

# The Oil Embargo Following the Arab-Israel War of October 1973: British Economic Experience and Reaction

Muhamad Hasrul Bin ZAKARIAH <sup>①</sup>

(History Section, School of Humanities, University Sains Malaysia)

**Abstract:** *This paper analyzes the British economic experience and reaction towards the Arab oil embargo following the October War of 1973. Even though Britain was excluded from the list of embargoed nations, the impact of the embargo for the British economy, especially the fear of insufficient energy in the industrial sector, was real. Consequently, Britain had to implement an effective plan to face the oil crisis. She revised her diplomatic strategy and even considered launching military action to protect her interests in the Arab world. The research is based upon archival documents from The National Archives of England and Wales.*

**Key Words:** *Economic Experience; Embargo; Oil; Prices; Reaction; War of October 1973*

## Introduction

During the 1973 War, an Arab coalition led by Anwar Sadat, the president of Egypt almost fulfilled the dream of regaining the territories that had been occupied by Israel after the bloody 1967 war. The Arabs under Sadat made the 1973 war a memorable achievement

---

<sup>①</sup> Dr. Muhamad Hasrul Bin Zakariah, a history lecturer at History Section, School of Humanities, University Sains Malaysia.

in the Arab struggle by forcing the Israelis to respond to their initiatives in the later peace process of 1979. For the Israelis under the leadership of 'the Iron Lady', Golda Meir, the war became a great lesson - taught indirectly and unintentionally - which altered the political scene in Tel Aviv. In the aftermath of the war, the Arabs imposed an oil embargo on selected 'enemy' countries, which they accused of actively supporting Israel against the Arabs. The oil embargo exposed the western world to a bitter Arab threat on its economic stability, which required it to revise and modify its strategy, attitude and policy in the Middle East, particularly towards the Arabs.

The subject of this paper is neither the war nor the embargo itself but the British experience and reaction to the Arab oil embargo, which followed as a consequence of the war.<sup>①</sup> The discussion will focus on the selected strategies applied by the British government when facing the prospect of economic turmoil as a consequence of the oil embargo by the Arabs. These strategies were economic and diplomatic, but the possibility of military action was also considered. Even though Britain was categorized as a 'friendly' country and had been excluded from the embargoed list, the supply of oil was cut to her regional neighbors

---

<sup>①</sup> This paper focuses on the British reaction towards the Arab oil embargo of the 1973 only. However, in order to understand the policy of the British in the 1973 war, it is very important to understand the British policy in the Middle East's conflict in general before 1973. For this purpose, readers are strongly recommended to refer to Monroe, E. 1963. *Britain's Moment in The Middle East, 1914-1956*. London: Methuen. Co. For the later work, please refer to Louis, Wm.R.1984. *The British Empire in the Middle East 1945-1951*. Oxford: Clarendon Press. Briefly, both authors suggested that the fundamental of the British policy in the Middle East's conflict since the 1940's was based on the objective to secure her economic, political and strategic interests in the region. The policy remained unchanged until the 1973 crisis. However, the diplomatic and military strategy was different between the 1940s, the 1956 Suez Crisis and the 1967 war. For example, the British strategy in the 1967 war was more 'diplomatic' compared to the 1956 crisis, especially when London tabled the UN resolution 242. Perhaps, this is due to her declined political position and influences in the Middle East after 1956, when she was not no longer considered as a 'Great Power' any more, compared to the USA and the Soviet Union. Please refer to Ovendale, R. 1996. *Britain, the United States and transfer of Power in the Middle East: 1945-1962*. London: Leicester University Press.

such as to the Netherlands, with a knock-on impact on the British economy. Thus, Britain could not afford to refrain from developing an immediate and long term effective strategy to secure her oil supply as well as to ensure the same action would not be repeated in the future. This paper reveals the British reactions and strategies towards the Arab oil embargo, based upon a study of documents at the National Archive of England and Wales.

### **The Arab Oil Embargo, 1973**

In the aftermath of the 1973 war, the Arab oil producers proclaimed an oil embargo against selected European countries and the US. The embargo was a reaction to the partial attitude of these countries in favoring Israel during the war. The decision to implement the oil embargo was decided in a resolution of the Arab Ministers of Oil Conference held in Kuwait on October 17 1973. Following the declaration, Qatar for example proclaimed a Decrees Law no. 18, which was issued at the Palace in Doha on October 19 1973 by her ruler, Emir Khalifa Hamad Al-Thani that the oil production of the state would be reduced by 10 percent for one month from 19 October with further reductions to be decided later. The embargo was made effective against the Netherlands from 24th October and oil supply to the United States was stopped entirely from October 21<sup>st</sup>. (FCO 8/1971) . This embargo was also applied by other Arab countries including Saudi Arabia, Kuwait, Algeria, Libya, Egypt, Abu Dhabi and Bahrain. The Arab Heads of State conference at Algiers on 28 November 1973, adopted a resolution on oil which proclaimed that *“the conference decided to continue the use of oil as a weapon in the battle until the withdrawal from occupied Arab lands is realized and the national rights of the Palestinian people are ensured”* (FCO 49/474).

Meanwhile, the Saudi ruler, King Faisal, in declaring the embargo, justified the action as a ‘lesson’ to the American pro-Israel attitude during the war, as well as to European countries;

*The Kingdom of Saudi Arabia is highly displeased at America's recent pro-Israeli attitude and at her resumption of the supply of arms to Israel. The effect of this on all the Arab countries will be bad. In the face of this partial attitude of America, Saudi Arabia will find herself compelled to reduce the quantity of oil, which will harm the countries of the European common market, Accordingly, it is up to these countries to advise America to change her pro-Israeli attitude, for it is these countries that will be damaged more than America by the reduction of the quantity of oil (PREM 15/1765).*

At a second meeting from the 4<sup>th</sup> to 5<sup>th</sup> November 1973, the Arabs declared a further reduction in their oil production. By the end of November, the total oil production was cut by about 4.8 *mbd* (million barrels per day). If shared equally between all users of Arab oil, this would as a whole mean an overall cut for Europe of some 15 to 16 per cent, because about two thirds of European supplies came from Arab sources (FCO 55/1098). In a visit to the major Arab oil producer countries from the 1<sup>st</sup> to 9<sup>th</sup> November 1973, the UK's Department of Trade and Industry reported that Saudi Arabia and Kuwait had cut oil production by over 30 per cent from September's production figures, while Abu Dhabi and Qatar cut their production by 25 percent (FCO 55/1099). The Arab oil cut-back as estimated by the Ministerial Committee of Economic Strategy is shown in Table 1 below:

**Table 1: Arab oil cut back 1973 ('000 barrels p/day)**

Sources	September production	November cut back	Cut back on planned -November production
Saudi Arabia	8,300	2,100	2,900
Qatar	600	150	150
Abu Dhabi	1,370	350	400
Kuwait	3,200*	750	1,210

*The Oil Embargo following the Arab-Israel War of October 1973: British Economic Experience and Reaction*

	*( cut are based on average of 3,000)		
Libya	2,300	580**	580**
	** (estimate: no cuts yet announced)		
Iraq	2,112	(no cut back: production lost by war damage estimated 230)	
Total Arab	20,657	5,164	6,400 (est)

Source: FCO 55/1134, Department of Trade and Industry, 14 November 1973

From Table 1, it is clear that the Arabs had an aggressive policy of reducing the supply of oil. The Arabs divided their oil importers into three categories--friendly, neutral and supporters of Israel. Oil supply was treated in a different way for each category. For example, America, the Netherlands, South Africa, Rhodesia and Portugal were completely embargoed since they were categorized as pro-Israeli. However each Arab state had its own list of 'neutral' countries which received a limited reduction, for example 5% cut to Italy, the FGR, Belgium, Ireland, Denmark and Luxemburg. No embargo was applied to the 'friendly' countries, which included most Arab states (until December 1973), the UK, France, Spain and other Muslim countries (FCO 55/1099). Britain was very fortunate since the Arabs did not consider London as pro-Israeli during the war. The President of the UAE, Sheikh Zayed for example had said that the decision to cut oil production was not directed against Britain and France who were friends to the Arab world (FCO 8/1970). King Faisal of Saudi Arabia agreed that;

*"Because of the British government's attitude during the Arab/Israel hostilities and taking into consideration the friendly relations with the two countries, the cutback in Saudi oil production would not apply to the UK"(FCO 8/1970).*

Furthermore, the Arabs exempted Britain from their embargo lists due to the close relations between the Arab nations and Britain in many areas, especially on arms supplies. As explained by Sheikh Ahmad Zaki Yamani, the Saudi Minister of Oil, in an interview with

The Times on November 1973;

*"I think the military assistance is something very valuable. I think the efforts behind the scenes might be of great significance...well, we are buying so many arms from Great Britain, and this is what I meant" (FCO 8/1971).*

Even though, up to December 1973, Britain was listed as a 'friendly country' by the Arabs, the embargo on her European allies like the Netherlands had an impact on British oil imports. This situation arose through the position of Rotterdam as a major port for oil flowing into the European market. For example, in 1972, the UK imported some 100 million tons of crude oil and 21 million tons of refined oil, mainly from the Netherlands (FCO 55/3998). The Dutch authorities pointed out that 192 million tons (25%) of the EEC's oil consumption of 513 million tons in 1972, were supplied through Rotterdam (FCO 8/1966). According to the Foreign Minister of the Netherlands, Mr. Van der Stoel, in 1972 total imports of crude oil amounted to 130 million tons, of which 68 million tons were for refining in the Netherlands and 60 million tons for transit (27.5 to West Germany, 20 to Belgium and Luxembourg, 4 to Britain, 2 to East Germany and 1.5 to Denmark). Of 68 million tons of refined oil, 37.5 million tons were exported, mainly to Belgium and Britain (FCO 8/1966). Consequently, the embargo imposed on the Netherlands by the Arabs in 1973 jeopardized British oil supplies directly. Therefore, action was needed by London to secure the Netherlands oil as well as its own. In this regard, Anthony Royle, Minister of State at the Foreign and Commonwealth Office emphasized the British view on the importance of a European common policy and solidarity against the Arab oil threat. According to Mr. Royle;

*The previous absence of a common approach to the Middle East has for example led to Arab discrimination against the Netherlands. The European Community has now adopted a common policy on the Middle East problem aimed at promoting a just settlement. This goes to the root of the oil problem. We have lost no opportunity to impress*

*upon Arab governments the fact that this is a common approach supported by all the Nine including the Dutch and that continued discrimination can only harm longer term Arab interests (FCO 55/1137).*

Meanwhile, the Prime Minister, Edward Heath, disclosed that the British government would not be selfish by letting her neighbors, like the Dutch, face the Arab embargo alone. In his speech at the Spaak Foundation on 3<sup>rd</sup> December 1973, Heath stated;

*We are all of us thinking afresh about Europe's sources of energy in this critical situation. We have to make the best use of the supplies available at the present: and to plan for our future needs. Our policy is not selfish. We want to see a Western Europe less dependent for its prosperity and social progress on external sources of energy supplies, and we are prepared to work together with our partners to bring about the result (FCO 55/1135).*

### **Britain and Arab oil in the 1970s**

As world oil demand increased in the 1970s, stability in the Arab countries became very important to oil importer countries in Europe, including Britain. In general, the free world's demand for energy increased in line with the rate of economic growth from about 1½ per cent per annum in the inter-war period to over 5 per cent per annum in the 1960s. The oil demand increased by about 7 percent per annum in 1973. A forecast by the Oil Supplies Working Party revealed that from 1973 to 1980, oil demand would increase by between 3% and 7%. This meant that the demand for oil, which was a little over 3,500 million tons in 1973 rising to 4,300 million tons by 1980 would continue to increase up to between four and six thousand million tons by 1985 (POWE 63/844). These oil demand estimates highlighted the importance of Arab oil to Europe and the UK because the Arabs were the largest oil producers as well as holding major conventional oil reserves.

**Table 2: World Conventional Oil Reserves and Production in 1972<sup>①</sup>**

Million tons	Reserves at Year end	Annual production	Reserves: production ratio at year end
Saudi Arabia	19,860	300	66:1
Iran	8,840	254	35:1
Venezuela	1,900	167	11:1
Kuwait	5,760	167	34:1
Libya	4,130	105	39:1
Nigeria	2,040	90	22:1
Iraq	3,940	67	59:1
Indonesia	1,360	54	25:1
Algeria	2,000	52	39:1
Abu Dhabi	2,820	50	56:1
Qatar	950	23	41:1
OPEC total	53,600	1,330	40:1
Other 'unsafe'	7,000	215	32:1
USA	5,100	525	10:1
Western Europe	1,700	20	85:1
Other 'safe'	1,900	90	21:1
Total Free World	69,300	2,180	32:1
<i>of which</i>			
'Safe'	8,700	635	14:1
'Unsafe'	60,600	1,545	39:1

Source: POWE 63/844, Report by Oil Supplies Working Party, 1973.

From the figures above, the Arab producer countries such as

<sup>①</sup> 1972 reserves and production figures based on oil and Gas Journal, Except Kuwait reserves which is a Petroleum Division estimate. Saudi Arabia and Kuwait reserves and production figures include Neutral Zone oil.

Saudi Arabia held the largest oil reserves and highest production rate in 1972. Therefore for Britain, Arab oil in the 1970s was very important. Even though Britain was not embargoed, the Arab-Israel conflict of 1973 was a major threat to British oil supplies from the Middle East. In November 1973, a paper presented by Britain's Department of Trade and Industry admitted the importance of securing oil supplies from the Arab countries as quoted:

*The difficulty of seeking to improve the security of UK oil supplies is that the majority of the free world's conventional oil reserves are controlled by the Arab nations. At the present, the Middle East holds some 60 percent of free world's proven oil reserves and this figure is thought likely to increase over the next 5 years. Some 80 per cent of the crude oil traded internationally now originates from the Middle East and North Africa (T342/321).*

Meanwhile, the Prime Minister in 1973 admitted that even though Britain was excluded from the embargo list, the restriction of oil would affect the whole world. In his answer to a question from Harold Wilson in parliament in December 1973, Edward Heath warned, "when the whole world is short of oil, we (UK) cannot escape entirely" (FCO 55/1100). Since Arab oil was very important, the British were very keen to see an overall peace settlement after the war. This aim was explained by the Secretary of State for Foreign Affairs in 1973;

*"The Middle East is important to Britain for economic, strategic and historical reasons. The major British national interest in the area is that there should be an overall settlement of the Arab Israel dispute. Only if there is such settlement can our (UK) continued access to Arab oil be safeguarded..." (FCO 55/108).*

As an overview, Britain was largely dependent on Arab oil in 1973. For example, based on Table 3, UK crude oil imports came mainly from the Arab world, and between August and October 1973, most of this oil was imported from Saudi Arabia (which led the embargo), Kuwait and Libya.

**Table 3: UK Crude Oil Imports from Arab Countries, 1973 (thousand of tons)**

	<b>August</b>	<b>September</b>	<b>October</b>
Algeria	280	88	145
Tunisia	-	-	-
Libya	899	396	1,230
Egypt	207	-	-
Saudi Arabia	3037	2142	2,941
Kuwait	2680	1187	2,348
Qatar	506	294	585
Abu Dhabi	144	114	359
Dubai	200	195	58
Oman	81	138	67
Iraq	154	271	152
Total	8,188	4,825	7,885
Total All sources	11,648	7,568	11,928

Source: FCO55/1135, Report by Department of Trade and Industry, 1973

Cheap Arab oil in the 1970s was vital for the British economy, especially for its energy supply. It was not just for domestic consumption but more importantly for major industrial activities. Through its dependence on Arab oil, Britain became vulnerable when the war broke out and Arab control of oil supplies placed Britain in the state of anxiety. In fact, the British admitted that a failure to preserve peace in the Middle East would create an energy crisis in Britain. The Prime Minister's minute, later in June 1973 stated;

*I suggest that we have to face the fact that the Arab position has been transformed by their new ability to use their position in the world oil business for political purposes. As a result of the energy crisis and the growing effectiveness of OPEC, it is now within the Arab power to withhold oil supplies from the Americans and perhaps from Europe as well, unless the United States and others cease to*

*furnish any political or military support to Israel (PREM 15/1764).*

British anxiety was based on the fact that the energy crisis caused by the 'oil war' with the Arabs would reflect on oil consumption in Britain, both in the domestic and industrial sectors. Oil was the major energy source for Britain's industrial activities in the 1970s. Sixty to sixty-five percent of the consumption for industrial activities was used for process heat while forty per cent was consumed for space heating (FCO 55/1135). Table 4 below shows the consumption of oil for economic and industrial activity within the UK economy. Consumption was highest in the gas, road transport and electricity sectors. Clearly the reduction in oil supply would have a serious impact on these vital parts of the British economy.

**Table 4:UK's Oil Consumption 1972**

	<b>Thousand tons</b>	<b>%</b>		<b>Thousand tons</b>	<b>%</b>
Agriculture & forestry	<b>1,559</b>	<b>1.5</b>	Mechanical & instrument engineering	<b>1,258</b>	<b>1.2</b>
Fishing	<b>484</b>	<b>0.5</b>	Electrical engineering	<b>648</b>	<b>0.6</b>
Mining/quarrying	<b>620</b>	<b>0.6</b>	Ship building marine engineering	<b>131</b>	<b>0.1</b>
Grain milling	<b>110</b>	<b>0.1</b>	Motor vehicles & cycle manufacture	<b>556</b>	<b>0.5</b>
Bread & flour confectionery	<b>286</b>	<b>0.3</b>	Aerospace equipment	<b>253</b>	<b>0.2</b>

*The Oil Embargo following the Arab-Israel War of October 1973: British Economic Experience and Reaction*

Milk & milk product	309	0.3	Other vehicle manufacture	83	0.1
Drink	755	0.7	Other metal goods	386	0.4
Tobacco	60	0.1			
Other foods	724	0.7	Main made fibers	556	0.5
Mineral oil refining & fabricating oil	515	0.5	Cotton	148	0.1
Soaps & detergents	70	0.1	Woolen & worsted	142	0.1
Plastics & synthetic resins and rubber	420	0.4	Other textiles	511	0.5
Other chemicals	2,885	2.8	leather	86	0.1
Iron & steel	4,903	4.8	Clothing & footwear	186	0.2
Non ferrous metal	483	0.5	Bricks and other building materials	668	0.7
Glass	899	0.9	pottery	59	0.1
Cement	542	0.5	construction	1,201	1.2
Timber	117	0.1	gas	2,224	2.2
Paper & paper products	1,425	1.4	electricity	18,738	18.5
Printing and publishing	210	0.2	Water supply	32	0.0
Rubber	273	0.3	Road	20,819	20.6

*The Oil Embargo following the Arab-Israel War of October 1973: British Economic Experience and Reaction*

			transport		
Other manufacturing	936	0.9	railways	1,016	1
Distribute trades	721	0.7			

Source: FCO 55/1135, Department of Trade and Industry, 1973

In 1972, the dependency on oil was forecast by the Ministry of Power to continue into the 1980s. In fact Britain would be dependent for over 47 per cent of her oil for her energy supplies on Arab and African sources in 1980, compared to 37.5 per cent for the United States.<sup>①</sup> The forecast was based on the actual total energy requirement, of which oil was the major proportion in 1972. In December 1973, a Central Policy Review paper revealed figures as a comparison (Table 5). Britain was dependent for more than 50 per cent of her total energy requirement from oil. Therefore, the disruption of oil supplies definitely resulted in a major impact on her energy requirement for domestic and industrial needs.

**Table 5: Oil as Proportion of Total Energy Requirement in Major Consuming Countries 1972 (million tons of oil or oil equivalent)**

	1972		(a) as a percentage of (b)
	Oil	Total	
United Kingdom	107.6	207.7	52per cent
West Germany	140.5	241.6	58per cent
France	114.2	162.1	70per cent
Other West Europe	340.0	496.3	69per cent

<sup>①</sup> While the whole Western Europe (including Britain) would be 84 per cent depended on oil supplies from the Arab and African oil for energy. See POWE 63/847, minute by J.R Bretheron to Mr. William, 15 August 1972.

*The Oil Embargo following the Arab-Israel War of October 1973: British Economic Experience and Reaction*

North America	856.1	1,838.7	47per cent
Japan	237.2	310.4	76per cent
World	2,590.0	5,478.0	47per cent

Source: PREM 15/1842, Oil Statistic by Central Policy Review Staff, 1973.

Subsequently, in December 1973, the UK Treasury submitted an estimate of the effect on industrial output following the cut in oil supplied from Arab producer countries since the previous month. The textiles and paper industries were the most affected sectors. The estimates are summarized in the Table 6.

**Table 6: The Effect on UK Industrial Output (estimate)**

<b>per cent cut in output</b>	<b>10per cent case</b>	<b>15per cent case</b>	<b>25per cent case</b>
<b>Industry</b>			
Chemicals*	-10	-4	-9
Iron and steel*	-1	-1	- 2 1/2
Engineering	-3 1/2	-8	-20
Motor vehicles	-3 1/4	-8	-20
Textiles	-24	-35	-60
paper	-21 1/2	-30	-51
Bricks, glass & cement	-18	-24	-33
Other manufacturing	- 4 1/2	-8	-17
Manufacturing output	- 5 3/4	-10	-21
Construction	- 7	-12	-21
Industrial production*	- 5 1/2	- 10	- 19

*\*oil supplies to the chemicals, steels and energy [included in industrial production] are not cut by more than 10per cent*

Source: T 342/319, report by the Committee on the Oil Situation, 17 December 1973

The Arab Israel conflict was also causing world oil prices to increase. For Britain, increased oil prices resulted in £400 millions additional cost to her balance of payments in 1973. The Chancellor in his speech at Mansion House in October 1973 stated the importance of a peaceful solution as the best way to reduce British balance of payments due to the war.

*Clearly, the increase in the price of oil announced yesterday will affect the balance of payments not only to this country but also of every other oil importing country. The effect cannot be easily calculated, the widely quoted estimate of £400 millions...the whole situation is complicated by the war, and the first priority for HMG must be to do everything possible to work for a peaceful solution (FCO 55/1131).*

### **The 1973 War and the Arab Oil Embargo: What Was British Policy?**

Based on all the figures shown above, the post 1973 Arab-Israeli war scenario was vital to the safeguarding of British oil imports from the Arab countries. Even though Britain was not on the 'embargo list', the Arab reaction after the war was a serious threat to British energy supplies, at least for long term oil supplies. Therefore, it was very important for Britain to ensure that her policy and reaction during and immediately after the war would protect her oil interests. The British stand and policy through the period of conflict in the Middle East was consistent from the early 1970s until the end of the 1973 war. The fundamental policy of Britain towards the Arab-Israel conflict was explained by the Secretary of State for Foreign Affairs, Sir Alec Douglas-Home in his famous 'Harrogate Speech' on 31 September 1970. He said;

*How can these tensions be solved? Equilibrium is needed in the Middle East which both sides (Arab/Israel) would be prepared to accept. The actual issues in dispute are of a kind which can be solved.*

*The fabric of a settlement consistent with the Security Council Resolution of November 1967 which would be fair and should be workable can easily be produced. Agreed solutions on all the separate elements would have to be incorporated into a formal and binding agreement which would be endorsed by the United Nations Security Council. But like the Resolution in November 1967, any such settlement must be based on two fundamental principles: the inadmissibility of the acquisition of territory by war, and the need for a just and lasting peace, in which every state in the area is guaranteed the right to live in security. This means, as the Security Council said, that the Israel Armed Forces withdraw from territories occupied in the conflict, and that on the other hand, the state of belligerency which has existed in the Middle East must be ended, and the right of every state to live in peace within secure and recognized boundaries, free from threats or acts of force, must be recognized (FCO 55/1133).*

When the war broke out in October 1973, followed by the oil embargo in November, Britain's policy remained unchanged. In the House of Commons, on 22 November 1973, Minister of State for Foreign and Commonwealth Affairs, Lord Balniel in his response to a question from H. Dykes MP stated;

*Let me point out first of all that our policy is not becoming 'progressively Arab'. The aim of securing a just and lasting settlement in the Middle East through the implementation of United Nations Resolution 242 has been fundamental to our policy for many years, well before the recent difficulties over oil supplies. Europe's need for Middle Eastern oil is a fact of life with which we must live until our common efforts to develop alternative sources of energy have had time to bear fruit. HMG's policy on the Middle East, as set out in Alec Douglas Home's speech at Harrogate in October 1970 contributes to a peaceful settlement in the interests of all concerned. The spontaneous assurances given to us recently by certain Arab states seem to have reflected their recognition of our position (FCO 55/1134).*

Why did peaceful settlement of the Middle East problem become

the main focus of the British policy, and what was the link between the settlement and the oil embargo in 1973? Again, Sir Colin Crowe, later the UK Representative at the United Nations answered this question clearly. He explained that the British policy and aim in the 1973 Middle East conflict was to bring peace in the region. The peace would safeguard the flow of Arab oil to the UK (FCO 93/297). During the war, A.D Parsons, Assistant under Secretary of State, Foreign and Commonwealth Office further explained the main objective of the British policy;

*Our main objective is to get the fighting stopped and a rapid start to meaningful negotiations towards a settlement in accordance with Resolution 242. If we cannot achieve this, the situation is almost bound to deteriorate. More Arab countries will be sucked into the fighting and the risk to our oil supplies will be great. We must therefore avoid saying or doing things which are unlikely to produce results and which will only serve to alienate the Arabs, thus increasing the risk to our oil supplies. We are of course taking care not to identify ourselves in anyway with the Israeli war effort or with apparently pro-Israeli American policies or actions and to express as much sympathy as possible with the Arab side in our public statements (PREM 15/1765).*

While Lord Balniel in his letter to Anthony Grant MP in November 1973, stated;

*“The government believes that the best way to solve the present problem on oil is to continue to work for a just settlement of the Arab/Israel dispute on the basis of United Nations Security Council Resolution 242. This has been our consistent aim since 1970.” (FCO 55/1134).*

The above makes clear that the aim of British policy during and following the 1973 Arab-Israel war was to safeguard her oil flow from the Arab countries. The British believed that this aim could only be achieved through a peace settlement under the supervision of the United Nations. Logically, without peace, the oil flow to UK would be disrupted and if this happened, it would be a disaster for Britain’s

economy.

### **The Arab Oil Embargo: What Were the British Reactions and Strategy?**

In the middle of October 1973, as the Arab-Israel war broke out, the British Government employed proactive strategies to protect its oil interests. These were divided into two categories; a short term and a long term strategy. For the short term, the government re-activated a special committee called OIEC (Oil Industry Emergency Committee) on 15 October 1973. The OIEC's task was to study and prepare a report on the oil situation in Britain which would suggest action to be taken by the cabinet in the face of the oil threat from the Arabs. In the spring of 1973, the committee submitted to the government a report regarding the appropriate strategies and actions to stabilize oil conditions in the UK (POWE 64/3). The report falls into three distinct periods namely:

- a. Pre emergency planning (May to October 1973)
- b. Consultative period (mid October to mid November 1973).
- c. Operating group period (mid November 1973 to end of March 1974)

The operating group period coincided with the Arab decision to launch the oil embargo with the consequently serious threat for oil imports to Britain. The OIEC Operating Group's principal tasks were listed as:

- a. To analyze supply and demand and make recommendations to the Department of Trade and Industry (DTI) on measures required to balance them.
- b. To administer and monitor the allocation system.
- c. To deal with the large number of calls for assistance and advice from government departments, oil companies, distributors and consumers.
- d. To set up, where required, acceptable mutual aid agreements. (POWE 64/3).

Based on the report prepared by the OIEC and the OIEC Operating group, a number of actions were taken by the government to secure the oil supply in Britain. These actions and strategies could be summarized as below.

1) Import and export policy.

The government introduced an export licensing system from 26 October under the Export of Goods (Control) Order, whereby exports to all destinations were made subject to license. From 26 October to 11 November an Open General License covered all exports and from the 12 November exports to EEC member states continued to be covered by an Open General License but for all other exports licenses specifying quantities were required. At the same time the Department of Trade and Industry (DTI) sought from companies, information on their normal pattern of imports and exports in order to assist in the monitoring of oil movements. Starting from 12 December, exports to EEC member states required specific licenses. Then in mid February, the Department of Energy evolved an export policy, which took into account each company's total supply program (POWE 64/3).

2) The allocation system

On the 19<sup>th</sup> November, the British government announced the introduction from the 20<sup>th</sup> November of an allocation system (AS), which covered all products except naphtha, lubricants, bitumen, industrial and white spirits and paraffin waxes. The AS was introduced by statutory instruments, initially under the Emergency Regulation Act 1973, and later re-introduced and continued under the fuel and Electricity (Control) Act 1973. Under the AS, several regulations and instructions were introduced:

a. Companies were directed to limit deliveries of the products concerned to 90 per cent of the quantity delivered in the same month in 1972/73, except for supplies to retail outlets.

b. Total supplies to retail outlets were limited as in (1.1) above, but supplies to individual outlets were then pro-rated in proportion to the deliveries made by companies to the outlets in September 1973.

c. In the case of domestic consumers with small off-takes, the

allocations were based on the three month period to iron out the incidence of deliveries.

d. Users on the DTI's priority lists were either exempt from the allocations or had a reduced level of cut.

e. In all markets customers were permitted to appeal for their allocations to be supplemented.

### 3) Legal control

The government introduced a special act to control oil consumption called the Fuel and Electricity (control) Act 1973. This act's objective was clearly stated as;

*"An act to make temporary provision for controlling the production, supply, acquisition and use of certain substances and of electricity; and for purposes connected with those matters"* (Fuel and Electrical (Control) Act 1973)<sup>①</sup>

### 4) Other measures

In addition to the allocation system, the British Government introduced a series of other measures to save oil consumption. These included:

a. A 50 mph speed limit on all roads

b. Restrictions on the use of electricity for advertisements, shop windows, street lighting etc.

c. A ban on Sunday flying by all private and executive aircraft users(POWE 64/3).

Other than short term measures, the British government also emphasized long term measures to secure the continuation of the oil flow to Britain from the Arab countries. For Britain, the best way was to formulate her Middle East policy in a way that would be seen by the Arabs as friendly and reliable. Therefore, diplomatic strategies were implemented to improve the traditional Anglo-Arab relationship. Several activities, such as business joint ventures, which could improve these political and financial relationships with the Arabs were established. The report by the Working Party on Vast Surpluses

---

<sup>①</sup> For full text of the act, see POWE 64/3, Annex 1, Fuel and Electrical (control) Act 1973, enclosed in the memo by R.H Willmott, 16 August 1974.

of Oil Producers in 1973 described this approach;

*As far as the UK is concerned, taking all possible steps to improve political and financial relationships with the more important oil producing countries, especially Saudi Arabia, Abu Dhabi and Kuwait, our aim should be not only to secure direct benefits for the UK, such as ensuring a steady oil supply, acquiring a good share of the business of handling the producers' financial surpluses, and perhaps encouraging them to direct some of their investment to the UK, but also representatives of the developed world, to encourage co-operation and understanding between OECD countries and the oil producers in dealing with the problems to both consumers and producers created by the prospective vast surpluses (T338/166).*

In order to improve Anglo-Arab relations, at the end of November 1973, the Foreign and Commonwealth Office designed a few practical approaches and recommendations which are summarized as:

a. Visits – We should arrange as many visits as possible in both directions between Britain and the Gulf, while we should do nothing to undermine the attractiveness of London, such as a haven and we should try to profit from private visits when appropriate by arranging calls and entertainment.

b. Trade promotion – We should arrange more British exhibitions in the Gulf e.g. at Dubai and Bahrain.

c. Training

d. Technical assistance--we should provide more technical assistance, particularly for Bahrain, Qatar and UAE, which lack trained labor forces.

e. Defense-sales and training – more military training, complementing arms sales, would be to our mutual benefit (and should have commercial advantages)

f. Economic inter-dependence – we should explore every opportunity for developing economic links with the Gulf States that will serve to make them more dependent upon us (FCO 55/1135) .

Based on the inter-dependence strategy, the British government

was also to make a major effort to persuade the Arab oil producers to invest part of their large surpluses over the next five or six years in British industry with a good growth potential. The policy was explained by the Secretary of State for Trade and Industry in December 1973 ;

*“by creating a greater sense of partnership between the Arab world and the United Kingdom, it might help to secure oil supplies over the next few years and increase our influence with them (the Arabs)”*  
(FCO 55/1120).

To elaborate this idea, the Trade and Industry Secretary stated that a considerable drive must be put behind a campaign both to push investment across the exchanges and to link British firms with joint venture developments within the oil producing Arab countries. Amongst the projects of sufficient scale to make a real impact proposed by him, were offers to;

a. Participate in our nuclear industry, particularly the fast breeder reactor.

b. Arrange participation in the development of petrochemical plants on a scale of £400 million a project.

c. A substantial participation in our aviation industry.

d. A major participation in both shipbuilding and shipping.

e. The creation of some large scale plants in spheres such as the motor industry and other major consumer products whereby Britain would build substantial plants in the producing countries to supply the markets with which these countries were in close geographical proximity.

f. Additionally to consider other ways of building up closer relations in the industrial field with Arab countries. They might offer consultancy missions to assist with development planning and to try to expand opportunities for training administrators and technicians in British industry. In both cases, it was hoped that the Arabs would pay (FCO 55/1120).

At the same time, prompt action at the highest diplomatic level action had been taken in November 1973. When the oil crisis worsened

the Prime Minister sent his diplomatic missions to the Arab countries led by the governor of the Bank of England. One of the target countries was Saudi Arabia, from which the UK received 22 per cent of her oil supplies in 1973 (FCO 8/1971). In his briefing to the governor on 21 November 1973, the prime minister stated;

*The governor might go on to say to King Faisal that Saudi Arabia's friends in Europe wanted to help to bring about peace in the Middle East. He should realize, however, that increases in oil prices on the lines of those which have recently occurred were bound to have an extremely damaging effect on the economies of their friends. The increase in prices did not hit the Soviet Union or Communist countries which were self sufficient. They did, however, hit the countries of Western Europe, all of which were considerably dependent upon Arab oil, very hard indeed. The only people who would benefit from this would be the Soviet Union, and that was presumably not what the King Faisal wanted or intended (FCO 55/1119).*

Finally all these strategies and actions implemented by the British government in 1973 were based on Britain's national interest in oil policy which was:

- a. obtaining secure oil supplies
- b. Obtaining subject to the constraints of cheap oil
- c. Fostering the activities of the British oil companies. (POWE 63/847).

### **Britain's Contingency War Plan 1973: The Last Resort?**

Whilst conducting research at The National Archives, the author found an interesting file, which can attract future independent research on British military policy regarding the oil embargo by the Arab nations in 1973. However this controversial proposal of British strategy is not the main focus of discussion in this paper. It was just a hypothetical solution which never became official policy of the British government. Nevertheless, it is worthwhile to mention briefly the

proposal since it was significantly related to the oil embargo issue. Other than the policy, proposals and diplomatic actions, both short term and long term, the British also 'planned' to launch a war to occupy the Arab oil producing countries if all the above measures failed. On 12<sup>th</sup> December 1973, a paper entitled "United Kingdom Support for the United States Forces Engaged in Operations in the Middle East" assessed based on a minute by the UK Defense Secretary, dated 28 November 1973, a secret plan for a military operation by Britain and the United States to occupy the Arab oil producing countries. This operation 'might be' the final attempt to secure oil supplies from the Arab countries if all the economic, political and diplomatic negotiations failed. The aim of the plan was, "to seize and hold oil fields and thereby restore oil supplies to Western Europe and Japan...and it was also to show the support which the UK could provide for US forces involved in operations against oil producing states in the Gulf, short of the provision of assault troops" (PREM 15/2153).

The assessment of the paper is that a three brigade force would be required, with simultaneous brigade assault on Kuwait, Dhahran (Saudi Arabia) and Abu Dhabi. Should United Kingdom forces be involved in the operation, the likely objective would be to take and hold Abu Dhabi. Preferably, if time allowed, this would be a combined air and sea assault, although given shorter notice the UK could succeed by the use of airborne forces alone. Based on the assessment of the paper, seven different force operations could be launched by the United States with assistance by British forces to occupy the oil fields. Three of the proposed options would use British forces most effectively as follows: (PREM 15/2153)

The first operation was an air assault via the Azores, over-flying the Mediterranean, Israel and Jordan. In this operation, the US force would be assisted by the British, both logistically and operationally. In this first plan, or plan A, the military support by the British army could be summarized as below:

**Operation: Plan A**

<b>Logistic</b>	<b>Operational</b>
a. Emergency facilities for US aircraft at Gibraltar, Malta or Cyprus	a. Air defense from Gibraltar, Malta and Cyprus
b. Staging and refueling facilities for follow up echelons at Gibraltar, Malta and Cyprus	b. Search and rescue operation in the Mediterranean.
c. RAF support for the 6 <sup>th</sup> Fleet in Mediterranean	c. LRMP from Gibraltar, Malta, Cyprus and CVA if available
d. Provision of Masirah and Cyprus as recovery airfields after the assault	d. Airborne reconnaissance of the Gulf States.

The second operation, or plan B would be an air move via Guam and possibly Thailand, Gan and Diego Garcia.

**Operation: Plan B**

<b>Logistic</b>	<b>Operational</b>
a. Provision of staging and refueling facilities at Gan and Diego Garcia	a. LRMP from Masirah
b. RAF support for US ships in the Indian ocean	b. LRMP from Gan
c. Provision of Masirah as recovery airfield after the assault	c. Air support from Masirah and from CVA if available
	d. Airborne reconnaissance of the Gulf States

The third plan (plan C) would be a sea move and amphibious assault: (PREM 15/2153)

**Operation: Plan C**

<b>Logistic</b>	<b>Operational</b>
-----------------	--------------------

a. Re-fuelling and operating facilities for US aircraft at Diego Garcia	a. LRMP from Masirah
b. Re-fuelling and operating facilities for US aircrafts at Gan and Masirah	b. LRMP from Gan
c. Provision of RAF support	c. Air support from Masirah and from CVA if available
d. Provision of Gan as a bunkering facility	d. Airborne reconnaissance of the Gulf states.

Based on the interesting finding about the 'plan' for military operation by the British and Americans, some might argue that this 'plan' was only based on the paper assessment. Indeed, the author would like to emphasize that this single file is insufficient to conclude that Britain and America were serious in their intention to use force to occupy the Arabs land and, of course, no such military operation took place. However, this file shows an interesting point that the British and their ally, the US, had explored their military options in the event that other peaceful approaches failed. The facts on file indicated that the security of oil supplies was the primary objective and that should it not be possible to achieve this through peaceful means then military means would be considered.

## **Conclusion**

As a conclusion, the October War in 1973 was another tragedy in the Arab-Israeli conflict since 1947. The war was not only very important for the survival of Israel and the Arabs but also it was a key to the security of British oil supplies from the Middle East. In the 1970s Britain was largely dependent on Arab oil as her major energy source for domestic and industrial activities. Without the oil, Britain would have faced economic turmoil. Therefore, when the war broke out in October, and the Arabs launched the oil embargo in November 1973,

Britain looked upon this conflict as a major threat to her economic stability. It was undeniable that Britain was excluded from the embargo, but the cut in oil production caused higher prices for the British imports, as well as great disadvantages on her balance of payments. This unhealthy economic scenario for Britain had to be solved quickly without creating another conflict with the Arabs or with Israel. As an overview, this paper focused on and explained the prompt actions taken by the British government, during and after the conflict, to protect her oil supplies from the Arab embargo. The records show that domestic policy required that drastic actions had to be taken to reduce oil consumption by most economic activities in Britain. For foreign policy, Britain continued to call for permanent peace in the Middle East by following through her role in tabling Resolution 242 after the previous war of 1967. The major focus of British Middle East policy during the conflict was to bring peace to the region because without peace the oil supply to Britain would be disrupted.

This paper also revealed the possibility that the British and her ally, the US might launch military operations to occupy Arab oil-producing countries. Even though this 'plan' was not the main point of discussion in this paper, the single file from the National Archives of England and Wales as quoted in this research revealed some information about the Anglo/American 'war plan'. However the file makes clear that the British and their ally had an 'intention', or a proposal, or at least an idea, about occupying the Arab land in 1973, had the peace process failed. The ultimate aim of the British policy and action in 1973 was to protect and secure her oil supplies from the Arab world either by peace or, if necessary, by war. Fortunately her war plan remained on paper as the peace was eventually secured diplomatically.

## References

- FCO 93/297, (1973). A Memorandum by Sir Collin Crowe, lately UK Permanent Representatives to The United Nations.
- FCO 55/1131, (1973: October 17). Extract from the chancellor's speech at the

*The Oil Embargo following the Arab-Israel War of October 1973: British Economic Experience and Reaction*

- Mansion House, 18 October 1973. Also in note of meeting held at no 10.
- FCO 8/1970, (1973: October 24; October 25). A.D Harris to Mr. Hunt; M O'D Alexander to W.F Mumford, Ministry of Defense.
- FCO 55/1098. (1973: October 26). J. R Bretherton to Mr. Liverman.
- FCO 8/1966, (1973: October 27; October 29). A telegram no. 493, The Hague to UKREP and the FCO; A statement by Mr. Van der Stoel to Lord Barnes, telegram no 493.
- FCO 55/1133, (1973: October 31). Speech by Secretary of State to Yorkshire Provincial Area Meeting, Harrogate.
- FCO 8/1971, (1973: November 6; November 23). Letter from R.D. Gordon to A.D Harris; Statement by Sheikh Ahmed Zaki Yamani.
- FCO 55/1099. (1973: November 19; December 5). S. L Egerton, Energy Department to Mr. Taylor; Department of Trade and Industry report by the visit of Mr. Spain and Mr. Taylor-enclosed in letter from N.M Fenn to Mr. Coles.
- FCO 55/1134, (1973: November 22). Letter from Minister of State, Lord Balniel to H. Dykes MP, house of Commons; Letter from Lord Balniel to Anthony Grant MP.
- FCO 55/3998, (1973: November 26). Minute by J.T Caff, HM Treasury, "The industrial Impact of Cuts In Oil Supply"- enclosed in the letter from J.T Caff to Mr. Liesner.
- FCO 55/1135, (1973: November 28; November 30; December 3). Answer by Secretary of State to Mr. Winston Churchill based on statistic by the DTI at the parliament; Minute from P.R.H Wright, Middle East Department to Mr. Parsons; Text of the PM speech at the Spaak Foundation.
- FCO 49/474, (1973: December 5). Annex II in a paper by Permanent Under Secretary Planning Committee- 15 November 1973, enclosed in minute from J.E Cable.
- FCO 55/108, (1973: December 11-13). Brief no 2, Secretary of States on visit of the US Secretary of States.
- FCO 55/1100, (1973: December 13). Edward Heath answered to a question from Harold Wilson.
- FCO 55/1120, (1973: December 14). Minute from Secretary of State for Trade and Industry to The Prime Minister, 13 December 1973- attached in letter from J.L Taylor to Mr.Egerton.

*The Oil Embargo following the Arab-Israel War of October 1973: British Economic Experience and Reaction*

- FCO 8/1971, (1973: December 20). Midweek.
- FCO 55/1137, (1973: December 31). A reply from Mr. Anthony Royle, Minister of State for FCO to a letter from Mr. Peter Horden.
- FCO 55/1119, (1976: November 23). Note for Record, 22 November 1973, enclosed in note from S. L Egerton, Energy department to P.W Wright.
- POWE 63/847, (1972: September 1). Cabinet Committee On Oil Policy, Petroleum Division, September 1972- UK Longer Term Oil Policy-enclosed in letter from J.R Bretherton to Mr. William.
- POWE, 63/844, (1973). Report, "Oil Supplies from Safe and Unconventional Sources" by Oil Supplies Working Party.
- POWE 64/3, (1974: August 16; September 11). Oil Emergency Committee: Report on the Oil Supply Emergency, enclosed in the memo by R.H Willmott; Annex 1, Fuel and Electrical (control) Act 1973, enclosed in the memo by R.H Willmott; OIEC's "Report on the Oil Supply Emergency October 1973-April 1974". Enclosed in letter from H.B Greenborough, Chairman of OIEC to Rt. Hon. Eric Varley, Secretary of State for Energy.
- PREM 15/1764. (1973: June 4). Prime Minister's personal minute.
- PREM 15/1765, (1973: October 11; October 16). A. D Parsons, FCO to Mr. Alexander; Telegram no 493, Rothnie, British Embassy Jeddah.
- PREM 15/2153, (1974: January 3). Assessment Staff Paper "A Contingency Plan: United Kingdom Support for the United States Forces Engaged in Operation in the Middle East" 12 December 1973- enclosed in letter from John Hunt to the PM. Assessment based on minute of Secretary of Defense 28 November 1973.
- T342/321, (1973: November 6). The Scope for Increasing the Security of UK Oil Supplies Over The Next 5 Years"-Working paper On Oil Supplies, note by Secretary.
- T338/166, (1973: October 2). First report-Note by Secretary.