were private and had their headquarters in the USA, but a few were national companies backed by their governments, as in the cases of ENI and BRF’s affili-

\(^4\) Yergin (2009), Ch. 25, p. 481 et seq.
\(^5\) Yergin (2009), 481. Source reported: DeGolyer to Wellings, 24 December 1953. DeGolyer papers, 1982. The most important findings of the decade were: the Rumaila field in Iraq as well as the Pembina field in Canada were discovered in 1953; the major Algerian and Central African fields were found between 1956 and 1960; the Iranian Ahwaz field, in 1958, the Ural-Volga fields in the Soviet Union, by the early 1950s; the Zelten oilfield in Libya and the Daqing oilfield in China, in 1959. The world’s largest oilfield, Ghawar, discovered in 1949, started its production in 1951.
\(^6\) Yergin (2009), 481-2. Figures here are given in tons per day, whereas in the original source they are expressed in barrels per day.
\(^7\) Parra (2010), 73-4.
\(^8\) Mitchell (2009, 2011).
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ates. By 1963 crude oil production in the hands of independent companies in exporting countries, plus net exports from the Soviet Bloc, amounted to roughly 10 percent of all oil entering primary international trade. Five year later, this share had reached 15 percent. This was still a low figure when compared to the majors’ output, but it was rapidly increasing. Producing scarcity had stopped being a suitable strategy because of the frantic commercial operations of rivalling firms. Keeping prices high by reducing oil availability would not work when a crowd of aggressive competitors was waiting for the slightest opportunity to take shares of the market. This strategy was also put in jeopardy by the Soviet Union.

In the USSR, oil production rose spectacularly from 71 Mt to 243 Mt between 1955 and 1965: a 3.5-fold increase. In 1958, CIA Director, Allen Dulles, warned the US Cabinet that “[t]he free world face[d] a quite dangerous situation in the Soviet capacity to dislocate established markets”. The new Soviet production had significant implications for Western security as well, as it meant a higher capability to boost production of USSR’s heavy industries and fuel its military machine. The Soviet Union also increased its exports. Over ten years, the exports’ share of total Soviet production rose from 5.2 percent to 26.4 percent, and oil exported to non-Communist countries increased from 3.8 Mt in 1955 to a stunning 35.5 Mt in 1965. Such bonanza was the result of an immense prospecting effort, which bore its finest fruit in the Ural-Volga region, where a number of large oilfields were discovered. Not only could the Soviets produce a colossal amount of oil, they could also offer prices that international companies could not match. But more significantly, their objective was not to produce scarcity; it was to use oil to create dependence from a strategic resource in the Western bloc.

In order to be able to compete, the majors opted for cutting posted prices, allowing them to share losses with producing countries instead of having to bear them alone. Between 1959 and 1960 BP, SONL and other majors agreed cuts of between 7 and 10 percent. This was immediately denounced by producing countries. Tired of their lack of decision-making power, the majors’ price cuts would ultimately lead to producers clubbing together in OPEC in 1960.

10 Parra (2010), 87.
13 Ebel (1970), 40, 44.
As BP cut prices, Eisenhower’s government imposed a system of mandatory quotas on foreign oil imports to the USA, intended to protect American domestic production from cheap foreign oil and avoid the country’s dependency on imported supplies. Essentially, such a system restricted imports to an amount equal to the difference between the government’s estimate of domestic oil demand and the estimate of domestic oil supply. This provision shut off the largest world market to the growing Middle Eastern production. As African and Asian oil consumption was still negligible, and as the Soviet Bloc was closed to the majors, the only conceivable solution was to attempt placing this oil surplus into a Western Europe that was already being massively supplied by them.\(^{15}\) In general, however, as I showed in the Italian and French cases in the 1950s, the majors’ efforts to control European oil markets were met with resistance, and were only partially successful.

Soviet oil exports were part of a larger offensive, in which barter agreements were employed as powerful economic and diplomatic weapons, in that they enabled beneficiary countries to find outlets for their productions. When trading with Egypt, the Russians bartered oil for cotton; in the case of Cuba, they swapped oil for sugar.\(^{16}\) Technoscientific expertise was also used as a lever to convince developing countries to collaborate. This was a cornerstone of Soviet oil policy, and it had been successfully employed in Afghanistan, Ethiopia, Pakistan and Egypt. The Russians provided crews of experts to assist the locals with building pipelines and tankers, executing geological studies, and training executives of the national oil industry. Indeed, such training was not limited to technical aspects: it catered for political and social engineering.\(^{17}\)

Reactions to the Soviet oil offensive varied from country to country. While, expectedly, the American government firmly refused to allow Soviet imports into the United States, European positions were more varied, depending heavily on each country’s trading activity with the USSR. In terms of Soviet exports, the top three West European countries in 1957


\(^{17}\) AHTOTAL - Fonds Total-CFP, b. 90.4/102, Revue de presse, n. 30, Chronologie des accords politiques entre l’URSS et les pays arabes, December 1958; *The Reporter*, “The Soviet Oil Offensive”, by Leon M. Herman, 21 June 1962, p. 27. Also the French and Italian oil agencies put technoscientific expertise at the service of diplomatic aims. For example, in the early 1960s, IFP helped establish the Iranian Exploration, Refining and Petrochemistry Centre in Tehran. Its technicians also ran courses for Indian engineers at the Indian Oil Institute, which the IFP had also contributed to establishing. After the Algerian independence, IFP also helped setting up the Algerian Oil Institute. IFPTD - Rapport d’activité 1961 et programme pour 1962.
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(the UK, West Germany and France) imported merchandise for 756, 286 and 268 million roubles respectively. Exports to Italy only amounted to 117 million. However, Italy was the only country among these whose balance of trade was negative.  

In Britain, Harold Macmillan’s government was divided on the issue on an oil embargo. It implemented one in 1959, but serious divergences remained between government departments, notably between the Board of Trade (against) and the Ministry of Power (in favour). In France, CFM President, Victor de Metz, feared that Soviet trade could extend to the entire EEC, and hoped an alliance between Arab producers and oil majors could counteract the nefarious ‘red oil flood’. The Arab countries turned their noses up to the Soviet exports strategy, but their heavy dependence on the Soviet economy and technical expertise prevented them from taking retaliatory measures toward them.  

The Italians were conspicuous by their silence, the reason being that ENI’s trade with the USSR was all but insignificant, as were commercial exchanges between the Soviets and many large Italian industrial concerns such as FIAT. As I will show later, Italy’s favourable opinion of Soviet oil was to become crystal-clear to the rest of the Western world in 1960. But I consider first how overproduction in the Soviet Union and elsewhere produced an important change in prospecting activities.

5.2 Decline in geophysical activity

One of the factors causing overproduction was the number of discoveries brought about by oil prospecting in the 1950s, a “burgeoning era of geophysics”, as Charles Bates et al. have described it. Innovation in geophysical prospecting greatly improved the study of oil deposits and made it possible to exploit the more efficiently. The introduction of magnetic recording (which I touched upon in Ch. 4), coupled with the advent of electronic analog

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18 The equivalence is 1957 was 1 rouble = 4 dollars (http://www.cbr.ru/currency_base/OldVal.aspx, accessed 22 January 2014), so the figures reported correspond to $3.02 billion for the UK, $1.14 billion for West Germany, $1.47 billion for France, and $468 million for Italy. Bagnato (2003), 97.

19 Jensen-Eriksen (2012), 204. The embargo notwithstanding, Italian-labelled oil products made from Soviet oil were sold by ENI’s British affiliate in the UK in the early 1960s (Spencer (1966), 100-1).

20 Carta (1990), 289.


computers, revolutionised the handling of data. Thanks to the new devices and more refined techniques for data analysis, geophysicists could now devote more time to examining, interpreting and reinterpreting logs of new and already existing oilfields. The speed and ability of computers made it possible to disentangle demanding problems beyond the scope of humans in the same timeframe.\textsuperscript{23}

Data from many field crews could be fully processed through central offices, equipped with magnetic playback devices. These included tools for carrying out routine time corrections and computations on data, and for preparing time-corrected depth records. More generally, the readability of seismic sections was significantly improved. Processed records and sections were now sent to an interpretation group.\textsuperscript{24} Playback centres assumed a paramount importance in interpretation branches of geophysics, and being able to use one’s own playback centre made a big difference among oil companies. Those who did not own one, necessarily had to rely on other companies to have their data interpreted and processed. That meant, beside a very high risk of data confidentiality being compromised, a substantial financial burden for the company.

AGIP Mineraria (ENI’s exploration division), for example, employed WGC’s playback centre from 1960 to 1961. In 1961, Mineraria’s electronic laboratories were assigned the task of building a system capable of reading and ‘cleaning’ magnetic tapes produced by WGC. After company representatives visited the USA, to choose the best available equipment, Mineraria built its own playback centre by purchasing American units and assembling them on its own. The centre the company opened in 1962, however, soon proved inadequate, and was only used for a couple of years. It was replaced in 1964 by an analog playback centre purchased from the American firm GeoSpace.\textsuperscript{25} The operative centre of exploration geophysics moved from the field to these new units. Interpretation of data became an activity that only staff specifically trained in the use of the new electronic tools could perform, and a new professional figure, the computer scientist, began to support the work of field geophysicists.\textsuperscript{26}


\textsuperscript{26} The introduction of computers and mechanised data handling also led to a new subfield of support for exploration, operations research, supporting activities planning and decision making by means of
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After magnetic recording, a second major breakthrough in data processing was produced by the introduction of digital techniques. Although military restrictions imposed on private use of digital electronic computers at the end of World War II slowed down geophysical development in this area, problems encountered in digital recording for seismology were essentially the same as those encountered, and solved, in related fields such as telemetering data from rockets and satellites, and seismic detection of atomic tests. In the early 1960s, some of this information on digital techniques was more freely available in the literature. 27

Thus from the early 1960s, digital computers, simple programming languages such as Fortran, and high-speed analog-to-digital converters permitted fast conversion of raw seismic data without an intermediate stage of analog recording. In turn this stimulated the growth of digital methods for the processing of geophysical data. Texas Instruments produced the first integrated circuit-based computer for the US Air Force in 1961, and in 1963 commercialised its first digital computer. 28 Besides being faster than their analog counterparts, digital methods were characterised by an increased dynamic range – the ratio between the largest and smallest possible values of a changeable quantity –, a greater flexibility in signal filtering, and less noise and distortion in compositing tracks coming from new seismic sources such as weight-droppers and vibrators. These new non-explosive seismic sources enabled savings in terms of explosives and reduced safety risks for the staff. Computers were also more suitable for automatic plotting and contouring, and for telemetering seismic data from field to playback centres. 29 By the mid-1960s, most oil companies had digital field recorders to work with, and started processing the data provided by their contractors themselves.

But although geophysics was progressing at a fast pace, global geophysical activity started to decline. In fact, unparalleled increase in geophysical activity for most of the 1950s caused a negative feedback loop in the exploration-discovery-production cycle. More exploration had resulted in more discoveries, which in turn materialised in increased production, thus leading to lesser impetus for further exploration. Such process did not slow down research on geophysical technology. Instead, the effects of upcoming overproduction were felt in the declining number of crews engaged in exploration proper.

28 Ibid.
At the same time, the necessity for companies to be in the technological vanguard led them to use their funds to develop new instruments. It is worth emphasising that most research and development of new instruments was carried out in the USA while, with a few exceptions, European oil companies and geophysical contractors often borrowed American equipment, or took it as a model. So, US companies (together with a few European companies such as the Société française de matériel géophysique, SFMG) could counterbalance the negative effects of overproduction by restructuring the geophysical prospecting sector. European competitors, in general, could not, so had to develop other forms of technical expertise that could be used as commodities in oil agreements. This explains why, for instance, ENI sought partners in the Middle East, North Africa and Russia with a view to exchanging crude oil with support to typical midstream services such as pipelining.

In his 1952 report to the Society of Exploration Geophysicists, Gulf Research and Development’s executive Engelhardt Eckhardt had described the expansion of geophysical operations in 1951 as “unprecedented” when compared to the previous years. But that trend was very soon reversed. USA-based geophysical exploration activity peaked the following year, and then started to decline (Fig 5.1). Ten years after Eckhardt’s report, seismic crews operating in the United States had decreased from 710 to 283. The Geophysics review recorded a marked rise throughout the 1950s in the ‘Middle Eastern and African’ activity, but only thanks to a great expansion of activities in the latter area.

This decline was heightened once African geophysical activities had also reached a plateau in the early 1960s. 1962 marked an overall decrease of 32 percent in world geophysical activity, compared to the 1956 world peak year (Figs. 5.2 and 5.3). In all areas of the globe, excluding a few areas of Africa and the Soviet Union, the importance of geophysical operations seemed to have moved to the background. As for the Soviet Union, geophysical prospecting grew at an incredible pace in the 1950s. In 1958, the USSR directed 758 geophysical crews; unlike the decreasing trend in the USA, the Soviets had scheduled operations for around 1,200 geophysical crews by 1965.

Contributing to a generalised feeling of ‘doom and gloom’ in American oil exploration

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geophysics was the rise of atomic energy. In 1955, when the decreasing trend had already started in the USA but not yet reverberated on world activity, Paul Lyons, the President of the Society of Exploration Geophysicists, commented: “Already to some extent our old oil finding instruments have given way to the Geiger counter and the scintillometer”. He then went on to make his bleak forecast for oil exploration geophysics, quoted at the beginning of this chapter.34

However, Lyons acknowledged that such decline had primarily been due not to atomic energy, but rather to the excessive amount of oil recently discovered, which in turn, had been caused by the tactic of being “the firstest with the mostest”, adopted by oil companies when dealing with the exploration of new areas.36 At the beginning of the exploration era in many new territories, the fastest companies to obtain concessions and operate with a large number of technologically advanced seismographs or gravimeters had the highest chance of prospecting for large oil-bearing structures that responded easily to geophysical measurements. A feverish rush to yet unchartered areas had thus resulted. This modus operandi, characteristic of the United States at the dawn of exploration, was now being ap-

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34 Quoted from: Lyons (1955), 506.
35 Smith (1963), 1054.
36 Quoted from: Lyons (1955), 507.
plied by independent companies, especially in Africa. In the second half of the 1950s, in a few areas of the Sahara desert, and in Algeria and Libya in particular, exploration was going on at a fantastically rapid rate, with hundreds of parties using the most advanced instruments.

![World seismic activity #1 (1947-1962)](image)

An idea of the high technological competition that the swarming of world oil companies to Libya propelled, is provided by Francesco Guidi, former chief geophysicist of ENI’s Libyan affiliate, *Compagnia ricerca idrocarburi*, who affirmed: “[I]n the 1960s [Libya] had the highest concentration of world exploration outside the USA. Around 40 seismic groups and 80 drilling plants operated there”.

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Italian and French companies were no exception to the general decline. Their exploration activities dwindled as oil became increasingly available (Figs. 5.4 to 5.6). In its 1958 yearly report, the BRP lamented “a sudden interruption” of the increase in geophysical activities, and a marked regression of revenues. The French slowdown was of a completely different scale compared to the Italian one though, as the diagrams reported show. At its peak, BRP’s activity, which by and large can be likened to CGG’s, reached around 850 crew months, vs. slightly over 200 for AGIP. By the late 1950s CGG, thanks to what essentially amounted to priority rights over geophysical prospecting in the entire French Union, had become the largest European geophysical company (excluding the Soviet Union) and the third largest in the world. This was unparalleled by any Italian geophysical agency. In fact, the striking contrast in the development of French and Italian geophysics can be explained by several structural circumstances.

In Ch. 2 and 3 I highlighted how an important difference existed in the attitude of both countries’ élites toward the development of autonomous technoscientific research. In the French case, technoscientific prowess was seen as a fundamental way of re-establishing the
country’s grandeur, and stimulated geophysical research correspondingly. The Italian Parliament, however, firmly opposed any increase in the expenses for research, considering it one among many factors affecting public spending, seen as the main cause of inflation. In general, the Italian scientific industry, while developing expertise in sectors such as mechanics, chemistry and rubber technology especially in the twenty years between 1950 and 1970, was characterised by a limited role for innovation in the country’s economic development. According to industry historian, Renato Giannetti, Italy remained essentially a country of technology importers, imitators and tinkerers, rather than innovators.

A further difference related to the attention given to applied geophysics. While France was home to CCG and had strong links with US-based well logging giant Schlumberger, Italy could not count on national firms of equivalent reputation in prospecting innovation. The Hexagon could benefit from élite technical education and professional corps such as the

41 AHTOTAL - Fonds ELF-ERP, b. 07AH0024, DICA - Éléments Statistiques Activité Industrie du Pétrole, 1965. The diagrams do not specify which company carried out the prospecting works for BRP and affiliates. However, from Total archive documents we know that almost all of the French public agency’s prospecting was entrusted to CCG.
43 Maiocchi (1980), 961.
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École Polytechnique and the Corps des mines, the importance of which for training and the management of oil institutions I have already demonstrated. In addition, the actions of the IFP provided a strong backbone for oil-related research. In contrast, by the early 1960s there were only two chairs of applied geophysics in Italy – in Rome and Trieste – and, among the remaining academic institutes, only the Lerici Foundation executed its own studies in oil exploration, mostly for ENI.

Fig. 5.5 The BRP and affiliates: geophysical activity (number of crew months) in the franc zone, by method (1951-1965)

The poor status of applied geophysics in Italy was bitterly summarised in 1963 by Lerici’s Director, Luigi Solaini, in his opening speech for the inauguration of ENI’s school academic year. Up to then, he argued, Italian contributions had been rather modest, with a few exceptions. While in theoretical studies the position of Italian research was not too weak, this

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45 Yates (2010).

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was not the case in the development of geophysical equipment, which required financial means unavailable to university institutes. Italy could not aspire to a prominent position here, due to US constructors’ supremacy in building and perfecting exploration machineries, and to a weak internal market.

However, Solaini believed that the construction of special tools, studies on existing ones, and modifications of some significance could be performed by a well-equipped laboratory even if not endowed with huge financial backing. Italian scholars would have the chance to successfully dedicate themselves to this second kind of activity. The Lerici Director’s view of Italian geophysical institutions was bleak:

National geophysical centres are non-existent. The National Geophysical Institute does not work with applied science; the geophysical section of the Italian Geological Service has desirous means and staff, and limits itself to performing a few surveys, but does not commit to research.

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49 Ibid.
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That was not completely true, as the Italian Geophysical Institute did commit to research in seismology. However, it focused mainly on earthquake seismology, not oil and gas exploration, as an examination of *Annals of Geophysics*, the Institute’s review, reveals.\(^5^0\) Furthermore, the institute operated with limited funds forcing it, especially in the early postwar years, to focus on surveys and mapping of key geophysical features, casting aside specific studies on natural resources. ENI, and in particular its affiliate *Società anonima italiana perforazioni e montaggi* founded in 1956, did contribute to technological innovation in exploration, even becoming the European leader in some specific subfields such as the construction of pipelines and marine platforms for drilling operations, but it did not deal with geophysical prospecting proper.

On the French side, CGG had developed to an industrial scale by the early 1960s, expanding to a broad range of technologies and mastering an ample range of techniques. After the first years of technological dependency on US equipment, the French administrations and CGG engaged in creating a French research and development sector capable of producing innovative technology. SFMG was set up by CGG in 1956, to develop French-built electronic materials, in particular magnetic recorders. It was thus possible to achieve some autonomy from American manufacturers. The French geophysical industry could thus eventually count on its own electronic instrumentation for geophysics. SFMG soon commercialised the first French-made transistorised amplifiers for reflection and refraction seismology.\(^5^1\)

In the late 1950s, CGG also developed its own radio-localisation procedure for marine seismological studies, *Toran*.\(^5^2\) Still in marine studies, in 1966 IFP patented an innovative seismic source of its own, *Flexirotir*, and equipped a number of CGG ships with it.\(^5^3\) In a way then, France’s diminished geophysical activity in terms of crew months and personnel was counterbalanced by the internationalisation of the French prospecting industry, which started exporting its own technological products, thus fulfilling one of the functions originally planned by de Gaulle and Guillaumat for the rebirth of France as a great power.

Effort was also deployed to establish a France-based training institute for oil technicians

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53 *Flexirotir* used explosives in a pierced spherical cage, the idea being to disperse the bubble to prevent oscillations. IFPFD - Rapport annuel 1966, p. 8; Rachline (1998), 46.
within IFP. In 1954, the École nationale supérieure du pétrole et des moteurs was created. It maintained close links with DICA and the Ministry of Industry, and its teachers, besides working as consultants within the Institute’s central scientific department, also liaised with universities. Constant exchanges between geophysical manufacturing companies and the Institute’s engineers facilitated the development of new equipment and its commercialisation.

In spite of progress in technological developments, by the early 1960s it looked as if the era of expansion in geophysical activities was over. The looming midstream shift materialised in 1960, with Eni’s Soviet contracts.

5.3 The contracts that threatened the Western Bloc

By 1960 Egypt was the only other country where Eni was extracting oil. It provided 1.9 Mt of crude oil per year out of Eni’s total production of 2.5 Mt. The lack of oil findings of the same magnitude instigated a reassessment of the company’s supplying strategy; immediate availability of oil was prioritised over long-run exploration programmes. This led first to the signing of contracts between Eni and the Soviet public monopoly, Syuzhnefteexport (SNE), and later to agreements with American majors.

All authors who have written about Eni underline the significance of a large agreement signed in October 1960 between Eni and SNE, although Bagnato has emphasised this was only a further step in a trade that had started much earlier. Since the end of 1958, Eni had agreed to import crude oil in exchange for goods and services. The first of these contracts bartered oil for synthetic rubber produced by the Eni affiliate, ANIC, under a license owned by Phillips Petroleum. In late 1958 Mattei secretly met a number of government officials in Moscow, including SNE’s President, Evgeniy Gurov, and consolidated the group’s relations with the Soviet company. For Eni, 1958 also marked the beginning of trade relations with another important pawn on the geopolitical chessboard: Mao Zedong’s China.

57 The most complete study on the political-diplomatic aspects of Italian trade with the USSR is Bagnato (2003).
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1958, Mattei secretly visited the Far Eastern country, the government of which had not been recognised by either the Italian government or the UN as a result of American pressure. This visit would culminate three years later in ENI’s first Chinese trade agreement. 59

Transactions between Italy and the Soviet Union did not stop even when the Italian Premier, Fanfani, decided to accommodate US intermediate-range ballistic missiles on Italian territory, although the Soviets complained strongly. 60 Diplomacy historian, Leopoldo Nuti, has argued that the deployment of US missiles in Italy was looked favourably on by the Italian government as it would give Italy “a nuclear status of some sort and would improve its national prestige”. 61 However, Fanfani’s decision was a clear statement of the dependence of Italian security on American goodwill, and was not welcomed by diplomats such as Quaroni, currently the Italian Ambassador in West Germany, who lamented DC passiveness to NATO diktats. According to Soviet newspaper, Sovetskaja Rossija, he declared: “We are simply [US] satellites and nothing else”. 62

US and French diplomacies (as well as CIA and SDECE) now kept ENI under surveillance, updating their governments in a number of secret reports. 63 The French contended that an Italian-Soviet agreement on oil would be highly dangerous indeed. Italy could process Soviet crude oil in its refineries, relabel its products as Italian, and export them to the Common Market, thus impairing the commercialisation of French oil from Algeria to Western Europe. Mattei’s travels to Moscow elicited Fanfani’s visit to the US Embassy in Rome, where Ambassador James Zellerbach cautioned him that Mattei’s acts made it difficult to believe the Italian government was aligned with NATO. Fanfani argued that although Mattei’s behaviour was risky, he had no means of stopping state companies trading. 64 But if he

60 ASMAE - Telegrammi ordinari, Russia (Ambasciata Mosca), 1959, vol. 42 arrivo (Jan-May), n. 10280, Iterm Moscow (Bounous) to MAEI, ‘Nota sovietica all’Italia sui missili’, 28 April 1959; n. 10291, ‘Nota sovietica sui missili’, 28 April 1959; vol. 43 partenza (Jan-Aug), n. 5953, MAEI (Straneo) to Iterm Moscow, ‘Risposta a Nota sovietica circa missili’, 8 May 1959.
64 NARA - RG 59, Central Decimal Files, 1955-59, b. 3617, f. 765.13/12-2958, Foreign Service Dispatch,
had not, who else could have? Fanfani himself must have known that his justifications were not wholly convincing. His argument suggested a refusal to stop the ENI President’s initiatives.

A year later Giuseppe Ratti, ENI’s marketing counsellor, met US Embassy staff. In a conversation with the Embassy’s First Secretary, Albert Nyren, he described ENI’s contacts with the Soviet Bloc. Nyren stated that Ratti had “always been friendly and open to the Embassy representatives”. Ratti confirmed ENI-SNE contacts, while clarifying that his company’s future purchases would depend on the price offered by the Soviets and on the opportunities offered to Italian firms to sell their goods in return.65 By the end of 1959, negotiations for the one contract that would cause scandal in the oil world were already ongoing, and it is hard to believe Ratti was not aware of the increase in ENI’s oil imports from the USSR.

But Ratti was manoeuvring in a climate of uncertainty. Fanfani’s government, disposed to an opening to the Socialists, had fallen in January 1959, and DC was now controlled by its right wing. The new leadership was hostile to statism, and this threatened Fanfani and Gronchi’s Neo-Atlanticist project of asserting a degree of autonomy from the USA in foreign policy, which was also endorsed by Mattei.66 Without government support, ENI needed to display a favourable stance to American diplomats, so as to avoid the consequences of Fanfani’s fall and the subsequent changes in government attitude. To sum up, presumably Ratti was using his friendly relations with the US Embassy to dispel Americans concerns and misrepresent ENI’s oily deals with the Soviets.

Although the signing of the October 1960 agreement by Mattei and the Soviet Minister of Foreign Trade, Nikolai Patolichev, was not surprising, its size undoubtedly was.67 The Soviets committed to sell ENI 11 Mt of crude and 1 Mt of fuel oil over four years (1961 to 1964). ENI would provide the Soviets with technological products such as synthetic rubber, steel pipes and equipment for pipelines.68 The overall deal was worth $100 million in each

67 According to former ENI’s Vice-President, Eugenio Cefis (statement made to Bagnato on 18 July 2002 and reported in Bagnato (2003), 374, an important role in liaising between ENI and the Soviets was played by Communist Party executive and Cefis’s wartime friend, Giancarlo Pajetta.
68 ASMAE - Telegrammi ordinari, Russia (Ambasciata Mosca), 1960, vol. 59 arrivo (Jul-Dec), n. 36288, Italian Embassy in Moscow (Itemb Moscow) (Pietromarchi) to MAEI, ‘Contratto ENI-FINSIDER’, 3
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direction. In February 1961, ENI signed a further commercial protocol, which integrated the previous one, and covered the period from 1962 to 1965. Italy would import 21.4 Mt of crude oil over the next five years and 700 kt of fuel oil per year. The Soviets accepted a review of these provisions should increases in Italian consumption allow a corresponding augmentation in the amount of Soviet oil, and agreed to respect a limit of 14 percent over Italy’s overall imports.69

An interesting aspect of the new deal was the Italians’ contract to build eight oil tankers for the Russians, which was the largest ever signed by the Soviet company, Sudoiimport, with European and non-European countries, and triggered criticism from Washington.70 Incidentally, two months before the Italian contract, West Germany had also signed an important barter contract with the Soviets. The exchange value was double that of the 1960 ENI-SNE agreement. Among German exports to the USSR were plants for chemical and extractive industry, iron and steel products, ships and large-diameter pipes; among its imports, crude oil and products.71

The Soviets’ successful strategy of exporting oil had a powerful symbolic significance that could affect US national security, commented the CIA alarmingly. The Soviet system, by “beating Western private enterprise in competitive markets, would be used as an example of the Soviet system winning out over the American system”.72 But one of the reasons most frequently stated by Italian officials for buying oil from the USSR was the obligation to

October 1960; n. 37331, Itemb Moscow (Pietromarchi) to MAEI, ‘Importazione petrolio’, 11 October 1960. For the laborious negotiations preceding the agreement, mainly carried out by Giuseppe Ratti and under the auspices of Italian Ambassador Luca Pietromarchi, see: ASENI - Fondo ENI, Presidenza Raffaele Girotti, b. 264, fd. 482E, especially ‘Missione a Mosca’, 8-17 March 1960; ‘Missione a Mosca per affare ‘Oleodotto’’, 23-28 June 1960; ‘Missione a Mosca per ‘Affare oleodotto’’, July 1960; ‘Missione conclusiva dell’‘Affare Oleodotto’, Moscow; 14 September - 14 October 1960.


source energy from abroad. France and Germany could count on large domestic resources of coal; Italy almost totally depended on oil. Moreover, Eni’s production was not sufficient for the growing national energy needs.\textsuperscript{73} It was inevitable that Eni’s trading with the Soviets would soon bring the Italian company to the attention of transnational organisations. In Ch. 6 I will show that NATO and the EEC established ad hoc committees to study the impact of Soviet oil imports on Western economic and military security.

In March 1961, Kennedy’s Ambassador at Large, William Harriman, flew to Rome to meet Italian government officials and party leaders. He also met Mattei, with the sole result of having to endure the tycoon’s tirade on how it had been Western companies’ blind, short-term profit policy that had induced Eni’s Soviet deal.\textsuperscript{74} In the same month, work started on a pipeline that Eni intended to build connecting Italy to Switzerland, the Central European Line (see para 5.4). The first step therefore seemed to have been made toward what most Common Market governments, NATO and the oil majors feared most, namely Soviet oil flooding of the West European market via Italy.\textsuperscript{75} Thus Eni’s mode of midstream shift troubled US officials. Security concerns were no longer exclusively associated with outsourcing oil, but also with its distribution. The Eni case clearly demonstrated this, as more intelligence was amassed in France, the UK and the USA about the Italian company’s purchases, and more diplomats considered how to prevent an expansion of Soviet influence in oil deals in Western Europe.

Like Italian relations with Middle Eastern and North African countries, Italy’s contacts with the Soviets were part of a strategy of international expansion. By July 1960 Fanfani was back in his seat as Prime Minister, and Mattei knew he could count on him. He had a further ally in the Italian Ambassador in Moscow, Luca Pietromarchi. Fanfani and Pietromarchi were sponsoring a general commercial détente with the USSR, and Eni was not only a part of this but its leading edge. The entire Italian industry – Eni was not alone in this respect – felt it was being restrained by exclusively Western alliances, and missing out on an incredible opportunity to enter an untapped market.\textsuperscript{76} Such expansion aspirations had also materialised in Eni’s and other large Italian enterprises’ moves in North Africa.

\textsuperscript{73} Perrone (1995), 146-7.
\textsuperscript{74} NARA - FRUS, 1961-1963, XIII, West Europe and Canada, Editorial Note, p. 798-800. The quote is from p. 799.
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In addition, the Soviet dealings squared with Fanfani and Mattei’s Neo-Atlanticist policy. Only by setting itself as a bridge between the West and non-Western countries, be these Arab producers or the Soviet Union, could Italy aspire to an independent role in the Atlantic setting, and avoid international marginalisation. Under America’s wing, it did receive protection, but at the high cost of neutralising its own autonomy in foreign policy. 77 From the Soviet perspective, deals with the Italians were part of a plan, launched by Soviet First Secretary, Nikita Khrushchev, in May 1958. Khrushchev sought to strengthen the Soviet chemical industry and the production of plastics with the help of foreign technicians, machinery and capital. This is why the Soviet government not only approached Italy, but West Germany and the UK as well; it also planned collaboration with US industries. 78

Anticipating accusations made against ENI in the following months, the New York Times warned about the consequences of the Soviet agreement for Italy’s position regarding the security of the Western world, while also raising some questions about the effectiveness of Italy’s contribution in the event of an international crisis. 79 In the American press, as well as in the NSC and State Department reports, dangers deriving from dependency on Soviet oil were always highlighted: for example, the Russians may decide to abruptly interrupt their deliveries following unfavourable political decisions by Western bloc governments. Soviet dependency on Western technology, however, was largely neglected; discontinuing exports would have deprived the Eastern giant of part of its industrial power. This reason, more than any other, made an interruption of supplies unlikely.

When French diplomats were made aware of the ENI-SNE agreement’s negotiations, they protested to Italy, but ENI responded with a short memorandum defending itself on economic grounds, and returned French accusations to the sender on technical grounds. ENI maintained that Soviet crude oil had characteristics more suited to the needs of Italian refiners and the national consumption structure, in comparison to Saharan crude. The French, the memorandum continued, were trying to politicise a justifiable technical and economic issue, so as to favour their Algerian crude. 80

ENI’s plans also endangered British interests. In early 1959 Mattei had taken initial steps to-

77 Bagnato (2003), 14.
78 Bagnato (2003), 60-2.
wards the expansion of ENI’s distribution activities in the UK, where he aimed to conquer a quarter of the distribution market using cheap Soviet oil.81 However, this threatened the embargo the British had barely managed to have approved. Confronted with BP and Shell’s scepticism about Mattei, the British Ambassador in Rome, Ashley Clarke, reiterated his proposal that they begin talks with him. ENI and its President were not, in the Ambas- sador’s view, “passing phenomena which [would] conveniently disappear if the British Oil Companies avoid[ed] looking at them”.82

However, Assistant Undersecretary at the Foreign Office, Roger Jackling, replied that it was too early for companies to make life easier for ENI. If British companies came to terms with Mattei, it would only encourage him to continue using his aggressive strategy, and escalate his requests to the majors. Moreover, ENI’s growing dependency on the Russians might be a source of embarrassment for the Italian government in regard to its Western allies, and had also been very coldly received at the Second Arab Petroleum Congress held in Beirut in mid-October.83 Things would fall into place by themselves, Jackling thought, due to Mattei’s overstretched and hazardous tactics.

ENI’s expansionist attitude, which was already manifesting itself in North Africa, also worried the French Ambassador in Rome, Gaston Palewski. When in late 1959 the Italian President, Gronchi, was invited by Khruschev to visit the USSR, Palewski was not so much anxious about an Italian-Russian rapprochement, as he was of the fact that Gronchi could be a beachhead for Mattei’s plans.84 Anxieties expressed by diplomats with respect to the Soviet oil offensive were substantiated after the signature of ENI’s contracts, in mid-1961, when Gurov declared to a Soviet journal that the USSR meant to demolish the edifice the majors had built:

It should be borne in mind that oil concessions represent the foundation of the entire edifice of western political influence in the [less developed] world, of all military bases and aggressive blocs. If this foundation cracks, the entire edifice may begin to totter and then come tumbling down.85

81 TNA - FO 371/145054, fd. RT 1152, ‘Visit to UK by President of ENI-AGIP of Italy’, confidential, Britemb Rome (Clarke) to FO, 15 January 1959; Buccianti (2005), 262.
84 Bagnato (2003), 176.
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While American security and governmental authorities were trying to keep a low profile on the issue of Soviet oil, and prevented their anxieties from leaking beyond their offices, the Soviets were blatantly announcing their intentions. As a consequence, an alarmed Harry Kern, the Director of the review *Foreign Reports*, circulated a memorandum in July to top policy officials in the State Department and to the West German Chancellor, Konrad Adenauer. The document advocated an oil embargo against the USSR as a retaliation measure against its stance on the Berlin crisis, which the Soviet government had opened in June by issuing an ultimatum demanding the withdrawal of Western armed forces from West Berlin. The embargo, Kern suggested, would only end once the Soviet accepted “normal standards” in the marketing of their petroleum products. 86

He further advised that Adenauer, in declaring the oil embargo, point out that it was being put into effect not only because of Berlin but also in the interests of Arab producing countries. Adenauer should thus ask these countries to associate themselves with the defence of Berlin. An association of some Afro-Asian countries would be essential at the UN, especially at a time when these countries were receiving no support from the West in key international disputes such as the Biezerte affair (see p. 187). 87 However, Kern’s proposal was not met with favour by State Secretary, Dean Rusk. A Soviet oil embargo was not discarded, but NATO authorities, to whom the memorandum had also been forwarded, believed it was too early to declare it. Kern’s proposal was a further indication of how much realpolitik dynamics weighed in energy security. Economic interests were camouflaged under a political cover, and the Berlin crisis was used as a convenient excuse to justify a long-desired embargo on Soviet oil.

American anxieties were also clearly expressed in two documents produced by the US Senate, *Soviet Oil in the Cold War and Problems raised by the Soviet oil offensive*, in 1961 and 1962 respectively. 88 In the first study, authors Halford Hoskins, a senior specialist in international relations, and Leon Herman, an analyst in Soviet economics, warned that Soviet exports to foreign countries were “a political hand that has worn the economic glove”. 89 When illustrating the Italian deal, the two authors maintained that if the Italian attitude spread over Western Europe, more countries would dislocate part of their supplies from the majors to

86 The crisis culminated with the city’s de facto partition and the construction of the Berlin Wall.
87 Ibid.
88 Hoskins and Herman (1961); Hoskins (1962).
89 Quoted from: Hoskins and Herman (1961), 4.
the USSR, thus causing fewer revenues to international companies. That would not only damage American, but also British, Dutch and French interests.\textsuperscript{90} In Problems raised by the Soviet oil offensive, Hoskins went further to provide various examples of Soviet oil offensive in several countries in Asia, Africa and Europe, and their consequences. As for Italy, he warned that ENI’s policy was intended to eliminate as many foreign companies as possible from Italy.\textsuperscript{91}

In 1957, the prominent American economist, Willard Thorp, had forecast: “It does not now appear that the new programs will place the Soviet Union in a position within the next few years to take over political control through economic domination”.\textsuperscript{92} Not many in Western governments seemed to believe his argument in 1962, and it is doubtful they did even earlier.\textsuperscript{93} The Soviet plan to build an extended network of pipelines from Russian oilfields to the rest of the Eastern Bloc did nothing to appease Western governments. Nor did ENI’s plans to build a pipeline to connect Italy’s Adriatic Sea terminal to a city 65 km away from one of the Soviet system’s terminals, Vienna. Pipelines became the new bone of contention in the administration of security matters.

5.4 Battling on pipelines, compromising on their content

Thanks to recent oil availability, there was little doubt about the strategy Italian and French companies should now follow. Building pipelines became their main objective. For CFP and the BRP, this meant connecting Algerian oilfields to the European continent. For ENI, it amounted to connecting Italian terminals at which Italy received its Egyptian, and especially Soviet oil, to the industrial areas of Central Europe. Mattei’s plan was anathema to both Anglo-Dutch-American majors and French oil companies, as it would strip them of the European market. They decided therefore to counteract it by laying their own pipeline, the South European Pipeline (SEPL), to connect France to Germany.

ENI’s interest in pipelines had already appeared in late 1959, during Gronchi’s visit to the USSR. A comprehensive agreement between the Italian company and the Soviet authorities enabled ENI to build a pipeline connecting East Germany and the USSR. The French and US governments had promptly been informed of the news by their secret services. The

\textsuperscript{90} Ibid., 6.
\textsuperscript{91} Hoskins (1962), 11.
\textsuperscript{93} Spencer (1966), 99.
pipeline was expected to pave the way for future deals with the Eastern Bloc, involving further pipeline construction and Italian offers of drilling equipment and technical assistance. The implementation of Mattei’s project was depicted as a dramatic security threat to the Western bloc, as the very possibility of having an oil terminal in East Germany may sooner or later lead to its connection to West Germany, thus initiating a Soviet oil invasion.

While publicly offering no comments on this issue, American diplomats displayed their disquiet in a confidential State Department meeting, in the presence of the Italian Ambassador in Paris, Manlio Brosio. The pipeline, US officials admonished, was one of the pillars of the Soviet Seven Year Plan, and the Italians were significantly contributing to its fulfilment. As a consequence Brosio was instructed to apply pressure on his government, and the pipeline agreement was never finalised. ENI eventually supplied certain pumping and auxiliary equipment, while the plan to provide technical assistance toward installing the pipelines was dropped.

While ENI participation in building the East German pipeline was cancelled, by 1960 the Italian company had already started working on the project for a pipeline from Genoa in northwest Italy to Aigle, in Switzerland, the aforementioned Central European Line (CEL). Endowed with a final capacity of 12 Mt, the pipeline was scheduled to complete by the end of 1961, and supposed to branch to the industrial areas of Lombardy. An extension was also proposed to the south German area of Bavaria at Ingolstadt, near Munich.

To understand how this project developed, we need to take a step back. In May 1959 Mattei had persuaded the Bavarian State Minister for Transport and Economic Affairs, Otto Schedl, of the project’s viability, with the help of Hjalmar Schacht, the former President of the Nazi Reichsbank and one of Mattei’s personal friends. The pipeline was to be built by an


association shared equally between ENI and a German banking consortium, including a bank run by Schacht.\(^\text{97}\) Possibly as a further reward for Schacht’s mediation, in August 1959 Mattei had proposed the German businessman, together with the Japanese petrochemical industrialist, Keisuke Idemitsu, sign a secret agreement on the exploitation of the Qum area in Iran. However, in the face of opposition from the National Iranian Oil Company, the project had been dropped.\(^\text{98}\) One can nevertheless easily imagine the diplomatic consequences of the conclusion of an Italian-German-Japanese agreement, mediated by the former highest banking authority of the Nazi regime.

Aware of the disruption that SEPL would mean for ENI’s plans, Mattei understood that without the support of the majors, his project would be outcompeted. On the other hand, by acquiring their favour, he might stem SEPL’s implementation. Thus he initially proposed SONJ join ENI in building the pipeline and two refineries in Switzerland and Germany, in return for purchases of refined products. He also gave his word that if the American major joined, the pipeline would not carry Russian oil, and he would drop a lawsuit he had started against SONJ over two refineries the American giant and ENI jointly managed in Italy.\(^\text{99}\)

However, the US major refused, as it had already given consent to CFP and other majors for SEPL. This would begin in southern France, at Lavéra, and end in Karlsruhe, Germany, in Western Europe’s main industrial district. Like ENI’s project, an extension was also planned to Bavaria (Fig. 5.7).\(^\text{100}\) This second pipeline, however, and especially its Bavarian link, would inevitably deprive the port of Genoa of the traffic ENI’s pipe hoped to utilise. SONJ’s refusal incensed Mattei, who threatened an all-out war on international oil companies. The danger that such a declaration might have dangerous ramifications was rather high, according to Ambassador Zellerbach. After a period of conflict with Italian Premier Antonio Segni, who had succeeded Fanfani in February 1959, Mattei had to come to terms with him, and Segni was once again supportive of ENI’s plans.\(^\text{101}\) In July 1960, on the eve of Fan-

\(^ {97}\) Pirani (2012), 291.
\(^ {98}\) Pozzi (2009), 423.
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fani’s reappointment as premier, Brosio, commenting on the pipeline project, recorded in his personal diary that Mattei now revealed “a violent hatred” of the Americans.\textsuperscript{102}

One considerable difficulty in implementing the CEL project was of a legal and territorial kind. The pool of majors that was planning SEPL only needed the authorisation of France and West Germany for laying out their pipeline. French approval was taken for granted, considering CFP’s interest in the project. As for West German acquiescence, the presence of a number of small oil companies in the consortium seemed to guarantee it. ENI, on the other hand, not only needed the Germans, but also the Swiss and Austrians to approve. Getting authorisations from these countries implied a lengthy process, especially in the case of Switzerland, where federal administrative proceedings further complicated the situation. Legal disputes with the cantonal and federal governments further slowed down procedures, as did the Swiss government’s concern that the pipeline would carry Soviet oil, a subject on which Mattei had maintained an ambiguous stance. Protests also arose in Austria over the risk of water pollution. German communities residing on Lake Constance blocked the project for several months.\textsuperscript{103}

![Map of West European pipelines in progress in 1960](image)

\textsuperscript{102} Quoted from: Brosio (2008), 530. My own translation.

\textsuperscript{103} This is an interesting and often underrated aspect, in that it represents an early episode of environmental awareness in Europe. For an analysis of environmental protests against the Central European Line project, see: Gassner, M. (2012) “Lokale Umwelt oder transnationale Chance? EnIs Reaktion auf die Proteste gegen die CEL-Pipeline in den 1960er Jahren,” \textit{ZUG} \textbf{57} (1): 31–46.

\textsuperscript{104} \textit{PPS} (1960) “Répercussions des pipe-lines en Europe”, \textit{XXVII} (2): 62.
As mentioned in the last section, Eni’s technical services were also planning a pipeline that would run from the Adriatic port of Trieste to Vienna. This project was a further source of anxiety not only for the oil majors but, as I will show in the next chapter, also for NATO and the EEC. The pipe might easily be linked to Bratislava, where the Soviets planned to establish the Czechoslovakian terminal of their pipeline system. Starting from the Ural-Volga oilfields, the European branch of the Soviet system was planned to branch into a northern line serving Poland and East Germany, and a southern line serving Hungary and Czechoslovakia.\textsuperscript{105} Vienna’s short distance from Bratislava made the project a threat for supplies of Middle Eastern oil delivered by the majors.\textsuperscript{106}

The German newspaper \textit{Neue Zürcher Zeitung} argued in June 1961 that from a geographical viewpoint the Soviet project contained elements that made it more enticing than a continued commitment to majors’ oil from the Middle East, transported through the Mediterranean. The proximity of Sweden and the Netherlands to the Baltic port of Klaipeda, where another terminal of the Soviet European pipeline was to be built, would make the Soviet pipeline a constant temptation for countries belonging to the Western Bloc, thanks to the savings its use would allow. Moreover from the Baltic port, oil could easily be carried to West Germany by railway. On top of that, by linking the Soviet pipeline to Eni’s planned pipeline, Soviet oil could reach the Mediterranean, and hence be exported by tanker to areas already supplied by Anglo-American majors in Southern Europe.\textsuperscript{107}

In 1961, work started on the Genoa-Ingolstadt pipeline. Contrary to the original plan, however, which scheduled the opening of the pipeline by 1963, high costs, frequent conflicts with local and national authorities, and environmental problems postponed CEI’s completion to 1966, with a considerable delay on SEPI, laid out at a fantastic speed and operative from 1962-63. As for the Trieste-Vienna pipeline, the project was approved only in 1963. The laying of the Transalpine Pipeline, as it would be called, was eventually to include a number of majors beside Eni. It was commissioned in 1967, while its extension to Vienna had to wait until 1970 to become operational.

All of these initiatives are a clear indication of the prominent role that pipelines acquired at

\textsuperscript{105} More branches had been planned to the Baltic ports of Klaipeda and Ventspils, and to the Siberian port of Nakodka. NATOA - AC/127-WP/56 (Revised), confidential, ‘ECONAD, Sino-Soviet Bloc Oil on World Markets, Note by the Economic Service’, 11 July 1960, p. 2.


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the turn of the decade in Cold War Europe. Did the majors sponsor SEPL because of the threat ENI’s projects posed to them? They probably did, prompted especially by French needs to convey their Algerian oil to industries in Central Europe and, through a restoration of cordial relations with the majors, quickly recover from the international diplomatic turmoil resulting from events in Algeria. ENI’s projects greatly speeded up the majors’ project and the ‘pipeline-isation’ of Western Europe.

While ENI was leading the battle on pipelines with the oil majors, these were attempting to reach a compromise with the Italians regarding the massive purchases of Soviet oil. In fact, it could be argued that, if one of Mattei’s aims in purchasing Soviet oil was to attract attention from the majors and acquire ENI a place within the international oil arena, he was successful. By mid-1961, but especially from early 1962, the State Department were already persuaded that Mattei should be dealt with, and that firstly the American government, and then US oil companies, should reach an agreement with the Italian manager in order to curb his plans.

In March 1962 some of the most important personalities in Kennedy’s administration, including Undersecretary of State, George Ball, and the President’s Special Assistant, Arthur Schlesinger, met to discuss the problems the Italian company and its combative president were causing. Reinhardt reassured the other participants that in the next years the Soviet oil share in Italy’s consumption would decrease. Thus even if ENI continued its Soviet imports, it would also diversify its supplying strategy, and be less dependent on SNE. However, ENI’s current line of action still went against US oil interests. The view was therefore expressed that contacts be taken with Walter Levy of SONJ (whom we have met in Chs. 2 and 3 as head of the ECA Mission’s Petroleum Division) in order to reach an arrangement with the Italian company.108 A major role in the conclusion of a settlement was played by John McCloy, who was at the same time the President of the Committee of Advisors to the US President for questions regarding disarmament, and a member of a legal studio that managed the interests of a number of oil majors. He liaised between the US government and the majors in oil affairs.109

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Mattei was invited to negotiate at the US Embassy in Rome in May.\textsuperscript{110} He welcomed the change of attitude in the majors toward ENI. When asked by Ball whether he would prefer to deal with Western companies if they offered competitive prices, Mattei said he would, but did not clarify whether he would stop buying Soviet oil.\textsuperscript{111} As a result of the State Department’s repeated pressure, SONI eventually reached an agreement with ENI. The Italian company was to purchase large amounts of SONI’s Arabian crude oil in exchange for a similar amount of ENI’s Egyptian crude (the former met ENI’s domestic requirements far better than the latter).\textsuperscript{112} A further agreement with SONI on Libyan crude followed the ENI-SNE barter model, and a third, larger agreement was signed with Gulf in 1964. The second SONI deal does not appear in any of the State Department’s papers, only being reported in a CIA secret report in April 1964. Perhaps SONI wanted to conceal the agreement, to avoid giving diplomats the impression their attitude towards ENI was too compliant.\textsuperscript{113}

The two SONI contracts were signed by Mattei’s \textit{de facto} successor, Eugenio Cefis, in the spring of 1963.\textsuperscript{114} When the public became aware of the agreement, speculations over Mattei’s death and his actions being betrayed by his successor were rampant. However, such interpretations are contradicted by exchanges between the State Department and SONI officials over the course of 1961 and 1962 and by the novel atmosphere of ‘cold peace’ between the two companies. There is little doubt, however, that both SONI and the State Department took advantage of Mattei’s demise, believing doing business with ENI would now become easier.\textsuperscript{115}

\begin{thebibliography}{99}
\bibitem{NARA1962} NARA - RG 59, Central Decimal File, 1960-1963, b. 2684, file 865.04/5-2202, confidential, MOC, 22 May 1962. p. 3. The use by US Sixth Fleet of refined Soviet oil had already been denied in February by a NATO spokesperson, who had nevertheless admitted that NATO terrestrial forces in Italy were using that oil. ASEN - Rassegna stampa estera 1962, n. 14, 6 March 1962, \textit{La Tribune de Lausanne} (1 March 1962), \textit{Neue Zürcher Zeitung} (3 March 1962).
\bibitem{CREST2014} NARA - CREST, secret, CIA Special Report - Recent Activities of Italy’s State Petroleum Corporation, 17 April 1964, p. 4-5.
\end{thebibliography}
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5.5 Virtues and vices of Algerian oil

The fruitful results of prospecting efforts in Algeria, together with Middle Eastern supplies assured by CFP, had guaranteed France a high degree of energy independence by the beginning of the 1960s. As for the former French Equatorial African colonies, while the wave of independence that swept through Africa from the early 1960s on enabled them to officially detach from the colonial power, these separations were more de jure than de facto. Countries such as Gabon maintained strong commercial links with France, and it could be argued the post-independence situation did not significantly alter the technical management of the energy sector.\footnote{For France, the main consequence of the now large availability of energy sources was the possibility to finally develop national oil autonomy. In order to accomplish this, national oil agencies and companies had to concentrate their security concerns on transport and marketing.}

By January 1958, France had already become an oil exporting country, thanks to the gradual completion of a pipeline system from Hassi Messaoud in Algeria to the Mediterranean coast. At first, the oil from this field was carried to the coast at the terminal of Philippeville (today, Skikda) by a dual system involving a small-diameter pipeline and railway. In late 1959, however, a larger pipeline was installed, from Messaoud to the port of Bougie (today, Béjaïa), 250 km west of Philippeville. It was expected to transport 10 Mt per year in 1960, and 14 in 1963.\footnote{The FLN threatened to sabotage the pipeline. In fact, in January 1959 the Front had already successfully led an attack on the small pipeline. An inter-ministerial committee including Prime Minister Debré, members of the secret services and Guillaumat as Minister of Armed Forces thus designed a plan to protect the pipeline.} The FLN threatened to sabotage the pipeline. In fact, in January 1959 the Front had already successfully led an attack on the small pipeline. An inter-ministerial committee including Prime Minister Debré, members of the secret services and Guillaumat as Minister of Armed Forces thus designed a plan to protect the pipeline.\footnote{A particularly significant study on this aspect is: Yates (1996); See also: Martin, G. (1989) “Uranium: A Case-Study in Franco-African Relations”, Journal of Modern African Studies 27 (4): 625-40; Maganga-Moussavou, P.-C. (1982) L’aide publique de la France au développement du Gabon depuis l’indépendance (1960-1978). « Série Internationale », n. 20. Paris: Publications de la Sorbonne.}

\footnote{Clarke, J. I. (1960) “Saharan Oil”. Geography 45 (1/2): 106.}

As for the other major Algerian oilfield, Edjeléh, its connection to maritime outlets had generated an intra-ministerial dispute in 1957-58. It had originally been envisioned to connect Edjeléh to the Hassi Messaoud pipeline system, as the Minister of Algeria, Lacoste, had strongly recommended. It was true, Lacoste admitted at that time, that financial arguments would lead the Algerian solution being discarded as too expensive; but due to crucial political considerations a Tunisian or Libyan terminal should not be chosen. 119

He emphasised that, deciding to channel Edjeléh oil through non-French territory, would not only be badly received by the Algerian populations, but would also surprise most metropolitan citizens. Lacoste was probably alluding to the fact that the French population might see a non-Algerian outlet as a sign of military weakness; since the military were not able to secure a French infrastructure on Algerian territory, they were opting for a safer layout. Should his own political considerations not be enough to convince Foreign Minister Pineau, Lacoste reminded him that National Defence authorities and the Commander-in-Chief of the French Fleet in the Mediterranean (who was also NATO Commander in the Western Mediterranean) had also underlined the inherent problems of a Tunisian or Libyan solution. 120

Yet an all-Algerian solution, apart from being far costlier, also posed geographical problems. Edjeléh was located around 500 km southeast of Hassi Messaoud across the Grand Erg Oriental (‘Great Eastern Sand Sea’). Beyond political and security considerations regarding FLN raids, this was the reason why, disregarding Lacoste’s advice, Debré’s government decided to link the nearby village of In Amenas to the Tunisian port of Skhira, on the Gulf of Gabès. Bourguiba’s commitment to allow this solution provoked an irate reaction from FLN leaders, and the break of the Front’s friendly relations with the Tunisian leader. 121


120 Ibid, 9; ANOM - FM, Affaires algériennes (1873/1964), b. 81F/966, fd. Évacuation des pétroles sahariens, The Army General, General Delegate of the Government, Commander-in-Chief of the Forces in Algeria, Commander of the 10th Military Region, to the President of the Council, Minister of National Defence, Évacuation du gisement d’EDJELÉ, undated [probably 1957].

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From Cairo, Mohamed Lamine Debaghine, member of FLN’s Comité de coordination et d’exécution, raged at the Tunisian President that any agreement to the construction of a pipeline meant for the evacuation of Algerian oil on Tunisian territory would be seen as a hostile act. The war that the FLN was fighting, Debaghine contended, was both military and economic, thus it was fundamental to deprive France of the resources enabling its military to be refuelled. In summary, the FLN viewed Bourguiba’s decision as a stab in the back, especially since the Front had obtained considerable support from Tunisia in the past.122

![Diagram](image.png)

Fig. 5.8 The Algerian pipeline system in 1962

The Edjeleh-Skhiria pipeline was completed by September 1960, and exports started in the same year. The pipeline’s initial flow, 7 Mt per year, was soon increased to 12-13 Mt per year.124 By July 1961, however, the dangers raised by Lacoste concerning a non-Algerian outlet for Edjeleh oil materialised. As a consequence of the Bizerte affair of July 1961, the Tunisians blocked Skhiria’s port; Edjeleh’s Mediterranean outlet was rendered unusable. Hastily the Ministry of Sahara had another pipeline branch laid out from the new oilfield of

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24 July 1958.


Ohanet, discovered in 1960, to the Hassi Messaoud area by the end of 1961. As Ohanet was only about 100 km from In Amenas, in the Edjeleh area, it would thus be easy to link with CREPS’s oilfields, thus connecting Edjeleh to the pipeline from Hassi Messaoud to Bougie in northern Algeria, providing an alternative outlet to Skhira.125 Indeed, this connection had been built by the end of the Algerian War. Besides the need to meet French energy demand and enable a growing degree of independence from foreign sources, from 1961 on increases in Algerian oil production were also dictated by the French government’s awareness that the Sahara might be lost. It thus became mandatory to try and extract as much oil as possible, before the situation irreparably changed.

The Edjeleh and Hassi Messaoud oilfields, geographer John Clarke reported in 1960, were “of tremendous importance to France”, as their combined production would exceed 20 Mt by 1963, almost meeting French annual consumption.126 Moreover, Algerian oil would be paid in francs, thus avoiding significant expenditures of foreign currency. However, marketing Saharan oil was not going to be simple, despite the geographical advantage of Algerian oilfields being closer to European markets than those in the Middle East, meaning lower freight costs. The oil-bearing rocks of Algerian oilfields were less porous, which made extraction harder; oil was found at greater depths and it needed to be carried from Algeria’s internal territories to the coast. These circumstances all entailed higher extraction and transport costs.127 According to the US rule for assessing exploration expenses, a ‘barrel in the ground’ from the Middle East would cost 4 or 5 €, in Algeria 21 to 27 €.128 Although with Algeria being French territory, supplies were in principle less affected by political turmoil than those from the Middle East, France was in the middle of a war, therefore reassurances about higher security amounted to nothing.

5.6 A metropolitan market

Now that oil had been found, it was crucial for the French to secure a safe market. The geographically most appropriate appeared to be Western Europe, but ENI’s Soviet contracts risked upsetting the apple cart.129 As a consequence, the French were firmly opposed to ENI’s CEL project. Although they hid that opposition under a ‘red scare cloak’, no one in

126 Quoted from: Clarke (1960), 107.
127 Fosset (1962), 286-7.
128 Saul (2010), 104.
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the oil industry doubted for a second what the French agenda was. Another problematic issue was the quality of Saharan oil. Unlike oil from the world’s western hemisphere, it was rich in light products and poor in heavy products, making it more suitable for gasoline than fuel oil. Now, not only were the French and European markets in need of heavy products, but European refineries were equipped to refine Middle Eastern oil, which contained a far larger percentage of sulphur. 130 Light products were more suitable for the American market, but the 1959 quota system had made marketing there impossible. 131

French analysts decided exporting to Western Europe was essential. The Algerian domestic market was only just developing, and possibilities in the African franc zone were limited. As for the French market, it absorbed 23 Mt of oil in 1960, but French production would rise to 30-45 Mt by 1965. The West European market was developing very rapidly, with consumption expected to rise faster than production over the next fifteen years. 132 In the first five months of 1961, 24.3 percent of Saharan oil was sold within the Common Market.

However, from 1959, discoveries in Libya made the marketing of this oil harder. 133 Although Libyan fields were smaller and thinner than Algerian ones, they were closer to the coast and shallower, meaning lower extraction and transport costs. 134 Soviet oil exports were the ‘cherry on top’. In December 1959, after ENI had made its significant Soviet oil purchases, the Financial Times stated that these imports would be a tough blow to French aspirations for their Algerian oil, all the more so as the BRP and CFP had previously applied pressure on Italy to buy their oil instead. 135

Conversely a SDECE secret memorandum pointed out that Algerian and Libyan discoveries by Anglo-American and French companies would hinder the marketing of ENI oil to European and African markets. The majors disposed of large distribution chains in both markets, thus limiting ENI’s attempt to increase its oil sales. This was why, the intelligence services contended, Mattei was trying to set up a cordon sanitaire around the Sahara, Libya and France, through his agreements with Tunisia, Morocco and Libya, in order to guaran-

130 Sahut (2006), 368. In general, however, lighter and low-density crude oil are easier to refine due to their low sulphur rate, which makes ‘cracking’ (breaking up heavy molecules) unnecessary.
131 AHTOTAL - Fonds Total-CFP, b. 3 SG/2, fl. Études, unsigned, ‘Note pour Monsieur de Metz: Écoulement en France du brut produit dans la zone franc’, 11 July 1958, p. 3.
134 Clarke (1961), 114-5.

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tee ENI the markets necessary to its expansion.\(^{136}\)

ENI’s further, recent expansions in Sudan, Ethiopia, Ghana and the UK, countries where the company was about to – or had already – established distribution chains and refineries, deeply concerned French oil authorities.\(^{137}\) As did the fact that Netherlands, being a Shell stronghold, would oppose a flow of protected Saharan oil through Western Europe; an unfavourable reaction was also expected from Germany and Belgium, which both had strong coal industries. Therefore, in order to provide outlets for Saharan oil, the French market seemed to be the only option available. It was also the most advantageous choice for France, as Saharan production could be protected thanks to the law of 1928 (see p. 103). It was furthermore conveniently priced, and constituted an important compensation, on the plan of the Algerian-French trade balance, to French imports and investments.\(^{138}\)

Once it had been established that Algerian oil would have to be used mainly in France for the time being, another problem appeared. How to market it in the Métropole? French public companies did not own any refining and distribution networks in France: the existing downstream sector was in the hands of the Anglo-American majors and of CFP, which requested considerable discounts (10 to 15 percent) from the public companies to accept, refine and distribute the light Algerian oil.\(^{139}\) For the majors and CFP, being obliged to take Saharan oil was not an enticing prospect, as it would be more expensive than Middle Eastern oil, less suited to the French market, and would affect their profits, with negative consequences on the development of refining and petrochemistry in France.\(^{140}\) Not to mention the influence CFP had at the Quai d’Orsay for its traditional role as unofficial diplomatic link with the Arab countries. On the other hand, BRP’s affiliates could not just go on selling oil below cost to the majors, as they also had to make profits.

According to historian, Eric Kocher-Marbœuf, the prolonged absence of serious consideration about marketing Saharan oil, in blatant contrast to the massively structured organisation of the exploration and production sector, was due to three general reasons. Firstly, the reassuring presence of the laws of 1928, which obliged France-based companies to accept national oil. Secondly, engineers and technocrats displayed marked disinterest towards the

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\(^{137}\) Ibid., 11-2.


\(^{139}\) Salut (2006), 369.

\(^{140}\) Kocher-Marbœuf (2003), Ch. IX, para 17.
areas of refining and distribution (presumably a consequence of the supposed technoscientific ‘purity’). Blanchard himself explicitly stated his opposition to the BRP “doing business”. Finally, the BRP had lost a great deal of control over the tactics of its larger affiliates such as Repal. Evidence of the latter point could be seen in Repal President, Goetz’s attempts to reach a mutual agreement with his personal friend, Jacques Bénédit, President of CFP(A), and especially with CFP’s de Metz, enabling Repal to take 10 percent of CFR.141

It was now urgent, in the eyes of Fuels Director, Blanchard, and RAP President, Paul Moch, to set up an integrated public oil industry. A primary effect of this would be a boost to French security, as it would mark the end of any possible distribution blackmail by foreign companies in the area of highest consumption, the Métropole. The French state was already involved in the upstream and, via the IFP, in research. The most logical step was to expand its activities to the downstream, thereby impacting on the international market. Between 1959 and 1960, such a strategy led to the creation of the Union générale des pétroles (UGP) from a grouping of the RAP, Repal, and BRP’s other producing affiliates, prompted by Minister of Industry, Jean-Marcel Jeanneney, and Minister of Finances, Antoine Pinay.142

The establishment of UGP caused high levels of tension between the public authorities and CFP, and a long and bitter dispute between Jeanneney and de Metz ensued.143 The new agency eventually arranged to sell Algerian crude to private companies at world market price minus a discount, and agreed deliveries until the end of 1962.144 When UGP was created in November 1960, Moch was appointed president, while Pierre Desprairies was designated general manager. Kocher-Marbœuf claimed that the latter choice was sponsored by Guillamaat, as Desprairies had been Deputy Director of Guillamaat’s Ministry of Armed Forces before becoming President of BRP’s Equatorial African affiliate. Although he was not a corspard, Desprairies was a member of the ‘Guillamaat network’, and in spite of

144 Salut (2006), 371.
Moch’s higher position, held the executive power at the new agency. In the autumn of 1962, Moch was replaced by someone to whom no-one in France would dare deny the seat: Pierre Guillaumat.\textsuperscript{145} His ideas about the French domestic market were more than clear; it had to be protected.\textsuperscript{146} As I will show in the next chapter, this plan did not quite match EEC aspirations for a common energy policy.

As far as Algeria was concerned, although the 1962 Évian agreements had not dramatically modified the status quo, and left France with all of its producing oilfields, both the French and the Algerians knew the new situation would not last long. From 1962 on, the French accelerated their operations. As already mentioned, what mattered now was to import from the Sahara as much oil and gas as possible in the shortest time possible. The Algerians soon escalated their requests. In 1965, the Algerian government forced France to renegotiate the agreements, subsequently imposing on foreign companies a heavier fiscal burden for oil activities. It eventually nationalised oil activities between 1968 and 1971. However, along the 1960s, French imports from Algeria doubled, going from 13.9 to 27.0 Mt.\textsuperscript{147}

\section*{5.7 Conclusions}

In this chapter, I have argued that worldwide overproduction of oil from the second half of the 1950s into early 1960s caused a shift in the priorities of Italian and French companies from the upstream to the midstream sector. The unprecedented expansion of geophysical activities which occurred during the 1950s was responsible for the high number of oil discoveries. That expansion was in turn brought about by technical developments in instruments used in exploration.

While most geophysical innovations were created in the USA, they were utilised in both Italian and French exploration activities. However, the two industries developed to a different extent: while the French geophysical industry managed to produce technological innovation in equipment and establish itself on an industrial scale, this was not the case for its Italian counterpart. The negative echo of the massive geophysical effort deployed worldwide through the 1950s, and the consequent overproduction, was a marked decline in geophysical activity by the end of the decade.

\textsuperscript{145} Kocher-Marberuf (2003), Ch. IX, para 61.
\textsuperscript{146} In 1969, he is reported to have said that: “If a country does not protect its national market, it is necessarily eliminated from international competition”. Melby (1981), 272. Guillaumat’s quote is taken from the magazine Expansion of 23 October 1969. My own translation.
\textsuperscript{147} Nouschi (2001), 247-9.
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As a consequence, the focus of security shifted to the midstream sector. By analysing the Soviet oil offensive, I have elucidated how it generated widespread fears both in Western diplomacies and the oil industry. In this respect, ENI’s oil-for-technology agreements with the Soviets were a particularly acute thorn in the flesh, not only of Anglo-American companies, but also of French aspirations to supply the West European market with oil recently extracted from Algeria. Thanks to Italian purchases of Soviet oil, and to new African oil reserves for France (plus their Middle Eastern share obtained from CFP), by the early 1960s both countries found themselves with significant quantities of crude that only required marketing.

I then showed the materialisation of the two countries’ midstream shifts in the battles for European pipelines, with a project devised by ENI placed against one laid out by a consortium of majors including CFP. In this rush to the completion of pipelines, CFP’s proximity to the majors played a crucial role, enabling the French to count on the majors’ capital and political support to stem the Italian plan. ENI did attempt to adopt a similar strategy and tried to acquire SONI’s favour by including it in its own project, but Mattei’s multitude of pending issues with the US major frustrated this attempt.

Lastly, I examined the problematic consequences of France’s new Algerian production: firstly, in terms of political discrepancies between ministerial representatives, and then by looking at security issues connected to the layout of pipelines in Algeria. I discussed how the characteristics of Saharan oil affected its marketing in Western Europe and France, and how, given Anglo-American predominance in the French refining and distribution market, the French public authorities decided to create an integrated system capable of using the new resources without having to endure the diktats of established companies.

ENI’s alliance with the USSR was seen by the Anglo-Americans and the French as a warning sign of what could happen if the Soviet oil offensive was supported by other West European countries. The threats deriving from Soviet exports became the chief bone of contention for international organisations, and led to further disputes, as I will now demonstrate.
CHAPTER 6. TRANSNATIONAL COUNTERATTACK AGAINST SOVIET OIL PLANS

The Communists intend to conquer the Free World through economic means. [...] They direct their trade most carefully, with an aim to strengthen their industrial machine by the procurement from the Free World of capital goods, equipment and machines which they cannot produce. These transactions, in addition, supply the Communists with the latest Western technology and know-how.

SONJ, Statement of position on the threat of Communist trade, 19 January 1962

Concern about the Soviet oil offensive was not restricted to national governments. Transnational organisations, notably the EEC and NATO, also reacted. The Russian project to build a grand pipeline system triggered debate, since the pipeline would connect the country’s oilfields with the rest of the Soviet bloc and reach the borders of the Iron Curtain. By consequence, the technologies that made the construction of the pipeline possible were placed under strict surveillance by the Atlantic Alliance and the European Community alike. But were the Soviets really attempting to flood Europe with oil to unsettle its political and military institutions?

While the main concerns of Western oil companies over the Soviet oil offensive were economic rather than political, the US government was focused on geostrategic security. Soviet imports and pipelines, its officials argued, threatened Western countries’ independence if conflict occurred, and strengthened the enemy’s military machinery. Italian and French administrations were deeply involved in the debate, and reacted in very different ways to US allegations. These responses, however, now placed the two European countries in a new dimension that effectively marked the transition from addressing energy security issues as a matter of national policymaking, to aligning with a transnational organisation.

In the first section of this chapter, I discuss the NATO debate on Soviet oil imports, caused especially by the ENI-SNE contracts outlined in the previous chapter. Anxieties generated by

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the exchanges led to the constitution of groups of experts charged to outline an appropriate response. While, on the NATO side, US administrations pugnaciously reacted to the ENI agreements, at the EEC level France also responded strongly, wielding its leverage within the newly constituted organisation. In the second section I consider the EEC debate on oil imports and show how an imports ceiling was imposed on its members. In the remaining sections I return to NATO, and examine how it sought to delay the construction of the Soviet pipeline system through an embargo on components manufactured by members of the Alliance (Fig. 6.1 and 6.2).2

Throughout the long debate over the American proposal of an embargo on large-diameter pipes (LDP, henceforth) and pipeline equipment exports to the USSR, US and UK administrations held conflicting points of view, which corresponded to two markedly different perceptions of the Soviet threat. The two governments fought their battle through industrial estimates, as well as through mobilising their military and intelligence agents. In my coverage of the embargo issue, I also point out how the nature of the ‘pipe’ artefact changed because of the Atlantic discussion; its final status as technological artefact ultimately resulted from a technopolitical negotiation.

6.1 A Study Group to block imports

Throughout the 1960s the NATO Committee of Economic Advisers (ECONAD, henceforth), operating under the authority of the North Atlantic Council (NAC) and chaired by the Monegasque, François-Didier Gregh, discussed a number of oil-related issues, including assessments of Russian oil production, exports and reserves, NATO countries’ imports of oil from Communist countries, and issues regarding pipelines. Founded in 1957 to “study and report to the Council on economic issues of special interest to the Alliance”, ECONAD was particularly concerned with those that had political or defence implications, or affected the economic health of the Atlantic Community.3 Envisioned as a standing committee, ECONAD was meant to complete the functions conducted by the Committee on Soviet Economic Policy, established in 1954.4

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2 Yergin (2009), 496-7.
3 Quoted from: NATOA - AC/127-D/1, confidential, ‘Committee of Economic Advisers (ECONAD, henceforth), Date of the first meeting and programme of work - Note by the Chairman’, 22 March 1957, p. 2.
4 However, the functions of the two committees sometimes overlapped.
Fig. 6.1 The Soviet pipeline system in late 1960

In July 1960, ECONAD met to examine the impact of Soviet oil on world markets. In the same month, the Committee decided that NATO members should prepare statistics on their trade with the Soviet bloc, and proposed a common policy be outlined for Western oil-supplying countries in the face of the Soviet oil threat. An ad hoc Study Group on Soviet Oil Policy was then established. NATO’s need of such an assessment became even more urgent following the creation of OPEC in September, which generated fears the USSR may conclude an agreement with the new organisation.

ECONAD had charted Soviet efforts to increase oil exports since the beginning of 1960, noticing that these had been highly successful, especially outside Europe, and attempts to stop them had failed. Were this not enough, the Russian fleet’s capacity had been growing at an

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9 NATOA - AC/127-WP/64, confidential, ‘ECONAD, Study Group on Soviet Oil Policy, Note by the Chairman’, 23 September 1960, p. 1, 3. On the ad hoc Study Group, see also: Bagnato (2003), 383 et seq.
Euro-Atlantic alarm over the Soviet oil offensive

alarming speed, which had obvious economic and military repercussions.\textsuperscript{11}

From September, the Study Group debated a common policy to stem these dangers. The national delegations abided to the recommendations issued by their national oil companies. Most of the knowledge transferred by oil companies and secret services to their national governments regarded details of operations by competitors from allied countries, obtained through surveillance activities. Such information enabled NATO delegates to draw on the latest updates and most accurate estimates, thereby foreseeing, parrying and immediately responding to their allies’ moves. In the case of Italy’s oil deals, intelligence gathered by the French and American services was used to propel international criticism of their arrangements with the Soviets.

Not that the criticism was always unfounded. For instance, US intelligence may well have been leaked information from the French that in September 1960 ENI was asked by the Cuban President, Fidel Castro, to take responsibility for operating Anglo-American refineries expropriated during the Revolution. Mattei refused, but affirmed ENI’s availability to supply the necessary equipment and technical assistance in return for cash payment.\textsuperscript{12} ENI had frequent contacts with the Study Group’s Italian delegation, formed of two officials from the Ministry of Industry and led by the General Director of Energy Sources, Guido Giorgi, and significantly contributed to draft Italy’s line at the meetings.\textsuperscript{13}

That national enterprises collaborated with their NATO delegations within the Study Group was to be expected. But these contacts also reveal the network of acquaintances with both official and secret state departments. As I have shown in Ch. 5, US majors lobbied the State Department. BP and Shell also had frequent exchanges with the Foreign Office, and as historian, Niklas Jensen-Eriksen, has emphasised, when the Joint Intelligence Bureau of the Ministry of Defence was asked to draft a memorandum on Soviet oil exports in 1958, the Ministry of Power asked Shell to collect material for it. Shell was also invited to comment on the draft memorandum produced by the Bureau on Soviet production and consumption.\textsuperscript{14}

\begin{itemize}
\item \textsuperscript{11} NATOA - AC/127-WP/66, p. 12-3.
\item \textsuperscript{12} AN - 19900317/13, fd. 1, sub-fd. Italia 1955/1979, secret, Note SDECE, L’activité de l’Ente Nazionale Idrocarburi (octobre 1959 - octobre 1960), 18 October 1960, p. 11 (FOIA no 111 382).
\item \textsuperscript{13} ASEN - Fondo ENI, Estero, Rapporti commerciali con l’estero, b. 2, fd. 7E2, Ruffolo (ENI) to Giorgi and Carbone, ‘Memorandum’, 29 December 1960.
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CPF certainly worked closely with the French Foreign Ministry, to the point of plainly suggesting which tactics to pursue.15 Unsurprisingly, the Study Group meetings coalesced into an attack on ENI’s trade with the USSR. ENI responded with a defensive memorandum attempting to prevent criticism. Competition on the international oil market and the crisis in the coal industry, the memorandum’s authors claimed, had impelled the oil majors to promote international initiatives to constrain countries that drew considerable advantages from low energy prices. The problem of Western security and weakening of the Western oil industry, the Italian diplomats commented in correspondence with ENI executive, Giorgio Ruffolo, had been brought up at NATO by a State Department initiative, in direct response to the interests of oil majors: “The attempt to smuggle […], under the pretext of security, the control and limitation of oil imports from the Soviet Union, seems evident”.16

A further ENI memorandum for the Italian delegation included counterarguments to possible accusations from the Study Group, namely the potential threats to Italian and Western security posed by Soviet oil imports, and the consequences for Western oil companies if the Soviets engaged in market dumping. To the allegations it was argued that, given Italy’s expanding market, Soviet oil imports would never reach a critical share of Italian supplies, and that the current abundance of oil on the world market would make a sudden interruption of Soviet deliveries easy to replace.17 ENI claimed that a relaxation of trade exchanges with the USSR would be beneficial to East-West relations; the real problem was not Soviet dumping but the majors’ current inability to control crude oil prices.

In his correspondence with Giorgi, Ruffolo retorted that the reason the majors were being outcompeted by the Soviets was their artificially high posted prices.18 The Italians believed Soviet imports would protect consumers’ vulnerability against further crises in the Middle East. ENI’s claim had more than a grain of truth in it: we have seen how the majors pursued their strategy of producing scarcity, which made the Middle East highly dependent on


17 AN - 19900317/13, fd. 1, sub-fd. Italie 1955/1979, secret/confidential, Premier Ministre - État-Major Général de la Défense Nationale - Division du Renseignement, ‘Note d’information - Aspects de la politique de l’EI-NI’, 16 July 1962, p. 10 (FOIA no. 11382). This is a very detailed report on ENI’s history, activities, policies, and prospects, and on its dangers to France and the West.

18 ASEN1 - Fondo ENI, Estero, Rapporti commerciali con l’estero, b. 2, fd. 7E2, unsigned [prob. Ruffolo], undated [prob. late 1960].
their commercial plans.\textsuperscript{19}

The Italian Foreign Ministry endorsed Eni’s defence strategy in the context of negotiations. Emphasis was placed on changes occurring in the international oil market, where the entry of independent producing companies had increased the availability of crude oil. Moreover, the establishment of a US quota system had already radically altered the oil market prior to the appearance of Soviet oil. Another point underlined by Italian diplomats was that Italy’s position became more defensible if, rather than focusing only on oil, one examined all trade exchanges with the USSR. NATO estimates revealed that West Germany, the UK and France exchanged a higher volume of goods than the Italians, and there was no reason why Italian oil deals alone should be on trial.\textsuperscript{20}

The NATO Study Group, under the chairmanship of the British Keith Stock, Undersecretary of the Petroleum Division at the Ministry of Power and chairman of a further study group on Soviet oil constituted at the Organisation for European Economic Cooperation, met for the first time two months after the signature of the 1960 Eni-Sne agreement. Group members were asked to provide data on current and planned Soviet oil imports to their countries and of their exports to the USSR; on the conditions under which such trade took place; and on the destination of imported oil.\textsuperscript{21} The last provision, although non-specific, emphasised NATO’s preoccupation regarding the destination of Italian transhipped Soviet-based oil products. In February 1961, the Group explicitly asked the Italian delegates to circulate a note on their country’s re-exports.\textsuperscript{22}

A draft report by the Study Group was ready by May 1961. The delegates had come to the conclusion that a substantial trade in products originating from Soviet bloc crude was taking place among NATO countries, as well as between these and non-NATO countries. Such trade mainly consisted of re-exports of Soviet bloc products or exports of products derived from Soviet crude processed in Western refineries. Some NATO countries, it was explained, had been importing products refined from Soviet crude from other members of

\textsuperscript{19} Mitchell (2009), 409; Mitchell (2011), 39 et seq.

\textsuperscript{20} ASEN - Fondo Eni, Estero, Assistente del Presidente per l’estero, b. 57, fil. 187E, MAE1 - DGAE-Ufficio 1, ‘Appunto per il Signor Direttore Generale’, undated [TPQ: October 1960]. The figures reported in this document (p. 11) and regarding total imports from the Sino-Soviet Bloc in 1959, are: West Germany $44.8 million, UK $27.1 million, France $13.3 million, Italy $12.9 million. See also p. 201 in this work.

\textsuperscript{21} NATOA - AC/127(O)R/1, confidential, ‘ECONAD, Ad Hoc Study Group on Soviet Oil Policy, Meeting held at the Permanent Headquarters, 9 December 1960, Decision Sheet’, 21 December 1960, p. 2

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the Alliance, without knowing their origin. This was an implicit, but clear reference to Italy.

On the effects of Soviet exports on prices, the Study Group endorsed the majors’ argument that the Soviets did not have to bear the costs suffered by the transnational oil companies, such as royalties and export taxes. The majors also faced additional costs for exploration, production, refining and distribution, which justified their higher prices. As for Soviet Bloc exports, these had already affected traditional producers’ interests in Venezuela and the Middle East, and had been one cause of the price cuts carried out by the Anglo-American companies in 1959-60. Producing countries had also been affected by the replacement of their oil on the market with Soviet oil.

On average, Soviet exports reached 6 percent of NATO Europe’s total consumption, although this figure varied across countries. Soviet oil’s share of total imports was 14.8 percent for Italy; 7.1 percent for West Germany; 3.7 percent for France; and 0.3 percent for the UK (NATO countries’ dependence ranged from 0.2 percent for the Netherlands to 21.5 percent for Greece). Moreover, the figure for Italy rose to 20.6 percent when Soviet imports for internal consumption were taken into account. If these exports continued to grow, the Study Group warned, their level in NATO European countries would reach 15 percent in 1965 (Tab 6.1).

Restrictive measures had to be taken, the report concluded, and be implemented by all members at the same time. Of most concern was the fact that Soviet oil changed its identity through several transactions, therefore controls on imports were inefficient. If restrictions were imposed, these would have to be applied on their first entry into the NATO area. It was acknowledged that these restrictions would negatively affect the economies of members in bilateral agreements with the USSR. In order to prevent this, it was suggested that, rather than diminish present quantities, future increases in imports be avoided. This provision suited the Italian delegation quite well, but greatly disturbed the French, as sticking to current amounts was prejudicial to the European marketing of Saharan oil.

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25 Ibid., 14-7.
26 Ibid., 17.
27 Ibid., 23-5.

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NATO delegates’ ambitions to reform oil trading between East and West was taking oil geopolitics to a new level, making the Atlantic Alliance the transnational forum for conflicts that had hitherto unfolded through national representations. The pressure applied by the State Department in the postwar years to mould the Italian and French oil markets to the benefit of the majors now manifested directly in discussions at NATO headquarters. That the fight between Italian and French diplomats materialised at the same time as Italian support for Algerian nationalists, further embittered the debate. The result of the discussion – as I shall now show – was a stand-off. The Study Group report was to be examined by ECONAD in November 1961, but after a draft was presented in March, the Italian delegation raised their objections.

### 6.2 Much ado about little: the Group’s limited achievements

In April 1961, the Italian delegation drafted a memorandum with observations and comments on the final report. The document was largely based on ENI’s paper to Giorgi in December 1960, but pruned of its bitterest invectives against the international majors. According to the Italians, a coordinated NATO policy against the Soviet offensive would not be effective unless it included a deep technical and political study of East-West trade. The oil problem should not be separated from other strategic issues relating to the Communist threat, the Italians argued. With respect to economic matters, they criticised the report’s

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28 Ibid., 18.
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emphasis on the dangers of Soviet oil for producers, while the advantages for non-producing countries, which needed to obtain supplies easily and cheaply, were neglected. The Study Group’s draft report, Giorgi and his colleagues concluded, seemed to focus more on prospective threats than on the real consequences deriving from the surplus created by new oil discoveries and the appearance on the market of new producers.29

The Group’s conclusions were admittedly rather abstract, and no practical measure was implemented in order to diminish Soviet imports. In June 1961, a note by the UK delegation expressed the desire that more be made of such a massive study, and that a recommendation be issued to limit Soviet oil imports. The note included a latent reference to Italy: “For those countries with high levels of imports already, restraint should be especially recommended”.30 US delegates, however, voiced their security concerns far more openly. It was necessary for NATO to adopt surveillance measures and consult more about oil trade with the Soviet Bloc. The Alliance should compel its members to submit periodical reports on Soviet oil imports, and strongly advise them to consult NATO in advance on agreements that might lead to a significant increase in those imports.

While the Study Group prepared its report, the US government – wary that the NATO group’s conclusions were not adequately tailored to American interests – set up its own study group in the summer of 1961, in Washington. The American group conducted a parallel analysis of the political and economic consequences of the completion of the Soviet pipeline system. Based on the results of the American study group, the US NATO delegate, Alfred Reifman, went as far as to suggest an embargo on Western-bloc LdP and pipeline equipment.31 It was not the first time the USA had proposed blockades in order to hinder Soviet industrial projects. In 1946, a penicillin plant programme launched by the United Nations Relief and Rehabilitation Administration to build up the capacity of the pharmaceutical industry in Eastern and Southern Europe, was significantly delayed by an American embargo on extractor technologies. The State Department refused to grant exporting licenses for the necessary equipment to pass the Iron Curtain.32 Other products including radioisotopes and computer equipment were also embargoed to stifle Soviet technological

29 NATOA - AC/127(O)WP/2 (Revised)/2, confidential, ‘ECONAD, Ad Hoc Study Group on Soviet Oil Policy, Comments by the Italian Government on AC/127(O)WP/2 (Revised)’, 28 April 1961.

In the light of Reifman’s proposition, \textit{ECONAD} decided to establish a further group of experts responsible for analysing the issue of LDP supplies. Only once this second study group had presented its results, would a final examination of the Study Group’s report on Soviet oil policy be dealt with. As \textit{ECONAD} could not agree on the measures advocated by the latter’s report, in September 1961, as the Americans were formulating their embargo proposal, the Committee decided to defer the final decision to the North Atlantic Council (NAO).\footnote{NATO - AC/127-D/82, confident, ‘ECONAD, Soviet Bloc Activities in the World Oil Market, Note by the Chairman’, 28 September 1961.} The decision worried Italy’s officials. Fanfani’s government could oppose restrictions from an economic stand, but they would be defenceless when confronted with a \textit{NATO} strategic and political \textit{force majeure}, as an anxious note from the Italian delegation to its Foreign Ministry warned. Also, the Italian position would be extremely fragile, if the government was not able to set an upper limit to Italy’s Soviet oil imports and recommend this to the Alliance. They thus proposed a limit of 14 percent, the figure contained in the 1961 \textit{ENI-SNE} agreement with the Soviets.\footnote{ASENI - Fondo ENI, Estero, Assistente del Presidente per l’esteri, b. 2, fd. 7DA, appunto per S.E. il Ministro, ‘Incidenze della politica petrolifera sovietica - Esame in sede Nato, 12 October 1961.} This amount was not chosen randomly: faced with \textit{NATO} accusations, the Soviets had retorted that they were only aiming to regain their prewar share in the European oil market, which \textit{SNE}’s President, Gurov, claimed had been 14 percent.\footnote{Hoskins and Herman (1961), 8; Ebel (1961), 166.}

Italian Foreign Minister, Antonio Segni, recognised the need for Italy to establish a self-limitation on Soviet imports. However, he argued, other countries should agree to share the burden of \textit{NATO}’s higher exigencies. The opportunity was also taken to suggest that Mattei visit the US to negotiate the entire situation, and perhaps establish new forms of collaboration. In so doing, he could circumvent the contrasting economic interests influencing \textit{NATO}. To sum up, the Italians were trying to bypass \textit{NATO}, where they knew they had little hope of getting their point accepted. Thus they were attempting to come to terms directly
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with the Americans, the main proponents of the Study Group. Fanfani also explicitly and firmly took ENI’s side. That October, he sent Adolfo Alessandrini, the Italian Ambassador at NATO, a note on the Italian position regarding Soviet imports, to be conveyed to the Atlantic Organisation’s Secretary General, the Dutch Dirk Stikker.

Alessandrini reiterated ENI’s previous objections, namely that if any review had to be made, it would have to include all materials of a political and strategic value to NATO security, including machine-tools and industrial equipment. Alessandrini’s proposal, however, was not accepted. While agreeing in principle to a review on all strategic materials, the other delegations did not accept that a list of items should be included. The report was meant to be concerned only with oil and its products, they argued, and the task of establishing a list of additional items should be left to NATO’s Coordinating Committee for Multilateral Export Controls (CoCom).

Presumably Alessandrini already knew the likely outcome, as the Italian position was devised as a delaying tactic, part and parcel of the Italian Cabinets’ prevaricating approach, which had borne much fruit in the past. The Italians were aware that restrictions on Soviet imports would be adopted anyway. They thus tried to engage ECONAD in a task that would take a considerable amount of time and effort. In the meantime, ENI would gain precious time to finalise its deals with the Soviets, before NATO measures be enacted.

Unsurprisingly, Mattei himself was outspoken against the possibility that a NATO committee – or any other transnational committee – might impose limits on ENI. In March 1962, officials of the US Embassy in Rome reported a rumour that the ongoing NATO deliberations had enraged Mattei, who had threatened to mobilise his allies in parliament in order to remove Italy from the Alliance. The US Ambassador in Rome, George Reinhardt, claimed Mattei may have uttered his threat out of “intense resentment which we know he

38 ASEN - Fondo ENI, Estero, Assistente del Presidente per l’estero, b. 2, fil. 7DA, Aritto Cattani (MAEI) to Adolfo Alessandrini, Chief of the Italian Representation (NATO), 24 October 1961.
39 Bagnato (2003), 387.
has against pressure on Italy in current oil study”, but also added he had “no evidence to support the notion that the objective of all this is to get Italy out of NATO”.\textsuperscript{41} Mattei had exhibited an anti-NATO stance in an interview given to Cyrus Sulzberger of the New York Times in early April, stating his personal objection to the organisation and his preference for neutralism: “We Italians have nothing to gain from NATO. I am an anti-American [...]. I agree with Khrushchev when he says oil companies manage your politics”\textsuperscript{.42}

In April 1962, the NAC discussed the Study Group report again but, because of Italian opposition, a new stalemate occurred. The British representative on the Council, Paul Mason, reluctantly suggested omitting the recommendation concerning periodical reviews of Soviet oil imports, to which Alessandrini coldly agreed, while concealing his satisfaction.\textsuperscript{43} The approved Study Group’s recommendations were extremely modest in scope, only concluding that “reliance must be placed on the discretion of each NATO member to exercise caution and restraint”.\textsuperscript{44} As for LD\textsuperscript{p} and pipeline equipment exports, ECONAD established that members should minimise their trade with the Bloc, while waiting for an examination of the embargo proposal.\textsuperscript{45} It had taken almost a year to reach such limited conclusions. During the entire NATO study, the Italian government had been unwilling to go beyond a ‘caution and restraint’ policy, leaving all countries free to apply it according to their own interpretation.

The success of Italian time-wasting tactics highlights that NATO, contrary to the widespread view that it essentially served as a forum for aligning European allies with US interests, incorporated complex dynamics.\textsuperscript{46} The American approach was to confront and compromise with smaller allies. ENI’s defence of Soviet imports did not prevail, but attacks on Italy coming from France, the UK and the USA were parried and their effect limited. According to diplomacy historian, Leopoldo Nuti, “one may even conclude that the Alliance actually worked as a filter to soften the criticism that one member [the US] was leveling against the other [Italy]”.\textsuperscript{47}

\textsuperscript{41} Quoted from: NARA - RG 59, Central Decimal File, 1960-1963, h. 1919, f. 765.00/3-962, confidential, Amemb Rome (Reinhardt) to Secretary of State, 10 March 1962, p. 2.
\textsuperscript{43} NATO - C-R(62)14, confidential, ‘Summary record of a meeting of the Council, held at the Permanent Headquarters on 4 April 1962’, 10 April 1962, p. 7-8.
\textsuperscript{44} Quoted from: NATOA - C-M(62)47, secret, ‘Annual Political Appraisal, Report by the Secretary General’, 17 April 1962, p. 9.
\textsuperscript{45} NATO - AC/127-D/82 (Revised), confidential, ‘ECONAD, Soviet Bloc Activities in the World Oil Market, Note by the Chairman’, 21 October 1961, p. 6.
\textsuperscript{46} Kaplan (1999), Krige (2006).
\textsuperscript{47} Quoted from: Nuti (1998), 375.
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Following the NAC discussion, Italian officials gave assurances they would observe the provision contained in their latest agreement with the Soviets, and not exceed 14 percent of Soviet oil share in their overall oil imports. The outcome of the ECONAD talks can be thus considered a moderate failure. However, as I shall now discuss, its indirect effect on the simultaneous EEC discussion on the same topic would be significant.

6.3 Common Market debates on Algerian and Soviet oil

The French oil marketing system was characterised by nationalist and protectionist aspects, which clashed with the appeal to a free market within the EEC. In particular, the 1957 Treaties of Rome’s dispositions, which had led to the creation of the European Community and of the European nuclear energy community (EURATOM), clashed with the law of 1928. The situation needed adjusting to the new regulations, and the French oil monopoly to be gradually dissolved into the Common Market (‘the Six’).\(^\text{48}\)

France opened a limited quota to EEC members from 1959, but conditioned its extension to progress toward a European energy policy. DICA’s managers wanted to be reassured by the European authorities on a point they deemed fundamental, namely a common policy on the definition of the origin of products.\(^\text{49}\) In fact, the Soviet oil issue became the most acute bone of contention between France and Italy. Nothing would prevent Italy from re-exporting to France its Soviet oil, DICA argued, once quotas for European members were established, since that oil would be labelled as Italian.

In the autumn of 1959, the French government proposed that EEC members adopt measures in order to protect the Common Market for crude oil, by creating EEC crude oil quotas that would be exempt from duties. Duties would be applied on products obtained from quantities beyond these quotas. Reductions in the accepted quotas would correspond to future production increases from EEC sources (in particular, from Saharan oilfields), in order to make place for ‘European’ oil.\(^\text{50}\) In practice, this meant getting European partners


\(^{49}\) Demagny (2010), 310.

to prioritise the sale of Saharan crude within the Common Market. The Petroleum Press Service review doubted the practicality of the French proposal. It would impose on all EEC refiners the same strict control that had been exerted on French refiners. When one thinks that in Italy alone there were around eighteen refiners, one can picture how complex things would be.51

Another problem related to prices: the higher cost of Saharan crude oil compared to Middle Eastern would oblige producers in Africa to concede heavy discounts. From a political point of view, the French system envisioned the creation of a protectionist zone within the Common Market, which might lead non-EEC governments to retaliate by discriminating against EEC oil products’ exports, and applying duties on them.52 The proposal was presented by the Vice-President of the European Commission, Robert Marjolin, at the first EEC meeting on oil issues. Unsurprisingly, it met with Dutch and German opposition, while from outside the Community the USA also made representations in “very energetic terms”, labelling the French plan as contrary to the General Agreement on Tariffs and Trade’s rules and to the liberal policy that the Six wanted to follow.53

The possible prioritisation of Algerian oil was also examined by an Italian committee at the Ministry of Industry in December 1959, to where a technical advisor of the French Minister of Industry, Jeanneney, had earlier travelled, to explain the French project. An important presence within the Italian group was that of Agip’s Deputy General Manager, Nicola Melodia, representing ENI. Besides the obvious damage the implementation of the French proposal would cause to ENI’s expected Soviet imports, the Italian company’s efforts to curtail French profits from Algerian oil in agreement with the FLN strategy was a further reason for ENI to prompt the Italian government to reject Jeanneney’s plan.

Confronted with the French proposal, Melodia objected that it would not be advantageous for the Italian economy. In addition, he affirmed, the British and American governments would see the discrimination against products coming from their companies’ foreign affiliates as an unfriendly act, and react accordingly. The Arab world, already against French policy in Algeria, might also respond unfavourably. From an economic point of view, a lim-

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52 Ibid., 10.
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itation in the free choice of crude supplies, through priority given to one source, would generate an increase in the price for consumers. Italy would be greatly affected.54

After contact with the leaders of US majors and the British government, US Assistant Secretary of State, Clarence Dillon, urged Olivier Wormser at the Quai d’Orsay to drop his government’s project. Collaboration with Anglo-American majors, he suggested, would grant conditions satisfactory to France.55 Reporting Dillon’s counterproposal to Jeanneney, Wormser concluded that Anglo-American governments and majors would be disposed to award French oil firms “substantial benefits”. He believed the American government would be willing to solve the problem posed by Edjeleh’s oil, and the 30-32 million tons of oil that would be carried by the Hassi Messaoud pipeline once it was fully operational.56

It appears that, while hindering French prioritisation of Algerian oil in the Common Market, the American government was secretly supporting an equivalent measure concerning Libyan oil. As the discoverers of the first Libyan oilfields were US majors, the State Department was pushing the Libyan government to solicit an association to Italy within the Common Market. The possibility of establishing trade links between the Six and states previously associated with them (politically or economically) was envisaged by the Treaty of Rome, and if accomplished would facilitate marketing of Libyan oil – in which US companies had large stakes – in Italy and the EEC. Notwithstanding the willingness of the Libyan government to request association, a French diplomatic source reported, they could not act freely as British influence in the country was so strong that CFP’s Vincent Labouret claimed the local government only enjoyed partial sovereignty.57 The US government was thus playing a secret game of their own, opposing Italy at NATO, but favouring it to the expense of France whenever their own oil interests were under threat.

It is a telling circumstance that pressure from two countries external to the EEC, namely the

56 Quoted from: AHTOTAL - Fonds Total-CFP, b. 92.26/40 Labouret, letter by Albonetti, 16 October 1959. My own translation.
57 Ibid. Labouret was also a French diplomat, and was to be part of the French delegation at the Évian negotiations in 1962. CFP’s habit of employing officials with strong diplomatic background as political analysts is shown also by the hiring of René Massigli, a former French Ambassador in London, after his diplomatic career.
United States and Britain, managed to modify the French stance on European policies. This can only be explained if we consider the transnational challenges faced by French firms in the Middle East and in France, where even in the late 1950s, the respect of their oil deals consistently depended on Anglo-American goodwill. In any case, by early 1960 the question of preferential treatment for Algerian oil was mothballed. Yet French companies continued to press the Common Market to make room for their oil. In May 1961, for instance, CFP advisor, François de Laboulaye, was aware that, if Algeria separated from France, the Algerians would only be willing to retain French legislation and the franc if it were to their advantage. This meant they needed to be assured of a market for their product; hence the necessity of coming to as large a West European agreement as possible to protect the Algerian market from crude originating in the Middle East. 58 In general, however, within the EEC’s oil debates, it was now the Soviet oil offensive that entered central stage.

Unlike coal – through the European Coal and Steel Community High Authority (ECSC) – and nuclear energy – through EURATOM – in the late 1950s, hydrocarbons were the only major form of energy the management of which was not regulated by a West European institution. 59 Following the Saharan oil discoveries, the Soviet oil offensive and the surplus of oil on the market, it became necessary to devise a common hydrocarbon policy. Simultaneously, through EURATOM, European countries formalised their determination to diversify their energy sources by developing a nuclear industry. As with hydrocarbons, Atlantic influence on European affairs manifested in the State Department’s endorsement of the new energy authority. The high level of technological expertise attained by the Americans was to be used as a further tool of foreign policy. By restricting the pool of technological options available to EURATOM countries, and counting on the support of European national partners, US officials were seeking to control the development of European programmes. 60

Returning to oil, an EEC working group of high officials was created in April 1960 to de-

58 AHTOTAL - Fonds Total-CFP, b. 92.26/7' Labouret, fd. Sahara - Politique algérienne concernant le Sahara, de Laboulaye (CFP) to Francis de Baceque (OCRS), 'Observations au sujet de la note du 18 avril', 2 May 1961.
59 Demagny (2010), 305.
tive a common policy, chaired by Marjolin.\footnote{A similar group was also created at the Organisation for European Economic Cooperation. AN - b. 19800118/3 CEE/Hydrocarbures, 1960-2, fl. Politique vis-à-vis des pays de l’Est, ‘Considérations sur les problèmes posés par les pétroles russes à l’économie européenne’, unsigned, 8 April 1960 (FOIA n° 111 382).} The foundation of the working group followed a memorandum on the coordination of energy policies, devised by an inter-executive group formed by representatives of the three European energy commissions, namely ECSC, the European Commission – EEC’s executive body – and EURATOM. Significantly, Italy was not represented within the group. This inevitably oriented the group towards favouring the coal industry to the detriment of oil, although the participation of EURATOM also assured an important position for nuclear energy in Europe’s future plans, and thus indirectly to the expanding Italian nuclear sector.

At the European Parliament the French Gaullist deputy, Christian de la Malène, once more highlighted the problem of Soviet oil exports, and prompted the Commission to set up periodical exchanges of data on imports of oil products from all origins. In the statistics provided by the Commission for the first five months of 1960, the position of Italy as the largest Soviet oil importer was striking; Italy’s imports were three times larger than West Germany’s and four times larger than France’s.\footnote{AN - b. 19800118/3 CEE/Hydrocarbures, 1960-2, fl. Politique vis-à-vis des pays de l’Est, Council of European Communities - General Secretary, ‘Note d’information - Assemblée Parlementaire européenne’, 7 October 1960 (FOIA n° 111 382).} French lobbying against Soviet oil imports sanctioned the French effort to realign with the majors. On the very day the 1960 ENI-SNE agreement was signed, a distressed Shell Italiana President, Diego Guicciardi, declared his intention to alert Italian representatives at the EEC. ENI’s dealings threatened to nullify the whole common policy of collaboration that the Six tried to establish. Guicciardi hoped to use the policy of economic integration to force the Italian government to intervene.\footnote{ASENI - Fondo ENI, Presidenza Eugenio Cefis, b. 24, fl. CB8, note, unsigned, 11 October 1960. Guicciardi agreed his action with Esso Italiana’s President Vincenzo Cazzaniga.}

In November 1960, SONJ’s President, Monroe Rathbone, solicited the State Department to make representations to the Italian government. A few days later, ENI managers learnt that Rathbone had sent SONJ’s foreign affiliates a note highlighting the deleterious effect of the ENI-SNE agreement for Western Europe.\footnote{ASENI - Fondo ENI, Estero, Rapporti commerciali con l’estero, b. 2, fl. 7E2: ‘Accordo italo-sovietico’, 23 November 1960; Ruffolo to Ratti, translation of a circular sent by SONJ to their affiliates on 3 November 1960, 6 December 1960.} He was later joined in his protest by Gordon Reed of Texas Gulf and Arnold Hofland of Shell. Reed addressed several recommendations to the US Congress, as well as to federal petroleum committees and the State Department, while Hofland intervened at the British and Dutch governments, and made contact
with the US Embassy and services in Paris. These protests, interventions and secret cabling were further examples of the strong lobbying action deployed by oil majors. Unlike in US governmental papers, considerations of threats to Western security do not seem to have played a significant role.

The working group eventually submitted its proposals to the General Secretariat of the Council of the European Communities in January 1961. These included harmonisation measures of the Six’s energy policies and the safeguarding of provisions in case the energy market deteriorated. The former amounted to surrendering the right to take decisions on energy matters without prior consultation with other EEC countries and the Commission itself. The second set of provisions could be introduced over a period of three to five years, and included: import quotas for coal, crude and oil products; duties on imported coal and fuel oil; and community-funded subventions to coal production. While acknowledging the necessity of a common energy policy, Italy did not adhere to the inter-executive proposals, which it deemed dictated by the majors’ vested interests. The Italian government, Eni suggested, should object to both harmonisation and safeguarding measures until the group outlined the aims of a global common energy policy and the means by which they intended to achieve them.

The importance given by the Italian company to nuclear energy also played a significant role in these oil dealings. Together with other Italian public and private concerns, in 1957 Eni had entered the nuclear sector by establishing its affiliate, Agip Nucleare. While all other national agencies had agreed to fuel their nuclear power plants with American enriched uranium, Eni had decided to build a nuclear reactor in collaboration with the British Nuclear Power Plant Company. This would be fuelled with British slightly enriched uranium; a decision seen as a further indication of Mattei’s opposition to the Americans. A few

66 In January 1958, a unified secretariat was created for the Councils of the three European Communities, led by the ECSC’s general secretariat already in office, and named the General Secretariat of the Council of the European Communities.
68 ASERNI - Fondo Eni, Estero, Rapporti commerciali con l’estero, b. 2, fd. 7E2, memorandum, Giorgio Ruffolo (Eni) to Sig. Giorgi and Sig. Carbone (Italian representatives at NATO Ad Hoc Study Group on Soviet Oil Policy), 29 December 1960.
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months after the 1960 oil contract with the Soviet Union, ENI had also attempted to obtain Russian uranium, but the Soviets had offered only a “firm and definitive refusal”. 70 One can easily imagine international reactions, had he succeeded, or the deal been publicised.

In rejecting the working group’s suggestions, ENI could count once again on governmental support, this time from Minister of Industry, Emilio Colombo, who also opposed the principle of prior consultation, deemed premature given the current state of discussions. 71 Italian opposition not only perturbed the French, but also the Germans. Opposition to ENI’s Soviet imports reappeared at the European Parliament when the German Liberal deputy, Walter Scheel, referring to ENI’s 1960 agreement, asked if the Commission had been informed of the details of the contract, and then attacked its passiveness. 72 The Commission’s President, Scheel’s fellow countryman, Walter Hallstein, replied that it had been informed of the contract and of its details, but that the contract having been signed before the definition of a communitarian policy, it could not intervene. 73 ENI’s calculations had been correct; the timely conclusion of the 1960 deal had paid off.

In April 1961, the group of EEC oil experts met in Brussels to discuss a survey they had previously submitted to country members for collecting statistics on their oil regulations. A serious problem emerged regarding re-exports. Beside the re-labelling and re-exporting problems, a country member could have Soviet oil refined on its behalf in refineries located in another member country. The situation was further complicated by the lack of precise data on re-exports, which made it impossible to determine to what extent supply security risked being jeopardised. 74 In addition, Italy’s commitment to Soviet oil also raised anxieties in the Common Market industrial environment: cheap oil implied reduced production costs in many Italian industrial sectors, damaging competition with other Community

73 AHTOTAL - Fonds Total-CFP, b. 90.4/350, Ingérence russe dans l’industrie pétrolière, fl. III.
6.4 Eni moves faster

With a view to the July 1961 oil experts meeting, the European Commission eventually prepared a draft intended to limit Soviet imports. The proposed regulation was also designed to prevent France appealing, in the case of re-exports, to article 115 of the 1957 Treaty of Rome, which would block the free circulation of products originating in the Eastern bloc, and constitute a patent rejection of one of the pillars of the young Common Market. The Commission’s proposal was based on a simple limitation of imports, with a retroactive effect from January 1961. Each country would commit to self-limit its annual imports from the Bloc to the 1960 volume. If a member state wanted to import beyond that volume, it would have to consult its Community partners and the Commission three months before the opening of negotiations for additional purchases.

Fuels Director, Maurice Leblond, criticised the choice of reference year: this was tantamount to taking the largest-possible starting point, as imports had been growing considerably since 1955. This, the French agency contended, would benefit Italy, which had considerably increased its imports in 1960. The cut-off date should instead be that of the Treaty’s signature, when Soviet imports had been much smaller. The most serious criticism concerned the far too generous flexibility given to states that wanted to increase their Soviet oil quotas. Nothing would oblige them to conform to advice received from partners and from the Commission.

Finally, there was a contradiction in the proposal. Import procedures would be applied nationally, while the consequences of imports would affect the whole Community. Italy would once again be advantaged, given its role as Soviet oil’s largest importer, and largest re-exporter to the Community. Leblond suggested establishing a global EEC quota of Soviet oil that could be imported in the Community, and then be distributed according to countries’ consumptions. If an agreement could not be reached, France evoked the threat to appeal to the notorious article 115.

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75 ASEN1 - Rassegna stampa estera 1961, n. 31, 28 April 1961; Politique étrangère, n. 6 (1960).
76 Although according to oil expert Robert Ebel, already from 1951, the first year of the Five-Year Plan, exports to the West started growing (+344.8 kt), against a deficit of 99 kt the year before. Ebel (1970), 33.
77 In 1957, these amounted to 821 kt, against over 5 Mt in 1960 (for Italy, 422 kt and 2.8 Mt respectively).
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Considerations of Italian advantages notwithstanding, ENI did not react favourably to the Commission’s proposal either. The company speculated that, prior to its presentation to the Commission, the proposal had secretly been vetted by SONJ and Shell. First of all, ENI countered, international oil companies should commit to a reduction in prices of crude supplies to a level reflecting the real market situation.\(^79\) As we have seen, these developments were happening in parallel with the discussion on the same topic at NATO. At a European Commission meeting in July 1961, the Italian delegation was the only one to oppose a pilot study of an agreement on the self-limitation of Soviet oil imports.\(^80\)

As a consequence, Marjolin proposed presenting the pilot study to the Commission, while suggesting its transformation into an official proposal to the EEC Council.\(^81\) The Commission managed to reach agreement on the principle of country members carrying out preliminary consultation with them, before trade agreements with third countries could be concluded.\(^82\) Up to this point, it looked like the EEC was repeating NATO’s unsuccessful steps, in that both organisations had only been able to achieve minor deviations from already existing paths of trade.\(^83\)

However, the Italian attitude changed radically when US representatives made clear their intention to bring up the question of Soviet oil exports at the forthcoming NATO meeting. When faced with these possible developments, the Italian Ambassador in Paris, Brosio, contacted Wormser at the Quai d’Orsay in order to solve the controversy. Brosio proposed what the Italians had until then rejected: a self-limitation on Soviet imports. Wormser reminded the Ambassador that the consent of the US government would be necessary to conclude the process. In fact, the Frenchman suspected that Brosio intended to file the NATO procedure without making any commitment toward the Six. He conveyed to the Italian diplomat the message that French authorities were not willing to give up a procedure

\(^79\) ASEN - Fondo ENI, Estero, Rapporti commerciali con l’estero, b. 2, fd. 7DA, unsigned, ‘Pro-memoria’, undated [TPQ: April 1961].


\(^82\) In July 1961, a further proposal by the Commission involved a limitation in Common Market Soviet imports to 8-9 percent of total West European demand. This proposal was also coldly received by the Italians, so that no official action along the line proposed was taken. AHTOTAL - Fonds Total-CrP, b. 90.4/350 Ingérence russe dans l’industrie pétrolière, fd. III. Réactions du monde occidental, sub-fd. Organismes officiels Réaction du Moyen-Orient, Journal of Commerce, ‘Euromart Faces Red Oil Dilemma’, 19 October 1961.
that was eventually leading to some concrete results.\textsuperscript{84}

In April 1962, the EEC Council charged the working group with performing a detailed study of the energy market situation and of the principles of orientation of the communistian policy.\textsuperscript{85} Two months later, the group submitted a \textit{Memorandum on Energy Policy}. Among other provisions, a quota system for Soviet bloc crude and products on a communitarian basis was proposed. The legitimacy of Soviet oil imports was recognised but at the same time it was decided these imports be limited and regulated by an international authority. Such legitimisation-cum-restrictions meant that other operators would be assigned shares of the available Soviet quotas, thus limiting the Italian one. Eni batten down the hatches by suggesting that the Italian delegation try and obtain adequate guarantees for a quota, or reject the proposal outright.\textsuperscript{86}

A secret note from the French Chiefs of Staff of the National Defence warned the new French Prime Minister, Georges Pompidou, in charge from April 1962, that even though the EEC appeared to be succeeding where NATO had failed, the ‘Mattei danger’ was anything but defused. European authorities might limit Eni’s Soviet imports, but anxieties coming from its multiple and systematic “aggressive activities” in the former French colonies in Africa were more real than ever. The French military authorities thus believed the French government should neutralise the Italian group in those French private grounds.\textsuperscript{87}

Mattei knew that Italian resistance to the quota system at the EEC could not continue forever. He thus attempted to negotiate a further agreement with the Soviets, and in September 1962 he sent his right-hand man and Eni’s Foreign Operations Manager, Giuseppe Ratti, to Moscow.\textsuperscript{88} Two days after Ratti’s return to Italy, the quota system was proposed by the Commission and sent to national governments for approval.\textsuperscript{89} Eni was skating


\textsuperscript{86} ASEN - Fondo ENI, Presidenza Raffaele Girotti, b. 264, fd. 482E, unsigned, ‘CEE - Contingentamento importazioni di petrolio dall’URSS’, 27 June 1962.


\textsuperscript{89} AN - b. 19800118/3 CEE HYDROCARBURES, 1960-2, fd. Politique vis-à-vis des pays de l’Est, unsigned,
on thin ice, but had an advantage: it was able to act much faster than the European bureaucratic machine.

Negotiations between ENI, SNE and other Soviet companies, however, dragged on for a year, the new agreement only being signed in November 1963. This delay was apparently a result of the period of uncertainty following Mattei’s death, and of the political embarrassment the company’s Soviet dealings were causing vis-à-vis Italy’s allies. Eventually, even after the two contracts with SONL had been agreed (see p. 222), ENI committed to buying 25 million tons of Soviet crude oil between 1965 and 1970, in return for goods the Russians would buy from the Italian holding. The quantities involved were still considerable, yet they would represent a smaller share of Italy’s prospective oil needs.

As for the EEC, in the months following June 1962, the policy devised in the inter-executive group’s memorandum was reshaped, modified and amended in order to accommodate each member’s interests, but no agreement could be reached within a short time. One and a half years later, the Council rejected the draft agreement submitted by the Commission, and only a further four months later, in April 1964, a Protocol of Agreement on energy policy was approved by a special Council of Ministers, far too late for the new Italian-Soviet agreement to be stopped. It was therefore NATO that acted first against ENI’s plans.

6.5 A dangerous Friendship

As already mentioned, US delegate Reifman had proposed an embargo on exports of LDP and pipeline equipment to the USSR, to ECONAD, in the summer of 1961, based on the strategic and military advantages the Russians would achieve from their exports. In 1958, Soviet oil transportation was being handicapped by an overloaded railway, which carried around 60 percent of its overall amount, against 5 percent in the USA. The Soviets aimed to meet 35 percent of oil transport requirements via the new pipeline system. Besides allowing them to relieve their railway network, this would allow them to increase exports and re-

92 Lucas (1977), 36.
duce the demand for tankers. In order to complete their system (Fig. 6.3), the Soviets would need a remarkably high amount of LDP, which their industries could only provide to a limited extent.

The Soviet plan caused anxiety in NATO’s military circles, as the pipeline could easily be connected to seaport terminals where the Soviet Navy’s vessels were moored. The importance of those terminals for the Soviet military had already been pointed out by the American, Frank Uhlig, a member of the US Naval Institute, in the early 1950s. He had maintained that the bulk of the Soviet fleet being in the Baltic, the Soviets could easily prevail over the Swedish fleet and, by clearing naval opposition there, expand their operations. As for the Black Sea fleet, its only opponent was the weak Turkish fleet: if the Dardanelles fell to the Russians, Uhlig argued, they could easily reach the Mediterranean.

By 1962, the significance of pipelines for the Soviet marine military apparatus was clearer than ever to NATO, and added to concerns deriving from Russian technological progress in war vessels. In 1952, the US Navy had revealed that the Soviets were about to develop a submarine-based nuclear deterrent. This news had been followed by other alarming updates on advances in military equipment and in oceanography studies, and had eventually led NATO to establish an ad hoc group to produce oceanographic knowledge for anti-submarine warfare needs in late 1958.

From a secret ECONAD memorandum, it emerges that NATO military authorities were especially worried about the Soviet war ships docked along the Baltic and Pacific coasts, which could easily and rapidly be fuelled. The Soviet railway and naval units, relieved of transporting oil, could then be used to carry logistically critical goods, such as ammunition and foodstuffs. Moreover, were the Russians able to develop a system parallel to the NATO military network in Western Europe, support for their troops in any European campaign would be materially improved. Finally, the pipeline system would also allow an undetectable build-up of oil stockpiles in Central Europe.

93 NATOA - AC/127-D/68, confidential, ‘ECONAD, Report by the Ad Hoc Study Group on Soviet Oil Policy to ECONAD’, 23 May 1961, pp. 6-8. The corresponding figure for 1958 was 15 percent.
94 NATOA - AC/127-D/68, p. 8-12.
Fig 6.3 Estimated capacity of Druzhba

98 NATOA - Annex II to AC/127-D/83, secret.
The long debate that followed the embargo proposal is indicative of the manifold status of technological items, and reminds us of the argument put forward about natural resources by Gabrielle Hecht.\textsuperscript{99} Like ‘nuclearity’ for uranium, the strategic nature of pipes was not something given; rather, it depended on the technopolitical context. From the 1940s, the development of nuclear weapons assigned a political significance to uranium, which radically changed status, from a mere radioactive mineral to the principal fuel of nuclear warfare. Similarly in the early 1960s, LDP came to acquire a marked military significance they did not have before. The change of status of pipes, from freely tradable to embargoed merchandise, was to affect commercial relations between the USSR and European countries. This was particularly true for Italy, as the 1960 agreement between ENI and SNE had planned for LDP deliveries; and for West Germany, whose almost simultaneous agreement with the Soviets included plants for chemical and extractive industries, iron and steel products, tankers and LDP.\textsuperscript{100}

In the eyes of US delegates in NATO, by contributing to the Soviet effort, these countries were imperilling not only their own security, but that of the entire Western bloc.\textsuperscript{101} The pipelines improved Soviet military capabilities, they argued. Yet it is not easy to assess to what extent American responses reflected genuine military concerns, or were the disguised commercial interests of oil majors. At NATO debates, US majors’ interests were never named, but their presence, as I demonstrated in para 6.2, lingered in the discussions. American emphasis on military security was not paralleled in European countries’ evaluations, which rather stressed the embargo’s economic repercussions.

In order to complete their pipeline system, NATO estimated the Soviets would need immense foreign assistance. Soviet plants had sufficient capacity to produce all kinds of pipe except 40” diameter, and NATO forecast the Russians would be short of these pipes until and beyond 1965. The USSR had already been importing LDP from abroad for a few years. NATO members had not prevented these kinds of exports ever since CoCom had reduced restrictions on pipe and oil equipment exports to the Soviet Bloc in 1958. Most equipment used in oil exploration, refining, production and transport had previously been embargoed or highly restrained in volume in shipment to Bloc countries under the CoCom agreement.

In the 1958 review of international strategic controls, however, almost all items relative to

\textsuperscript{99} Hecht (2010, 2012).
\textsuperscript{100} ASMAE - Telegrammi ordinari, Russia (Ambasciata Mosca), 1961, vol. 55 arrivo (Jan-Jun), n. 13, Itemb Moscow (Pietromarchi) to MAEI, ‘Stampa sovietica’, 2 January 1961.
\textsuperscript{101} Nuti (1998), 374.
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the oil industry had been deleted or downgraded to Watch List status, which only required reporting deliveries to the Eastern Bloc to the Atlantic Alliance’s authorities. Since Soviet demand for LDP had been limited, these items had been deleted from the list. On that occasion, Petroleum Press Service had warned that the removal of restrictions would make it easier to provide the Soviets with tools for prospecting, drilling and refining (and tankers). 102 This is exactly what happened. By the spring of 1961, new Soviet orders had been placed or were being negotiated with West Germany, Italy, Sweden and Japan.

Although it was not possible to evaluate the extent to which the USSR would erode its ‘pipe gap’ thanks to these imports, they still appeared to be a bottleneck to Khrushchev’s plans. 103 Soviet companies were also trying to acquire the new industrial technology required to produce the pipes, and by the end of 1960, had already been in contact with German firms, to negotiate the use of a new spiral welding process. The German innovation enabled the construction of pipes from long strips of steel plate fitted together to form helical seams, a process which improved the quality of pipelines, by minimising leaks. 104 As for the tanker situation, which also alarmed the USA and other NATO members, the Soviet Navy had placed orders in Italy and Japan. While Italy had suspended a contract for two of the eight tankers commissioned, non-NATO countries with large shipbuilding capacities, such as Sweden and Japan could still work for the Soviets without having to worry about NATO’s reaction. In addition, tankers could be built for third parties and then sold to the Soviets, and there was no means of controlling this. NATO could not impose any effective restrictions. 105

The ease with which the Soviets could acquire foreign technology drove the USA to propose the mentioned embargo. The request, however, triggered a British reaction during ECONAD meetings. A ban, the British delegate contended, besides posing difficulties for the exporting industries of member countries, would either be ineffective or only postpone increases in the oil exports of the Eastern Bloc until they had arranged to produce the necessary equipment themselves. In fact, he argued, it would push the Russians into increasing their production installations. 106 However, pipe supply problems were already demonstrat-

105 NATO - AC/127(O)R/2, p.4; NATO - AC/127-D/68, confidential, ‘ECONAD, Report by the Ad Hoc Study Group on Soviet Oil Policy to ECONAD’, 23 May 1961, pp. 8-12. On tanker trading with the USSR, especially with regard to Italy, see: Bagnato (2003), 408-22.
106 NATO - AC/127-R/71, confidential, ‘ECONAD, Meeting held at the Permanent Headquarters, on 20
ing their effect. In the summer of 1961 the construction of the pipeline’s branch to the Baltic ports had to be postponed indefinitely. 107

On the issue of pipeline technologies, the discussion was not limited to NATO. Oil companies did not stand idly by. In fact one might speculate that such was the osmosis on energy security between the US representatives at NATO and the American oil industry, that the suggestion of an embargo may have come from the latter, as ENI had contended with respect to NATO’s stance on Soviet imports. If these firms had been the US government’s ‘fifth column’ in Algeria, now it was Kennedy’s government that offered to be the majors’ secret diplomacy at NATO.

In 1963, the World Petroleum review admitted that the first demand to use NATO and US diplomatic channels to restrict trade in oil between the West and the USSR had been made in November 1960 at an annual meeting of the American Petroleum Institute, by Gulf’s President, Ernest Brockett, and by SONJ’s President, Rathbone. 108 SONJ recommended exactly what Reifman’s proposal was designed to achieve: an agreement within NATO and with non-NATO countries trading with the Soviets, on a list of strategic materials the sale of which would be prohibited, including those allowing them to complete their pipeline system and refineries in Eastern Europe. A similar agreement, the US major advised, should also be reached to control the release of technological information, thereby banning the kind of contracts made by ENI with the USSR for engineering and design of parts of the Soviet pipeline (see pp. 216-7). 109

In August 1961, following the embargo proposal, ECONAD requested that a study be made before taking a definitive decision. The report of the ad hoc Study Group on Soviet oil, which the Economic Advisers received in September, reflected quite closely the American viewpoint. As far as the Soviet pipeline issue was concerned, it argued that this had “obvious military significance”, in particular the USSR–European Satellite pipeline system – the line called Druzhba, the Russian for ‘friendship’ – and its spur line to the Baltic Sea. 110 At a

July 1961, Decision Sheet’, 4 August 1961, p. 4. I could not retrieve the name of the British delegate in the NATO archives.


110 Quoted from: NATOA - AC/127-D/68, p. 6.
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meeting of the Study Group, US General Major Francis Piggott, Assistant Chief of Staff (Intelligence) at the Supreme Headquarters Allied Powers Europe (SHAPE), urged that the construction of the pipeline be delayed, in order to prevent supplying the Soviet Navy. By the same token, the branch line to East Germany, where the Soviets kept many divisions, should also be hindered. Unlike the Soviet railway, which ran north to south, pipelines would run east to west. The flow of oil in that direction would make supplying the Soviet military machine in Eastern Europe easier.

According to the report, the Soviets were not producing 40” pipes, and there seemed to be no evidence they were progressing rapidly enough to build large capacity tube mills or steel rolling mills capable of producing steel plate wide enough to enable single-weld 40” pipe to be manufactured. Considerations on the Soviet ability to access certain technologies led the Study Group to conclude that, although the Soviets claimed to be able to produce pipe by welding two pre-formed halves, there was no indication that they were actually doing so. Soviet industries were also reported to be unable to build gas turbines, electric motors and other equipment required for 40” lines. As for auxiliary equipment, they were in need of Western technology as corrosion was a major problem in their pipes and equipment, due to the high sulphur content of Soviet oil. They also lacked pumps, compressors, turbines, valves, pipe fittings, large electrical engines, gauges, telemetering and short-wave control equipment. An embargo, the report’s compilers concluded, would delay the completion of Druzhba.

The archive material suggests that European delegates were unconvinced, and the discussion soon became heated. The British delegation replied with its own data, which contradicted the information available to the Americans, and maintained its negative stance. The military nature of the pipeline was asserted by the Americans and denied by the British. The latter maintained that as the embargo proposed covered all LDP and related equipment, it would have to include all possible materials and equipment useful in the construc-

111 NATOA - AC/127-D/83, secret, ‘ECONAD, Soviet oil and gas pipelines, Note by the Secretary’, [2 or 3] October 1961, p. 5. The identity of the military representative is not specified in this document, but this is revealed by other documentation.
112 Besides Druzhba, scheduled to complete in 1964, the Soviet pipeline programme included three more pipelines to Leningrad, to the Black Sea port of Tuapse and to the Pacific Ocean at Nakhodka. NATOA - AC/127-D/83, secret, ‘ECONAD, Soviet oil and gas pipelines, Note by the Secretary’, [2 or 3] October 1961, pp. 5, 7.
113 NATOA - AC/127-D/83, p. 7.
114 NATOA - AC/127-D/83, pp. 8-12.
116 NATOA - AC/127-D/83/1, secret, ‘ECONAD, Soviet oil and gas pipelines, Note by the Secretary’, 17 October 1961, pp. 3-4.
tion and installation of pipelines. But these included items in general use such as valves and earth-moving equipment. The UK representatives could not see more value in such an embargo, than in one on communication equipment, most of which was not restricted under CoCom in spite of its likely usefulness in war.\textsuperscript{117}

In late 1961, to make their point clearer, the American delegation summoned Piggott.\textsuperscript{118} Once 	extit{Druzhba} was operative, the General admonished, European security would be seriously threatened. Firstly, the pipeline was being placed underground and camouflaged in order to be screened from possible nuclear attacks. Secondly, in peacetime the whole pipeline system would have a capacity three times over the military needs of the Soviet forces facing the European Allied Command. At war, Piggott explained, such improved supply capability would allow the Soviets to fuel an impressive military machine, with as many as 300 divisions and 15,000 aircraft between Poland, East Germany and Czechoslovakia, plus 150 more divisions west of the Urals. Not to mention Soviet war vessels and nuclear-powered ballistic missile submarines: the latter, especially, were far more threatening than ground divisions in a war scenario. It was thus vital, according to Piggott, that NATO countries stop providing the Soviets with much needed materials.\textsuperscript{119}

\textbf{6.6 Troubles of a ‘special relationship’}

The British government was not the only one alarmed by the embargo proposal. Representatives of other countries with large trading stakes with the Soviets in relation to LDP and pipeline equipment were not at all convinced that an embargo was a desirable solution. In order to reassure NATO allies, in early 1962, the US representative at \textsc{Econad} felt compelled to clarify that the proposal was not intended to prevent existing contracts being honoured. The clarification was welcomed with a sigh of relief by the Italians and Germans, and triggered general approval of the embargo by the Belgian, French, Dutch, Portuguese and Turkish authorities.

The Germans, however, whose position was more complex, still hesitated. While they would accept an embargo on oil pipes, they contended that gas pipes should not be blockaded. But could one distinguish between the two kinds? The Germans assumed this was

\textsuperscript{117} NATO - AC/127-R/76, secret, ‘\textsc{Econad}, Meeting held at the Permanent Headquarters on 19 October 1961’, 28 October 1961, p. 5.


\textsuperscript{119} NATO - AC/127-WP/78, pp. 3-5; AC/127-WP/85, p. 1. See also: Bagnato (2003), 388-9.
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the case, but the Americans did not share their opinion. In addition, most country representatives were lacking instructions about the exact size of pipe to which the embargo should apply, and about whether to include pipeline equipment.\(^{120}\) Uncertainty on these points makes it clear that the LDp as a technological device was being defined by ongoing negotiations, and was still in a somewhat fluid state. Any embargo approval by NATO delegations, therefore, could only be in principle, contrary to American wishes.

French acceptance of an embargo is not surprising since they, like most other NATO countries, had no interests in the pipe trade with the Soviets, but Italian approval – albeit lukewarm – was unexpected, especially in light of Eni-Soviet relations. Yet we must not forget that during the embargo discussion, the Italian government (and Eni) was essentially sabotaging the Study Group on Soviet Oil Policy through their firm opposition to any effective measure that would force a reduction of Soviet imports. Any strong opposition to another embargo, the practical consequences of which were economically less problematic for Italy than a stop in oil imports, would be most embarrassing to the Italian authorities. It would also be pointless, since British hostility and German ambiguity were currently preventing the project from being enacted. The American government, Italian representatives may have thought, would not go so far as dismissing the British opinion outright, and an acceptable compromise would eventually be reached. In addition, thanks to the favourable stance the Americans took to existing contracts, Eni could at least be reassured that no major diplomatic accident would occur between them and the Soviets.

As for the British opposition, it is less immediately explicable, in the light of Shell and BP’s potential interest in urging it, since it would reduce the Soviet oil flow to Europe. The discrepancies which emerged in the British ministerial environments at the time of the 1959 embargo (see p. 197) presumably returned to the surface. In 1959, the opinion of the Ministry of Power had prevailed over that of the Board of Trade, which favoured a continuation of trade with the Soviets. This time, the Treasury took the Board of Trade’s side. We should remember that the Treasury, whose Joint Permanent Secretary, Frank Lee, had earlier been the Permanent Secretary of the Board of Trade, was open to the possibility of British companies reaching an ‘accommodation’ with the Soviets, although his proposal was firmly opposed by the British majors.\(^{121}\) Notwithstanding the importance of the oil in-


dustry in British economic interests, by early 1960 the Treasury already doubted this would be of crucial significance to the country’s balance of payments. Many British manufacturing companies were involved in trading with the Soviet Union, and after the oil embargo, they would not accept any further antagonising of the superpower. Moreover by the early 1960s the Soviet oil offensive was losing its steam, and it was therefore less dangerous to BP’s and Shell’s interests.

In March 1962, French representatives proposed that NATO countries accept a moral obligation to impede their nationals entering into new contracts for deliveries of LDP to the Soviet Bloc during embargo discussions. When the British replied that the UK government had no legal means of taking such action, the ECONAD chairman supported the French proposal. The British reaction to the looming danger was immediate, and clarified that the ‘special relationship’ existing between the UK and the USA would not go so far as to put Britain’s Soviet trade in jeopardy. The UK delegate questioned ECONAD’s competence in debating the matter, and once more downplayed the military significance of the Russian oil pipeline, “except perhaps in the event of extended conventional operations of warfare in Europe”. That concept, he reminded them, was “excluded from NATO defence planning under the existing political and military directives”. In fact, the military doctrine embraced by NATO in early 1962 was still that of ‘massive retaliation’, providing for a full-scale response with nuclear weapons. Massive retaliation would only be abandoned in favour of ‘flexible response’ after the Cuban missile crisis.

In order to respond on a par to the American summoning of Piggott, the British invoked the help of the Economic Adviser to the UK Joint Intelligence Bureau, Edward Radice, who stressed the British preference for a technical and economic analysis vis-à-vis strategic/military aspects. Experience in applying economic measures for the latter had proved that these would never be as effective as hoped, because “economic systems [were] much more flexible than is generally supposed”.


123 The ‘special relationship’ is a phrase coined by Winston Churchill in 1946, and used to describe the exceptionally close political, diplomatic, cultural, economic, military and historical relations between the United Kingdom and the United States. Reynolds, D. (1985-6) “A ‘Special Relationship’? America, Britain and the International Order Since the Second World War”. International Affairs 62 (1): 1-20.

124 Quoted from: NATOA - AC/127-R/87, secret, ‘ECONAD, Meeting held at the Permanent Headquarters on 22 March 1962, Decision Sheet’, 29 March 1962, p. 5. The British delegate was presumably A. K. Potters, who had taken part in all meetings from 1957 to 1959 with no interruptions. Unfortunately, retrieving from NATO archives the names of national ECONAD representatives after December 1959 proved impossible.

125 NATOA - AC/127-R/87, p. 6.
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the gap was rather small, and the Soviets could cover it if they faced an embargo on LDP exports. For example, they might increase their production of 40” pipes, or use smaller diameters, while doubling the lines of such pipe if necessary; or they could modify their priorities between the oil and gas pipelines, and delay the switch from coal to gas in their industrial apparatus, to use most pipes for oil.126

What the British largely contested was the strategic nature of LDP. Pipes for oil might be strategic, pipes for gas were not (or not as much). Entrusting the defence of the status quo to only commercial reasons would not be enough to oppose an embargo, especially if the proposal was forwarded to the NAC, where strategic reasons would prevail. Thus the focus had to move to the ‘LDP’ label, which had to be reconsidered. As no distinction could be made between the two, the British contended, the Americans were lumping them under the same group, thus conveying the impression that the amounts of this item needed by the Soviets were larger than they actually were. The US tactics were designed to convince NATO allies that an embargo would indeed be an effective measure. On the other hand, for those countries that did have such trading exchanges, the question was more delicate. This was particularly the case for West Germany, but also to a lesser extent for France, Italy and the UK itself, as can be seen from Tab 6.2.

<table>
<thead>
<tr>
<th>1959-1960</th>
<th>Exports to the Sino-Soviet Bloc (kt)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Rubber</td>
</tr>
<tr>
<td>Belgium</td>
<td>858</td>
</tr>
<tr>
<td>France</td>
<td>-</td>
</tr>
<tr>
<td>Italy</td>
<td>16,087</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4,039</td>
</tr>
</tbody>
</table>

Table 6.2 Examples of NATO Countries’ trade with the Sino-Soviet Bloc in certain commodities127

The US representative expressed regret at Radice’s military estimate, and affirmed that he “disagree[d] 100%”. Even if tactical nuclear weapons were used, he stated, and conventional operations not carried out, it was “contrary to existing NATO military theory to think that one will not need tremendous quantities of oil and other supplies”. As for political considerations, adopting an embargo merely as a final effort to avoid the outbreak of war

126 As for 19” pipes, the UK agreed with the Americans estimates of 8.6 Mt for the seven-year plan. Since it was also estimated that the Soviet production would be 7.9 Mt, such amount plus already imported pipes would cover the USSR’s needs except for a few hundred kt: such gap could be filled by slightly expanding the Soviet domestic production.


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was contrary to the existing Allied agreements to blockade strategic items. The clash between the USA and the UK became even more evident when the American representative cast doubts on British intelligence’s estimate. Gas pipes had to be equalled to oil pipes as strategic items, he maintained, as both would be used to feed industrial expansion which, in turn, fuelled the military effort. The British did not seem to perceive as serious a threat to Western security as the Americans did. Realpolitik considerations may have informed the British position. Damaging British iron, steel and equipment producers for military reasons on which the British did not agree, would not make sense. By compromising Anglo-Russian relations with such an inessential measure, the whole British balance of trade would be jeopardised.

While the British and American positions remained irreconcilable, the German stance was more nuanced, and added a further aspect of technical expertise to the pipe debate. Firstly, the Germans supported the view that, for an embargo to be effective and not to leave the Soviets any loophole, not only 40” pipes, but all pipes with a diameter larger than 16” should be included. This request amounted to extending the kinds of forbidden pipes more than the Americans had demanded (the lower limit set by them being 19”). These tactics, which on the surface might make the Germans look ‘more Catholic than the Pope’, rather resembled those proposed by the Italians in regard to the list of items prohibited from import from the Soviet Bloc discussed in the previous chapter. By enlarging the range of items to prohibit, the Germans were trying to make the embargo look less palatable to other NATO countries.

More importantly, the Germans challenged the American Petroleum Institute’s viewpoint on standards used for distinguishing between oil and gas pipes. While the US institute maintained that 40” pipes for gas pipelines could also be used for the transport of oil, the Germans disagreed. When trading with the Soviets, those German manufacturers that had already provided pipes had been required to supply them with a very specific characteristic. The impact factors specified by the Soviets for temperatures of -40°C and +20°C seemed to indicate that this pipe was going to be used for gas pipelines. Such qualitative requirements, which the German representative claimed were responsible for a substantial increase

129 NATOA - AC/127-R/87, p. 10.
130 NATOA - AC/127-R/87, p. 11.
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in the cost of pipes, was “pointless in the case of oil pipe since only at temperatures above 15°C was oil sufficiently fluid for conveyance by pipeline”. 132 Economic considerations, the Germans concluded, reduced to nil the odds they would spend more money than necessary for buying gas pipes and use them for oil.

Through technical expertise, the solution of one of the problems linked to pipes seemed to eventually be possible. The criterion for distinguishing oil and gas pipes could, in principle, be used in favour of the British to invalidate the American claims. In the debates that followed the German statement, however, no further mention was made of this aspect. As no agreement could be reached about the pipe issue, the embargo proposal finally reached the NAC in the spring of 1962. The general solutions proposed by ECONAD to the Council expectedly echoed those reached by the American delegation, although the British position was also reported. 133 In late May, the Council gathered to discuss the thorny issue. Thirteen countries out of fifteen agreed to the Council’s recommendations, at the same time leaving the selection of items to be put under embargo to CoCom. Paul Mason, the British delegate at the NAC, dissented, while the Norwegian, Jens Boyesen took a waiting stance. Firm support was given by France. For Italy, the delegate, Corrado Orlandi Contucci, approved the recommendations, while stressing the validity of the clause on existing contracts, a proviso of great importance to ENI. 134

Due to the British opposition, no agreement could be reached even at the Council meetings, and the matter was referred back to ECONAD, with the provision that NATO Secretary General, Stikker, take up with the highest military spheres the question of a further intelligence assessment, and consult the Supreme Allied Commander for Europe, US General Lauris Norstad. 135 SHAPE analysts, however, informed Stikker they had no additional information to add to that provided by Piggott. By the late summer of 1962, a deadlock was reached. 136 It was therefore decided that the issue would again be examined by yet another group of experts from France, Germany, Italy, the UK and the USA. By early October this group had drawn up the definitive report on the consequences of an embargo on the Soviet pipeline system.

133 NATOA - C-M(62)51, secret, ‘Soviet Pipeline System - Note by the Chairman of ECONAD’, 2 May 1962, passim.
135 Ibid., 13.

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The figures provided by the different delegations on Soviet LDP needs still conflicted. For instance, all European experts evaluated 40” pipe needs to be 2.1 Mt, while the Americans offered a figure of 2.4 Mt. When it came to analysing Soviet LDP imports from Western Europe up to 1963, the experts concluded that, notwithstanding imports from West Germany (681 kt), Italy (181 kt) and Sweden (135 kt), the Soviets would still have a deficit of 253 to 703 kt, depending on the estimate. Discrepancies aside, what mattered was that they would indeed be short of 40” pipes. Were such deficits not filled by further imports from the free world, the pipeline system might be delayed for a period varying from eight months to over two years. As for pipeline equipment, lack of information ruled out any final decisions.

When the experts’ draft was eventually debated at ECONAD, its members agreed to submit it to the NAC with the recommendation that member countries, “under their own responsibility”, should “to the extent possible”: 1) stop deliveries of large diameter pipe (over 19”) to the Soviet bloc under existing contracts; and 2) prevent new contracts for such deliveries. It was decided the Council would monitor the situation. In the end, the provision covered existing contracts, but the interpretive flexibility suggested by the formulation of the recommendation reassured Italian and German governments. ENI thus saved its deals with the Soviet firm by, once again, getting around impositions emanating from the majors, and found a sympathetic hearing among American diplomats. The NATO ruling, however, did not enable ENI to make the contract with SNE watertight; something that, as I will now show, seriously unnerved the Soviet government.

6.7 Interlude: the affair that “deeply offended” the Soviets

The experts’ report had mentioned 181 kt as the amount of 40” pipe that Italy was to deliver to the Soviets. Yet we know that the 1960 ENI-SNE agreement scheduled deliveries for 240 kt of such pipe. The missing 59 kt were at the core of an interesting episode that occurred in 1962. The Italian iron and steel manufacturer that had been selected to supply the Soviets with LDP was Finsider, a public agency on good terms with ENI. With a view to

140 Natoa - AC/127-D/107, p. 5.
141 Quoted from: Natoa - AC/127-D/107/1, secret, ‘ECONAD, Soviet Pipeline System, Draft Report to the Council, Note by the Secretary’, 19 October 1962, p. 2. The quotes are from: Ibid.
complying with its Soviet orders, Finsider had started the construction of a plant in Taranto, in southern Italy. On top of its Soviet engagements, a year after the 1960 agreement, the Italian manufacturer had finalised a further pipe sale agreement with an Argentinian agency.

However, the materials for the construction of the Taranto plant were being provided by US Steel. When the American company’s managers realised the factory would supply the Soviets, they prohibited Finsider from using their equipment to produce pipes. They also threatened to stop deliveries of the plant’s equipment and spare parts. The company’s president, Ernesto Manuelli, immediately discussed the matter with Eni’s Ratti, and lamented being “forced by Italian and American authorities” to cut its Soviet deliveries by 25 percent.142 Manuelli had suggested the Russians purchase the remaining quantity from a German firm, Phoenix, which had worked with Eni in the past. The Soviet company, however, refused.143

At his meeting with Ratti, Manuelli argued that it was impossible for his company to satisfy the Soviet contract for 240 kt and the Argentinian one for 300 kt at the same time, and that he had already committed to the Americans not to export more than 180 kt of LDP to the USSR. Now Manuelli called on Eni management to mediate, in order to convince the Soviets to accept his proposal. Ratti did not agree with Manuelli, and writing to Mattei on the very same day, recommended that Eni would be better keeping out of this unfortunate deal. Finsider would have to cope alone and honour the contract.144

The Eni managers, however, could not simply wash their hands of the matter. A breach of part of the Eni-SNE contract by one of Eni’s partners could jeopardise the whole deal. An enraged Mattei thus replied to Manuelli that it was not worth modifying the Finsider contract because of American pressure, especially by favouring the Germans (“our most dangerous competitor[s]”). Finsider’s breach, warned Mattei, would compromise future Soviet collaboration with Eni.145 Such difficulties had to be overcome, especially after the efforts made to open the Soviet market to Italy.146 Mattei wrote to the Minister of State Holdings

146 ASEN - Fondo Eni, Presidenza Eugenio Cefis, b. 24, fd. CB8, note for the Foreign Minister [Antonio
Giorgio Bo (one of ENI’s best allies), and informed him about Finsider’s intentions. Mattei warned Bo that if the firm insisted on its proposal, he would reconsider keeping ENI associated with a company that could “reserve to its associates the most unpleasant surprises”. Mattei was also disappointed that the Italian authorities seemed to support, or at least not to oppose, American pressures. He sent Ratti to the General Director of Economic Affairs, Egidio Ortona (formerly a diplomat at the Italian Embassy in Washington), in order to ask for a rationale.

Ortona explained that the contract between Finsider and US Steel – concluded before the Finsider contract on pipe sales to the Soviets – included a clause that prohibited exports to the USSR. Foreign Minister, Segni, had preferred not to antagonise the Americans. He had suggested the US firm not embargo its equipment deliveries to the Taranto plant, implying that Finsider would instead renounce its deliveries to the Soviets. Thus, Ortona claimed, he had in fact eased a settlement between the Americans and the Italian manufacturer.

Manuelli and the management of the Soviet enterprises that had commissioned the pipes, Siderexport and Promsyrioimport, reached a compromise by early March. Finsider’s deliveries were reduced by 60 kt. As desired by Mattei, the Germans were left out, and a clause was added to the new contract, to the effect that the reduction would not affect other exchanges included in the 1960 agreement. Mattei, however, had not given his consent to the modification, so in March, he reminded Manuelli that the Soviet companies had no right to modify any contract without ENI’s consent.

However, in spite of his disappointment, once he was reassured that the Finsider breach would not compromise the rest of the contract, Mattei accepted the final settlement. Although there was no direct repercussion on the comprehensive agreement, the whole affair did cause the Soviet First Deputy Foreign Minister, Vasili Kuznetsov, to let Ratti know he felt “deeply offended” by Finsider’s attitude. The Soviet authorities would take into account the company’s breach, especially as it had been caused by the Argentinian contract, which

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Segni], unsigned [prob. Giuseppe Ratti], February 1962.
147 Quoted from: ASEN1 – Fondo ENI, Presidenza Eugenio Cefis, b. 24, fd. CB8, letter, Enrico Mattei to Giorgio Bo [Minister of State Holdings], 12 February 1962. My own translation.
149 ASEN1 – Fondo ENI, Presidenza Eugenio Cefis, b. 24, fd. CB8, letter, Ernesto Manuelli to Enrico Mattei, 7 March 1962.
150 ASEN1 – Fondo ENI, Presidenza Eugenio Cefis, b. 24, fd. CB8, letter, Enrico Mattei to Ernesto Manuelli, 28 March 1962.
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had been signed later than the Soviet one.\textsuperscript{151}

In May 1962, Mattei took advantage of a meeting with the US Under Secretary of State, George Ball, to express all his discontent about American attempts to prevent ENI from selling pipes to the Soviets, when the Germans and Japanese had been doing just that, and on a larger scale than ENI. The Italian company however, Mattei lamented, had been the lone focus of US censure, and the NATO conclusions on both oil imports and LDP exports had been “just another attempt to ‘coordinate him out of the picture’”.\textsuperscript{152} Mattei and ENI were targeted because of the Italian company’s long-standing opposition to the plans of the US majors: to control the oil market in Italy, opposing ENI’s deals in the Middle East based on the 75/25 contracts; to compete with ENI in gaining access to North African oil; and to take the Italian agency away from the building of pipelines in Europe. What Ball could not tell Mattei was that the NATO rulings had only escalated the ongoing conflict and brought it from the level of confrontation between national firms to that of a transnational arena.

6.8 The Council’s last word and consequences of the embargo

In late October 1962, a solution on the pipe embargo appeared to be in sight. British officials finally acquiesced to ECONAD’s draft proposal, provided the embargo did not apply to them.\textsuperscript{153} The Italian representative, however, once again blocked the process. The political body went through a period of indecisiveness: delegates attributed their hesitations to the current international situation.\textsuperscript{154} The Italians were referring to the Cuban missile crisis, started a few days earlier. Supporting a NATO embargo in those circumstances would have looked to the Soviets as a retaliation measure taken by the USA with West European approval in response to the Cuban events. Such a misunderstanding could only worsen Italian-Russian relations, in a period when the Italian political situation was already rather unclear. Mattei’s death meant that ENI’s strategy had now become more uncertain, although Italy was still the West’s largest importer of Soviet oil.\textsuperscript{155} Faced with a new stalemate, the


\textsuperscript{152} Quoted from: NARA - RG 59, Central Decimal File, 1960-1963, b. 2684, f. 865.04/5-2262, confidential, MOC, 22 May 1962, p. 3. According to Mattei, West Germany was selling 200 kt of LDP a year to the Soviet Union, and Japan 600 kt a year.


\textsuperscript{155} NARA - RG 84, Records of the Foreign Service Posts of the Department of State Italy, US Embassy, Rome, Classified General Records, 1946-1964, b. 128, fd. 511.12 Export-Import, f. 511.12, confidential,
other ECONAD representatives unanimously asked Alessandrini to seek his government’s consent without further delay.

One month later, when the Cuban crisis was over, the Italian government approved the ECONAD and Council’s final decision. Alessandrini added that in a spirit of cooperation, his authorities had already reduced a number of contracts for supplies of pipes to the Soviet Union (we have just seen that they had indeed been obliged to do so under ‘technological blackmail’), but that in the future its government would decide on a case-by-case basis, taking NATO’s recommendations into account, and keeping an eye on other NATO members’ contracts.156

The embargo was finally approved by the Council on 21 November 1962, but its enforcement only caused further trouble. In early 1963, alleged Polish attempts to place new LDP orders in Italy caused the German government to react by requesting member countries take the necessary steps to prevent the execution of Soviet bloc orders placed later then the date of the embargo’s enactment. The US representative recommended that country members, excluding the UK, keep ECONAD informed of any Soviet approaches designed to break the embargo.157

In March, however, the NAC learnt about the serious problems that Adenauer’s government was facing in the German Parliament. The news of the embargo alarmed iron and steel companies, and large sections of the Parliament had opposed the decision, thus further weakening Adenauer’s government. They had only avoided a defeat on the embargo resolution by a handful of votes. So, although the situation had been brought under control, the German Chancellor appealed to other NATO members for the blockade to be enforced without producing more crises. This was the only way the government could succeed in implementing the resolution.158

The oddity of Britain’s position was then highlighted by an episode occurring in April 1963, when Stikker was informed by the US government that a British firm, South Durham Steel, was negotiating with the Soviets in regard to LDP purchases. Although the UK had

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not accepted the embargo, the Americans warned this would seriously put the provision through the wringer. In response to the news, US diplomats contacted their British counterparts to settle the matter. In the same year, the French also reported that an LDP contract with the Soviet Union had been signed by a Japanese firm.\textsuperscript{159}

These and other similar attempts to break the embargo did not ultimately succeed. By 1963, France and Italy had refused a number of contracts; the West Germans had embargoed a colossal 203 kt of 40” pipes, despite the order having been placed before the Council’s decision. Japan and Sweden also generally cooperated.\textsuperscript{160} That the embargo had been successful was also shown by Khruschev’s reaction. In a television speech on 27 February 1963, the Soviet Prime Minister vehemently railed against the US administration. The Russians also complained to Germany, and the blockade was extensively covered in the Soviet media. The construction of the pipeline system had indeed been delayed; scheduled to be completed in late 1963, it was only completed a year later.\textsuperscript{161} However, the embargo was not able to stop Soviet oil exports to Western Europe, which continued to increase in the early 1960s. Although during this period the largest contracts were signed with ENI, by 1970 distribution had diversified, and SNE had been exporting wherever it had found the opportunity.\textsuperscript{162}

As for the embargo, it lasted until November 1966, when the French and West German governments requested its cancellation, arguing that its scope had been reached (that is, the pipeline construction had been delayed), and that the Soviet rolling mills had by then recovered their backlog.\textsuperscript{163} Curiously, the embargo seems to have not so much affected the production of 40” pipes as that of smaller diameters, because in order to offset the amounts of 40” pipe denied by the embargo, the Soviets converted a number of their pipe mills to the production of 40”, thus reducing their smaller pipe production capacity.\textsuperscript{164}

\textsuperscript{159} NATOA - C-R(63)21, secret, ‘Summary record of a meeting of the Council, held at the Permanent Headquarters on 24 April 1963’, 2 May 1963, p. 8; NATOA - AC/127-WP/188/1, secret, ‘ECONAD, Sale of large diameter pipe to Soviet Bloc countries - Addendum to the note by the French Delegation circulated as AC/127-WP/188’, 6 October 1966, p. 1

\textsuperscript{160} NATOA - C-R(63)21, p. 9. However, this last NATO statement is contradicted by Ebel, who claims that Sweden continued to deliver between 40 and 50 kt of pipes a year during the embargo (Ebel (1970), 184).


\textsuperscript{162} Stern (1987), 27, 30.


Contrary to expectations, Soviet oil exports to the Common Market did not constantly increase, and in the first half of 1962, after having developed over three years, they stabilised at around 11 Mt. By the mid-1960s, European countries such as Italy, Austria, West Germany and Greece were importing oil at reduced prices from the USSR, as was Japan.\textsuperscript{165} Minor reasons for such decline can be found in the acknowledgment by the Russians of the risks incurred from continuing with their policy (blockades), in the slight increase in Soviet oil prices, making them less palatable to purchasers. The saturation of usual Soviet oil outlets, due to oil received earlier, also played a part. But the main reason for the fall was that from approximately 1966 onwards, Soviet oil consumption increased faster than production. The whole pattern of Soviet oil policy slowly began to shift.\textsuperscript{166}

6.9 Conclusions

Were the American and most West European diplomacies really acting in European security interests when trying to limit Soviet oil imports? Historian, Geir Lundestad, disagrees, and maintains the USA was more interested in perpetuating Europe’s dependence on American national companies.\textsuperscript{167} My story cannot disprove his claim. I believe, however, that a parallel line of reasoning may also be applied to Britain and France (and probably to the Netherlands), that is to countries whose public or private oil companies had considerable reserves and established interests in the Middle East and Africa. Strong economic interests were the elephant in the room at NATO and EEC discussions on restraining Soviet oil purchases.

As for Italy, ENI continued its struggle with the majors by mobilising sympathetic Italian diplomats at NATO. Mattei, Ratti and Ruffolo suggested diplomats employ time-wasting tactics to forestall the approval of regulations that could damage the company. These tactics succeeded in delaying decisions on Soviet imports, and essentially neutralised the most dangerous proposals on the matter, forwarded by NATO or European countries, especially France. The precious time gained by ENI facilitated furthering the company’s business with the Soviet Union before new regulations were applied. Strategic and security motives were only evoked once it became clear that on purely economic grounds no country could be forced into any restraint measure. Alleged security threats to the West prevailed over, and

\textsuperscript{165} Berry (1972), 149.
\textsuperscript{166} PPV (1962) “Les exportations soviétiqques marquent le pas”, XXIX (10): 363-4; Berry (1972), 150.
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to an extent dissimulated, the economic rationale.

As for transnational reactions to the Russian offensive, stating that NATO and EEC meetings were little more than places where oil companies’ strategies came to a head via diplomatic channels would amount to technocratic determinism, and underestimate domestic and foreign policy factors. However, the extent to which national tactics were decided beyond governments and diplomatic bodies cannot be underrated: ENI, CFP, BP, Shell, SONJ, SOCONY and Gulf were deeply involved in devising the main lines of attack and defence for national delegations at transnational meetings. Oil companies’ strategies shaped their own countries’ strategies.

On the other hand, there is little doubt that there were also sincere anxieties about the consequences for Western military security, but these were held mainly by the Americans. In general, it seems fair to say that US agencies at NATO acted as the ‘hidden hand’ of oil interests in Western Europe, thus bringing together in this transnational space efforts to both administer energy security and slow down Soviet technological progress, to the benefit of Western oil producers.

Leaving aside Iceland and Finland, Soviet oil imports never reached a dangerous level in the West. The feared dispossession by a commodity which could be sold below cost simply for the purpose of bringing the international oil cartel to its knees, also never materialised.\textsuperscript{168} It would be easy to maintain that Soviet exports did not develop beyond that threshold because of the policies enacted in response to the Soviet oil offensive. In fact it appears such a view was also present in the oil economics environment in 1960, when a \textit{World Petroleum} article contended that, due to the rapidly expanding Soviet industry, it was unlikely that the Soviets would remove from their own market a precious source of energy.\textsuperscript{169}

The Soviet project of building Dragneba could only be seen by a number of NATO countries as a threat that should be prevented. Nevertheless, the American proposal that their NATO allies establish an embargo on LDP and pipeline equipment, was received with scepticism. The British delegation opposed that possibility for over a year. The Anglo-American ‘special relationship’ seemed to crack in the face of two radically different interpretations of se-

\textsuperscript{168} Ebel (1970), 81-2.
security. Military and strategic considerations advanced by the USA contrasted with the commercial and political reasons the British considered to be paramount. Existing trade relations between the USSR and NATO country members caused a decisional standstill.

The game played at the Atlantic Alliance was not one with a simple solution: the technological battle was fought through technical reports, but also over the possibility of distinguishing between ‘strategic’ pipes or machineries and others. What an oil pipeline was – or was not – as a technological product, derived from the struggle to control or suppress commerce with the Soviet Union. As far as Italy was concerned, the battle also included technological blackmailing, in that an American firm threatened to deny the Italian national iron and steel company spare parts for the completion of one of its plants, should the Italians not consent to block their sales of LDP to the Soviets. A resolution to the embargo stalemate was reached by late 1962, and all NATO countries except Britain eventually accepted the American proposal. By that time, almost no-one displayed any obvious doubt that LDP had been transformed, from harmless pieces of metal, to a dangerous threat to Western security.

Debates taking place at the EEC and NATO demonstrated that surveillance and security were no longer associated with prospecting, but with the means of oil distribution. They still played a crucial part in the oil industry, but in different ways. Security was a factor shaping the definition of a new technological artefact, the pipeline, and no longer just depending on geoscientific intelligence. Surveillance took a place at the centre of transnational relations with both enemies and allies. Through the actions of supranational organisations, national governments attempted to force their allies into making their intentions transparent, in a way they would not accept for themselves. While soliciting their allies’ common responsibility over industrial initiatives and, in short, overt surveillance, they nevertheless tried to conceal their own actions, and use intelligence provided by allies to adapt and redesign their own strategies.
CHAPTER 7. CONCLUSIONS

The aim of this thesis has been twofold. Firstly, I explained the role played by oil technoscientific knowledge in the development of diplomatic relations. Secondly, I analysed the links between oil prospecting and national security in the context of the Cold War. The focus of my analysis has been two European countries struggling to acquire a high degree of energy autonomy. The theoretical framework of reference that I have adopted draws on the works John Krige has carried out, on the establishment of American hegemony in the postwar reconstruction of European science, and Ronald Doel’s analysis of the role of geoscientists as diplomats and agents of intelligence-gathering. In framing my research lines in a transnational perspective, and choosing to focus on the technoscience and diplomacy of natural resources, I was inspired by Gabrielle Hecht’s works on the technopolitics of uranium.

For the cases studied, I have demonstrated the feedback loop between oil technoscience and national diplomacy in issues where scientific and technological information has been of critical importance. Technoscientific intelligence persuaded national authorities to endeavour to secure control of their own country’s territory. In the case of Algeria, it also empowered the emerging political and diplomatic élite in their struggle for independence. It enabled national delegations within transnational organisations to substantiate their claims regarding oil imports, the construction of pipelines, and embargoes. But national diplomatics also advanced technoscience, especially by obtaining access to prospecting operations in unique locations, thus contributing to the generation of new technoscientific data. My work reveals the importance of covert surveillance operations focussing on the collection, use and selected distribution of geophysical knowledge, and shows how these operations informed diplomats’ work on a national and a transnational level.

The examination of this interplay between scientists, diplomats, entrepreneurs and intelligence agents is one element of originality in my account. It is true, as Krige has argued, that the United States asserted its hegemony through co-production of knowledge, but on many occasions hegemony was reliant on the secret information gathered by American na-
tionals, and in any case it was repeatedly challenged by lesser powers. Intelligence invigorated diplomatic action and increased negotiating power.\(^1\) Another element of originality lies in the methodology I employed. Unlike many previous studies, and corresponding with the international spirit of the larger project of which my thesis is part, I based my account on archival materials kept in Belgium, France, Italy, the UK and the USA, and including classified documentation obtained through an FoI request at the French Ministry of Culture and Communication.\(^2\)

Multi-archive research gave me the invaluable opportunity to compare primary sources relating to particular issues (for example, the Algerian War, Soviet imports); cross-examine analyses of trading strategies between allies within the same international organisations; fill in the gaps of one archive with information contained in others; and acknowledge the role of secret services in the handling of sensitive information on allies’ industrial and exploratory activities. As noted by historian, Pierre-Yves Saunier, researching in different languages can help us to “become familiar with several archival systems and historiographical traditions and questions, to learn how to imagine the sources which can help to answer [one’s] questions”.\(^3\)

In my work, I have endeavoured to ground Doel’s appraisal of scientists (and especially geoscientists) as policymakers, advisors and intelligence agents in the analysis of oil prospecting and the development of oil technology in general. My argument is that Doel’s interpretation can be successfully applied to a context of indirect military relevance, which motivated national agencies to interact closely with private capital interests. While Doel writes of a ‘science in black’, in my work science is never really completely so. Rather, the handling of it is. Therefore, what matters here is less the covert funding of scientific activities, more the secret application of accessible science: we may call it a ‘science in grey’.\(^4\)

Overall, my contribution adds to recent scholarly work that focuses on the evolution of technoscientific expertise in European states. The choice of Italy as one of my case studies was influenced by the literary presence of a ‘myth’ surrounding the national oil company, and the considerable availability of journalistic accounts and memoirs of former ENI executives that have helped to propagate this. Following a recent historiographic trend that,

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1 Krige (2006).
3 Quoted from: Saunier (2006), 126.
4 Doel (1997).
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through the use of archival documentation, has begun to deconstruct the myth, this work is intended to contribute to this reassessment, especially by highlighting the role of less well studied agents than Enrico Mattei. In the case of France, I have addressed the surprisingly limited awareness of the fine dynamics within the history of national oil diplomacy. The existing literature provides an accurate chronology of key events, but lacks analysis on the agents of change. Yet both Italy and France were influential in shaping the flows of knowledge and energy resources in the early Cold War, with repercussions fully revealed in international and transnational settings. Through the analysis of the diplomatic relations of countries allied in institutions such as the EEC and NATO, I have revealed the extent to which companies’ strategies influenced the development of their respective national policies.

7.1 Oil technoscience and geopolitics

Throughout my thesis I have argued that oil technoscience was, and still is, a powerful weapon in the hands of state agencies and their oil companies. The investigation of oil prospecting methods and their application can reveal how governments, by making sure national oil companies utilised these methods and knowledge, have gained control of oil resources, in the hope of achieving energy security. In Chs. 2 and 3, I demonstrated how, in the early postwar years, Italian and French geophysicists were dependent on American technologies: AGIP’s reliance on WGC for most of its initial activities is a case in point, but French equipment also had to be purchased from the USA. In addition, both countries’ geophysical staff had to be trained by foreign specialists, or hired from abroad. Although France and Italy pursued similar recovery strategies in the postwar years, their paths would soon diverge.

For a number of structural and contingent reasons, although AGIP and ENI eventually managed to master imported techniques, Italian geophysics remained heavily dependent on American equipment and technology into the late 1960s. France, on the other hand, developed a series of institutions that enabled a remarkable development of its own geophysical sector. As I discussed, this was not only the result of more effective planning: the prestige enjoyed since before the war was also a major factor, and a stark contrast to attitudes towards the applied sciences in Italy. Furthermore, the French benefited from experience cumulated in exploring the vast territory under their control.

US technological advantages during the early postwar period helped the American and, to a
lesser extent, British geoscientists to prospect or gather valuable intelligence on oil deposits in Italy and France. That in turn enabled oil majors to assert – via their governments – their control of both countries’ revenues. Italian and French administrations, however, also used geophysical knowledge as a political device. Geoscientific data, vital to the search for hydrocarbons, became a precious asset in the hands of French and Italian oil companies and diplomats alike. Foreign companies interested in pursuing exploration programmes in Italy or the French Union could be directed to areas deemed less promising, or where a substantial financial and technological effort was required, exceeding the capabilities of the national companies. While Mattei’s political power and lobbying certainly played an important role in ENI’s securing a monopoly over the Po Valley, ENI technicians had a crucial part in convincing him of the Italian valley’s potential on geoscientific grounds.

Similarly, the BRP and CFP, while forming associations with other companies in the Algerian Sahara, managed to instigate a thorough exploration of a vast desert while not surrendering their rights over the area. Major discoveries occurred in the area throughout the 1950s. By setting a series of requirements for foreign companies willing to commit their capital to Saharan exploration, such as the training of French technicians and the transmitting of geological and geophysical survey results to the BRP, the French agencies acquired a mass of data they could then redeploy in further activities.

At a political level this management of geoscientific knowledge enabled France and Italy to resist US and UK attempts to hand over the control of national oil markets to the oil majors. It also escalated conflict over the control of oil deposits in North Africa. Diplomats thus exchanged views and negotiated agreements on a variety of issues, including the formulation of mining legislations, the modalities of access to national territories for oil companies, and the actions and strategies of officials at the head of national oil companies, as was particularly the case of Mattei and the French technocratic elite led by Pierre Guillaumat.

But this thesis reveals that diplomats were as much concerned with oil as they were with states’ ‘hidden hand’. I have shown that one cannot really understand national ‘oily deals’ unless one takes into account the secret collection of information on opposing interests and the oil knowledge they possessed. This is especially true for the results of oil prospecting, which were often concealed in negotiations and secretly used for a variety of purposes. In Ch. 2 I emphasised the action of Anglo-American geologists and geophysicists in in-
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specting AGIP’s documentation when in the late 1940s the company’s board decided to stimulate private prospecting in regions of the country previously abandoned. In the French case, I highlighted how a network of men with similar backgrounds in elite education and strong links with the secret services, came together under Guillaumat’s leadership and secured a leading position within the French public oil industry. While the activities of foreign companies in French territories and beyond were closely monitored by the French secret services, foreign institutions were also conducting surveillance of French activities. An instance of the first kind of surveillance was the ‘intelligence-informed’ strategy Guillaumat deployed when assigning exploration permits to foreign companies. He allocated them selectively, while retaining control of geoscientific knowledge, and taking advantage of US companies’ geophysical expertise to train French technicians.

As an example of the second kind of surveillance, in Ch. 4 I discussed how American diplomatic institutions such as the Consulate General in Algiers collected information on French prospecting and production from American technicians and trade agents working in Saharan oilfields. Such intelligence, once transmitted to the State Department, was then leaked to US companies interested in expanding operations to the Sahara, and wanting updates on the situation. This was also true of Italy, once ENI had established its parallel diplomacy in Tunis, to liaise with the FlN and help plan the future of the Algerian oil industry.

Opportunities for collecting geoscientific data on the Algerian subsoil were also fully exploited by Italian AGIP technicians, who used them as a currency of exchange with the Algerian independence fighters, thereby acquiring potential advantages on future concessions in the country. At the same time, the Algerians used intelligence passed to them by ENI to substantiate their claims over the integrity of the Algerian territory. The importance of the technoscientific element in the history of international relations is thus once more evidenced, as is the significance of a transnational framework to the production of scientific knowledge.

Secret data collection on competitors’ activities and results enabled companies to take grounded decisions on where to concentrate their exploration efforts in territories unexplored by them but not by their allies and enemies; moreover, it afforded them considerable savings in terms of prospecting efforts, manpower and money. It also enabled them to evaluate competitors’ discoveries, their oil needs and/or shortages, and to shape their own strategies accordingly. These considerations clarify the significance of a history of intelli-
gence on geoscientific knowledge.

7.2 The midstream shift and new challenges for security

In Ch. 5 I highlighted how a series of discoveries, facilitated by the introduction of new geophysical equipment, resulted in global oil overproduction, initiating a worldwide decline of exploration geophysics field activity, except in the Soviet Union and parts of Africa. I argued that by the end of the 1950s overproduction prompted a temporary shift in the priorities assigned to sectors of the oil industry and new challenges to energy security. While in the second half of the 1940s and throughout most of the 1950s the focus had been on the acquisition of new permits and concessions; now it gradually shifted to transportation and the wholesale marketing of crude. This occurred as soon as French agencies started to build their pipeline network from Algerian oilfields to the Mediterranean coast, and ENI, with the support of the Italian government, had decided to cross the line, and barter technology for oil with the Soviet Union.

In the new conditions of abundance, the priority for European countries was to assure an uninterrupted flow from the oilfields to those areas with a high concentration of industrial installations, or which aspired to develop their industrial capabilities: in Western Europe, this meant firstly the region around the French-German border, and secondly, southern Germany. For the Soviets, an equally important objective was to fuel industries in Eastern Europe, with a view to also reach Western Europe. In this context, what I have termed the ‘midstream shift’ took place. This was a fundamental switch in oil technoscience, bringing to the fore new technologies, such as pipeline systems, and initiating changes in diplomatic and intelligence activities.

It is not therefore surprising that from the late 1950s, after the secret scramble for Algeria, the French and the Italians competed openly for control of considerable sections of the West European market, chiefly through the installation of pipeline systems. I therefore described the battle to supply Europe’s main industrial region. This battle involved all the major European states and oil companies, plus the USA. Technical competition resulted in a de facto defeat of ENI’s pipeline projects, outcompeted by the US majors’ consortium (plus France), but also led to the rapid laying of a dense network of pipelines on the continent. With the midstream shift, the focus of security issues also moved from prospecting to oil transport. The priority for states and their oil companies was now to be the first to reach new consumption areas, thus assuring their oil adequate outlets. New surveillance activities
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were enacted, both on allies and enemies: what mattered now was the covert accumulation of information on pipeline flow rates and layout, industrial might and technological advances.

In France, the new possibilities provided by Algerian oil instigated a comprehensive modification of the French market, manifesting in the creation of an integrated public oil company. The Soviet project for a colossal pipeline system had to be dealt with in a different manner: neither Western states nor oil companies could directly interfere with Russian plans for the Soviet bloc, therefore the only possible way to delay operations on *Druzhba* was to materially impede them. As several Western countries traded steel pipes and pipeline equipment with the USSR, this meant placing an embargo on those technologies. Whether European countries would agree was a different matter. The long *NATO* debate on a *US*-proposed embargo, which I discussed in Ch. 6, clarified their misgivings. My analysis of Anglo-American confrontation on this issue demonstrates that the dispute, an eminently geopolitical one, was primarily fought through technical reports, based on different evaluations of Soviet industrial capabilities and the specific qualities of Soviet oil.

The Anglo-American clash was one between two different world views. On the one hand, the Americans focussed their discourse on the threat *Druzhba* posed to Western military security. On the other hand, the British – and this consideration could be extended to other European states such as Italy and West Germany, which had significant ongoing deals with the Soviets – were more interested in the economic and political consequences that an embargo could have. Security was often brought to the fore in international exchanges: the meaning attributed to this concept, however, varied greatly from issue to issue, and from country to country. In the Italian case, protecting national security meant importing from the Soviets. Unsurprisingly, for the French and the American oil majors, it meant exactly the opposite.

The core technical point of the entire NATO debate was the definition of ‘strategic’ items. As there was no pre-existing agreement about which kind of pipe should be considered strategic and which not (Were gas pipes as strategic as oil pipes? Was equipment usable for both pipelines and other works strategic?), the definition of the term had to be negotiated. The product of this at times acrimonious negotiation materialised in a controversial outcome, namely the acceptance of the embargo by all NATO members except the UK. In Ch. 6 I also discussed the consequences of American technological hegemony in the Itali-
an-American dispute over the manufacture of pipes for the Soviet pipeline, which eventually obliged ENI to agree to a compromise and curtail its deliveries to the Russians.

Were the Soviets really threatening Western oil market through their low oil prices during the 1950s-1960s, as the Anglo-American and French companies maintained? Although Soviet activism in the oil industry generated widespread anxieties among both Middle-Eastern producers and Western oil majors, I think the answer is no. Rather, the generalised fear of market dumping appears to have been caused by the secrecy surrounding the actual state of the Soviet oil industry, coupled with the majors’ consciousness that their artificially high prices and their strategy of scarcity production could easily be jeopardised by the new Soviet oil abundance.

The American oil expert formerly responsible for the CIA’s Middle Eastern branch, Robert Ebel, commented in 1970 that Soviet Bloc oil sales had been economically motivated, and that oil “had purchased ‘time’, time which otherwise would have been spent in the development of processes and in the accumulation of know-how to produce the advanced equipment and technology the bloc was now gaining in barter for its oil”. Almost twenty years later, Jonathan Stern, at the time Head of the Energy and Environmental Programme at the Royal Institute of International Affairs in London, agreed with Ebel’s evaluation. He has argued that the Soviet exports, rather than being threats to security, were entirely reasonable commercial transactions. During long periods between 1960 and 1985, Stern reasoned, Soviet oil and gas deliveries proved more trustworthy and market responsive than those of their competitors.

7.3 Future avenues for research

The limits, and the possible future developments of my work, can be grouped under four headings: topic, sources, space and time. In regard to the first, many aspects of the oil industry had to be omitted from this thesis. I principally centred my work on the upstream and midstream sectors. An interesting development would be to complete the picture of the midstream sector by investigating how geopolitical strategies shaped the exchange of tanker technology. The downstream sector could also be examined, in particular with regard to aspects concerned with the technology of refining installations (the trade of catalytic cracking units is an interesting case in point). Assessing whether technology transfer

5 Quoted from: Ebel (1970), 82.
6 Stern (1987), xi.
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between allied countries in this area was also marked, as applied geophysics was, by American hegemony, and under what conditions it was implemented, would be useful to complete the technopolitical picture of the oil industry in the early Cold War; as would investigating whether trade with the Soviet bloc in refining technology was characterised by transnational debates such as the one concerning LDP at NATO. This would be particularly relevant in the case of ENI, as we know that a number of agreements the Italian company negotiated with African countries involved the construction of refineries.

A second topic-limit concerns the fact that I have hardly ever mentioned gas. I explained the reasons for my choice of subject in the Introduction, but no picture of the hydrocarbon sector can be complete without analysis of the role of gas and gas pipelines, especially in the light of the appearance on the West European market of copious supplies from Algeria, the Netherlands and the Soviet Union from the 1960s on. It would be interesting to carry out multi-archival research on the main agents within the gas trade, investigate their relations, and evaluate analogies with, and differences from, the oil industry.

Mention of the Soviet Union brings me to source-related limits. As is the case with most historical studies carried out by West European and North American scholars in English, my analysis of Cold War history is overwhelmingly based on accounts originating from only one side of the Iron Curtain. This Western-centric standpoint is widely accepted – and considered to be inevitable – but it may lead to warped historical analyses.

In Ch. 5 I pointed out how the upsurge of oil findings in the USSR, especially in the Urals-Volga region, was the main factor involved in global overproduction from the late 1950s. I also argued that, in turn, discoveries had been caused by new geophysical techniques. While my claim can be substantiated for most world areas thanks to information on geophysical activity in contemporary journals, I could only provide extremely limited data on the Soviet geophysical industry. Several more of the issues explored in this thesis, especially those relating to Soviet oil imports and pipelines, deserve to be completed by an investigation of Soviet archives.

While knowledge of the Russian language would have helped me bring the Soviet viewpoint more fully into the picture, the more insurmountable problem I faced was the limited archival resources available to researchers at the CGG Veritas Archives. This made it difficult for me to gain a true picture of the company’s internal dynamics, and their relations with French public and private oil companies. Luckily enough, I did manage to retrieve
some of the missing information from the Total archives.

I mentioned limits of space and time. In Ch. 5 I argued that by the early 1960s, geophysics had lost some of its relevance in matters of energy security, due to oil overproduction and the consequent midstream shift. I restricted this claim to Italy and France. Three avenues for further research are: a) to look at whether a midstream shift also characterised other European countries; b) to assess whether geophysics regained its importance after the end of, or even during the overproduction period, and to what extent changes in national energy policies, or in company policies, contributed to such changes; and c) what the role played by geophysics and surveillance operations was in the competition for concessions in as yet unexplored areas, such as the North Sea.

On a national scale, very few researchers have investigated ENI’s policy after Mattei’s death. Most who cover this time period have limited themselves to basic statements: exploration came to a halt, and ENI decided to buy its oil rather than search for it. Post-Mattei management and relations with the US and French diplomacies need further investigation, as does French oil diplomacy after Algerian independence, a subject that has been addressed only in journalistic sources. One is left wondering what geopolitical path the French oil industry took following the departure of Guillaumat, or after Algeria nationalised foreign enterprises between the late 1960s and early 1970s.

We know, for example, that in the mid-to-late 1960s Italian, French and Soviet oil prospectors negotiated with the Iraqi regime over concessions on locations formerly assigned to the Iraq Petroleum Company, which the Iraqi government had decided to nationalise. This not only caused a strong reaction from the British, it also encouraged the Russians to make their own bids for those areas. An analysis of oil geopolitics in the Middle East during the 1960s and 1970s is the line of research I would particularly like to pursue in the near future. The Italian Foreign Ministry’s archives on this period are only now being declassified, while their French counterparts have only very recently started to be explored. Archival research on this topic therefore looks highly promising.
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