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STEERING COMMITTEE

POINTS FOR A MIDDLE EAST POLICY

PART II

INTRODUCTION

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The recent paper "Points for a Middle East policy - Part I" attempted to outline the course which H.M.G. might set in their Middle East policy in the new situation created by the revolution in Iraq and recent events in Jordan and Lebanon. The paper was written on the assumption that there would now be a period of uneasy quiet in the Middle East and that the U.K. would accordingly have some room for manoeuvre.

2. It is however possible that this assumption will turn out to be false, and it may be useful to examine the courses of action which the U.K. might take on the contrary assumption that we are allowed no breathing space by Nasser, the Soviet Union or the local forces of extreme nationalism in the different countries concerned.

3. It is difficult, if not impossible, to plan for crises, when they are caused by somebody else. Their precise form cannot be foreseen. Moreover the general political situation in the rest of the world is always highly relevant; a simultaneous crisis in Eastern Europe or South-East Asia could well limit the flexibility of U.K. policy and the military and other resources which we could devote to the Middle East. The following paragraphs do not therefore attempt to blue-print a policy e.g. for dealing with a coup in Kuwait; their object is to outline the considerations which should affect H.M.G.'s policy in general if a crisis arises, to suggest a rough order in

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the priority of our interests and to consider the most probable situations with which H.M.G. may be faced.

4. The outlying flanks of the Middle East, Tunisia, Algeria and Morocco to the West and Pakistan to the East are omitted from the present study.

ASSUMPTIONS

5. It is assumed that:

(a) direct Soviet aggression is unlikely;

(b) our basic requirements in the Middle East are:

(i) oil (production, regular flow to Europe, earnings for sterling area);

(ii) tranquillity (including peaceful transit and lines of communication);

(iii) freedom from Russian domination.

(c) the main threat to our interests will come from Arab nationalism and its exploitation by Nasser and, in the background, the Soviet Union;

(d) the general basis of U.K. policy will continue to be that outlined in "Points for a Middle East policy - Part I" unless a crisis or crises in the area force it to be changed.

GENERAL CONSIDERATIONS

(a) Oil

6. Oil is at once the main weakness and the main strength of our position. Weakness, because we, Western Europe and to a considerable degree the rest of the Eastern Hemisphere are largely dependent upon Arab goodwill for the exploitation of Arab oil and upon the Middle East for fuel supplies and our participation in oil production there makes a very valuable contribution to our balance of payments; strength, because only the West can buy Middle East oil in anything like the quantities being produced. The West therefore has

a long-term bargaining counter of great strength, though if it came to a showdown the producing countries could perhaps hold out longer than the U.K. and Western Europe. A weakness in the Arab position is that a co-ordinated denial of oil supplies by all the Arab producing countries is unlikely unless they are all under a virtually centralized political control or unless they should feel provoked by some overt act on the part of the West which they could successfully present to, for example, the Afro-Asian Bloc as justifying their action.

7. If the Arab producing countries seized the oil, it is difficult to foresee what the outcome would be. The oil companies and the United Kingdom's balance of payments would almost certainly suffer severely in the process. At the same time, the West's hand, granted good cooperation between the Western countries concerned, should be strong enough to prevent the producers from getting it all their own way. If Iranian oil remained undisturbed, this would make a significant difference to the strength of our position.

8. Our bargaining strength in a crisis would therefore depend upon

- (a) the close co-operation of the U.S. and our other NATO allies and as wide an understanding of our case as possible among the other free countries;
- (b) the level of the oil stockpile in Europe;
- (c) the availability of oil from the Western hemisphere on reasonable economic terms and of the dollars to buy the oil.

On any assumption about the future course of events, it would be well worth-while, as an insurance measure, to take all practicable steps (e.g. stock-piling) now to lengthen the period during which we and Western Europe can, if necessary,

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do without Arab oil. We should also let it be known in the Arab world that we have done this.

(b) The Use of Force

9. It is assumed that U.K. forces will remain in the various parts of the Middle East at approximately their present strength, but that between now and the outbreak of any crisis the redeployments now planned for the Persian Gulf and Cyprus will have taken place (COS(58)214).

10. In deciding whether or not the U.K. should use force in any given crisis, we should take into account the following:

(i) The presence of U.K. troops is capable of acting both as a stabilising factor locally and as a deterrent to Nasser, though there is a risk that it may also act as an irritant.

(ii) On the other hand the use of U.K. troops in actual fighting, especially against Arabs, even with the consent of the Government concerned, acts as a red rag to nationalist opinion. It may on occasion be the only way to protect British lives. But, from the international political point of view, consequent pressure from the Arabs, the press and world opinion as expressed at the U.N., would more often than not nullify the success our troops had won on the ground.

(iii) Unless we are prepared, in the face of the pressures at (ii) above, permanently to occupy territory, military successes can at best only be of temporary value. The expedition to Jordan was a success insofar as a revolution was prevented without fighting; we do not yet know whether King Hussein will survive when our forces have been withdrawn. But on the whole it seems

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highly probable that if on any occasion our troops have seriously to fight Arabs, the political success of their action will not survive their departure. Moreover, their departure itself might be precipitated if, as a result of bloodshed, a friendly Government which had originally requested intervention, were forced by domestic and international pressures to ask us to leave.

11. If the above is accepted, certain conclusions can tentatively be drawn:

- (i) If U.K. troops can be used without fighting and with the consent of the Government concerned to prevent a coup or forestall a crisis, there may be advantage in so using them.
- (ii) This may however be useless in the long-term unless the troops can stay in the country concerned. It may be impossible to ensure this unless they were already there beforehand (as they are now in Libya).
- (iii) If any serious fighting is involved, we may gravely damage our interests in the rest of the Middle East, and could only maintain our local success by a lasting occupation, which might eventually be opposed even by a friendly Government in the country concerned.

12. In deciding whether or not to use force where there is a risk of having to fight, we should therefore consider:

- (i) whether our interests in the country concerned are so important that we are prepared to occupy parts of it indefinitely;

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(ii) whether the use of force will trigger off crises in other parts of the Middle East so damaging to our interests that we shall in any case emerge as net losers;

(iii) whether, in the worst case, we have sufficient military resources to deal with these crises by force also.

13. It seems clear that the U.K. cannot now successfully use force in the Middle East without at least moral support from the U.S. It is probable that we might succeed in obtaining this support for a bloodless police operation as in paragraph 11(i) above, but it is not certain that we could obtain and keep it for serious fighting and a lengthy occupation. At the height of the Middle East crisis in the summer, Mr. Dulles took a strong line about the justice of intervention in Kuwait, and he would probably still wish to support the U.K. if we took forcible action in defence of an important Western interest. U.S. support for our intervention would also be the more probable if they themselves were obliged to use force, e.g. to protect Dhahran. But without parallel U.S. involvement, and particularly if a long military occupation ensued, Mr. Dulles' personal inclinations might be overborne by the pressures of his senior advisers, Congressional and public opinion and the dangers of isolation in the United Nations.

14. We also have to consider public opinion in the U.K. It might well rally even to serious fighting provided it were in defence of an important British interest. But it is not certain that it would remain steadfast over a long period of occupation, and in face of the pressures referred to in paragraph 10(ii) above.

15. Although the considerations in paragraphs 9 to 14 above apply to military action in defence of all the interests

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mentioned in paragraph 5(b), they have a particular application to our oil problems. Oil is our major interest in the Middle East, but military action in order to safeguard it is open to the following additional objections:

- (a) its practical effect would be limited (see paragraphs 21 and 34 below on Kuwait and Iraq respectively);
- (b) more important, military action to safeguard oil in one area would immediately jeopardize the flow of oil from other Arab areas, where the sense of Arab solidarity would outweigh self-interest. This might well be true even if the local Government requested U.K. intervention. There is thus a serious risk that such action, quite apart from its general political consequences, would further damage rather than repair our oil position. It would also make the negotiation of new terms for the exploitation of oil, if this became necessary, enormously more difficult.

(c) Conclusion

16. If paragraphs 9 to 15 above are accepted, and if, as suggested in paragraphs 6 to 8, we stand some chance in the long-term of recouping the essential part of our oil interests by bargaining, a general conclusion seems to emerge. While it is impossible to be dogmatic in advance of actual situations and while any prior calculation may well be upset by new factors arising out of the world situation at the time, it appears probable that the use of force against Arab nationalism in the Middle East, which involved blood-letting on any significant scale, could not serve the other

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long-term interests of the U.K. and certain that it could not preserve our interests in oil.

PRIORITIES

17. If a crisis or a series of crises arises in the Middle East involving more than one country, the U.K., with its limited resources, may well have to decide to make its main effort in one area or in defence of one interest, even at the cost of letting others go. We should decide in advance where those interests lie, which we must do all we can to protect.

18. No order of priorities can be rigid. But we may distinguish three broad types of interest:

- (a) those which are of direct and very great importance to the U.K.;
- (b) those which fall between (a) above and (c) below in that they are direct interests of the U.K. but fall short of the first importance.
- (c) those which, though we should prefer them to be preserved for the West in general, are not direct interests of the U.K., and should therefore come lowest in our private order of priority.

19. Category (a) includes:

- (i) Kuwait - the largest single source of sterling oil at present (though not vital to supplies if other sources are unaffected), and the holder of considerable reserves in sterling.
- (ii) Turkey - it is of vital importance that Turkey should stand firm as the eastern bastion of NATO.

Category (b) includes (not in order of priority):

- (i) Libya - we have an obligation to support King Idris and an interest in honouring it, deriving from our special communications needs and the

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need to bar a further advance by Nasser to the West. A special asset is the American presence at Wheelus Field, which means that they will be more inclined to support any action we have to take.

- (ii) Sudan - apart from our historical connexions, this is the main line of defence for our position in the Horn of Africa, and bars the way to Africa generally.
- (iii) The Horn of Africa.
- (iv) Aden and the Protectorates.
- (v) Iraq - we have a direct interest in the continued flow of oil and sterling benefits from the Iraq oilfields, and consequently in the maintenance of Iraq's independence of Nasser and of the Soviet Union.
- (vi) Iran - an important link between the Eastern and Western ends of the "Northern Tier", and an important source of Western oil, in which the United Kingdom has a major financial stake.
- (vii) The remainder of our position in the Persian Gulf apart from Kuwait (especially Abu Dhabi, Bahrain and Sharjah and the exits to the Persian Gulf.)

Category (c) includes;

- (i) The Lebanon - if the Lebanon slid into Nasser's camp as a result of renewed civil war or otherwise, this would represent a loss to the West in general. But in the long term it is not an essential specific interest of the U.K. to prevent it.
- (ii) Jordan - we have a direct short-term interest in the survival of King Hussein's Government until our troops are withdrawn and for a sufficient period thereafter to prove that our intervention

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was a success. We also have a moral interest in supporting the King. But the U.K. has no material long-term interest in the future of Jordan: it would, for example, be tolerable if Jordan were ultimately absorbed by Iraq. Our principal long-term interest is to prevent any collapse from becoming the occasion of a renewed Arab-Israel war, e.g. if the U.A.R. took over and Israel occupied part of the West Bank. Here the main responsibility lies with the United Nations, and we should not seek to undertake any direct responsibility ourselves.

POSSIBLE CHALLENGES TO U.K. INTERESTS

20. In the light of these priorities and of the general considerations in paragraphs 6 to 16 above, how should the U.K. react to the challenges which may, if things go badly, confront us? The following list is by no means exhaustive, but represents the most likely contingencies.

- (a) A Nasserite coup in Kuwait resulting in the overthrow of the Ruler and the loss of oil supplies at least for the time being pending negotiation with a nationalised industry. (It does not necessarily follow that such a coup would lead to an immediate interruption of oil supplies, but for the purposes of this paper it seems best to make this assumption).

21. This would be a major threat to an interest which is of direct and great importance. But, for the reasons advanced in paragraphs 6-16 above, there is a strong a priori case for arguing that we should not react with a military occupation of Kuwait, at least as long as other Arab sources of oil remained open (see paragraph 26 below). In this specific case, there might be the following additional consequences:

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- (i) sabotage and the withdrawal of local labour would make it difficult to run the oilfield and refinery for any length of time;
- (ii) our special relationship with Kuwait would automatically come to an end;
- (iii) Saudi-Arabia would deny oil to British tankers and to the refinery at Bahrain;
- (iv) Iraq would deny us oil and probably nationalise I.P.C.;
- (v) Egypt might close the canal to shipping or, at least, tankers bound for the United Kingdom.

22. If oil supplies from the other Arab producers had already been cut off (see paragraph 26 below), these objections would be less serious. But if Kuwait alone were concerned, the case against military intervention seems decisive. We should have to be able and willing to occupy Kuwait for long enough to secure a political settlement guaranteeing oil supplies on reasonable terms not only from Kuwait, but also from the rest of the Middle East. The terms would have to be more favourable than we should have achieved without intervention (otherwise intervention would lose its primary purpose), and even permanent occupation of Kuwait (which is ~~not~~ in fact ^{hardly} possible) would not do away with the necessity of agreement with the other oil-producing states. If, as seems highly probable, we were forced to retire without reaching such a settlement, we should certainly be worse off than if we had not intervened in the first place. This is an unpalatable conclusion; failure to protect our important interests by force would involve a ^{heavy} blow to our prestige. It would seem wise to do what we can to guard against this in advance by ^{seeking} ~~reducing~~ our obvious involvement in Kuwait: by appearing to take a back seat and encouraging the Ruler to show his independence in various ways.

23. There is another possible situation which might confront us - an appeal from the Ruler of Kuwait (or a successor régime) to protect him against external attack, e.g. from Iraq, or against internal revolution or civil disorder (whether or not inspired by other Governments). In the first case (external attack), our obligation to protect the Ruler is unmistakable and, as long as our relationship remains unchanged, could ~~only~~^{not} be evaded ^{except} by violating our word. (It must be remembered that the existence of this obligation is what enables the Ruler to maintain his independence; if it lapsed, Kuwait would rapidly be absorbed). We should therefore have to intervene, unless the Iraqis had been so swift in occupying Kuwait and the Ruler so slow to ask for help, that Kuwait had ceased to exist before help arrived. In that case we should be faced with a similar situation to that in paragraph 21 above, and the arguments in paragraph 22 would apply.

24. The second case (internal revolution or Civil disorder) is less clear-cut. If the revolution were clearly of foreign inspiration, we should still be ~~obliged~~^{under an obligation} to intervene. This would hold good even if the Ruler had abdicated and e.g. nominated a successor who asked for our help. The obligation would however fade as the circumstances shaded towards mere civil disorder.

25. In both cases, if our troops could be introduced early enough to prevent more than trivial bloodshed and fighting, and could then be quickly withdrawn, intervention would probably not do undue damage to our position. At the other extreme, the consequences would be serious:

- (i) Serious fighting against the Iraqis would of course exacerbate Anglo-Iraqi relations and would probably result in the cutting-off of Iraqi oil.

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(ii) A prolonged occupation to preserve the Ruler against a hostile population, involving perhaps considerable bloodshed, would exacerbate our relations with the rest of the Arab World and probably render a satisfactory settlement after withdrawal impossible. The situation would then be similar to that in paragraphs 21 and 22 above, except that the Ruler would be on our side and that we should be able to argue our obligation. As far as ^{most of} the other Arabs at least are concerned, this justification would be of minor importance, and its general value, as regards both foreign and home opinion would decrease as the occupation lengthened.

26. There is one further possibility. In the last resort, if all other supplies of Middle East oil had already been cut off and Western Europe were being starved of oil, absolute necessity might dictate a Western occupation of Kuwait. In this situation the U.K., as the power with the nearest available forces, would probably have to play the principal military part. But we should have to ensure that we acted with the full and active support of our European allies and of the U.S.

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— despite the respect in which the Ruler is held in certain quarters in the Middle East—

- (b) A coup in Saudi-Arabia, liable to lead to the disappearance of the Persian Gulf Rulers and eventually the Sultan of Muscat.

27. A coup in Saudi Arabia would threaten our interests in the Persian Gulf by setting up a régime with a more aggressive policy and by encouraging pro-Nasser elements in the Gulf territories themselves. Insofar as our principal interest is in Kuwait, the most serious threat would be there also. There would be no question of our taking action in Saudi Arabia itself, though if the Americans had to occupy Dhahran, we should have to give them moral and diplomatic support.

28. If assured of our support, the present Persian Gulf Rulers would wish to stand up to Saudi pressure. In the event of a coup, we should give assurances of such support if they were asked for, and make clear to the Saudis that we should help the Rulers resist armed aggression. This could be sufficiently justified to the outside world (and would indeed be important for the maintenance of good relations with Iran), provided that there were no significant disturbances in the Gulf territories themselves. The question of our response to internal disturbances in Kuwait has been discussed in paragraphs 24 and 25 above. The same arguments apply to the other Gulf territories, except that:

(a) in Bahrain, Qatar and the Trucial Coast, very little force would be required to be immediately effective;

(b) these territories are less important than Kuwait (though their actual and potential oil resources and the control of the exit to the Persian Gulf are not unimportant assets).

- (c) A further slide towards civil war in the Lebanon

29. The West cannot permanently prevent a further outbreak of civil war. There might be a case for a second intervention if unrest were once again fomented from outside, but it is doubtful whether even in this event it would be in the long-

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term interests of the West to march in again. In any case, it would be for the U.S. to take action and the U.K. could and should confine itself to expressions of support.

- (d) The collapse of King Hussein's Government, the virtual incorporation of either Jordan or Trans-Jordan, in fact if not in name, in the U.A.R. and possibly the absorption of the West Bank by Israel.

30. As was argued in paragraph 19 above, the U.K. has no material interest in the long-term survival of Jordan. Provided therefore that our troops have left the country, it is most doubtful whether we should put them in again to forestall yet another coup, and quite certain that we should not do so once a coup has already taken place. This may involve the painful task of rejecting a further appeal by the King. But the present rescue operation is not a thing which can be done twice. If King Hussein cannot stand on his own feet after the help he has been given, there is no practicable way of keeping him going.

31. To reject a further appeal from the King might have a bad effect on our Arab friends. But this could be limited by their knowledge that we had genuinely done everything possible for him by going into Jordan before.

32. The chief danger of a Jordanian collapse lies in the risk that Israel might take this opportunity to occupy part of the West Bank. Though the Israelis would probably not go further than this, there would be a serious danger of a renewal of the Arab-Israel war, because the Israeli action would appear to be a personal challenge to Nasser. The risk that this would lead to a general flare-up in the Middle East is too great for the U.K. to contemplate it with equanimity, even though the prospect of a resounding military defeat for Nasser would have its attractive side. But we should not seek to take police action, either alone or with the

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Americans and French under the Tripartite Declaration of 1950, outside the United Nations. To do so would only embroil us to our own disadvantage. Keeping the peace in Palestine is and should continue to be mainly the responsibility of the U.N.

- (e) A steady slide or another coup in Iraq against the present government and to the prejudice of U.K. interests, with increasing difficulties over the terms for oil exploitation.

33. A further coup or a steady slide into a vigorously anti-Western policy could happen in Iraq either with or without interference from Nasser; the climate of the revolution still exists, and it is in our interest to give discreet support to the present régime if it will help it to survive and as long as it shows signs of moderation. But there is comparatively little we can do to affect the course of events.

34. The principal U.K. interest which a coup or anti-Western policy would endanger is the security and quiet working of the oilfields. But as long as the régime in power in Baghdad (whether the present one or its successor) was determined to disrupt that interest, whether by nationalisation or by cutting off the flow of oil, we could not successfully protect it by force. Apart from the general considerations in paragraphs 10 to 15 above, the logistic problems involved in occupying the major oilfields in Northern Iraq and the Mediterranean pipelines and maintaining our troops there would be virtually insuperable. An occupation of the Southern fields and loading terminals would be more feasible but still extremely difficult and not worth the almost certain risk of jeopardising our oil supplies from elsewhere. There seems little doubt therefore that, as in Kuwait, our best course would be to seek the best bargain we could make. Provided that Kuwait remained unaffected, our bargaining hand would be a very strong one.

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(f) Unrest in Kurdistan leading to an attempt by the Soviet Union to encourage the formation of a Kurdish Republic at the expense of Iraq, Iran and Turkey.

35. The Kurds are likely to remain permanently disaffected and thus a good target for Soviet subversion. It seems probable that if the Soviet Union put plenty of agents and money into a campaign for an independent Kurdistan they could succeed in stimulating a serious movement. If such a movement were known or thought to be supported by the Soviet Union, an Iraq Government which was neither pro-Communist nor strongly pro-Nasser might well look to the West for moral and diplomatic support in resisting such a campaign, particularly since the Kurdish area is adjacent to the northern oilfields on which Iraq's economy depends. The situation could thus be turned to our advantage. The Turkish and Iranian Governments would also look to us for moral and diplomatic support and in the circumstances envisaged we would certainly have to provide it. The Kurds are not Arabs and our position in the rest of the Middle East would probably not therefore be seriously affected.

36. On the other hand, if the Iraq Government were to adopt strongly anti-Western policies, we might wish to consider the possibility of ourselves stirring up trouble for Iraq in Kurdistan. It seems likely, however, that the Turks and possibly the Iranians might well in such circumstances want to take action to seize the Kurdish areas in Iraq for themselves, with the obvious danger that the Soviet Union would use this action as an excuse for military intervention themselves. Moreover, the Iraq Government would probably use force against the Kurds and the oil installations in the region might be seriously damaged or destroyed. Unless circumstances were particularly propitious therefore, it

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looks as if the risks in any action by us would outweigh the advantages.

(g) A pro-Nasser coup in Libya

37. It is already agreed policy between ourselves, the Americans and the Libyans that we should help King Idris to resist any pro-Nasser coup. This policy rests upon the hope that the presence of our troops in Libya will either deter any coup or make it possible for the Libyan forces to play the main part in suppressing one. Our position is moreover a strong one in that

(i) the Americans are in this with us (paragraph 19 above);

(ii) since our troops are already in Libya, they will not have to be moved in a hurry and will be able to stay there after the coup has been prevented.

38. Firm resistance to Nasserite subversion in Libya is therefore a practicable policy. If a rising took place on such a large scale that we had ourselves to take over the main part in putting it down, serious difficulties of the kind described in paragraphs 10 to 15 above would arise. The Anglo-American attitude would then have to be reappraised in the light of the situation. But the chances of deterring a coup or foiling an attempt without too much bloodshed are at present good enough to justify continuing the present policy. In the event of action, we should have to take care to obtain the maximum support in the U.N.

(h) A pro-Nasser coup in the Sudan, with or without overt Egyptian support.

39. The Sudan differs from Libya in that:

(i) there are at present no Western troops there;

(ii) Sudanese nationalism is stronger than Libyan and local resistance is therefore likely also to be

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stronger. A good deal would depend upon the development of Sudanese politics between now and the time of an attempted coup. At present it seems probable that if the Sudanese forces can be adequately armed, they will be able to preserve security themselves. At the other extreme, we could hardly intervene if a pro-Egyptian Government came to power by constitutional means. But if the Sudan Government appeals for a Jordan-type operation and if it appears probable that such an operation could forestall a coup and that the Sudanese could continue to keep order after our troops had left, there would be a strong case for intervention. Here again, U.S. support and, if possible, co-operation would be important, and we should have to pay attention to obtaining backing from members of the United Nations.

40. This case would be the stronger if Egypt were threatening open and armed support of the dissidents from the north. In view of Nasser's tendency to adventures on the Egypt-Sudan frontier, this cannot entirely be ruled out. In such a case it would be essential to the maintenance of our position in the Middle East to respond to a Sudanese appeal for help.

41. The above is subject to the general proviso that, in the Sudan as elsewhere, U.K. troops should not be committed to a lengthy occupation in the face of strong local resistance. But provided that the legitimate Government asks for our help and is well backed by Sudanese opinion

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and that our troops do not have to be employed in shooting down Sudanese dissidents, we should make clear our determination to stand by our friends in the face of Egyptian aggression, whether open or concealed.

- (i) An upheaval in Iran stimulated by local discontent, Russian subversion or pro-Nasser Arab elements, and leading to a stoppage in the flow of oil.

42. For the purposes of this study we can exclude the possibility of the Shah being overthrown as a result of direct Soviet aggression. If Iran were the victim of such aggression, we and the U.S., although not strictly bound under the Baghdad Pact to do so, would be under a strong moral obligation to come to her aid militarily, and the resulting hostilities would almost certainly lead to global war. Although comparisons between Iraq and Iran may be misleading, not least because Iran is not an Arab country, the shock of the revolution and the abolition of the monarchy in Iraq has been quite severe in Iran. Though the Shah is in full control at present, many of the ingredients of a future coup d'etat are already present, and there are important minorities (the Kurds in the North-West and the Arabs in Khuzistan - the oil province - in the South) whose grievances and aspirations could easily be stirred up. Soviet or Iraqi agitation among the Kurds, a pro-Nasser movement in Khuzistan, or the two together might prove a severe test for the Iranian army, on whose support the Shah largely depends.

43. The U.K. is under no obligation to come to the aid of the Shah militarily in the event of an internal uprising, and it is improbable that the latter would make such an appeal. On the other hand, if he took the question of external subversion e.g. in Kurdistan to the U.N. we should be bound to afford him diplomatic support. Our interests would be most immediately affected if unrest took the form of a nationalist flare-up

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(as in the time of Musaddeq) and led to a breaking of the 1954 agreement with the Oil Consortium and a stoppage in the flow of oil. As in the case of Southern Iraq (paragraph 34 above), although it would be militarily feasible for us to occupy the oil fields in Khuzistan and the Abadan refinery, it would be extremely difficult and it would not be worth the risks of cutting off our oil supplies from elsewhere, alienating the country as a whole, and giving the U.S.S.R. an excuse for intervention. It is doubtful if occupation of Abadan and the oil fields could be made permanently effective unless we were prepared to undertake the prodigious task of occupying the whole of Iran.