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***The Overlooked Embargo: The 1967 Oil Embargo, the
Arab Cold War, and the Creation of OAPEC***

Aaron M. Shaum

Abstract: This paper will examine the role of the 1967 oil embargo in the historiography of the 1967 Six Day War, its aftermath, the Arab Cold War, and post-war inter-Arab politics. It argues that, for a multitude of reasons, the 1967 oil embargo is a significant part of that history that has been overlooked in the historiography.

Introduction

The 1967 Arab-Israeli War, while short in duration, has been referred to as the most critical event in the history of the post-war WWII Middle East. While such blanket statements are always up for debate, the fact that such a statement has been reasonably applied to the 1967 War is evidence that the war was critical to Middle Eastern history. Historians have critically analyzed, written books and articles, debated, and addressed the history of the conflict, its antecedents, and its far-reaching consequences. However, one key issue has been left under-analyzed and largely left unstudied: The 1967 oil embargo. While it has not been forgotten, its significance has largely been overlooked by scholars. This is likely due to a very limited base of primary resource documents from the Arab countries and the perceived lack of importance of the event. The 1967 Arab oil embargo is, based on the slight mention it receives in the existing scholarship, relegated by many historians as an unimportant failure. In some ways it was a failure, but in other ways it was a success. It did harm Arab economies more than Western economies, but it was still an important event. These oil-rich nations were not as some of the literature proposes, “giving up substantial revenues to no obvious effect.”¹ The embargo influenced a variety of issues: the way OAPEC was structured and its role, the 1973 embargo, American policy that robbed itself of any preparedness for the 1973 embargo, British Middle Eastern and monetary policy, and inter-Arab politics. Evidence for other historical debates can also be seen through the lens of the 1967 embargo. The argument for the existence of an “Arab Cold War” is only further strengthened when the inter-Arab politics of the 1967 embargo are examined, which in turn also fuels the argument that the idea of pan-Arabic cooperation has been

¹ Daniel Yergin. *The Prize: The Epic Quest for Oil, Money, and Power*. (New York, NY: Simon and Schuster, 1991), p. 557.

overstated historically in regards to the embargo. They are a significant factor in understanding the 1967 oil embargo and for further exploring the historiography of the 1967 Arab-Israeli War.

Historiography

Overall, the importance of the 1967 oil embargo has been overlooked in the historiography of the Six Day War, the Arab Cold War, and inter-Arab politics. Other than a few exceptions, such as the article by M.S. Daoudi and M.S. Majani entitled “The 1967 Oil Embargo Revisited” and an article published in 2007 by Keir Thorpe entitled “The Forgotten Shortage: Britain’s Handling of the 1967 Oil Embargo”, the historiography has largely treated the 1967 embargo as an insignificant failure that was only significant because it led to the creation of the Organization of Arab Petroleum Exporting Countries (OAPEC).²³ While the embargo was certainly the cause of the creation of OAPEC, most historians who comment on the 1967 oil embargo’s role in the creation of OAPEC place it as being created in response to the failure of the embargo to force policy concessions from the embargoed countries. This conclusion is directly contradicted by the documented history; however much sense it may seem to make on the surface given the timing of its creation and its role in the 1973 embargo, it is not consistent with the historical record.

Most historians who address the embargo give it a passing mention in a larger study or characterize it incorrectly. For example, Daniel Yergin does have the longest and most complete narrative of the events of the embargo- even then it only merits four pages in his eight-hundred page history.⁴ However, he does not mention the inter-Arab politics at play, the embargo’s role in the creation of OAPEC, the context of the Cold War, or the role inter-Arab politics played in

²M.S. Daoudi and M.S. Dajani. “The 1967 Oil Embargo Revisited.” *Journal of Palestine Studies*, Vol. 13, No. 2 (Winter, 1984), p. 65-90.

³ Keir Thorpe. “The Forgotten Shortage: Britain’s Handling of the 1967 Oil Embargo.” *Contemporary British History*, Vol. 21, No. 2, June 2007, p. 201-222.

⁴ Yergin, p. 536-540.

the embargo and its aftermath. In fact, Yergin's main point in bringing up the embargo was to demonstrate how secure Western oil supply was at the time to contrast the changes with the 1973 energy crisis. He does not even consider that the oil-producing nations were doing everything they could to circumvent the embargo, a key fact readily apparent in the primary source documentation. Historian Joe Stork draws many of the same conclusions that this essay does in regards to the inter-Arab politics at the time, but does not contextualize it to the Arab Cold War.⁵ While he did an excellent job on that aspect, he did not devote enough space to exploring it further, as it was just a small part of the much larger study. Daoudi and Dajani have the best comprehensive study of the embargo and it was very critical to historiography of the embargo as a whole. It is even more impressive considering they used largely publicly available news records as their sources and drew their conclusions from those. Indeed if their work is deficient, it was mostly due to the reality that they did not have a much deeper documentary history from which later works could draw upon.

The majority of this essay's primary sources come from the *Foreign Relations Series of the United States* of declassified US State Department documents. While this methodology does have significant downsides, specifically the lack of Arab primary sources, it could not be helped due to the author's language limitations. However, this essay does consider this limitation when drawing its conclusions, and it makes no claims that are not strongly supported by this historical record and the secondary literature. This essay draws from a deep secondary source bench, many of which were done to enrich the author's understanding even if they are not directly cited. For the pre-1967 Six-Day War oil policy and history, I relied heavily on works by historians David

⁵ Joe Stork. *Middle East Oil and the Energy Crisis*. (NYC, NY and London, UK: Monthly Review Press 1975.), p. 113-117.

Painter, Stephen J. Randall, Steven G. Galpern, and Ethan B. Kapstein.⁶ Peter L. Hahn's dictionary of Middle East relations proved an important resource for understanding this essay's primary sources.⁷ Malcolm Kerr's work on the Arab Cold War was instrumental to contextualizing the Arab political dynamics at play.⁸ Within this conflict, Robert Vitalis' work did underline how important the end of the Saudi-Egyptian proxy conflict in Yemen was to the region and the Arab Cold War.⁹ Abdelkader Maachou and his translator, Antony Melville, were very important to this essay's section on the origins and evolution of OAPEC.¹⁰ The US Department of the Interior report was a great resource for the economic realities of the embargo as well as the US response.¹¹ Historian Rudiger Graf also provides an excellent theoretical framework for assessing the impact of an embargo or economic sanction without falling back on a sender-receiver stated policy goal dichotomy.¹² That is not the extent to which this essay owes intellectual debt, but these sources were critical to this study.

⁶ Please see: David S. Painter. *Oil and the American Century: The Political Economy of U.S. Foreign Oil Policy, 1941-1954*. (Baltimore, MD: The Johns Hopkins University Press, 1986).

David S. Painter. "Oil and the Marshall Plan." *The Business History Review*, Vol. 58, No. 3 (Autumn, 1984).

Stephen J. Randall. *United States Foreign Oil Policy since World War I: For Profits and Security*. (Montreal, CA: McGill-Queen's University Press, 2005).

Steven G. Galpern. *Money, Oil, and Empire in the Middle East: Sterling and Postwar Imperialism, 1944-1971*. (Cambridge, UK: Cambridge University Press, 2009).

Ethan B. Kapstein. *The Insecure Alliance: Energy Crises and Western Politics Since 1944*. (NYC, NY and Oxford, UK: Oxford University Press, 1990).

⁷ Peter L. Hahn. *Historical Dictionary of United States-Middle East Relations*. (Lanham, MD: The Scarecrow Press, Inc., 2007).

⁸ Malcolm Kerr. *The Arab Cold War, 1958-1964: A Study of Ideology in Politics*. (London, UK: Oxford University Press, 1965).

⁹ Robert Vitalis. *America's Kingdom: Mythmaking on the Saudi Oil Frontier*. (Stanford, CA: Stanford University Press, 2007).

¹⁰ Abdelkader Maachou, tr. by Antony Melville. *OAPEC: An International Organization for Economic Cooperation and an Instrument for Regional Integration*. (NYC, NY: St. Martin's Press, 1983).

¹¹ Office of Oil and Gas, United States Department of the Interior. *The Middle East Petroleum Emergency of 1967*. 1969.

¹² Rudiger Graf. "Making Use of the 'Oil Weapon': Western Industrialized Countries and Arab Petropolitics in 1973-1974." *Diplomatic History*, 2012.

Important Preceding History: 1943 to 1967

The 1967 oil embargo was a multi-faceted strategic, diplomatic, and political event for all countries involved. It was an event influenced by, and that influenced, post-colonial politics, the Arab Cold War, energy policy, inter-Arab policy, and the Arab-Israeli conflict.

The two principal targets of the 1967 oil embargo were the United States and the United Kingdom, marking an important moment in the history of both countries' policy in regard to oil and the Middle East.

Important US History

For the US, post-WWII oil policy was marked by a shift towards the Middle East and cooperation with European allies. In 1943, before the end of WWII, the US government formed the Petroleum Reserves corporation (PRC). This group, led by the Petroleum Administration for War, military policymakers, and leaders in the petroleum industry marked a major change in US oil policy.¹³ Policymakers, within and out, of the Roosevelt administration believed that, “vigorous government support for American enterprise abroad was essential for private enterprise to retain its foreign concessions and for the United States to ensure American security and economic viability in the postwar era.”¹⁴ While the debate surrounding the PRC's creation made it clear that different entities and policymakers had differing ideas for what the reserves corporation would undertake as its objective, a faction led by Secretary of the Interior, Harold L. Ickes won out.¹⁵ While balancing some of the concerns that the State Department had about US interference with both private enterprise and the message it would send to European allies, specifically as it pertains to their perception that the UK government would find this move as encroaching on their oil interests, Ickes was able to steer the PRC and the Roosevelt

¹³ Randall, p. 131.

¹⁴ Ibid, p. 131.

¹⁵ Ibid, p. 131-141.

administration towards a policy that would be more aggressive in pursuing oil agreements favorable to the United States in the Middle East.¹⁶ This was driven by perceived necessity due to a new development. In 1943, the US perceived that their access to international oil was threatened.¹⁷ The US government sought to establish refineries in Saudi Arabia for refining aviation gasoline to ameliorate an ongoing shortage.¹⁸ Due to Britain's tightening political control in Saudi Arabia, this was not feasible.¹⁹ The State Department was unable to reach an agreement allowing the US military into Saudi Arabia to protect the aviation gasoline facility after an extended negotiation period, and the UK government was not able to provide the military protection necessary themselves.²⁰ In addition, the US government was also worried about their ability to maintain access and control over such costly and important installations after the war was over.²¹ The US sought, but were unable to obtain, "... assurances that the United States would have equality of access in the postwar period, or preferably ownership."²² This, coupled with a report from the Joint Chiefs of Staff's Army-Navy Petroleum Board that projected that the, "total production of crude oil in the western hemisphere would fall 700 thousand barrels below requirements...", drove the creation of the committee by President Roosevelt's executive order that brought the PRC into existence. While the PRC was short-lived and ineffective as an organization, lasting for only a year, its stated policy goals continued to be a force in US international oil policy. Thus, questions of the establishment of US refineries and the strengthening of concessions and oil interests in the Middle East was to become a central goal of the US as it shifted its focus to the Middle East for oil. While there was a great deal of

¹⁶ Randall, p. 131-141.

¹⁷ Ibid, p. 134.

¹⁸ Ibid, p. 134.

¹⁹ Ibid, p. 134.

²⁰ Ibid, p. 134.

²¹ Ibid, p. 134-135.

²² Ibid, p. 134.

conflict over how US expansion in the Middle East oil market would be achieved, among differing US agencies, other governments, and the oil companies themselves; overall, the US continued to chart a course of policy that made Middle Eastern oil central to post-WWII energy policy and security for the United States.

Following WWII, despite many differences with key Western European allies such as the United Kingdom, the US also sought to cooperate with and ensure access to oil for its allies. This was both a part of Cold War policy, as well an important, if oft overlooked, aspect of the Marshall Plan. Access to oil was both important for ensuring energy independence from the Soviet Union and other Eastern bloc countries, but also to economically isolate them as much as possible. The Marshall Plan's oil policy was a key factor in both American and Western European oil policy. In 1947, for most of the countries in Western Europe, oil was the largest single item in their budgets.²³ US oil companies supplied over half of that oil.²⁴ This, however, caused a dollar shortage, which the US government greatly feared would lead to economic instability and support for Western European communist parties.²⁵ James Forrestal, the Secretary of Defense, urged US policymakers that without providing Western Europe access to Middle Eastern oil supplies, the Marshall Plan would fail.²⁶ As historian David Painter explains:

To fuel economic recovery and to prevent Western Europe from becoming dependent on the Soviet Union for energy, the United States sought to ensure that this critical area received the dollars it needed to purchase oil. Between April 1948 and December 1951, the Marshall Plan provided more than \$1.2 billion for the purchase of crude oil and refined products, more than 10 per cent of the total aid extended under the European Recovery Programme. France, the United Kingdom, and Italy received the largest amount of aid in total for petroleum. In terms of petroleum

²³ Painter. *Oil and the American Century: The Political Economy of U.S. Foreign Oil Policy, 1941-1954*, p. 155.

²⁴ Ibid, p. 155.

²⁵ Painter. "Oil and the Marshall Plan", p. 164.

²⁶ Ibid, p. 164.

aid as a percentage of total aid, Sweden received the largest amount, followed by Denmark, France, and Norway. Over half (56 per cent) of the oil supplied to Marshall Plan countries by US companies during this period was financed by the Economic Cooperation Administration (ECA) and its successor, the Mutual Security Agency (MSA).²⁷

In addition, in order to protect the US's own oil supplies and petroleum reserve at the time, the US passed the Economic Cooperation Act of 1948.²⁸ This legislation required, "procurement of petroleum and petroleum products under this title shall to the maximum extent practicable be made from petroleum sources outside the United States."²⁹ Much to the dismay of American oil companies, a central part of the Marshall Plan's oil strategy was to increase the amount of refineries in Europe so that they would be less reliant on the importing refined products.³⁰ These refined products of course, contributed more to the dollar deficit many Western European faced than importing more crude oil and refining it domestically did.³¹ Overall, for the United States government, providing energy security to Western Europe had become a critical part of Cold War strategy that would continue, despite disputes, through 1967. This cooperation and work to secure the European oil supply would characterize the way the US handled the 1967 embargo.

Important UK History

In the post-WWII era leading up to the 1967 oil embargo, the United Kingdom's engagement with the Middle East shrank as it withdrew militarily. Indeed, much of this change was brought about by the 1956 Suez Crisis. The United Kingdom, Israel, and France's attempted to strong-arm Egypt in to relinquishing its new control of the Suez Canal following their nationalization of that important shipping route. Thus, came the first significant use of the Arab

²⁷ Painter "Oil and the Marshall Plan.", p. 164.

²⁸ Painter. *Oil and the American Century: The Political Economy of U.S. Foreign Oil Policy, 1941-1954.*, p. 156.

²⁹ Ibid, p. 156.

³⁰ Ibid, p. 157.

³¹ Ibid, p. 157-158.

oil weapon. In response to the attack, Egypt blocked the canal by sinking dropships.³² A day afterwards, specific sections of the Iraq Petroleum Company's pipeline were destroyed in Syria, crushing Western Europe's oil supply line.³³ While the United Kingdom and French governments were aware of this, they still did not have any way to mitigate the disastrous economic effects that these oil shortages caused.³⁴ This was because, both countries had lobbied and relied on the United States government to enact an emergency oil plan to help its allies.³⁵ President Eisenhower refused, as the actions that the United Kingdom and France had taken were contrary to US interests.³⁶ The US had serious Cold War considerations to make, as although the US did not rely on Middle Eastern oil to the degree that their Western European allies did, they still had significant interests in the region.³⁷ The US government were not as concerned with the Soviet Union's nuclear threat, as much as they were with pushing Arab nations, both the moderate and the revolutionary states, towards the Soviet Union's sphere of influence.³⁸ President Eisenhower even stated with regard to the United Kingdom and France's requests for assistance that, "...those who began this operation should be left to work out their own oil problems."³⁹ Due to the pre-existing issues with balance of payments that both the United Kingdom and France had, the nationalization of the Suez only drove the franc and the pound sterling into a spiral of lost value.⁴⁰ Indeed, for the UK, anxiety about the sterling's value largely drove their decision to invade in the first place, with the UK government exacerbating the crisis

³² Kapstein, p. 115.

³³ Ibid, p. 115.

³⁴ Ibid, p. 96-124.

³⁵ Ibid, p. 116.

³⁶ Ibid, p. 116-117

³⁷ Ibid, p. 96-124.

³⁸ Ibid, p. 116.

³⁹ Ibid, p. 116.

⁴⁰ Ibid, p. 116.

that they were seeking to ameliorate in the first place.⁴¹ Once again, President Eisenhower refused to offer assistance for this problem clearly created by both countries' own actions.⁴² The lack of support, both economically and diplomatically, from the United States forced the UK, France, and Israel to end the conflict.⁴³ Historian Ethan B. Kapstein referred to the US actions during the Suez Crisis as "coercive coordination," a tactic the US and the UK would eventually use against France in the 1967 oil embargo.⁴⁴ After the Suez Crisis, the United States rolled out many key emergency oil programs; many of which became important responses in the 1967 oil embargo.⁴⁵ As the Western European nations learned an important lesson from the Suez Crisis, so did the Arab World. The Suez Crisis was perhaps the most effective use of the oil weapon in Middle Eastern history when measured by the dated success-failure dichotomy based on actionable political changes. It also marked the acceleration of British withdrawal in the region as the United States continued to become more engaged in the Middle East. British and French policy changed after Suez as well. The United Kingdom and France, along with many other countries in Western Europe, turned to the Soviet Union to meet some of their oil needs in the early 1960s.⁴⁶ In 1961, to foster oil policy coordination, Western Europe along with the US and Canada (Japan, New Zealand, and Australia would join in the following years) created the Organization for Economic Cooperation and Development (OECD).⁴⁷ This body would become the central policymaking hub for the United Kingdom and the United States in their attempts to handle the negative economic effects of the 1967 oil crisis.

⁴¹ Galpern, p.145-146.

⁴² Kapstein, p. 116.

⁴³ Ibid, p. 116-122.

⁴⁴ Ibid, p. 122.

⁴⁵ Ibid, p. 116-122.

⁴⁶ Ibid, p. 136-137.

⁴⁷ Ibid, p. 139-140.

Important Arab History

For the Arab countries involved in the 1967 oil embargo, the defining aspect of their post-WWII oil policy leading up to the 1967 oil embargo was the pursuit of further control of their own domestic oil production. In addition, the Arab Cold War and the Arab-Israeli conflict are essential history for understanding the complex positions that many of these Arab countries staked out following the 1967 Six Day War. The Arab Cold War, as coined by Historian Malcolm Kerr in his famous essay, were the conflicts arising between Arab nations over the direction of the region both politically and economically. There were many issues encompassed by these conflicts; including economic structure, oil policy, the Arab-Israeli conflict, proxy conflicts in Yemen, war recovery, and national sovereignty. Different historians place the end of the Arab Cold War at different times, but most place it at the death of Egypt's president in 1970, Gamal Nasser. I will argue later in this essay, that the Six Day War of 1967, and the resolution of the oil embargo that followed it marked the end of the Arab Cold War. The stances states took in these conflicts were principally around two axes, the revolutionary states or republics and the more traditional, moderate monarchies. It was not just a struggle over any individual issue or conflict, but a struggle for who would lead the Arab world and what that Arab world would look like. Understanding this conflict, of which the 1967 oil embargo plays an important part, is vital to understanding the oil embargo and the actions of the Arab countries involved in it. In 1967, as far as the states addressed principally in the study of the 1967 oil embargo, the revolutionary states were Egypt, Algeria, Syria, and Iraq. The traditional moderate states were Saudi Arabia, Libya, and Kuwait. These blocs were the crucial players in the 1967 oil embargo and its resolution.

Lead-Up To the War

The major oil issues affecting the countries involved in the 1967 oil embargo in the years leading up to the Six Day War were tensions between Western-owned oil companies and the Arab states from which they extracted oil over the split of petroleum revenue and the litany of development issues that surrounded those decisions. Both Arab states and the multi-national oil companies occasionally sought US government intervention in these disputes. These disputes happened both in the revolutionary and moderate states, but the conflicts that were the most relevant were those among the revolutionary states who sought to use economic nationalism to fight against Western imperialism and economic control.

One such ongoing issue was a dispute between the Iraqi government, Syrian government, and multi-national oil companies in regards to revenue split. Indeed, in a telegram to the US State Department from Hugh H. Smythe, the US Ambassador to Syria, in January 1967, Smythe conveyed that the Prime Minister of Syria, Yusuf Zuayyin, had declared in a petroleum committee that the treatment of the Arab states in regards to their oil amounted to theft and that Arab oil should be a, "... tool for liberation and the fuel to 'burn imperialism'."⁴⁸ In addition, he called for a mass propaganda campaign aimed at the masses and that Syrian economic control of their oil resource, especially their pipeline, was central to other major issues facing the Syrian Arab Republic, including conflict with Israel, resistance to Arab unity, revolutions, and liberation.⁴⁹ The dispute was principally caused by Iraq stopping the oil flow of the Iraq Petroleum Company's oil (IPC) through Syria's pipelines as a negotiating tactic with the IPC since Iraq sought to remove over 99% of the company's concessions into Iraqi governmental

⁴⁸ Hugh H. Smythe. Telegram From the Embassy in the Syrian Arab Republic to the Department of State. January 12, 1967. https://1997-2001.state.gov/about_state/history/vol_XXXIV/u.html (FRUS)

⁴⁹ Ibid.

control.⁵⁰ This dispute led straight into 1967 oil embargo and does help further elucidate those countries' positions on the embargo following the Six Day War beyond the events of the war itself.

In the lead up to the Six Day War, the US, UK, and the Saudi governments had a strong working relationship on oil issues, despite disputes. One such example of this is from their cooperation in OPEC negotiations in 1964. Indeed, in a memorandum of conversation between British and US officials, Slaton C. Blackiston Jr. recorded some discussion of the arrangements and flow of information between the US, UK, and Saudi governments.⁵¹ One conclusion that was drawn was that the UK was far more dependent on Middle Eastern oil than was the United States.⁵² This was indeed an accurate sentiment, as the UK faced far more severe economic consequences from the 1967 oil embargo than did the US. The US also pushed the UK to avoid pushing the OECD into conflict with OPEC.⁵³ While the Saudi and Kuwaiti governments did push for State Department recognition of Palestine and the Arab boycott of Israel, the Saudi government still sought to help the US and UK positions despite their lack of action on those issues.⁵⁴ In a letter to the US State Department, Parker T. Hart, the US Ambassador to Saudi Arabia, advised that Faisal advised his support and commitment to not accepting harsher terms from the revolutionary bloc, describing Iraq's position in the negotiations as "extremist."⁵⁵ They also advised, that despite the oil companies' requests that the US government step in on behalf of the oil companies, that for them to do so (or even have a US official at the Riyadh OPEC meeting in an observer status) would be inflammatory to many OPEC members and counter-

⁵⁰ Ibid.

⁵¹ Foreign Relations of the United States. Energy Problems, Petroleum. https://1997-2001.state.gov/about_state/history/vol_xxxiv/r.html (FRUS)

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ Ibid.

productive.⁵⁶ Indeed, while the Saudi consultation to the US on this issue was one of constructive cooperation, the Saudi government still worked to advance its own interests while cooperating with the US government. This relationship would in some ways define the 1967 oil embargo.

The 1967 Six Day War and the Oil Embargo

The United States was aware of the high possibility of an Arab embargo before the 1967 Arab-Israeli War. On May 23rd, four days after Gamal Abdel Nasser had expelled the UN peacekeeping forces from their outpost at Sharm al-Sheik and installed Egyptian forces in their place, and one day after Nasser announced the closing of the Straights of Tiran to Israeli shipping, an internal State Department report was sent from the Office of Fuels and Energy to the Deputy Assistant Secretary of State for Economic Affairs. In it the drafter, J.E. Akins, details what he sees as an inevitable attempt if war breaks out to instill an embargo against Western countries.⁵⁷ Akins makes clear that while an Arab embargo might be dangerous to the United States' allies, it would not likely be problematic to the US based on how little oil the US received from the Middle East at the time, but he did make clear that any US direct involvement would result in an embargo, even from friendly states like Saudi Arabia, who would be forced to act to quell internal outrage at US intervention.⁵⁸ Despite this assessment, using the Graf model, it does become apparent that the embargo limited and guided the possible range of responses US policymakers could take in response to both the embargo itself and the Six Day War. The following day, the State Department was informed through an Aramco representative that the Saudi oil minister, Ahmed Zaki Yamani, "recommends that the US keep hands off this crisis,

⁵⁶ Ibid.

⁵⁷ J.E. Akins. Memorandum from the Director of the Office of Fuels and Energy, Bureau of Economic Affairs (Oliver) to the Deputy Assistant Secretary of State for Economic Affairs. Washington, May 23, 1967. http://www.state.gov/www/about_state/history/vol_xxxiv/x.html. (FRUS)

⁵⁸ Ibid.

work through the UN and not try to be a policeman. He disagrees flatly with our position on the Gulf of Aqaba and says that if the US directly supports Israel, Aramco can anticipate being nationalized...”.⁵⁹ Thus it can be seen that the Saudi government knew that if the US was involved in any way with the impending war that the Saudis would be forced to side with Nasser in an embargo or face riots and calls for nationalization (which they later did face, despite their participation in the embargo). This is convincing evidence in support of Malcolm Kerr’s famous Arab Cold War thesis; Saudi leadership knew that Nasser’s grand rhetoric about pan-Arabism would force them to side in solidarity against the Western countries in the event of war. They would be forced to do this because avoiding oil sanctions against the West would only invite insurrection and calls for nationalization of the Saudi Arabian Oil Company’s (ARAMCO) resources.

The Foreign Relations Series of the United States, provides an excellent look at some of the negotiations going on during the Six Day War and the period immediately following it in regards to oil policy and the embargo. In one of Walt Rostow’s memoranda for the record, he listed oil policy and Suez as one of the issues that, “was just a hell-of-a-lot of business of the most particular kind that had to be monitored”, even on the first day of the war.⁶⁰ On June 5th, concerns about Libya also were heavily addressed in President Lyndon Johnson’s daily briefing. Although, the Libyan government would go on to assist the US throughout the embargo, the country’s population, which included many foreign oil workers from other Middle Eastern countries, were being stoked into a nationalist fervor by Nasser’s government and “Voice of the

⁵⁹Harold Saunders. Memorandum for the Record. Washington, May 24, 1967.
http://www.state.gov/www/about_state/history/vol_xxxiv/x.html (FRUS)

⁶⁰ Harold H. Saunders. Memorandum for the Record. November 17, 1968.
<https://history.state.gov/historicaldocuments/frus1964-68v19/d149> (FRUS)

Arabs.”⁶¹ Indeed, even Libyan policymakers were expressing concern to the US over the security of the US Wheelus Air Force base, the country’s largest military base outside the US, and which the US viewed as important to European security during the Cold War.⁶² In addition, the US embassy in Benghazi reported that it was under attack by a large mob.⁶³ Due to this, the embassy reported it was destroying documents by burning them.⁶⁴ Additionally, on June 5th the United Arab Republic’s (Egyptian government) Ambassador had a call with Walt Rostow, in which, he implored the US to not enter the conflict on the side of the Israeli government, to which Rostow assured him the US had no intentions of doing so.⁶⁵ Indeed, the Arab states, both during the rest of the war and after would use the oil weapon to pressure the US to not just take affirmative action in favor of their national interests, but also as a deterrent towards further pro-Israel policy. Once again, Graf’s model is illuminative, as these types of trade-offs and pressures on the margins can indicate a successful embargo even if not viewed through the narrow-minded success-failure traditional dichotomy. Indeed, once such issue would be ongoing Arab, but especially, Saudi pressure for the US to not finalize a A4E Skyhawk jet sale to the Israelis. Despite ongoing pressure from Israel to finalize that sale throughout the embargo, the US would not approve it. Indeed, they anticipated this would be a sticking point when on June 5th, the US put the sale on hold.⁶⁶ The US also immediately put into plans further reservation of oil tanks to ensure that they could continue to supply the US with oil during its on-going war in Vietnam.

Indeed, concerns with US and its allies oil interests only grew within the US government in its response to the war as “Voice of the Arabs” radio urged the, “‘Arab masses’ to destroy all

⁶¹ President’s Daily Brief. June 5, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v19/d151> (FRUS)

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ Dean Rusk. Circular Telegram from the Department of State to All Posts. June 5, 1967.

<https://history.state.gov/historicaldocuments/frus1964-68v19/d162> (FRUS)

⁶⁶ Minutes of the Tenth Meeting of the Middle East Control Group. June 5, 1967.

<https://history.state.gov/historicaldocuments/frus1964-68v19/d165> (FRUS)

US and ‘imperialist’ interests in the ‘Arab homeland’.”⁶⁷ This, along with the (false) claim on “Voice of the Arabs” that the US and the UK had participated in bombing runs against the Arab world, helped incite demonstrations and protests across the Arab world.⁶⁸ This was not just an attempt to pressure US action, but pressure other Arab countries, specifically the moderate ones to put pressure on the US through the embargo. In fact, one of the key US policy objectives during the Six Day War was to alleviate pressure on moderate Arab countries from the more revolutionary states and angry populaces.⁶⁹ There is a great deal of documentary evidence to that effect that will be addressed later in this study.

As discussed, following the quick destruction at the outbreak of war of the Egyptian military on June 6th, Nasser accused the US and UK of participation in the attack on the Egyptian air fields.⁷⁰ Oil ministers of Saudi Arabia, Egypt, Kuwait, Iraq, Libya, Syria, and Algeria immediately called for a halt in oil shipments to the US, the UK, and West Germany.⁷¹ This happened at an Oil Minister’s Conference in Baghdad on June 5th, in response to the ongoing war. The countries agreed to two resolutions, stating that,

Arab oil shall be denied to and shall not be allowed reach directly or indirectly countries committing aggression or participating in aggression on sovereignty of any Arab state or its territories or its territorial waters, particularly Gulf Aqaba,” and that “involvement any country, directly or indirectly in armed aggression against Arab states will make assets of its companies and nationals inside territories of Arab countries subject to laws war. This includes assets of oil companies.”⁷²

⁶⁷ President’s Daily Brief. June 6, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v19/d172> (FRUS)

⁶⁸ Ibid.

⁶⁹ Nathaniel Davis. Memorandum From Nathaniel Davis of the National Security Council Staff to the President's Special Assistant (Rostow). June 6, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v19/d179> (FRUS)

⁷⁰ Yergin, p. 555.

⁷¹ Ibid, p. 555.

⁷² Enoch S. Duncan. Telegram from the Embassy in Iraq to the Department of State. June 6, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d232> (FRUS)

The conference also recommended that,

creation permanent committee Arab Foreign Ministers meet on 48-hour notice discuss what new attitudes might be classed as hostile to Arab nation; (B) recommended emergency meeting Arab states to enforce resolution in respect to all assets invested by companies, nationals of aggressor countries; (C) warned all foreign petroleum companies operating in Arab countries of consequences of supplying oil to Israel regardless its origin and whether this done directly or indirectly or in cooperation with others. Said companies would thus be liable have rules standard boycott law enforced against them; (D) considers signing any declaration affecting sovereignty Arab states over Gulf Aqaba will be act warranting banning tankers of signatory countries from transporting Arab oil; (E) stated committee Oil Ministers Arab producing countries “shall be formed to adopt necessary resolution”; (F) called on all Islamic and friendly oil producing countries, especially Iran, to take necessary steps to prevent oil from reaching Israel in any way.⁷³

Thus, they not only set clear guidelines as to what could get another nation added to the embargo, but also a system to compel enforcement within their own group. However, it was relevant, that they were not able to compel other OPEC countries to participate in the embargo, such as Iran and Venezuela.

Iraq shut down production by the Iraq Petroleum Company completely and was one of the leaders of the embargo; while the moderate countries conceded to the necessity of an embargo, they only blocked shipment to the US, the UK, and West Germany.⁷⁴ But even Iraq conceded to the US government through diplomatic channels that they were, “powerless [to] deal with allegation of US involvement since all actions on this score clearly coordinated and linked with Cairo.”⁷⁵ While the ongoing Iraqi, Syrian, and IPC oil struggle was clearly a factor,

⁷³ Enoch S. Duncan. Telegram from the Embassy in Iraq to the Department of State. June 6, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d232> (FRUS)

⁷⁴ Dean Rusk. Letter From Secretary of State Rusk to Secretary of the Interior Udall. Washington, June 8, 1967. http://www.state.gov/www/about_state/history/vol_xxxiv/x.html (FRUS)

⁷⁵ Enoch S. Duncan. Telegram from the Embassy in Iraq to the Department of State. June 6, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d232> (FRUS)

policymakers at the time also surmised that domestic concerns and protection of Iraqi oil installations were also a motivating factor in their embargo policy and leadership. Saudi Arabia, Libya, and Kuwait; strong allies to the US in the Middle East, took action specifically to quell domestic populist outrage against the US. Indeed, based on their understanding of the US situation, they thought it would be less disruptive to do so, not just for their domestic political situation, but also in regards to continued oil productions. Throughout the embargo process, while using it to pressure the US, they announced their resistance to it. While historians do not have internal Saudi, Libyan, and Kuwaiti documentation to support this, their own communications, actions, and material situation would seem to indicate their truthfulness in their communications with US officials and policymakers. Indeed, Yamani relayed to the US government that, “US and British have not been aggressors, but must wait for the appropriate time to acknowledge publicly.”⁷⁶ On June 6th, the Kuwaiti government assured the oil companies operating in Kuwait that they would not nationalize them and advised the US embassy that it should not evacuate.⁷⁷ On June 8th, the Emir of Kuwait, Sabah Al-Salim Al-Sabah, assured the US that they were doing what they needed to do to demonstrate their “Arabism” and that he, “hoped oil cut-off would be temporary and have minimum bad effect on Kuwait.”⁷⁸ Libya also assured the US that they hoped to, resume production and sale to the US as soon as the domestic situation allowed them to do so.⁷⁹ All three countries’ stances towards the oil embargo would remain essentially the same throughout the duration of the 1967 oil embargo.

The United States, upon the establishment of the embargo, immediately took efforts to shield their allies from the impacts of the oil embargo. While it has been documented in multiple

⁷⁶ Enoch S. Duncan. Telegram from the Embassy in Iraq to the Department of State. June 6, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d232> (FRUS)

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ Ibid.

places that macro-economic realities were one of the key reasons for the supposed failure of the 1967 embargo, skillful US diplomacy, spearheaded by the State Department and Dean Rusk, also played a large role in ameliorating the economic consequences for the US and its allies. The US's large oil reserves, as well as the fact that the US imported relatively little Middle Eastern oil, made it so that the US's primary concerns during the embargo were keeping prices low, ensuring there were no supply problems through regulation, and ensuring that the UK, West Germany, and Japan had access to oil.⁸⁰ On June 3rd, the US and UK agreed to not organize a meeting of the oil committee of the Organization for Economic Cooperation and Development (OECD) because they thought it would be provocative to the Arab world in the short term.⁸¹ This allowed other European countries, like France and West Germany (at the Baghdad Conference many Arab countries had ended the embargo against West Germany), to avoid the embargo, which then alleviated supply problems to the UK and Japan.⁸² However, days later the US and UK government, activated the OECD emergency procedure, which would allow an International oil industry advisory committee to be established, this in turn would be the avenue for international oil industry cooperation.⁸³ In order for the oil industries in the US to participate in any cooperation scheme with each other, and therefore internationally as well, they would have to break US federal anti-trust law and Federal Trade Commission regulations.⁸⁴ In order to cooperate internationally and domestically with other oil companies, as well as state and federal governments, the US oil companies needed a OECD emergency declaration that would give

⁸⁰ See multiple FRUS documents at http://www.state.gov/www/about_state/history/vol_xxxiv/z.html

⁸¹ Telegram From the Embassy in the United Kingdom to the Department of State. London, June 3, 1967. http://www.state.gov/www/about_state/history/vol_xxxiv/x.html

⁸² Charles Bohlen. Telegram From the Embassy in France to the Department of State. Paris, June 9, 1967. http://www.state.gov/www/about_state/history/vol_xxxiv/x.html

⁸³ Luke W. Finlay. Letter From the Manager of the Government Relations Department, Standard Oil Company of New Jersey (Finlay) to the Assistant Secretary of the Interior for Mineral Resources (Moore). June 8, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d234> (FRUS)

⁸⁴ Ibid.

them legal sanction to bypass FTC regulations and federal anti-trust laws under the 1950 Defense Production Act, as well as a declaration of emergency by the Department of the Interior.⁸⁵ There was some debate among different policymakers among the Department of the Interior, State Department, and senior executive officials, as there was worry that their actions to circumvent the embargo would be inflammatory and perhaps aggravate the situation to a point that the embargo would be extended to other countries like Japan or other Western European US allies (their reason for not acting immediately).⁸⁶ However, Dean Rusk was able to convince Secretary of the Interior, Stewart Udall, in a letter on June 8th, that it was necessary,

Recent developments affecting the United States access to foreign sources of crude oil have clear implications for the national security. In the past few days the Governments of Algeria, Kuwait and Bahrein have prohibited the export of petroleum to the United States or to the United Kingdom. The Government of Iraq has ordered the Iraq Petroleum Company to cease operations. The Trans Arabian Pipeline of the Arabian American Oil Company has been closed, as has the Suez Canal. The Libyan Government has ordered foreign oil companies to cease operations. The denial of petroleum from these sources creates an oil supply emergency and adversely affects the capability of the United States and our allies to meet our security responsibilities. I consider that this situation calls for the initiation of emergency procedures to ensure that adequate supplies of petroleum continue to be available.⁸⁷

Two days later, Assistant Secretary of the Interior J. Cordell Moore, released a statement in concurrence with the State Department, Defense Department, and the office of emergency

⁸⁵ Luke W. Finlay. Letter From the Manager of the Government Relations Department, Standard Oil Company of New Jersey (Finlay) to the Assistant Secretary of the Interior for Mineral Resources (Moore). June 8, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d234> (FRUS)

⁸⁶ Ibid.

⁸⁷ Dean Rusk. Letter from Secretary of State Rusk to Secretary of the Interior Udall. June 8, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d235> (FRUS)

planning that stated, “a petroleum emergency exists which threatens the broad security interests of the United States.”⁸⁸

However, the decision to create the OECD Petroleum Advisory Committee was not welcomed by all of its allies. The French strongly resisted this move to protect its own national interests,

...French believed it was in interest of all countries concerned, including US and UK, to avoid such generalization, since it was obvious that if some countries could go on obtaining Middle East oil, this would make it possible to rearrange supply patterns in way that would maximize scarcities. Moreover, request for postponement did not mean France was attempting to go back on commitments which she had taken re petroleum supply in OECD framework. Hordan said France was not alone in her viewpoint, which was shared at least by Dutch... Jordan reiterated at several points that he wanted us to know that French suggestion in no way signified unwillingness on their part to cooperate with other Western countries in meeting any emergency petroleum situation that might arise out of Middle East crisis. He said that Giraud, Directeur des Carburants, already had appointments for bilateral consultations in Paris on Monday with petroleum officials of several other countries, and French very much favored such consultations.⁸⁹

French, West German, and Turkish authorities would not support the OECD’s efforts to declare an emergency (they abstained), which was essential in enabling American oil companies to participate in the OECD’s planning process because of the US’s anti-trust regulations.⁹⁰ France, West Germany, and Turkey supported cooperation, but of course, not at the cost of their own oil security. While the French were willing to support policy to help its allies during the embargo, they believed too large of a response would possibly result in them being sanctioned as well.

⁸⁸ Dean Rusk. Letter from Secretary of State Rusk to Secretary of the Interior Udall. June 8, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d235> (FRUS)

⁸⁹ Charles E. Bohlen. Telegram from the Embassy in France to the Department of State. June 9, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d236> (FRUS)

⁹⁰ Multiple documents in the Foreign Relations Series of the United States, see http://www.state.gov/www/about_state/history/vol_XXXIV/x.html (FRUS)

This would have been catastrophic for the French as they relied on Algeria for the majority of their oil. In fact, the French desire to protect their oil interests played a large role in their vocal support of the Arab world during and after the Six Day War. Reports from the Esso (the International arm of ExxonMobile), a US oil company in Algeria, make the French concerns all the more justified. Esso was placed under an Algerian directorship, as were other US oil companies.⁹¹ A report from a manager at Esso indicated that they believed the Algerian government was using the oil embargo to permanently seize their assets without a formal order from the Algerian government.⁹² In fact, an Esso station at the Algiers airport was seized by the Algerian government's state-owned oil company, Sonatrach.⁹³ In addition, an Esso manager was denied outside communications, was censored, and was forced to empty his safe at gun point.⁹⁴ With an example like this, it's easy to understand why the French would be worried about their oil interests in Algeria. The rhetoric of Charles de Gaulle during and after the 1967 war, while partially attributed to Cold War politics by historian Jean-Pierre Filiu, was also about a key national interest: Algerian oil.⁹⁵ Indeed, De Gaulle's stance was incredibly unpopular in France; polling indicates that only 2% of the French public supported the Arab world in the conflict, while 58% supported Israel.⁹⁶ Activism also indicates that there were strong feelings on the matter, as protests in support of Israel saw attendance as high as 30,000 people (in comparison to the 1,000 protestors common against the US-Vietnam war at the time).⁹⁷ Their reasons for not alienating Algeria and their oil interests were numerous, but they were essentially making efforts

⁹¹ John Jernegan. Telegram from the Embassy in Algeria to the Department of State. June 9, 1967.

<https://history.state.gov/historicaldocuments/frus1964-68v34/d237> (FRUS)

⁹² Ibid.

⁹³ Ibid.

⁹⁴ Ibid.

⁹⁵ Jean-Pierre Filiu. "France and the June 1967 War" in *The 1967 Arab-Israeli War: Origins and Consequences*, ed. by Wm. Roger Louis and Avi Shlaim. (New York, NY: Cambridge University Press, 2012), pgs. 247-263.

⁹⁶ Ibid, p. 259.

⁹⁷ Ibid, p. 259.

to “secure maximum energy independence” by “impos[ing] [a] three month storage requirement, build[ing] up [a] French flag tanker fleet, and invest[ing] heavily in Algerian oil, leaving her in [a] much better position [to] face [the] current crisis than most other European countries.”⁹⁸

French policy during, and especially after, the 1967 Arab-Israeli War was centered on securing French access to cheap oil. Cold War interests also played a part, as Filui demonstrates, but is not the overriding policy concern that the French sought with their outspoken criticism of Israel, their formerly close ally, in June of 1967. French and US interests coincided at the beginning of the embargo as they both sought to avoid antagonizing the Arab world by French entry into the OECD negotiations, but as the US started to make progress with Arab countries resulting in a desire to include the French in the OECD negotiations, policy objectives diverged. The French voiced their extreme displeasure with the highly publicized nature of the OECD gatherings, once again demonstrating their concern with the way the Arab states would interpret their actions.⁹⁹ Secretary Rusk, then sent a detailed telegram to the French Embassy proposing a plan and further elucidating the US position.¹⁰⁰ Rusk proposed that,

We believe there will be considerable pressure on French to agree as major countries such as Germany and Italy realize that, while France might be able maintain her own supply, she is unlikely to be of any real assistance to them. If French were to abstain from Council decisions, we assume that under rules of procedure way could be found for others to implement industry advisory group and for group to be effective even without French. We prefer French abstention on decision implementing first part of OECD emergency plan to either sui generis study group idea or

⁹⁸ Arthur Trezise. Telegram From the Embassy in France to the Department of State. Paris, June 27, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/z.html

⁹⁹ Ibid.

¹⁰⁰ Dean Rusk. Circular Telegram from the Department of State to the Embassy in France. June 17, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d245> (FRUS)

French multi-subgroup idea in any form which would separate out 'guilty' countries (U.S. and U.K.) from all or most other OECD members.¹⁰¹

The French were then able to allow US oil companies into OECD joint oil cooperation by abstaining in the critical vote for emergency status on the later vote on 27th of June 1967.

Abstaining allowed the French to achieve their objective of avoiding alienating the Arab world, while also responding to developments in the embargo that put their previous strategy in jeopardy. Trezise states that

...when [the] French realized that Libya and Iraq might not resume exports for some time, leaving France with 50 percent normal crude receptions for [an] indefinite period. [The] French appear to realize now that even if Libyan exports do resume in [the] near future it may happen only gradually, and instability in Libya might result in [a] second shut-down. Thus, the limits of French oil independence in [the] current crisis are now clearly visible, and we may hope for corresponding degrees of French cooperation in OECD supply plans... The odds at this point seem against the French undermining [the] legal framework under which their companies have recently attained worldwide crude production greater than internal French consumption, in exchange for a shaky and vulnerable arrangement...¹⁰²

The French then acquiesced to US pressure as well as the economic realities of the situation.

Indeed, as the US had stated in the initial meetings to the OECD it was better to,

...not waste insurance afforded by reserve stocks and urged all delegates take into account in forming decision fact it much easier for us all to take common action now rather than trying amend later US action plan implemented without provision for working directly with European

¹⁰¹ Ibid.

¹⁰² Arthur Trezise. Telegram from the Mission to the Organization for Economic Cooperation and Development to the Department of State. June 12, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d241> (FRUS)

companies. Noted key point for us to be able do so this stage is resolution by committee recognizing emergency element in present situation.¹⁰³

However, the US incentivized their cooperation by giving French oil companies a favorably disproportionate stake in the OECD, as well, ensuring an abstention on the critical vote and cooperation in the OECD's circumvention of the embargo. The vote allowed US and European oil companies to all cooperate through the OECD and with their respective governments in coordinating world oil shipments and supply, while still giving the French and other reticent nations cover on the vote.¹⁰⁴ However, the closing of Suez and the inability to use the Mediterranean pipelines still caused difficulties, ensuring that the "task of transport, not shortage of crude, was [the] main problem."¹⁰⁵ This is critical when understanding how the Arab countries' organization could not effectively combat the collaboration between Western states who, even when their interests were not in common, were able to cooperate effectively through a system of shared rewards of success and continual organization. This is in direct contrast to the totally disparate goals the Arab countries had vis a vis the embargo. The US's ability to circumvent the embargo through its European and Asian allies was very important in minimizing the economic impact of the embargo.

The 1967 Oil Embargo and Post-War Diplomacy

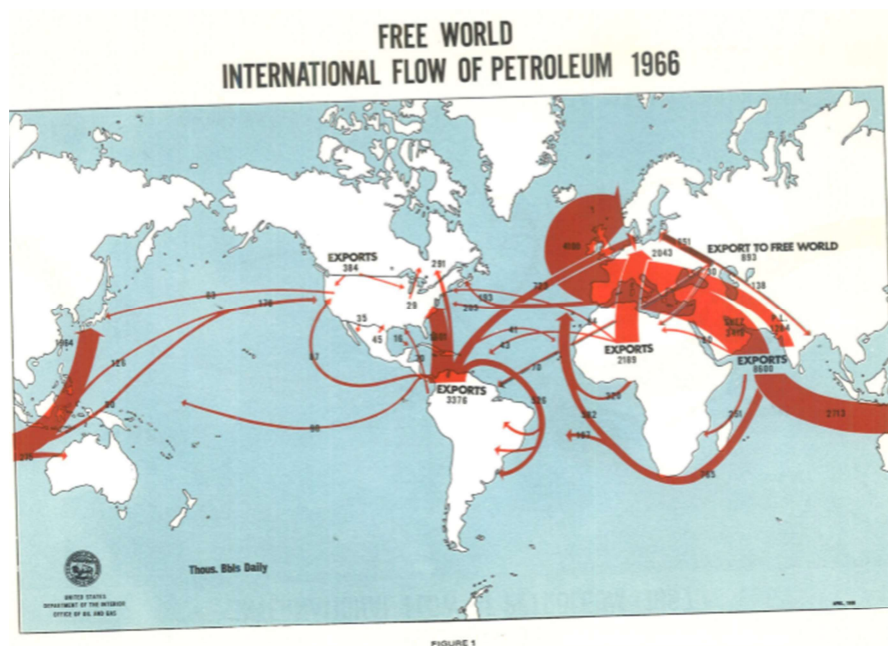
The US response, both domestically and internationally to the oil embargo is best chronicled in the report that the, now-defunct, Office of Oil and Gas produced for the Department of the Interior following the end of the embargo, entitled, "The Middle East

¹⁰³ Ibid.

¹⁰⁴ Arthur Trezise. Telegram From the Mission to the Organization for Economic Cooperation and Development to the Department of State. Paris, June 30, 1967. http://www.state.gov/www/about_state/history/vol_xxxiv/z.html

¹⁰⁵ Arthur Trezise. Telegram From the Mission to the Organization for Economic Cooperation and Development to the Department of State. Paris, July 21, 1967. http://www.state.gov/www/about_state/history/vol_xxxiv/z.html

Petroleum Emergency of 1967.”¹⁰⁶ One of the major ways in which the US and other countries dealt with the loss of Middle Eastern oil was a re-allocation of existing oil supplies and ramped up production.¹⁰⁷ By ramping up domestic production, the US was able to reach a million daily barrels more in August of 1967 than it had in May of 1967.¹⁰⁸ In addition, Iran and Venezuela were very pleased to increase their output during the crisis, using it to push for expanded production they had long sought.¹⁰⁹ Expanded production in the US Gulf Coast and South America supplemented pre-existing US, Canadian, and South American supplies for the European and North American states.¹¹⁰ Shipments from oil production in the Eastern hemisphere were then distributed in the Eastern Hemisphere.¹¹¹ The change in global petroleum transportation patterns are exhibited below.¹¹²



¹⁰⁶ *The Middle East Petroleum Emergency of 1967*, p. 2.

¹⁰⁷ *Ibid*, p. 2.

¹⁰⁸ *Ibid*, p. 13.

¹⁰⁹ *Ibid*, p. 13.

¹¹⁰ *The Middle East Petroleum Emergency of 1967*, p. 2.

¹¹¹ *Ibid*, p. 2.

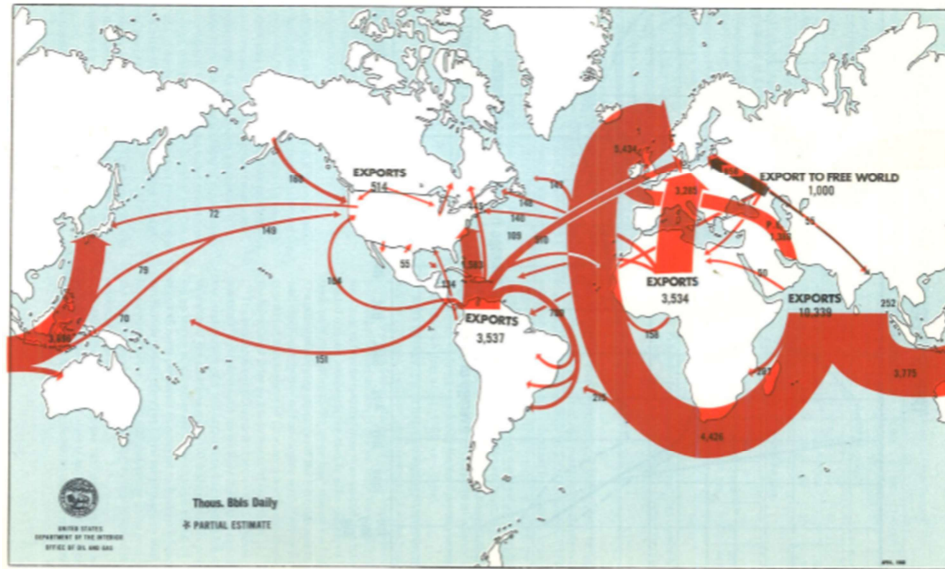
¹¹² *Ibid*, p. 3-7.



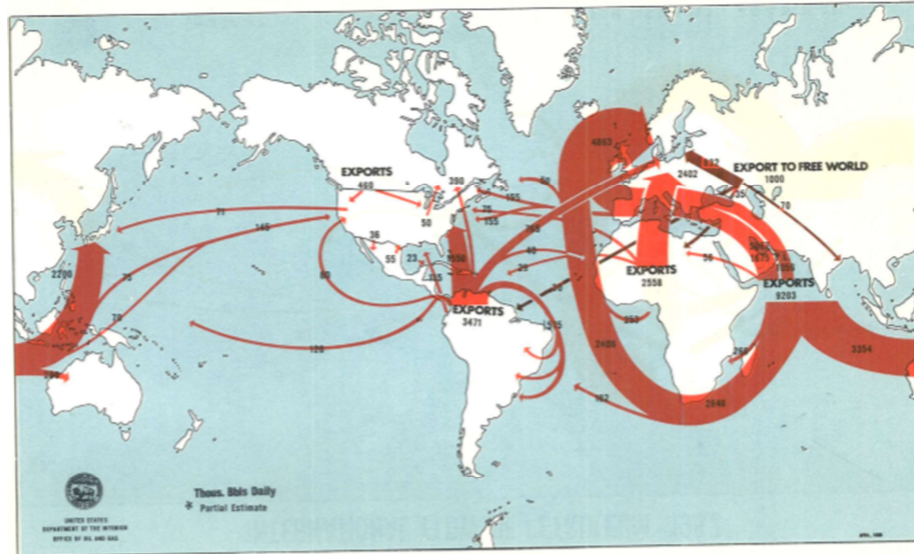
FIGURE 3



FREE WORLD INTERNATIONAL FLOW OF PETROLEUM 1968*



FREE WORLD INTERNATIONAL FLOW OF PETROLEUM 1967*



These charts not only demonstrate the change in volumes, but also the extended route that tankers had to utilize around the Cape of Good Hope without the IPC pipeline through Syria and the closure of the Suez. They also demonstrate that, while the embargoing nations did not sell directly to the US, UK, and West Germany; the producing countries did not reduce their exports to Europe. Indeed, as even some of the embargoing nations encouraged, many tankers bound for other countries ended up being sold in the UK and West Germany.¹¹³

Additionally, timing was in the favor of US and European policymakers, allowing them to minimize the impact of the embargo by expanding the oil tanker fleet.¹¹⁴ The Oil and Gas report explains that,

The other principal steps taken by the industry involved expansion of the tanker fleet. The combination of seasonal low requirements for tankers at the beginning of the emergency, plus the reserve provided by tankers in the grain, ore, and specialty trades and in laid-up tonnage, together with the implementation of speed-up increased loadline, quicker turn-around, and stepped-up new construction – all served to make the 1967 transportation problem manageable. Indeed, within three months Free World tanker availability had been increased by more than 14 percent.¹¹⁵

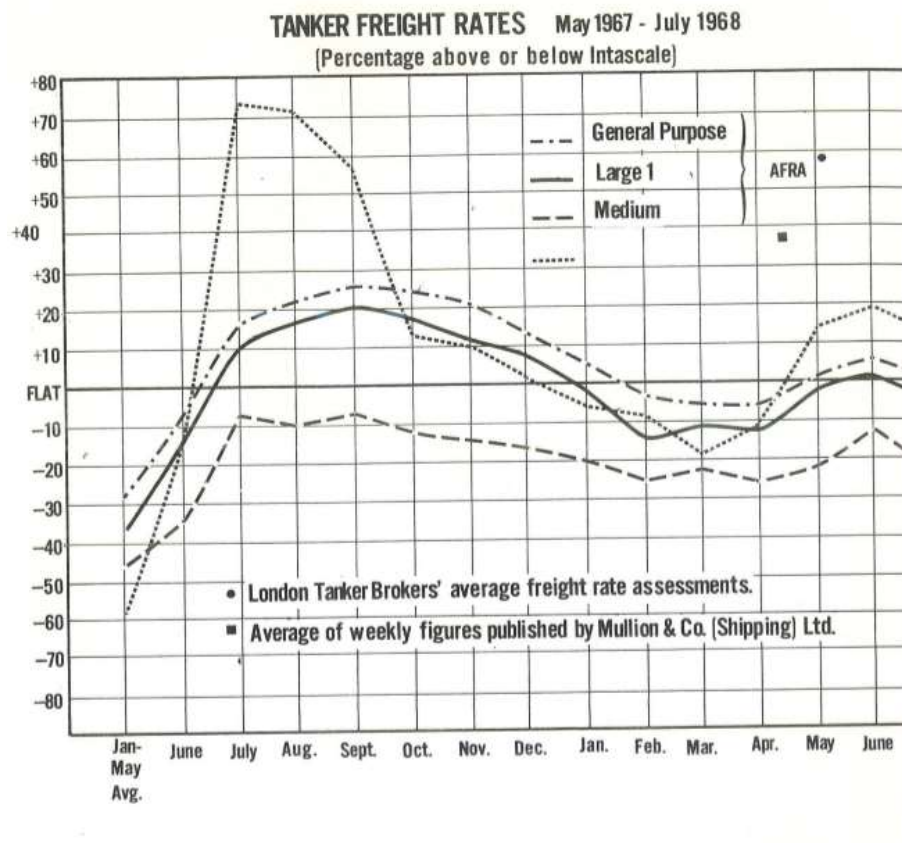
However, this did cause tanker rates to climb much higher as evidenced in the chart below.¹¹⁶

¹¹³ *The Middle East Petroleum Emergency of 1967*, p. 2-13.

¹¹⁴ *Ibid*, p. 2.

¹¹⁵ *The Middle East Petroleum Emergency of 1967*, p. 2.

¹¹⁶ *Ibid*, p. 8.



While the increased tanker rates did not last long term, it is estimated that the rise in rates had caused the weighted average of Middle Eastern oil to rise from \$0.68 a barrel to \$1.75 a barrel.¹¹⁷ From June 1967 through May 1968, this resulted in over \$1.285 billion dollars in increased oil costs for Europe and Japan combined.¹¹⁸ However, another consideration when examining the true economic burden felt by the countries, was how much of that cost increase affected end-consumers. The Italian government did not allow any price increase, although they did raise a tax to help reimburse the oil companies.¹¹⁹ The French did increase pricing, but also set those funds aside to be used specifically to off-set increased importation costs.¹²⁰ The UK, although

¹¹⁷ Ibid, p. 2.

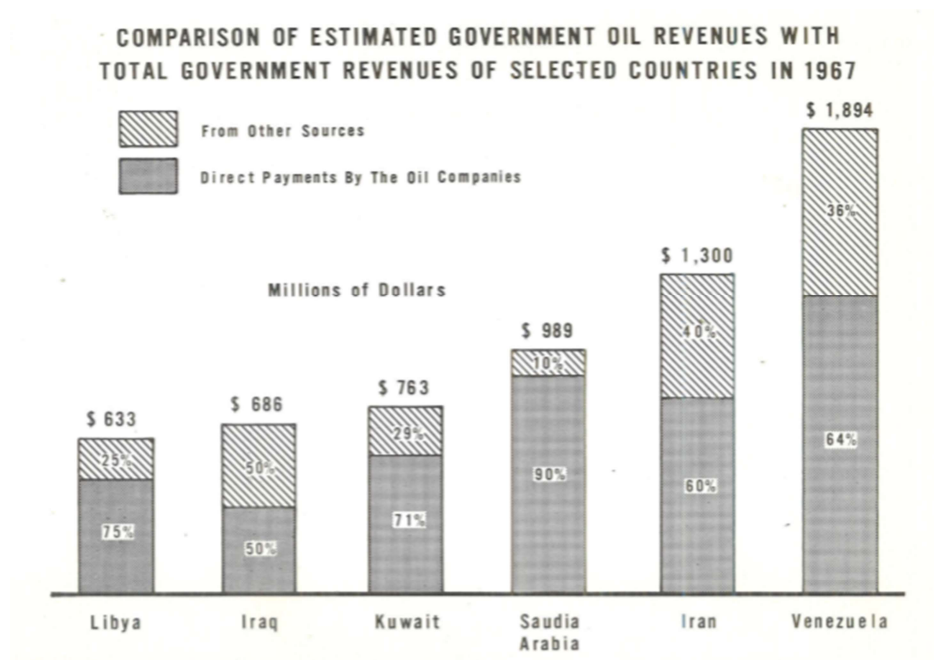
¹¹⁸ Ibid, p. 2.

¹¹⁹ *The Middle East Petroleum Emergency of 1967*, p. 2.

¹²⁰ Ibid, p. 2.

experiencing many other economic issues from the oil embargo, only increased gasoline prices by 1.9 cents a barrel.¹²¹

While the economic impact to the embargoed countries and the rest of Europe was not as great as the revolutionary states in Iraq, Egypt, and Syria hoped, the negative effect to the moderate states of Libya, Saudi Arabia, and Kuwait was significant.¹²² See chart below.¹²³



As the chart indicates, oil revenue accounted for 90% of Saudi government revenue, 71% of Kuwaiti government revenue, and 75% of Libyan government revenue.¹²⁴ They were forced to revise and postpone developmental programs.¹²⁵ It also led to them seeking, “higher taxes, higher

¹²¹ Ibid, p. 2.

¹²² Ibid, p. 2.

¹²³ Ibid, p. 2

¹²⁴ *The Middle East Petroleum Emergency of 1967*, p. 13

¹²⁵ Ibid, p. 13.

royalties, more demanding concession terms, and increased offtakes in their dealings with international oil companies.”¹²⁶ Another result was that these countries renewed a focus on increasing their refining, transportation, and marketing capabilities of their own oil.¹²⁷ The fact that the moderate oil-producing countries suffered far more economically during the embargo than the countries that were embargoed is one of the few consistencies in the historiography of the 1967 oil embargo.

As previously stated, moderate Arab governments like Saudi Arabia, Libya, and Kuwait did not want to become involved in the embargo to begin with, but largely domestic concerns, driven by Nasser’s pan-Arabist rhetoric, forced them into policy decisions that were neither in their political or economic interests. This made it relatively easy for the US to alleviate the damage caused by the embargo, as the moderate Arab nations that controlled the majority of the region’s oil output were working to mitigate the damage to both themselves and their Western allies, as well as resume normal oil flow as soon as possible. In fact if it were not for Libya, Saudi Arabia, and Kuwait, the 1967 oil embargo would have been far more damaging to the US and international oil companies. Iraq, Syria, Algeria, and Egypt had all lobbied hard for an additional resolution that would have given sanction to the confiscation of all international oil companies of embargoed states and a complete halt in production.¹²⁸ Libyan Petroleum Minister, Muusa, who relayed this admission, judged that the Algerians were looking for any pre-text to seize any non-French foreign oil assets.¹²⁹ By June 14th, the only states that had not resumed full oil production were Libya and Iraq.¹³⁰ For example, the US, throughout the oil crisis was heavily

¹²⁶ Ibid, p. 13.

¹²⁷ Ibid, p. 13.

¹²⁸ David Newsom. Telegram from the Embassy in Libya to the Department of State. June 15, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d243> (FRUS)

¹²⁹ Newsom. Telegram from the Embassy in Libya to the Department of State. June 15, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d243> (FRUS)

¹³⁰ *The Middle East Petroleum Emergency of 1967*, p. 2.

involved with Libya, Saudi Arabia, and Kuwait in trying to negotiate an end to the embargo. These countries faced increased opposition, labor strikes, and demonstrations; making it very difficult for them to resume normal relations and oil policy.¹³¹ US Ambassador to Libya, David Newsom, noted that in conversation with Libya's King Idris, the King lamented that,

... false charges against [the] US and UK of collusion with Israel were threatening significant relationships of mutual value. I mentioned particularly oil and our desire [to] see flow commence. He said stopping production [was] particularly regrettable. He had told [the] government so, but [the] government had said in present situation it [was] best [to] stop production as [a] temporary measure for appearance's sake.¹³²

The US also relayed a message for broadcast that the US had denied the charges against it and called for an impartial UN investigation of the charges against it.¹³³ King Idris, at this point, had decided to not interfere with what the Libyan cabinet was trying to accomplish.¹³⁴ The cabinet had already been pushing a messaging strategy through radio that would prepare the populace for the end of the embargo by stressing Libyan economic distress and sacrifice during the on-going embargo.¹³⁵ The oil embargo, devastating to Libya's economy, was one of the major causes of Prime Minister Hussain Maaziq's resignation on June 27th.¹³⁶ He was forced into an untenable position in which the deterioration of the Libyan economy without oil revenues and the opposition to ending the embargo left him politically impotent; there was no decision he could make that would allow him to preserve his government. While the Maaziq government was not

¹³¹ See multiple FRUS documents http://www.state.gov/www/about_state/history/vol_XXXIV/z.html

¹³² David Newsom. Telegram From the Embassy in Libya to the Department of State. Tripoli, June 22, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/y.html

¹³³ Newsom, David. Telegram From the Embassy in Libya to the Department of State. Tripoli, June 22, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/y.html (FRUS)

¹³⁴ Ibid.

¹³⁵ Ibid.

¹³⁶ David Newsom. Telegram From the Embassy in Libya to the Department of State. Tripoli, June 30, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/z.html (FRUS)

concerned about the possibility of a general strike, ending the embargo did raise concerns of a high threat of sabotage among labor leaders that represented the political opposition.¹³⁷ However, Libya's Oil Minister, Khaliff Muusa, had been actively engaged, at the urging of the US, in lobbying Maaziq and other members of the government to act and to reinstate oil production.¹³⁸ This along with the use of the campaign of radio and print media to send the message that Libyans were bearing the brunt of the embargo's costs, following Iraq's resumption of oil production, worked at least reasonably well enough that Maaziq's replacement, PM Badri, began production of oil again.¹³⁹ This was a critical achievement for the United States in ensuring a continued supply of oil to its allies in Europe and Asia. While Libya did not resume shipments to the US and the UK, it did resume shipments to France, Spain, Turkey, Greece, and Italy on July 2nd.¹⁴⁰ Libya also encouraged, through Muusa, that the US should purchase Libyan oil from Canada and Ireland indirectly.¹⁴¹ The situation in Libya was not as positive following Badri's decision; the Libyan government was facing increased opposition from the minority, who used their position of strength among the working class to instigate a general strike despite the Libyan leadership's position that it was unlikely.¹⁴² It only lasted three days, but it did contribute to the continued destabilization of Libya.¹⁴³ The 1967 embargo was a significant event in politically and economically destabilizing the Libyan government's constitutional monarchy, which two years later would fall in a military coup, putting Muammar Gaddafi in power. In fact, some cabinet positions in Gaddafi's government were the same labor leaders that started

¹³⁷ Newsom, David. Telegram From the Embassy in Libya to the Department of State. Tripoli, June 22, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/y.html (FRUS)

¹³⁸ Ibid.

¹³⁹ David Newsom. Telegram From the Embassy in Libya to the Department of State. Tripoli, July 6, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/z.html (FRUS)

¹⁴⁰ Newsom, Newsom. Telegram From the Embassy in Libya to the Department of State. Tripoli, July 6, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/z.html (FRUS)

¹⁴¹ Editorial Note. <https://history.state.gov/historicaldocuments/frus1964-68v34/d263> (FRUS)

¹⁴² Ibid.

¹⁴³ Ibid.

the strike during the 1967 oil embargo.¹⁴⁴ The 26 year-old Anis Ishtaiwi, who had been imprisoned for his role in the general strike by the Idris and Badri government, was made Minister of Petroleum and Labor. In his first statement on Revolutionary Oil Policy, he referenced the importance of the 1967 embargo and nationalist economic policy. This 1969 coup would be Nasser's greatest victory against the moderate countries in the Arab Cold War.

Following the Six Day War, the Kuwaiti government also sought to circumvent the oil embargo. The Emir of Kuwait suggested very early on in the embargo, June 10th, that he would support a system in which manifests on tankers were changed to allow them to secretly carry oil to the US and the UK.¹⁴⁵ Although, the US and the UK did not ultimately approve this plan as they thought it posed a greater risk than just diverting oil supplies once they reached allied countries, it does demonstrate Kuwait's willingness to circumvent their own embargo. US Ambassador to Kuwait, Howard R. Cottam, wrote that the Kuwaitis were, "trying extremely delicate and dangerous game of proving their Arabism and at the same time not jeopardizing their long-range interest in keeping oil flowing."¹⁴⁶

The Saudi government also sought to alleviate the ongoing embargo and bring it to a prompt end. Yamani spear-pointed this effort. Yamani pushed for the US oil companies to get public credit for concessions the US made, such as the call for the UN investigation.¹⁴⁷ He wanted to prove that they were "friendly instruments" in order to circumvent calls for further penalties, and even full nationalization of those companies.¹⁴⁸ The oil companies who were cooperating with the Saudi government also shared a positive view towards their role in the

¹⁴⁴ Anis Ishtaiwi. "A Broad Outline of Revolutionary Oil Policy." *Al-Musawwar*. Cairo, October 17, 1969.

¹⁴⁵ Howard R. Cottam. Telegram from the Embassy in Kuwait to the Department of State. June 10, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d238> (FRUS)

¹⁴⁶ FRUS Editorial Note. <https://history.state.gov/historicaldocuments/frus1964-68v34/d240>

¹⁴⁷ FRUS Editorial Note. <https://history.state.gov/historicaldocuments/frus1964-68v34/d240>

¹⁴⁸ Ibid.

crisis. One Gulf oil official wrote that, “neither Kuwait nor Saudi Arabia wanted to shut off oil shipments but that they were both worried about the stability of their regimes if they were not seen to be responding to popular feeling.”¹⁴⁹ That is not to say that during the embargo, the Saudi government was not reticent to still push for the objectives in resolution of the Six Day War territory re-alignment, especially US restraint in recognizing Israel territorial gains during the war.¹⁵⁰ However, this was not only “enlightened self-interest”, but also an acknowledgement that any such action by the US government would place Yamani and the Saudi government in an untenable position in regards to the oil issue.¹⁵¹ He already had stressed that the US government was facing growing “Arab bitterness” and he worried about how long the mutually profitable ARAMCO oil concession could last if popular disgust with the US continued and deepened.¹⁵² In response to demonstrations and strikes in Saudi oil fields, the Saudi government had arrested over 800 individuals involved.¹⁵³ Also, in an effort to bring the oil embargo to a swift end, Yamani published multiple articles in the Saudi press demonstrating the economic trouble that the embargo was causing the Saudi Arabian economy.¹⁵⁴ Yamani sought to avoid any publicity in his dealings with ARAMCO and the US government during this time. During a secret meeting with ARAMCO executives in New York, Yamani,

did make an impassioned appeal to the oil companies to protect their own business interests and the position of both the United States and the moderate Arab nations: ‘Yamani told companies Arab/Israel struggle is cover for regional conflict between 'socialist' and conservative Arab states. At May Baghdad oil meeting, Yamani surprised find Syria and Lebanon represented. He had

¹⁴⁹ Ibid.

¹⁵⁰ Dean Rusk. Telegram from the Department of State to the Embassy in Saudi Arabia. July 11, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d257> (FRUS)

¹⁵¹ Ibid.

¹⁵² Ibid.

¹⁵³ Stork, p. 113.

¹⁵⁴ Dean Rusk. Telegram from the Department of State to the Embassy in Saudi Arabia. July 11, 1967. <https://history.state.gov/historicaldocuments/frus1964-68v34/d257> (FRUS)

considered playing for time by suggesting Jordan and Sudan also be invited but in the end had felt unable to do so. Original intention meeting had been to provide for 'nationalization and confiscation' oil industry even in event Arabs won expected war. SAG efforts alone resulted in more moderate resolution.¹⁵⁵

Saudi Arabia, thus serves as another example of the way in which the moderate Arab states sought to circumvent their own embargo. Indeed, Yamani even admitted that the embargo was not truly about changing Western policy, but a part of the Arab Cold War, in which the revolutionary states sought policy change from the moderate oil-producers.

While the embargo is generally seen as a failure in the outdated success-failure dichotomy, the 1967 embargo did produce meaningful foreign policy shifts in British Middle Eastern and energy policy. Before the embargo, the British had an embargo on all Soviet crude oil and lubricants.¹⁵⁶ In a significant policy shift, the UK began making deals for the importation of Soviet and Romanian oil.¹⁵⁷ This was not however, the only major policy shift to come from the UK due to the 1967 embargo. Since WWII and especially since the Suez Crisis, the UK's interests of being involved heavily in the Middle East were outweighed by the cost, but 1967 did mark a change in policy. Thorpe notes that in July 1967, the UK cabinet admitted that "recent events in the Middle East had illustrated clearly that military presence there was of no value to our economic interests which lay primarily in the Arab countries."¹⁵⁸ The following year in 1968, the UK announced they would be removing all troops from the Persian Gulf region by 1971.¹⁵⁹ The 1967 embargo did not cause this policy shift completely on its own; the end of the British Empire was the root cause, but the 1967 oil embargo forced the UK to re-prioritize its strategic and economic interests in the Persian Gulf. The embargo was also a significant factor in the

¹⁵⁵ FRUS Editorial Note. <https://history.state.gov/historicaldocuments/frus1964-68v34/d260>

¹⁵⁶ Thorpe, p. 206.

¹⁵⁷ Ibid, p. 206-208.

¹⁵⁸ Thorpe, p. 213-214.

¹⁵⁹ Ibid, p. 213.

balance of payments issues the UK economy faced at the time, resulting in the devaluation of the pound sterling in November 1967.¹⁶⁰ Thus, the 1967 oil embargo did have significant effects on the UK.

The End of the Embargo and the Creation of OAPEC

The 1967 Arab embargo ended on September 1, 1967, with the issuance of the Khartoum Resolution which stated that, among other things,

The conference of Arab Ministers of Finance, Economy and Oil recommended that suspension of oil pumping be used as a weapon in the battle. However, after thoroughly studying the matter, the summit conference has come to the conclusion that the oil pumping can itself be used as a positive weapon, since oil is an Arab resource which can be used to strengthen the economy of the Arab States directly affected by the aggression, so that these States will be able to stand firm in the battle. The conference has, therefore, decided to resume the pumping of oil, since oil is a positive Arab resource that can be used in the service of Arab goals. It can contribute to the efforts to enable those Arab States which were exposed to the aggression and thereby lost economic resources to stand firm and eliminate the effects of the aggression. The oil-producing States have, in fact, participated in the efforts to enable the States affected by the aggression to stand firm in the face of any economic pressure.¹⁶¹

This statement was accompanied by an agreement for many of the oil-rich nations to pay the countries defeated in the 1967 war an indemnity for their losses in the war. In some ways it was a bribe; Nasser's Egypt was in financial ruin and he was personally trying to secure the continued viability and survival of his administration, while the oil producing states were eager to get their economies producing their most important resources again.¹⁶² This was a hugely significant event, as it in many ways marked the end of the Arab Cold War, or at least the end of it as it had

¹⁶⁰ Thorpe, 211.

¹⁶¹ League of Arab States. The Khartoum Resolution. September 1, 1967. www.cfr.org

¹⁶² Yergin, p. 557.

previously been conducted. Not only did Libya, Kuwait, and Saudi Arabia agree to pay the aforementioned \$378 million indemnity to Egypt and Jordan; King Faisal also stipulated the Egypt must withdraw from Yemen.¹⁶³ This was one of the key points that drove Nasser and Faisal's rivalry for leadership in the Arab world. The same program that had allowed Nasser so much transnational influence in the Arab world, "Voice of the Arabs", would also no longer broadcast the same polemics that drove the pan-Arabism and economic nationalist politics in its neighboring countries.¹⁶⁴ Instead, "Voice of the Arabs" took a far more moderated tone in comparison to its previous positions in order to support Nasser's capitulation.¹⁶⁵ It, along with the majority of the press, launched a campaign to rationalize the policy changes decided at Khartoum and Nasser's perceived acquiescence to the Saudi position that oil should be used as a "positive weapon" for the Arab states by supporting them economically.¹⁶⁶ This was essential, since Nasser now required Saudi political and diplomatic support to re-gain the territory lost in the Sinai Peninsula following the war and rebuild Egypt's decimated military. Nasser, then acted pragmatically to achieve those aims, foregoing the pan-Arabic rhetoric and media push that had in many ways driven the Arab Cold War between the revolutionary and moderate states to begin with. Nasser in hopes of achieving these goals would go on to recognize Israel as a state in its pre-Six-Day War borders. While Egypt did have to change many policies following the Six-Day War, the 1967 oil embargo did allow it to receive concessions from the moderate oil-producing nations to help Nasser work towards achieving his policy aims. For Egypt, the 1967 oil embargo markedly improved their financial situation and the security of the Nasser regime. Nasser was certainly not bargaining from a position of strength, but they walked away with far more than

¹⁶³ Stork, p. 115.

¹⁶⁴ Stork, p. 116.

¹⁶⁵ Stork, p. 116.

¹⁶⁶ Stork, p. 116-117.

they would have walked away with in the absence of the embargo. Under, the old success-failure dichotomy, the 1967 embargo is viewed as failure because it failed to produce meaningful concessions from the United States and the United Kingdom in their policy towards the Arab-Israeli conflict. However, as this evidence demonstrates, the Arab oil embargo was just as much an act to coerce policy changes from the Arab oil-producing countries, as it was used against the US and the UK. By that measure, the 1967 oil embargo was much more of a success for Nasser.

Then in 1968, on January 9th Saudi Arabia, Kuwait, and Libya created the Organization of Arab Petroleum Exporting Countries (OAPEC) in a meeting in Beirut.¹⁶⁷ Following the end of the embargo, Yamani had been both publicly and privately seeking a resolution that would place far more of the oil policymaking control in the hands of the three largest oil producers in the Arab world: Saudi Arabia, Libya, and Kuwait.¹⁶⁸ While Iraq was the fourth largest in the Arab world, and did have oil output that was at least somewhat comparable to Libya and Kuwait, it was specifically denied entry to OAPEC. This is because they were not only a revolutionary state and aligned against the moderates from the perspective of the Arab Cold War, but that oil made up a far lower percentage of the country's revenue, albeit still at 50%.¹⁶⁹ The creation of OPAEC has been largely seen as a byproduct of the West's ability to circumvent the 1967 embargo, both in popular conception and the historiography. The evidence does not support this argument. It is based on a shallow understanding of the problems of the Arab Cold War and the 1967 embargo. In the OAPEC charter it states that the "main responsibility for policy decisions on Arab oil should rest with those who actually produce it and are utterly dependent on this one source of

¹⁶⁷ Dwight Porter. Airgram From the Embassy in Lebanon to the Department of State. Beirut, January 17, 1967. http://www.state.gov/www/about_state/history/vol_xxxiv/za.html (FRUS)

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

revenue.”¹⁷⁰ This statement along with the other available evidence suggests that OAPEC was formed not because of the West, but because of Nasser’s actions during 1967. Even the excellent article by Daoudi and Dajani fails to come to this rather obvious conclusion; they state that “the formation of OAPEC in 1968 was a major element that made the 1973 embargo more effective, as OAPEC played a leading role in formulating Arab oil policies, acting as a lens to bring divergent Arab views into focus.”¹⁷¹ While this is true on a base level, at least as it relates to OAPEC and the 1973 embargo, it implies OAPEC was meant to bring the Arab world together in a unified oil policy. The evidence of the events and outcomes of the 1967 oil embargo strongly support that the exact opposite. Due to changing regional politics, economic realities, and the growing number of states later allowed to join, it would go on to serve a very different purpose than it was originally intended. When viewed from the most widely known role OAPEC has in the history, the 1973 embargo, it is very easy to assign to it that role at its creation. However, that is ahistoricism and not consistent with the available evidence. While it is possible to interpret the above-quoted passage from the OAPEC charter differently, the ancillary evidence discussed earlier make this interpretation most supported by the available evidence. However, that does not make the existing evidence and the behavior of all actors involved that follow logically from that evidence any less important. The OAPEC charter suggests that the main purpose behind the formation of OAPEC was to separate the moderate monarchical Arab states (that rely almost exclusively on oil revenue) from the Nasserite faction. Following the domestic political disaster the Saudi, Libyan, and Kuwaiti governments faced because of the combination of Nasser’s pan-Arabism rhetoric and the devastating economic realities of the 1967 embargo, the founders of OAPEC made the group specifically to give them a larger role vis a vis Egypt, Syria, Algeria and

¹⁷⁰ Dwight Porter. Airgram From the Embassy in Lebanon to the Department of State. Beirut, January 17, 1967. http://www.state.gov/www/about_state/history/vol_xxxiv/za.html (FRUS)

¹⁷¹ Daoudi and Dajani, p. 85.

Iraq so that they could exert more control over oil policy. In fact, the list of countries that Yamani specifically stipulated could not join, with the exception of Syria (which was not allowed to join, but also not mentioned at the Beirut meeting), were the same countries to pass the resolutions at Khartoum that Saudi Arabia, Libya, and Kuwait felt forced to acquiesce to.¹⁷² While all those countries would later join OAPEC, the initial goal was to purposely exclude them to avoid another embargo that Libya, Kuwait and Saudi Arabia did not support. OAPEC was created to coordinate Arab oil policy for Saudi Arabia, Libya, and Kuwait; but it was more important to create OAPEC to exclude the revolutionary states.

Indeed, according to the countries creating OPAEC, Saudi Arabia, Libya, and Kuwait; the purpose of the organization was to de-politicize oil.¹⁷³ These countries sought to, “remove [oil] from the ever-present temptation to use it in the political arena.”¹⁷⁴ They wanted to set up an OPEC-like organization for Arab oil-producing states that would be less subject to the politics of the wider Arab world and other Arab institutions, such as the Arab League.¹⁷⁵ While this is consistent with their public statements and the OAPEC charter, US policymakers also saw their goals as genuine. They did not perceive it as a threat to the energy security of the west initially, even coming directly after the 1967 oil embargo.¹⁷⁶ Instead, they were more concerned with the economic realities of the organization and the way it would affect the oil companies’ bargaining positions and dispute resolution when negotiating concessions with the OAPEC countries.¹⁷⁷

This revelation underscores the centrality of the Arab Cold War and marks a significant change in the understanding of the historiography of the 1967 war. It is almost understandable

¹⁷² Dwight Porter. Airgram From the Embassy in Lebanon to the Department of State. Beirut, January 17, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/za.html (FRUS)

¹⁷³ Maachou, p. 268.

¹⁷⁴ Maachou, p. 17.

¹⁷⁵ Maachou, p. 268.

¹⁷⁶ Dwight Porter. Airgram From the Embassy in Lebanon to the Department of State. Beirut, January 17, 1967. http://www.state.gov/www/about_state/history/vol_XXXIV/za.html (FRUS)

¹⁷⁷ Ibid.

that the significance of shifts in inter-Arab politics would be somewhat overlooked due to the significant international changes for the region's politics caused by the Six Day War. That is because the majority of scholarship, especially the modern sources further examines the 1967 embargo to the effects it had on the Western nations involved. Some of that is due to the availability of sources, but it also does seem to be ignore the consequences for inter-Arab politics that is readily available in English language primary documentary sources. There is however a good amount of scholarship that documents the changes in inter-Arab politics due to the Six Day War, but those sources do not, generally, discuss the specific changes caused by the 1967 oil embargo into that equation.

The Importance of the 1967 Embargo

The effects the 1967 embargo had were manifold. While the largest historical significance was to the Arab world, it also did affect the possible policy choices and actions that the embargoed countries could enact. The US, for example, felt keen pressure to postpone certain arms sales to the Israeli government during the crisis. Additionally, the US's success in combatting the 1967 embargo convinced US policymakers in 1973 that there would not be an embargo. A notable example of which was Henry Kissinger's conclusion after a meeting with Saudi Foreign Minister, Omar Saqqaf, that it was highly unlikely the Arabs would use the oil weapon against the United States.¹⁷⁸ France also took a much more pro-Arab stance during the Six Day War and the aftermath then what can solely be explained by ideology or the French people's view on the matter. The threat of being included in the oil embargo, or for French oil companies to face nationalization, was too great of a risk. In turn, that threat was nearly enough to prevent the French government from allowing an OECD emergency to be declared, which would have made it far more difficult for the US, UK, and other Western European countries to

¹⁷⁸ Yergin, p. 607.

ameliorate the disadvantageous effects of the embargo. Another major impact was British withdrawal from the Persian Gulf and the significant role the embargo played in the devaluing of the pound sterling. The embargo in Libya also contributed to weakening the monarchy and its constitution- it directly caused the resignation of one Prime Minister and contributed to the end of the government as a whole. The embargo was a very significant factor in producing the environment for the 1969 coup that vaulted Muammar Gadhafi to power with the rise of labor and economic nationalism on the oil issue constituting the Idris government's main opposition. Another impact was the creation of OAPEC, which because of the nature of its purpose enlightens the reasons that the embargo was imposed in 1973. Nasser's pan-Arabism rhetoric and propaganda was no longer a threat to the moderate states that it was before the meeting in Khartoum, due to the end of the oil embargo marking the end of the Arab Cold War. Failing to stand in solidarity with other Arab states would have had less drastic consequences than in 1967. Historian Daniel Yergin judges correctly when he asserts that OAPEC used US support for Israel as a pretext to challenge the US and the West economically on oil, and the venue in which those countries with international economic interests and international political interests were able to find a common solution was OAPEC, unquestionably a byproduct of the 1967 embargo.¹⁷⁹ The founding OAPEC members were dragged into the 1967 embargo against their will due to the Arab Cold War, but in 1973 were able to use the embargo for their own self-interest. The end of the Arab Cold War had aligned many Arab interests in pursuing an embargo, even if their goals were disparate, producing lasting changes in inter-Arab politics. The "ignored" 1967 embargo deserves far greater attention from historians studying the 1967 Arab-Israeli War, as it was significant development in the Arab-Israeli conflict, both in a regional and international context.

¹⁷⁹ Yergin, p. 609.

It was, after all, the success of the revolutionary Arab States in gaining concessions from the more moderate oil-dependent states that was the largest policy shift. While the embargo itself was divisive, and the creation of OAPEC was meant to unify policymaking among the oil-dependent states while excluding the revolutionary states, the creation of OAPEC was pivotal in providing a legal and diplomatic framework for future oil policymaking in the Arab world. The evidence suggests that without the concessions made by both Nasser and the other revolutionary states, as well as Faisal and the moderate blocs; the re-unification of Arab oil policy would not have been able to happen so quickly. When Libya pushed for Algeria to join in May of 1970 following the Ghaddafi government's rise to power in Libya, it was the first new state to join the agreement.¹⁸⁰ By the end of June 1970; Egypt, Syria, Iraq, Qatar, Dubai, Bahrain, Abu Dhabi, and four Gulf Emirates had joined the agreement.¹⁸¹ To further demonstrate how quickly the Arab political landscape had changed in two years, the addition of Egypt and Syria were seen in 1970 by the moderate states as a counter-balance to Iraq which was now the most revolutionary in its politics.¹⁸² That is not to say that there were still not divisions between Arab states on oil or a litany of other issues; but OAPEC, despite the purpose of its creation, did become a unifying force in Arab oil policy. It is very likely that a more unified Arab political framework would still have emerged in absence of the 1967 oil embargo, also due to the other important outcomes of the Six Day War, but it would have likely emerged in a different manner. For example, the evidence available seems unlikely to support that Nasser would have been able to force financial concessions without the embargo. For example, Yamani did not see compensation for Syria as necessary to stopping the political rhetoric he saw as inflammatory and provoking the embargo, so they did not receive any such financial concessions. While, the "Voice of the Arabs" had

¹⁸⁰ Maachou, p. 46.

¹⁸¹ Maachou, p. 46.

¹⁸² Maachou, p. 46.

already had its reliability and importance hollowed out by the false reporting during the war, its calls for the embargo and oil policy deemed by Saudi Arabia, Libya, and Kuwait as radical did play a large role in their domestic politics at the time. In many ways the whole embargo was started due to not just the war, but the populist rhetoric being broadcast across the Arab world by Cairo Radio on “Voice of the Arabs.” It cannot be reasonably claimed that the 1967 oil embargo was as significant as some of the other international issues resulting from the 1967 Arab-Israeli War, for example the many territorial issues, but it certainly was more than significant enough to receive more emphasis and examination in the historiography than it has received thus far.

Further Questions

The greatest questions for further study revolve around the access to further primary sources. I think the availability of more Arab primary sources from the time could draw more significant conclusions and further flesh out the significance the embargo had on inter-Arab politics both during and after the embargo. In general, the author of this essay, due to availability of sources and language capabilities, relied more on US foreign policy records than would be preferable. The author also sought hard for further sources in Libya to further strengthen the impact the embargo had to the political instability in Libya and the economic nationalism that played a significant role in the end of the constitutional monarchy in the country. However, the dearth of English sources available did not allow a further study. An Arab speaker could likely go into much greater detail with existing Arabic sources. A native French speaker, likewise, would likely be able to further study France’s role in the embargo and the way in which it affected French policy. Keir Thorpe’s article already provides a great study of the embargo as it relates to the UK. In addition, while the *Foreign Relations Series of the United States* provides excellent records of the policy objectives and coordination with the US of Libya, Saudi Arabia,

and Kuwait; it does not provide the same level of insight in regards to Egyptian, Syrian, Algerian, or Iraqi considerations during the embargo.

Conclusion

While questions remain, it is unequivocal that the 1967 oil embargo has been largely overlooked in the historiography of the Six Day War, the Arab Cold War, and its importance to regional politics. It was itself very disruptive domestically, both politically and economically, for Libya, Saudi Arabia, and Kuwait. While it is obvious that the Six Day War was the cause of the explosion of economic nationalism in regards to oil in these countries at the time, the reason those frustrations coalesced around oil was due to the embargo and Nasser's transnational economically populist rhetoric at the time. It played a significant role in the US, UK, and French political decisions during and after the Six Day War. The creation of OAPEC, a direct result of the 1967 oil embargo, would go on to play a large role in regional oil policy, both in inter-Arab oil policy decisions and international oil policy. The 1967 oil embargo was an important part of the 1967 Six Day War, the Arab Cold War, and the future of inter-Arab politics.

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