


Energy supply issues

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Security of energy supply was a key factor informing the defence policies of both France and the United Kingdom and it also shaped their involvement with WEU and NATO. Although both nations were members of the ‘nuclear club’ and therefore needed guaranteed and safe access to uranium supplies and enrichment facilities in order to expand nuclear capacities, for the duration of the Cold War they remained heavily dependent in economic terms on Middle Eastern and North African oil and enmeshed in the associated strategic competition. In 1955, the British Foreign Secretary produced a revealing analysis of the energy challenges facing the country, stating that Britain needed to triple its imports in order to meet petrol demand over the next 20 years and that the Middle East represented the only possible source of these imports.^[1] The Minister also warned that the country was at risk of ‘losing’ the Middle East, or at least forfeiting influence over the region, owing to efforts on the part of Egypt, Saudi Arabia and Russia to weaken its position.

The Suez Crisis (July 1956 to December 1956) was one of the first to have a major impact on oil supplies to the United Kingdom, and also affected France. Backing from the Soviet Union meant that the Egyptian President, Gamal Abdel Nasser, was able to refuse Western offers of assistance,^[2] and the USA and UK made known their displeasure by withdrawing the construction funding they had offered for a large dam at Aswan. Nasser responded by nationalising the Suez Canal on 26 July 1956.^[3]

Quite aside from the losses suffered by France and the UK as shareholders in the Suez Canal, this unilateral decision posed an energy security risk to both countries. Oil could no longer be supplied via the Suez Canal and the Syrian pipeline, and tankers instead had to be rerouted around the Cape, pushing up the cost of delivering oil to the UK and increasing tanker freight rates. Higher prices also made it difficult to buy oil imported and resold by other Western nations.^[4] Yet despite these security concerns, London was reluctant to let the Arab countries think that its intervention was driven primarily by the need to protect its national oil interests.^[5]

France and the UK, together with Israel, invaded Egypt with the aim of regaining control of this strategic maritime passage,^[6] but the military expedition was a diplomatic failure. Under pressure from the United States, the Soviet Union and the United Nations, the two European countries ultimately withdrew, and the last Franco-British military contingents left the Suez region in December 1956.

Their strategic failure in this conflict nevertheless allowed Paris and London to reassert their involvement, as can be seen from the grounds they provided to their European counterparts during WEU Council meetings to justify intervention in the Suez region.^[7] The French authorities were furthermore aware that the two countries would not be able to make any real impact on the global balance of power without the USA on their side, and noted that there was a pressing ‘need to build Europe’ while recognising that this was not an immediately feasible solution.^[8] Advances by the communists also meant that it was urgently necessary to achieve better coordination ‘of the leading oil powers in order to avoid profiteering and counter any attempts at nationalisation’.^[9]

Between 1954 and 1982, debates within the WEU Council and the work of its Assembly focused repeatedly on the oil supply issue and the deeply intertwined matter of stability in the Middle East and North Africa, and the WEU Assembly issued various recommendations highlighting the importance of stability in the Mediterranean region and calling for alternative energy solutions.^[10] The European governments were also not shy of using WEU as an arena to publicise their concerns; in 1963, the UK

Government published a study stating that one third of all Western oil supplies would originate from the Middle East between then and 1970, with the figure rising to 40 % for the United Kingdom.^[11] London therefore believed that, in order to secure oil sources and prevent any possible interruptions in the supply chain, the European governments should do everything in their power to prevent the Middle East falling under the influence of hostile powers.^[12]

The ‘oil weapon’ had no major impact on supplies during the Six-Day War, despite the embargo briefly imposed on the UK and the US.^[13] By way of contrast, the Yom Kippur War (between 6 and 25 October 1973) triggered the first oil crisis and changed the whole shape of Europe’s energy policies. Saudi Arabia and the other Arab members of the Organization of the Petroleum Exporting Countries (OPEC) chose to demonstrate their solidarity for Egypt and Syria, initially by cutting oil production by 5 % and subsequently by imposing an embargo on exports of oil to the United States and other countries backing Israel until the latter agreed to a ceasefire and withdrawal from Egyptian and Syrian territories.^[14] This embargo resulted in a global energy crisis.^[15] Although the UK’s alignment with US positions and the resulting closing of relations between London and Tel Aviv (in particular after 1956 and the Suez intervention) meant that it was not directly exposed to the oil embargo, the effects of the oil crisis helped to push inflation in the country up to 20 % per annum.

In 1967, France began shifting the focus of its policies towards the Arab states, leading to a corresponding deterioration in its relations with Israel. While still keen to maintain a presence in the region,^[16] the French President Charles de Gaulle was aware that France’s capacity to take action was limited by the country’s negative trade balance with its Arab partners, in particular oil suppliers such as Algeria, Iraq and Libya. This shift in French foreign policy was therefore predicated by the need to protect national economic interests.^[17] The crisis which broke out in 1970–1971 between France and Algeria over mining concessions for French companies prompted a decision by the French President, Georges Pompidou, to strengthen the country’s energy independence by further diversifying its supply sources, looking for alternatives to oil and improving coordination between the Western powers.^[18] By choosing a ‘third way’ and refusing to align itself with any of the blocs during the Yom Kippur War, France also avoided the embargo which was imposed by OPEC in 1973–1974 and which quadrupled prices per barrel.^[19]

In the late 1960s and early 1970s, the countries of Western Europe became keenly aware that Europe’s defence policy was inextricably linked to the issue of energy supply security. The second oil crisis, triggered by the deposition of the Shah of Iran and the outbreak of the Iranian Revolution, doubled oil prices from USD 20 to USD 40.^[20] Although the cumulative effect of price rises during the two oil crises had a corresponding impact on growth rates in France and the United Kingdom, the second crisis was felt less keenly in the UK than in France and the other Western countries because London had started to exploit its North Sea reserves, and the country’s exports were equivalent to its imports.^[21] The profound impact of the second oil crisis on France is evident from the fact that its trade balance, which was positive during the 1960s, turned into a deficit approaching 2 % of GDP after the second oil shock, or in other words between 1980 and 1982.^[22] In response, Paris maintained and stepped up its strategy of energy mix diversification, relying on the expansion of nuclear energy as an alternative source.

This interdependence of energy security and foreign policy and the strategic importance of the shipping routes along which oil was transported from the Middle East was not ignored by the WEU Assembly, which called for a European energy policy aimed at reducing dependence on oil imports and for a diversification of energy sources and a shift to renewables, which it regarded as being of key importance.^[23] Nevertheless, the debates within the WEU Council during which the Member States

discussed the Assembly's recommendations reveal that cooperation was increasingly taking place within other structures, in particular the International Energy Agency (IEA) and the European Economic Community, with the WEU Council serving 'merely' as an arena for sharing information.

The lack of any common energy policy meant that the European countries in general, and France and the United Kingdom in particular, continued to compete against each other in terms of energy supply. Within WEU, Paris and London called repeatedly for stability in the Persian Gulf and Middle East to be enhanced and sustained in order to protect European energy interests,^[24] but the two nations were primarily focused on unilateral solutions which would safeguard their own interests and secure energy supplies.

^[1] Investments by UK oil companies totalled an estimated GBP 600 million at the time; by reselling oil to other countries, they could earn enough to cover the total costs of their oil transactions, including exports. The National Archives of the UK (TNA). Cabinet: Memoranda (CP and C Series). CP Series. 151–215. Record Type: Memorandum. Former Reference: CP (55) 152. Title: Middle East Oil. Author: Harold Macmillan. 14/10/1955, CAB 129/78/2, p. 1.

^[2] LITTLE, Douglas. The Cold War in the Middle East: Suez Crisis to Camp David Accords. LEFFLER, Melwyn and WESTAD, Odd Arne (eds). *The Cambridge History of the Cold War (Volume II)*. Cambridge: Cambridge University Press, 2012. pp. 305–326.

^[3] Ibid.

^[4] Conclusions of a Cabinet meeting held at 10 Downing Street: oil prices and the Suez Canal (London, 1 December 1956). The National Archives of the UK (TNA). Cabinet: Minutes (CM and CC Series). CM Series. Cabinet conclusions: 1–104 (1956 Jan 3–Dec 20); 1–4 (1957 Jan 3). Record Type: Conclusion. Former Reference: CM (56) 95. Attendees: R. Butler; Salisbury; Kilmuir; G. Lloyd-George; Home; W. Monckton; D. Sandys; D. Heathcoat Amory; I. Macleod; H. Macmillan; S. Lloyd; J. Stuart; A. Lennox-Boyd; A. Head; P. Thorneycroft; D. Eccles; Selkirk; P. Buchan-Hepburn; H. Watkinson; C. Hill; A. Jones; E. Heath; H. Beeley. Agenda: 1. Economic Situation; 2. Oil Prices; 3. Suez Canal, CAB 128/30/319.

^[5] Note from the British Foreign Secretary on the first interim report of the Working Party set up with a view to safeguarding the free flow of oil supplies from the Middle East (London, 14 November 1955). The National Archives of the UK (TNA). Cabinet: Memoranda (CP and C Series). CP Series. 151–215. Record Type: Memorandum. Former Reference: CP (55) 172. Title: Middle East Oil. Author: Reading. 14/11/1955, CAB 129/78/22.

^[6] Construction of the Suez Canal was funded by France and Egypt, with the UK purchasing shares in 1876. See in particular: LUCAS, Scott. *Britain and Suez. The lion's last roar*. Manchester and New York: Manchester University Press. 1996. Chronology of events, pp. 7–8.

^[7] Council of Western European Union. Minutes of the 58th meeting of the WEU Council, held on Tuesday 4 September 1956 at 10.30 a.m. 10.09.1956. CR (56) 24. Copy No 67. 6 pp. National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Subjects dealt with by various WEU organs. Year: 1956. File 421.00. Volume 1/1; Council of Western European Union. Extract from the minutes of the 63rd meeting of the WEU Council, held on 31 October 1956. VII. Miscellaneous. CR (56) 29. p. 3. National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Subjects dealt with by various WEU organs. Year: 1956. File 421.00. Volume 1/1; Council of Western European Union. Extract from the minutes of the 64th meeting of the WEU Council, held on 7 November 1956. I. General policy. CR (56) 30. p. 2. National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Subjects dealt with by various WEU organs. Year: 1956. File 421.00. Volume 1/1.

^[8] Note de la direction générale politique: Paris, 10 novembre 1956. Très secret. In: Ministère des Affaires étrangères. Commission de publication des documents diplomatiques français. *Documents diplomatiques français: 1956, Tome III, 24 octobre–31 décembre*. Paris: Imprimerie nationale, 1990. Document number 158. pp. 271–277 (p. 273).

[9] Ibid., p. 277.

[10] Assembly of Western European Union. 'Recommendation No 54 on the association of Great Britain with the energy policy of the Six (Paris, 10th Session, 30 November 1960)' in *Proceedings: Sixth Ordinary Session, Second Part, Vol. IV: Minutes: Official Report of Debates*. Paris: WEU Assembly. December 1960, p. 23; Assembly of Western European Union. 'Recommendation 241 on oil and energy problems (Paris, Ninth Session, 20 November 1973)' in *Proceedings: Nineteenth Ordinary Session, Second Part, Vol. IV, Minutes: Official Report of Debates*. Paris: WEU Assembly. November 1973, pp. 21–22; Assembly of Western European Union. 'Recommendation No 363 on energy and security (Paris, 14th Session, 4 December 1980)' in *Proceedings: Twenty-Sixth Ordinary Session, Second Part, Vol. IV: Minutes: Official Report of Debates*. Paris: WEU Assembly. December 1980, p. 60.

[11] North Africa accounted for only 8 %. Kuwait played a particularly important role owing to its status as the UK's main supplier in the region. Council of Western European Union. *Extract from minutes of 234th meeting of WEU Council held at ministerial level in The Hague on 25 and 26 October 1963*. II. Political consultation. CR(63)20. Part I. pp. 8–10; pp. 12–14. (p. 25). National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Foundation and Expansion of WEU. Year: 1963, 01/10/1963–30/11/1965. File 132.15. Volume 1/7; Council of Western European Union. *Note from the Secretary-General. Oil from the Middle East*. London: 29.11.1963. C (63) 156. 3 pp. National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Foundation and Expansion of WEU. Year: 1963, 01/06/1963–17/01/1964. File 131.0. Volume 1/2.

[12] *Extract from minutes of 234th meeting of WEU Council held at ministerial level in The Hague on 25 and 26 October 1963*. Op. cit. p. 25.

[13] Saudi Arabia was a leading proponent of the embargo, which lasted two months. KELLNER, Thierry and DJALILI, Mohammad-Reza. Au centre pétrolier du monde: le golfe Persique. *Outre-Terre* [online]. Vol. 1, No 14. 1/2006, [consulted on 30 March 2015], pp. 341–375. Available at: www.cairn.info/revue-outre-terre-1-2006-1-page-341.htm.

[14] OPEC is an intergovernmental organisation formed in Baghdad in 1960 to counter falling oil prices by regaining control over revenues in the major oil-producing nations. Its founding members were: Iraq, Kuwait, Libya, Qatar, Saudi Arabia and the United Arab Emirates plus Egypt, Syria and Tunisia. CHAIGNE-ODIN, Anne-Lucie. Guerre du Kippour (6 octobre–16 octobre 1973). *Les clés du Moyen-Orient*. 9 March 2010. [consulted on 24 March 2015]. Available at: <http://www.lesclesdumoyenorient.com/Guerre-du-Kippour-6-octobre-16.html>; LITTLE, Douglas. The Cold War in the Middle East: Suez Crisis to Camp David Accords. Op. cit. p. 320.

[15] Ibid.

[16] France's policy shift towards the Middle East was prompted by the Suez failure. De Gaulle also recognised that France's continued occupation of Algeria prevented it from playing a significant role on the international scene, and the signing of the Evian Accords paved the way for closer relations between France and the Arab states. KUTHY, Daniel W. Old Interests, New Purpose: French Foreign Policy in the Middle East. In: COVARRUBIAS, Jack and LANSFORD, Tom (eds). *Strategic Interests in the Middle East. Opposition or support for US Foreign Policy*. Aldershot: Ashgate, 2007 (p. 27); BROWN, C. L. and GORDON, M. S. Franco-Arab Encounters: Studies in Memory of David C. Gordon. Beirut: American University of Beirut, p. 12 cited in KUTHY, Daniel W. Old Interests, New Purpose: French Foreign Policy in the Middle East. Op. cit. p. 28; KOLODZIEJ, Edward. *French International Policy under De Gaulle and Pompidou. The Politics of Grandeur*. Ithaca and London: Cornell University Press, 1974, p. 507.

[17] KOLODZIEJ, Edward. *French International Policy under De Gaulle and Pompidou. The Politics of Grandeur*. Op. cit. p. 504.

[18] President Boumedienne nationalised reserves of oil and natural gas in 1971. For further details of the crisis, see: FITTE, Albert. La crise pétrolière franco-algérienne de 1970–1971. *Cahiers de la Méditerranée* [online]. No 4, Les hydrocarbures, migrations et accueil. 1972 [consulted on 31 March 2015], pp. 36–48.

[19] VAISSE, Maurice. *La Puissance ou l'influence? La France dans le monde depuis 1958*. Paris: Fayard, 2009.

[20] France. Ministry of the Economy, Industry and the Digital Sector. 'Les chocs pétroliers'. Available at: <http://www.economie.gouv.fr/facileco/chocs-petroliers> [consulted on 22 March 2015].

[21] NEAL, Larry. Impact of Europe. FLOUD, Roderick and JOHNSON, Paul (eds). *The Cambridge Economic History of Modern Britain: Volume III, Structural Change and Growth, 1939–2000*. Cambridge: Cambridge University Press, March 2008, pp. 267–295, in particular p. 294.

[22] MAHIEU, Ronan. *Dossier: Avant et après les chocs pétroliers: l'économie française de 1949 à 2012*. Available at: http://www.insee.fr/fr/ffc/docs_ffc/HISTO14_b_D1_eco.pdf, p. 17.

[23] Assembly of Western European Union. 'Recommendation No 253 on a European policy on the peaceful uses of nuclear energy (Paris, Third Session, 19 June 1974)' in *Proceedings: Twentieth Ordinary Session, First Part, Vol. II: Minutes: Official Report of Debates*. Paris: WEU Assembly. June 1974, p. 37; Assembly of Western European Union. 'Recommendation No 260 on energy crisis and European security (Bonn, Second Session, 26 May 1975)' in *Proceedings: Twenty-First Ordinary Session, First Part, Vol. II: Minutes: Official Report of Debates*. Paris: WEU Assembly. May 1975, p. 26. Assembly of Western European Union. 'Recommendation No 363 on energy and security (Paris, 14th Session, 4 December 1980)' in *Proceedings: Twenty-Sixth Ordinary Session, Second Part, Vol. IV: Minutes: Official Report of Debates*. Paris: WEU Assembly. December 1980, p. 60.

[24] Council of Western European Union. *Note from the Secretary-General. Recommendation No 241 on oil and energy problems*. London: 19.02.1974. WPM (74) 8. 2 pp. National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Organs of Western European Union. Year: 1973, 01/11/1973–05/05/1981. File 202.424.40 Volume 1/1; Council of Western European Union. *Note from the Secretary-General. Recommendation No 254 on security and the Mediterranean*. London: 20.11.1974. WPM (74) 28/1. Copy No 49. 7 pp. National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Organs of Western European Union. Year: 1969, 01/01/1969–30/12/1974. File 202.413.999.01. Volume 1/1; Council of Western European Union. *Note from the Secretary-General. Recommendation No 371 on European security and events in the Gulf area*. London: 22.09.1981. WPM (81) 23/1. 7 pp. National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Organs of Western European Union. Year: 1981, 01/06/1981–29/04/1983. File 202.413.999.13. Volume 1/1; Council of Western European Union. *Note from the Secretary-General. Recommendation No 386 on the situation in the Middle East*. London: 15.11.1982. C (82) 121. 3 pp. National Archives of Luxembourg (ANLux). <http://www.anlux.lu>. Western European Union Archives. Secretariat-General/Council's Archives. 1954–1987. Organs of Western European Union. Year: 1981, 01/06/1981–29/04/1983. File 202.413.999.13. Volume 1/1.