

Address by Richard Butler on the question of oil supplies in Europe (The Hague, 25-26 October 1963)

Caption: At the 234th meeting of the Council of Western European Union (WEU), held at ministerial level in The Hague on 25 and 26 October 1963, British Secretary of State for Foreign and Commonwealth Affairs Richard Butler emphasises the role played by the Middle East as a source of European oil supplies. Given the disappointing results of the search for oil outside the Middle East, Richard Butler draws his colleagues' attention to the fact that the British Government sees the protection of oil sources from the Middle East as a task of vital importance.

Source: Council of the Western European Union. Minutes of the 234th meeting of the Council held at ministerial level at The Hague on 25th and 26th October 1963. CR (63) 20. Part I. pp. 25-26. Archives nationales de 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.

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: Mr. BUTLER wished to make a statement on the Middle East oil supply situation. The Middle East was an increasingly important source of European oil supplies. A new study had recently been made by British experts, of which he would like to give the gist.

: The study covered the whole of the world oil supplies up to the year 1970 and showed that the Middle East, excluding North Africa, would be producing one third of the free world's oil supply by that date. North Africa would be producing less than 8%. The European members of O.E.C.D. would by then be consuming twice as much oil as in 1961 and the whole of this increase would have to be met by imports. Half the total energy requirements of the Six in 1970 would be met by imported fuels. For Britain the figure would be 40%. Europe would therefore be much more dependent for energy on oil imports seven years hence, which meant greater dependence on the Middle East. There would be less oil available from the American hemisphere, because of increased consumption in that area.

Vast sums had been spent in searching for oil outside the Middle East, but the results, so far, had not been encouraging: Europe, unlike America, could not produce anything like enough for her own needs. The requirement was for sufficient supplies at "reasonable" prices, which involved the maintenance, more or less, of the present commercial system of the international oil industry. Direct Government-to-Government buying would not mean lower prices, or greater efficiency. To maintain the international oil companies' present reliable sources of supply meant that the European Governments must do what they could to prevent the domination of the Middle East by hostile Powers, or disturbances which could impede the flow of supplies. It should not be forgotten, on the other hand, that the supplying countries were dependent on their oil revenues, and that they were unlikely to find markets elsewhere than in Europe.

Kuwait was of special importance as the largest Middle East supplier. The United Kingdom had undertaken to defend her independence, and had indeed already done so once with success. However, this undertaking involved a substantial military and political presence in the Gulf, and the United Kingdom had therefore been glad to learn of the new arrangements between Iraq and Kuwait. The

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: Kuwait Government had in this connection resisted Iraqi
: pressure for them to terminate the Anglo-Kuwait 1961
Exchange of Letters, under which the United Kingdom had
: given the undertaking to help Kuwait on request, and it
was to be hoped that this undertaking would continue to
hold good.

Mr. Butler wished to draw the attention of his colleagues to the fact that the protection of oil supplies from the Middle East was regarded by his Government as of vital interest; judging by the review given above, it was of similar importance to Europe as a whole.

Mr. Butler undertook to circulate a paper summarising his Government's findings on the supply of oil to Europe.

Delegations thanked Mr. Butler for his statement and for his offer to circulate a paper on the subject.

4. South-East Asia

Mr. BUTLER wished to inform his colleagues of the policy which the United Kingdom Government intended to pursue with respect to the Indonesian "confrontation" of Malaysia. This policy was supported by America and Australia.

Britain would carry out her Treaty obligations to Malaysia and would give all the military assistance necessary to defeat armed subversion from Indonesia in Malaysian Borneo. It was hoped that the Indonesians would see that there was no advantage to be gained from any form of military or economic confrontation. If this were the case, there would have to be some settlement between Indonesia, Malaysia and the Philippines, and the United Kingdom would encourage any negotiations for that purpose. However, such discussions could only take place under suitable conditions, and these did not exist as long as the Indonesians refused to admit the existence of Malaysia or to stop military or economic warfare against her.

The United Kingdom Government welcomed any efforts to bring about more favourable conditions, and would be grateful for any help their Allies in W.E.U. were able to give in dealing with this problem. The kind of help for which they hoped was the following: firstly, for friendly governments to express publicly

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