Revista Brasileira de Política Internacional
ISSN: 0034-7329
ISSN: 1983-3121
Centro de Estudos Globais da Universidade de Brasília

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Revista Brasileira de Política Internacional, vol. 65, no. 2, e023, 2022
Centro de Estudos Globais da Universidade de Brasília

DOI: https://doi.org/10.1590/0034-7329202200223

Available in: https://www.redalyc.org/articulo.oa?id=35872854005

RBPI

Revista Brasileira de Política Internacional

ISSN 1983-3121

http://www.scielo.br/rbpi

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Article

Borders and transit countries: the re-territorialization of Middle East pipelines

DOI: http://dx.doi.org/10.1590/0034-7329202200223

Rev. Bras. Polít. Int., 65(2): e023, 2022

Abstract

Following the discovery of vast oil reserves in the Persian Gulf region, the Middle East became the main hub for the expansion and development of western pipeline technology. Contrary to the borderless world described in some accounts of globalization, what is observed after 1956 is the establishment of hard political borders, directly under the oversight of national governments, for pipeline deployment with minimal boundary crossings. In the Middle East, this minimal permeability of frontiers entailed fewer risks compared with the uncertainties arising from having to cross several countries: the sovereign state thus seemed the best container for oil transportation. The conclusion puts forward the concept of re-territorialization to explain the multi-level changes that took place, entailing shifts in geography, in business structures and in international relations.

Keywords: Globalization, borders, Middle East, oil economy.

Received: March 12, 2022
Accepted: October 07, 2022

Introduction

In its starkest sense, globalization captures the idea of transnational interconnectedness and particularly the increase in cross-border flows of goods, people, and capital embedded in densified networks of telecommunications. Underscoring the destructive and transformative power of greater economic integration, some scholars have associated this trend with a move towards a borderless, post-national world in which the national state is under retreat, cutting loose the connection between meaningful cultures and places with detrimental consequences for national borders and local identities. (Ohmae 1995; Strange 1996). Ultimately, this approach builds on the idea that the world is becoming a single place. Given the erosion of boundaries demarcating the inside

from the outside, globalization is likewise equated to a form of deterritorialization, that is, a reconfiguration in which spatial considerations are no longer important as space is not mapped either in terms of territorial places or territorial borders. Ultimately, a borderless world threatens the cultural identity of the territory, smoothing the path to "the end of geography" (O'Brien 1991).

Nonetheless, three streams of opinion have raised doubts about such an overarching interpretation of globalization: the first posits that the level of international linkage concerning trade, investment and migration in the contemporary world still falls short of earlier historical periods and of reasonable benchmark standards. In terms of the appraisal of empirical data, there is little evidence of the nation-state backing off (Hirst and Thompson 1999). A second stream questions the connection between globalization and deterritorialization. According to Kevin Cox (1997, 6) "the increasing globalization of markets is often a condition for the territorialization of production activities around place-specific production potentials that provide some insulation from the forces of global competition." The dependence of supply chains on the input of difficult to replace resources, may push international firms to further strengthen their place-specific roots. Therefore, this perspective recognizes an interpenetration between the global and local layers, as two sides of the same coin, opening the way to the concept of glocalization (Holton 2005). Thirdly, and finally, another current pinpoints how the acceleration of interconnections displays a highly uneven pattern, leaving many regions and enclaves outside of globalization: should globalization exist, it is a western concentrated phenomenon rather than a worldwide marvel (Mittelman 1996).

This paper is rooted in this last critical perspective of "holes in the global mosaic" (Mittelman 1996, 18). Departing from oil transportation in the Middle East, this demonstrates how the persistence of political, strategic and military instability has led to the geographical displacements of pipelines reflecting an extension of the territorial state-centred sovereignty and driving nation-states to act as containers. This trend runs counter to the borderless perspective referenced above. Instead of relinquishing state sovereignty over the territorial strips of land where pipelines were laid, in favour of globalized foreign oil companies and foreign governmental control (as the case during the colonial period), from 1955 onwards, we may observe the emergence of hard political borders directly under the oversight of national governments and with minimal boundary crossings. As globalization represents a multidimensional concept, we herein touch upon two of its consequences: on the one hand, the changes in the relationships between territoriality and/or geography, institutions, and social structures and the appearance of a world without borders, interwoven with seamless flows of goods, services, ideas, technologies, cultural forms, organizational forms, and people; and, on the other hand, the retreat of national states so that both their authority over the people and their activities are weakened all the while non-state institutions increasingly impinge on the lives of people and their activities (Strange 1996; Anderson et.al. 2003).

In contrast, this study demonstrates how, in the Middle East, pipelines became contained and designed within national borders just as their ownership also passed from international business corporations into the hands of national states. What might explain these deglobalizing effects? Historical analysis of the driving forces (or "transnational practices") (Sklair 2002) behind

deglobalization points to political instability and vertical disintegration as the key factors. The uncertainties generated by the Israel-Arab conflicts and the advance of Arab nationalism increased the risks of transit countries and the stability of frontiers to deepen the costs of pipeline routes just as the trend towards the appropriation of natural resources by Arab and Persian states dampened foreign multinational interest in the ownership of energy infrastructures (Claes 2018; Garavini 2019). The retreat of foreign multinational companies is illustrated below with the failure of the Metline project, which envisaged a major connection running from Iran through Iraq to the Levantine cost in the Mediterranean.

The concept of re-territorialization is put forward in the conclusion to explain the multidimensional changes that took place, entailing shifts in geography, in business structures and in international relations.

The Suez crisis: a turning point

The international Suez crisis of 1956 represented a turning point in Middle East pipeline development. With the Israeli, French and British assault on Egypt, Gamal Abdel Nasser, Egyptian president, decided to close the Suez Canal and sink an Egyptian vessel loaded with cement and scarp iron about midway along the 103-mile-long waterway. At the same time, Iraqi pipelines (from Kirkuk to Haifa in Palestine and to Tripoli in Lebanon). were sabotaged in Syria and thereby choking off the oil flow to the Mediterranean. Altogether, around 2.1 million barrels/day ceased to be carried along these routes, primarily destined for European markets. Only Tapline´s pipeline from Saudi Arabia to Lebanon was left unaffected.

As the Suez Canal remained closed from October 1956 until March 1957, Middle Eastern tankers were mostly rerouted around Africa, via the longer Cape of Good Hope route. Given the significantly longer distances and delivery times, a tanker employed on the Cape Route could transport only about 60% of the oil carried via the Suez Canal across any extended timeframe. Even though part of this supply gap was mitigated by resorting to alternative petroleum sources from the Western Hemisphere, there were still widespread shortages which particularly impacted on the major consuming nations, such as Great-Britain, France, Italy and Denmark, while smaller European nations were also forced to make above average cuts (the Netherlands, Portugal, Greece and Sweden)[1]. This most obviously underpinned any conjecture over when the moment would be opportune to relaunch all the pipeline projects that stood in the offing. During meetings held in 1957 between the main British, USA and French oil companies, six competitive pipeline projects popped up on the agenda[2]:

[1] US Department of State Intelligence Research, Economic impact of the Suez Canal and pipeline closure upon Western Europe, 28 December 1956, Department of State, Record of the US Foreign Assistance Agencies, NARA, Washington, RG-59 BOX 5 MLR 732A.

[2] Organizing Committee Planning Group, Notes on the proposed pipelines from the Red Sea to the Mediterranean, 21 February 1957; Engineering Committee Report on the Persian Gulf - Mediterranean Pipelines, 24 April 1957; Pipelines - Middle East, The British Petroleum

1. Metline scheme – from the Persian Gulf to the Mediterranean via Iraq and Turkey.
2. Israel scheme – a pipeline from Eilat to Haifa.
3. Bechtel 1 – a line parallel to the Suez Canal.
4. Onassis - a line parallel to the Suez Canal.
5. Bechtel 2 – a line across Egypt to in the vicinity of Alexandria.
6. United Nations strip scheme – a line through neutral territory to be established between Israel and Egypt.

Spurred on by the shortages experienced in 1956, these new pipeline projects were of a different kind. Common carriage, fading asset specificity and political instrumentality became the most salient business features. Regarding the strategic aims involved, we may single out four different facets: firstly, the entwinement of different countries into the common carriage of oil from the Persian Gulf to the Mediterranean in order to smooth out the ongoing rivalry between production growth in Iraq and Iran(1); secondly, the attempt to overcome the boycott of Israel by Arab oil producing nations and reinforce the security of the former country's supply from Persia (2); thirdly, strengthening Egypt's strategic position in the oil transport business with the corresponding intention of relegating Israel pipelines to a secondary standing (3,4,5); and fourthly, establishing a physical barrier to further separate Jewish and Arab zones (6).

While urgency mattered, for effective economic planning, oil transportation scenarios envisaged conditions of normality, that is, free circulation through the Suez Canal. This must also take into account how the Suez Canal Company was in the meantime similarly preparing itself to withstand the new economic conditions. Prior to the international crisis, the company had already embarked on its 8th development program to further deepen the canal and provide safe passage for a 37-foot draft and the capacity for the transit of 18,000 ships/year, each with a deadweight tonnage of approximately 40,000 tons of oil. Subsequently, in the first half of 1956, the company proceeded forthwith with sketching the framework for the 9th development works program designed to further boost its transportation capacity by extending the two-way traffic sections and deepening the canal for drafts up to 49-foot. Keen to make up for lost time, this program established the cost-effective tanker as having a 40,000-42,000 dwt capacity as the benchmark competitor against pipelines. Under these circumstances, further detailed cost accounting of the alternatives available ended up sending shivers of concern through those planning new projects. In effect, table 2 demonstrates that while pipelines were able to transport oil at about half the operating costs of tanker transportation through the Suez Canal, they did not generate any savings in terms of capital costs. However, the most striking feature of the accounting sheet arose with the exorbitant figures for the cost of transportation around the Cape of Good Hope and thus underpinning the need for further alternatives in the event of the Suez Canal closing.

Archive BOX 42465 (hereafter BPA), Modern Records Centre, Warwick University, UK.

Table 1. Comparison of three alternative routes for transporting Middle East oil to North West Europe, 1956*

	Via Suez	Via Pipelines	Via Cape
Capital cost (for 50 million tons capacity)			
Tankers	£ 420 m.	£ 200 m.	£ 630 m.
Pipelines		£ 225 m.	
Capital cost	£ 420 m.	£ 425 m.	£ 630 m.
(per million tons)	£ 8.4 m.	£ 8.5 m.	£ 12.6 m.
Operating cost (per ton)			
Tankers	44/9d	20/4 d	58/2d
Pipelines		28/	

* In million pounds. Based upon a delivery of 50 million tons of oil using 42,000 dwt tankers.
Sources: British Petroleum, Suez Canal Working Party conclusions, August 1956, Suez Canal Pipeline schemes, BPA BOX 9194, Modern Records Centre, Warwick University - UK.

According to strict economic reasoning, there were but small benefits from opening more land-based alternatives to shipping through the Suez Canal. This same view was furthermore aired by the companies BP and Shell in their consultations with the British Ministry of Fuel: "on the assumption that the oil industry does not finance Canal development and that 40,000 deadweight tons are used, there appears to be some advantage to the oil industry in using a new or enlarged Canal in preference certainly to the Cape Route and possibly to pipelines to the Eastern Mediterranean"[3].

With the absence of any clear-cut economic explanation, one is compelled to look at the security of supply and strategic objectives as the key drivers behind the resurgence of pipeline projects in the aftermath of the Suez crisis. The ensuing pages present what was at stake within this framework.

Pipelines: war by other means.

Already on the table for almost a decade, the Kuwait/Iran pipeline to Turkey constituted the most ambitious plan to surface in the wake of Suez. In brief, this entailed the transformation of the IPC – the Iraq concessionary pipeline – into the backbone of a direct link between the Persian Gulf and the Mediterranean. Serving multiple users and multiple concessions, the project was described in terms of "multi-company lines to transport Kuwait/Iran oil through Iraq"[4].

[3] Shell and BP, Problems in the future movement westward of Middle East oil, 14 September 1956, Suez Canal Pipeline schemes, BPA BOX 9194, Modern Records Centre, Warwick University - UK.

[4] D. F. Mitchell, Preliminary thoughts on Chairman's note "pipelines", 12 September 1956, Pipelines- Middle East, BPA, BOX 42465, Modern Records Centre, Warwick University - UK.

Common carriage certainly entailed less asset specific investments, a project characteristic that would become operationally more evident due to the need to process different products, specifically light Kuwaiti and heavy Iranian crudes without any intermingling. Initial schemes envisaged hooking up the transport of oil from Kuwait and Iran to the main IPC pipeline alongside branching out with a new direct corridor across North Iraq to the Turkish terminal in Iskenderun. Dubbed Metline, this project served many purposes: first and foremost, it established a link between the exploration of the latecomer southern Iraqi oilfields of Rumalia and Zubair as well as incentives for the neighboring concessions of Burgan (Kuwait) and Agha Jari (Iran). By resorting to a common carrier, the transportation costs from these different oilfields would be shared among all participants all the while new export outlets in Europe, via the Mediterranean, for Iranian crude could counterbalance the expansion of Iraq's share of Middle East petroleum. The equilibrium rule proposed for the Metline project was that "foreign crudes transiting Iraq should equal the indigenous Iraq crudes".[5] In the meantime, this would render the northern and southern Iraq pipelines systems a complex but integrated system.

The second strategic goal addressed the erosion of relations with the transit countries: a long and stormy track record of progress and then setback. Spanning a distance of 1,068 miles along the northern border of Saudi Arabia, Tapline, the network created in 1950 to carry oil to the Mediterranean, had to cross Transjordan, Syria and Lebanon to arrive at ports on the Levantine Coast. Whereas negotiations with the Transjordan and Lebanese governments for transit fees proved easy, Syrian factions and the Syrian government called for such wide economic benefits that the proposed pipeline route became bogged down and opening up a diplomatic crisis between Syria and Lebanon and Syria and the United States (Osoegawa 2015: Shwadran 1959, 332-335). Ultimately, the situation was only unlocked by the seizure of power by Colonel Husni Zaim in a coup that took place in March 1949 (Wilford 2013). The first oil thus finally reached Sidon in November 1950. However, this would not be the end of such incidents. Reflecting on the resulting interdependencies, Paul Stevens (2000) argues that the record of transit pipelines in the Middle East was generally poor and regularly raising uncertainty over the future of the entire business. From the oil concessionaire viewpoint, Syria stood out as a straightforward example of a "bad transit country". Beset by political and military instability, split by sectarian and regional factionalisms, and containing significant deprived minorities, Syria forced the renegotiation of agreements with the explicit intent of capturing more of the rent associated with oil sales. After accomplishing significant increases in transit fees from the Iraq-IPC pipeline in November 1955, Syria insisted that Saudi Arabian Tapline should raise transit payments to the same rate. As the negotiations dragged on for years, the Arab nation threatened to shut down the oil flow in both 1959 and 1960. When the extreme wing of the Ba'ath party again acceded to power, backed by the Soviet Union, Syria once again shifted its position, triggering a new period of confrontation with demands for further increases

[5] Middle East pipeline Projects, 24 October 1956, Pipelines - Middle East, BPA, BOX 42465, Modern Records Centre, Warwick University - UK.

in the transit fees for the Saudi Arabian pipeline. Inconclusive negotiations led the country to unilaterally increase the transit fees charged to the other transportation network – the IPC (1966). Overall, transportation costs clearly rose as a proportion of the total cost of petroleum (Table 2). Oil transportation contributed handsomely to enlarging the geography of interests involved in Middle Eastern oil. Whereas in 1950, Lebanon, Syria; Jordan and Egypt received only 4% of the payments made by European and American concessionaires to Middle East governments, that proportion stood at 10% ten years later (Table 2).

Table 2. Direct payments by petroleum companies to Middle East governments and revenue from oil transport

Direct petroleum company payments to governments							
Year	**Iran**	**Iraq**	**Kuwait**	**Saudi Arabia**	**Qatar**	**Bahrain**	**Total direct payments**
1950	91	19	12	113	1	2	238
1951	50	43	18	165	4	3	283
1952	0	116	57	212	10	4	399
1953	0	162	169	226	18	5	580
1954	9	192	194	281	29	11	716
1955	91	207	282	275	34	9	898
1956	153	194	293	283	36	10	969
1957	213	137	308	303	45	10	1016
1958	272	224	354	302	60	12	1224
1959	262	243	409	294	53	13	1274
1960	285	267	409	332	54	13	1360
1961	290	265	454	378	53.2	0	1440
Revenue from oil transport							
Year	**Lebanon**	**Syria**	**Jordan**	**Egypt (Suez Canal)**	**Total oil transport**	**Oil transport/ Direct payments**	
1950	0.1	0.4	0.3	9.5	10.3	0.04	
1951	0.3	0.6	0.6	11.5	13	0.05	
1952	1.4	0.7	1.4	10.6	14.1	0.04	
1953	0.7	3.6	1	10.1	15.4	0.03	
1954	1.1	2.2	1	12.9	17.2	0.02	
1955	2.4	2.9	1	17.6	23.9	0.03	
1956	1.4	15.8	1	0	18.2	0.02	

Continue

Continuation

1957	1.4	9.1	1	48	59.5	0.06
1958	1.4	15.5	1	84.1	102	0.08
1959	7.4	23.8	1	87	119.2	0.09
1960	13.3	26.7	1	101	142	0.10
1961	4.1	25.6	10	102	141.7	0.10

Sources: Report Government revenues and the prices of oil in the Middle East, 28 September 1962, Department of State, Bureau of Economic Affairs, Box 41, NARA, Washington; United Nations, "Economic Developments in the Middle East, 1959-1961: Supplement to World Economic Survey" (United Nations, New York, 1962).

Herewith, the Arab deployment of the oil weapon advanced a step further when Syria decided to close Iraqi's pipeline in direct retaliation for an Israeli attack on a Jordanian village called Samu' that housed Palestinian guerrilla fighters aided by Syria (Bowlus 2013, 73; Oren 2002). Oil transportation to western countries and diplomacy towards Israel became embroiled in the same dispute. Subsequently, Syria was to deliberately keep the IPC pipeline shut down between December 1966 and March 1967 (Stevens 2000). Through a pipeline branching off to a Turkish terminal, oil companies were able to encounter an alternative that lessened their dependency on Arab nations. To put it in the terms of the concessionary: "It may be easier to achieve a modus vivendi with Syria and Lebanon if there is an alternative outlet to the Mediterranean lying right outside the borders of these two countries".[6] The threat of this branch serving an alternative terminal port could work as a deterrent against Syrian demands.

However, this escape route out of the already established interdependence did not go down well in many streams of Arab public opinion. The Metline was at odds with the pan-Arab stance that pipelines transporting Arab oil should always be shipped from Arab ports. On top of that, the major trunk line, extending from the Persian Gulf to the Mediterranean, would cross the territories of two members of the Baghdad Pact, an alliance with the former British colonial power challenged by pan-Arabic supporters. No wonder therefore that while Nuri al-Said and other Iraqi conservative politicians backed the Metline project, Arab nationalists opposed it vehemently. Abdullah Tariki, the Director-General of Petroleum and Mineral Affairs of Saudi Arabia, was the most outspoken supporter of pipelines as redistributive mechanisms for fostering mutual Arab development. (Duguid 1970; Vitalis 2007, 213-222) The oil wealth should benefit the broader picture for Arab peoples and transit fees seemed a suitable device for transferring income to non-oil producing states. From a borderless pan-Arab viewpoint, the transit fee embodied Arab economic convergence and solidarity between oil producing states and resource-poor nations. It was therefore little wonder that Tariki stubbornly sided with "Arab claims" in the negotiations held between Syrian and Tapline representatives and maintaining his defense of higher transit

[6] BP Chairman, Pipelines in the Middle East,11 September 1956, Pipelines- Middle East, BPA, BOX 42465, Modern Records Centre, Warwick University -UK.

charges. Indeed, in American eyes, the Saudi petroleum director often appeared to be the key obstacle to transit agreements.

The driving force behind Metline was a united front of multinational companies led by the British BP and Shell companies with their 56% share of the oil due for transportation. However, the arrival of independent companies also interested in pipeline investment emerged as the surprising new development in this international consortium (American Independent Oil Company; Atlantic Refining Company; Getty Oil Company; Hancock Oil Company; Richfield Oil Corporation; San Jacinto Petroleum Corporation; Signal Oil and Gas Company; Tidewater Oil Company). On the diplomatic front, the British government soon endorsed the project even while the U.S. State Department remained particularly concerned over the attrition it might cause[7]. In effect, Bowlus (2013, 51) argues that Western support for Metline was half-hearted at best and always considered the likelihood of Arab reprisals.

By 1958, the commitment to investing in Metline of some companies was beginning to wane. However, the final blow to the Iraqi-Turkish pipeline nonetheless proved to be the IPC decision to resume another alternative for expanding the southern Iraqi oilfields: rather than opting for the connection between the Rumalia and Zubair production zones and the Mediterranean via a major pipeline running across Iraq and Turkey, the IPC returned to a plan to transport oil to the southern tip of the al-Faw Peninsula and then deliver it via an undersea pipeline to Khor al Amaya, a deep water terminal ("an artificial island") some 50 km distant. Nevertheless, the Turkish connection was to resurface some years later within a different context following the diplomatic and commercial rapprochement between Iraq and Turkey that opened the way for the joint 1972 commitment to building an oil pipeline connecting Kirkuk to Ceyhan in southern Turkey. From 1978 to 1990 and from 1996 to 2003, the Kirkuk–Ceyhan Pipeline anchored an energy partnership between the Iraq National Oil Company (INOC), set up to develop the nationalized concessions, and the independent Turkish oil market which had also advanced with nationalization (Bowlus, 2017).

Whilst the initial project foresaw the construction of a multinational common carrier for distributing Arab oil throughout the Mediterranean region, the pipeline that went into operation effectively reflected the expansion of a national carrier into a neighbouring consumer market. Despite this downsizing, the great hopes and ambitions for Middle East investment, initially pinned on Metline, meant its abandonment in 1958 turned these attentions towards other projects.

Within this scope, the military and diplomatic outcome of the Suez crisis exerted a profound influence over the advance of the Israel pipeline scheme. In effect, during preparations for the concerted French, British and Israeli attack on Egypt, Ben-Gurion, Prime Minister and Minister of Defense of the nation-state of the Jewish people, told his allies that: "for us, the Suez [Canal]

[7] Memorandum From the Department of State Representative on the NSC Planning Board (Bowie) to the President's Special Assistant for National Security Affairs (Cutler). Washington: Foreign Relations of the United States, 1957. Accessed July 7, 2020. https://history.state.gov/historicaldocuments/frus1955-57v12/d254

is not so important; our Suez [is] the Straits of Eilat and we want to take the coast of Eilat to the islands in the south including the islands themselves." At the same time, the prime minister was devising the ground plans for laying a pipeline from Eilat to Israeli ports on the Mediterranean (Ben-Gurion 1990, 226-232) In fact, the reopening of the Straits of Tiran to Israeli shipping meant the Jewish state could henceforth take advantage of its southernmost settlement (Eilat) to guarantee free passage into the Red Sea and take receipt of tankers from the Persian Gulf. For years, Israel had struggled with the Arab oil boycott and the consequent need to pay premium prices for crude oil shipped from Venezuela and Russia. The freedom of shipping acquired in the aftermath of the Suez crisis gave credence to the notion that the recent commercial connection with Persia would be able to resolve Israel's energy security issues.

Several agreements signed with the National Iranian Oil Company reiterated the route from Iran: Persian Sea - Gulf of Aden - Red Sea – Strait of Tiran - Gulf of Aqaba - Eilat as the most promising means of ensuring Israel's oil supply. For the Iranian company, this provided the opportunity to establish itself as a seller in international markets. All forces seemed to be aligning for a new pipeline investment in the Middle East. Moreover, the shortages Israel was facing at the close of 1956, coupled with the need to keep the Haifa refinery running, pushed the government into speeding up the process and improvising with a sort of "trial pipeline" that made recourse to scavenged tubes, pumping equipment and oil tanks seized during the Sinai attack. For the moment, more ambitious plans were put on hold. Probably the decision to install just a small diameter pipeline (8" diameter, able to carry roughly 10-12,000 barrels per day, soon to be upgraded to 16,000) stemmed from a cautious, steady approach. All parties to the transaction saw the benefits from keeping the deal out of sight of the Arab press and sheltered from diplomatic reports. Indeed, the flow through eight-inch tubes could certainly be more easily wrapped in secrecy (Bialer 1998; 2007).

Nevertheless, in the meantime, plans for the larger pipeline remained on the agenda. Into the 1960s, there were forecasts the Suez Canal would soon fail to meet tanker transportation needs and reawakening this project enveloped in a bliss of profits and wealth generation. High level talks between Israeli and Iranian ministers and diplomats crawled on from 1965 to 1968. Finally, in December 1969, the first stream of oil was sent through the new 42" pipeline capable of carrying 50 million tons of oil a year. The investment risks were shared equally between Israel and Iran (Bialer 2007). What had started out as a last resort for keeping Jewish motors and electricity running had evolved into a project capable of turning Israel into a major player in the oil market. The Shah's fall in 1978 and the debut of the revolutionary Islamic Republic of Iran brought a swift end to this promising venture. As all political and commercial ties were broken off, the Eilat-Ashkelon oil pipeline was doomed.

Even before the Suez crisis, Egypt was attempting to secure a larger share of the oil transportation business by opening a pipeline alternative to the canal. Following the Israeli backed aggression, a more active stance was immediately adopted to curb Israel's inroads into oil transportation. Coincidentally, President Gamal Nasser soon found several parties interested in a

deal to construct an Egyptian pipeline. The Greek magnate, Aristotle Onassis, owner of the largest private shipping fleet, approached the Egyptian government with a project to build a 120-mile long pipeline with a 500,000 barrel per day capacity running parallel to the Suez Canal. Onassis was himself pursuing a strategy of integrating pipelines and tanker shipping to strengthen his stake in the oil business. Since the negotiations with Onassis ended in deadlock, Nasser subsequently attempted to resume the project by bringing in the oil businessman Paul Getty and the Tidewater Company[8]. Simultaneously, another player entered the field: the American company, Bechtel International Corporation, which had just finished laying the major Tapline oil conduits in Saudi Arabia. In fact, Bechtel International put forward two alternative routes to the Egyptian government. The first (hereafter named Bechtel 1) was similar to the Onassis scheme and departed from an unloading port in the Gulf of Suez, ran parallel to the Canal along its eastern side before ending in a terminal 20 miles east of Port Said. The second (named Bechtel 2) was planned for the other side of the Canal, extending from an unloading port in the Suez Gulf, across the Eastern Desert to an inflection point 25 miles south of Cairo, and then on through the Western Desert to a deep sea terminal adjacent to Alexandria[9].

Undoubtedly, many eyes fastened on Egypt and with good reason. From a political viewpoint, a further oil transportation infrastructure would tend to reinforce Egypt's revenues in the ongoing Middle East boom, thereby underpinning its centrality in the leadership of the Arab world while also countervailing Israel inroads into petroleum transportation and distribution. From a business viewpoint, the idea of turning to the Gulf of Suez, but not the Suez Canal, displayed impressive entrepreneurial foresight. Key players in the shipping business, such as Onassis, were already picking up on the trend for constructing ever larger tankers to foster transportation economies of scale. By 1956, it had already become clear that the Canal Company's effort to deepen and enlarge the Suez Canal were unable to keep pace with the pace of innovation in tanker capacity. Hence, there would be the scope for bringing these super tankers to a deep sea port located in the Gulf of Suez, unload the oil to a pipeline and reload it again at a deep sea port in the Mediterranean. Such a combination of super tanker-pipeline-super tanker would thus be able to maximize the efficiency of both sea and inland oil transportation.

Owing to financing difficulties, the project remained at a standstill through to 1968. Then, in the wake of pressures triggered by the 1967 war and the subsequent closure of the canal, President Nasser approved the project's resumption. In the end, the choice went to the Bechtel 2 route (Gulf of Suez to Alexandria). In this move, Nasser received additional backing from the Economic Council of the Arab League that approved the Egyptian pipeline as a counter to the Eilat-Ashkelon oil pipeline and furthermore called for a boycott of all oil companies intending to use the Israeli pipeline (Podeh 2004).

[8] Onassis interest in the pipeline, Letter 16 December 1956, Pipelines - Middle East, BPA, BOX 42465, Modern Records Centre, Warwick University - UK.

[9] Review of Pipeline Section - Bechtel International Corporation- preliminary study dated March 15, 1956, Suez Canal Pipelines Schemes, BPA, BOX 9194, Modern Records Centre, Warwick University - UK.

Reflecting this united Arab stand, a private corporation was set up with $400 million capital, half owned by Egypt and with the other half divided by Saudi Arabia, Kuwait, Qatar and the United Arab Emirates. This unity furthermore reflected the rapprochement between conservative Persian Gulf states and "revolutionary" Egypt after Gamal Sadat's death. In July 1971, the contract for the construction of a double 42" pipeline was signed in keeping with an annual capacity of 80 million tons per year, ultimately due to expand to 200 million. The growth in tanker capacity had exceeded the wildest dreams of the abovementioned early entrepreneurs and, by 1976, when the Suez-Mediterranean pipeline (SUMED) began construction, the terminals at both ends were built to handle fully loaded 250,000 tons tankers (Podeh 2004). Reporting high levels of profitability from the outset, SUMED was a single nation pipeline correspondingly reaping the benefits of avoiding the negotiations and costs incurred with several transit nations.

One final word to mention the United Nations proposed sixth scheme that envisioned physically deploying a pipeline to act as a separator between Jews and Arabs along the Israeli/ Egyptian border. Outside the U.N., this scheme did not gain either the supporters or the capital needed for investment.

Reterritorialization: the new political economy

Following the discovery of giant oil reserves in the Middle East, the region became the foreground for the development of pipeline technology. Behind all these large projects stood the same intent: getting oil from inland regions as far as the Mediterranean.

Pipelines could therefore enhance the transport cost advantage of the Middle East over America (U.S. and Venezuela) with two major corridors for inland oil transport correspondingly constructed around the Iraq and Saudi Arabia concessions (Painter 1984). However, in this new natural environment, the tubes often had to pass through long stretches of uninhabited zones. The urbanization of the desert, that is overstocking the pipeline pathway with telecommunications, road and aerial communications, plus services and commodities, emerged as a business approach able to bypass problems with pipeline maintenance and security in deserted zones (Cruz 1964).

In every respect, the Suez crisis of 1956 marked a turning point in oil transportation. The shocking discovery that Europe had become Middle East dependent and the extended scarcity of supply heightened the study of alternatives to any closure of the Suez Canal. It was during this eventful period of time that six large pipeline projects saw the light of day. Over the next three decades, the investment roadmap unveiled in the post-Suez Crisis reality would be actively pursued. However, unlike the earlier cases of Iraq and Saudi Arabia, these pipeline projects appeared now disembodied from the plans for oil concessions. Western multinational companies had become aware of the risks bestowed by ownership of pipelines that had to cross several countries. Such interconnectedness, with their components physically tied to each other, also meant pipelines being deployed in an imaginary borderless Arab territory.

Much of the domestic and foreign policies appeared closely linked to a mutual Arab cause with each piece in the network compelled to act in defense of Arab unity; whether against Israel, against Israel supporting nations or against the Western colonial powers. As a result, the vulnerability of multinational oil companies was left clearly exposed: firstly, due to the layout of the pipeline corridors and seaport terminals, then to the demands made by the transit nations, and finally to the sabotage or shutting down of network links. Ultimately, the borderless Arab view of pipelines gave way to a pan-Arab conception (Arab oil should be loaded at Arab ports) as endorsed firstly by Abdullah Tariki, the Director-General of Petroleum and Mineral Affairs of Saudi Arabia and later by the Economic Council of the Arab League.

Given the Middle Eastern geography, there were five nations able to host Mediterranean pipeline terminal harbours: Turkey, Syria, Lebanon, Israel and Egypt. Furthermore, despite their initial geological prospects, not one of these nations turned out to be a significant oil producer. Syria and Lebanon were chosen as the Mediterranean oil export terminals for the first generation of concessionary pipelines largely on the grounds of expectations these regions might keep themselves out of any forthcoming conflict. Subsequently, Turkey, Israel and Egypt were picked out as suitable terminals for post-Suez pipelines as cost effective corridor paths were hence replaced by strategically meaningful paths. Overall, this research confirms the Suez Canal crisis represents a landmark in the events ongoing in the post-colonial Middle East.

Pipelines were re-territorialized in the post-colonial era. Re-territorialization is herein defined as a multi-dimensional phenomenon entailing changes in the geography, in the business structure and in international relations: firstly, the risks of border crossings and transit countries were eliminated through the preference for sovereign pipelines, redrawing the linkages between the Persian Gulf and the Mediterranean through national corridors (Egypt, Israel, Iraq). It remains curious how the debate about the imaginary pan-Arab globalized network of oil transportation actually ended up reinforcing the national borders, with minimal boundary crossings and bounded national contexts for pipeline deployment. In the Middle East, this minimal permeability of frontiers entailed fewer risks compared with the uncertainties arising from traversing several countries. Second, re-territorialization brought about the structural transformation of the oil business, hence, a shift in transportation assets, which were initially an extension of the private oil concessions for carrying oil from private concessionary pools, to become common carriers owned whether by multiple companies or by multiple states. The capital assets required for oil transportation no longer emerged from private business relationships, entangled through different oil concessions, but rather derived from an increasingly independent business sector, vertically displaced from upstream oil extraction. In terms of the economics of transactions costs, we may state that post-colonial pipelines curtailed the asset specificity of oil investments and broke the internal ties prevailing with other sectors of the oil industry (Williamson 1985; Makholm 2012). Vertical disintegration was the upshot of nation-state re-territorialization. It is particularly striking how two of the post-colonial pipeline cases presented in this paper did not include crude oil production at either end (the Egypt and Israel pipeline schemes). In addition, the overall vertical

disintegration would subsequently become a feature of the adjustments made by the oil majors to the shocks and the loss of their most profitable Middle Eastern oil fields post-1970 (Boon 2019).

Thirdly and finally, the new pipelines were devised to address geopolitical deadlocks and circumvent geographic constraints. In other words, the physical deployment of pipelines along protected corridors represented an instrument both for achieving political objectives and dodging the political geography. These investments correspondingly aimed at achieving strategic goals: Turkey, as its terminal provided a means to counteract the Syrian role in oil transportation and consolidate a strategic connection with Iraq; Egypt and Israel because the pipelines ensured the continuation of war by other means.

We may today be witnessing another major turnaround in the political geography of pipelines. As some analysts have pointed out (Niu and Tongyu 2021; Khan and Shahzad 2021), the breakthrough in relations between the United Arab Emirates, Bahrain, and Israel, cemented by the Abraham Accords of September 2020, is not independent of Saudi Arabia's acquiescence. In effect, the open rapprochement between Saudi Arabia and Israel seems driven by the urgency to construct a quasi-alliance to counteract Iran's growing ambitions at a time when the United States is strategically contracting in the Middle East. Should political security be the driver of the increasingly close relationship, then the complementary advantages to the economic development of these two countries have become a guarantee for deepening bilateral cooperation. Within this framework, "the kingdom is already talking to Israel about a pipeline to Eilat, only 40 kilometers away, for the import of natural gas. By extension, this route could be developed as an alternative way to get Saudi oil to the deep harbor of Haifa for export to Europe and the West" (Musmar 2019). Should these rumors hold substance, the old Eilat project might once again reinvigorate the connections between the two Middle Eastern sub-systems—the Persian Gulf and the Levant within the wake of a new political and diplomatic realignment.

More tellingly, the Middle East course of action allows us to add new causal factors that account for the "holes in the global mosaic" understanding. The shortcomings in globalization do not only stem from the failings in the interconnections prevailing in less developed nations and the attendant creation of backward regional enclaves; they may also result from international political instability and the looming likelihood of military conflicts which push nation-states to reinforce their sovereignty, territorialize their powers and leverage their respective geographical potential. Under such circumstances, border containment prevails over borderless globalized flows.

Acknowledgments

This work was supported by the Fundação para a Ciência e a Tecnologia through the funding of the R&D Unit UIDB/03126/2020

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