British Imperialism and Oil: A History of British Petroleum, 1901-2016

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Abstract

This thesis presents a history of British Petroleum (BP), from its origins in 1901 until 2016, in the context of the history of British imperialism as a whole. It draws on Marxist studies of imperialism and the international political economy of oil.

BP was a company of Britain's empire. Its history begins in the "classical" age of imperialism. Its concessions were the products not just of inter-imperial rivalries but of inter-imperial alliances too. The change in the relative strengths of Britain and America necessitated a redistribution of control over Middle Eastern oil. The thesis charts this redivision.

After the company struck oil in Alaska in 1969, BP's production, sales and assets Americanised. To minimise the political risks to its US assets, BP sought to limit its ownership by foreign states (in particular, Britain and Kuwait) and to expand its ownership by Americans. At the start of the 1990s, the company again Americanised its shareholder base and, at the turn of the millennium, it acquired two American oil companies. It did so, in part, to protect its assets outside America, via the US state.

In terms of ownership and a measure of control, BP became bi-national, Anglo-American. The thesis examines the relations between BP and the British and American states in terms of Marxist theories of the state. In terms of structuralist mechanisms and instrumentalist processes of colonisation, BP was closer to the British than the American state. And the company received more support from the former than the latter in the international arena.

Since 2003, Russia has been BP's largest source of hydrocarbons and BP has been Russia's largest foreign producer. The thesis examines BP's partnerships with Russian "oligarchs" and then with the Russian state, in particular, its equity stake and positions on the board of state-controlled Rosneft.

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List of acronyms

AAR: Alfa Group, Access Industries and Renova
AIOC: Anglo-Iranian Oil Company
APOC: Anglo-Persian Oil Company
BP: British Petroleum
CEO: Chief executive officer
CFP: Compagnie Française des Petroles
CIA: Central Intelligence Agency
CNPC: China National Petroleum Corporation
DWSR: Dollar-Wall Street Regime (Peter Gown)
EC: European Community
EEC: European Economic Community
EGS: Eastern and General Syndicate
EPSA: Exploration and Production Sharing Agreement
ERAP: Entreprise de Recherches et d'Activités Pétrolières
ESGC: East-Siberian Gas Company
EU: European Union
FT: Financial Times
FTC: Federal Trade Commission
G7: Group of Seven
GAM: Gerakan Aceh Movement or "Free Aceh Movement"
GFCF: gross fixed capital formation
IMF: International Monetary Fund
INOC: Iraq National Oil Company
IPC: International Petroleum Cartel (Cyrus Bina)
IPC: Iraq Petroleum Company
IPO: Initial public offering
KIO: Kuwait Investment Office
KOC: Kuwait Oil Company
MEND: Movement for the Emancipation of the Niger Delta
NATO: North Atlantic Treaty Organization
NGDUs: Oil and gas production administrations
NVN: Nizhnevartovskneftegas
OECD: Organisation for Economic Co-operation and Development
ONGC: Oil and Natural Gas Corporation
OPEC: Organization of Petroleum Exporting Countries
PSA: Production Sharing Agreement
PTA: Prisoner Transfer Agreement
RAF: Royal Air Force
Sinopec: China Petroleum and Chemical Corporation
Sohio: Standard Oil of Ohio
TNK: Tiumen Oil Company
TPC: Turkish Petroleum Company
UN: United Nations
UNCITRAL: United Nations Commission on International Trade Law
VCNG: Verkhnechonskneftegaz
WTO: World Trade Organization

1. Introduction

This thesis presents a history of British Petroleum (BP), from its origins in 1901 until 2016, in the context of the history of British imperialism as a whole. It draws on Marxist theories of imperialism, the state and accounts of the international political economy of oil.

The argument in a nutshell

BP was a company of Britain's empire. Its oil concessions were in Britain's empire. And its principal pre-WW2 markets were in Britain itself and in its empire. The company acquired its concessions in pre-existing spaces of Britain's empire. But the discovery of oil in a territory, or the prospect of its discovery, and BP's acquisition of a concession to exploit oil in a territory, magnified the territory's value to British capitalism. This was because oil was becoming the lifeblood of capitalism. The British state thus did everything within its powers to control access to sources of oil, and to help British oil companies, principally BP, first to acquire concessions, and then to protect those concessions. BP exported industrial capital to explore for and produce crude oil, and to refine crude oil into products. It imported raw materials (crude oil) as well as refined oil products to the British market. And it exported refined oil products to Britain's empire.

The history of BP begins in the "classical" age of imperialism, an age in which rivalries between imperialist powers, over colonies and semi-colonies, over the division and redivision of the world, exploded into world wars. The history of BP is thus examined in the context of the relations between imperialist powers. But BP's concessions were the products not just of inter-imperial rivalries but of inter-imperial alliances too. BP's concession in Iran was acquired during a wider Anglo-Russian race for concessions in the country. But Britain's main imperial rival after *circa* 1900 was Germany. In this context, Britain and Russia formed an alliance in 1907. BP's second concession was in Iraq, via its shareholding in the Turkish Petroleum Company (TPC). This concession was the product of a series of rivalries and alliances between imperialist powers. Britain's first rival-turned-ally for "Mesopotamian" oil was Germany. But this was a "truce" before a war. Its second rival-turned-ally was France. World War One accelerated the on-going change in the relative strengths of Britain and America. This change necessitated a redistribution of control over Middle Eastern oil. The thesis charts this redivision from Britain and BP to America and its companies. Pace Lenin, this was redistribution without war. The TPC (expanded to include US companies) and Red Line agreement were the first acts of Anglo-American redistribution. The next acts of were in Bahrain and Kuwait.

The end of WW2 marked the end of the "classical" age of imperialism, and the beginning of American hegemony and empire, and an age of inter-systemic conflict, the Cold War. In this context, Britain's post-war governments' attempts to preserve - and extend - Britain's empire were only possible under American protection.[1] And the cost of this protection was American penetration of Britain's empire. BP's concession in Iran was the first act of US protection-at-the-cost-of-penetration. Anglo-American redistribution had now befallen all BP's concessions in the Middle East. BP was also affected by the rise of Third World economic nationalism. This resulted in the loss of the company's Middle Eastern and African concessions in the 1970s. It also resulted in the loss of the company's old imperial markets.

After the company struck oil in Alaska in 1969 its production, sales and assets Americanised. Rightly or wrongly, BP constantly feared US state hostility towards prize parts of the American oil industry being controlled by a company owned by non-Americans and, worse still, part-owned by a foreign state. To minimise the political risks to its US assets, or, to put it the other way around, to maximise the political protection of its US assets, BP sought to limit its ownership by such states (in particular, Britain and Kuwait) and to expand its ownership by Americans. In 1987, BP bought out Standard Oil of Ohio's predominantly American stockholders, thereby losing the guardians of its US assets. Soon after it began exploring outside its OECD stronghold. At exactly this time, BP launched a new push to Americanise its shareholder base. New American shareholders were needed not just to protect its American assets but also to protect its prospective assets outside America, via the US state. A decade later, BP acquired two American oil companies. The takeovers Americanised BP's production, sales and assets, as well as its shareholders and board of directors. One reason for the acquisitions was to increase BP's ability to call on the American state for support in the international arena.

Was BP now "British" or "Anglo-American" capital? Answering this question is difficult because the "nationality" of capital is under-theorised. One approach is to examine the nationalities of the owners (shareholders) and controllers (directors) of the company. On this basis, BP was now more-or-less bi-national, more British than American up until 2010, but equally British and American thereafter. Given the limitations of theory here, the question is reframed as follows: What has been the relationship between BP and the British and American states? In terms of the instrumentalist argument that members of the capitalist class occupy or "colonise" positions in the state apparatus, BP had greater ties of colonisation to the British than the American state. Likewise, in terms of the

[1] The Second World War accelerated the shift in the relative strength of Britain and America. In parallel, Anglo-American redivision accelerated.

structuralist argument that a national state is dependent on BP to the extent that the company contributes to the national economy, the British state was more dependent on BP's domestic operations than the American state was. This finding - of greater ties of colonisation and dependencies between BP and the British as opposed to American state - is consistent with the support BP received in the international arena from the two states: Whereas the US state did protect BP's Russian assets on one occasion, BP received more support from the British than the American state, and less support from the American state than ExxonMobil (America's largest oil company).

The thesis then turns from America to post-Soviet Russia. BP's first investment in Russia came in 1997. It saw an opportunity to sell Russian natural gas to China. Since 2003, Russia has been BP's largest source of hydrocarbons and BP has been Russia's largest foreign producer. There were regular threats to BP's Russian assets, from "oligarchs" and, in the context of nationalisation and the parallel hardening of the Russian state's line towards foreign energy companies, from state-controlled companies. The British state was more willing but less able to protect BP's Russian assets than its American counterpart. The American state protected BP on one occasion, by threatening to withdraw a loan to BP's "oligarch" rivals from the US's official export credit agency. In contrast, the British state tried to protect BP on numerous occasions but without success. Despite all this, BP's partnership with "oligarchs" proved highly profitable. But, in the context of nationalisation, BP jettisoned its "oligarch" partners for an equity stake and positions on the board of state-controlled Rosneft in 2013. This is how things stand. In the context of US and EU sanctions against Russia over Ukraine (sanctions BP lobbied against), and deteriorating Anglo-Russian political relations, one of the UK's very biggest capitalist concerns is producing almost one-third of its hydrocarbons via its stake in one of Russia's national energy companies.

Marxist studies of British imperialism as a whole

This is my argument in a nutshell. The aim is to fit BP into the history of British imperialism as a whole. This section reviews the Marxist literature on that history. I include only texts and authors that explicitly identify themselves as Marxist (at the time of publication). Given the volume of the literature, the review is more-or-less restricted to studies of British imperialism as a whole, as opposed to narrower accounts of, for example, the City, or British imperialism in Malaya. The review begins, like BP's history, with the "classical" age of imperialism.

The loss of Britain's industrial monopoly or in other words the emergence of a competing group of industrial powers heralds the "Great Depression" and the era of classical imperialism the fusion of economic and political rivalry. This view is widely shared. For example R. Palme Dutt, a leading theoretician in the Communist Party of Great Britain (CPBG) when he wrote his 1957 *The Crisis of Britain and the British Empire*, argues that

'it was the Great Depression of the eighteen-seventies, when for the first time Britain's export supremacy began to weaken before the advance of new industrial rivals, which ushered in the new phase of the extending export of capital and the scramble for new colonial acquisitions' (Dutt 1957: p.75)

A. L. Morton, chair of the Historians Group of the CPGB at the time the second edition of his *A People's History of England* was published in 1948, argues that with the start of the age of imperialism in 1871 the British economy acquired a new basis: 'Instead of the old and now vanishing industrial monopoly… there was a narrower but more complete colonial monopoly' (Morton 1965: p.422). Last but not least Perry Anderson, writing in *New Left Review* in 1964, discusses the rise in the 1880s of what he calls 'military-industrial imperialism':

'Military-industrial imperialism' proceeded by straight conquest; it was a product of the fear of rival European imperialisms... It thus marks the moment at which British world supremacy was no longer unquestioned.' (Anderson 1964: p.34n.6)

The start of the classical age of imperialism is coincident with the beginnings of Britain's relative decline as an imperial power. This thesis does not take part in the debate on the explanation of Britain's decline. But since the history of BP is framed by this phenomena I want to give a flavour of this debate by presenting two seminal accounts: Anderson's *Origins of the Present Crisis* and Eric Hobsbawm's *Industry and Empire*. For Anderson, the factors behind the malady of British capitalism are

'The agrarian and aristocratic stamp of English rulers in the era of the *Pax Britannica*, the subordination of bourgeois manufacturers and mill-owners to them, with all the consequences—economic, political and cultural—that followed from the cadet role of industrial capital in the Victorian age' (Anderson 1987: p.20)

A later article boils down his explanation: The fundamental origin of British *capitalism's* decline is its initial priority (Anderson 1987: p.71). Hobsbawm's explanation of Britain's decline (which he dates from 1860) centres on the disadvantages of being the *industrial* pioneer - including 'a rather archaic technology and business structure which may become too deeply embedded to be readily abandoned, or even modified' (Hobsbawm 1999: p.xii). But this factor, he argues, must be analysed alongside another: Britain's unique position in the world economy. Because of this position Britain did not have to compete against its new industrial rivals it could evade them. It could retreat into both empire and free trade. 'And our ability to evade helped to perpetuate the archaic and increasingly obsolete industrial and social structure of the pioneer age' (Hobsbawm 1999: p.xii).[2]

A debate in which this thesis does take part concerns explanations of the expansion of the British empire in the classical age of imperialism. Following Lenin Dutt argues that the decisive economic driving force behind the new colonial aggression was the export of capital (Dutt 1957: pp.52,311). Morton contends that the export of capital and territorial expansion were linked as both cause and effect (Morton 1965: p.425). Michael Barratt Brown disagrees: 'In the case of the British Empire, overseas investment was not the cause of the imperial expansion that took place at the end of the nineteenth century' (Barratt Brown 1970: p.450). The exception was southern Africa; here there was a direct investment interest in empire (Barratt Brown 1970: p.88).[3] I will argue that the export of capital by BP does not explain Britain's tightening imperial grip in the Middle East in this period.

Central to BP's history is inter-imperial relations. Morton argues that, in the period of colonial expansion, roughly up until 1900, Britain was most often in conflict with France. From then onwards, Germany became Britain's main rival. In the period before the First World War, Anglo-Germany rivalry centred on the Balkans, South America and the Turkish empire (Morton 1965: pp.428-9). After the Anglo-Boer war (1899-1902), Britain began looking for an ally in Europe. Britain first approached Germany 'but Germany put too high a price upon her friendship' (Morton 1965: p.431). Instead, Britain formed an alliance with France and then with Russia. Prior to the Anglo-Russian entente of 1907, the two imperial powers were (long-standing) rivals in Central Asia and the Near East. Their partition of Iran (which was part of the entente) 'was intended not only to let Russia and Britain in but to keep Germany out' (Morton 1965: p.435). As we shall see the history of BP before WW1 intersects with these inter-imperial rivalries and alliances.

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[2] Anderson's explanation also includes Hobsbawm's second factor. He argues that 'Instead of organizational or technological renovation, British industry drew on the assets of empire (Anderson 1987: p.42). Morton's explanation of Britain's decline centres on this second factor. For him 'The main reason for this relative decline was the existence of the British empire and the opportunities it afforded the investment of capital at an unusually high rate of profit' (Morton 1965: p.427). Henk Overbeek's explanation bears the imprint of both Anderson's and Hobsbawm's views (Overbeek 1990). Other countries responded to the Great Depression with tariffs. Britain clung to free trade. For explanations of this policy see Hobsbawm (1999: pp.222-3) and Anderson (1987: pp.42-4).

[3] Instead, Barratt Brown's argument is as follows: 'British moves in Africa and elsewhere may… be seen as a reaction to the challenge of German and American capitalists to Britain's dominant position as *the* world power. To emphasise the overall interests of British capitalism is not to replace economic by political explanations for the expansion of empire… but rather to show the political as arising out of the total economic interest. Power, prestige and security were aims which reflected Britain's basic economic interest in world free trade' (Barratt Brown 1970: p.98).

The history of the company from WW1 is shaped mostly decisively by Anglo-American relations. Britain decided to fight Germany and to ally with the USA (Gamble 1981: p.59). This was a momentous choice for the future direction of British history. Anderson argues that this choice was almost inescapable for Britain's rulers:

'The strategic exigency of shielding a maritime empire from America's potential sea-power, the economic linkage of long-standing investments in the US, the cultural ties of a common language and elite descent, the paramount advance of transatlantic industry, all pointed in the same direction.' (Anderson 1987: p.45)

Britain won the war only because of its alliance with the stronger of its imperial rivals (the USA) against the weaker (Germany). Nevertheless the price of this alliance was high (Anderson 1987: pp.44-5). As Henk Overbeek argues:

'The ambiguous relationship between Britain and the United States which would dominate the years after 1941 had thus already been established thirty years earlier: Britain depended upon the US for the ultimate protection of its imperial interests, but would have to pay a heavy price for that protection, viz., the admittance of the US into most of its sphere of influence.' (Overbeek 1990: p.55)

This is an essential part of the history of BP. Pace Lenin, this was Anglo-American redistribution without war.

In contradictory fashion, World War One both weakened the foundations of capitalism in Britain and expanded its empire, most notably in the Middle East. This expansion of empire in the Middle East is also central to the story of BP. In 1916 Britain and France carved up the old Ottoman Empire via the Sykes-Picot Treaty. John Callaghan argues that this imperial expansion had multiple motivations. First, in the eyes of the strategists, it was needed to check the Russians (and after the Russian Revolution, to check Bolshevism), now that Britain had recognised Russia's claims to control the Straits and Constantinople. Second, Lloyd George, the prime minister, considered the Middle Eastern territories as possible bargaining chips (whenever the time for bargaining came). Third, the Middle East was considered to have abundant oil, essential for the Royal Navy. Fourth, in strategic terms, the Middle East was regarded as crucial to the defence of India (Callaghan 1997: pp.23-5).

Just as the crisis of capitalism at the end of the nineteenth century marks a moment of metamorphosis in British imperialism, from the *Pax Britannica* to [relative decline and] the age of classical imperialism, so too does the crisis of capitalism in the interwar years. Between the end of the war and the *circa* 1929-32 "Great Slump" the British ruling class yearned 'for a return to the "normalcy" of 1913' (Callaghan 1997: p.19; see also Hobsbawm (1999: p.130)). Normalcy 'was understood as British ascendancy in a multilateral, global trading system'. In broad terms, Callaghan puts this 'utterly far-fetched' policy down to a 'Great Power Complex': 'British politicians effectively ignored the signs of national decline and persisted with the country's over-blown world role' (Callaghan 1997: pp.vii,19).[4] A central part of the return-to-normalcy policy was the decision to return to the Gold Standard at the pre-war value of Sterling. Overbeek explains this decision in terms of the hegemony of the financial and commercial bourgeoisie (the City) in Britain's power bloc in the 1920s. The return to gold was backed by the City but opposed by domestic industrial capital (represented by the Federation of British Industry) (Overbeek 1990: pp.55,59,68; see also: Anderson (1987); Ingham (1984); Longstreth (1979)).

The Great Slump changed everything. It killed the liberal world economy. When British industry lost its monopoly, the City of London's world domination 'became, if anything, more complete than ever before in 1870-1913' (Hobsbawm 1999: p.223; see also Anderson (1987: p.42)). After 1919, the City appeared to recover (Hobsbawm 1999: pp.130-1,188-9). This illusion was destroyed by the Great Slump. In Hobsbawm's words, 'British trade and finance could no longer regain what British industry lost' (Hobsbawm 1999: p.188). In other words, 'Britain now had neither adequate visible nor adequate invisible income' (Hobsbawm 1999: p.131).

The Great Slump killed the return-to-normalcy policy. Britain left the Gold Standard in 1931. Instead, a so-called "Sterling Bloc" centred on empire was constructed. Free Trade was abandoned. Instead, there was a turn to 'protection from international competition through imperial preference and international cartellization' (Overbeek 1990: p.81). The thesis will discuss BP's turn to international cartellization.[5] Britain's turn to imperial protection in 1932 was, in no small part, a defence against American penetration of Britain and its empire (Overbeek 1990: p.78). Before this turn, as we shall see, BP had been on the wrong end of a 'successful American campaign to counter the burgeoning British oil monopoly in the Middle East' (Callaghan 1997: p.44).

Barratt Brown argues that capitalism in Britain now looked much more like Lenin's picture of imperialism. By the 1930s:

'Industry was much more concentrated, capital more centralised, the control of finance-capital over industry much greater and the influence of the representatives of the most powerful sections of banking and industry upon government policy much more profound' (Barratt Brown 1970: p.148).

But the crucial development of the decade was the new links forged 'between the great vertically integrated combines and the colonial empire' (Barratt Brown 1970: p.148). Empire's increased economic significance after the Great Slump is not disputed (Callaghan 1997: p.54; Overbeek 1990: p.90). And economic concentration was very much greater (Hobsbawm 1999: p.191). But there is

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[4] Of course, the expansion of empire in the Middle East was part of this return-to-normalcy policy and the 'Great Power Complex'.

[5] For a discussion of world cartels and British imperialism, see Barratt Brown (1970: pp.125-31).

no agreement on the question of finance capital. For example, both Anderson and Overbeek argue that it never developed in Britain (Anderson 1987: p.44; Overbeek 1990: p.51).[6]

As Anderson argues:

'The Second World War... repeated the experience of the First at a lower loop down the same spiral. England escaped defeat in 1940-41 thanks, once again, to its compact with the United States... But US technology and *matériel* came at a crippling price. Washington fine-tuned its aid with more or less cold calculation to shore Britain up as a forward barrier against German domination of Europe, yet whittle it down as an economic and territorial competitor in the world at large. As London's financial reserves were expended and its overseas assets liquidated, and it was forced to pledge an end to imperial preference, economic autonomy drained away and present alliance became future subordination.' (Anderson 1987: pp.46-7)

As Callaghan notes, America's wartime talk of free trade as well as the rights of colonies to national sovereignty and self-determination added up to the end of Britain's empire and its Sterling Bloc (Callaghan 1997: p.79).

Despite this, the 1945-51 Labour government attempted to preserve - and even to extend - Britain's empire (Overbeek 1990: p.93; Callaghan 1997: p.93; Anderson 1987: p.58). At the end of the war, the country's major imperial assets were 'the rubber and tin of Malaya, the rich mining deposits of central and southern Africa, and above all the oil deposits of the Middle East' (Hobsbawm 1999: p.128). The post-war government attempted to solve its economic difficulties by intensified colonial exploitation, in particular, of these principal assets of empire (Dutt 1957: p.258; Callaghan 1997: p.100).[7] Britain's Middle Eastern oil assets were (principally) in BP's hands. What was at stake was not just the profits of Britain's oil companies. The oil was also contributing to the balance of payments, 'strengthening the value of the pound and expanding British overseas investment' (Barratt Brown 1970: p.242). In addition, there was the critical issue of control of access to oil. There were, of course, losses to Britain's empire after the war, notably the (unavoidable) loss of India. But there were also gains, notably in Libya, the redistribution of a former Italian colony (see: Callaghan 1997: pp.91-3; Dutt 1957: p.159). As we shall see, BP has a place in the history of British imperialism here too.

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[6] Despite the centrality of the topic to Marxist studies of British imperialism, this thesis does not discuss the relationship between British industry and the City of London.

[7] Of course, 'the involuntary contribution and sacrifice of Britain's dependencies to its war effort was [also] considerable' (Callaghan 1997: p.85). On Britain, the sterling area and Malaya in the period 1945-60, see Alex Sutton's (2015) *The Political Economy of Imperial Relations*.

It was only possible to attempt to preserve - and extend - Britain's empire under American protection (Anderson 1987: p.58; Overbeek 1990: p.55). And this meant American control of the UK's role in the world (Anderson 1987: p.55; Dutt 1957: p.147). Dutt describes the Anglo-American relationship after the war as one of 'antagonistic partnership' (Dutt 1957: p.147)

'This follows from the two-sided position of the British imperialists whose counter-revolutionary class interests align them with the American imperialists, at the same time as their sectional imperialist economic-political interests bring them into repeated conflict.' (Dutt 1957: p.465)

Anglo-American unity was based, in part at least, on fighting a common enemy, the Soviet Union and the Left (Callaghan 1997: p.98; see also: Barratt Brown 1970: p.228; Anderson 1987: p.47). But the two capitalist powers were also economic rivals. And America was the dominant power. As a result, its protection of Britain's empire came at the cost of its penetration of that empire and of Britain itself (Overbeek 1990: p.55).

Iran was the first act of overt protection-at-the-cost-of-penetration, the first arena of overt Anglo-American redistribution (van der Pijl 2006: p.45). In 1951, the country's new prime minister, Mohammad Mussadiq, nationalised the operations of the Anglo-Iranian Oil Company (soon renamed BP). It took an Anglo-American orchestrated coup to oust him; 'Great Britain proved unable to resolve the matter, and was forced to turn to the United States for help' (Overbeek 1990: p.98). After the coup, 40 per cent of Iran's oil production was redistributed to five US oil companies. Then, in 1956, British and American imperialism clashed in Egypt. Gamal Abdel Nasser, Egypt's leader, nationalised the Suez Canal Company. As Overbeek notes, 'The canal represented a considerable British interest: Britain owned 44 per cent of the Canal Company, and 25 per cent of British overseas trade went through it' (Overbeek 1990: p.98). In response to the nationalisation, Britain, alongside France and Israel, launched a military attack on Egypt. America's imperial interests collided directly with those of Britain, and it (ignominiously) halted the Suez expedition. This was another act of Anglo-American redistribution (van der Pijl 2006: p.48; Overbeek 1990: pp.98-9; Anderson 1987: p.56).

Was Suez a turning point? Overbeek thinks so. In the postwar period before Suez, he argues, developments in the "superstructure" lagged behind developments in the "basis" (Overbeek 1990: p.88). Economically, the colonies were of diminishing importance, whilst the significance of the industrialised capitalist economies, in particular, in Western Europe, was rising.[8] And yet, politically, a foreign policy 'appropriate to a bygone era' persisted, a strong partnership with the USA to

[8] It was in 'Western Europe where the fastest growing markets were located for Britain's Fordist industries' (Overbeek 1990: p.88).

protect Britain's empire, whilst opportunities for a closer relationship with Western Europe were not taken (Overbeek 1990: pp.88,100,107).[9]

'The Suez fiasco led to a realignment of interests in which the colonial fraction of the bourgeoisie was left in disarray, and new forces came to the fore, finding political expression in Macmillan's premiership.' (Overbeek 1990: p.7)

Macmillan's administration liquidated the remains of British Empire and applied - albeit unsuccessfully - to join the EEC. The "basis" and "superstructure" were back in sync (Overbeek 1990: pp.99-102,110).[10] There was:

'still one more logical conclusion to be drawn from the Suez debacle: Britain's military role "East of Suez" was a millstone around the country's neck and had to be abandoned for the restructuring of Britain's position in the world to be completed.' (Overbeek 1990: p.103)[11]

In contrast to Overbeek, Anderson does not think Suez was a major turning point. Even after Suez, 'illusions of empire' continued. This was one reason why EEC entry was not contemplated shortly after Suez; the Commonwealth was still thought to be superior (Anderson 1987: pp.56-7). When the Labour Party, under Harold Wilson, returned to office in 1964, there was no change to conventional definitions of British capitalism's world role: 'The Commonwealth and the American Protectorate which guaranteed it remained mentally untouchable' (Anderson 1987: p.59).[12] Instead, Anderson argues, the foreign policy turning point occurred under the 1970-74 Tory government, led by Edward Heath. EEC entry was now the centrepiece of the government's strategy for economic renewal (Anderson 1987: p.63).

In the 1970s, Britain's continued national decline intersected with international depression (Anderson 1987: p.63; Overbeek 1990: p.122,141).[13] As a result, the country's entry into the Common Market misfired; the EEC lost its dynamism as soon as Britain joined it. At the same time, the "West" was confronted by new contenders. The first of these was the Middle East and OPEC. This resulted in the loss of BP's Middle Eastern and African concessions in the 1970s. The OPEC revolt 'activated and politically synchronised' other contenders: the Soviet bloc and a new Third World coalition for a New International Economic Order (van der Pijl 2006: p.115). The Anglo-American response was a global neo-liberal offensive. In 1976, the British crisis deepened

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[9] Callaghan's Great Power Complex argument is very similar (Callaghan 1997: p.vii).

[10] Overbeek argues that Macmillan's first priority was to restore the relationship with the USA (Overbeek 1990: p.99). But he does not explain Britain's continued interest in a strong partnership with the US after the liquidation of the British Empire.

[11] Withdrawal "East of Suez" meant Britain ending its treaty obligations to protect Kuwait (as well as Bahrain, Qatar and the "Trucial States"), the largest source of BP's crude oil in the 1960s.

[12] In addition: 'The Sterling Area with the City at the centre of it, and the NATO-SEATO alliances with the functions of sub-imperial buffer that followed from them, continued to be regarded as intrinsic to the definition of Great Britain' (Anderson 1987: p.59).

[13] Some Marxists explain Britain's continued relative decline in terms of a weak British state and a strong City of London (Aaronovitch 1981; Gamble 1981; Rowthorn 1971). Others explain it in terms of the problem of trade union strength (Glyn & Harrison 1980; Kilpatrick & Lawson 1980; cf. Fine & Harris 1985).

and the Labour government turned to the IMF for a loan. The IMF's conditions, including the sale of some of the government's shares in BP, implied the demise of Keynesianism.[14] It was replaced by "Thatcherism", a British variant of neo-liberalism. Thus, as in the previous two crises of capitalism, British capitalism metamorphosed.

Margaret Thatcher's governments followed America's "unilateralist" lead (for example, in the US military attack on Libya in 1986).[15] For Overbeek, this constituted a break with post-Suez foreign policy. For him, this policy was guided by President Kennedy's concept of "Atlantic Partnership": a strong alliance between the USA and the EEC, which Britain attempted to join after 1961 (Overbeek 1990: pp.181-2,187,208). For Anderson, following America's lead did not constitute a break. As we have seen, he argues that a foreign policy turning point occurred, not post-Suez, but under Heath's government. And for Anderson, Heath's external policy constituted only 'an imperceptible distancing from the US' (Anderson 1987: pp.63,67). Thatcher's governments also liberalised the City, to assure its international competitiveness. Liberalisation led to a quantum leap in foreign banks operating in the City, and to a surge in (principally, portfolio) investment overseas. Britain was turning into a *rentier* economy (again) (Overbeek 1990: p.196-7; Anderson 1987: pp.68-70).[16]

This is where this review must stop. As far as I am aware, there are no Marxist studies of British imperialism as a whole in the post-Cold War period. There are also no Marxist studies of either of the two foci of this thesis in this period: Anglo-American and Anglo-Russian relations.

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[14] For discussion of Britain's 1976 IMF loan see: Brett (1985); Overbeek (1990); Panitch & Gindin (2012); Rogers (2009).

[15] Most Marxist accounts of Thatcherism say very little about British imperialism. This is true of the most celebrated contributions by Stuart Hall and Bob Jessop and their co-authors (Hall & Jacques 1983; Jessop et al. 1988). It is also true of the most recent: Alexander Gallas's (2016) *The Thatcherite Offensive*.

[16] Anderson borrows from Geoffrey Ingham's (1984) *Capitalism Divided? The City and Industry in British Social Development*. For a contrasting view of the City, see Tony Norfield's (2016) *The City*. See also Ingham's (2018) review of Norfield's book. Another important Marxist text on the City is Jerry Coakley's and Laurence Harris's (1983) *The City of Capital*.

Past research on BP

There is very little literature on BP at present, of interest to a thesis on British imperialism that is. Henry Longhurst's *Adventure in oil: the story of British Petroleum* was published back in 1959. The author remarks of the company:

> 'For myself, ever since I first saw the wonders that had been created from nothing in Persia, I have seen it as a story… of thousands of human beings, of many nationalities, who in fifty years have brought it to life by spending the best part of their own lives in its service.' (Longhurst 1959: p.9)

He adds: 'That Sir Winston Churchill has honoured their Company's story with a foreword will be as great a source of pride and pleasure to those who have worked for it as it is to the author' (Longhurst 1959: p.10). This book does not contribute much to a Marxist study of British imperialism. The best, but almost the only, books on BP are the three-volume official history of the company written by Ronald Ferrier and James Bamberg. These books are an invaluable source for the thesis. However, the official histories end in 1975 so don't cover most of period covered by Chapter 4 or any of Chapter 5. Of course, lots of the discussion in the official histories is not relevant to a political economy of British imperialism, for example, the management of the company, the achievements and shortcomings of various chairmen, how the company responded culturally to the rise of new competitors etc. More importantly, the official histories fit the history of BP into a history of British imperialism as a whole, to a limited extent only. And even to the extent that they do, it is an "uncritical" as opposed to "critical" (let alone Marxist) history of British imperialism. A few examples of omissions from the official histories make this clear. There is discussion of Anglo-Russian rivalry in Iran, but no discussion of the Anglo-Russian entente in 1907, its partition of Iran, the location of BP's concession compared to the British and Russian spheres and neutral zone, the assignment of the hitherto neutral zone to Britain in 1915. Instead of a discussion of the British state protecting BP's oilfields during WW1, there is a discussion of administration, technical operations and marketing during the war. In Ferrier's 635 pages on the period 1901-32, there is just 8 pages on "Mesopotamia". There is no discussion of either the Anglo-German or Anglo-French rivalry-turned-alliance for this concession (hence no discussion of Sykes-Picot, the British army's dash to occupy Mosul at the end of the war, San Remo etc.). There's no discussion of Britain's imperial hold on Iraq after the end of the "mandate". There is no discussion of the Anglo-American orchestrated coup to oust Mussadiq. No discussion of Libya as a British client state until its nationalist, republican coup etc. A short illustrated history of BP by Berry Ritchie takes the company's official history up until 1995, but the limitations of such a work go without saying. BP's Gulf of Mexico oil spill in 2010 produced a small industry of books on the topic, mostly by journalists. But these books rarely stray far from their focus into a wider narrative on the company. And there have been no Marxist or other critical studies of BP. This is the gap the thesis hopes to fill.

Research questions

Major research question:
How does the history of BP fit into the history of British imperialism as a whole?

Minor research questions:
What support did BP receive from the British state?

How does the history of BP intersect with inter-imperial relations in the "classical" age of imperialism?

How does the history of BP intersect with Anglo-American redistribution, in particular, of Middle Eastern oil?

How did BP attempt to protect its US assets in the light of its fears of American state hostility towards it?

Why did BP want to Americanize itself at the end of the 1980s?

Was BP "British" or "Anglo-American" capital after 1998?

What has been the relationship between BP and the British and American states since 1998?

> Has BP had greater ties of "colonisation" to the British than the American state?
> Has the British state been more dependent on BP's (domestic) operations than the American state was?
> Has BP received more support in the international arena from the British than the American state? Has ExxonMobil (America's largest oil company) received more support than BP from the American state?

What has been the position of foreign energy companies in the upstream Russian oil industry?

What were the threats to BP's Russian assets?

How did the British and American states attempt to protect BP's assets from these threats?

Methods

The thesis is a case study. This is the basic research design. It is a study of just one case, BP, in depth. The case of BP was chosen because of the importance of the company to British imperialism from the start of the twentieth century to the present. On various metrics, BP has been one of British capitalism's largest companies. But BP has also been, and remains, one of the world's largest oil companies. And oil has been, since BP's first concession in Iran, and remains central to capitalism, both economically and militarily. The case was chosen given my interest in British imperialism and oil. Another one of the world's largest oil (better, energy) companies is Royal Dutch Shell. This is an Anglo-Dutch company. This would make for an interesting case study too but would require an analysis of both British and Dutch imperialisms and their relation. It was decided to focus on the more straightforward case of BP.[17] The aim is to describe and explain what is going in the particular case of BP *for its own sake*. The case has *not* been selected for its capacity to be informative about Marxist theories of imperialism or a larger constellation of cases (e.g., Britain's largest capitalist companies). Despite not being selected for this purpose, the case of BP is used to comment on wider debates on the export of capital and expansion of empire at the end of the nineteenth century, on theories of imperialism in the "classical" age of imperialism, and on the interpenetration of "national" capitals in the post-WW2 era. Nevertheless, I tread cautiously on the issue of generalizability from a case study of one. The last point to make on the case study design is that it employs emergent design. That is, the research design evolved during the analysis of the case as I focused on what I considered to be the most significant features of the case. The greatest changes to the design came during the analyses of the Americanisation of BP. No-one has written on this subject before so the research benefits from the emergent design. The research questions are those that emerged during the research.

[17] And since I can't read Dutch.

Sources

The sources used are best described on a chapter-by-chapter basis, given the different nature of the research in each chapter. Chapter 3 presents a history of BP and its relation to British imperialism, from its original concession for the exploration and production of Iran's oil up until the nationalisations of its Middle Eastern and African concessions in the 1970s. Given the breadth of the subject matter of this chapter, the thesis relies on an examination of secondary sources. The specialised historical studies consulted range from the official histories of BP, to histories of the oil industry in particular countries, to histories of all businesses in particular countries or areas, through to studies of the British empire and decolonisation. The chapter also contains some analysis of primary sources, however. In particular, the company's annual reports for all years dating back to 1945 and its reports on financial and operating information with coverage from 1974, were obtained from *The BP (British Petroleum) Archive*, based at Warwick University. Data from these publications, alongside data presented in BP's official histories, are used to analyse the geographical distribution of the company's sales and its crude oil production and/or sources (sources being production plus purchases).

Chapter 4 on the Americanisation of BP is based on various sources. Part I of the chapter covers the period 1969-1997. Two types of sources are used here. First, to analyse BP's acquisition of Standard Oil of Ohio (Sohio), the sales of the British government's shareholding and the company's efforts to Americanise its shareholder base, a careful reading of articles published on BP in the *Financial Times*, *Economist*, *Wall Street Journal* and *Washington Post.* Another valuable source here is Jim Bamberg's official history of the company. Second, to examine the Americanisation of BP's operations and ownership, an analysis of data collected from BP and Sohio annual reports and reports on financial and operating information.

Part II of the chapter covers the period 1998-2016. As in Part I, Part II analyses newspaper articles, and information obtained from reports published by BP and the companies it acquired in this period, Amoco and ARCO. But Part II contains additional sources too. First, for each of 59 people on BP's board of directors since 1995, information has been collected on their nationality, other company directorships whilst on the board, and positions occupied within state apparatuses before, during and after serving on the board. This information was obtained mainly from BP (and other company) annual reports, Companies House, collations of biographies - including, *Who's Who & Who Was Who*, *Marquis Who's Who*, *Who's Who in American Politics* and *Nexis Biographies* - British government and parliament websites, and personal communication with directors. Second, BP's contribution to hydrocarbon production, gross fixed capital formation (GFCF) and employment in the UK and USA is examined. Data on UK and US hydrocarbon production are from the well-respected *BP Statistical Review of World Energy*. Data on UK and US GFCF and employment are from the World Bank and ILO. Third, to examine British state support for BP in the international arena, an analysis of newspaper reports, British government internal documents/communications released under the Freedom of Information Act, and reports published by the British government and parliament.

Chapter 5 is on BP's position in post-Soviet Russia. Two types of source material are used in this chapter. First, the thesis compares BP with other foreign energy companies in Russia, in terms of hydrocarbon production volumes. After establishing the foreign companies operating in the country - not a trivial task - the analysis is based on information published in each company's (and in one case the company's partner's) annual reports in various years. Second, the thesis examines BP's Russian investments, the threats to these assets and the efforts of the British and American states to protect them. The analysis here is based on various sources, in particular, the *Financial Times*, *Economist*, and *Moscow Times*, the specialist oil industry press, including *Oil & Gas Journal* and *Alexander's Gas & Oil Connections*, information published by BP and Russian companies, in the form of annual reports, websites and press releases etc., and the autobiography of BP's ex-CEO, John Browne.

An important source for the thesis is newspapers. Historians and social scientists frequently mine newspapers to learn facts about specific events (including basic information about who did what, when, how, and where) and to find details surrounding these events. Newspaper articles have the advantage of being close in time and space to the events concerned. But given the need to write in haste articles are often incomplete and inaccurate. Newspapers tend to reflect a particular point of view, in particular, the economic and political interests of their owners.

The thesis relies, in particular, on the *Financial Times* so a brief discussion of this publication follows. After 1957, the FT was majority-owned by Lord Cowdray's Pearson empire. At that time, the Pearson conglomerate had interests in oil and gas production, finance and industrial holdings. In the 1990s, Pearson sold off some of its non-media interests, including Camco oil. In 2015, the FT was sold to Japanese media group Nikkei. The FT encouraged its readers to vote for Margaret Thatcher in 1979 and in the 1980s

'The FT's editorial line consistently supported the Thatcher government's supply-side measures, praising anti-union legislation, tax reforms and the movement towards the privatisation of utilities. But there remained a strong Keynesian theme in its call for initiatives to cure unemployment.'

(Greenslade 2004: p.533)

It endorsed Tony Blair's New Labour, but opposed the 2003 invasion of Iraq, and has backed the Conservative Party in the last three general elections (in 2010, 2015 and 2017).

A decision was made not to consult sources in *The National Archives*. When the PhD was started in 2012, and initial decisions were made about sources, under the 30-year-rule, public records were available up until 1982. In 2013, the government began to move towards releasing records when they were 20 years old. So, during 2013, *The National Archives* received records from 1983 and 1984. Nevertheless, the decision on whether or not to consult the public records pertained principally to the analysis of BP from its origins in 1901 up until 1979 (i.e., Chapter 3). The breadth of the subject matter of this chapter is very broad. It is broad in the time period covered, 80 years. It is broad in that it examines BP's concessions in Iran, Iraq, Kuwait, Qatar, Abu Dhabi, Nigeria and Libya, as well as the concession in Bahrain. In addition, it examines BP's markets across the world. One method of distinguishing historical research is to ask whether they are based chiefly on primary or secondary sources. As a rule, the broader the topic, the more the research tends to rely on secondary works (Brundage: pp.25-6). Given the wide scope of the subject matter of this chapter, it was decided to rely primarily on secondary sources. As a result, Chapter 3 synthesises more specialised historical research. P. J. Cain and A. G. Hopkins make the same choice in their well-respected *British Imperialism* (Cain & Hopkins 1993a; Cain & Hopkins 1993b). Their books relies on secondary sources only. Many of their chapters are similar in scope (and word length) to mine, e.g., *The Ottoman Empire and Persia, 1838-1914*, or, *The Dominions, 1914-39* (covering Australia, South Africa, New Zealand and Canada). For the same reason, it was decided not to consult the *BP Archive*, except for annual reports and accounts. The scope of the archive is as follows:

'Core business records are available including documents of incorporation; General and Board minutes; accounts, schedules and shareholder records. The Archive also includes Company magazines; annual reports and accounts; photographs; films; public relations materials and D'Arcy family albums.' (Jisc Archives Hub 2018)

But, even now, the records are opened up to the end of 1976 only. So again, the decision on whether or not to consult the BP archive pertained principally to the analysis of Chapter 3.

The thesis proceeds as follows. The next chapter (Chapter 2) discusses Marxist theories of imperialism, the state and accounts of the international political economy of oil. The thesis then turns to the history of BP and its relation to British imperialism. Chapter 3 examines the company's colonial origins and takes the story up until the nationalisations of its concessions in the 1970s. The Americanisation of BP - from 1969 - and its limits is the subject of Chapter 4. Chapter 5 then explores BP's position in Russia since 1997, before Chapter 6 concludes.

2. Marxist theories of imperialism, the state and of the international political economy of oil

This chapter is in three parts. The first part considers four debates within Marxist theories of imperialism. The first concerns the definition of 'imperialism' itself. The others are of particular relevance to the thesis. These are: relations between imperialist powers - in particular, the concepts of inter-imperial rivalry, ultra-imperialism and US super-imperialism - internationalisation-transnationalisation-globalisation and the relative strength of the imperialist powers. The second part presents a conceptualisation of the state. The third part is on Marxist accounts of the international political economy of oil. This discussion has a chronological structure starting with accounts of the post-WWII period. This is followed by studies of the nationalizations of oil production and sharp oil price rises in the 1970s. Finally, a spectrum of views on the post-Cold War era is considered.

Part I. Debates in Marxist theories of imperialism

Definitions of imperialism

How have different writers defined the word "imperialism"? For Rudolf Hilferding and Nikolai Bukharin, imperialism is the policy of finance capital.[1] Hilferding says this policy 'has three objectives: (1) to establish the largest possible economic territory; (2) to close this territory to foreign competition by a wall of protective tariffs, and consequently (3) to reserve it as an area of exploitation for the national monopolistic combinations' (Hilferding 1981: p.326). Bukharin adopts Hilferding's description of this policy (Bukharin 1966: p.107).[2] This is a policy, in competition with other imperial powers, of maximal colonial expansion, with colonies closed off to other imperial powers to be exploited by the colonising power alone (Hilferding, 1981; Bukharin, 1966). This is also Karl Kautsky's definition of "imperialism" as opposed to "ultra-imperialism" (Kautsky, 1970). It is also very close to Rosa Luxemburg's definition: 'Imperialism is the political expression of the accumulation of capital in its competitive struggle for what remains still open of the non-capitalist environment' (Luxemburg, 2003: p.426). Central to Luxemburg's definition is the geographical expansion of capitalism. Likewise, Leo Panitch and Sam Gindin define capitalist imperialism as the role played by capitalist states in the spatial extension of capitalism (Panitch & Gindin, 2005).[3]

In contrast to Hilferding, Bukharin and Kautsky, Vladimir Ilyich Lenin defines imperialism, not as a policy, but as a stage of capitalism, the monopoly stage (Lenin, 1968). Lenin focuses on the economic aspects of imperialism. His 'briefest possible definition of imperialism' is 'imperialism is the monopoly stage of capitalism' (Lenin 1968: p.83). More fully, imperialism includes the following five basic features:

> (1) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life; (2) the merging of bank capital with industrial capital, and the creation, on the basis of this "finance capital", of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves, and (5) the territorial division of the whole world among the biggest capitalist powers is completed (Lenin 1968: p.83).[4]

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[1] "Finance capital" is the product of the merger of industrial and financial capital.
[2] For Hilferding, this policy is based on finance capital's interest in capital export, both of loan and industrial capital, markets, and raw materials. Likewise, Bukharin argues that imperialism is rooted in increased competition between state capitalist trusts in world sales markets, in world markets for raw materials, and for capital investment spheres.
[3] With imperialism understood 'as a form of extended political rule', Panitch and Gindin define capitalist imperialism as 'the role played by capitalist states in the spatial extension of the law of value and of capitalist social relations' (Panitch & Gindin 2005: pp.103-4).
[4] In addition, imperialism is parasitic and decaying capitalism.

Ernest Mandel argues that the era of "late capitalism" is 'merely a further development of the imperialist, monopoly-capitalist epoch' so that Lenin's study of *Imperialism* 'remain[s] fully valid for late capitalism' (Mandel, 1975: p.10). Nicos Poulantzas also follows Lenin in defining imperialism as the monopoly stage of the capitalist mode of production (Martin, 2008: pp.224-225).

Lenin's analysis focuses more on inter-imperial rivalries than on metropolis-periphery relations. An alternative class of definitions of imperialism focuses on the exploitation of some areas by others. For example, Samir Amin defines imperialism as the construction and reproduction of dominant centres and dominated peripheries (Amin 2004: p.13).[5] Asymmetrical relations between cores and peripheries are based on the enjoyment by cores vis-à-vis peripheries of one or more "monopolies". From the Industrial Revolution to the decades following WWII the monopoly was an industrial one - the cores were industrialised, the peripheries were not. Exceptionally between 1950 and 1980 'the victory of national liberation movements and/or socialist revolutions… enabled the peripheries to impose a revision of the old asymmetrical terms of the global system and to enter the industrial age' (Amin 2006: pp.3-4). But the collapse of the Soviet Union and Third World's national-populist regimes meant the beginnings of a new phase of imperialism. Asymmetrical relations between cores and peripheries were based now on five new monopolies: technological monopoly, control of worldwide financial markets, monopolistic access to the world's natural resources, media and communications monopolies, and monopolies over weapons of mass destruction (Amin 2003: pp.61,63-64; Amin 2006: pp.4,34).[6] Like Amin, Ellen Meiksins Wood defines imperialism as the transfer of wealth from weaker (or subordinate) to stronger (or imperial) states (Wood 2003: pp.3-4). Under capitalist imperialism, the basis of this transfer of wealth is the imposition and manipulation of the economic imperatives of the market, i.e., the economic power of capital. However, the economic power of capital requires the support of the extra-economic (political, military, judicial) power of capital.[7] This is based on Wood's argument about capitalism's distinctive detachment of the economic power of capital from the extra-economic power of capital, i.e., the separation of the economic and political.

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[5] For Amin, the process of capital accumulation on a global scale is by nature imperialist. In other words, imperialism pace Lenin is 'the permanent stage of capitalism' (Amin 2003: p.57).

[6] The boom (1945-70) and crisis (1970-) were tied to these phases of imperialism. The boom was based on the complementarity of the national social-democratic project in the West, the "Bandung project" in the periphery, and the Soviet project. The collapse of these projects 'inaugurated a structural crisis of the system' (Amin 2003: pp.11,15).

[7] '[T]he role of extra-economic force, in capitalist imperialism as in capitalist class domination, is opaque, because in general it operates not by intervening directly in the relation between capital and labour, or between imperial and subordinate states, but more indirectly, by sustaining the system of economic compulsions, the system of property (and propertylessness) and the operation of markets.' (Wood 2003: p.4)

A comment on David Harvey's theory of imperialism to end this discussion. Harvey defines capitalist imperialism as a 'contradictory fusion' of territorial and capitalistic logics of power (Harvey 2003a: p.26). The territorial logic is a 'political project on the part of actors whose power is based in command of a territory and a capacity to mobilize its human and natural resources towards political, economic, and military ends' (Harvey 2003a: p.26). The capitalistic logic is 'the molecular processes of capital accumulation in space and time' (Harvey 2003a: p.26). These two logics are distinct but intertwined (Harvey 2003a: p.29). And they are intertwined in such a way that the capitalistic logic typically dominates the territorial logic (Harvey 2003a: p.33).[8] The capitalistic logic of imperialism takes two forms. First, it is 'typically about exploiting the uneven geographical conditions under which capital accumulation occurs and also taking advantage of' asymmetrical spatial exchange relations (Harvey 2003a: p.31). Asymmetrical exchange relations 'get expressed through unfair and unequal exchange, spatially articulated monopoly powers, extortionate practices attached to restricted capital flows, and the extraction of monopoly rents' (Harvey 2003a: p.31). As a result of these asymmetries the 'wealth… of particular territories are augmented at the expense of others' (Harvey 2003a: p.32). One of the state's key tasks is to orchestrate these asymmetries to nourish its wealth and hence power (Harvey 2003a: p.32). This is close to metropolis-periphery conceptualisations of imperialism. The second form of the capitalistic logic of imperialism is about "spatio-temporal fixes" to the capital surplus problem, and specifically since circa 1970/73 "accumulation by dispossession" (ongoing primitive or original accumulation).[9] This form bears a resemblance to conceptualisations of imperialism in terms of the geographical extension of capitalism.

[8] How exactly the two logics intertwine is not clear. As Harvey himself admits, he does not do 'a very good job' in theorising the state (Harvey 2007: p.67).

[9] The hallmark of "new imperialism" since circa 1970/73 is 'accumulation by dispossession' (Harvey 2003a: p.180). Harvey's starting point for this argument is his acceptance of 'the empirical evidence offered by [Robert] Brenner, which sees a chronic and enduring problem of overaccumulation pervading the whole of capitalism since the 1970s' (Harvey 2003a: p.108). Overaccumulation crises 'are typically registered as surpluses of capital… and surpluses of labour power side by side, without there apparently being any means to bring them together profitably to accomplish socially useful tasks' (Harvey 2003a: p.88). Accumulation by dispossession is ongoing primitive or original accumulation. It helps solve the overaccumulation problem in two ways. First, it releases 'a set of assets… at very low (and in some instances zero) cost. Overaccumulated capital can seize hold of such assets and immediately turn them to profitable use' (Harvey 2003a: p.149). Second, it provides 'a means to visit the costs of devaluation of surplus capitals upon the weakest and most vulnerable territories and populations' (Harvey 2003a: p.185). In short, Harvey proposes 'one simple golden rule if we are to identify what is "new" about the new imperialism: follow the capital surpluses and look for the geographical and territorially-based practices that attach to their absorption or devaluation' (Harvey 2007: p.70).

I don't treat imperialism as either a policy or a stage of capitalism. Instead, I understand imperialism as structural to, inherent to, capitalism, from its origins, with colonial plunder being part of primitive accumulation, to the present. In other words, I agree with Amin that imperialism is 'the permanent stage of capitalism' (Amin 2003: p.57). Like him, I also understand imperialism as a mode of capitalist exploitation of some areas by other areas.

Relations between imperialist powers: Inter-imperial rivalry, ultra-imperialism and US super-imperialism

Discussion of the relations between imperialist powers focuses on the concepts of inter-imperial rivalry, ultra-imperialism and US super-imperialism. The theory of ultra-imperialism is Kautsky's and Lenin's critique of this theory is the seminal work on inter-imperial rivalry.

In a 1914 article, Kautsky argues that 'the constant drive of the industrialized capitalist countries to extend the agricultural zones involved in trade relations with them, takes the most varied forms' (Kautsky 1970: 42). One form is imperialism, but this was preceded by another form, free trade. Kautsky argues that imperialism, 'the striving of every great capitalist State to extend its own colonial empire in opposition to all the other empires of the same kind', 'has produced sharp contradictions between the industrialized capitalist States', and, in turn, World War (Kautsky 1970: 44). However, there is 'no *economic* necessity' for imperialism, and the arms race between imperialist states it produces, to continue after the World War (Kautsky 1970: 44, italics in original). On the contrary, imperialism has become a 'hindrance' to the development of capitalism (Kautsky 1970: 45). For Kautsky, '[e]very far-sighted capitalist today must call on his fellows: capitalists of all countries, unite!' (Kautsky 1970: 45). This is because of, first, 'the growing opposition of the more developed of the agrarian zones' to all of the imperialist states together, second, 'the growing opposition of the proletariat of the industrial countries against every new increase of their tax burden' (as a result of the arms race), and, third, 'the arms race and the costs of colonial expansion' threaten 'the rapid increases of capital accumulation and thereby capital export, i.e., the basis of imperialism itself' (Kautsky 1970: 45). Hence, Kautsky argues that, 'from the purely economic standpoint', the phase of imperialism may be succeeded by a phase of 'ultra-imperialism', i.e., 'by a holy alliance of the imperialists' (Kautsky 1970: 46).

Lenin criticises Kautsky's theory of ultra-imperialism. The great powers struggle for the division and redivision of the world. For Lenin, the 'only conceivable basis' for the division of the world 'is a calculation of the *strength* of those participating, their general economic, financial, military strength, etc.' (Lenin 1968: 112, italics in original). However, 'the relative strength of the imperialist powers' inevitably changes over time, because of uneven development, and this necessitates a redivision of the world (Lenin 1968: 112). This, in turn, necessitates war, as the only means of redivision, as the only means to overcome disparities 'between the development of productive forces and the accumulation of capital on the one side, and the division of colonies and spheres of influence for finance capital on the other' (Lenin 1968: 92). Thus, 'imperialist wars are absolutely inevitable' (Lenin 1968: 8). This is not to say that ultra-imperialist alliances may not arise, indeed, they have actually arisen. However, '"ultra-imperialist" alliances, no matter what form they may assume, whether of one imperialist coalition against another, or of a general alliance embracing *all* the imperialist powers, are *inevitably* nothing more than a "truce" in periods between wars' (Lenin 1968: 112, italics in original).

Bob Rowthorn provides a definition of US super-imperialism. Since he defines it in contradistinction to ultra-imperialism and inter-imperial rivalry it is best to present his three definitions together.

'*US super-imperialism* in which all other capitalist states are dominated by the United States and have comparatively little freedom to choose their policies and control their economies in ways opposed by the American state. America acts as the organizer of world capitalism, preserving its unity in the face of socialism. This domination may not, of course, operate smoothly—for antagonisms will not be eliminated but merely contained.

Ultra-imperialism in which a dominant coalition of relatively autonomous imperialist states performs the organizing role necessary to preserve the unity of the system. For this to work the antagonisms between the members of the coalition must not be so severe that they overcome the interest they have in maintaining the coalition.

Imperial Rivalry in which the relatively autonomous states no longer perform the necessary organizing role, or perform it so badly that serious conflicts break out between them and the unity of the system is threatened. For this to happen the antagonisms between states must be severe.' (Rowthorn,1971:pp.31-32,italics in original)

There are two axes to Rowthorn's conceptualisation. First, the unity of the bloc of imperialist powers. In the case of ultra-imperialism and US super-imperialism the imperialist bloc is united, in the case of inter-imperial rivalry it is disunited. Second, the autonomy of powers within the imperialist bloc. Whereas under US super-imperialism all other imperialist powers are dominated by the USA, under ultra-imperialism and inter-imperial rivalry they are relatively autonomous from it. Rowthorn identifies three points of difference between advocates of inter-imperial rivalry, ultra-imperialism and US super-imperialism:

'1. the relative strength of US capital and the related question of the degree to which it can dominate Europe and Japan by capturing most key industrial sectors; 2. the severity and nature of the antagonisms between different national capitals; 3. the extent to which the common fear of socialism can overcome those antagonisms which do exist.' (Rowthorn, 1971: p.34)

With regard to the first point, Rowthorn argues that writers assume that the relative autonomy of a nation's state is determined by the relative strength of its capital. In contrast, Rowthorn argues that there is no one-to-one correspondence between these two things. We return to this first point of difference below.

Mandel also discusses the models of super-imperialism, ultra-imperialism and inter-imperial rivalry.[10] For him:

> 'In the final analysis, the respective realization of each of these models depends on the predominant form taken by the international centralization of capital, however important may also be the temporarily autonomous weight of military or political forces.' (Mandel, 1975: pp.334-335)

Mandel uses the term "international centralisation of capital" to mean the fusion of capitals of different national origins and controls under a common command. In the model of super-imperialism, the outcome of these fusions is a single dominant national imperialist class in the international field, with other national imperialist classes as junior partners at most. In Mandel's model of inter-imperial rivalry fusions occurs at the continental level. For the West European EEC area, this 'seems at least possible, if not even probable' (Mandel, 1975: p.326). The outcome is inter-continental imperialist competition. Nevertheless, in the conjuncture in which Mandel was writing, 'global inter-imperialist world wars have become extremely unlikely, if not impossible' (Mandel, 1975: p.333). Finally, in the model of ultra-imperialism fusions occurs at the global level. Uneven development prevents this, Mandel argues. We will return to this issue of the internationalisation of capital below.

In recent writings on imperialism, Alex Callinicos's is a theory of inter-imperial rivalries, whilst Panitch and Gindin's is the closest to a theory of ultra-imperialism (Callinicos, 2009; Panitch & Gindin, 2012). Peter Gowan's analysis of the Cold War period is the quintessential account of US super-imperialism (Gowan, 2006). Kees van der Pijl's *Global Rivalries* combines rivalries between the heartland and a succession of contender states with 'the "ultra-imperialist" moment in the form of a relatively unified "West"' (van der Pijl, 2006: p.xi). Let's examine each briefly.

Like Harvey, Callinicos adopts a two logics approach to the theorisation of capitalist imperialism. For Callinicos capitalist imperialism is constituted by the intersection of economic competition between capitals and geopolitical competition between states (Callinicos 2009: p.15). In turn, geopolitical competition comprises of the rivalries among states 'over security, territory, resources

[10] Mandel's definition of super-imperialism is similar to Rowthorn's. For Mandel, in the model of super-imperialism, 'a single imperialist power possesses such hegemony that the other imperialist powers lose any real independence of it and sink to the status of semi-colonial small powers' (Mandel, 1975: p.331).

and influence' (Callinicos 2009: pp.15,74). Callinicos treats the state system 'as a dimension of the capitalist mode of production' (Callinicos 2009: p.83). In particular, he argues that:

'we must assume that capitalists and state managers constitute distinct groups of actors with different interests - respectively, in expanding their capital and in maintaining the power of their state against both the population subject to it and other states.' (Callinicos 2009: pp.84-85)

Nevertheless, following the arguments of Fred Block, state managers tend to act in the interests of capital (Callinicos 2009: pp.85-86).[11] The upshot of this theorisation of capitalism imperialism is that economic competition between national capitals tends to beget geopolitical competition between national states. In addition, this tendency is exacerbated in periods of economic crisis.[12]

Panitch and Gindin argue that a US informal empire was established after 1945, and, similar to Wood, that 'this was a crucial moment in the historical differentiation between the economic and political' (Panitch & Gindin 2012: p.6).[13] This informal empire 'succeeded in integrating all the other capitalist powers into an effective system of coordination under its aegis', with the US state 'superintending global capital' (Panitch & Gindin 2005; 2012: p.8). This meant an "internationalisation of the state", in that national states 'had to accept some responsibility for promoting the accumulation of capital in a manner that contributed to the US-led management of the international capitalist order' (Panitch & Gindin 2012: p.8). In this informal empire:

"national capital", in the shape of firms with dense historic linkages and distinct characteristics, did not disappear. Nor did economic competition between various centers of accumulation. But the interpenetration of capitals did largely efface the interest and capacity of each "national bourgeoisie" to act as the kind of coherent force that might have supported challenges to the informal American empire. Indeed they usually became hostile to the idea of any such challenge, not least because they saw the American state as the ultimate guarantor of capitalist interests globally. (Panitch & Gindin 2012: p.11)[14]

[11] More specifically: 'The convergence posited by Block… occurs between the interests of the managers of a given state and those of specific constellations of individual capitals particularly concerned with and having leverage over the state in question (a set that is unlikely to be coextensive with that of the capitals based in the state in question)' (Callinicos 2009: p.87).

[12] Callinicos argues that 'the Long Boom of the 1950s and 1960s helped to cement the US system of alliances in Western Europe and East Asia' (Callinicos 2009: p.175). In contrast, in the phase of imperialism after the Cold War, a global economy characterised by a persisting crisis of profitability 'is liable to be harder to manage cooperatively than one where a sustained and generalized expansion improves the situation of all the players' (Callinicos 2009: p.207).

[13] For Wood, the US is the first truly capitalist empire.

[14] The US informal empire 'did not spawn a "transnational capitalist class," loosened from any state moorings or about to spawn a supranational global state' (Panitch & Gindin 2012: p.11).

In one of his later works, Gowan argues that while concepts such as global hegemony or Pax Americana can be used to understand American grand strategy, a more precise operational concept is that of primacy. The doctrine of primacy:

> see[s] other capitalist liberal democracies as the main potential threats to American interests... [It] may also see China, of course, as eventually falling into the same category. The reasons why these powers could pose a threat is because of their industrial and technological capacities and because of the possibility of their forming regional blocs that could then have a scale that would make them equal to the US.
>
> There is an obvious capitalist economic dimension to this potential threat as well: such regional powers would also be very large centres of capital accumulation, generating huge credit power, product market power and bases for launching new growth sectors. They would thus also act as magnets for swathes of other capitalisms in their vicinity. And they could use these capacities to challenge the US on the rules of the international capitalist economy. (Gowan 2006: pp.137-8).

Primacy's programme for addressing these potential threats is US leadership and management of other states' relations, above all, the main core capitalist states' relations, with the rest of the world. This 'policy of US global management of world politics' is centred upon security alliances, with a hub-and-spokes character, 'in which the American state takes charge of the main external security challenges confronting its allies' (Gowan 2006: p.138).[15] During the Cold War:

> 'The specific form of the community-under-primacy was that of a set of military-political alliances all led by the United States and all directed against the Soviet bloc and communism. The US began a campaign to organise a great global cleavage between the US and the USSR, drew the whole of the capitalist core into military alliances against the USSR and then adopted a drive of aggressive confrontational pressure upon the Soviet bloc with forward deployments of US forces. This then established a real political and material structure of confrontation between the two blocs. *And it was this bipolar bloc structure* which underpinned American primacy over the core. The structure threatened the security of the subordinate allies in ways that only US strategic services could tackle. And because US actions vis-à-vis the Soviets could have grave consequences for the allies, they had to be obsessively concerned to influence Washington's policy.' (Gowan 2006: p.140, italics in original)

And 'the precondition for influence was that they should be loyal and useful allies' (Gowan 2003a: p.5). In an earlier work, Gowan described this as the protectorate system, with US protection of Western Europe and Japan. Switching lens from primacy to hegemony, US Cold War hegemony combined coercion and consent. During the 1950s and 1960s, the protectorate system 'remained predominantly consensual' (Gowan 2003a: pp.3-4). The 'coercive dimension became increasingly

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[15] In an earlier study, Gowan uses the concept of US global sovereignty. This 'was a system of US political domination that approached political sovereignty over the way the [US] protectorates related to their external environment in the sense of that term used by Carl Schmitt: sovereign is the power which can define the community's friends and enemies and can thus give the community its social substance (in this case, American-style capitalism); sovereign is the power which can define a state of emergency; and the community's norms apply to the sovereign only in a situation judged normal by the sovereign' (Gowan 2003a: pp.2-3).

important as... the capitalisms of the protectorates revived and inter-capitalist tensions increased in the 1970s' (Gowan 2003a: p.4).[16] Nevertheless the possibility of wars between core capitalist states was ended by the protectorate system (Gowan 2003a: p.5).

In his *Global Rivalries*, van der Pijl contends that Lenin's argument 'against the idea of a stable, collectively managed capitalist world order remains valid' (van der Pijl 2006: p.xi). Rivalries evolve according to specific historical structure: a heartland/contender structure. van der Pijl uses the term 'Lockean heartland' to refer in its original incarnation to 'a liberal, English-speaking, Protestant-Christian world created through overseas settlement and trade in the seventeenth century' (van der Pijl 2006: p.xi). According to van der Pijl:

> Taking off in the century between the English Glorious Revolution in 1688 and the American secession in 1776, social and political development on a world scale came to revolve around a protracted struggle between an expanding Lockean heartland seeking to open up the rest of the world through an aggressive liberalism, and a succession of [Hobbesian] contender states. (van der Pijl 2006: p.xi)

The first contender was France: it confronted the first British empire. Later Germany, Italy and Japan challenged the second British empire and the USA. Then the USSR confronted the wider West (the English-speaking world and Western Europe) (van der Pijl 2006: pp.xi-xii). In the 1970s new contenders emerged: the Middle East and OPEC, the Soviet bloc and a new Third World coalition for a New International Economic Order (van der Pijl 2006: p.115). Today the primary contender state appears to be China. According to van der Pijl: 'In the end, most contender states have been incorporated into the expanding heartland *without entirely overcoming the prior faultlines*' (van der Pijl 2006: p.xii, italics in original).

The relationship between the English-speaking heartland and European integration has been characterised by alternating periods of unity and rivalry (van der Pijl 2006: p.68). European integration 'was intended as a transnational constellation extending the original heartland' with the aim of unifying the wider West against the USSR (van der Pijl 2006: pp.xiii,89). But it reproduced forms of political organisation inherited from the Hobbesian contender state experience incompatible with the original Lockean heartland (van der Pijl 2006: pp.xiii,15,68). Rivalry with the English-speaking world 'reproduced a set of "European" attitudes and interests, including in the geopolitical sphere, like the relationship with Eastern Europe and Russia' (van der Pijl 2006: p.15). Despite this rivalry within the wider West the two sides renounce the use of military force against each other (van der Pijl 2006: p.15). Hence, 'the "ultra-imperialist" moment in the form of a relatively unified "West"' (van der Pijl, 2006: p.xi).

[16] To be clear, the US state's coercive military capacities 'were exerted on the protectorates *indirectly*: through structuring the state security *environment* of the states concerned, and not at all through threatening the application of US military force against any protectorate' (Gowan 2003a: p.4, italics in original).

Gilbert Achcar offers an alternative conceptualisation of the relations between the imperialist powers since the end of WWII. He argues that the US informal empire is best understood in terms of the feudal paradigm of overlord-vassals. For him:

'it was for two combined reasons that the US was willingly accepted as overlord of the Western imperialist system by its dominant capitalist classes. First, the huge post-1945 disparity in power between a US which emerged from the war much stronger than it entered and than its Western partners who were devastated and exhausted by the same war. Secondly, the decisive rise of the counter-systemic power of the Soviet Union, which extended the zone under its control (its "buffer zone") to Central Europe thanks to the war. This threat was accentuated by Communist parties, socially based on the working class and/or the peasantry, coming out of the war with power-grabbing potential in several Western European countries, as well as in China and Indochina. It is this historically specific combination that turned Western Europe and Japan into "vassals" of the US, as Zbigniew Brzezinski very "realistically" called them.' (Achcar, 2010)

The Cold War's end ushered in a unipolar moment, with a US global empire. The basis of this empire remains the US's overlord-vassals relationships with Europe and Japan. Although the collapse of the Soviet Union ended the Cold War foundations of these relationships, the US provoked Russia and China into a 'new cold war', both to renew the suzerain-vassals relationships with Europe and Japan, and to block 'any move towards possible regional alliances - Euro-Russian or Sino-Japanese - which might be able to challenge American hegemony' (Achcar, 1998: p.126; Achcar, 2010). In this unipolar moment, then, Europe and Japan are economic, but not political and military, rivals of the US; Russia and China are the main potential political and military rivals to the US.

I examine the history of BP in the "classical" age of imperialism, using the whole tool kit of "classical" Marxist theories of imperialism. More specifically, when examining how BP's history intersects with inter-imperial relations in this period before the end of WW2, I am open to interpreting those relations in terms of both rivalries (following Lenin) and alliances (following Kautsky). In turn, I use the case of BP to comment on these competing theories. In contrast, in the Cold War era, the history of BP and British imperialism as a whole is examined through the complementary theoretical lenses of Gowan's super-imperialist, US protectorate system and Achcar's feudal paradigm of overlord-vassals. Achcar's argument that the US informal empire is best understood in terms of the US overlord having an obligation to protect its Western European and Japanese vassals (from the Soviet Union), and the vassals, in turn, having an obligation to answer calls to military service on behalf of the Overlord or pay a contribution to the cost of war fits our case well.

Internationalisation-Transnationalisation-Globalisation

A key feature of the post-WW2 era is the internationalisation or transnationalisation of productive capital. Despite this, for some writers, capital remains national, and competition between national capitals leads to competition between national states, that is, inter-imperial rivalries. Other writers disagree.

Writing in 1975, Poulantzas argues that the internationalisation of capital in the present phase tends to involve the combination of capital from different nations, with these combinations taking place under the domination of American capital (Poulantzas, 1975: p.60). As a result of the reproduction of American capital *within* other imperialist social formations, other imperialist bourgeoisie 'no longer possesses the structural characteristics of a national bourgeoisie' (Poulantzas, 1975: p.72).[17] Instead, the relationship of these other imperialist bourgeoisies to American capital includes elements of both autonomy and dependency (economically, politically and ideologically). This results in the internationalisation of the state. By this Poulantzas means that imperialist states 'take charge of the international reproduction of capital under the domination of American capital' (Poulantzas, 1975: p.84).[18] The crisis at the time Poulantzas was writing was not a crisis of American hegemony but a crisis of the whole of imperialism under American hegemony. 'It follows that there is no solution to this crisis, as the European bourgeoisies themselves are perfectly aware, by these bourgeoisies attacking the hegemony of American capital' (Poulantzas, 1975: p.87).

The work of Panitch and Gindin draws on and is close to that of Poulantzas. For Panitch and Gindin foreign direct investment is the imperial glue bonding Western Europe and Japan to America (Panitch & Gindin, 2003: p.19). Echoing Poulantzas they argue that:

> 'With American capital a social force within each European country, domestic capital tended to be 'dis-articulated' and no longer represented by a coherent and independent national bourgeoisie. The likelihood that domestic capital might challenge American dominance… was considerably diminished.' (Panitch & Gindin, 2003: p.19)

There is still "national capital" - in the sense of 'firms with dense historic linkages and distinct characteristics' - and "national bourgeoisie" (Panitch & Gindin, 2012: p.11, inverted commas in original). But the interpenetration of capitals made the idea of 'distinct national bourgeoisies - let

[17] Poulantzas defines "national bourgeoisie" as 'that fraction of the indigenous bourgeoisie which, on the basis of a certain type and degree of contradictions with foreign imperialist capital, occupies a relatively autonomous place in the ideological and political structure, and exhibits in this way a characteristic unity' (Poulantzas, 1975: p.71).

[18] To be precise, 'imperialist states take charge not only of the interests of their domestic bourgeoisies, but just as much of the interests of the dominant imperialist capital and those of the other imperialist capitals' (Poulantzas, 1975: p.75).

alone rivalries between them in any sense analogous to those that led to World War I - increasingly anachronistic' (Panitch & Gindin, 2003: p.17). And we have the internationalisation of the state, understood in a similar way to Poulantzas uses the concept. In short, in both Poulantzas and Panitch and Gindin, the interpenetration of capitals under American domination means the end of independent national bourgeoisies in imperialist metropolises, the end of inter-imperial rivalries and the internationalisation of the state under American hegemony.

Panitch and Gindin reject the idea of a transnational capitalist class (Panitch & Gindin, 2012: p.11). In contrast for Stephen Gill (amongst other writers) there are both national and transnational forces. Central to Gill's analysis is the concept of a historic bloc at the international level.[19] Gill argues that an 'international [mainly transatlantic] historic bloc' centred on both national and transnational capital as well as organised labour and the (national) state was constructed at the end of the 1940s and in the 1950s and lasted until the late 1960s at least (Gill 1990: p.49). Like Robert Cox, Gill identifies a Gramscian "crisis of hegemony" - crisis in the sense of transition - in the 1970s and 1980s (Gill 1990: p.3). The transition or structural transformation Gill describes is from the 'international historic bloc' and 'international economic order' to an emerging 'transnational historic bloc' and 'transnational liberal economic order' (Gill 1990: pp.49-50,88). The postwar international economic order was undermined by transnationalisation, recession and 'perhaps also the eclipse of the Cold War' (Gill 1990: p.97). But it is the cumulative transnationalisation of the world political economy since 1945, accelerating in the 1970s and 1980s, that lies at the heart of Gill's account (Gill 1990: p.90). Gill uses the term "transnationalisation" to refer mainly to the internationalisation of production/the interpenetration of capital. At the apex of the transnational historic bloc - based in the "Trilateral" countries or Triad - is a transnational capitalist class fraction (Gill 1990: p.50). In short, the balance in the historic bloc at the international level between national and transnational forces tilted in favour of transnational forces (Gill 1990: p.97). And whereas the international economic order linked together 'economically sovereign states and national political economies' primarily by trade flows, in the emerging transnational liberal economic order capital flows and interpenetrating investments fused the world political economy into a more integrated whole (Gill 1990: p.88). Like Cox before him, Gill's account centres on the internationalisation of production. Similar to Cox, Gill uses the concept "transnationalisation of the state" to 'mean a

[19] 'Following Gramsci, this means a political constellation which reflects an international congruence of objective and subjective forces. At the overt, political level, this would be manifested in an international coalition of interests… [S]uch a bloc differs from a "transnational class alliance" (or an "ultra-imperialism of core capital"). This is because elements of more than one class are involved, under the leadership of a forward-looking and internationally oriented class fraction. Because of its trans-class nature, such a bloc is more organic and rooted in the social structure. It is also embedded in the modes of thought… of key individuals in government, and of groups and institutions in various civil societies in strong as well as less powerful nations… This means that the alliance of social forces it comprises is seen, to a large extent, as "natural" and legitimate by most of its members' (Gill 1990: pp.48-49).

process whereby state policies and institutional arrangements are conditioned and changed by the power and mobility of transnational fractions of capital' (Gill 1990: p.94).[20]

William Robinson radicalises this argument. Writing in 2004 he argues that we are in the early stages of the fourth epoch of world capitalism, the epoch of globalisation (Robinson, 2004: p.5). For Robinson, central to globalisation is the transnationalisation of production, the emergence of a transnational capitalist class and the rise of a transnational state. This third process is the most distinctive element of Robinson's account. Under globalisation, Robinson claims, the capitalist state has increasingly taken the form of a transnational state (Robinson, 2004: p.87). The transnational state 'is an emerging network that comprises transformed and externally integrated national states, *together with* the supranational economic and political forums' - like the IMF, World Bank, WTO, G7, UN, OECD, EU and so on - 'and has not yet acquired any centralised institutional form' (Robinson, 2004: p.88, italics in original). 'The nation-state is neither retaining its primacy nor disappearing but is being transformed and absorbed into the larger structure of a' transnational state (Robinson, 2004: p.88).

I think the issue of the "nationality" vs. "transnationality" vs. "globality" of capital is under-theorised. For example, Panitch and Gindin insist that there is still "national capital" in the sense of 'firms with dense historic linkages and distinct characteristics' (Panitch & Gindin, 2012: p.11) but they put "national capital" in inverted commas and their conceptualisation of it doesn't add up to very much. Likewise, writings on the internationalisation or transnationalisation or globalisation of the state are often under-theorised too. At worst, these writings do little more than describe a view of the policies of states under US "free trade" imperialism. Often missing are the structural mechanisms making national states act, according to these theories, in the interest of capital in general, not just national capital. Having said all this, BP's "Americanisation", the subject of Chapter 4, is an opportunity to examine theories of the "nationality" vs. "transnationality" of capital and the internationalisation of the state.

[20] For Cox, the internationalising state is the counterpart to internationalising production: Nation states internationalise to meet the needs of the world economy of international production (Cox 1987: p.253). What does Cox mean by "internationalising the state"? He makes two points. First, there is a hierarchically-structured 'process of interstate consensus formation regarding the needs or requirements of the world economy that takes place within a common ideological framework' (Cox 1987: p.254). Second, national state structures change so that each state can best transform the interstate consensus into national policy and practice.

The relative strength of the imperialist powers

In Marxist writings on imperialism, the relative strength of imperialist powers is a key determinant of relations between them. For some writers economic strength is key. For example, Immanuel Wallerstein argues that superior efficiencies of production lay the base for the hegemonic role (Wallerstein, 2004: pp.58-59). Likewise, Giovanni Arrighi contends that the state controlling 'the most abundant sources of surplus capital' tends to become hegemonic (Arrighi 2010: p.15). For other writers other dimensions of strength matter too. For example, Harvey argues that hegemony stands on productive capacity, money and military might (Harvey 2003a: p.42). And for Amin, the basis of the US's hegemony over its Triad partners today is its military supremacy, needed to exploit the peripheries (Amin 2003: p.76).[21]

Rowthorn's discussion of theories of US super-imperialism, ultra-imperialism and inter-imperial rivalry is useful for examining the link between relative strength and relations between imperialist powers (Rowthorn, 1971). Combining his arguments suggests that diagnoses of unequal strength (with a strong America) lead to theories of US super-imperialism, whereas diagnoses of relative equality lead to theories of either inter-imperial rivalry or ultra-imperialism. Bukharin argued that equality of development of productive forces and equality of military powers are the 'first condition for the formation of a more or less stable compact' between state capitalist trusts (Bukharin, 1966: p.136).

We can use this map of the theoretical landscape derived from Rowthorn to navigate the individual writings discussed earlier. Certainly diagnoses of unequal US strength lead to theories of American leadership if not super-imperialism. What about diagnoses of relative equality? Wallerstein argues that as the hegemon loses its superiority in economic efficiencies it loses its political clout too (Wallerstein, 2004: pp.58-59). Historically, Arrighi contends that whereas a concentration of world power has been associated with inter-state cooperation and phases of material expansion, a dilution of this power has been associated with inter-state competition and phases of financial expansion,

[21] In the immediate aftermath of WW2, Amin argues, the basis of US hegemony was the USA's economic supremacy over its Triad partners combined with their alleged need for American protection from a "communist threat" - he doubts that the threat of a Soviet attack on Western Europe ever existed but sees it instead as 'a pretext for the United States to establish its political hegemony' (Amin 2003: pp.69-70,102). Later, the basis of US leadership of the Triad changed. The USA lost its economy supremacy over its Triad partners (Amin 2003: p.70). The new basis of its hegemony is its military might. US military might is indispensible since military intervention by the centres against the peripheries is essential to the new phase of (collective) imperialism (Amin 2003: p.76). America's "economic advantages" - e.g., the dollar's monopoly as an international currency - 'are much less the source than the product of its political hegemonism' and military might (Amin 2003: pp.75,76,79,81,100). Amin's anti-economistic thesis is clear here: 'The relationship between economics and politics, wealth and strength, involves a dialectical to-and-from movement, not a one-way causal link' (Amin 2003: p.75).

except in the latest phase (Arrighi, 2013: p.13). For Callinicos, economic competition between national capitals tends to lead to geopolitical competition between national states (Callinicos, 2009). In other words, relative equality leads to inter-imperial rivalry.

What about theorisations of relative equality leading to ultra-imperialism? Mandel's is of course a theory of inter-continental imperialist competition not ultra-imperialism. But it is precisely the condition of relative equality in the international centralisation of capital - 'the international fusion of capital without the predominance of any particular group of national capitalists' - which leads to the likelihood of 'a gradual dismantling of the power of the various bourgeois national states and the rise of a *new, federal, supranational bourgeois state power*' within the West European EEC area (Mandel, 1975: p.326, italics in original). Gowan argues that inter-capitalist tensions increased in the 1970s as the capitalisms of the Western European and Japanese protectorates revived (Gowan, 2003a: p.4). But US-Western European relations have been a mix of conflict and cooperation since the Cold War ended (Gowan, 2003b). And Western Europe has an ultra-imperialist project (in contrast to America's super-imperialist project) (Gowan, 2003a: p.25). What of the work of Panitch and Gindin? Rather than a theory of relative equality leading to ultra-imperialism, it is possible to interpret it as a theory of *inequality* leading to ultra-imperialism. They argue that the interpenetration of capitals occurred under US domination and 'that it was the immense strength of US capitalism which made globalization possible' (Panitch & Gindin, 2012: p.1).[22] Finally, Harvey argues that the US has lost its superiority in production and may now have lost its superiority in finance.[23] The consequences of this relatively equality (albeit military inequality) are uncertain and both inter-imperial rivalry and ultra-imperialism within the Triad are possibilities (Harvey, 2003a: p.85).

[22] As we have seen, they also contend that 'In terms of the strength of American capitalism, there were indeed really two golden ages - the quarter-century up to the crisis of the 1970s (approximately 1948-73) and the quarter-century following the resolution of that crisis (approximately 1983-2007)' (Panitch & Gindin, 2012: p.16).

[23] For Harvey, '[m]oney, productive capacity, and military might are the three [material] legs upon which hegemony stands under capitalism' (Harvey 2003a: p.42). From 1945 to 1970, US hegemony was three-legged (Harvey 2003a: p.49; Harvey 2003b: pp.82-83). From 1970 to 2000, US neo-liberal hegemony stood on just two legs. After 1970, America 'lost its superiority in production' (Harvey 2003b: pp.82-83) and 'countered by asserting its hegemony through finance' (Harvey 2003a: p.62). But the finance leg of American power was wobbly. US power was under threat and the root of this threat was 'the unbalanced reliance upon finance capital as a means to assert hegemony' (Harvey 2003a: p72). Finance capital is vulnerable to the production of real values - in industry or agriculture - and '[i]n the midst of all the raiding and devaluation, there arose new and significant complexes of industrial production' e.g., in East and South-East Asia (Harvey 2003a: p.69). As a result '[s]ubtle lines of counter-attack against the hegemony of the United States in the realm of finance were emerging in the interstices of the worlds of production' (Harvey 2003a: p.69). In addition, the US 'may well now be losing financial dominance leaving it with military might alone' (Harvey 2003b: pp.82-83).

Part II. A conceptualisation of the state

The approach taken here is to combine instrumentalist and structuralist conceptualisations of the state, or, in Bob Jessop's terms, "class-theoretical" and "capital-theoretical" approaches. A class-theoretical approach focuses on class struggle over control of the state apparatus. In contrast, a capital-theoretical approach is concerned 'with the integration of the state into the circuit of capital' and 'the effects of state power on the reproduction of capital at the economic level' (Jessop, 1982: p.25). In simple terms, the approach taken here is to focus on class struggle over control of the capitalist state apparatus (rather than a neutral state apparatus).[24]

In a 1965 article, Ralph Miliband identified two views of the state in Marx: instrumentalism and structuralism. The primary view was of 'the state as the "instrument" of a ruling class so designated by virtue of its ownership or control - or both - of the main means of economic activity' (Miliband, 1983: p.58). The secondary view

> was of the state "as independent from and superior to all social classes, as being the dominant force in society rather than the instrument of a dominant class", with Bonapartism as "the extreme manifestation of the state's independent role" in Marx's own lifetime. On the other hand… for Marx, the Bonapartist state, "however independent it may have been politically from any given class, remains, and cannot in a class society but remain, the protector of an economically and socially dominant class" (Miliband, 1983: p.58).

Similarly, Jessop argued that 'the Marxian analysis of state power was basically "class-theoretical" rather than "capital-theoretical"' (Jessop, 1982: p.25).

Writing in 1975, David Gold, Clarence Lo and Erik Olin Wright argued that recent Marxist theories of the state drew heavily on three implicit conceptualisations, 'the instrumentalist, the structuralist, and the Hegelian-Marxist traditions' (Gold, Lo & Wright, 1975: p.30). They argued that although these conceptualisations were not necessarily incompatible, many Marxists have treated them as such. However, they also argued that 'Very few Marxist works on the state can be considered pure examples of an instrumentalist, structuralist, or Hegelian-Marxist perspective' (Gold, Lo & Wright, 1975: p.31).

The work of Miliband, Nicos Poulantzas, and Leo Panitch and Sam Gindin illustrates the possibility of combining these conceptualisations. In their discussion of instrumentalist theories of the state, Gold et al. argued that, in contrast to G. William Domhoff, Miliband has

[24] For this distinction between the *capitalist type of state* and the *state in capitalist society*, see Bob Jessop's discussion of the Nicos Poulantzas-Ralph Miliband debate (Jessop, 2008). In this context, Jessop describes capitalist states 'as states that are primarily organized to promote accumulation' (Jessop, 2008: p.134).

attempted to situate the analysis of personal connections in a more structural context. While most of his analysis still centers on the patterns and consequences of personal and social ties between individuals occupying positions of power in different institutional spheres, Miliband stresses that even if these personal ties were weak or absent - as sometimes happens when social democratic parties come to power - the policies of the state would still be severely constrained by the economic structure in which it operates. Furthermore, he moves away from a voluntarist version of instrumentalism by stressing the social processes which mold the ideological commitments of the "state elite" (Gold, Lo & Wright, 1975: p.33).

As Jessop has argued, Poulantzas' view of the state combined structuralist and Gramscian moments:

On the one hand he examines how political class domination is inscribed within the basic institutional forms of the capitalist state; and, on the other, he considers how the dominant class(es) and/or fractions establish their hegemony through specific political and ideological practices (Jessop, 1982: p.182).

Finally, Panitch and Gindin contend that, as capitalism developed, 'states became increasingly dependent on the success of capital accumulation for tax revenue and popular legitimacy' (Panitch & Gindin, 2012: p.3). As we shall see, these are precisely the two structural mechanisms 'that make the state a capitalist state' proposed by Fred Block and others (Block, 1977: pp.7,12). But Panitch and Gindin also insist that 'what states do in practice, and how well they do them, is the outcome of complex relations between societal and state actors, the balance of class forces, and, not least, the range and character of each state's capacities' (Panitch & Gindin, 2012: p.3-4).

There is a need to specify the (causal) mechanisms involved in the relationship between, on the one hand, class and/or capitalism, on the other, the state. Consider first structuralist mechanisms. Commenting on Poulantzas' most structuralist work, Block argues that Poulantzas 'fails to explain adequately the mechanisms by which the state is structurally a capitalist state' (Block, 1977: p.28). Similarly, Clyde Barrow asserts that 'if structuralism is to avoid the worst kind of functionalist metaphysics, it must be able to specify a structural mechanism that requires the state to function automatically as a capitalist state' (Barrow, 1993: p.58). Barrow contends that two mechanisms making the state serve capitalist ends have been 'widely accepted in the structuralist literature' (Barrow, 1993: p.58). The first, in Block's formulation, is that 'the capacity of the state to finance itself through taxation or borrowing depends on the state of the economy' (Block, 1977: p.15). The second mechanism is that 'the state's legitimacy is dependent on the economy' (Barrow, 1993: p.59). This is because 'Citizens generally view the state's personnel and policies as being responsible for their economic prosperity or lack thereof' (Barrow, 1993: p.59). As a result of these two mechanisms, the marketplace, automatically and 'without any prior coordination among capitalists', punishes (rewards) unfavourable (favourable) state policies (Barrow, 1993: p.60).

Consider next instrumentalist mechanisms. Barrow argues that 'The basic thesis of the instrumentalist approach is that modern capitalists are able to formulate public policies which represent their long-term class interests and to secure the adoption, implementation, and enforcement of those policies through state institutions' (Barrow, 1993: p.13). He contends that five mechanisms establish and maintain this contingent relationship between class and state, 'the colonization process, the special-interest process, the policy-planning process, the candidate-selection process, and the ideological process' (Barrow, 1993: p.25). The colonisation process refers to the occupation of positions in the state apparatus by members of the capitalist class. Citing Miliband (1969: p.55), Barrow asserts that 'businessmen have not "assumed the major share of government" in most advanced capitalist democracies… Consequently, if capitalists are a ruling class, it is not primarily… because they colonize the state apparatus' (Barrow, 1993: p.27). However, he also insists, again citing Miliband (1969: pp.48,56), that 'capitalists are "well represented in the political executive and in other parts of the state system" and that their occupation of these key positions in the apparatus enables them to exercise *decisive influence* over public policy' (Barrow, 1993: p.27, italics in original). The special-interest process 'refers to the actions of formal organizations that are created to represent the interests of individual companies, wealthy families, specific industries, and trades in the political system' (Barrow, 1993: p.30). The policy-planning process is a mechanism wherein 'the various sectors of the business community transcend their interest-group consciousness and develop an overall class consciousness' (Domhoff, 1978: p.61). Barrow describes Miliband's (1969: pp.72,75) view of the ideological process as follows: 'most state elites, including those who are not members of the capitalist class, "accept as beyond question the capitalist context in which they operate"' and 'the pro-capitalist nature of the state managers' ideological commitments' is explained by 'the workings of an ideological system', including schools, universities, churches and the mass media (Barrow, 1993: pp.28-29).

Part III. Marxist accounts of the international political economy of oil

Post-WWII period

For the period up until the 1970s, the US controlled world oil outside the Communist bloc and this control was a (critical) basis of its hegemony over the capitalist world. Simon Bromley's argument, in a nutshell, is as follows: In the postwar period, the (predominantly US) oil majors controlled the world oil industry and the US was politically dominant in the major oil producing and exporting regions of the world (namely, the Americas and the Middle East). With Western Europe and Japan dependent on (US-sourced) Middle East oil (the US itself was largely self-sufficient in oil at this time), 'US control over world oil became a key resource in the overall management of its global leadership' (Bromley, 1991: p.86).

Cyrus Bina's characterisation of the period from the end of World War Two up until the 1970s is best understood alongside his periodization of the development of oil globally since the start of the twentieth century. The first stage in this development, from 1901 to 1950, was characterised by colonial/semi-colonial oil concessions and cartelised oil. World oil was controlled by what Bina calls the International Petroleum Cartel, more commonly known as the "Seven Sisters". This was an era of imperialism, conceptualised by Bina in very similar terms to Lenin:

'Imperialism - as a system, as opposed to a policy (thanks to Lenin) - essentially belongs to a historical period in which the world is divided among imperial powers and, via their national syndicates, consortia, or monopolies, extend their contentious imperial interests.' (Bina, 2013: p.140).

Bina's second stage in the development of world oil, between 1950 and 1972, was one of transition between the first and third stages. This stage more or less coincides with the era of Pax Americana from 1945 to 1979. For Bina, 'the postwar system of Pax Americana... can be viewed as a transitory period that connects the era of Lenin's Imperialism to the epoch of globalization' (Bina, 2013: p.8).[25] The Pax Americana was unravelled by this transformation to globalization. Bina's third stage is characterised by post-cartelisation and competitive globalization. This stage 'has been about the global commoditization of oil through competition' (Bina, 2013: p.91).

We are now in a position to concentrate on Bina's account of the period from 1945 to the 1970s. The year 1972 marked the end of the International Petroleum Cartel (IPC) (although it began losing it grip in the 1950s and 1960s). Up until then, the US controlled world oil, outside the Communist

[25] This argument is problematic. The Pax Americana needs theorising. Labelling it a "transitory period" leaves it shapeless.

bloc, via the IPC. This colonial control was an 'indispensible part of... the Pax Americana' (Bina, 2013: p.17). It was 'not only an economic godsend but, more importantly, grounds for overwhelming political control' (Bina, 2013: p.127). The collapse of the IPC was thus a 'body blow to the Pax Americana' (Bina, 2013: p.127).[26]

Nationalizations of oil production and sharp oil price rises

The 1970s were marked by nationalizations of oil production alongside sharp oil price rises. The literature is divided over its explanation of these events. The explanations of Ben Fine and Laurence Harris (1985) and Bina (2013) focus on the economics of the oil industry, in particular, the development of competition in the world industry together with the increase in the cost of production in the United States. Both studies argue explicitly that the Organization of Petroleum Exporting Countries (OPEC) was not the cause of these events (Bina, 2013: p.96; Fine & Harris, 1985: p.87). Gilbert Achcar (2006) explains the oil price hike in terms of economic forces. But he gives centre place to politics in his explanations of the nationalizations in the Middle East, emphasising the role of nationalist struggles against US control in the region. Adam Hanieh (2011) explains these nationalisations in similar terms. Like Achcar, the explanations of Petter Nore (1980) and Bromley (1991) include roles for both economic and political forces. Both these studies emphasise changes in the competitiveness of the world oil industry alongside conditions in the US industry, on the one hand, and, on the other, the roles of the US and oil-producing states. Let us consider each of these explanations in turn.

We begin with Fine and Harris's (1985) characterisation of the structure of the oil industry at the outbreak of the Second World War. This they argue had two major divisions. 'On the one hand, there was the division between the US market and that of the rest of the capitalist world. Both were subject to cartel arrangements' and the US market was protected from the rest of the capitalist world by tariffs (Fine & Harris, 1985: p.84).

> On the other hand, there was the division between the US majors (five of the Seven Sisters) and the other US producers. This division does not correspond to the previous one, since the US majors served both foreign and domestic markets through foreign and domestic production, respectively. (Fine&Harris,1985:p.84)

Over the next thirty years this structure faced two problems. First, rising production costs in the US oil industry. Second, 'the erosion of the world cartel' as a result of the encroachment of the non-majors in international markets (Fine & Harris, 1985: p.87). The latter was a problem since cartelisation is necessary for the oil industry's survival (Fine & Harris, 1985: p.82). This brings us to the 1973-74 oil price rises. These solved the two problems of the industry:

[26] "Collapse" is too strong. Other interpretations are presented below.

> The large increases in the price of oil have sustained the profitability of producers in the USA and have guaranteed sufficient revenue in world production to bind the majors and non-majors together in a cartel that now includes them both. (Fine & Harris, 1985: p.87)

For Fine and Harris then, the world cartel is reborn at this moment, for Bina it dies.

The account of Bina (2013) is different from Fine and Harris's but has much in common with it. For Bina, the 1973-74 oil crisis was the 'symptom' of the transformation from the stage of colonial/semi-colonial oil concessions and cartelised oil (the first stage) to the stage of post-cartelisation and competitive globalisation (the third stage) (Bina, 2013: p.17). The nationalisations were not just 'commensurate and compatible' with this transformation, but a necessary part of it:

> the road to competitive globalization of petroleum had to run through nationalization of the oil deposits in the Middle East, Africa, and Latin America in the mid-1970s. These nationalizations, intended or unintended, had nothing to do with recartelization of oil but instead were driven by valorization of landed property (i.e., the ownership of subsoil oil deposits) under capitalism. (Bina, 2013: p.6)

And the steep oil price rises? These were the result of the change in the way oil prices were determined, together with an increase in the cost of oil production in the US. In the stage of the International Petroleum Cartel, it 'fixed and preordained' oil prices (Bina, 2013: p.137). In the stage of globalisation, the long-run (global) price of oil is set by the oil production price in the highest cost region of the world, i.e., the United States (Bina, 2013: pp.13-14). In 1973-74 then, the (global) price of oil was now set by the highest cost region and the cost of production in that region increased (Bina, 2013: pp.18-19).

Achcar (2006) is focused on the Middle East. He argues that:

> The October 1973 war… provided the occasion for an Arab oil embargo that led to a spectacular hike in oil prices, which the deterioration of world terms of trade to the advantage of the industrialized countries had held down for too long. (Achcar, 2006: p.23)

The US benefitted from these oil price rises in a number of ways (Achcar, 2006: pp.23-24). The price rises weakened the competitiveness of the US's greatest economic rivals, West Germany and Japan, since these rivals were more dependent on oil imports than the US itself is. The price rises increased the profits of US oil companies. It also increased the oil revenues (dominated in dollars) of the US's Middle East allies. The US drew 'great advantages' from this (Achcar, 2006: p.23). By strengthening its Middle East allies, the increased oil revenues strengthened the US's own grip on the region. In addition, Iran (one of the US's allies) used its petrodollars to buy advanced weaponry from the US, increasing the profits of the US military-industrial complex. In contrast, the nationalizations were the result of 'the rise of Third World economic nationalism, a corollary to the decline of U.S. hegemony' (Achcar, 2006: p.24). Neither the US state nor its oil companies could stop producing states nationalising production and this was a 'major U.S. setback in the Middle East' (Achcar, 2006: p.24).

Hanieh (2011) is focused on the Gulf Arab states. Like Achcar, he argues that the nationalizations were primarily the culmination of anti-colonial and nationalist struggles that sought, in the Gulf, to gain control of the region's oil reserves from US and European oil companies (Hanieh, 2011: pp.36-38,42-43). Negotiations between the Gulf states and the international oil companies, led by Ahmad Zaki Yamani, the Saudi Kingdom's oil minister, 'coincided with growing worldwide demand for oil and sagging production capabilities in the aging oil fields of the United States and Europe—trends that further strengthened the Middle East's pivotal position as the world's primary source of energy', and ended in agreement to nationalise, in phases, oil reserves in the six Gulf states (Hanieh, 2011: p.42).

Nore's (1980) explanation of the nationalizations and oil price rises combines both economic and political forces. He identifies two struggles involving the oil companies, the oil-producing states and the US state. The producing states were struggling to increase their share of a given amount of surplus profits at the expense of and thus in confrontation with the oil companies. At the same time, the producer states, the majors and the US state were all struggling for higher oil prices (Nore, 1980: p.71). The oil majors wanted prices rises because their profits had fallen as a result of the higher taxes levied on them by the producing states, together with increased competition from the 'independent' oil companies, European national oil companies, and Soviet oil exports to the West. Nore argues that although the oil companies were 'opposed to price increases before 1970' they 'changed their pricing strategies partly at the instigation of the U.S. government' (Nore, 1980: p.72). From 1970 onwards, the US government pressed for price rises to make its wells commercially viable and thus increase its self-sufficiency in oil, to increase the profits of its oil companies, and to 'deliver a serious blow to its industrial competitors in Western Europe and Japan' (Nore, 1980: p.73). The nationalizations, Nore contends, resolved both these struggles (Nore, 1980: p.71).[27] They were a necessary condition for higher oil prices (Nore, 1980: p.73). And they achieved the objective of the producing states in increasing their share of surplus profits (at the expense of the oil companies). The problem for the US was that the eventual price rises were higher than it expected or desired, in part because of the 1973 war.

[27] The form of this argument is similar to that of Fine and Harris. For Nore, the nationalizations resolved the struggles in the oil industry. For Fine and Harris, the price rises solved the industry's problems.

Bromley's (1991) explanation of the oil price hike also combines both economic and political forces. His account of the postwar period has been presented already. To repeat, Bromley argues that the predominantly US oil majors controlled the world oil industry and the US was politically dominant in the major oil producing and exporting regions of the world. However, this US-ordered world oil industry was challenged by the late 1960s. The US had become a net importer of oil, weakening its position with respect to the producer-states. And the expansion of the 'independent' oil companies and of the national oil companies of Western Europe and the oil-producing states, weakened the control of the majors over the oil industry. According to Bromley:

'This increased competition [in the oil industry] resulted… in a loss of price control: as the inherent tendency to overproduction reasserted itself, so the level of surplus profit in the industry fell and the struggle over its distribution intensified. Finally, the growing struggle over the distribution of rent coincided with larger demands on behalf of each of the recipient parties.' (Bromley, 1991: p.138)

But:

'What began as a struggle between the majors, independents and producer-states over the distribution of the surplus profit… was transformed into a structurally determined coincidence of interests between the oil companies, producer-states and above all the United States for an increase in total surplus profits generated in the oil sector.' (Bromley, 1991: p.141)

What interests did the US administration have in an increased price of oil? We have already seen Achcar's and Nore's answer to this question, and Bromley's (four-part) response combines (variants of) the answers of these other two writers. First, price rises would help address the US's rising oil production costs, making many of its wells economically viable again, increasing its self-sufficiency in oil, and improving its balance of payments. Second, increases in oil revenues would strengthen the Saudi Kingdom and Iran (US allies), both internally (that was the US State Department's calculation at least) and externally (by financing the purchase of weaponry), thereby strengthening US hegemony in the Middle East. Third, price rises would benefit the US oil majors ('a concern of immediate interest to the State Department because of its close company linkages') (Bromley, 1991: p.141). Fourth, price increases would weaken the competitiveness of the US's economic rivals in Western Europe and Japan, because these rivals were more dependent than the US on oil imports and this oil is priced in dollars.

As we have seen, Bromley, like Nore, posits a common interest of the producer states, the oil companies and the US state in higher oil prices. However, he argues that:

the space opened up… for a few determined radical regimes (above all Algeria and Libya) to pursue independent strategies was considerable… For in the early 1970s the oil market strengthened because of the synchronized boom of the OECD bloc and the rapid increase in US oil imports, thus helping to transform the oil arena from a consumer to a producer market. These market developments were exacerbated by the coincidence of a shortage of refinery capacity in Western Europe and Japan, the closing of the Trans-Arabian pipeline and the Arab boycott during the 1973 Arab-Israeli War. With the United States and the majors no longer in control of either the circuit of oil capital or the strategies of the Middle East producer states, the eventual price increases were far larger than intended and the attendant dislocation to the global economy that much greater. (Bromley, 1991: p.142)

For Bina, the period post-nationalizations and sharp oil price rises has been the stage of post-cartelisation and competitive globalization. As we have seen, he argues that 1972 marked the end of the International Petroleum Cartel and of US control of world oil. In fact, the control of oil was 'next to impossible' in the age of globalization (Bina, 2013: p.143). By the 1980s the Pax Americana itself was unravelled by the transformation to globalization. And a new global hegemon was not on the cards (Bina, 2013: p.194). Instead there was (and remains) 'a powerful tendency toward a multipolar polity and diffusion of power' in the era of globalization (Bina, 2013: p.189). And OPEC was (and is) nothing more than an organization of collectors of differential oil rents (Bina, 2013: p.76).

For other writers the consequences of the nationalizations and price rises for US hegemony were far from apocalyptic. As we have seen, Achcar argues that the changes were a mixed blessing for the US: it benefitted from the price rises but the nationalizations were a major setback.

The nationalizations and price rises provided vast (dollar) oil revenues for producing states, so-called 'petro-dollars'. This was an important change in the international political economy of oil. And it strengthened US hegemony (at least according to the writers discussed next). In part this occurred indirectly. As discussed, both Achcar and Bromley argue that by strengthening its Middle East allies the increased oil revenues strengthened the US's hegemony in the region. But it also occurred directly. Petro-dollars flowed to the US. As Hanieh argues (focusing on the Gulf Arab states): 'The US government made a special effort to ensure that Saudi petrodollars, in particular, were invested in US dollar-denominated bank accounts, equities, and treasury bonds' (Hanieh, 2011: p.44).

The world oil trade was denominated primarily in US dollars. Hanieh (2011) argues that the US received a guarantee from the Saudi Kingdom that this would be the case (Fouskas&Gökay2005 make the same argument) (Hanieh, 2011: p.45; Fouskas & Gökay, 2005: p.18).[28] This strengthened dollar hegemony (and hence US hegemony more generally). This is emphasised by Vassilis Fouskas and Bülent Gökay (2005; 2012) (as well as Samir Amin, for example). They argue that an oil/dollar

[28] See David Spiro (1999: pp.x,103-105,121-124) for a careful researched study making this claim.

standard (or more broadly a 'petro-dollar/weapon-dollar regime') replaced the (recently collapsed) gold/dollar standard (Fouskas & Gökay, 2005: p.17; Fouskas & Gökay, 2012: p.72). For them, the trading of oil (and weapons) in dollars provided a guaranteed demand for dollars 'thus restoring the dollar's role as a required reserve currency' (Fouskas & Gökay, 2012: p.73).[29]

Bromley argues strongly that the US reconsolidated its dominance over world oil in the 1980s (albeit in a different form) along with its hegemony over the rest of the capitalist world (Bromley, 1991: p.239). For the moment of OPEC in the 1970s, the moment the US lost control, was only temporary:

> [T]he moment of OPEC… represented the temporary exploitation of a favourable moment in the balance of forces among broader economic and political transformations. And these changes were soon to lead to a diminution of the powers of OPEC, the international differentiation of the organization, and the subsequent reintegration of its dominant elements - first, Iran [until its revolution] and Saudi Arabia, and, second, the Gulf states - into the US economic and strategic orbit.[30] (Bromley, 1991: p.243)

Bromley identifies four (principal) bases of US control over world oil in the 1980s. These were: The (continued) dominance of its energy companies in world markets; its (continued) economic and military strength in the Middle East;[31] its (continued) lesser degree of dependence on oil imports than Western Europe and Japan (with US self-sufficiency enhanced by the price rises); and the denomination of most of the world's oil trade in its currency (Bromley, 1991:pp.6-7,207). It is worth noting the continuity in the bases of US control identified by Bromley; the first three of these are more-or-less the foundation of US control up until the 1970s (as discussed above).

For Jonathan Nitzan and Shimshon Bichler (2002) the nationalizations and price rises mark the transition from a 'free-flow' era to a 'limited-flow' era of world oil (Nitzan & Bichler, 2002: p.224). In the free-flow era, world oil was controlled by large private oil companies with limited 'interference' by states. In contrast, in the limited-flow era, world oil was more politicised, controlled by an alliance of OPEC and the large private companies (Nitzan & Bichler, 2002: pp.224,227). How did this transformation from a free-flow to a limited-flow era come about? In other words, how did the politicisation of oil come about? A problem arose for the majors in the postwar period. Competition in the industry increased not only because of the growing number of 'independent' oil companies but also because of 'the substitution of the United States for Britain as

[29] It is not obvious that this role needed restoring. Despite the dollar crisis, the currency remained the dominant reserve currency (see Eichengreen, Chiţu & Mehl, 2014: Figure 1).
[30] It is not obvious that Iran, the Saudi Kingdom or the Gulf oil monarchies were ever outside the US orbit in this period.
[31] Bromley argues that despite various 'setbacks', including the Iranian Revolution and the Soviet invasion of Afghanistan, 'the United States was able to fashion a new form of influence in the 1980s based on an increasingly close alliance with Saudi Arabia (and the Gulf states)' (Bromley, 2008: p.119).

the leading Western power shifted the internal balance among the Seven Sisters in favour of the U.S.-based companies, undermining to some extent the group's previous cohesion' (Nitzan & Bichler, 2002: p.224). Increased competition led to excess capacity and falling prices. At the same time, 'rising nationalism in the Middle East and Latin America called for higher royalties' (Nitzan & Bichler, 2002: p.224). The problem was solved by OPEC and the nationalizations (Nitzan & Bichler, 2002: p.226). This limited the flow of oil and hiked-up prices. What was the nature of the alliance between the majors and OPEC post-nationalizations? In their 2002 book, Nitzan and Bichler argue that the majors continued to control output indirectly as the largest buyers of crude oil (as opposed to directly as producers) (Nitzan & Bichler, 2002: pp.226-7). However, in a more recent article, they argue that OPEC determined output and prices but the large oil companies were indispensible to it both upstream and downstream (Bichler & Nitzan, 2014: p.11).

According to Nitzan and Bichler, it was not only the interests of the majors and OPEC that had converged (in the new, limited-flow era). The US national interest was increasingly seen as synonymous with the interests of the large oil companies (and other dominant business groups) (Nitzan & Bichler, 2002: p.225). In addition, in the Middle East, the interests of the large oil companies converged with those of the large arms manufacturers (seeking to sell weapons in the region). Both groups wanted higher oil prices (as did a 'a second tier of interested parties, including engineering companies…, as well as large financial institutions with an appetite for petrodollars') (Nitzan & Bichler, 2002: p.228). The need to act together to achieve this led to the birth of the 'Weapondollar-Petrodollar Coalition' (Nitzan & Bichler, 2002: pp.228-9). Critically Nitzan and Bichler argue that:

> deliberately or not, the actions of these groups helped perpetuate an almost stylised interaction between energy crises and military conflicts. In this process of 'energy conflicts', the ongoing militarisation of the Middle East and periodical outbreaks of hostilities contributed toward an atmosphere of 'oil crisis', leading to higher prices and rising oil exports. Revenues from these exports then helped finance new weapon imports, thereby inducing a renewed cycle of tension, hostilities, and, again, rising energy prices. (Nitzan & Bichler, 2002: p.229)

Focusing on the period of the Cold War at this point (we examine the post-Cold War period below), the authors argue that this mechanism was at the centre of the 1967 and 1973 Arab-Israeli wars, the 1979 Iranian revolution and the 1980-88 Iran-Iraq war (Nitzan & Bichler, 2002: p.236).

Post-Cold War era

We turn now to the post-Soviet/Cold War era and present a spectrum of views. At one end of the spectrum, Bichler and Nitzan (2014) argue that Middle East conflicts have been driven primarily by the interests of leading private oil (and arms) companies. Next along the spectrum are studies that argue that US imperial policy (and its control of world oil) has been driven by national (imperial) logics (the immediate interests of US oil companies has been only one of these logics). In contrast, Doug Stokes and Sam Raphael (2010) argue that US imperial policy (and its control of world oil) has been based on both national and transnational imperial logics (although the national logic has been dominant). Further still along the spectrum is Bromley (2008). For him, the US has 'controlled' world oil (in one sense of that word but not another) but this 'control' has been driven only by a transnational logic. At the other end of this spectrum is Bina (2013). The Pax Americana and US control of world oil did not survive until the end of the Soviet Union. And the US state has not tried to regain control of world oil (although it has tried to claim part of Arab oil rents).

Bichler and Nitzan's theory of a 'Weapondollar-Petrodollar Coalition' has only just been discussed so their account of post-Cold War energy conflicts in the Middle East can be presented succinctly. These conflicts have been driven by the interests of leading private integrated oil companies and arms contractors (in differential profits) as well as those of oil-producing states and Western states (particularly the United States) (Bichler & Nitzan, 2014). This logic has accounted for the 1990-91 Gulf War, the 2001 invasion of Afghanistan and 2003 invasion of Iraq, the 2011 Arab Spring and associated 'outsourced wars' ('the ongoing fighting in Lebanon-Syria-Iraq, which is financed and supported by a multitude of governments and organizations in and outside the region'), and the 2014 war against ISIS (Bichler & Nitzan, 2014: pp.13,16).

Consider next studies that argue that US imperial policy (and its control of world oil) has been driven by oil interests particular to the US (and at the expense of its allies and rivals). In other words, US imperial policy has been driven by a national (imperial) logic. Four oil-related explanations of US imperial policy are presented: control of access to oil, pricing of oil in dollars, control of producer-states' oil revenues, and securing US oil companies' profits. Individual studies typically combine these explanations together. While some studies limit these explanations to the Bush Jr. administrations, others apply them to the post-Cold War period as a whole (and we have seen already these explanations applied to the Cold War era).

First, it is argued that the US has sought to control access to oil, both its own access and the access of others (Achcar, 2013: p.106; Ahmad, 2003: pp.88,113; Amin, 2004: p.26; Beitel, 2005: p.164; Callinicos, 2005: p.593; Fouskas & Gökay, 2005: p.21; Gowan, 2003a: p.5; Harvey, 2003a: pp.24-25). In particular, it has sought to control the access not only of its net oil-importing (potential) 'rivals' but also its 'allies'. Aijaz Ahmad argues that the US seeks control over 'production levels, prices and even access' (Ahmad, 2003: p.115). Similarly, Fouskas and Gökay argue that the US seeks control 'at every stage' i.e., upstream and downstream (Fouskas & Gökay, 2005: pp.22-23). It is argued that this control of others' access gives the US (massive) strategic leverage over its allies and rivals.

Second, it is argued that the US state has sought to ensure the pricing of (the trade of) oil in dollars since this is a critical basis of the dollar's role as the international reserve currency (and hence US hegemony) (Ahmad, 2003: pp.142,145-147; Beitel, 2005; Fouskas & Gökay, 2005: pp.24-27; Gowan, 2006: n.34 p.154; Harvey, 2003a: p.82). Fouskas and Gökay go as far (too far!) as to argue that 'If OPEC were to decide to accepts euros for its oil, then American economic dominance would be practically over' (Fouskas & Gökay, 2005: p.27). Similarly, Ahmad argues 'the US economy would face the prospect of immense shrinkage, even collapse' if producing states switched pricing their oil from dollars to euros (Ahmad, 2003: p.146). Third, it is argued that the US state has sought to control the oil revenues of producing states (Achcar, 2013: pp.103-106; Gowan, 2006: n.34 p.154). In particular, it wants these petro-dollars to flow to the US. For example, Peter Gowan argues that the US has sought to steer 'oil revenues through US financial operators' to provide 'a crucially important boost for US financial strength' (Gowan, 2006: n.34 p.154). Fourth, it is argued that the US state has acted in the immediate interest of its oil companies (Achcar, 2006: p.36; Ahmad, 2003: pp.115,144). Achcar argues that the US's oil lobby represents its 'weightiest capitalist interests' and that it 'has traditionally played a key role in formulating U.S. foreign policy, at the very least since the Second World War' (Achcar 2006: pp.18,36)

Consider next the application of these explanations of the US's imperial policy to its manoeuvres in the post-Soviet space (in particular over Caspian oil) and its 2003 invasion of Iraq. To be clear, only on oil-related explanations of US policy are discussed here. Fouskas and Gökay explain the US's imperial policy in the 'battle for Caspian oil' in terms of its attempt to control access to oil, to sustain dollar hegemony (via the pricing of oil in dollars), and to secure profits for its energy companies (Fouskas & Gökay, 2005: pp.147-163). The US has attempted to control access to Caspian oil (and gas) both for its own consumption needs as well as to control the access of 'other leading industrial states' in the West and South-East Asia (Fouskas & Gökay, 2005: pp.21,23-24). To exercise this control it has sought to break 'Russia's monopoly over oil and gas transport routes' by 'encouraging the construction of multiple pipelines through U.S.-controlled lands' (Fouskas & Gökay, 2005: pp.21-22). If it secured control of Caspian oil, then the US would strengthen its control of oil globally and weaken OPEC's control:

> Caspian oil thus far is 'non-OPEC oil,' meaning that oil supplies from this region are less likely to be affected by OPEC price and supply policies. This would allow the flow of large volumes of Caspian oil through non-OPEC lands to erode the power of OPEC to maintain high oil prices and to use oil as a mode of political blackmail. (Fouskas & Gökay, 2005: p.23)

But the US's imperial policy has not just been driven by the 'vast geopolitical and military advantages' from controlling access to Caspian oil (Fouskas & Gökay, 2005: p.149). Huge revenues were also at stake for the corporations exploiting these resources. The US state assisted its energy companies in the competition for this prize (as did other powerful states) (Fouskas & Gökay, 2005: p.149). Finally, the fate of 'the U.S. dollar as the world's reserve currency hangs in the balance' (Fouskas & Gökay, 2005: p.23).

Consider next the US's 2003 invasion of Iraq (and subsequent occupation). It is argued that the invasion was (in part) about US control of access to oil (Achcar, 2006: pp.243-244,248-249; Ahmad, 2003: p.88; Beitel, 2005: p.164; Callinicos, 2005: p.593; Harvey, 2003a: p.25). Harvey's formulation of this argument is the best known. He argues that the period from 1970 to 2000 was one of US neo-liberal hegemony, based more on consent than coercion, but a mix nonetheless. The period since c.2000-2001 he characterises as neo-conservative imperialism, with US domination based on coercion, in particular, through 'military command over global oil resources' (Harvey, 2003a: p.75). The 2003 Iraq war, then, is, in part, about securing US domination. For Harvey, 'whoever controls the Middle East controls the global oil spigot and whoever controls the global oil spigot can control the global economy, at least for the near future' (Harvey, 2003a: p.19). More specifically:

> Europe and Japan, as well as East and South-East Asia (now crucially including China) are heavily dependent on Gulf oil, and these are regional configurations of political-economic power that now pose a challenge to US global hegemony in the worlds of production and finance. What better way for the United States to ward off that competition and secure its own hegemonic position than to control the price, conditions, and distribution of the key economic resource upon which those competitors rely? (Harvey, 2003a: p.25)

Harvey emphasises also the military aspect of the "control of access to oil" argument:

> The military runs on oil… Not only does the US need to ensure its own military supplies, but any future military conflict with, say, China will be lopsided if the US has the power to cut off the oil flow to its opponent. (Harvey, 2003a: p.25)

It is also argued that the invasion was (in part) about the pricing of Iraqi oil in euros as opposed to dollars (Ahmad, 2003: pp.145-147; Beitel, 2005: p.164; Fouskas & Gökay, 2005: pp.230-231; Harvey, 2003a: p.82). This is the centrepiece of Fouskas and Gökay's explanation of the invasion.

For them, the war 'was more a consequence of the euro-dollar competition in oil markets than the result of any particular desire by the United States to acquire' Iraqi oil (Fouskas & Gökay, 2005: pp.230-231). Harvey is more cautious: 'Saddam's proposal to denominate his oil sales in euros rather than dollars may well be another significant reason for the US to insist upon regime change rather than disarmament in Iraq' (Harvey, 2003a: p.82).

A third argument is that the invasion was (in part) about US oil companies' profits (Ahmad,2003: p.144). Ahmad argues that if the US achieves its war aims 'vast profits shall accrue not just to the various US corporations but also personally to Bush, Cheney, and Condoleeza Rice, etc. all of whom are deeply involved in the oil and weapon-producing corporations' (Ahmad, 2003: p115).

Stepping aside from the four oil-related explanations of US imperial policy (and its national logic), Achcar, Harvey and Ahmad argue that the invasion was also (in part) about increasing oil production in Iraq (and hence globally) and thus lowering world oil prices. Achcar argues that 'Bush's team shared the U.S. ruling class's general concern about the future of the oil market and the prospect that hydrocarbon sources will gradually dry up' (Achcar, 2006: p.37). Washington's goal, he argues, was 'to ward off an oil crisis' by increasing Iraqi oil production (Achcar, 2006: p.38). For Harvey, lowering oil prices (via increased Iraqi production) was a solution an overaccumulation crisis (Harvey, 2003a: p.180). Finally, Ahmad argues that the US's invasion was targeted not just at its oil-importing allies and rivals (via control of access to oil) but also at its oil-exporting friends and enemies. On the one hand, increased Iraqi oil production 'under US control could pave the way for the break-up of OPEC and steep fall for prices of oil from Russia, Venezuela or Iran' (all US enemies) (Ahmad, 2003: p.87). On the other hand, US control of Iraqi oil would provide leverage over the Saudi Kingdom (a US friend) in case it had 'rebellious thoughts' (Ahmad, 2003: p.88).

Consider next Stokes and Raphael's study of American hegemony and oil. They argue that American strategy combines two imperial logics one national the other transnational:

> [T]he national logic of US empire remains at the heart of Washington's strategic thinking, and the positive-sum order [- the transnational logic -] has been constructed specifically in order to sustain American hegemony over other powers. (Stokes & Raphael, 2010: p.15)

Stokes and Raphael argue that the US controls vast quantities of oil globally. This control has been achieved 'primarily through coercive intervention into the key oil-rich regions of the global South' ('most often in the guise of counterinsurgency… training and equipping to friendly security forces') (Stokes & Raphael, 2010: pp.1-2). With the aim of diversifying supplies away from the Persian Gulf, Washington has increasingly sought to open up the Caspian basin, West Africa and Latin America

(Stokes & Raphael, 2010: p.3). The US's control of oil has underpinned its hegemony (Stokes & Raphael, 2010: p.16). Its hegemony has been underpinned (in part) by controlling its own access to oil. In fact, 'the direct needs of the US economy… goes quite some way to explaining… American strategy' (Stokes & Raphael, 2010: p.16). But American hegemony has been underpinned also by controlling the access of other core powers to oil since this 'gives Washington a significant political lever to be operated (or threatened) should the current conditions of intracore peace break down' (Stokes & Raphael, 2010: p.16). However, in current conditions of intra-core peace, US hegemony has been underpinned by a positive-sum order (the transnational logic) (Stokes & Raphael, 2010: p.15). In particular, the US-controlled international oil market has provided oil to all states within the order; oil has flowed from producing to consuming states via the market (Stokes & Raphael, 2010: pp.2,16).[32] And this market has been open to investment by increasingly transnational private oil companies (although US oil companies 'primarily benefit') (Stokes & Raphael, 2010: pp.2,38).

From studies based on a national logic to Stokes and Raphael's dual national and transnational logics we turn to Bromley (2008). Here we find a transnational but no national logic (at least in his account of world oil). Bromley argues that the US has 'controlled' world oil in one sense of the word but not in another. It has 'controlled' world oil in the sense that 'the military power and geopolitical influence of the United States provide the necessary and sufficient conditions for the stable operation of the international oil market' (as Stokes and Raphael argue) (Bromley, 2008: p.142). But it has not 'controlled' it in the sense that 'neither the agencies of the US state nor its oil companies control the world's oil in the sense of being able to direct the use of it'; instead the market (dominated by large multinationals) has allocated oil (and capital) (Bromley, 2008: p.141). This has been a positive-sum order (the transnational logic). It has served the US's interests (its consumption needs and the needs of its oil companies). 'But it has *equally* served the interests of the other leading capitalist powers. And it may yet serve the interests of China, India, Brazil and others too' (Bromley, 2008: p.142, emphasis added). US interventions in the Greater Middle East were attempts to integrate reconstituted states into the international oil market; the prize was not to be an exclusive one (for the US alone) but one shared with rival core imperialisms (Bromley, 2008: pp.134-5). In Central Asia:

[32] Those studies - discussed earlier - that argue that US imperial policy has been driven by a national logic of seeking to control access to oil agree with Stokes and Raphael that this strategic lever would only be operated (or threatened) should current conditions of intra-core peace break down but that in the meantime (i.e. in current conditions of intra-core peace) the US-controlled international oil market has provided oil to all states within the order (i.e. is positive-sum). The difference between Stokes and Raphael and those studies - conceptualising US imperial strategy in terms of two logics (one national, the other transnational) as opposed to one national logic - is more presentational than substantial.

> the aim has been to detach these resources, and the routes by which they reach international markets, from Russian monopoly control and to prevent any assertion of Iranian influence that would further increase the role of the Gulf as a conduit for the world's oil. (Bromley, 2008: p.136)

To be clear, control of others' access to oil is absent from Bromley's account, in contrast to other studies discussed above and his own previous study "American Hegemony and World Oil".

We turn at last to Bina (at the other end of our spectrum). The Pax Americana ended in 1979 and US control of world oil (however defined) is over. For Bina, the cause of nearly all post-Pax Americana conflicts (including the two invasions of Iraq) was the US state's attempt to reverse its lost hegemony (Bina, 2013: p.178). However, the US state has not been seeking to control oil through these conflicts. Control of oil was 'next to impossible' in the age of globalization (Bina, 2013: p.143). Nevertheless, oil is part of Bina's account of these conflicts. In particular, he argues that the US state has been trying to claim part of the Arab oil rent to help finance its attempts at hegemonic reversal. The 1991 Gulf War he argues 'has everything to do with milking of certain client-states in the region' (Bina, 1993: p.12). Likewise oil was not the cause of the 2003 invasion of Iraq; it was 'just the gravy' (according to the original plan) to bankroll the invasion (Bina, 2013: p.210).

Let me conclude this chapter by outlining my views on the international political economy of oil. For the post-WW2 period up until the 1970s, the US controlled world oil outside the Communist bloc and this control was a critical basis of its hegemony over the capitalist world. Bromley's account of this period in his *American Hegemony and World Oil* is convincing. In terms of the nationalisations of oil production, Nore's explanation is unconvincing in its functionalism; Fine and Harris's explanation of the oil price rises in functionalist terms is equally problematic. Achcar's and Hanieh's explanations of the nationalisations are most convincing. In Achcar's words, the nationalisations were the result of 'the rise of Third World economic nationalism, a corollary to the decline of U.S. hegemony' (Achcar, 2006: p.24). In terms of my construction of a spectrum of view on the post-Cold War era, I align myself with those studies arguing that US imperial policy (and its control of world oil) has been driven by national (imperial) logics. In my reading, the difference between Stokes and Raphael and those studies - conceptualising US imperial strategy in terms of two logics (one national, the other transnational) as opposed to one national logic - is more presentational than substantial.

3. BP: From colonial origins to the 1970s nationalisations

The thesis turns now to a history of BP and its relation to British imperialism. The chapter is divided into two parts. Part I examines the company's oil production and markets before WWII. Its oil concessions were in Britain's empire in the Middle East. In this "classical" age of imperialism, these concessions were the products, not just of inter-imperial rivalries, but also of inter-imperial agreements. And it was in the inter-war years that control over Middle Eastern oil started to shift from Britain and BP to America and its companies. The company's markets also exhibited an imperial design before WWII.

Part II examines the company's oil production and markets between 1945 and 1979. Anglo-American redivision (without war) continued after WWII. For BP, this redivision centred on Iran. Britain's and BP's imperial grip was slipping outside Iran too. And the company was affected by the rise of Third World economic nationalism. This resulted in the loss of the BP's Middle Eastern and African concessions in the 1970s. It also resulted in the loss of the company's old imperial markets.

Part I: Oil production and markets before WWII

3.1 Oil production before WWII: Concessions in Britain's empire in the Middle East

3.1.1 Iran

Up until 1950, the company's operations centred on crude oil production in Iran. Iran was the company's first concession. The company's founder, William Knox D'Arcy, acquired the concession for the exploration and production of oil in 1901. It is worth emphasising the vastness of this concession in both space and time:

'The Persian Government granted to D'Arcy (Article I) "a special and exclusive privilege to search for and obtain, exploit, develop, render suitable for trade, carry away and sell natural gas, petroleum, asphalt and ozokerite throughout the whole extent of the Persian Empire for a term of sixty years" although D'Arcy had excluded the five northern provinces from the actual extent of his concession.' (Ferrier, 1982: p.42)

The five northern provinces of Azerbaijan, Gilan, Mazandaran, Astarabad and Khurusan were excluded because of possible political objections from Russia (Jones, 1981: p.130). Oil was discovered in 1908 and in the following year the Anglo-Persian Oil Company (APOC) was formed. At its formation, APOC was almost wholly owned by the Burmah Oil Company; Burmah owned 97 per cent of APOC's ordinary shares (Ferrier, 1982: Table 8.2). The Burmah Oil Company was established in 1886 in Scotland to work the Burmese oilfields, after Britain had annexed Burma to its Indian colony (Jones, 1981: p.88). APOC changed its name to the Anglo-Iranian Oil Company (AIOC) in 1935 and then to British Petroleum (BP) in 1954. On the eve of World War Two, Iran accounted for 88 per cent of the company's crude oil production with the remainder produced in Iraq (own calculations from Bamberg (1994: Table 5.1)).

Peter Sluglett charts the development of Britain's interest in Iran from the start of the nineteenth century:

'Britain's interests in Iran were almost entirely related to her interests in India. From about 1800 onwards, London considered that "securing" the territories to the east, west, north-west, and north-east of India was a vital precondition for the defence of the Subcontinent. "The Struggle for Asia" (in the words of one title) was essentially a struggle for ascendancy between Britain and Russia, in which Iranian (and Afghan) compliance was a constant British objective… For most of the nineteenth century the economic stakes were not a high priority, although this began to change with the Reuter concession in 1872 and more purposefully after the foundation of the (British) Imperial Bank of Persia in 1889.' (Sluglett, 1999:pp.417-8)

In his *The Struggle for Asia 1828-1914: A study in British and Russian imperialism*, David Gillard argues that:

'British interest in a treaty relationship with Persia dated from 1799, when it was hoped that the Persians might divert an impending invasion of India by the shah's traditional enemies, the Afghans. The Afghan threat quickly passed, but the course of the war in Europe suggested that Persia might be the route for an attack on India by the French and, perhaps, the Russians. Treaties with the shah in 1801, 1809, 1812 and 1814 had, therefore, a common theme: British aid to Persian armies resisting a European invader.' (Gillard, 1977: p.20)

But when war between Russia and Iran came in 1826, Britain refused Iran aid. One year later, Iran gave up the struggle, sued for peace and in 1828 signed the treaty of Turkomanchay, strengthening Russia's position in western Asia (Gillard, 1977: pp.20-23). According to Gillard, between 1828 and 1833 there was, from Britain's perspective at least, a major shift of power in favour of Russia, in the struggle for Asia. This was 'spectacularly reversed' by the British by 1860 (Gillard, 1977: p.3). In 1838, Iran launched an all-out assault on Herat (under Afghan control). Alarmed that Herat under Iranian rule would be an advance post for Russia against India (since Iran 'seemed on the way to becoming a Russian satellite'), Britain threatened Iran with retaliation if it did not end the siege (Gillard, 1977: pp.47,53). The shah withdrew his forces and signed a commercial treaty with the British. Almost twenty years later (1856-57), history came close to repeating itself. Iran again advanced on Herat and Britain was again concerned that Herat would become a Russian outpost against India. The British declared war on Iran and after 'an absurdly unequal contest' the shah agreed to withdraw from Herat 'and the British were granted most favoured nation treatment in commercial relations and the stationing of consuls' (Gillard, 1977: pp.97-98). British ascendance in western and central Asia in the three decades up to 1860 was reversed (gradually) by the Russians thereafter (Gillard, 1977: pp.3,179; Siegel, 2002: p.9). By the turn of the twentieth century, Russia was in a powerful position in Iran; Britain's position was much weaker by comparison (Gillard,1977:pp.165-6; Greaves,1965:pp.288,305; Siegel,2002:p.11).

From the 1860s to the early 1900s, concession hunters from Britain and continental Europe descended on Iran in search of bargains (Bostock & Jones, 1989: p.35). George Lenczowski describes the race for concessions:

> 'In 1872 a naturalized British subject, Baron Julius de Reuter, obtained a huge concession… The Russians, upon learning of Reuter's concession, did not stand idly by. Their pressure on the Shah prompted him to cancel the grant. Thereafter a series of new concessions were given to the British to compensate them for the lost advantage, coupled with a series of concessions to the Russians. By the end of the nineteenth century most of the country's resources and technical projects were exploited or directed by foreign interests.' (Lenczowski, 1949: p.4)

Between 1860 and 1925, 'British business consisted of trading and shipping houses, and investments in the extractive and infrastructure sectors, and in banking. Many of the non-trading activities were based on concessions from the Iranian government' (Bostock & Jones, 1989: pp.33-34). By 1925, the modern sector of the Iranian economy was dominated by British business (Bostock & Jones, 1989: p.45).

According to Frances Bostock and Geoffrey Jones:

> 'A close relationship with the British government was almost a prerequisite for survival in Iran… The support of the British Minister in Tehran and of the Foreign Office was essential if concessions were to be obtained and sustained.' (Bostock & Jones, 1989: pp.43-4)

D'Arcy's oil concession was no exception: British officials strongly supported the negotiations which led to the concession and, once established, APOC was sustained at crucial moments by interventions from the British government (Bostock & Jones, 1989: p.44). For example, in 1904, the British government encouraged D'Arcy's rescue by the Burmah Oil Company. According to Bostock and Jones, it did so because the Admiralty were keen to have a source of oil in a region under British political influence (Bostock & Jones, 1989: p.44). Jennifer Siegel argues that it did so, not just because of the Admiralty's oil needs, moderate at that time but soon to swell, but also because it wanted to keep the concession in British hands as a means to limit the involvement of other foreign powers in Persia (Siegel, 2002: p.179). In particular, she contends that D'Arcy threatened to sell shares in APOC to foreigners if the British government did not provide a loan, and the government urged Burmah Oil to join forces with D'Arcy because of its concern that the concession could fall under the control of Russia (Siegel, 2002: p.179). And, in 1907, the British government sent a gunboat and Indian troops to protect the company's drillings in response to a request from D'Arcy (Ferrier, 1982: p85; Jones, 1981: p.136). It did so 'in view of the importance attached by His Majesty's Government to the maintenance of British enterprise in South West Persia' (Foreign Office internal communication cited in Ferrier (1982: pp.85-86)). More generally, Lenczowski argues that:

> 'To watch the company's operations and to maintain friendly relations with the local potentates, a number of able public servants had to be employed by Great Britain in these regions. This meant deeper penetration of British consular and intelligence authorities into the area, the establishment of certain customs and usages, and generally a greater influence.' (Lenczowski, 1949: p.78)

In addition to the UK Legation in Tehran, there was a Residency in Bushire and, in the south of Iran, a network of consulates and agents (Lenczowski, 1949: p.252). Quite a colonial presence!

In 1907, Britain and Russia signed *The Convention of Mutual Cordiality* (Siegel, 2002: p.xvi). This partitioned Iran into British and Russian "spheres of influence" and a neutral zone. The British government undertook to forgo concessions in northern Persia, adjacent to the frontiers of Russia, and the Russian government made a similar undertaking in the areas of Persia closest to India (Gillard, 1977: p.176). D'Arcy's concession was outside the Russian sphere but inside the neutral zone (Chen, 2015: p.86). A year after the Convention was signed D'Arcy struck oil in the neutral zone. The Foreign Office noted that this was 'excellent news for our interests in south-western Persia' and would 'greatly increase our interest in south-western Persia' (Foreign Office internal documents cited in Ferrier (1982: p.90)). According to the company's official history, there was also a propensity on the part of some local consular officials to bring attention to the commercial and political advantages that would result from this expansion of British interests in their areas (Ferrier, 1982: p.90). A Foreign Office official also argued 'that it is most desirable from the point of view of British interests, both political and commercial, that' the subsequent exploitation of the concession should be undertaken by D'Arcy's Oil Syndicate 'since if it is not, there is every likelihood that the business will be secured and worked by subjects of a foreign Power' (Foreign Office internal documents cited in Ferrier (1982, p.91)). At this point, the Foreign Office was concerned about German involvement (Ferrier, 1982: p.91). After 1898, Germany's persistent efforts at economic penetration of the Persian Gulf area, including Iran, aroused considerable alarm in Britain (Lenczowski, 1949: pp.145-6). APOC remained in British hands and quickly became the most significant manifestation of Britain's imperial presence in the neutral zone and southern Persia (Siegel, 2002: p.179). In particular, APOC was:

'financing and controlling their own security forces of Indian sowars [i.e. cavalrymen], advancing loans to the Sheik of Mahammareh through the British government, and even offering to underwrite a considerable loan to the Persian government in exchange for further concessions.' (Siegel, 2002: p.179)

On the eve of World War One, APOC and the British state became intimately entwined. Jones argues that: 'A.P.O.C. was in need of all three things an oil company might expect from the British Government - a market, money and diplomatic support' (Jones, 1981: p.150). It needed markets for its oil, and Britain's navy and the railways its controlled in India were two possibilities. It needed a large injection of capital, and strong diplomatic support to stop Shell setting itself up in Mesopotamia and to allow APOC to establish itself in the country instead (Jones, 1981: p.149). As we shall see it secured all three things. A decision was made to switch the Royal Navy from coal to oil in 1912 (Jones, 1981: pp.27-8; Yergin, 1991: pp.153-7). The navy was no longer dependent for its fuel on the coal miners of South Wales, but on the producers of oil in North America, Rumania and Dutch Borneo (Jones, 1981: p.28). Even before 1912, Jones argues, the British government had expressed great reservations about being dependent on foreign countries and foreign companies for oil (Jones1981p28). APOC and the British government reached an agreement in 1914. The government invested in the company. In return, it acquired a majority shareholding and the right to appoint two directors to the company's board with powers of veto.[1] The Government was allowed to veto (not commercial matters but):

'matters affecting foreign naval and military policy; or if a sale of the company's undertaking were contemplated; or if new exploitation plans seemed to it unsuitable, or if contemplated sales of oil to foreigners or on long-term contracts seemed likely to endanger naval supply.' (Monroe, 1981: p.99)

In addition, APOC would supply fuel oil to the navy for 20 years. On the government's side this was the principal interest in the agreement: the Admiralty wanted a long-term supply of fuel oil (at a cheap price) (Jones, 1981: p.174; Kent, 1993: pp.34-35; Sluglett, 1976: p.3).

[1] According to BP's official history, the government invested £2m and gained a 66.67 per cent shareholding (Ferrier, 1982: p.324 & Table 8.2; Bamberg, 1994: p5). According to most non-official accounts, the government invested £2.2m but only acquired a 51 per cent shareholding (Jones, 1981: p.154; Kent, 1993: pp.34,52-3; Monroe, 1981: p.98; Yergin, 1991: p.161).

Obviously the government would continue to protect the Persian oilfields. In making the case for its shareholding the Foreign Secretary asked:

> "Can anybody point to any other part [of the world] where we might get oil concessions outside the British Empire where those risks would be less? Take the difficulty of protecting these wells, and, even at the worst, 150 miles of pipe-line from the coast of Persia. Would you rather have oil wells in Mexico? Would it be easier to send a British force there to protect them? People talk of the danger of the concession being threatened by Russia or by Turkey. Would you rather have the oil wells actually in Russia or Turkish territory?" (Cited in Siegel, 2002: p.184)

Soon after WWI begun. According to Peter Avery, one of the first violations of Iran's neutrality was by the Turkish force dispatched to attack the oil pipeline and by the British force sent to meet this threat (Avery, 1965: pp.182-3). By the autumn of 1915, the British were practically forced out of their spheres of influence in Iran, with the exception of the southwest of the country, where APOC continued its operations, protected by British (Indian) force based in Basra, in the Ottoman Empire (Avery, 1965: p.191).[2] In the same year, Britain recognised Russia's claim to control of the Straits and Constantinople in return for the assignment of the hitherto neutral zone in Iran to itself (Kazemzadeh, 2013: p.678; Lenczowski, 1949: p.44).

After the war, Britain's quest for paramountcy in Iran failed. In 1919, the British government signed an agreement with Iran's Shah - on the back of bribes to a number of leading Iranian officials, according to Firuz Kazemzadeh - aimed at turning the country into a British protectorate (Kazemzadeh, 2013: p.xiv; Balfour-Paul, 1999: p.498). But the agreement was not ratified by the Majlis (the Iranian parliament) and in 1921 Riza Khan seized power and repudiated the agreement (Balfour-Paul, 1999: pp.499-500). Between this coup and the British occupation of the country in WWII (i.e., during Riza Khan's rule), Iran successfully resisted Britain's quest for (political) domination (Darwin, 1981: pp.xv,272-3; Monroe, 1981: pp.58-59,118; Sluglett, 1999: p.419). According to Kazemzadeh, there was a balance of British and Russian influence in Iran from 1925 up until WWII (Kazemzadeh, 2013: p.xv). For Rouhollah K. Ramazani, Reza Shah won 'a large measure of political independence for Iran from Great Britain and Russia' (Ramazani, 2013: p.19).

Nevertheless, APOC/AIOC and its Iranian oilfields were not without protection. Bostock and Jones argue that Riza Khan sought to reverse not just foreign political domination but also foreign economic domination of Iran (Bostock & Jones, 1989: p.45). British business was ejected: 'Apart from Anglo-Persian Oil and the Imperial Bank, few of the other British ventures which had been established in Qajar Iran survived the Reza Shah era… Only the Gulf shipping agencies remained relatively unscathed' (Bostock & Jones, 1989: p.51). In 1932, Riza Khan (now Shah) cancelled

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[2] Similarly, Sluglett argues that when the Ottoman Empire entered the war on the opposite side to the British, 'Indian Expeditionary Force "D" was… despatched to Basra' to guard both 'trade and communications with India, and also… the Persian oilfields' (Sluglett, 1976: p.3). Darwin (1999: p.162) and Monroe (1981: p.25) agree.

APOC's concession. The British government stepped in. It warned its Iranian counterpart that if the cancellation of the concession was not retracted, then it would refer the matter to the Permanent Court of International Justice of the League of Nations (Bamberg, 1994: p.37). The Under-Secretary of State for Foreign Affairs (Anthony Eden) added that it 'was prepared to take "all such measures as the situation may demand"' (Bamberg, 1994: p.37). Armed measures were not ruled out by Eden. According to Lenczowski, the British Legation also threatened to use force and this threat was backed up by the appearance of British naval vessels off the coast of Iran (Lenczowski, 1949: p.79). The British government lodged an appeal with the Council of the League of Nations, the Council's Rapporteur (the Foreign Secretary of Czechoslovakia) proposed the suspension of all proceedings before the Council while APOC and the Iranian government were negotiating, and a new concession was agreed in 1933 (Bamberg, 1994: pp.37-41). More generally, the British state protected the Iranian oilfields from Iraq in the interwar years (and up until the coup d'état in Iraq in 1958) (Fieldhouse, 2006: pp.71,341; Mejcher, 1976: pp.166,172; Sluglett, 1976: p.6). In the Second World War, Britain and the Soviet Union (and later the USA) occupied Iran, Britain occupying the oil-producing areas in the south-west (Avery, 1965: p.327). According to Lenczowski, one feature of British policy in Iran during WWII was:

'Since oil supplies for the Royal Navy were vital in the prosecution of the war, the British opposed any radical labor tendencies that might have impeded the production of oil in Khuzistan. By the same token the British were prepared to establish agreements with the tribes to ensure the security of the wells, pipe lines, and refineries.' (Lenczowski, 1949: p.254)

3.1.2 Iraq

Outside Iran, the company picked up its most important concessions before WWII in other parts of Britain's empire in the Middle East. The first of these was acquired in Iraq. APOC was the sole concessionaire of the Naftkhana oilfield in the Transferred Territories (Bamberg, 1994: p.156). Naftkhana was

'in the border territory transferred from Iran to Turkey (and later by inheritance, Iraq) by the Turco-Persian Frontier Commission of 1913. As concessionary rights over the Transferred Territories had already been granted to the Company [i.e., APOC] as part of the 1901 D'Arcy concession [in Iran], the Iraqi Government accepted the Company's position as sole concessionaire, which was made explicit in a new concession granted in 1925.' (Bamberg, 1994: p.156).

Of much greater importance was APOC's shareholding in the Turkish Petroleum Company (TPC), renamed the Iraq Petroleum Company (IPC) in 1929. IPC's shareholders held three concessions covering the whole of Iraq except the Transferred Territories: the concessions of the IPC itself (east of the Tigris, granted in 1931), of the Mosul Petroleum Company (west of the Tigris, granted originally to British Oil Developments Ltd in 1932) and of the Basra Petroleum Company (granted in 1938) (Bamberg, 1994: p.171). On the eve of WWII, APOC produced 12 per cent of its crude oil in Iraq (own calculations from Bamberg (1994: Table 5.1)).

The "Mesopotamian" oil concession was the product of inter-imperial struggle and cooperation between Britain, Germany, France and the United States. D'Arcy's attempts to acquire a concession in Mesopotamia started in 1901, the same year he acquired the Persian concession (Ferrier, 1982: n.9p.719). Kent argues that the Foreign Office had approved his efforts since 1904 and supported him diplomatically since 1908 (Kent, 1993:p.36). In fact, D'Arcy had become the government's protégé with regard to the Mesopotamian concession (Kent, 1976: p.6). D'Arcy's group faced strong competition for the concession from the Turkish Petroleum Company (TPC) (constituted in 1912). Deutsche Bank and (Dutch-Anglo) Royal Dutch Shell each owned a quarter of the TPC; the other half was owned by the British-controlled Turkish National Bank. Thirty per cent of this bank was owned in turn by Calouste Gulbenkian (Yergin, 1991: p.185). Negotiations between the governments of Britain and Germany and their protégés resulted in the amalgamation of the two groups of concession-hunters into an enlarged TPC in 1914 (Kent, 1993: p.51). At this point, APOC owned 47.5 per cent of TPC, Deutsche Bank 25 per cent and Royal Dutch Shell 22.5 per cent; the remaining 5 per cent held by Gulbenkian (Yergin, 1991: p.187). The British and German governments then pressed the Ottoman government to grant the TPC a concession 'even to the extent of issuing ultimata and taking retaliatory action against' it (Kent, 1976: p.5). Under pressure the Grand Vizir promised (formally) a Mesopotamian concession to the TPC on the 28th June 1914 (Kent, 1976: p.109; Yergin, 1991: p.188). That was the day Franz Ferdinand was assassinated.

The inter-imperial conflict and cooperation for Mesopotamian oil continued in war. Here France entered the scene. In the Sykes-Picot agreement (of 1916) the British and French governments agreed an imperial carve-up of the Ottoman Empire. According to the agreement, Britain would control southern Mesopotamia and France's sphere of influence would include the potentially oil-rich vilayet (i.e., province) of Mosul (Monroe, 1981: pp.33,101). But Britain's army dashed to occupy Mosul at the very end of the war so that by November 1918 it occupied the Baghdad, Basra and Mosul vilayets, the area which would form the future Iraqi state (Sluglett, 1976: pp.3,14). The years 1918-20 saw Anglo-French attempts to agree a revision to the Sykes-Picot carve-up in which Britain would control Mosul but France would obtain a share of its (prospective) oil (Kent, 1976: p.157). Agreement was sealed at the San Remo conference (in 1920): Britain secured the League of Nations colonial "mandate" for Iraq, the TPC secured the oil concession in the country, and Deutsche Bank's 25 per cent stake in the TPC, confiscated from it by the British government during the war, was handed over to France's Compagnie Française des Petroles (CFP) (Sluglett, 1976: p.108; Yergin, 1991: pp.189-90). Six years later the League of Nations awarded the Mosul vilayet to Iraq (rather than Turkey). Elizabeth Monroe reminds us of British Foreign Secretary Curzon's 'now-famous lie: "Oil had not the remotest connection with my attitude over Mosul"'

(Monroe, 1976). But it was not just Mosul of course. As Helmut Mejcher concludes in his *Imperial Quest for Oil: Iraq 1910-1928*, the influence of oil 'ran like a scarlet thread through the decision-making process in Whitehall' (Mejcher, 1976: p.165).

A brief comment on Royal Dutch Shell. Royal Dutch Shell was formed in 1907. Sixty per cent of this company was owned by Royal Dutch, forty per cent by Shell Transport, a British company. At San Remo, Royal Dutch Shell retained its 22.5 per cent share of TPC, and hence of the Iraqi concession. This was one side of a prospective deal whereby, in return, the hitherto Dutch-controlled company would become British-controlled (Kent, 1976: p.157; Ferrier, 1982: p.357). In the end, the company retained its Dutch-control as well as its stake in TPC.

The inter-imperial struggle for and cooperation over Iraqi oil did not end with the war and post-war San Remo agreement. The United States now entered the fray. As Gilbert Achcar argues the agreement 'was a slap in its face' (Achcar, 2006: p.9). Achcar continues:

> 'Under pressure from U.S. oil companies, the "internationalist" Wilson administration protested vigorously against this violation of the Open Door principle…
> The pressure that Washington exerted on London and Paris was irresistible. In 1928 a new agreement was signed, redistributing four equal shares in the TPC to Anglo-Persian, Royal Dutch/Shell, the French CFP, and a holding company representing a consortium of U.S. oil companies. At the same time the signatories agreed to reserve for joint exploitation under the aegis of the TPC any oil that any of them might discover in the vast ex-Ottoman regime including Turkey, the Arab lands east of Suez, and the whole Arabian Peninsula except Kuwait (which Britain had already wrested from Ottoman control at the end of the nineteenth century).' (Achcar, 2006: pp.10-11)

This was the so-called Red Line Agreement (it lasted until 1948).

The British state continued to exercise control over Iraq and its oil, via its "mandate" and then the 1930 Anglo-Iraqi Treaty, until the nationalist, republican coup d'état in 1958 (Balfour-Paul, 1999: pp499-501; Darwin, 1999: pp.159,167; Fieldhouse, 2006: pp.96,112,114; Louis, 2004: p.21; Sluglett, 2007: pp.xvi,213; Tripp, 2007: p.73). Peter Sluglett argues that as Britain secured its oil and other interests in Iraq it could (and did) loosen its control:

> 'After the Mosul wilayet had been awarded to Iraq in 1926, and the first agreements signed with the Turkish Petroleum Company, there was a perceptible slackening of British control. Similarly, the terms of the 1930s Treaty, and the second round of oil concessions in 1931, all enabled Britain to make her formal departure.' (Sluglett, 1976: p.298)

Fieldhouse argues that none of the important benefits secured by Britain under of the mandate, in particular, its position in the Iraqi oil industry, its RAF bases and its right to transit in war, were lost after Iraq gained formal independence in 1932 (Fieldhouse, 2006: p.96). Britain occupied Iraq again in the Second World War.

3.1.3 Kuwait, Qatar and Abu Dhabi

Iran and Iraq were the company's only sources of crude oil production before WWII. But the company secured other concessions (jointly with other companies) in the inter-war years that would become important sources of its crude oil production after the war. The most important of these were in Kuwait, Qatar and Abu Dhabi. Kuwait was outside the Red Line Agreement. The concession for the country was acquired by the Kuwait Oil Company in 1934 (Bamberg, 1994: p.152). This company was owned equally by (and a subsidiary of) APOC and the American, Gulf Oil Corporation (Bamberg, 1994: pp.142,150). The concession covered the whole of Kuwait and lasted for 75 years (Bamberg, 1994: p.152). Oil was discovered in 1938 but operations were interrupted by the Second World War so that the production and export of oil did not begin until after the war (Bamberg, 1994: p.155). Qatar and Abu Dhabi were covered by the Red Line Agreement. Concessions for both countries were obtained by the Iraq Petroleum Company. The company acquired the Qatari concession in 1935, oil was discovered in 1939 but operations were suspended for the war's duration and exports only began in the last week of 1949 (Bamberg, 1994: pp.171-2,341). The concession for Abu Dhabi was granted in 1939 and oil was discovered in commercial quantities after the war (Bamberg, 1994: p.172).

The Gulf Arab states of Kuwait, Bahrain, Qatar, the "Trucial States", and Muscat/Oman were all part of Britain's empire. In 1820, 'the British imposed an anti-piracy treaty - known as the General Treaty of 1820 - on all the rulers and governors of the Coast of Oman', the Gulf coast of the present-day United Arab Emirates (Onley, 2005: p.30). Bahrain's rulers joined the General Treaty at their own request (Onley, 2005: p.30). From 1835, Maritime Truces were signed with the rulers of Abu Dhabi, Dubai, 'Ajman, the al-Qasimi empire (of Sharjah and Ras al-Khaimah) and Umm al-Qaiwain, hence the labelling of these states, along with Fujairah, as the "Trucial States" (Onley, 2005: p.31). Bahrain and Qatar joined this "Trucial System" in 1861 and 1916, respectively (Onley, 2005: pp.31-32). As James Onley notes:

> 'Later on, the rulers also signed Exclusive Agreements (Bahrain in 1880, the Trucial States in 1892, Kuwait in 1899, Qatar in 1916) that bound them into exclusive political relations with, and ceded control of their external affairs to, the British Government. The Sultan of Muscat and Oman signed a de facto exclusive agreement with the British in 1891, except that political relations with America and France were permitted because of earlier treaties with those countries.' (Onley, 2005: p.32)

The Exclusive Agreement between the British government and the Shaykh of Kuwait (and the other agreements were similar in nature) bound the ruler and 'his heirs and successors' 'not to receive the agent or representative of any Power or Government at Kuwait… without the previous sanction of the British Government' but also 'not to cede, sell, lease, mortgage, or give for occupation or for any other purpose, any portion of his territory to the Government or subjects of any other power without previous consent of Her Majesty's Government for these purposes'

(English translation reproduced in Chisholm (1975: p85)). Later agreements made specific reference to oil concessions (with Kuwait in 1913, Bahrain in 1914, Qatar in 1916, the "Trucial States" in 1922, Muscat/Oman in 1923) (Hollis, 2010: pp.161-4). For example, the Shaykh of Kuwait pledged not to give an oil concession 'to anyone except a person appointed from the British Government' (English translation reproduced in Chisholm (1975: p89)).

Monroe argues that 'Even in places where it [i.e., the British government] was entitled by pledge or treaty to approve the nationality of the concessionaire (as it was in Kuwait or Bahrain), it preferred to leave British aspirants to fend from themselves' (Monroe, 1981: p.105). This is not a fair characterisation of the British government's actions. According to BP's official history, by 1922, Britain's Colonial Office was ready to authorise the Political Resident (that is, its local diplomat) to help APOC to negotiate agreements with the Shaykhs of Bahrain and Kuwait (Ferrier, 1982: p.546). But the company did not seize this opportunity (Ferrier, 1982: p.564). Thereafter it faced competition for both concessions from the Eastern and General Syndicate (EGS), another British company (Ferrier, 1982: p.564). The British government sided with APOC (Ferrier, 1982: pp.564-6). Nevertheless, in 1925, EGS was awarded the concession for Bahrain (Ferrier, 1982: p.566). The following year, EGS wanted to get rid of its Bahrain concession, along with its concessions for al-Hasa and the Neutral Zone (Ferrier, 1982: p.567). It offered to sell them to APOC but APOC declined to accept the offer (Ferrier, 1982: p.567). Only then, in 1927, did EGS sell its concessions to the Gulf Oil Corporation (Ferrier, 1982: p.567). The game of pass the parcel was not over. The next year Gulf Oil joined the Turkish Petroleum Company (TPC) and signed the Red Line Agreement (Ferrier, 1982: p.567). This prevented it from retaining its Bahraini concession. So Gulf Oil passed it on to the Standard Oil Company of California (Ferrier, 1982: p.567). This was not (quite) the end of the story. In 1928, the British government insisted that any concession granted by the Shaykhs of Kuwait or Bahrain include a British nationality clause (Ferrier, 1982: p.568). Two years later it caved in under pressure from the US government. The British nationality clause was (in effect) waived in the case of Bahrain (but not yet Kuwait); a Canadian registered company, a subsidiary of Standard Oil of California, obtained the concession (Ferrier, 1982: p.568).

Back in Kuwait, Gulf Oil was seeking the concession. In view of this, the Petroleum Department (part of the British government) asked APOC if it, or the Iraq Petroleum Company, was interested in the concession as 'we do not like to see any area which offers any promise going entirely into American hands' (Petroleum Department cited in Chisholm (1975: p.127)). The company replied unenthusiastically: it confirmed its interest but complained about the royalty terms and customs duties which the Colonial Office was willing to recommend to Kuwait's Shaykh Ahmad (Ferrier, 1982: p.569). Meanwhile, Gulf Oil took up the issue of the British nationality clause with the

American State Department who in turn put pressure on the British Foreign Office to concede Open Door rights to American companies in Kuwait (Bamberg,1994:p.148). The British government, having yielded ground already to US oil companies in Iraq and Bahrain, did so again in Kuwait; the nationality clause was now dropped there too (in 1932) (Bamberg, 1994: p.148). Before hearing this news, and on the back of a discouraging geological survey, APOC indicated that it was not interested in the concession (at that time) (Bamberg, 1994: p.148; Ferrier, 1982: p.569). When it heard the news, the company immediately asked to open (concessionary) negotiations; it was unenthusiastic about the prospect of having a competitor in its Iranian backyard (Ferrier, 1982: pp.568-9). There were now two competitors for the concession, namely APOC and Gulf Oil (Bamberg, 1994: p.148). In 1933, after the British government examined the proposals of the two companies, the Political Resident approved the reopening of negotiations between the two companies and Kuwait's Shaykh (Bamberg, 1994: pp.149-50). Competition for the concession was good for the Shaykh but bad for the companies, so the latter combined, forming a joint company, called the Kuwait Oil Company (KOC), to acquire and operate the concession (Bamberg, 1994: p.150). The British government was not sitting on the sidelines. In 1934, it signed an agreement known as the political agreement with the KOC. This:

'stipulated that the KOC was to remain a British company and gave the British Government significant powers, most notably that the concession, if obtained by the KOC, was not to be transferred without the consent of the British Government, which would also have the rights of pre-emption over Kuwaiti crude oil and refined products in event of war.' (Bamberg, 1994: pp.150-1).

In 1934, KOC was awarded the concession, and an exchange of letters between the British Government and the Shaykh embodied the political agreement (Bamberg, 1994: p.152).

'Each oil concession agreement for those Arab Gulf states [in fact, monarchies] under formal British protection followed an established procedure. The first document to be signed was usually, though not necessarily, a commercial agreement between the company and the Ruler. A second stage usually saw a political agreement between the British Government and the oil company. This stage would ideally be endorsed by the Ruler through an exchange of letters with the appropriate British authorities in the Gulf.' (Cambridge Archive Editions, 2018).

3.2 Markets before WWII: Selling at home and in the British Empire

APOC started selling refined oil products from 1912. Sales were made to Royal Dutch Shell (Ferrier, 1982: pp.150,476,508); the Admiralty (under the 20-year supply agreement signed in 1914); local markets in the Gulf (although sales 'remained generally insignificant') (Ferrier, 1982: p.471; Bamberg, 1994: pp.5-6); local steamers (the beginnings of the Company's marine bunkering trade) (Ferrier, 1982: p.286; Bamberg, 1994: p.6); and to India (both directly and via Burmah Oil and Royal Dutch Shell) (Ferrier, 1982: pp.287,471). During WW1, APOC's largest customers by far were the Admiralty and other armed services (Bamberg,1994:p.5; Ferrier,1982:pp.288-90). Then, over the period 1917-27, the company developed its own marketing organisation, principally in Britain and other Western European countries (Bamberg,2000:p.218; Bamberg,1994:p.6). Its first step was the acquisition of the British Petroleum (BP) Company. The BP Company was a subsidiary of a German oil company (Europäische Petroleum Union) with a considerable marketing operation in Britain (Bamberg, 1994: p.6). It was requisitioned during the war and APOC purchased it from the Public Trustee (Ferrier, 1982: p.291).

Collusion in the markets (between the major oil companies) increased dramatically from 1928. The 1928 Achnacarry or "As Is" Agreement is well-known. This centred around the fixing of quotas and prices in international oil markets. In addition to this overarching agreement, separate agreements were reached covering specific markets. In 1927, Burmah Oil and Royal Dutch Shell decided to combine their marketing operations in India into a joint company (the so-called Burmah-Shell Agreement) (Ferrier, 1982: p.511; Bamberg, 1994: p.107). The next year, APOC, in return for the right to supply this joint company with some of its oil needs, agreed that it would not enter India's market (Bamberg, 2000: p.218). In the same year, APOC and Royal Dutch Shell agreed to combine their marketing operations in Egypt, Syria, Palestine, Red Sea Ports, East Africa and South Africa, Ceylon, Madagascar, Mauritius and Reunion into a joint company called the Consolidated Petroleum Company (Ferrier, 1982: p.512). One of BP's official historians, Jim Bamberg, describes well these Burmah-Shell (plus APOC) and Consolidated agreements:

> 'Oil markets in most of the rest of the British Empire [i.e., outside Australia] were shared out in 1928 in an imperial carve-up between the three main British or part-British oil companies, the Company, Burmah Oil and Royal Dutch-Shell.' (Bamberg, 2000: p.252)

The UK market was not immune from this collusion. Already in 1919 there were agreements between the UK marketing subsidiaries of APOC, Royal Dutch Shell and Standard Oil (NJ) to schedule prices (Ferrier, 1982: p.505). According to R. W. Ferrier (BP's other official historian):

> 'These arrangements were the subject of informal meetings between the three main importing and distributing companies throughout the 1920s, as well as quota settlements, advertising restrictions and service station proposals.' (Ferrier, 1982: n.74p.754)

By 1932, APOC and Royal Dutch Shell had combined their UK marketing operations into a joint company, called Shell-Mex and BP (Bamberg, 1994: p.119). Standard Oil (NJ) was invited to merge their UK marketing operations too but it declined (Bamberg, 1994: p.119).

Table 3.1. Geographical distribution of the company's main refined oil product sales, 1928 & 1930-37

	1928	1930-37
Europe:		
UK	26	19
Continental Europe	18	17
Sub-total	44	36
Extra-European markets:		
Argentina	2	n/a
Australia	1	2
Burmah-Shell area	8	3
Consolidated area	13	5
Iran	0.4	1
Iraq	2	2
Other	1	1
Sub-total	26	13
International oil companies:		
Royal Dutch Shell	8	8
Burmah Oil	2	1
Sub-total	11	8
Marine bunkers	7	30
Admiralty	10	10
Other	2	3
Total	100	100

Sources:
1928 data: Own calculations from Ferrier (1982: Appendices 11.1-11.4)
1930-37 data: Bamberg (1994: Table 4.2)

Table 3.1 shows the geographical distribution of the company's main refined oil product sales in 1928 and over the years 1930-37. In this decade before the outbreak of WWII, the company's products markets had a double imperial design. Sales to the UK commercial market, the company's largest European market, and to the Admiralty accounted for 36 per cent of all product sales in 1928 and 29 per cent in 1930-37. This was one side of the imperial nature of the company's markets. The other side was the largely imperial design of the company's markets outside Western Europe:

'The Company's extra-European sales were made not in the industrial economies of Japan and the USA, but mainly in the less economically dynamic territories of the vast British Empire and at bunkering ports on the sea lanes of the Eastern Hemisphere, where Britain was the supreme maritime power.' (Bamberg,2000:p.252)

Sales to these extra-European markets and by the company's marine bunkering business accounted for 33 per cent of all sales in 1928 and 43 per cent in 1930-37. In short, sales at home (including to the Admiralty) and in Britain's empire (including at bunkering ports) constituted the majority of the company's product sales before WWII.

Part II: Oil production and markets, 1945-1979

3.3 Oil production, 1945-1979

3.3.1 The pre-WWII Middle East oil concessions

In the post-WWII period, before the nationalisations of the 1970s, the company's crude oil production was concentrated in its pre-WWII Middle East concessions, primarily in Kuwait and Iran, and to a lesser extent Iraq. The contributions of Qatar and Abu Dhabi in this postwar period were small in comparison (Table 3.2). As we have seen, before WWII, the company produced almost all its crude oil in Iran; 88 per cent of it on the eve of war. Iran continued to be the company's dominant source of production in the immediate aftermath of war. Over the period 1946-50, the company produced 82 per cent of its crude oil in Iran.

But there was increasing hostility to the company and the regime in Iran that sustained it. The nationalist movement demanded the oil industry's nationalisation as well as constitutional checks on the Shah's powers. After the assassination of the pro-British prime minister, the Shah, in reaction to popular pressure, appointed the leader of the nationalist movement, Mohammad Mussadiq, as prime minister, and he nationalised the country's oil industry in 1951. The loss of BP's concession would have damaged British imperialism in both economic and political terms: its loss would damage its prestige in the Middle East and thus its imperial grip on the region. Britain did not have troops to occupy Iran's oilfields so imposed an economic blockade on the country and tried to oust Mussadiq via covert activities. British plans to occupy the country's oil refinery were opposed by the US and the UK government decided it could not defy the Americans on such an issue. BP was forced to evacuate Iran. The incoming Conservative government could only resolve the matter by relying on the US. In 1953, a CIA-led coup, with Britain's MI6 in a supporting role, ousted Mussadiq (Byrne, 2013; Gasiorowski & Byrne, 2004; Bill & Louis, 1988; Newsinger, 2013).

Iran's oil was re-divided. After the coup, the company's share of Iran's crude oil production, 100 per cent before the nationalization, was cut to just 40 per cent. Five US oil companies gained 40 per cent between them (8 per cent each) with the remaining share given to Royal Dutch Shell (14 per cent) and France's CFP (6 per cent). This was part of a wider redistribution of the Middle East's oil reserves over the postwar period: according to Harry Magdoff's calculation, Britain's share of these reserves slumped from 72 per cent in 1940 to just 29 per cent in 1967, while that of the United States jumped from just 10 per cent to 59 per cent over the same period (Magdoff, 2003: Table 2). In the period 1952-54, when the company's production in Iran stopped, it produced approximately three-quarters of its crude oil in Kuwait and just under one-quarter in Iraq. Thereafter, until the end of the 1960s, Kuwait remained the company's most important source of crude oil. Taken together, the company produced 98-100 per cent of its crude oil in its Middle East concessions of Iran, Iraq, Kuwait, Qatar and Abu Dhabi up until the first half of the 1960s. In the second half of that decade, these countries provided 85 per cent of its crude oil. By then, new post-WWII oil concessions were contributing to the company's supply.

Table 3.2. Geographical distribution of the company's crude oil production or sources*, 1946-79
Percentage of total

Production 1946-50		Approx. production 1952-54		Production 1957-59		Production 1960-64		Sources 1965-69		Sources 1970-74		Sources 1975-79 (Per cent purchased)	
Iran	82	Kuwait	74	Kuwait	55	Kuwait	52	Kuwait	35	Iran	38	Iran (100)	37
Kuwait	12	Iraq	22	Iran	27	Iran	29	Iran	32	Kuwait	27	Kuwait (97)	15
Iraq	5	Qatar	3	Iraq	13	Iraq	14	Iraq	11	Nigeria	12	Nigeria (34)	12
Other	0	Other	1	Qatar	3	Qatar	2	Abu Dhabi	5	Abu Dhabi	8	UK (0)	9
				Trinidad	1	Nigeria	2	Nigeria	4	Iraq	7	Abu Dhabi (39)	7
				Other	1	Abu Dhabi	1	Libya	3	Libya	2	USA (28)	5
						Other	0	Qatar	1	Qatar	1	Canada (86)	3
								Other	8	Other	5	France (100)	2
												Australia (100)	2
												Iraq (59)	2
												Other	6
										1970-72			
						Produced	95	Produced	94	Produced	95	Produced	27
						Purchased	5	Purchased	6	Purchased	5	Purchased	73
						Total	100	Total	100	Total	100	Total	100

Own calculations from:
1946-50 data: Bamberg (1994: Tables 14.2 & 13.1)
1952-54 data: Bamberg (2000: Figure 1.1)
1957-59 data: BP (1959: p.30) & BP (1960: p.32)
1960-64 data: BP (1970: pp.50-51)
1965-69 & 1970-74 data: BP (1973: p.36) & BP (1975: p.36)
1975-79 data: BP (1980a: p.15) & BP (1980b: p.14)
* Sources: Production plus purchases

Ominously for BP, the British state's imperial grip on these five Middle Eastern states weakened over this postwar period. Consider first Iran. Britain, along with the Soviet Union and USA, occupied the country in WWII. There are contrasting views of the relative positions of Britain and the United States in Iran in the 1940s. For example, Sluglett argues that Britain played 'second fiddle' to the Americans from the early 1940s onwards (Sluglett, 1999: p.421). In contrast, Ramazani contends that the Americans were only the third power in Iran between 1941 and 1951, a 'counterweight' to the rival powers of Britain and the Soviet Union (Ramazani, 1975: pp.70,253-4; Stephen McFarland (1980) concurs). Nevertheless, there is broad agreement that by 1954, after the coup and Shah's return, the influence of the USA in Iran had almost wholly superseded that of the British (Sluglett, 1999: p.421; Balfour-Paul, 1999: p.508; Louis & Robinson, 2006: p.472; Ramazani, 1975: p.274).

Consider next Iraq. Like Iran, Britain occupied the country in WWII. After the occupation, it continued to exercise control over Iraq and its oil, via the 1930 Anglo-Iraqi Treaty, up until the 1958 coup d'état. The coup marked the end of Britain's political control over Iraq (Sluglett, 2007: pp.xvi,213; Fieldhouse, 2006: p.113). Not long after the coup, in 1961, the Iraqi government issued Law 80. This expropriated, without compensation, 99.5 per cent of the concession area of the Iraq Petroleum Company (IPC). The IPC kept the areas of its producing wells, but lost the prized North Rumaila field, which was not yet in production (Bamberg, 2000: p.166). Then, in 1967, the Iraqi government issued Law 97. This barred the return to the IPC of North Rumaila, and gave the Iraq National Oil Company (INOC) exclusive rights throughout Iraq, with the exception of the areas left to the IPC under Law 80 (Bamberg, 2000: p.171). Over the next two years, the INOC signed a 20-year exploration agreement with France's state-owned Entreprise de Recherches et d'Activités Pétrolières (ERAP) as well as an agreement for assistance from the Soviet Union in developing North Rumaila (Bamberg, 2000: p.171).

Finally, consider the Gulf Arab states. Kuwait remained part of the formal British empire until its independence in 1961. The Anglo-Kuwaiti Exclusive Agreement of 1899 was terminated and replaced by a Treaty of Friendship. The Treaty pledged Britain to protect Kuwait, and when Iraq threatened Kuwait in 1961, British troops were deployed in an act of deterrence (Louis, 2004: pp.36,52). Then, in 1968, Britain announced that it would withdraw "East of Suez" in 1971. This meant that it would abrogate unilaterally its treaty obligations to protect Bahrain, Qatar and the "Trucial States" - these would become (formally) independent - as well as Kuwait (Dockrill,2002: p.194; Hollis, 2010:p.164; Louis, 2004:p.49). Nevertheless, Wm. Roger Louis argues that informal British influence remained in these Gulf Arab states until Iraqi troops invaded Kuwait in 1990 (Louis, 2004: pp.47-48).

3.3.2 New concessions in the British empire

Shaken by the nationalisation of its assets in Iran, BP decided to search energetically for new sources of crude oil outside the Middle East (Bamberg, 2000: p.106). This search yielded two significant new sources in this post-war period, both in Britain's empire: in Nigeria and Libya.

Nigeria

Nigeria became a British colony in the late nineteenth century. The colonial Mineral Oil Ordinance of 1914 specified that oil licenses and leases could be awarded to British companies only (Bamberg, 2000: p.109). In 1937, the company, in partnership with Royal Dutch Shell, secured an exploration licence covering the whole of Nigeria, around 370,000 square miles. In 1949, the area of the exploration licence was reduced to 60,000 square miles (Bamberg,2000:p.109). Shell-BP first struck oil (in commercial quantities) in 1956 and started exporting crude oil in 1958. As the exploration licences were converted first into five-year prospecting licenses and then, starting in 1960, into thirty-year mining licenses, the area covered by the licenses was progressively reduced (Bamberg, 2000: p110). In the same year, Nigeria became formally independent. While other companies picked up the acreage Shell-BP relinquished, the partnership remained the dominant oil producer in the country, accounting for three-quarters of the production of crude oil in Nigeria in 1970 (Bamberg, 2000: p.112). In the first half of the 1960s, Nigeria accounted for two per cent of BP's crude oil production. By the second half, its contribution to the company's crude oil supply doubled to four per cent. According to BP's official history,

> 'while Nigerian crude was both less plentiful and more expensive to produce, it had important advantages over Middle East oil. It was mostly light low-sulphur oil for which there was strong demand in increasingly pollution-conscious markets,… and, most importantly, Nigeria seemed in the early 1960s to be political stable and moderate.' (Bamberg, 2000: p.112-3)

Libya

Libya, from its creation in 1951 until the coup d'état in 1969, in other words, Libya under the rule of King Idris, was a British client state (Louis, 2006; Louis, 2004: p.45; Pargeter, 2000: p.42; Worrall, 2007: p.309). During the Libyan campaign in WWII, the Libyan Arab Force or Sanusi Army, led by Sayyid Idris, served with the British (Collins, 1974: p.10). Between the end of the war and Libya's creation, the British military administered the provinces it occupied in 1945, namely Cyrenaica and Tripolitania; the province of Fezzan was under French military administration (Collins, 1974: p.10-11). In this period, Louis argues that the British government created its Libyan client state. Creation took place within the context of collaboration between Britain and America, and sponsorship by the United Nations (Louis, 2006:p.503). According to Louis, the primary goal was to secure the province of Cyrenaica as a strategic area that could function as a substitute for the military base at Suez (Louis, 2006: p.503). The Libyan state was to be controlled indirectly by Britain, subsidised principally by the USA, and held together by the Senusi (Louis, 2006: p.507). The Anglo-Libyan "Treaty of Friendship and Alliance" signed in 1953 was the concrete expression of this relationship of dependency. The essence of the treaty was Britain's purchase of military rights in Libya (Collins, 1974: p.12; Pargeter, 2000: p.42; Worrall,2007: p.344). In the words of Carole Collins:

'The only thing that Libya had to sell during this period was its strategic location, excellent airbases which had been developed by the British and Americans during World War II, and a conservative, pro-Western and seemingly stable government which would not threaten Western imperialist interests or actions in the area. Hence, on July 29, 1953, Libya concluded a twenty-year treaty of friendship and alliance with Great Britain. Under this treaty Britain secured certain military and base and troop-stationing rights in exchange for financial and later military training assistance. This was followed, on September 9, 1954, by the signing of an agreement with the United States, in which military base rights - principally at Wheelus Air Base near Tripoli - were granted in exchange for financial and economic assistance.' (Collins, 1974: p.12)

In 1956, Libya did not allow Britain to use its forces and bases in the country for its attack on Egypt (Worrall, 2007: p.309). This revealed a limitation of Britain's Libyan client state. The British government decided at first to withdraw its troops from Libya, formalised in the 1957 Defence White Paper, but soon reversed its decision. One reason for the reversal was Libya's oil prospects (Worrall, 2007: p.343). The British Defence Co-ordination Committee on the Middle East noted:

'The importance of Libya to the West lies primarily in the political need to retain it as part of the western sphere of influence and to deny it to the Soviet Union in order to prevent her influence spreading along the Mediterranean coast of North Africa to the Atlantic. Furthermore there are good prospects of oil being discovered in Libya in commercial quantities; such revenues would be of particular importance to the west.' (DEFE 7/1013 British Defence Co-ordination Committee Report, 12 November 1957, cited in Pargeter (2000:p.47))

Another reason was the 1958 Iraqi coup d'état (Pargeter, 2000: p.50; Worrall, 2007: p.343). Libya remained a British client state until the end of the 1960s. According to Collins, rather than risk losing his relationship with Britain, which had served his interests so well, Idris threatened to abdicate when the early evacuation of British and American air bases was urged by the Libyan cabinet and lower house. The affair was settled by an increase in military assistance from Britain and the USA, and in the suppression of organised political activity (Collins,1974:p.15). Later, after the June 1967 War, Idris maintained amicable relations with the West (Collins, 1974: p.15). Oil transformed Libya in the 1960s and Britain's arms manufacturers exploited Libya's oil wealth by selling it weapons. Between 1964 and 1969, Libya was Britain's third largest export market for conventional arms, behind India and the Saudi Kingdom (Phythian, 2000: Table 4). The British state lost its imperial grip on Libya in the wake of the nationalist, republican coup d'état in 1969. The following year, the junta led by Momar Qaddafi insisted on the evaluation of British forces from their principal base at Tobruk and of the Americans from their Wheelus Air Force Base (Louis, 2004: p.46; Achcar, 2006: p.21).

After the end of World War Two, the British military administration was unwilling to grant oil concessions to the company and Shell before Libya became independent, following a joint enquiry by the two companies. In 1951, the companies were allowed to carry out surveys in Cyrenaica, and they applied for concessions covering vast swathes of both Cyrenaica and Tripolitania. But there was no legislation under which licenses for exploration could be granted (Bamberg, 2000: p.114). Other companies also conducted surveys on the back of the 1953 Minerals Law. In 1955, the Libyan Petroleum Law, drafted with oil companies, was enacted. Before the 1955 Law was passed, BP and Shell tried to persuade the Libyan government that their earlier application for concessions should be given priority (Bamberg, 2000: p.115). They failed. Instead they would have to enter the competitive race for concessions (Bamberg,2000:p.119). Under the 1955 Law, concessions were made available on generous terms, but were comparatively small in area. In addition, a maximum limit was placed on the acreage which a single company could hold (Bamberg, 2000: p.114). By the end of 1960, 22 companies had been granted 89 concessions. BP lagged behind other oil companies in the scramble for concessions until, together with US "independent" Nelson Bunker Hunt, it struck a giant oilfield in 1961, named Sarir. BP-Hunt started exporting crude oil in 1967. In 1970, the field accounted for 12 per cent of Libya's total production. This was BP's only producing oilfield in Libya (Bamberg, 2000: pp.114-5,118-9). In the second half of the 1960s, it accounted for three per cent of BP's crude oil supply. According to BP's official history:

> 'Libya's contribution to BP's worldwide reserves portfolio and production was quite small… Its value to BP should not, however, be judged by volumes alone, for in the 1960s Libyan crude commanded a premium rating…, it was low in sulphur, situated close to the oil-hungry markets of Western Europe, and in a country which posed few political worries while King Idris remained in power.' (Bamberg, 2000:p.119)

3.4 Oil production, 1970s: The loss of the company's Middle Eastern and African concessions

One by one, BP's Middle Eastern and African oil concessions were nationalised in the 1970s. Its Libyan concession was the first to fall. A day before the end of Britain's formal protection of the "Trucial States", on 1st December 1971, Iran seized the islands of Abu Musa and the Greater and Lesser Tunbs, claimed by Sharjah and Ras al-Khaimah, two of the Trucial States. On 7th December, Libya nationalised BP's operations 'in retaliation against "the plot mechanised by Britain with the puppet government of Iran, against the Arab nation"' (Bamberg, 2000: p.469).[3] Next up were its Iraqi concessions. The Iraq Petroleum Company's (IPC) shareholders, of which BP was one, held three concessions in Iraq: the concessions of the IPC itself, the Mosul Petroleum Company and the Basra Petroleum Company. In 1972, the Iraqi government nationalised the IPC concession (Bamberg, 2000: p.470). The next year it reached a final settlement with the IPC and the

[3] In addition to BP's official history, see the accounts of the nationalisation and its aftermath by Frank Waddams (1980) and Judith Gurney (1996).

Mosul Petroleum Company surrendered its concession to the government (Shwadran, 1977: p.70). Later, in the context of the October 1973 War, Iraq nationalised the American and Dutch interests in the Basra Petroleum Company (Bamberg,2000:pp.478-9). Two years after that, it nationalised the remaining private interests in the Basra Petroleum Company, including BP's stake (Bamberg, 2000: pp.485-6).

Back in 1972, Qatar and Abu Dhabi, alongside the Saudi Kingdom, signed the so-called "General Agreement on Participation". Under this agreement, participation would start at 25 per cent on 1st January 1973 and rise, in steps, to 51 per cent on 1st January 1982 (Bamberg, 2000: p.471). In 1974, the governments of Qatar and Abu Dhabi increased their participation to 60 per cent. One year later, Qatar fully nationalised its oil industry (al-Othman, 1984: pp.103-8). Abu Dhabi stopped at 60 per cent participation (Bamberg, 2000: p.485). In Iran, it was agreed in 1973 that the state-owned National Iranian Oil Company

'would take over the Consortium's operations, produce the crude oil, refine and market a portion of it at home and abroad, and sell the rest to the Consortium at a price calculated to achieve financial parity with the General Agreement on Participation' (Bamberg, 2000: p.473).

Kuwait took 60 per cent of the Kuwait Oil Company in 1974 before fully nationalising it the next year (Bamberg, 2000: p.485). Last to fall was BP's Nigerian concession. The Nigerian government first took a 35 per cent stake in Shell-BP in 1973, then 55 per cent one year later and 60 per cent in July 1979 (Khan, 1994: p.70). In August, it nationalised all BP's assets in the country, and terminated its sales agreement with the company, in retaliation for the company's suspected breach of the oil embargo on South Africa (BP, 1980a: p.16; Khan, 1994: p.70; Yergin,1991: p.696). In short, BP's concessions in Iran, Iraq, Kuwait, Qatar, Libya and Nigeria were fully nationalised by the end of the 1970s; all that remained was 40 per cent of its stake in its concession in Abu Dhabi.

In 1970, BP's Middle East concessions in Iran, Iraq, Kuwait, Qatar and Abu Dhabi still supplied 78 per cent of its crude oil. Nigeria and Libya supplied an additional 14 per cent between them. By 1980, these Middle East countries accounted for just 26 per cent of the company's supply. Nigeria had terminated BP's supplies by then and Libya (probably) did not supply the company in that year either (Table 3.3).[4] In terms of volumes, supplies from these Middle East concessions collapsed from over 3 million barrels per day (b/d) in 1970 to just half a million b/d in 1980. The biggest losses to BP's supply were from Iran and Kuwait (and to a lesser extent Iraq). But the (immediate) context of the company's lost Iranian supplies was not (de facto) nationalisation but the Islamic revolution. In 1970, BP's Iranian supply was 1.4 million b/d (34 per cent of its total). In 1977, the year before revolution started to restrict BP's supply and four years after (de facto) nationalisation, Iran still supplied 1.3 million b/d. In 1979, this was down to 340,000 b/d. In 1980, it was just

[4] BP has not published data on Libya in 1980.

40,000 b/d (or two per cent of BP's total supply). According to BP, the reduction in its Iranian, and Iraqi, oil supplies in 1980 was not (principally) the result of the Iran-Iraq war, which started in that year, since before the conflict began the company 'had only modest availabilities of oil in the Middle East' (BP, 1981a: p.9). Turning to Kuwait, between 1970 and 1980, BP's supply of crude oil from the country fell from 1.1 million b/d to a quarter of a million b/d (from 28 per cent to 13 per cent of the company's total). Over the same period, its Iraqi supply fell from 380,000 b/d to just 40,000 b/d.[5]

Table 3.3. Geographical distribution of the company's crude oil sources*, 1970 & 1980

Volumes in thousand barrels per day & percentage of total
[Percentage of country total purchased]

1970	Vol.	Per cent	1980	Vol.	Per cent
Iran	1365	34	UK [0]	510	26
Kuwait	1145	28	US [15]	445	22
Iraq	382	9	Kuwait [100]	250	13
Nigeria	382	9	Abu Dhabi [7]	150	8
Abu Dhabi	241	6	Canada [90]	100	5
Libya	201	5	France [100]	90	5
Qatar	40	1	Australia [100]	60	3
Other	301	7	Iran [100]	40	2
Total [6]	4056	100	Iraq [100]	40	2
			Qatar [100]	30	2
			Nigeria	0	0
			Libya	n/a	n/a
			Other [96]	280	14
			Total [42]	1995	100

* Sources: Production plus purchases
n/a: Not available
Own calculations from:
1970 data: BP (1973: p.36) & BP (1975: p.36)
1980 data: BP (1981b: p.16)

The company's principal sources of crude oil in 1980 were no longer in the Middle East but in Britain and the USA. Britain accounted for 26 per cent of BP's supply in that year (510,000 b/d). The USA contributed an additional 22 per cent (445,000 b/d) (Table 3.3). The company's principal source of supply in Britain was its North Sea oilfields. BP first struck oil there in 1970 and production commenced in 1975 (Bamberg, 2000: p.203). The company's primary source of supply in the USA was its Prudhoe Bay field in Alaska, the largest oil field ever found in North America (Yergin, 1991: p.571). BP struck oil there in 1969 but crude oil only began to be transported via the Trans-Alaska Pipeline System in mid-1977 (Ritchie, 1995: p.109). But the company's crude oil

[5] BP purchased 50,000b/d from Iran in 1981 but nothing in 1982 and 1983. It purchased 73,000b/d from Kuwait in 1981 (down from 245,000b/d in 1980) and nothing in either 1982 or 1983. It made no purchases from Nigeria between 1981 and 1983.

supplies from Britain and the USA far from fully replaced its lost Middle Eastern and African supplies. Between 1970 and 1980, BP's total supply dropped from 4.1 to 2.0 million b/d.

3.5 Markets, 1945-1969: Selling to Western Europe and other oil companies

Before WWII, the company's principal products markets were at home (including the Admiralty) and in the British Empire (including at bunkering ports). In contrast, in the post-WWII period, up until 1969, its primary sales outlets were Western Europe, and other oil companies and distributors. The converse of bulging European product sales was the hollowing out of its extra-European markets, in particular, as a result of nationalistic oil policies post-decolonisation.

Crude oil sales to other oil companies and distributors increased from just one per cent of total (crude oil and refined product) sales volumes in 1946, to 23 per cent in 1951, to 41 per cent in both 1960 and 1969 (own calculations from Bamberg (1994: Table11.4) & BP (1970: pp.40-41)). What was the rationale for these crude oil sales? To safeguard, as best it could, its Middle East concessions, the company needed to sustain the growth in production. But without concomitant growth in downstream investment, this necessitated crude oil sales (Bamberg, 1994: p.301; Bamberg, 2000: p.495). The company's most significant crude oil contracts (signed in 1947) were with two US companies, Standard Oil (NJ) and the Standard Oil Company of New York (Socony) (Bamberg, 1994: pp.303,305; Bamberg, 2000: p.306). In 1966, the original 20-year contracts were extended for another fifteen years and remained the backbone of the company's crude oil sales to the majors (Bamberg, 2000: pp.306-7). Another large crude oil buyer in this period was Petrofina, a Belgian company. Otherwise, the company focused its sales of crude oil on areas where it had no downstream operations, most importantly, Japan, but also South America and Eastern Europe (Bamberg, 2000: p.307).

The second notable change in the company's postwar markets was the growth in product sales to Europe, especially to the continent. While Europe's

> 'oil requirements before the war had been met mainly by exports from the USA and the Caribbean… in the second half of the 1940s the USA became a net oil importer, absorbing most of the oil which was available for export from the Caribbean. Meanwhile, Europe turned increasingly to the Middle East for its oil supplies. The Company, with its very large stake in Middle East oil, was well placed in relation to this trend. It also had the advantage of being a producer of sterling oil which was in high demand with customers who found it difficult to purchase dollar oil from US oil companies because of the widespread shortage of dollars.' (Bamberg, 1994: p.277)

Product sales to Europe increased from around 17 per cent of total sales volumes in 1946, to 24 per cent in 1951, to 33 per cent in 1960, to 39 per cent in 1969 (own calculations from Bamberg (1994: Table 11.4,Figure 11.3,p.297) and BP (1970: pp.40-41)). Continental Europe surpassed the UK and Ireland as the company's largest inland market in 1949 (Bamberg, 1994: Figure11.4). By

1970, sales to each of the French and German markets were not far behind those to the UK market (Bamberg, 2000: p.229).

The reverse side of the rising share of European product sales was the falling share of extra-European sales. Extra-European sales as a proportion of total sales by BP's marketing subsidiaries and associates fell from 31 per cent in 1955 to 17 per cent in 1970. This was in part the result of nationalistic oil policies (Bamberg, 2000: pp.220,224,494-5). As we have seen, the company's pre-WWII extra-European markets were mainly in the British Empire, in particular India and the Consolidated area (which covered Egypt, Syria, Palestine, Red Sea Ports, East Africa and South Africa, Ceylon, Madagascar, Mauritius and Reunion). The company was kicked out of these markets in this postwar period as post-colonial governments nationalised its downstream outlets. At the same time nationalistic oil policies prevented it from entering the markets of both the USA (the world's largest market) and Japan (the world's fastest-growing market in the 1950s and 1960s) (Bamberg, 2000: p.271). Whilst nationalist oil policies were pursued in continental Europe too - ranging from 'comprehensive state controls in France, state backing for [state-owned] ENI in Italy, to milder forms of intervention in West Germany' - the company was neither kicked out of nor prevented entry into these markets (Bamberg,2000:p.495).

Consider first the Indian market. Recall that in 1928 the company agreed not to enter this market in return for the right to supply Burmah-Shell with some of its oil needs (Bamberg, 2000: p.218). At first, state intervention in the post-independence Indian oil industry was comparatively limited, and the three dominant foreign companies of Burmah-Shell, Stanvac, an American alliance of Standard Oil (NJ) and Socony-Vacuum, and Caltex, another American alliance of Socal and the Texas Company, continued to dominate the market (Bamberg, 2000: p.257). But from the late 1950s, the state's role in the Indian oil industry was greatly extended (Bamberg,2000: pp.257-8). At the end of 1975, Burmah-Shell was nationalised by the Indian government.

Consider next the area, taking in a great swathe of British imperial territory, covered by the Consolidated Petroleum Company, a joint marketing arm of BP and Royal Dutch Shell (Bamberg, 2000: p.253).

'As the Consolidated area fractured into… new nations, a growing number of independent governments nationalised or participated in Consolidated's subsidiaries. By mid-1970 Egypt, Syria, Ceylon (Sri Lanka), South Yemen and Somalia had all nationalised Consolidated's local marketing operations, while Tanzania (formerly Tanganyika and Zanzibar), Uganda and Zambia had acquired shareholdings of 50 per cent or more.' (Bamberg, 2000: p.264)

In Japan, the company had excluded itself from the market by signing the Far Eastern Agreement with Royal Dutch Shell. Under this agreement, in effect from 1948:

> 'For a period of at least twenty years, the Company was to supply Shell with products from the Abadan refinery equal to 50 per cent of Shell's sales in the Far Eastern markets of Malaya, Indo-China, Siam, China, Hong Kong, the Philippines, Japan, Australia and New Zealand. In return for its supply rights, the Company undertook not to establish its own outlets in these markets, except in Australia and New Zealand, where it was already established.' (Bamberg, 2000: p.269)

The agreement stopped the company entering the Japanese market when the door was open in the early 1950s. When the agreement was terminated prematurely in 1955, because BP had lost exclusive control of oil production and refining in Iran, the door was closed (Bamberg,2000:pp.268-70). Although the company did not sell refined products in Japan it did make very large crude oil sales to independent refiner/marketers in the country (Bamberg,2000:p.270).[6]

Consider finally the USA. To protect its domestic oil producers, the US government imposed mandatory oil import quotas in 1959 (Bamberg, 2000: p.224; Yergin, 1991: p.512). The year before, BP had entered into an alliance with the American Sinclair Oil Corporation. BP had surplus (Middle East) crude but no sales outlets in the USA. Sinclair was in the opposite position: it had a large network of sales outlets in the US but was short of crude. The arrangement was for BP to supply Sinclair with crude oil from the Middle East (Bamberg, 2000: p.122). The US's protective wall, which restricted oil imports from the Middle East, frustrated this arrangement (Bamberg, 2000: p.122). BP was left outside the US market until it jumped the wall in 1969.

3.6 Markets, 1970s: Entry into America

As we have seen, BP struck oil in Alaska in 1969. Instead of simply selling crude oil into the US market, or setting up its own integrated (i.e. upstream and downstream) American operation, BP partnered with Standard Oil of Ohio (Sohio). In essence, and in its core oil business, Sohio was a downstream company operating in just one state, albeit Ohio being the USA's fourth-largest gasoline market (Bamberg, 2000: p.275). In 1970, BP exchanged its upstream Alaskan assets (amongst other American assets) for an (escalating) equity stake in Sohio. Outside the US market until 1969, BP sold 294,000 barrels per day (b/d) of refined products in the country in 1979, predominantly via this stake in Sohio. This constituted 12 per cent of the company's total product sales.[7]

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[6] In keeping with the imperial tradition of the company's extra-European markets, the only Far Eastern countries where it had its own market outlets by the mid-1970s were Australia, New Zealand, Malaysia and Singapore (Bamberg, 2000: pp.270-1).

[7] Own calculations from BP (1980b) and BP (1982). These numbers allocate 53 per cent of Sohio's product sales to BP since BP's equity stake in Sohio averaged 53 per cent over the course of 1979 (BP, 1980a). In

Soon after entering the US market, BP withdrew from the Italian one. According to the company's official history:

'BP's withdrawal from Italy [in 1973] was a turning point in its approach to refining and marketing. By 1973 BP's strategy of trying to protect its concessions by raising crude oil production and seeking outlets merely to dispose of the increase was manifestly obsolete. The concessionary system was collapsing, and the OPEC countries were taking control of crude oil production and prices. It would not be long before the dramatic rise in crude oil prices in the last quarter of 1973 would precipitate a world economic recession and… a downturn in oil demand. But before that happened it was already becoming painfully clear that BP's earlier volume-driven growth in refining and marketing had saddled it with a vast investment in unprofitable downstream assets. BP urgently needed to stem the losses and to focus not on sales volume, but on the profitability of its refining and marketing operations. In this new situation, BP Italiana was an easy first choice for divestment. Its sale was the first major move in a campaign of downstream rationalisation and restructuring which would prove to be a very long-term undertaking as BP tried to shed the legacy of its great push for outlets.' (Bamberg, 2000: p.251)

BP's product sales volumes in Europe more-or-less stagnated over the course of the 1970s as a whole. Sales volumes fell in 1973 and again in both 1974 and 1975, before rising in 1976 (BP,1975; BP,1977; BP,1979b; BP,1980b). Oil product sales in Europe were still less in 1978 than they had been in 1973 (Ritchie, 1995: p.111). In 1979, BP sold 1.7 million b/d to Europe or 68 per cent of its total product sales.[8] This 1970s shift in the geographical distribution of the company's product sales volumes, from Europe to the USA, was the start of a long-term trend, as we shall see in the next chapter.

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contrast, BP's own accounts (from 1978) include 100 per cent of Sohio's product sales in its sales. On this basis, BP sold 494,000 b/d of products in the USA, 19 per cent of its total sales.

[8] Own calculations from BP (1980b) and BP (1982). If we include 100 per cent of Sohio's sales in BP's sales, then product sales to Europe constituted 63 per cent of the total in 1979.

4. Americanisation of BP and its limits

This chapter discusses the Americanisation of BP. It is again in two parts. Part I covers the period from BP's discovery of oil in Alaska in 1969 and the merger of its American interests with those of Standard Oil of Ohio in 1970, via the British state's sales of its shareholding in the company in the 1970s and 1980s, up until 1997. The thesis addresses two questions. First, how did BP attempt to protect its US assets in the light of its fears of US state hostility towards prize parts of the American oil industry being controlled by a company owned by non-Americans and, worse still, part-owned by a foreign state? Second, why did BP want 'to Americanize' itself at the end of the 1980s? Part II covers the years from the company's takeovers of American oil companies Amoco and ARCO, at the turn of the millennium, up until 2016. This period raises two related questions: First, was BP now "British" or "Anglo-American" capital? Second, what has been the relationship between BP and the British and American states?

These four questions addressed in the specific case of BP talk to a much bigger picture. It is common to consider a hegemonic state protecting the assets of another imperial power in third countries. The first question asked here examines the protection of the assets of a foreign company inside the hegemon's social formation. The second question asks why foreign companies might want to sell part of themselves to (to be part-owned by) hegemonic capital (i.e., "national" capital of the hegemonic power). This chapter also explores a related issue: why foreign companies might want to merge with, or acquire, hegemonic capital. A key feature of the post-WW2 era is the internationalisation of productive capital. A central issue for Marxist theories of imperialism concerns the "nationality" of capital in this era. Is capital still national or, for example, transnational or global? This is the bigger picture raised by the third question. The fourth question looks at this issue from another angle: What is the relationship between a company and multiple nation states? The answer to the fourth question also talks to theories of the internationalisation (or transnationalisation) of the state.

Part I. 1969-1997

4.1 Incremental acquisition of Standard Oil of Ohio

BP struck oil at Prudhoe Bay in Alaska in March 1969. The company was against just selling its Alaskan crude in the (American) market. It was also against setting up an integrated American operation on its own. The political reason for this 'was the danger of arousing American antagonism toward BP on the grounds that US oil reserves were falling into the hands of a foreign company which, worse still for the Americans, was majority-owned by a foreign government' (Bamberg, 2000: p.272). Instead of going it alone, BP decided 'that it should seek a US partner which possessed efficient downstream operations, financial strength, good management and widespread American shareholding which would afford some political protection in the USA' (Bamberg, 2000: p.272). After first acquiring downstream assets from Sinclair Oil, it found such a partner in Standard Oil of Ohio (Sohio) (Bamberg, 2000: pp.273,275). Under the terms of a Memorandum of Intent signed in June 1969, 'BP was to transfer to Sohio its acreage at Prudhoe Bay, partial interests in other BP leases in Alaska, its minor production interests in the lower forty-eight states and the ex-Sinclair downstream assets' (Bamberg, 2000: p.276). In return, BP would acquire an equity stake in Sohio, starting at 25 per cent but escalating - in line with crude oil production growth at Prudhoe Bay - to a maximum stake of 54 per cent (Bamberg, 2000: p.276).

The Chair of the House Judiciary Committee and head of the antitrust subcommittee of the judiciary panel (Mr Celler) urged the Justice Department to block the BP-Sohio deal, challenging it on antitrust and on foreign-policy grounds, namely that BP was controlled by the British government (Wall Street Journal, 1969a; Washington Post, 1969).[1] In October, the Justice Department did just that (Samuelson, 1969). The *Washington Post* reported reaction to the anti-trust suit across the Atlantic:

> 'Leading European papers, probably reflecting official sentiment, charged dollar imperialism. They contended that American firms purchase European companies at will, while refusing to allow similar incursions into the U.S. market by foreign corporations.' (Nugent, 1969a; see also Wall Street Journal, 1969b)[2]

According to the *Financial Times* (*FT*), the concern in official circles in Britain was that the suit, if successful, would deprive the British economy of a major source of dollars and thus deal a serious blow to its future prospects (Martin, 1969).[3] The British Foreign Secretary sent a letter to the US Secretary of State expressing the concern of the British government and appealing to the US administration 'to adopt a "helpful attitude"' towards the planned deal (*Wall Street Journal*, 1969b;

[1] At this point, the British government's BP shareholding was 49 per cent (Bamberg, 2000: pp.312-3).
[2] *The Economist* argued that the anti-trust suit was not American protectionism. The *FT* had mixed views on the topic (*The Economist*, 1969a; *The Economist*, 1969b; Tugendhat, 1969; Palmer, 1969a).
[3] Cf. structuralist conceptualisations of the state (see below).

see also Palmer, 1969a; Palmer, 1969b; Nugent, 1969a). In addition, the British Foreign Office 'hinted of possible repercussion on American investments abroad' (*The Economist*, 1969a).

According to the *FT* and *The Economist*, (big) American oil opposed the anti-trust suit. *The Economist* argued that big American oil companies hoped that BP's deal with Sohio would go ahead since otherwise its huge Alaskan oil surplus could 'overhang' the US market (*The Economist*, 1969a). The *FT* argued that the American oil industry is:

> 'scared stiff that BP's expulsion may cause retaliation by foreign governments against American foreign oil interests. More or less the same argument is being advanced by the State Department, which has been lobbying the Justice Department consistently over the last few months.' (Martin, 1969)

The Secretary of State replied to the Foreign Secretary's letter "'that the interest of the British government has been and will be given full consideration by the Department of Justice'" (Horne, 1969). The State Department claimed BP had been treated equitably. In November, BP and Sohio reached a negotiated settlement with the Justice Department. Under the settlement, the two companies had to sell or exchange some of their assets but the terms of their Memorandum of Intent (and subsequent Principal Agreement) were unchanged (Bamberg, 2000: p.277; *Wall Street Journal*, 1969c; Palmer, 1969b). The *Washington Post* concluded: 'There were indications that the issue was finally settled after consideration of the wider, international implications of the case' (Nugent, 1969b). On 1 January 1970, the merger of BP's and Sohio's interests was consummated.

BP's equity stake in Sohio started at 25 per cent and escalated in line with its Alaska crude oil production growth. With the first oil flowing through the Trans-Alaska pipeline in 1977, the company's stake jumped from 26 per cent at the end of 1976 to 40 per cent at the end of 1977. By the end of 1978, it had a majority stake of 52 per cent (BP, 1977; BP, 1978; BP, 1979a). In the same year, BP's articles of association were changed so that its directors were no longer restricted to British citizens. Two years later, the American chairman of Sohio became BP's first non-British director (Dickson, 1980). By the end of 1986, BP's equity stake in Sohio had risen to 55 per cent. In 1987, it acquired Sohio outright, buying the 45 per cent of Sohio's shares it did not already own for £4.7 billion (BP, 1987a; BP, 1988a).

4.2 Americanisation of operations

As BP discovered and pumped oil from Alaska, and its equity stake in Sohio increased, its operations Americanised. Its crude oil production came to be centred, not in its old Middle Eastern and African concessions, but in America and Britain. Its refined product sales came to be centred, not just on the European market (as in the 1960s), but on the American market too. And, much like its crude oil production, BP's fixed assets were concentrated in America and Britain.

This section charts BP's operations between 1970 and 1997 (the year before its de facto acquisition of America's Amoco). Before presenting data on these operations, a quick note on BP's statistics is required. UK accounting procedures called for the full consolidation of Sohio's results into BP's accounts once BP's equity stake in Sohio exceeded 50 per cent in 1978 (*Wall Street Journal*, 1978). As a result, from 1978, BP's own statistics on its operations, as presented in its annual reports, include 100 per cent of Sohio's operations, despite the fact that BP did not own the whole of Sohio until mid-1987. The statistics presented below adjust BP's own statistics, including as BP's operations in a given year only that part of Sohio's operations equal to BP's (average) equity stake in Sohio in that year.

Consider first BP's crude oil production.[4] As stated this shifted from its old Middle Eastern and African concessions to its new areas of America and Britain. In the first half of the 1970s, BP produced almost all its oil in its old concessions. The second half of the decade was a transition/midway point between the old and the new. Half of BP's production was still in the remnants of its old concessions, mainly Nigeria and Abu Dhabi. The other half was in the emerging areas of Britain and America, principally Britain (see Table 4.1). But by the first half of the 1980s, nine out of every ten barrels were produced in Britain and America. UK production (51 per cent) exceeded BP's half of Sohio's US production (36 per cent). The second half of the 1980s was a mirror image of the first: BP gobbled up the rest of Sohio in 1987 and American production (52 per cent) now exceeded British production (36 per cent). American production continued to exceed British production into the nineties, but the US share of production fell from a peak of 55-56 per cent in 1988-90 to 44 per cent in 1997.

Table 4.1 Crude oil production 1975-97
Per cent of total

1975-79		1980-84		1985-89		1990-97	
UK	35	UK	51	USA	52	USA	50
Nigeria	28	USA-Sohio	36	UK	36	UK	31
Abu Dhabi	17	Abu Dhabi	9	Abu Dhabi	6	Abu Dhabi	10
USA	13	North America (ex. Sohio)	3	Europe (ex. UK)	3	Norway	6
Iraq	3	Other	1	Canada	1	PNG	1
Kuwait	2			Egypt	1	Other	3
Canada	1			Other	1		
Other	2						

Own calculations from:
1975-79 data: BP (1980b: p.14)
1980-84 data: BP (1985: p.30)
1985-89 data: BP (1990: p.62)
1990-97 data: BP (1995: p.34) & BP (1998b: p.40)

[4] But note that the company's purchases of crude oil exceeded its crude oil production in the period 1970-97.

Consider next BP's refined product sales. The company only entered the US market in 1969. At that time, its product sales were concentrated heavily in Europe. But as BP's stake in Sohio increased, its sales came to be centred on the American as well as the European market. BP's product sales volumes on the US market increased from just 4 per cent of all sales in 1970-74 to 20 per cent in 1980-86 to 33 per cent in 1989-97 (see Table 4.2). Europe remained BP's largest market, but its share of the company's sales volumes declined from 76 per cent to 65 per cent to 50 per cent over the same years.[5]

Table 4.2 Refined products sales volumes 1970-97
Per cent of total

	1970-74*	1975-79	1980-86	1989-92	1989-92*	1993-97*
USA	4	8	20	34	32	33
Europe	76	69	65	51	51	49
UK	*17*	*14*	*20*	*17*	*12*	*12*
EC	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
West Germany	*16*	*17*	*16*	*n/a*	*n/a*	*n/a*
France	*14*	*14*	*9*	*n/a*	*n/a*	*n/a*
Rest of World	20	23	16	15	17	18
Americas	*6*	*6*	*2*	*n/a*	*n/a*	*n/a*
Africa & Middle East	*5*	*8*	*5*	*n/a*	*n/a*	*n/a*
Rest of Asia & Australasia	*9*	*9*	*8*	*n/a*	*n/a*	*n/a*
Total	100	100	100	100	100	100

*Marketing sales only: 1970-74: All product sales except international bulk trade & bunkers; 1989-97: Sales to service stations, end-consumers, bulk buyers and jobbers.
Own calculations from:
1970-74 data: BP (1975) & Standard Oil Company (Ohio) (1980)
1975-79 data: BP (1980b), BP (1982) & Standard Oil Company (Ohio) (1980)
1980-86 data: BP (1985) & BP (1987b)
1989-92 data: BP (1993) & BP (1994)
1993-97 data: BP (1998b)

[5] Data on BP's crude oil (as opposed to refined product) sales are more limited. But in the period 1989-97, crude oil sales volumes were concentrated in the UK (69 per cent) and the USA (26 per cent), and crude oil constituted 44 per cent of total (crude and refined product) sales volumes.

Consider finally BP's fixed assets (i.e., the net book value of its property, plant and equipment). In tune with the rest of the thesis, only the company's upstream (exploration and production) and downstream (refining and marketing) assets are considered here, not those in other businesses (e.g. chemicals, minerals and coal) and corporate. In the period 1983-97, around three-quarters of these assets were upstream; one-quarter were downstream. Much like BP's crude oil production, these assets were concentrated in America and Britain. In the 1980s (from 1983), US assets were close to 50 per cent (peaking at 58 per cent in 1987) and UK assets around 30 per cent of the total. In the 1990s (up until 1997), US assets decreased first to 40 per cent and then to 35 per cent, whilst UK assets increased to just under 40 per cent of the total (see Table 4.3).

Table 4.3 Fixed assets: Property, plant and equipment: Net book value 1983-97
Per cent of total

	1983-86	1987-89	1990-94	1995-97
UK	30	32	37	39
Europe (excl. UK)	12	9	11	9
USA	47	50	39	35
Rest of World	11	10	12	17
Total	100	100	100	100

1983-89: Includes: Exploration & Production; Refining & Marketing. Excludes: Chemicals; Minerals; Nutrition; Coal; Other Businesses & Corporate.
1990-97: Includes: Exploration & Production; Refining & Marketing. Excludes: Chemicals; Other Businesses & Corporate.
Own calculations from:
1983-86 & 1987-89 data: BP (1990), BP (1988b), Sohio (1985) & Standard Oil (1987)
1990-94 & 1995-97 data: BP (1995) & BP (1998b)

4.3 Privatisations and Kuwait's shareholding

When BP paid for the chemicals and plastics interests of the Distillers Company in 1967 mainly by the issue of new shares to the company, the British government's BP stake was reduced to less than 50 per cent for the first time since 1914 (Bamberg, 2000: p.312). But in January 1975, the Bank of England rescued Burmah Oil from bankruptcy by handing it a cheque for £179 million in exchange for its unpledged 20 per cent shareholding in BP (Ritchie, 1995: p.99; Fleming, 1975). As a result, the British state now held a total of 68 per cent of BP's equity.

The opposition Conservative Party spokesperson on Energy expressed immediate concern:

> "'I am thinking here mainly of the Sohio company and BP's Alaskan assets in the U.S.. I anticipate trouble. There have already been mutterings in the State of Ohio and in the U.S. Senate about the degree of foreign ownership of energy assets and concern is bound to be greater if control is by a foreign government'" (Fleming, 1975)

Three options emerged - as well as compromises between these options. The first option was for the state to retain the Bank of England's BP shares. This was the alternative preferred by the left wing of the (governing) Labour Party and was official party policy at least in May 1975 (Hamilton, 1975; Dafter, 1975).[6] The second option was for the Bank's BP shares to be sold off in the open market. This was BP's preferred option. Backed to a certain extent by the Bank of England and the Treasury, the company argued that the first option 'could upset its position as an international major abroad, particularly so far as its U.S. interests are concerned' (Hamilton, 1975). The company wanted the state's shareholding kept below 50 per cent and for the Bank's shares to be sold in the open market, but not to overseas governments (Ritchie, 1995: p.99). The third option was to sell the Bank's shares to a big overseas interest. The Iranian state, West Germany's government-backed national oil exploration consortium Deminex, and American companies were all thought to be options. The assumption, the *FT* reported, was 'that American public opinion is unlikely to welcome the shares passing into the hands of an OPEC member such as Iran' (Lewis, 1975). While Denis Healey the Chancellor of the Exchequer denied pressing Iran to buy the Bank's BP stake, the Iranian government was told that it would have the first option, should the British government decide to allow outside shareholders (Graham, 1975).[7]

It was the second option that won out: the British government sold part of its BP shareholding on the open market. The sale of the state's shares in the company was part of Britain's IMF loan negotiations in 1976 (Dafter, 1977a; Brett, 1985: p.164). To comply with the terms of its IMF loan, the British state put 66 million of its shares in BP up for sale in 1977, reducing its equity in the company from 68 per cent to 51 per cent (Ritchie, 1995: p.101; *Financial Times*, 1977; *Wall Street Journal*, 1977; Egan, 1977). Share offerings took place in both Britain and America. With its significant and growing stake in Sohio, BP was particularly keen to increase the number of its American shareholders (*The Economist*, 1979; Dafter, 1977b). *The Economist* argued that a successful American sales campaign 'would be foreign exchange icing on the cake only' from the Treasury's perspective (*The Economist*, 1977a). Originally, 25 per cent of the 66 million shares were earmarked for the US market. But the 'American allocation was scaled down [to 20 per cent] after pressure from the left wing of the Labour party, which wanted applications from the small British investor… to be met in full' (The Economist, 1977b; see also Reid, 1977). In fact, Tony Benn, Labour's Energy Secretary - the main opponent in Cabinet of selling BP shares in the first place - 'raised a row in cabinet about' American investors 'being allowed to buy any' BP shares at all (*The Economist*, 1978; see also *Financial Times*, 1977).

[6] Tony Benn was Labour's Secretary of State for Energy from June 1975 to May 1979.
[7] According to Berry Ritchie, Healey 'was the most powerful voice against' nationalising the oil industry in the Labour cabinet (Ritchie, 1995: p.100).

The privatisation baton was passed from Labour to Thatcher's Conservative administrations. In 1979, the new government sold 5 per cent of BP's shares, reducing the state's stake in the company from 51 per cent to 46 per cent. This time:

'American investors (big or small) who want a slice of British Pete will have to scramble alongside British institutions and other big buyers. Last time [in 1977], the Americans were offered a block of shares… The American allocation was snapped up but since then Americans have been net sellers… In recent weeks, in expectation of the new offer, American interest in BP has perked up but there is little time for Americans to weigh up the latest offer.' (*The Economist*, 1979)

In 1981, BP itself issued shares, common shareholders in America and Canada were eligible for the offering, and, since the British state declined to take up its rights, its shareholding was diluted again, falling to 39 per cent (Muller, 1981; Ritchie, 1995: p.122). Two years after that came the government's third sale of BP shares - following the 1977 and 1979 sales. This time it sold 7 per cent of its shareholding in the company, reducing its stake to 32 per cent (*The Economist*, 1983).

In 1987 the sell-off was completed. The government put its remaining 32 per cent BP's shareholding up for sale. The company wanted again (as in 1977) to take the opportunity of the sale to expand its base of American shareholders. The *FT* advanced two motivations for this desire. First, BP now owned all of Sohio and half its assets were in the United States. Second, the company 'will spend large capital sums in that country' (Wilkinson, 1987; see also *The Economist* (1987)). But the interests of BP and the state were in conflict the paper contended:

'The Government… remains wedded to the concept of expanding share ownership in the UK and sees the sale of its holding in BP as an ideal way of advancing mass capitalism. Some senior politicians may also be reluctant to loosen historic ties with the UK's largest company by letting it float too far from British ownership. To shift such a huge block of shares the Government will have to sell at a discount to give a fair prospect of quick profits to potential investors. Not surprisingly, ministers want as much as possible of this gravy to be served on to the plates of British private investors.' (Wilkinson, 1987)

The sale did not go to plan. Between the opening and closing of the offer, the world's stock markets collapsed. BP's shareholdings in America increased from just 4.5 per cent at the end of 1986 to 6 per cent at the end of 1987, before falling back to 5 per cent at the end of 1988 (BP, 1987b; BP, 1989). But there was a much bigger problem:

'The Kuwait Investment Office [KIO] bought a third of the shares on offer, giving it 10 per cent of BP's equity. The British government advised the KIO that this was enough. Two days later the Kuwaiti stake was up to 15 per cent. Next day the total was 18 per cent.'
The British government told its Kuwaiti counterpart 'that no further investment was acceptable. Two more days passed and the Kuwaiti stake reached 22 per cent.' (Ritchie, 1995: p.126)

BP strongly objected. Its concerns were threefold. First, the company was concerned that if the KIO disposed of its (large) stake then this could fall into the hands of a predator (Tomkins, 1987b). Second, BP was concerned that if Kuwait retained its shareholding, then it could influence or even control the company (Ritchie, 1995: p.126; Peston & Bruce, 1993).[8] The British government was ambivalent at first. The Kuwaiti purchases relieved 'the Bank of England of its obligation to buy back unwanted BP partly-paid stock' (Tomkins, 1987a; see also Peston & Bruce, 1993). But as KIO's shareholding moved towards 15 per cent, the government became increasingly uneasy about Kuwait's potential to influence or control BP (Peston & Bruce, 1993; Gowers & Wilkinson, 1988; *Financial Times*, 1988b). Returning to BP, its third concern was that its 'prospects might be injured in the US and elsewhere if it were seen to be partly owned by an Arab oil producer which was part of the' OPEC cartel (Wilkinson, 1988a; see also Wilkinson, 1988b; *The Economist*, 1988a). According to *The Economist*, the US government had already shown some discomfort at the KIO's stake (*The Economist*, 1988b).

Following strong representations from BP, the Trade and Industry Secretary referred the Kuwaiti stake to the Monopolies and Mergers Commission (Wilkinson, 1988c). The Commission's recommendations were accepted. The KIO was given 12 months to sell half its stake - to reduce it from 21.6 per cent to 9.9 per cent. BP's chairman 'welcomed the decision and said it was in line with the company's proposals to the monopolies commission' (Wilkinson, 1988d). KIO's general manager 'went to the US to hawk the stake to any oil company which might be interested in it. He persuaded Pennzoil, the US company, to buy it' but BP was prepared to pay more (Peston & Bruce, 1993). BP bought back 11.7 per cent of its own shares from KIO for £2.4 billion (cancelling them afterwards) (Butler, 1989).

4.4 Horton's Americanisation

In 1989, Robert Horton was Deputy Chairman-Designate of BP and expected to succeed (Sir) Peter Walters as chairman early the next year. A series of articles in the *Wall Street Journal* reported that: 'The heir apparent of British Petroleum Co. wants to Americanize Britain's biggest company' (Lublin, 1989). Americanisation would take several forms:

> 'BP recently started paying dividends quarterly, as many U.S. firms do, instead of twice a year, as is common in Britain. Mr. Horton is trying to find a way to declare dividends in dollars without upsetting institutional holders in Britain. He also wants to release BP results under both U.K. and U.S. accounting rules. Mr. Horton also has tried, unsuccessfully so far, to get BP added to the S&P 500 Index - a sore point because the blue-chip indicator includes Shell… BP even announced new executive [job] titles in an apparent effort to look more American.' (Sullivan & Lublin, 1990)

Clearly Americanisation was about courting US investors. Alongside Americanisation, there was an image-building campaign designed to raise the company's visibility amongst American investors (as

[8] Doubts arose as to who was really behind the investment: KIO itself or KIO as an agent for the Kuwait Petroleum Company (Kuwait's national oil company)? A subsequent *FT* investigation concluded that the real buyer was the Kuwait Petroleum Company (Peston & Bruce, 1993).

well as consumers) (Lublin, 1989; Sullivan & Lublin, 1990).[9] Why was BP wooing US investors? For two reasons - reasons we've encountered already. The company continued to want an increased proportion of its existing stock to be held in American hands. Again this begs the question: Why? The *Wall Street Journal*'s answer was: 'BP wants to increase U.S. shareholdings to reflect its American business interests. Only about 6% of BP's 5.3 billion shares are currently in U.S. hands, but 40% of its fixed assets are in the U.S.' (*Wall Street Journal*, 1989). BP might also have been courting American investors (and this is the second reason) because it planned - or imagined the possibility of - raising new capital. The articles talk of BP's plans to expand in the United States via the acquisition of a big American oil company.

4.5 Americanisation of ownership

At the end of 1984, the first time data are available, the British state still owned 32 per cent of BP and a total of 98 per cent of the company's shares were in British hands. Just one per cent of BP's shareholders were American (see Table 4.4).[10] At the end of 1987, after the government had just sold its last shares in the company, around 70 per cent of BP's shareholders were British and almost 20 per cent of the company was owned by the state of Kuwait. American ownership had increased only a little, to six per cent. But Horton's short tenure as chairman and chief executive officer (CEO), from 1990 to 1992, and his courtship of US investors, coincided with a sharp rise in BP's American shareholders. By the end of 1992, US ownership had risen to just over 20 per cent. Two-thirds of the company was still in British hands and Kuwait's shareholding had been cut back to 10 per cent. There was little further change over the years 1993-97. One event stands out. In 1997, the Kuwait Investment Office disposed of a three per cent stake in BP in New York and London. The company was still trying to expand its American shareholder base and was 'thought to be satisfied that a number of key US institutions which it wanted on its share register took part in the placement' of shares (Corzine, 1997a; see also Corzine, 1997b).

[9] Horton and a few allies also wanted to change the company's official name: from British Petroleum to BP. 'That would make the company less provincial-sounding, or so their reasoning went. Yet that idea… sounded adventurous to most board members, many of whom are knighted members of British society. No, they decided, British Petroleum would remain British Petroleum' (Sullivan & Lublin, 1990).

[10] The data presented in this chapter on the nationality of BP's shareholders have been taken from the company's own reports. For the period 1987-2010 at least, 'This represents BP's best efforts to determine the domicile of the beneficial [i.e., underlying] owners of the group's shares' (BP, 1989: p.35).

Table 4.4 Domicile of (beneficial) shareholders 1984-97
Per cent of total

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
UK	98	98	95	71	68	75	82	80	66	61	70	70	69	70
USA	1	2	5	6	5	8	4	6	21	26	17	17	19	19
Japan	n/a	n/a	n/a	3	3	3	2	2	1	1	1	1	1	1
State of Kuwait	n/a	n/a	n/a	18	22	10	10	10	10	10	10	10	9	6
Rest of World*	1	1	1	2	2	4	2	2	2	2	2	2	2	4

*Rest of World includes Japan and State of Kuwait in 1984-86.
Sources:
BP (1985, p.19), BP (1987b, p.18), BP (1989, p.35), BP (1991, p.38), BP (1996, p.19) & BP (1998b, p.23)

4.6 Summary and conclusions

As BP's assets Americanised, it constantly feared, rightly or wrongly, US state hostility towards (prize) parts of the American oil industry being controlled by a company owned by non-Americans and, worse still, part-owned by a foreign state. To minimise the political risks to its US assets, or, to put it the other way around, to maximise the political protection of its US assets, BP sought to limit its ownership by such states (in particular, Britain and Kuwait) and to expand its ownership by Americans.

In 1969, BP was afraid of American antagonism towards a company owned by Britons and part-owned by the British state, not just controlling Prudhoe Bay (the largest field ever found on the North American continent), but also establishing its own downstream operation in America to sell its Alaskan oil. Instead, BP exchanged a minority stake in its (predominantly upstream) US interests, for a majority stake in Sohio's (predominantly downstream) interests, in part so that Sohio's American shareholders would guard BP's US assets. Yet there was still hostility from the Chair of the House Judiciary Committee to BP gaining a majority stake in Sohio, on the grounds that it was (allegedly) controlled by the British state.

In 1975, the Bank of England rescued Burmah Oil from bankruptcy by buying a 20 per cent stake in BP from the company. As a result, the British state owned over two-thirds of BP. BP feared American opposition to its being (majority) owned by a foreign state put its US assets at risk. The company therefore wanted the British state to sell part of its shareholding, but not to another government. The *FT* judged American public opinion hostile to BP shares 'passing into the hands of an OPEC member such as Iran' (Lewis, 1975). The state of Kuwait's 22 per cent shareholding in 1987 raised the same BP fears and the company (successfully) sought to restrict Kuwait's stake.

BP sought to politically protect its Americanising assets by Americanising its shareholders, e.g. on the occasion of the 1977 and 1987 government share sales. And Robert Horton (BP's chairman and CEO) sought to Americanise its shareholders by Americanising its annual reports job titles etc.. The need to Americanise BP's shareholding was particularly urgent when Horton took over in 1990. When BP co-owned its US assets with Sohio's American stockholders, these stockholders guarded the assets. So when BP bought out Sohio's shareholders in 1987, it needed to replace these guards with guards of its own, i.e. with American holders of BP shares. But Horton's Americanisation also coincided with a new exploration and production strategy. BP began exploring outside its OECD stronghold, specifically in countries where 'political change opened up the opportunity to get licences in a new area' e.g. Algeria, Azerbaijan, Colombia, Kazakhstan, Venezuela and Vietnam (Browne, 2010: pp.60,66,91).[11] Could the British state guard BP assets in these countries? Perhaps BP needed American shareholders at this time, not just to guard its US assets, but also to guard its prospective assets outside America.

[11] The company also started to explore in places where the 'application of technology allowed us to identify new prospects in an old area', e.g. in the deep waters of the Gulf of Mexico and waters to the west of Shetland (Browne, 2010: p.60).

Part II. 1998-2016

4.7 Takeovers of two more American companies: Amoco and ARCO

In 1996, BP decided to pursue a merger or acquisition strategy. According to the company's CEO at the time:

> 'BP needed both physical and technological economies of scale…
> But there was more. We believed governments of oil-producing nations would increasingly prefer to work with very big and influential companies… They wanted to see a big balance sheet, global political clout and technological prowess, and they wanted to be sure that you would be around for a long time.' (Browne, 2010: pp.68-69)

All of BP's targets were American: 'First choice was Mobil. Second choice was Amoco. And third choice was ARCO.' (Browne, 2010: p.69) BP missed its first target but hit its second.

'In the universe of integrated oil companies,' the *Wall Street Journal* noted, Amoco was 'indisputably the most American' (Bahree, Cooper & Liesman, 1998). Certainly Amoco was more American than BP. As a result, BP's combination with Amoco would again Americanise the company. Table 4.5 compares the operations of the two companies in 1997, the year before they combined. Just over half (52 per cent) of Amoco's oil and natural gas production was in the USA, compared to 37 per cent of BP's production. Similarly, in exploration and production, 54 per cent of Amoco's fixed assets were in America compared to 39 per cent of BP's assets.[12] But the contrast between the two companies' operations was most stark downstream. Whilst Amoco sold eight out of every ten barrels of its refined products in the US market, BP sold only three in ten barrels there. Unsurprisingly, Amoco's shareholders and directors were also more American than BP's. Immediately before the marriage of the two companies, almost all (96 per cent) of Amoco's stockholders were domiciled in the US, compared to just one in seven of BP's shareholders (BP Amoco, 1999: pp.10-11). And whereas all but two of Amoco's thirteen board members were American in early 1998, all but three of BP's fifteen-strong board were British.

Table 4.5 BP and Amoco operations in 1997

Per cent of total in USA	Amoco	BP
Oil & natural gas production	52	37
Fixed assets: Property, plant & equipment* (Exploration & production only)	54	39
Refined products sales volumes	82	30

*Net book value
Own calculations from: BP (1998b), BP Amoco (1999), BP Amoco (2000) & Amoco Corporation (1998)

[12] I could not construct a consistent measure of fixed assets in both upstream and downstream segments for the two companies unfortunately.

The BP-Amoco transaction was reported as a merger under UK accounting rules. But it looked more like a takeover of Amoco by BP than a merger. Former BP shareholders would own 60 per cent of the combined company; former Amoco stockholders the remaining 40 per cent. There were tax advantages to this all-stock transaction (*Financial Times*, 1988a). By paying in shares (rather than cash), BP also gained the American guards it wanted: nearly half of the combined group's shareholders were domiciled in the US (BP Amoco, 1999: p.10).[13] In initial discussions between the two companies, the combined group was to be two-headed. It would have been headquartered in both London and Chicago, and dual-listed on the London and New York stock exchanges (Browne, 2010: p.71; Corzine, 1998). According to the *FT*, 'The dual listing structure has been seen as one way of overcoming any political sensitivities about an outright takeover of a leading US company by a foreign group' (Corzine, 1998). There would also have been an equal number of directors from each company on the combined board of directors. But in the course of the negotiations, BP realised that it did not need to concede this dual-headed structure (Browne, 2010: p.71). Amoco agreed to the combined company being headquartered in London and to London being the primary stock exchange listing (with a secondary listing in New York). BP would have more directors than Amoco on the combined board and BP's CEO would be the CEO of the combined group; Amoco's Chairman and CEO would only co-chair the new company, alongside BP's Chairman. Little more than eighteen months after BP Amoco was formed on the last day of 1998, Amoco was dropped from the company's name; it was now just BP.

Just months after BP bagged Amoco, ARCO's chairman and CEO called his counterpart at BP Amoco and said: '"We would like BP to buy ARCO"' (Browne, 2010: p.72). Remember, ARCO was BP's third American target. The companies announced the acquisition in April 1999. As BP Amoco's CEO noted:

> 'ARCO and BP each had sizeable positions on the North Slope of Alaska, and one of the main attractions of the deal was the opportunity for synergies [i.e., cost-cutting] from combining North Slope production.' (Browne, 2010: p.73)

US regulators cleared BP's acquisition of Amoco with few conditions, but BP Amoco's takeover of ARCO ran into trouble. The state of Alaska 'demanded that BP Amoco sell some of its North Slope oil assets and exploration acreage in a move to limit the company's domination of the state's oil industry after its planned merger with Arco' (Corzine & Durgin, 1999; see also *Wall Street Journal* (1999)). The company agreed (Liesman & Wilke, 1999). But the sale of Alaskan assets agreed did not satisfy American anti-trust officials. The Federal Trade Commission (FTC) decided to seek an injunction to block the takeover. Officially, the FTC's concerns were threefold:

[13] To be clear, I am not seeking here to explain the all-stock form of the transaction only to note its consequences in terms of the nationality of the combined group's shareholders.

‘the merger would reduce competition in Alaska and could result in the manipulation of the price of crude oil sold to West Coast refiners; the combined company - the largest holder of Alaskan reserves and lease rights - would eliminate competition on the North Slope; and its control of storage and pipeline facilities in Oklahoma could enable it to manipulate the futures market.’ (Durgin, 2000; see also Wilke & Liesman, 2000)

The view of *The Economist* and the *FT*, perhaps reflecting BP Amoco’s own view, was that broader forces were at work. *The Economist* argued:

‘The real reason for the [FTC’s] decision may have more to do with shifting attitudes at the FTC than with Alaskan oil. The commission thought that the merger of Exxon and Mobil raised doubts about further consolidation in the oil industry. Sir John [Browne] [BP Amoco’s CEO] may be suffering because his firm is not American, perhaps because it had already gobbled up Amoco, perhaps, even, because oil prices are so high.’ (The Economist, 2000)

The *FT* and BP Amoco’s CEO John Browne expressed similar views (Durgin, 2000; Browne, 2010: pp.73-74).[14] In the end, a negotiated settlement was reached: The FTC approved the takeover conditional on BP Amoco selling off all of ARCO’s Alaskan assets - which it did to Phillips Petroleum. The acquisition was completed in April 2000.

Even shorn of its Alaskan assets, ARCO was more American than BP Amoco. As a result, the takeover of the ARCO - just like the takeover of Amoco before it - further Americanised BP. Table 4.6 compares the combined operations of BP and Amoco with those of ARCO outside Alaska, before the takeovers.[15] Excluding its Alaskan operations, ARCO’s crude oil production was more concentrated in the US than the future BP-Amoco combine’s was. So was its natural gas production. And whilst half of BP-Amoco’s refined product sales volumes were in the US market, all of ARCO’s were.[16] The takeover was again an all-stock transaction: ARCO stockholders received BP Amoco shares for their ARCO stock. The takeover thus almost certainly Americanised BP Amoco’s shareholding. For sure, the company had a greater density of American shareholders at the end of 2000 (after the acquisition) than at the end of 1999 (before it). But BP Amoco’s board was unchanged: none of ARCO’s directors joined it.

Table 4.6 ARCO’s operations outside Alaska compared to those of BP and Amoco combined in 1998

Per cent of total in USA	ARCO excl. Alaska	BP & Amoco combined
Production: Crude oil (1)	58	41
Production: Natural gas	min. 52 max. 56	40
Refined products sales volumes	100	49

(1) Crude oil includes natural gas liquids and condensate.
Own calculations from: ARCO (1999: pp.53,54) & BP (2003: pp.42,43,54)

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[14] On the American side of the Atlantic, at the time the acquisition was announced, the *Wall Street Journal* argued: ‘From a political standpoint, BP Amoco may run into a nationalistic sentiment in Washington’ (Cooper & Liesman, 1999).
[15] The table examines operations in 1998 in the absence of information on ARCO for 1999.
[16] Or, to be precise, all but 0.3 per cent of ARCO’s sales were.

4.8 De-Americanisation of production, Americanisation of fixed assets and sales

The acquisitions of Amoco and ARCO Americanised BP's operations. But its operations de-Americanised after that. The net effect of these opposing tendencies was the de-Americanisation of the company's crude oil and natural gas production, but the Americanisation of its fixed assets and refined product sales.

The Americanisation of BP's crude oil and natural gas production peaked after it acquired Sohio outright in mid-1987. In 1988, over a half (52 per cent) of the company's production was in the US. Thereafter its production de-Americanised (see Table 4.7). By 1997, the US share of production had fallen to 37 per cent. This was the result of both declining US production, from 0.9m barrels of oil equivalent per day (boe/d) in 1988 to under 0.6m boe/d in 1997, and rising production outside the US. The takeovers of Amoco in 1998 and ARCO in 2000 reversed momentarily this de-Americanisation trend. US production more than doubled between 1997 and 2001, and the US share of production increased from 37 per cent to 40 per cent. But the trend continued after the acquisitions. By 2007, the US share of production had slumped to just 23 per cent. This was the result of falling US production, from 1.4m boe/d to 0.9m boe/d, combined with rising production outside the US, most importantly as a result of BP's entry into Russia in 1997. Again, the de-Americanisation trend reversed momentarily in 2008 and 2009. But it resumed after 2010 due to the impact of the Gulf of Mexico oil spill. This not only lowered US (especially Gulf of Mexico) production directly, but also indirectly as BP disproportionately sold off its hydrocarbon reserves in the United States to meet the costs of the spill. Since the spill, the US share of production has been close to 20 per cent; Russia's share has been 30 per cent.

Table 4.7 Crude oil and natural gas production 1990-2016
Per cent of total

1990-97		2000-04		2005-09		2010-14		2015-16	
USA	44	USA	36	USA	25	Russia (*)	29	Russia (*)	32
UK	36	UK	20	Russia	24	USA	22	USA	20
Abu Dhabi	8	T&T	8	T&T	11	T&T	12	T&T	10
Norway	5	Russia	7	UK	9	Abu Dhabi	6	Angola	7
Australia	2	Abu Dhabi	4	Abu Dhabi	5	Angola	5	Azerbaijan	5
PNG	1	Egypt	3	Angola	4	UK	4	Argentina	4
Other	4	Canada	3	Azerbaijan	4	Argentina	4	UK	3
		Norway	3	Argentina	3	Azerbaijan	4	Egypt	3
		Argentina	3	Egypt	3	Egypt	4	Abu Dhabi	3
		Australia	2	Australia	3	Australia	3	Australia	3
		Indonesia	2	Norway	1	Indonesia	2	Iraq	3
		Venezuela	1	Canada	1	Norway	1	E. Indonesia	2
		Columbia	1	Columbia	1	Other	5	Norway	2
		Azerbaijan	1	Indonesia	1			Algeria	1
		Other	6	Algeria	1			Other	2
				Other	4				

T&T: Trinidad & Tobago
E. Indonesian: Eastern Indonesia
(*) TNK-BP 2010-13/Rosneft 2013-16. Some of this production is in Canada, Venezuela & Vietnam
Own calculations from:
1990-97 data: BP (1995) & BP (1998b)
2000-04 data: BP (2002b) & BP (2007b)
2005-09 data: BP (2010b)
2010-14 data: BP (2015b)
2015-16 data: BP (2017c)

The Americanisation of BP's refined product sales peaked, not after its acquisition of all of Sohio, but after its acquisitions of Amoco and ARCO. The company's sales volumes in the US market jumped from 30 per cent before the takeovers in 1997 to 52 per cent after them in 2000. Thereafter, its sales de-Americanised - but only slightly (see Table 4.8). By 2002, the US share of sales had dropped to 45 per cent. This was not the result of falling US sales volumes, in contrast, these rose slightly. Instead, it was because of a sharp rise in BP's sales outside the US, especially in Europe. Six years after that, in 2008, the US sales share had fallen again to 39 per cent. The explanation was not rising sales volumes outside America this time, these fell slightly, but declining sales in the US market, from almost 2m barrels per day (b/d) in 2002 to under 1.5m b/d in 2008. Since 2009, the US share of sales has hovered just above 40 per cent; US sales have continued to fall (to just 1.1m b/d in 2016) but BP's sales outside America have decreased at a similar rate.

Table 4.8 Refined products sales volumes 1993-2016
Per cent of total

	1993-97	2000-04	2005-09	2010-14	2015-16
USA	33	46	40	42	40
Europe	49	39	43	40	42
Rest of World	18	15	17	18	18
Total	100	100	100	100	100

Marketing sales: Sales to service stations, end-consumers, bulk buyers and jobbers.
Own calculations from:
1993-97 data: BP (1998b)
2000-04 data: BP (2005b)
2005-09 data: BP (2010b)
2010-14 data: BP (2015b)
2015-16 data: BP (2017c)

The share of BP's fixed assets in America peaked twice: first after the acquisition of Sohio outright, at 58 per cent in 1987, and then after the acquisitions of the Amoco and ARCO, at 53 per cent in 2001. By 2007, the US share had fallen to 43 per cent. Like BP's production, this de-Americanisation trend reversed between 2008 and 2010, but resumed in the wake of the Gulf of Mexico oil spill: the US share of BP's fixed assets increased to 48 per cent in 2010, before falling back again to 43 per cent in 2016 (see Table 4.9).

Table 4.9 Fixed assets: Property, plant and equipment: Net book value 1995-2016
Per cent of total

	1995-97	2000-04	2005-09	2010-14	2015-16
USA	35	48	45	45	44
Non-USA	65	52	55	55	56
Total	100	100	100	100	100

1995-97: Includes: Exploration & Production; Refining & Marketing. Excludes: Chemicals; Other Businesses & Corporate.
2000-04: Includes: Exploration & Production; Refining & Marketing; Gas, Power & Renewables. Excludes: Other Businesses & Corporate.
2005-16: Includes: Upstream; Downstream. Excludes: Other Businesses & Corporate.
Own calculations from:
1995-97 data: BP (1998b: p.16)
2000-04 data: BP (2005b: p.18)
2005-09, 2010-14 & 2015-16 data: BP (2010b: p.21), BP (2012b: p.26) & BP (2017c: p.23)

4.9 The company's nationality (if any)

If firms have a nationality, what has been BP's? Geoffrey Jones describes various legal tests of corporate nationality:

> 'In national legal systems derived from Anglo-American common law, the state of incorporation is the main test of nationality. However in most civil law systems in Continental Europe and other countries influenced by them, the test is that of the company's "seat" (siège social) defined as the place where the central administration and direction is located…
> However there are also other legal tests of nationality. Lawyers have sometimes used the nationality of the shareholders who "control" the operation as a test… The nationality of the senior management or the country where most of the business is done are other possible legal tests.' (Jones, 2005: p.8)

The "Fortune 500" ranking of American companies includes in its survey 'companies that are incorporated in the U.S. and operate in the U.S. and file financial statements with a government agency' (*Fortune*, 2018). A company's country allocation in the "FT 500" ranking of companies 'is based on incorporation and stock market listing, along with market perception, largely following the FTSE guidelines' (Dullforce, 2015). In addition to country of incorporation, stock market listing and perception of investors, FTSE considers: The country in which the company is domiciled for tax purposes; The location of its factors of production; The location of its headquarters; The location of company meetings; The composition of its shareholder base; The membership of its board of directors; The currency denomination of the company's shares (FTSE Russell, 2017).

On the basis of incorporation, the company's "seat" and primary stock market listing, BP has always been British. In 2016, at least, BP p.l.c. (the parent company) was also domiciled in England and Wales.[17] Two other tests of the company's nationality are considered. First, the domiciles of the (beneficial, i.e., underlying) owners of the company's shares. Second, the nationalities of its board of directors.

Before the acquisitions of Amoco and ARCO, UK domiciles owned the vast majority of BP's shares. But the all-stock form of the buyouts Americanised BP's shareholding; former Amoco and ARCO stockholders became BP Amoco shareholders. When BP Amoco was formed on the last day of 1998 the company's shares were owned in equal proportions by UK and US domiciles. But this was a fleeting moment of equality. In the decade after the takeovers, from 2000 to 2010, the proportion of BP's shares owned by British domiciles exceeded that owned by American domiciles (see Table 4.10). But the weight of UK domiciles on the company's share register was decreasing year-on-year and, from 2011 to 2015, its stock was held in equal proportions by British and American domiciles. In short, on this test of nationality, BP has been basically bi-national since the takeovers: more British than American from 2000 to 2010, equally British and American from 2011 to 2015, and in 2016 (the latest year of data) more American than British.

Table 4.10 Domicile of (beneficial) shareholders 1997-2016
Per cent of total

	1997	1998	1999	2000-04	2005-10	2011-15	2016
UK	70	45	58	50	43	37	31
USA	19	46	31	36	38	38	41
Rest of Europe	n/a	n/a	7	9	10	12	12
Rest of World*	11	9	5	5	5	9	12
Miscellaneous	n/a	n/a	n/a	n/a	4	3	4
Total	100	100	100	100	100	100	100

*Rest of World includes Europe (excl. UK) in 1997 and 1998
Sources: BP Financial and Operating Information. All years 1993-1997 to 2012-2016.

[17] Unsurprisingly, in Fortune's "Global 500" ranking of the world's 500 largest companies and the "FT 500" ranking of companies, BP has always been British.

Consider next the nationalities of BP's board of directors. Before the acquisition of Amoco, British nationals dominated the board (see Table 4.11). But the purchase Americanised the board. At its formation, the BP Amoco board consisted of thirteen former BP directors (all but two of whom were British) and nine former Amoco directors (all but two of whom were American). British directors outnumbered American ones up until the Gulf of Mexico oil spill in 2010. But then the composition of the board changed: BP swapped its British chief executive for an American one (the first non-Briton to run BP) and the overall balance of British and American directors has been more-or-less even since the spill. In short, on this test of nationality - much like the test based on shareholders' domiciles - BP has been basically bi-national since the takeover of Amoco: more British than American up until 2010, but more-or-less equally British and American thereafter.

Table 4.11 Nationalities of board of directors 1995-2017

	1995	2000	2005	2010	2011	2015	2017
British	13	11	11½	7½	6½	5	6½
American	2	8	4½	5½	5½	6	5½
Other	1	3	3	2	3	3	2
Total	16	22	19	15	15	14	14

No nationality classified as 'Other' has more than one director in a given year
Sources: BP Annual Reports, Companies House, Who's Who & Who Was Who, Nexis Biographies, Personal communication with directors.

It is productive to reframe the question of the company's nationality as follows: What has been the relationship between BP and the British and American states?

4.10 Relationships between BP and the British and American states I

This section examines the relationships between BP and the British and American states by operationalizing the structuralist mechanisms and the instrumentalist colonisation process discussed in Chapter 2.[18]

4.10.1 An instrumentalist mechanism: Colonisation

To repeat, the colonisation process refers to the occupation of positions in the state apparatus by members of the capitalist class. I investigate BP directors contemporaneously occupying positions within the state apparatus, BP directors having occupied positions within the state apparatus in the past, and ex-BP directors occupying positions within the state apparatus. The justification for considering non-contemporaneity is based on two assumptions. First, those who occupied a position within the state apparatus in the past retain residual control of the state apparatus. Second, ex-BP directors with positions in the state apparatus continue to act in part in the company's interests.

The discussion that follows is based on biographies of those holding BP directorships from 1995 to the present.[19] The biographical information collected is incomplete (inevitably); some BP directors are excluded from collated biographies like "Who's Who" and the biographies of those included are themselves incomplete. Appendix 1 presents biographies of all 59 company directors since 1995. The analysis here considers colonisation at regular snapshots between 1995 and 2015.

Consider first the British state (see Table 4.12).[20] In 1995, six of the sixteen directors were occupying state positions. BP's chairman Lord Ashburton - John Francis Harcourt Baring - was a member of the House of Lords. As the Independent newspaper noted:

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[18] Recall that the colonization process is just one of Barrow's five instrumentalist mechanisms. The other four are: the special-interest process, the policy-planning process, the candidate-selection process, and the ideological process. I focus on the colonization process because it is the only one of the five mechanisms I was able to investigate empirically, in both the UK and US contexts, in the time available. It is not obvious how to investigate the link between BP and ideological processes. Nor is it straightforward to investigate the link between BP and the selection of political candidates.

[19] The analysis starts in 1995 just before BP's acquisitions of Amoco and ARCO. It is only after these acquisitions that the issue arises as to the relative strength of BP relationships to the British and American states.

[20] Like me, Naná de Graaff (2012) looks at the state affiliations of oil elites. Her data and method are identical to mine. In terms of method, her approach is simply to count the number of states positions of members of the oil elite (i.e., the directors of oil companies) (de Graaff 2012: Table 2 p.288). Her use of social network analysis, in this and other publications, is reserved for visualizing and analyzing more complex social structures (de Graaff 2012; van Apeldoorn & de Graaff 2016).

'The Baring family could comfortably fill its own special supplement of Debrett's Illustrated Peerage, reflecting its position within the British establishment for over two centuries.' (Independent, 1995)

In the 1980s, Lord Ashburton had been one of the Bank of England's Court of Directors as well as Chairman of the National Economic Development Council's Committee on Finance for Industry. He was not the only board member in the House of Lords. So was Patrick Wright. He was also a member of the Standing Security Commission. Immediately before joining the board, Lord Wright was Permanent Under-Secretary of State and Head of Diplomatic Service at the Foreign and Commonwealth Office. The company's chief executive, David Simon, following in the footsteps of its chairman, was a member of the Court of the Bank of England. The three other directors occupying state positions in 1995 were members of the Advisory Committee on Business and the Environment, the Council for Science and Technology and the Restrictive Practices Court. In addition to these six contemporaneous colonisations, two other board members had occupied positions in the state apparatus in the past: Sir James Glover had been Commander-in-Chief United Kingdom Land Forces and Sir Patrick Sheehy (British American Tobacco's chairman) had led the Inquiry into Police Responsibilities and Rewards.

Between the years 1995 and 2000, the number of contemporaneous colonisations fell from six to four directors and the number of board members either currently occupying or having previously occupied state positions dropped from eight to five. Yet the closeness of BP to Tony Blair's Labour administration was such that the company was dubbed "Blair Petroleum". The most striking link was David Simon's move from BP chairman to Minister of State in the Treasury and Department of Trade and Industry - alongside a seat in the Lords - within days of Labour's 1997 election victory. But the ties between BP and the government went beyond the company's boardroom. A 2001 *FT* article titled "How BP oils the working of British Politics" documented other links. Anji Hunter quit her role as Blair's "gatekeeper" (director of government relations) to become BP's director of communications.

'Nick Butler, the [BP] group vice-president, is a close friend of Peter Mandelson and Jonathan Powell, Mr Blair's chief of staff, and a long-standing Labour trusty briefly tipped to head the prime minister's new delivery unit. Another link is John Kingman, a former Treasury official, who worked for BP... before returning to the Treasury. Jill Rutter, one of his predecessors as the chancellor's press secretary, travelled the other way, moving to BP after falling out with [chancellor] Mr Brown. Charlie Leadbeater, a prime ministerial policy adviser... has worked as a consultant to Lord Browne, BP's chief executive. But BP's links are not only Labour. David Lidington, a Conservative Treasury spokesman worked in the company press office before becoming a special Home Office advisor to Lord Hurd.' (Shrimsley, 2001)[21]

[21] In the 1980s, Nick Butler served 'as an adviser to Neil Kinnock, the former Labour leader. He also helped to found the British American Project for the Successor Generation, which aimed to counter traditional Labour leftwing suspicion of the US on foreign policy and security issues' (Blitz, 2006). From 2009 to 2010, he worked for Labour Prime Minister Gordon Brown as Senior Policy Adviser.

Table 4.12 BP-British state colonisations

1995

Current directors-Current state positions (6/16)
Lord Ashburton (John Francis Harcourt Baring): Member, House of Lords
David Simon: Member, Court of Directors, Bank of England
Stephen Ahearne: Member, Restrictive Practices Court
Rodney Chase: Member, Advisory Committee on Business and the Environment
Sir Robin Nicholson: Member, Council for Science and Technology
Lord Wright of Richmond: Member, House of Lords; Member, Standing Security Commission, Cabinet Office

Current directors-Past state positions (5/16)
Lord Ashburton: Member, Court of Directors, Bank of England; Chairman, Committee on Finance for Industry, National Economic Development Council
Sir James Glover: Commander-in-Chief, UK Land Forces
Sir Robin Nicholson: Chief Scientific Adviser, Cabinet Office
Sir Patrick Sheehy: Chairman, Inquiry into Police Responsibilities and Rewards
Lord Wright of Richmond: Permanent Under-Secretary of State and Head of Diplomatic Service, FCO

2000

Current directors-Current state positions (4/22)
Lord Wright of Richmond: Member, House of Lords; Member, Standing Security Commission, Cabinet Office
Bryan Sanderson: Member, Company Law Review Steering Group, Department of Trade and Industry; Chairman, Learning and Skills Council
Rodney Chase: Member, Advisory Committee on Business and the Environment
Sir Robin Nicholson: Member, Council for Science and Technology

Current directors-Past state positions (3/22)
Lord Wright of Richmond: Permanent Under-Secretary of State and Head of Diplomatic Service, FCO
John Buchanan: Central Policy Review Staff, Cabinet Office
Sir Robin Nicholson: Chief Scientific Adviser, Cabinet Office

Past directors-Current state positions (1/10)
Lord Simon of Highbury: Member, House of Lords; Advisor, Cabinet Office

2005

Current directors-Current state positions (1/19)
Lord Browne of Madingley: Member, House of Lords

Current directors-Past state positions (3/19)
Byron Grote: Vice-chairman, Public Services Productivity Panel; Chairman, Chemicals and Innovation Growth Team
Dame DeAnne (Shirley) Julius: Member, Monetary Policy Committee, Bank of England; Member, Court of Directors, Bank of England; Chairman, Banking Code Review Group
Sir Robin Nicholson: Member, Council for Science and Technology; Chief Scientific Adviser, Cabinet Office

Past directors-Current state positions (2/22)
Lord Simon of Highbury: Member, House of Lords
Lord Wright of Richmond: Member, House of Lords; Chairman, House of Lords Sub-Committee on Home Affairs; Member, EU Select Committee

2010

Current directors-Current state positions (1/15)
Douglas Flint: Member, Consultative Committee of the Large Business Advisory Board, HM Revenue & Customs; Member, Business Government Forum on Tax and Globalisation

Current directors-Past state positions (2/15)
Dame DeAnne (Shirley) Julius: Member, Monetary Policy Committee, Bank of England; Member, Court of Directors, Bank of England; Chairman, Banking Code Review Group; Chairman, Public Services Industry Review, Department for Business Enterprise and Regulatory Reform
Byron Grote: Vice-chairman, Public Services Productivity Panel; Chairman, Chemicals and Innovation Growth Team

Past directors-Current state positions (4/33)
Lord Simon of Highbury: Member, House of Lords
Lord Browne of Madingley: Member, House of Lords; Lead Non-Executive Director, Cabinet Office; Lead Non-Executive Board Member, UK Government; Chairman, Independent Review of Higher Education Funding
Lord Wright of Richmond: Member, House of Lords; Member, House of Lords Sub-Committee on Law and Institutions
Sir Richard (Lake) Olver: UK Business Ambassador; Member, Prime Minister's Business Advisory Group

Table 4.12 BP-British state colonisations (continued)

2015

Current directors-Current state positions (3/14)
Ian Davis: Lead Non-Executive Board Member, Cabinet Office
Dame Ann Dowling: Non-executive director, Department for Business, Innovation and Skills; Member, Prime Minister's Council for Science and Technology
Brian Gilvary: External advisor to Director General, HM Treasury Financial Management Review Board

Current directors-Past state positions (1/14)
Dame Ann Dowling: Member, Defence and Aerospace Technology Foresight Panel; Non-executive Director, Defence Research Agency, Ministry of Defence; Member, Scientific Advisory Board, Defence Evaluation and Research Agency, Ministry of Defence; Member, Defence Science Advisory Council, Ministry of Defence

Past directors-Current state positions (6/42)
Lord Simon of Highbury: Member, House of Lords
Lord Browne of Madingley: Member, House of Lords
Lord Wright of Richmond: Member, House of Lords
Sir Richard (Lake) Olver: UK Business Ambassador; Member, Prime Minister's Business Advisory Group
John Manzoni: Chief Executive, Civil Service; Permanent Secretary, Cabinet Office
Douglas Flint: Member, Financial Services Trade and Investment Board, HM Treasury; UK Business Ambassador

Notes: FCO: Foreign and Commonwealth Office

The company's CEO from 1995 to 2007, John Browne, 'developed personal ties and regular exchanges of ideas between BP and the government' (Guha & McNulty, 2002). Browne himself visited Blair regularly and 'Senior executives are encouraged to take time out to sit on government task forces' (Guha & McNulty, 2002). Lower down the company, 'Browne has encouraged BP managers to make use of secondment programmes to ministries, mostly the Department of Trade and Industry, but also the Foreign Office and Treasury' (Guha & McNulty, 2002). The company's CEO 'acknowledges that the geopolitical complexity of the oil industry makes it important for BP to get political support wherever it can. "We've always got to be in a position to turn to the government in power," he says' (Guha & McNulty, 2002).

BP's ties with the British government remained close, but the number of colonisations fell (again) in the 2000s. Only one of nineteen board members in 2005 occupied a position within the state apparatus - Browne had joined the House of Lords in 2001 - and just three others had held state positions in the past. By 2010, there was one tie fewer still between BP's boardroom and the British state. In part, this reduction in the number of colonisations since 1995 was a product of the drop in the number of British board members, since only BP's British directors occupied positions within the state apparatus.

BP's ties to the British government then strengthened between 2010 and 2015. Three of the fourteen board members were occupying state positions in 2015. Ian Davis replaced Lord Browne as the Cabinet Office's Lead Non-Executive Director. Dame Ann Dowling was a member of the Prime Minister's Council for Science and Technology and Non-Executive Director at the Department for Business Innovation and Skills. In the 1990s, she had held positions within the Ministry of Defence. And Brian Gilvary was external advisor to the Treasury's Director General (Spending and Finance) on its Financial Management Review Board. In addition, six ex-directors, counting only those on the board since 1995, occupied state positions in 2015. Wright, Simon and Browne sat in the House of Lords. Alongside Davis in the Cabinet Office was ex-director John Manzoni. He was its Permanent Secretary as well as Chief Executive of the Civil Service. Two ex-directors, Douglas Flint (HSBC's Chairman) and Sir Richard Olver were UK Business Ambassadors. Flint was also on H.M. Treasury's Financial Services Trade and Investment Board. Olver was a member of the Prime Minister's Business Advisory Group. A notable addition to BP's board in 2015 was Sir John Sawers. Sawers had been a diplomat most of his career with 'periods as ambassador to the UN, Britain's special representative in Iraq following the 2003 US-led invasion, and as Tony Blair's foreign policy adviser' but had just stepped down as head of the UK's foreign secret service MI6 (Adams & Jones, 2015). According to the *FT*, BP hoped to use his experience in the Middle East to guide its return to Iran (Adams & Jones, 2015).

Ties of colonisation between BP's board of directors and the American state have been extremely limited. At each of the five snapshots taken between 1995 and 2015, the typical pattern of colonisations was as follows: no directors or ex-directors occupied positions in the state apparatus and just a single director had occupied such a position in the past (see Table 4.13). There were two exceptions to this. In 2005, two directors occupied state positions: Walter Massey was on the President's Council of Advisors on Science and Technology and Erroll Davis Jr. was on the Federal Reserve Bank of Chicago's Advisory Board. The other exception was in 2015 when two directors - not just one - had occupied state positions in the past: Admiral Frank Bowman had been Chief of naval personnel (amongst other state positions) and Alan Boeckmann had been a member of the Board of the National Petroleum Council.

Table 4.13 BP-American state colonisations

1995

Current directors-Past state positions (1/16)
Karen Horn: President, Federal Reserve Bank of Cleveland

2000

Current directors-Past state positions (1/22)
Walter Massey: Member, National Science Board; Member, President's Council of Advisors on Science and Technology; Director, National Science Foundation; Chair, Secretary of Energy Advisory Board

2005

Current directors-Current state positions (2/19)
Erroll Davis Jr.: Member, Advisory board, Federal Reserve Bank of Chicago
Walter Massey: Member, President's Council of Advisors on Science and Technology

Current directors-Past state positions (1/19)
Walter Massey: Member, National Science Board; Director, National Science Foundation; Chair, Secretary of Energy Advisory Board

2010

Current directors-Past state positions (1/15)
Erroll Davis Jr.: Member, Advisory board, Federal Reserve Bank of Chicago

2015

Current directors-Past state positions (2/14)
Admiral Frank Bowman: Director of political-military affairs, Joint staff; Chief of naval personnel; Director, Naval nuclear propulsion programme, Department of Navy and Department of Energy
Alan Boeckmann: Member, Board of the National Petroleum Council

4.10.2 Structural mechanisms

Consider next the structural mechanisms. Recall that the argument here is that the state is capitalist since its capacity to finance itself through taxation or borrowing and its legitimacy are dependent on the domestic economy. Hence a state is dependent on BP to the extent that the company contributes to the national economy. To operationalize these mechanisms, information is needed on BP's operations disaggregated by country. It is possible to examine the (direct) impact of the company's domestic operations on the domestic economies of the two countries in terms of crude oil and natural gas production, gross fixed capital formation and employment, using BP's annual reports.[21] But there is insufficient information in these reports to assess the impact of BP's global operations on the domestic economies of the two countries. For example, it is not possible to consider the impact of those operations on the balance of payments positions of the two countries.[22] This is a limitation.

Consider first the impact of BP's domestic operations on the two economies starting with its crude oil and natural gas production (see Table 4.14). In the first half of the 1980s, BP's share of UK oil production was more than 5 times its share of US production. But this gap narrowed as the company's share of UK production decreased and its share of US production increased, thanks to its acquisitions of the whole of Sohio and of Amoco and ARCO. Since 2000, BP's share of UK oil and gas production has been more-or-less double its share of US production. BP produced 30 per cent of the UK's oil in 1980. Ten years on, its share of the country's oil and gas production had fallen to 20 per cent. The company's share continued to fall in the 1990s, but rose to close to 20 per cent again in 2000, following the takeovers of Amoco and ARCO. After that, BP's share of UK production slipped to just under 10 per cent in 2010 and then to 7 per cent in 2016. When BP owned close to half of Sohio in the first half of the 1980s, it produced just 3-4 per cent of America's oil. After it acquired all of Sohio in 1987, but before its buyout of Amoco in 1998, its share of the country's production doubled to 7-9 per cent. When the company bought Amoco and ARCO, its share of US oil and gas production roughly doubled from 3-5 per cent in the first part of the 1990s to 6-8 per cent in the 2000s. But in the wake of the Gulf of Mexico oil spill in 2010, BP's share of US production halved to 3-4 per cent.

Table 4.14 Contribution of BP to crude oil and natural gas production in UK and US
Per cent

Oil	1980-86	1988-89	1990-97	2000-04	2005-09	2010-14	2015-16
UK	21	21	16				
USA	4	9	7				
Oil & natural gas							
UK			16	17	12	8	7
USA			4	8	6	4	3

Own calculations from: BP (1985), BP (1990), BP (1995), BP (1998b), BP (2002b), BP (2007b), BP (2010b), BP (2015b), BP (2016b), BP (2017b) & BP (2017c)

[21] It is not possible to examine BP's tax payments to the British and American states.
[22] Obviously the balance of payments constrains Britain's political economy much more than it constrains America's given the dollar's role.

Consider next the impact of BP's domestic operations on gross fixed capital formation (GFCF) in the two countries.[23] Averaging over the years 1983-1997 (ignoring some ups and downs), BP accounted for 1/100th of UK GFCF but just 1/1000th of US GFCF (see Table 4.15). Again this gap narrowed after the takeovers of Amoco and ARCO. BP's share of UK GFCF more than halved to 4/1000th in 2001-2007, whilst its share of US GFCF doubled to 2/1000th. The company ceased publishing this information for the UK in 2007. In the US, BP's share of GFCF doubled again to 4/1000th in 2008-09. But by 2014, it had fallen back to 2/1000th. Information is available on the UK in this year: BP's share of UK GFCF was 4/1000th. As in the period 2001-2007 then, the company was twice as important to GFCF in Britain than in America.

Table 4.15 Contribution of BP's domestic operations to GFCF and employment in UK and US
Per cent

	1983-86	1988-92	1993-97	2001-04	2005-07	2008-09	2010-13	2014	2015
GFCF (1)									
UK	0.86	1.44	0.69	0.51	0.33			0.44	
USA	0.14	0.14	0.08	0.24	0.21	0.45	0.33	0.21	0.15
Employment (2)									
UK		0.11	0.07	0.06	0.06			0.06	
USA		0.03	0.01	0.03	0.02	0.02	0.02	0.01	0.01

(1) 1983-97: BP capital expenditure & acquisitions/UK or US gross fixed capital formation (GFCF)
2001-15: BP capital expenditure, acquisitions & disposals/UK or US gross fixed capital formation
(2) BP employee numbers/UK or US total employment
Own calculations from: BP (1987b), BP (1988b), BP (1993), BP (1998b), BP (2006), BP (2008b), BP (2013b), BP (2016c), BP (2017c), Oxford Economics (2015), ILO (2018) & World Bank (2018)

Unsurprisingly, BP contributed much less to employment than to GFCF. At the end of the 1980s, BP swallowed up not only Sohio but also Britoil. Britoil was the UK's largest independent oil company having been formed out of the old British National Oil Corporation. After the acquisitions, BP had 30,000 employees in the UK and 45,000 in the US. This was only 12 in every 10,000 UK jobs and 4 in every 10,000 US jobs. In both countries, job losses followed the acquisitions. BP's UK workforce was cut in half to 16,000 employees by 1996. In the US, seven out of ten jobs were lost, cutting the number of workers to 13,000 in 1997. The company was now creating just 7 in every 10,000 jobs in the UK, but this was seven times its contribution to US employment. Whilst BP's UK workforce has changed little since then, its US workforce again expanded with the takeovers of Amoco and ARCO, and then contracted with the layoffs that followed. In 2001, before the cuts, BP employed 43,000 US workers, 3 in every 10,000 workers in the country, half the company's share of UK employment. But by 2014, it hired just 19,000 US

[23] GFCF 'refers to the net increase in physical assets (investment minus disposals) within the measurement period. It does not account for the consumption (depreciation) of fixed capital, and also does not include land purchases' (*Financial Times*, 2018).

workers, the same number as in the UK. At this point, BP contributed five times more to Britain's than to America's workforce.

In short, since the takeovers of Amoco in 1998 and ARCO in 2000, BP's domestic operations have been roughly twice as important to the UK than to the US economy in terms of oil and gas production and gross fixed capital formation, and at least twice as important in terms of employment. According to the structuralist mechanisms, a national state is dependent on BP to the extent that the company contributes to the national economy. This analysis suggests that the UK state is more dependent on BP than the US state.

4.11 Relationships between BP and the British and American states II

What has been considered thus far is the relationships between BP and the British and American states in terms of ties of colonisation and the dependence of both states on the company's operations. What is examined next is whether or not BP has gained concrete advantages and protections in the international arena from these states. The focus is on answering two complementary comparative questions. First, has BP received more support from the British than the American state? Second, has ExxonMobil (America's largest oil company) received more support than BP from the American state? The expectation is that the answer to both questions is "yes" given, on the one hand, the greater ties and dependencies between BP and the British as opposed to American state, and, on the other, an assumption of greater ties and dependencies between the American state and ExxonMobil in comparison to BP.[24] The focus is on the period after the Amoco and ARCO acquisitions, but before the Gulf of Mexico oil spill - which damaged BP's relations with the American state.

BP's CEO felt that the company's 'power and reach' increased after the acquisition of Amoco (Browne, 2010: p.141). Within a year of the takeover, the US state did assist BP in its battle for Sidanco, a battle to protect its Russian assets from TNK, an "oligarch"-controlled oil company, by threatening to withdraw TNK's loan from the Export-Import Bank of the United States (the country's official export credit agency).[25] But this seems to be the only episode in the public domain in which the American state supported BP in the period under consideration. As we shall see, American state support for ExxonMobil was much more substantial than this; as was British state support for BP. In short, the answer to both questions is indeed "yes".

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[24] This comparative method is needed to distinguish, on the one hand, the relative "closeness" of BP to the British and American states, and, on the other, the relative propensity of the two states, in general, to intervene in the international arena. For example, a finding that the American state intervened to support BP more than the British state could be because the American state is more interventionist than the British state (e.g., because more powerful), rather than because BP is closer to the American than the British state.

[25] See section 5.3.2, The battle for Sidanco.

4.11.1 ExxonMobil and the American state

In Russia itself, American state assistance for ExxonMobil was much more considerable than its assistance to BP in its battle for Sidanco.[26] According to Steve Coll, 'There was no other place on Earth where the [American] corporation enjoyed such full and explicit partnership with the White House in the pursuit of such large oil holdings' than Russia (Coll, 2012: p.258). The first Bush Jr. administration was pushing for a strategic oil partnership with Russia and, more specifically, was aiming to deepen commercial ties between US oil companies and Russia (Coll, 2012: pp.252-253). While the administration 'encouraged the Russian government to deal directly with the American corporations, particularly ExxonMobil and Chevron' (America's two largest global hydrocarbon producers and the heirs to the American members of the "Seven Sisters"), ExxonMobil itself thought it was better off dealing with things in Russia on its own (Coll, 2012: p.255). Occasionally, Lee Raymond, ExxonMobil's boss, might turn to his old friend Vice-President Cheney or 'another very senior official' to talk to the Russians 'about a specific tax or policy stalemate in Moscow. Otherwise, the corporation negotiated in private' (Coll, 2012: p.255). Raymond was in negotiations with Mikhail Khodorkovsky, the owner of Yukos, about taking a majority stake in what was then Russia's largest oil company. The American ambassador in Russia, Vice-President Cheney and others in the Bush Jr. administration realised that Yukos 'might be in a position to make a transformational deal' (Coll, 2012: p.267). But negotiations ended when Khodorkovsky was arrested in 2003. When a Russian commission denied certain licences to ExxonMobil and Chevron the next year, the administration was still fighting on their behalf - the US Secretary of State met his Russian counterpart to protest - 'but its campaign looked increasingly like a rearguard action, fought while in retreat' (Coll, 2012: pp.276-277).

It appeared to ExxonMobil in 2001 that G.A.M. - Gerakan Aceh Movement or "Free Aceh Movement" - 'had changed its targeting policy to go after the company directly' (Coll, 2012: p.99). As a result, the corporation decided to shut down its operations in Aceh. The Bush Jr. administration then found itself under pressure, both from ExxonMobil to protect its operations, and from the Indonesian government to address the corporation's unwillingness to operate. In response, it sought 'to restore ExxonMobil's Aceh operations, and by doing so relieve pressure on Indonesia's… president' (Coll, 2012: p.101). As a means to this end, the American state threatened G.A.M.: attacks on ExxonMobil it told the movement "'risked turning the U.S. into G.A.M.'s enemy'" (Coll, 2012: p.117).

[26] This section relies on Steve Coll's (2012) *Private Empire: ExxonMobil and American Power*.

ExxonMobil also turned to the American state for protection in Nigeria. Its supply boats were under attack from M.E.N.D. - Movement for the Emancipation of the Niger Delta - and similar groups. As the attacks worsened, the oil companies kept telling the State Department that they wanted the C.I.A. and the navy to solve the problem (Coll, 2012: p.470). The US state's response was 'a program of periodic U.S. Navy patrols in the Gulf of Guinea, coupled with exercises and shore visits, that were designed to build up the Nigerian navy' and other regional navies alongside other measures to build local capacity (Coll, 2012: p.472).

4.11.2 BP and the British state

In short, in the period under consideration, American state support for ExxonMobil in the international arena was much more significant than its support for BP - the only example of this, in the public domain, being its assistance to the company in the battle for Sidanco. But BP received much more assistance from the British state. This is clear from a consideration of the company's operations in Russia, Iraq and Libya.

In its operations in Russia, the British state supported the company more consistently than the American state did. In 1997, when BP and Russian company Sidanco were considering a joint bid for Rosneft, Russia's last big state-owned oil company, Prime Minister Blair was expected to seek assurances on the prospective investment during his visit to Moscow. Two years later, BP was battling to protect its investment in Sidanco from TNK, another Russian oil company. While the American state was the company's most important weapon against TNK, Blair also dispatched a warning to the Kremlin on its behalf. Afterwards, BP and TNK's owners AAR combined assets to form TNK-BP. One of TNK-BP's main assets was the Kovykta gas field. When Russian authorities threatened to suspend its licence for the field in 2006-2007, Blair was expected to raise the issue with President Putin. In 2008, AAR attacked BP. The *FT* concluded that the attack 'appears to have been Kremlin-facilitated' and Prime Minister Gordon Brown took up the case with President Dmitry Medvedev (*Financial Times*, 2008b).

Consider next Iraq.[27] BP and Shell had meetings with the UK government about Iraq before the 2003 invasion. In a meeting in October 2002, Shell's Senior Vice President for New Business in the Middle East, Tony Wildig, told Edward Chaplin, the Foreign Office's Middle East director, that both his company and BP were concerned by stories that the Russians, French and Chinese "would

[27] This is not the place for an exhaustive account of the issue of oil in the invasion and occupation of Iraq. An enlightening account of this question with regards to BP, Shell and the British state can be found in Greg Muttitt's (2012) *Fuel on the Fire*.

sell their support for US policy for a guarantee that their deals with the regime would be honoured after Iraq's liberation" (Foreign & Commonwealth Office, 2002). Chaplin replied that the UK government was "seized of the issue" and stressed that "the commercial element of a post Saddam strategy" was part of its contingency planning (Foreign & Commonwealth Office, 2002). He added that the government was "determined to get a fair slice of the action for UK companies in a post Saddam Iraq" (Foreign & Commonwealth Office, 2002). BP, Shell and BG (a British oil and gas company) repeated their concern in a meeting with the Minister of Trade, Baroness Symons, later the same month. In response, "Baroness Symons agreed that it would be difficult to justify British companies losing out in Iraq in that way if the UK had itself been a conspicuous supporter of the US government throughout the crisis" and told the companies that the UK government would address their concerns with the US government (Department for Business, Innovation & Skills, 2002).

BP also had a series of meetings on the subject of Iraq with the American State Department and the Department of Defense before the invasion. Discussing its dealings with the US government, the company told Baroness Symons in December 2002 that "Some consideration seemed to be being given to looking to a number of key oil companies, BP included, to sort out any initial problems with oil installations" (Trade Partners UK, 2002). The company stated that the Department of Defense appeared to be "looking to largely involve non-US oil companies" in this regard perhaps "to avoid any political fall-out in the US from allegations that the issue with Iraq was all about oil in the first place" but that "American companies would follow soon thereafter" (Trade Partners UK, 2002). BP was concerned that being involved in this way "might partially exclude them from future work in Iraq" (Trade Partners UK, 2002). Nevertheless, on the eve of the invasion, the company's CEO told the Foreign Office's Permanent Under-Secretary of State that "BP had been asked to help with the renovation of Iraq's oil facilities after military action" and "had a team ready to go" (Foreign & Commonwealth Office, 2003a).

A few months after the invasion in May 2003, a draft report titled "Iraqi Oil and British Interests" circulated in the Foreign Office. The opening section of the document, titled "Our interest", noted that "Iraq will (or should) make a significant contribution to Britain's energy security in the medium and longer term" (Foreign & Commonwealth Office, 2003b). The next section posed three questions:

(i) **Iraq's future:** how do we ensure that the best outcomes are achieved for Iraq and its people, with decisions being taken appropriately on their behalf where necessary?
(ii) **Energy security:** what courses of action maximise Britain's long-term energy security?
(iii) **Commercial:** how do we maximise benefit to British industry, and thus British employment/economy? (Foreign & Commonwealth Office, 2003b, emphasis in original)

By September 2004, a "UK Energy Strategy for Iraq" had been developed. According to Greg Muttitt, this was the country's 'first formally articulated strategy on the subject' (Muttitt, 2012: p.117). The strategy began as follows:

1. Our mutually enforcing objectives are:
   i) The development of an efficient, outward-looking and transparent oil and energy industry, capable of delivering both sustainable export revenues to meet Iraq's development needs and meeting domestic needs for energy in an efficient, equitable and secure manner.
   ii) Iraq's energy sector development to be complemented by the increasing involvement of UK firms, leading to sustained investment over the next 5 to 10 years and substantial business for the UK.

(Foreign & Commonwealth Office, 2004)

These were the first and third questions asked in the May 2003 report. The second question was a key consideration of the strategy: "Iraq is extremely important to the UK's objectives on energy security" (Foreign & Commonwealth Office, 2004).

Around the same time as the strategy was being drafted, BP submitted a bid to the Iraqi Oil Ministry to conduct a study of the Rumaila field (the second largest in the world). The company told Edward Chaplin, now Britain's ambassador to Iraq, that it considered the bid was "very important" and asked him "to nudge our proposal forward with" Iraq's Oil Minister and Prime Minister (BP, 2004b). Four days later, Chaplin met the Oil Minister and lobbied for BP's bid. In January 2005, it was announced that the company had won the tender for the Rumaila study (Muttitt, 2012: pp.129-130).[28] In June 2009, the Oil Ministry held an auction for 20-year contracts to manage two gasfields and six of the country's largest oilfields. Muttitt describes the outcome:

'The Rumaila field - BP's target - was first on the block. The company had been providing technical advice on the field since 2005 and now knew it well. Only an ExxonMobil-led consortium was bullish enough to put in a challenge. But then came a surprise: neither company's bid was accepted by the Oil Ministry. The ministry would pay remuneration - the profits companies would receive - of no more than $2 per barrel, well below BP's bid of $3.99 - in partnership with the China National Petroleum Corporation [CNPC] - and ExxonMobil's $4.80. The minister asked the companies if they would accept the $2 per barrel offer…: ExxonMobil said no, BP said yes.' (Muttitt, 2012: p.301)

BP/CNPC was willing to accept a remuneration fee half its bid because it planned to bargain hard on the terms of the actual contract. In the months after the auction, the companies secretly renegotiated the contract with the Iraqi government. In comparison to the model contract on which the auction was based, the terms of the actual contract changed significantly. According to Muttitt, 'The effect of these changes is to transfer the most significant risks from BP/CNPC to the Iraqi government, making the contracts considerably more attractive to the companies' (Muttitt, 2011).[29]

[28] See Muttitt (2012, pp.129-130) for a fuller account of the exchange between BP and the British ambassador at this time.

[29] In 2014, the technical service contract for Rumaila was extended from 20 to 25 years (to 2034) (BP, 2018).

In Libya, the British state more-or-less created BP's Exploration and Production Sharing Agreement (EPSA). The company's ex-CEO concurs:

> 'Rebuilding the relationship with Qadhafi was a rare modern example of where political diplomacy opened up trade. Without Tony Blair's intervention, I doubt BP would ever have been as significant a player as it turned out to be in the re-opening of the oil and gas industry of Libya.' (Browne, 2010: p.129)

The climax of the Prime Minister's intervention was the so-called "deal in the desert". After the United Nations Security Council lifted sanctions against Libya, imposed after the Lockerbie bombing, 'Blair travelled to Libya in 2004 to meet Muammar Gaddafi and to negotiate agreements on trade and on oil exploration' (House of Commons Foreign Affairs Committee, 2016: p.5). These negotiations included BP's EPSA with the Libyan National Oil Company (House of Commons Foreign Affairs Committee, 2016: p.5). Blair said that "'the prize for us'" from bringing Libya "'in from the cold'" was "'enormous'" and included 'the benefits to UK companies such as BP' (McDermott, 2015). Writing in 2010, Gideon Rachman, the chief foreign affairs columnist for the *Financial Times*, argued that energy was at the heart of the relationship between Britain and Libya:

> 'It is true that oil is not the only interest Britain has at stake in Libya. But the search for more secure and diverse energy supplies is increasingly important to UK foreign policy. Britain's North Sea reserves are running down and the country is worrying about a looming energy crisis. Libya looks like a promising possible supplier of both oil and natural gas that is unusually open to foreign oil companies. BP and Royal Dutch Shell are the second and third biggest companies on the London stock exchange, and they have both signed exploration deals in Libya.' (Rachman, 2009)

In fact, a surge in UK imports of Libyan oil followed the 2004 deal and Libya became 'one of Britain's most important sources of oil imports' (Crooks, 2009). Another *FT* article argued that the other Libyan prize for British business, in addition to the profits from oil and gas, was the country's sovereign wealth fund, in other words its revenues from oil and gas (Blitz & Saigol, 2011).

BP's CEO Browne only met Gaddafi 'to agree some broad principles of' BP's re-entry into Libya one year after Blair's 2004 deal (Browne, 2010: p.128). Browne was accompanied by Mark Allen. Allen was a colonisation: a 'former senior counterterrorism official in Britain's MI6 intelligence service' he 'played a prominent role as a chief U.K. negotiator in talks that led to Libya's renunciation of its nuclear weapons program in 2003' and joined BP as a special advisor in 2005 (Swartz & MacDonald, 2009). In addition to Allen, the company hired 'other former British government experts to help talks with Libya' (Mufson, 2010).

The British state not only conceived BP's Libyan EPSA but was also its midwife. Central to the story here is Abdelbaset al-Megrahi, the Libyan convicted of the Lockerbie bombing. In 2007, Blair visited Libya, simultaneously signing a Memorandum of Understanding with the Libyan state 'which included a commitment to negotiate a Prisoner Transfer Agreement' (PTA) and witnessing the signing of BP's EPSA (Cabinet Office, 2011: pp.4-5). A key issue in the PTA negotiations was whether or not it would exclude al-Megrahi. According to a Cabinet Office review of al-Megrahi's later release, it became clear in late 2007 that the Libyan government 'now explicitly linked removal of Mr Megrahi's exclusion clause in the PTA to their ratification of BP's' EPSA - as well as other contracts. At this juncture, the company lobbied the British government on the PTA. A spokesperson for BP admitted that

'it told the British government that "we were concerned about the slow progress that was being made in concluding a Prisoner Transfer Agreement with Libya. We were aware that this could have a negative impact on UK commercial interests, including the ratification by the Libyan Government of BP's exploration agreement."' (*Wall Street Journal*, 2010)[30]

In this context, the UK government reversed its position and decided not to exclude al-Megrahi from the PTA. When asked in an interview whether trade and BP had been factors in this decision, the Justice Secretary Jack Straw replied:

'"Yes, [it was] a very big part of that. I'm unapologetic about that... Libya was a rogue state. We wanted to bring it back into the fold. And yes, that included trade because trade is an essential part of it and subsequently there was the BP deal."' (Riddell, Johnson & Porter, 2009)

Subsequently, Straw said:

"Libya has oil and so do other countries whose regimes we would not voluntarily choose… The world needs energy and the simple truth is that if we had been more fastidious in our approach, then other countries - notably China - would have moved in to take our place." (Blitz & Saigol, 2011)

As soon as the British government agreed not to exclude al-Megrahi from the draft PTA, Libya ratified the EPSA with BP (Cabinet Office, 2011: p.7; Bolger & Mahtani, 2008). Then, in September 2008, al-Megrahi was diagnosed with terminal cancer. At this point, the Libyan government 'made clear that they would regard his death in Scottish custody as a death sentence and by actual and implicit threats made of severe ramifications for UK interests if Mr Megrahi were to die in prison in Scotland' (Cabinet Office, 2011: p.14). As a result, Ministers now agreed that concluding swiftly the PTA negotiations 'was of pressing interest to the UK' (Cabinet Office, 2011: p.9).[31] In addition, the UK government decided to 'do all it could, whilst respecting devolved competences, to facilitate an appeal by the Libyans to the Scottish Government for Mr Megrahi's transfer under the PTA or release on compassionate grounds as the best outcome for managing the risks faced by the UK' including risks to British commercial interests (Cabinet Office, 2011: pp.14-

[30] Admitting that 'Government records of the contacts with BP are limited', the Cabinet Office review noted that 'Limited and intermittent contacts… took place… between BP and Jack Straw from September 2007 onwards. BP also spoke on at least two occasions in the same period to Simon McDonald, the then Prime Minister's Foreign Policy Advisor. During these and other discussions, the progress of negotiations on the UK-Libya PTA and likely timing of the Agreement being signed were discussed. Furthermore BP was suffering significant financial loss while the EPSA agreement remained unsigned. Gordon Brown wrote to Colonel Qadhafi on 26 September with the intention of reassuring Qadhafi of the UK's high level interest in the bilateral relationship, and taking the opportunity to highlight the BP agreement, but making no mention of Mr Megrahi despite Libyan linkage of the issues. Overall, it is clear that BP was seeking the Government's help to unblock the EPSA agreement.' (Cabinet Office, 2011: p.6)

[31] Up until then the 'UK Government… held up final signature [on the PTA] until progress on commercial deals had been achieved.' (Cabinet Office, 2011: p.13)

15). Despite Libyan ratification of the EPSA, 'BP continued to run into bureaucratic hurdles until Megrahi was finally released by the Scottish government' in August 2009 (*Wall Street Journal*, 2010).

4.12 Summary and conclusions

Part I concluded that BP wanted American shareholders to protect its US assets. In addition, with the company starting to explore out outside its OECD stronghold, it conjectured that BP might also want American shareholders to guard its prospective assets outside America. Then BP decided to pursue a merger or acquisition strategy. According to its CEO, one reason for this was to give BP 'global political clout' (Browne 2010: p.69). All of BP's targets were American companies. As a result of the all-stock form of the acquisitions of Amoco and ARCO, BP gained the American shareholder-guards it wanted. The Amoco takeover also Americanised BP's board of directors. BP's CEO felt that its 'power and reach' increased after the acquisition (Browne 2010: p.141). In particular, he seemed to think that the company's ability to call on the American state for support had increased.

In terms of the nationalities of its owners/shareholders and its board of directors, BP has been basically bi-national since the acquisitions: more British than American up until 2010, but equally British and American thereafter. But BP was still incorporated in Britain and in Anglo-American law the state of incorporation is the main test of corporate nationality. The company's "seat" and primary stock market listing were still in London. In addition, in terms of an instrumentalist conceptualisation of the state, BP had greater ties of colonisation to the British than to the American state. Likewise, in terms of a structuralist conceptualisation of the state, the British state was more dependent on BP's operations than the American state was. The US state did protect BP's Russian assets on one occasion, but perhaps it is not surprising that BP received more support from the British than the American state in the international arena - and less support from the American state than ExxonMobil.

5. BP in post-Soviet Russia

From BP in America to BP in Russia. After describing the post-Soviet Russian oil industry, this chapter presents a short history of foreign energy companies in the country. The aim is to contextualise BP's position in Russia. Since 2003, Russia has been BP's largest source of hydrocarbons and BP has been Russia's largest foreign producer. The focus then shifts to analyse the threats to BP's Russian assets - from its "oligarch" partners and rivals, and from state-controlled companies - and the efforts of the British and American states to protect the company's assets from these threats. Then, in 2013, BP jettisoned its "oligarch" partners for an equity stake and positions on the board of state-controlled Rosneft. This is how things stood when the US and EU imposed sanctions against Russia over Ukraine in 2014.[1]

[1] The main (academic) contribution in this chapter is the history of BP itself. Almost all the sources for this history are primary ones.

5.1 The Russian oil industry

The Soviet oil industry disintegrated.[2] Consider the West Siberian industry, which produced two-thirds of Soviet oil in the late 1980s. In the Soviet era:

> 'There was a vertical chain of command, running from the headquarters of the USSR Ministry of Oil in Moscow… down through a hierarchy of divisions and subdivisions to the working level in West Siberia, the "production associations"… that controlled the operating units in the field, the so-called NGDUs' (or oil and gas production administrations). (Gustafson, 2012: p.32)

This unravelled. The seven West Siberian production associations broke free from the abolished "Glavk" (Glavtiumenneftegaz), the main administration for the West Siberian oil industry, into a voluntary "association of enterprises". In turn, NGDUs broke free from their parent production associations.

Privatisation was spreading like the plague. Thane Gustafson argues that:

> 'The challenge for the reformers was to create a framework for privatization, so as to bring the process under some measure of legal control and give it legitimacy…
> But there was widespread resistance to privatizing the oil industry. What the reformers needed was a plan that would reorganize the industry and stave off further disintegration, while temporarily postponing the privatization issue.' (Gustafson, 2012: pp.71-72)

In terms of reorganisation, the reformers' plan was to amalgamate production associations into vertically-integrated holding companies, with the largest upstream "oil generals" in charge.[3] Their plan was enacted by presidential decree in 1992. This created the first three vertically-integrated holding companies: LUKoil, Yukos and Surgutneftegaz (the "majors"). Other production associations were collected together in a temporary state company called Rosneft. By the end of 1995, six "mini-majors" had been spun off from Rosneft: Sidanco, Eastern Oil Company (or Tomskneft), Slavneft, Onako, Sibneft, and TNK (Henderson & Ferguson, 2014: pp.14-15).[4]

Partial privatisation of these companies started in 1993/94. Under the approach used to privatise most of the oil companies:

> 'employees got 25 percent of oil company shares in the form of nonvoting ('preferred') shares and a further 10 percent of voting ('ordinary') shares in a closed distribution at a deep discount. Company managers had the right to buy 5 percent for cash. Some 22 percent of shares were to be offered in public auctions, in exchange for vouchers. This left a controlling block of voting shares in the hands of the state, for later cash sales.' (Gustafson, 2012: p.114)

Nevertheless, the oil generals used a variety of methods to ensure that they stayed in charge.

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[2] The best text on the post-Soviet Russian oil industry and a key reference for this section is Thane Gustafson's *Wheel of Fortune: The Battle for Oil and Power in Russia*.
[3] "Oil generals": A commonplace term for those who ran the oil industry in the Soviet era.
[4] There were also 'three companies owned by republics (Tatneft, Bashneft, and Komitek), and a handful of companies owned or sponsored by regional governments' (Gustafson, 2012: p.100).

While central government had created a new legal framework, it was weak and divided. On the ground, battles to control oil assets continued. A key battle was over control of exports. This was the big prize. The outcome of these battles was a series of fusions of oil companies, led by the upstream oil generals, and export traders.

> 'In some cases [- including all three majors -] the oil company was the dominant partner… But more often it was the trader that turned out to be dominant, and in those cases the fusion proved to be the prelude to takeover' (e.g. Tiumen Oil Company (or TNK) and Sidanco). (Gustafson, 2012: p.93)

This was the first act in the penetration of the oil industry by the financial-industrial giants[5] via their oil-trading arms.

If the battle for access to exports was the first act in the oligarch's (partial) takeover of the oil industry, the second act was full privatisation, i.e., the sale by the state of its controlling stakes in the oil companies. In the middle of 1995, the state still owned majority shareholdings in all the oil companies. By the end of 1998, the oil industry was largely private. The "loans-for-shares" scheme of 1995/96 was an important part of this privatisation process. Under the scheme, the Russian government pledged stakes:

> 'in 12 large, state-owned corporations [including five oil companies] to certain businessmen to manage in trust, in return for loans… If the government did not repay the loans by September 1996, the creditors were then allowed to auction off the tranches and keep 30 percent of any profit. In the event [and as expected], the government did not repay the loans, and the creditors sold the stakes, usually to themselves' (through carefully rigged auctions). (Treisman, 2010: p.208)

Oligarchs obtained the state's controlling stakes in Yukos (a 45 per cent stake), Sidanco (51 per cent) and Sibneft (51 per cent) via the scheme. Two oil generals consolidated their control via the scheme: Surgutneftegaz acquired the government's 40 per cent stake, while LUKoil picked up an extra 5 per cent stake (Gustafson, 2012: pp.101,102; Treisman, 2010: p.213; Henderson & Ferguson, 2014: p.17). But the loans-for-shares scheme was just one part of the privatisation process. Later on, the oligarch-owned AAR group acquired the government's stake in TNK via a money tender (Gustafson, 2012: p.102; Henderson & Ferguson, 2014: p.18). Later still, in the early 2000s, TNK and Sibneft picked up at auction Onako and Slavneft, two of the last state-owned companies.[6] By the end of 2002, at the peak of their power, the oligarchs controlled one major (Yukos) and all six mini-majors, and half of the oil produced in the private sector.[7] Soviet-era oil generals controlled the other two majors (LUKoil and Surgutneftegaz). 'Then the pendulum began to swing back toward state ownership' (Gustafson, 2012: p.101).

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[5] The financial-industrial giants formed in the course of privatisation. Many emerged around 1993-94.
[6] TNK won the auction for the government's 85 per cent stake in Onako, while TNK and Sibneft (bidding cooperatively) picked up its 75 per cent stake in Slavneft (Henderson & Ferguson, 2014, pp.18-19).
[7] Private production was 80 per cent of total production in 2002.

The Russian oil industry was partially (re-)nationalised from 2004. In addition, those oil companies that were not nationalised were forced back under the state's control. At the end of 2002, the oil industry was dominated by just five privately-owned companies: LUKoil and Surgutneftegaz controlled by oil generals, Yukos, Sibneft and TNK controlled by oligarchs.[8] By 2013, all three oligarch-owned companies (along with their mini-major subsidiaries) had been nationalised. In 2003, Yukos' owner, Mikhail Khodorkovsky, was arrested, over the next four years the company (then Russia's largest oil company) was broken up, and its major assets transferred to state-owned Rosneft.[9] In 2005, Gazprom (which returned to majority state ownership that year) acquired Sibneft (renamed Gazprom Neft in 2006).[10] Then, in 2013, Rosneft acquired TNK-BP (Belton & Chazan, 2012f). Largely as a result of these nationalisations, the proportion of Russian oil produced by state-owned companies increased from just 20 per cent in 2002 to 42 per cent in 2008 to 50 per cent in 2013 (Gustafson, 2012: Figure 3.1; Henderson & Ferguson, 2014: p.26).

A brief note before proceeding on the ownership of Rosneft and Gazprom. Rosneft was 100 per cent state-owned before an initial public offering in 2006 (Rosneft, 2007: p.78). This flotation sold off 14.8 per cent of the company (Chung & Tait, 2006; Rosneft, 2007: p.8). According to the *Financial Times* (FT): 'About 50 per cent of Rosneft's shares went to just four accounts. This includes three oil companies: BP…; Petronas, Malaysia's state oil company; and China National Petroleum Corp' (Chung & Ostrovsky, 2006). The (floated) shares were listed on the London Stock Exchange and the Russian stock market (Rosneft, 2007: p.8). An additional 18.5 per cent of Rosneft was sold to BP in 2013. This reduced the stake of the Russian state to 69.5 per cent. Then, at the end of 2016, the Russian government sold another 19.5 per cent of its shares in Rosneft to Qatar Investment Authority (Qatar's sovereign wealth fund) and Glencore (an integrated producer and marketer of commodities) reducing its shareholding to a smidgen over 50 per cent (Rosneft, 2017: pp.214-215). Turning to Gazprom briefly, the state owned 38 per cent of the company from 2000 to 2004. Thereafter, from 2005 until the end of 2016, it owned a whisker over 50 per cent (Gazprom, 2005; Gazprom, 2010b; Gazprom, 2015; Gazprom, 2017).

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[8] At this point, Yukos controlled Eastern Oil (or Tomskneft), TNK controlled Onako and Sidanco, and TNK and Sibneft controlled jointly Slavneft (Buchan, 2002; Gustafson, 2012: pp.279,290; Henderson & Ferguson, 2014: pp.18-19,26).

[9] Yuganskneftegaz was Yukos' prime asset. Rosneft assembled the 'bulk of the cash' to buy Yuganskneftegaz 'from the Chinese oil company CNPC, in the form of a prepayment against future oil exports by Rosneft to China. (Rosneft took over the bulk of Yukos's existing exports by rail to China.)' (Gustafson, 2012: p.348).

[10] Gazprom paid 'just over $13 billion for a 73% stake [in Sibneft] before buying a further 3% in the market… Gazprom then purchased a further 20% of Sibneft for $4.2 billion from [Italian energy company] ENI in 2009 (who had acquired it on Gazprom's behalf at an auction of Yukos' assets in 2007)' (Henderson & Ferguson, 2014, pp.25-26; see also Gazprom, 2006: p.7).

To recap, the Russian oil industry changed first 'from the horizontally compartmentalized structure of Soviet ministries to a new generation of mostly private vertically integrated companies' before partial re-nationalisation under Vladimir Putin (Gustafson, 2012: pp.62,97). Consider next the position of foreign energy companies in the upstream Russian oil industry.[11]

5.2 Foreign energy companies in the upstream Russian oil industry

American and European companies are examined first. Before focusing on the largest companies, a short pre-history on the smaller ones. In the 1990s, smaller Western companies formed joint ventures with Russian companies. Joint ventures between Russian and non-Russian companies were one of Mikhail Gorbachev's experiments. They were first authorised by the Soviet government in 1987, but the oil and gas sector was off limits initially. This changed in 1988 and:

> 'by the end of the Soviet Union in December 1991, over 100 joint ventures were being negotiated in the area of oil, of which some seventy were eventually registered, and about forty actually became active. It was a broad effort all across the Russian upstream: the joint ventures represented over sixty foreign companies from seventeen countries (although U.S. and Canadian companies were the most numerous), located at fifty fields with total reserves of around 960 million tons (7 billion barrels).' (Gustafson, 2012: p.155)

The average investment by the Western partner in these early joint ventures was about $35 million only. American Conoco's "Polar Lights" project was the exception. Between 1992 and 1995, it invested more than $400 million, the largest foreign investment in the oil industry at the time. By 2000-01, the joint ventures were being taken over by the newly powerful Russian companies, and had all but disappeared within a few more years (Gustafson, 2012: pp.155,161,166).[12]

The largest companies took to the stage in the mid-1990s via either Production Sharing Agreements (PSAs) or partnerships with privately-owned Russian companies.[13] Foreign companies started pushing the Russian government to adopt PSAs for large projects as early as 1991. Three PSAs involving foreign energy companies were signed in 1994/95, under Boris Yeltsin's administration (Krysiek, 2007: pp.2-3). Two covered Sakhalin Island in Russia's Far East. The Sakhalin-1 PSA consortium has consisted throughout of American Exxon(Mobil), Rosneft, Indian ONGC (Oil and Natural Gas Corporation) and Japanese consortium SODECO (Krysiek, 2007: p.13). The Sakhalin-

[11] International service companies (such as Schlumberger, Halliburton, and Baker-Hughes) are not discussed.
[12] For another account of these early joint ventures, see James Henderson and Alastair Ferguson (2014, pp.36-37).
[13] Under PSAs: 'the state retains ownership and therefore ultimate control of the country's oil resources. The foreign company (or a consortium of companies) provides the capital investment… and in return receives the right to extract and process oil under contract… A PSA is a kind of legal contract which defines the relations between the oil-producing state and a contractor… [A]ccording to a typical PSA, the investor is supposed to recover all or most of the initial investment costs from the sales of the first proportion of oil [called 'cost oil']… The contracts generally specify what proportion of oil extracted in any year can be considered as 'cost oil'… Once the initial costs have been recovered, the remainder of the oil produced [called 'profit oil'] is divided between the state and the foreign investor in agreed proportions.' (Gökay, 2006: pp.180-181)

2 PSA consortium consisted originally of two American companies (Marathon and McDermott), Anglo-Dutch Shell and two Japanese companies (Mitsui and Mitsubishi), but, by the end of 2000, the American companies had sold up to the other members of the consortium. The third PSA covered the northern section of the Kharyaga field. Its consortium consisted originally of French Total, Norwegian Norsk Hydro and Russian Nenets Oil Company (Krysiek, 2007: p.5).[14] Around the same time the PSAs were signed, American ARCO and BP bought small stakes (10 per cent or less) in privately-owned Russian companies. BP also formed an alliance with state-owned Rosneft to develop Sakhalin-5 hydrocarbons. BP's partnerships are discussed below. ARCO was the first major foreign company to take a stake in a Russian oil company. In 1995, it bought a shareholding in LUKoil for $250m (Gorst, 2007: p.14).[15] Two years later, the two companies formed a joint venture called LukArco. LukArco acquired a 5 per cent interest in Tengizchevroil in Kazakhstan and a 12.5 per cent interest in the Caspian Pipeline Consortium (which carries oil between Kazakhstan and Russia), but no assets in Russia itself (Gorst, 2007: pp.14-15; Watkins, 2009). When BP acquired ARCO in the year 2000 it sold its inherited stake in LUKoil 'because it had no representation on the board of directors of Lukoil and no control over its assets' (Jones, 2001), but retained its stake in LukArco until 2009 (Oil & Gas Financial Journal, 2009).

By 2003, a decade of effort by foreign energy companies to adopt PSAs as the preferred investment vehicle was defeated by Russia's private oil companies and government.

'Thus by 2003-2004 the only vehicle left for foreign companies wishing to invest in Russian oil projects was the joint venture. BP… had been the first to reach this conclusion, when it negotiated TNK-BP [in 2003]… Several other foreign companies, having concluded that PSA would never happen, also fell back on the joint venture as the only way to hold on to their positions in Russia. Shell held out for a decade for a PSA for its project at Salym in West Siberia, but when threatened with the loss of its license it decided [in 2003] to take a chance on a joint venture with its partner Evikhon, a small independent with connections to various second-tier oligarchs and the city government of Moscow. It was that or nothing, and Salym was too attractive to pass up…Conoco (by this time ConocoPhillips), which had waited an equally long time for a PSA for its Northern Territory project, entered into a strategic alliance with LUKoil [in 2004].' (Gustafson, 2012: p.432)

The decisions of BP, Shell and ConocoPhillips to form new partnerships with privately-owned Russian companies at this time were made in the context, not just of the death of PSAs, but also of a sharp rise in oil prices since the late 1990s, which increased the potential upside of the joint ventures.

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[14] These have been the only PSAs involving foreign energy companies in Russia.

[15] ARCO reported that the stake was 8 per cent but LUKoil reports that it was 6.3 per cent (ARCO, 1997; LUKoil, 2017). Henderson and Ferguson note that the 'stake was specifically determined to be below the level at which ARCO could gain an automatic seat on the LUKOIL Board' (Henderson & Ferguson, 2014: p.45; David Lane and Iskander Seifulmulukov (1999: p.30) agree).

Soon after the new partnerships were formed, the partial re-nationalisation of the Russian oil industry began and, in parallel with this, the wind shifted against foreign oil companies. In March 2005, a draft revised mineral resources law was approved by the Russian government:

> 'In this draft, the restrictions on foreign investment were relatively mild: foreign participation in 'strategic' projects was limited to companies registered in Russia and at least 51 percent owned by Russian entities. At this early stage, the government was still vague about its definition of 'strategic.' The general impression was that [minister of natural resources] Trutnev intended to keep the list [of 'strategic' projects] short and that the new rules being proposed by Trutnev's ministry would have relatively little impact on foreign investors.' (Gustafson, 2012: pp.433-434)

Yet the Russian government's position hardened and by the time Putin stepped down as president in 2008 its

> 'policies on foreign investment had become so restrictive that they practically shut off any possibility of meaningful foreign participation in new oil and gas projects, except in the lesser role of service providers… The Russian government appeared determined to reserve all future oil and gas of any significance to domestic companies, and especially to its 'national champions,' Gazprom and Rosneft.' (Gustafson, 2012: pp.434-435)

At the end of the 2000s/start of the 2010s, state-owned companies were muscling into existing projects involving Western oil companies. In 2007, the three remaining companies in the Sakhalin-2 PSA - Shell, Mitsui and Mitsubishi - sold half their stakes to Gazprom, under pressure from the Russian state (Krysiek, 2007: p.19).[16] The Kharyaga PSA had required Total and Norsk Hydro to each sell ten per cent stakes to a Russian company (Krysiek, 2007: p.5). This happened in 2010; the buyer was state-owned Zarubezhneft (Total, 2009b).[17] In addition to taking positions in these two PSAs - the third PSA included Rosneft from the start - state-owned companies replaced the privately-owned Russian partners of BP and of Shell in its Salym project. Between 2009 and 2011, Gazprom's oil division acquired Shell's partner in Salym Petroleum Development.[18] Then, two years after Gazprom took over the Kovykta gas field from TNK-BP in 2011, Rosneft bought out BP's oligarch partners and formed an alliance with the company.[19]

Around the same time that the national champions were getting their claws into existing projects, Rosneft formed new partnerships with ExxonMobil, Norwegian Statoil and Italian Eni. All three alliances - signed between 2011 and 2013 - involved the development of blocks in the Arctic Ocean. The agreements with ExxonMobil and Eni included blocks in the Black Sea, while those

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[16] For accounts of this episode, see Gustafson (2012, pp.436-7), Krysiek (2007) and Rutledge (2004).
[17] In 2016, Total transferred a further 20 per cent stake to Zarubezhneft (Oil & Gas Journal, 2016).
[18] In 2009, Gazprom Neft acquired a 55 per cent shareholding in Sibir Energy. Two years later, it became Sibir's sole shareholder (Gazprom, 2010a: p.37; Gazprom Neft, 2011).
[19] At the same time, the third major partnership with a privately-owned Russian company, between ConocoPhillips and LUKoil, broke-up. Between 2004 and 2006, ConocoPhillips had acquired a 20 per cent stake in LUKoil and the two companies had formed an upstream joint venture - called Naryanmarneftegaz - to develop resources in Russia's Timan-Pechora oil and gas province. Over the course of 2010 and 2012, the American company sold its shareholding in LUKoil for $9.5 billion (a profit of $2 billion) as well as its interest in Naryanmarneftegaz (and certain related assets) for $450 million (ConocoPhillips, 2006; ConocoPhillips, 2007; ConocoPhillips, 2011; ConocoPhillips, 2013).

with ExxonMobil and Statoil included onshore Russian projects. In addition, all three partnerships envisaged Rosneft's participation in projects with its partners outside Russia.[20] James Henderson and Alastair Ferguson considered these alliances - alongside Rosneft's with BP - as a new 'stage in the development of the Russian oil and gas industry, with the return of international partnership to encourage transfer of technology and investment dollars but under the direct control of state companies rather than the private sector' (Henderson & Ferguson, 2014: p.53).[21]

Consider next Asian companies. As we have seen, one of the Sakhalin PSAs has included Indian ONGC and Japanese consortium SODECO, and the other has included Japanese conglomerates Mitsui and Mitsubishi, since the agreements were signed in 1994-95. Then, between 2005 and 2007, one South Korean and two Chinese national oil companies established partnerships with Rosneft. China National Petroleum Corporation (CNPC) and Rosneft signed three long-term crude oil supply contracts in 2005, 2009 and 2013, and established a joint venture (called Vostok Energy) in 2006, which acquired exploration and production licences to two blocks in Eastern Siberia (Rosneft, 2008).[22] CNPC also acquired a small shareholding (less than one per cent) in Rosneft itself in 2006. China Petroleum and Chemical Corporation (Sinopec) and Rosneft established two joint ventures: Taihu and Venin Holding. Taihu acquired Udmurtneft, a medium-sized Russian oil company, in 2006 (Rosneft, 2007: pp.8,41,108-9,138-9). Venin Holding is a Sakhalin-3 exploration and development project (Rosneft, 2006: p.11; Rosneft, 2008: p.34). Korea National Oil Company (and its partners) started cooperation on an exploration project on the West Kamchatka shelf with Rosneft in 2005, but lost its investment when Rosneft's exploration licence was revoked (Greenpeace, Platform & ShareAction, 2013: p.10).

[20] See Rosneft (2012: p.15; 2013: pp.10,50; 2014: p.38), Statoil (2013: p.14; 2014: p.34) and Eni (2014: p.58).
[21] Likewise, Gustafson saw these partnerships (as well as other new initiatives) as signs that 'a new chapter may be opening in the relationship of the Russian oil industry to the global mainstream of the hydrocarbons industry' (Gustafson, 2012: pp.447-8).
[22] The 2005 contract was for a total of 48.4 million tonnes of crude oil over the years 2005-10 (an average of 8.1 million tonnes per year). The 2009 contract was for a total of 180 million tonnes of crude oil over the years 2011-30 (an average of 9 million tonnes per year). The 2013 contract was for a total of 325 millions tonnes of crude oil over the years 2013-37 (an average of 13 million tonnes per year) (Rosneft, 2006; Rosneft, 2010; Rosneft, 2014). To convert crude oil from metric tonnes to barrels (based on worldwide average gravity) multiply these numbers by 7.33 (BP, 2017b: p.48). CNPC/China was Rosneft's largest crude oil export market in each of the years 2006-10 and most likely beyond. Between 2006 and 2010 (under the first contract), 15-16 per cent of Rosneft's exports headed to China. Between 2011 and 2014 (under the second and third contracts), 16-24 per cent of its exports went there (own calculations from Rosneft Annual Reports 2006-2014). Each oil supply contract involved a loan/prepayment to Rosneft.

Table 5.1 compares foreign energy companies in Russia's oil and natural gas industries over the period 2000-2014 in terms of production volumes.[23] For Norsk Hydro/Statoil, Eni, ExxonMobil, ONGC and Sinopec, annual production was less than 100,000 barrels of oil equivalent per day (boe/d).[24] For Shell, Total, and German energy companies E.ON and Wintershall, annual production was in the range 100,000-250,000 boe/d, for part, but not all, of the period.[25] E.ON's producing asset was its stake in the Yuzhno Russkoye natural gas field, alongside Wintershall and Gazprom. Wintershall's production came from Yuzhno Russkoye but also its Achimgaz joint venture with Gazprom and a small joint venture with LUKoil called Volgodeminoil. Shell's producing assets were the Sakhalin-2 PSA and its Salym project. Total's production came principally from its equity stake in Novatek, a Russian natural gas production company, but also from the Kharyaga PSA. Over the period 2005 to 2010, ConocoPhillips owned as much as 20 per cent of LUKoil, the largest or second largest oil producer in Russia in those years. Reporting its share of LUKoil's production in its accounts, the American company was producing between 250,000 and 500,000 boe/d in the country. But by far the largest foreign energy company in terms of production volumes was BP. In 2003, the company formed a 50:50 joint venture called TNK-BP. Between 2004 and 2012, TNK-BP was the second or third largest Russian oil producer (Gustafson, 2012: Table 5.1). BP's share of its production ranged between 910,000 and 1 million boe/d. In 2013, the company sold its stake in TNK-BP and acquired almost 20 per cent of Rosneft. In 2013 and 2014, its Russian production was close to 1 million boe/d. BP's position in post-Soviet Russia is examined more closely next.

[23] Appendix 2 documents the position of foreign energy companies in the natural gas sector.
[24] Norsk Hydro/Statoil's producing asset was the Kharyaga PSA. Eni's producing asset in 2012 and 2013 was SeverEnergia. SeverEnergia was an Eni and Italian utility group Enel (predominantly natural gas) partnership first with Gazprom, and later with Gazprom's oil division and Novatek (a Russian natural gas production company). ExxonMobil's producing asset was the Sakhalin-1 PSA. ONGC's producing assets were the Sakhalin-1 PSA and Imperial Energy Corporation (ONGC, 2009: p.40). Sinopec's producing asset was Taihu, its joint venture with Rosneft.
[25] Wintershall is a fully owned subsidiary of German chemicals group BASF.

Table 5.1 Production of hydrocarbons in Russia by foreign energy companies, 2000-14

	Production volume in Russia in thousands barrels oil equivalent per day (Percentage contribution to company's worldwide production)														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)	Vol.(%)
Norsk Hydro/Statoil	3(1)	5(1)	3(1)	5(1)	7(1)	6(1)	5(1)	8(<0.5)	8 (<0.5)	9(<0.5)	9(<0.5)	9(<0.5)	10(<0.5)	10(1)	9(<0.5)
Eni	-	-	-	-	-	-	-	2(<0.5)	-	-	-	-	11(1)	31(2)	-
ExxonMobil	-	-	-	-	-	-	44(1)	44(1)	44(1)	44(1)	44(1)	n/a	n/a	46(1)	42(1)
ONGC	-	-	-	-	-	-	25(2)	52(4)	46(4)	49(4)	55(5)	55(5)	53(5)	50(4)	49(4)
Sinopec	-	-	-	-	-	-	-	59(n/a)	60(6)	60(6)	61(5)	62(5)	62(5)	n/a	n/a
E.ON Ruhrgas	-	-	-	-	-	-	-	-	-	-	103(80)	110(84)	108(91)	107(81)	101(76)
Royal Dutch Shell	9(<0.5)	23(1)	33(1)	30(1)	32(1)	35(1)	52(2)	51(2)	70(2)	139(5)	179(6)	183(6)	168(5)	160(5)	156(5)
BASF Wintershall	n/a	n/a	n/a	n/a	n/a	n/a	5(2)	13(4)	90(24)	137(36)	152(41)	153(48)	168(42)	188(53)	199(54)
TotalFinaElf/Total	6(<0.5)	6(<0.5)	5(<0.5)	8(<0.5)	9(<0.5)	9(<0.5)	8(<0.5)	8(<0.5)	8(<0.5)	12(1)	10(<0.5)	105(4)	178(8)	208(9)	236(11)
Conoco/ConocoPhillips	n/a	n/a	n/a	n/a	40(2)	246(14)	401(17)	444(19)	445(20)	490(21)	379(18)	32(2)	13(1)	4(<0.5)	4(<0.5)
BP	11(<0.5)	20(1)	74(2)	318(9)	910(23)	994(25)	970(25)	910(24)	923(24)	944(24)	966(25)	993(29)	1012(30)	975(30)	1008(32)

- zero
n/a not available/not known to author

Sources

Norsk Hydro/Statoil:	Norsk Hydro (2001); Norsk Hydro (2002); Norsk Hydro (2003); Hydro (2004); Hydro (2006); Hydro (2007); StatoilHydro (2008); StatoilHydro (2009); Statoil (2010); Statoil (2011); Statoil (2012); Statoil (2013); Statoil (2014); Statoil (2015)
Eni:	Eni (2010); Eni (2013); Eni (2015)
ExxonMobil:	ExxonMobil (2010); ExxonMobil (2011); ExxonMobil (2015); Rosneft (2014); Rosneft (2015)
ONGC:	ONGC (2007); ONGC (2009); ONGC (2011); ONGC (2013); ONGC (2015)
Sinopec:	Sinopec (2010); Sinopec (2011); Sinopec (2013)
Royal Dutch Shell:	Royal Dutch Shell (2005); Royal Dutch Shell (2010); Royal Dutch Shell (2011); Royal Dutch Shell (2016)
TotalFinaElf/Total:	TotalFinaElf (2003); Total (2006); Total (2009a); Total (2012); Total (2015)
E.ON Ruhrgas:	E.ON (2011); E.ON (2012); E.ON (2013); E.ON (2014); E.ON (2015)
BASF:	BASF (2008); BASF (2009); BASF (2011); BASF (2012); BASF (2013); BASF (2015)
Conoco/ConocoPhillips:	ConocoPhillips (2006); ConocoPhillips (2008); ConocoPhillips (2010); ConocoPhillips (2011); ConocoPhillips (2012); ConocoPhillips (2013); ConocoPhillips (2014); ConocoPhillips (2015)
BP:	BP (2002b); BP (2007b); BP (2010b); BP (2015b)

Conversion factors

BP (2017b: p.48)

5.3 BP in post-Soviet Russia

5.3.1 BP acquires stakes in Sidanco and Rusia Petroleum

Sidanco was one of the 'mini-majors' spun off from (100 per cent state-owned) Rosneft in 1994. The company was privatised in parts. According to Valery Kryukov and Arild Moe, 11 per cent was 'sold at special auctions' and 4 per cent was 'given by [the] government to [Mikhail Khodorkovsky's] Menatap [bank group] in exchange for shares in the bank' (Kryukov & Moe, 1999: Table 2.4). These sales appear to have taken place in 1995 (Khartukov, 1997: Table3; International Energy Agency, 2002: Table 4.3). In the same year, the government pledged 51 per cent of Sidanco at a loans-for-shares auction. This stake was picked up by Vladimir Potanin's MFK-Oneksimbank and its industrial arm Interros (Khartukov, 1997: p.37; Lane & Seifulmulukov, 1999: p.34; Kryukov & Moe, 1999: pp.66-67; Interros, 2017). Interros also collected the government's remaining 34 per cent of Sidanco via an investment tender in September 1996 (Khartukov, 1997; Lane & Seifulmulukov, 1999: p.34; Kryukov & Moe, 1999: pp.66-67). At a minimum then, Potanin and his partners owned 85 per cent of Sidanco. According to Interros, it owned 91 per cent of Sidanco: 51 per cent acquired via the loans-for-shares scheme plus 40 per cent obtained at investment tenders (Interros, 2017). Others studies claim that Potanin and his partners owned as much as 96 per cent of Sidanco at one point (Kranz, 1999: p.45; Black, Kraakman & Tarassova, 2006: p.148).[26] In 1997, Interros sold around 35 per cent of its interest in Sidanco to Kantupan, an investment group based in Cyprus (Interros, 2017).[27] It is unclear who the principle investors in Kantupan were, but 'Cyprus is a well-known base for "foreign" Russian capital' (Kryukov & Moe, 1999: p.67). It is even possible that Potanin and his partners were among Kantupan's investors (Kryukov & Moe, 1999: pp.67-68).[28]

BP saw an opportunity to sell natural gas to China from Russia's Kovykta field. Rusia Petroleum held the licence to the field and Sidanco owned 60 per cent of Rusia. In November 1997, BP purchased a 10 per cent stake in Sidanco for $571 million (Gustafson, 2012: pp.419-420; Ostrovsky, 1997; Corzine & Freeland, 1997). In addition to its stake in Sidanco, BP announced that it would acquire 45 per cent of Sidanco's 60 per cent interest in Rusia Petroleum (Brice & Kibazo, 1997;

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[26] This could suggest that Potanin and his partners also acquired the 11 per cent of Sidanco sold at special auctions in 1995.

[27] The size of the shareholding acquired by Kantupan is not entirely clear. Kryukov and Moe (1999: p.67) cite a newspaper article (from March 1997) reporting that Interros transferred a 34 per cent stake in Sidanco to Kantupan. An article in *The Moscow Times* (from October 1997) reported Kantupan's stake at 35 per cent (Whalen, 1997).

[28] *The Moscow Times* reported that Kantupan was 'associated with tycoon Vladimir Potanin', but I cannot confirm this (Gismatullin, 1999).

Ostrovsky, 1997; Henderson & Ferguson, 2014: p.207; BP, 1998a: p.14).[29] BP's stake in Rusia increased from 20 per cent at the end of 1997 to 25 per cent at the end of 2000 (BP, 1998a: p.49; BP, 2001a: p.61). Both the British and Russian states were involved in the deal. The *FT* reported that 'Anatoly Chubais, the reformist first deputy prime minister, held talks in London with BP… to help clear the way for a collaborative venture with Sidanco' (Thornhill, 1997). In addition, it noted that:

> 'Mr Blair [the British Prime Minister] is expected to discuss investment prospects for Britain's largest companies during his visit [to Moscow]. British Petroleum is believed to be in negotiation with Sidanco… to launch a joint bid for Rosneft, Russia's last big state-owned oil company. John Browne, BP chief executive, was last week reported to have asked the [British] prime minister to seek assurances that the tender process [for Rosneft] would be open and competitive and that the proper legal and fiscal guarantees would be in place.' (Jonquiéres, 1997)

Browne and Potanin signed the agreement in 10 Downing Street, watched by Tony Blair and Russia's First Deputy Energy Minister (Browne, 2010: p.138).

5.3.2 The battle for Sidanco

Soon BP was caught in the crossfire of a battle for Sidanco. The battle pitted Potanin against TNK, another oligarch-controlled oil company. Sidanco's biggest asset was its oil and gas producing subsidiary Chernogorneft. According to an article in the *FT*, 'TNK's principal (and struggling) asset [was] an oil producing company called Nizhnevartovskneftegas (NVN)' and NVN and Chernogorneft 'share[d] the rights to the vast Samotlar oil field, which has one of the biggest deposits in the world' (Jack, 1999b). The article continues:

> 'As communism was crumbling in 1990, the managers of the then Chernogorneft 'production association' - which had the rights to exploit the newer, more attractive parts of the oil field - spun themselves off from NVN. While NVN was lumbered with the wages and social costs of a huge workforce, Chernogorneft began largely from scratch, keeping costs down by signing up foreign partners and sub-contractors. That made Chernogorneft an attractive target for Sidanco, which gained control in the mid-1990s. But it was equally tempting for [TNK chairman] Mr Kukes. If he could take it over, he could combine it with NVN… That would help resolve the financial difficulties of NVN, and turn around TNK itself.' (Jack, 1999b)

There was, perhaps, another dimension to the battle for Sidanco. TNK's largest shareholder was Mikhail Fridman. BP's CEO at the time, Browne, recounts Fridman's version of events:

> 'There had been a private arrangement between Fridman and Potanin… Fridman had put up $40 million towards the purchase of Sidanco and had got one-third of the company in return' (Browne,2010:pp.141-142).

Subsequently, Potanin bought Fridman's stake in Sidanco by illegitimate means, a legal loophole, for $100 million. When, shortly after, Potanin sold just one-tenth of the company to BP for $571 million, Fridman was furious and sought revenge. According to Browne, 'Fridman produced a

[29] According to the *FT*, BP said it would 'meet $172m of the future costs of the appraisal programme for the Russian discoveries' in return for its interest in Rusia Petroleum (Brice & Kibazo, 1997).

document which seemed to support his moral, if not legal, claim to Chernogorneft' (Browne, 2010: p.142).[30]

'TNK's chief weapon in the war against Potanin was a new bankruptcy law that gave a lopsided advantage to creditors… TNK's strategy was to buy up the debt of the subsidiaries [of Sidanco] on the secondary market and to force them into bankruptcy, thus peeling them away from the parent company… Their chief target was… Chernogorneft. TNK soon succeeded in placing its own man in charge as receiver and began diluting or removing Chernogorneft's other creditors so as to gain sole control.' (Gustafson, 2012: pp.420-21)

In November 1999, TNK bought Chernogorneft at a bankruptcy auction for just $176 million (Jack, 1999a; Piepul, 2000; Raff, 2001).[31]

But BP was fighting back. The essence of the BP-TNK struggle is well captured in a remark by one of Browne's deputies to TNK's Fridman: "'I told him he could beat us up inside Russia," the deputy later recalled, "but we could beat him up outside Russia'" (Gustafson, 2012: p.422). Browne himself recounts BP's fight back:

'By this stage we had become BP Amoco and I felt we now had the power and reach to get our assets back from TNK through a broad international campaign. The first thing we had to do was to work out where TNK got the money to buy up the Sidanco debt. A lot, as we had guessed, came from Western banks, including the Ex[port]-Im[port] bank in the US. We reasoned that if we could cut off TNK's sources of credit we had a good chance of getting our assets back. And that is just what we did.
We made it known that we thought the Chernogorneft affair was a demonstration of corrupt business practices and that if Ex-Im were to advance further loans to TNK they would be sanctioning corruption. We asked the US Vice President, Al Gore, and Tony Blair to lend their weight to the campaign against TNK by intervening with the Russian government.' (Browne, 2010: p.141)

According to Tom Bower:

'First he [Browne] asked Tony Blair to dispatch a warning to the Kremlin. On 7 September 1999 [before Chernogorneft's bankruptcy auction], the prime minister wrote to Yeltsin: "BP fears that what should and could be a healthy and profitable company will be manipulated into bankruptcy and collapse." He asked Yeltsin to "give this case your close personal attention", because "the case is being closely followed by other major investors in Russia".' (Bower, 2009: p.98)

But 'Browne's most important retaliation was in America' (Bower, 2009: p.98). In the middle of negotiations between BP and Fridman in London:

'Browne urged [US Secretary of State] Madeleine Albright to order Harmon [head of the US Export-Import Bank] to withdraw the loan to TNK, on the grounds that it was against US interests. On 21 December 1999, Harmon obeyed… Just hours before the order was formalised, realising that BP could permanently damage his reputation, Fridman finalised a settlement with the company… In return, the Export-Import Bank loan was approved.' (Bower, 2009: p.99)[32]

[30] Gustafson (2012: p.420) and Tom Bower (2009: pp.95-97) present similar accounts.
[31] Similar accounts are presented by Henderson and Ferguson (2014: pp.45-46,207-208) and Marshall Goldman (2008: p.70). See also Jack (1999b).
[32] The accounts provided by Browne and Bower are supported by those of Gustafson (2012: pp.421-422), Henderson and Ferguson (2014: p.208), Goldman (2008: p.70), and the *FT* (Jack, 1999b; Jack and Corzine, 1999).

Under the terms of the settlement, TNK would return Chernogorneft to Sidanco in exchange for a blocking stake of 25 per cent plus one share in the company; BP's equity stake was to remain at 10 per cent (Jack, 1999c; Piepul, 2000; Raff, 2001). But the agreement was never consummated. Then, in June 2001, an affiliate of TNK bought Kantupan's 40 per cent stake in Sidanco - although Sidanco 'contested the sale and asked a London judge to freeze the 40 percent stake' (Raff, 2001; see also Alexander's Gas & Oil Connections, 2001a; Alfa Group, 2001). Soon after, in August 2001, the battle for Sidanco was over. TNK emerged victorious: It returned Chernogorneft to Sidanco and acquired Interros's 44 per cent stake in the company. As a result, it (effectively) owned 84 per cent of Sidanco. BP had survived the battle: it held on to its 10 per cent stake in the company (Interros, 2017; BP, 2001b; Raff, 2001; Alexander's Gas & Oil Connections, 2001b; Alfa Group, 2001).

In the course of the battle, TNK had secured a licence to operate in part of the Kovytka gas field, alongside Rusia Petroleum. Under the terms of the August 2001 deal, TNK would merge its licence into the assets of Rusia and take a blocking stake of 25 per cent plus one share in the company. Interros would also take a blocking stake, while BP would retain its shareholding (Jack, 2001; Raff, 2001).

5.3.3 The creation of TNK-BP

TNK-BP - 'the third largest integrated oil company operating in Russia' - emerged out of the battle for Sidanco (BP, 2004a: p.17). The August 2001 deal did not represent the end point of negotiations between the players. According to BP's CEO at the time, in the course of the negotiations, BP:

> 'agreed to purchase an increased shareholding in Sidanco of 25 per cent, provided the company [i.e., Sidanco] got its assets back [Chernogorneft etc.]. The owners of TNK agreed to the condition, but only if BP would pursue negotiations to buy 25 per cent of their company.' (Browne, 2010: pp.142-143)

In 2002, BP bought the additional 15 per cent of Sidanco from TNK for $375 million, to secure a blocking stake of 25 per cent plus one share in the company (Buchan & Jack, 2002; Oil & Gas Journal, 2002b; Henderson & Ferguson, 2014: p.208).

AAR - a consortium of three companies: Alfa Group, Access Industries and Renova - owned TNK (Yenikeyeff, 2011: pp.3,6). In August 2003, BP and AAR:

> 'combined certain of their Russian and Ukranian oil and gas businesses to create TNK-BP, a new company owned and managed 50:50 by BP and AAR… BP contributed its 29% interest in Sidanco, its 29% interest in Rusia Petroleum and its holding in the BP Moscow retail network. There was additional consideration from BP to AAR comprising an immediate $2,604 million in cash… together with annual tranches of $1,250 million in BP shares payable in 2004, 2005 and 2006… BP also agreed with AAR to incorporate AAR's 50%

interest in Slavneft into TNK-BP in return for $1,418 million in cash… This transaction was completed on 16 January 2004.' (BP, 2005a: p.55)

BP's CEO Browne recalls:

'I tried to push for 51 per cent of TNK but Putin and [AAR's] Fridman both told me we could not have it. I knew if we had 49 per cent we would have no power whatsoever. So in the end the only option was to go for a 50:50 deal.' (Browne, 2010: p.146)

Both Blair and Putin were involved in the TNK-BP deal (Browne, 2010: p.146). Browne adds:

'Having Blair and Putin witness the deal was important. It gave a sense of credibility, particularly as it was such a huge investment. I had not wanted either of them involved in the negotiations but had wanted them to bless the new company, as if they were its godparents.' (Browne, 2010: p.147)

5.3.4 An unsuccessful BP-Rosneft exploration programme

In 1998, BP and Rosneft formed an alliance to develop Sakhalin-5 hydrocarbons (BP 49 per cent-Rosneft 51 per cent). In 2002, the Russian company was awarded an exploration licence for one of the two Sakhalin-5 blocks on behalf of the partnership (Alexander's Gas & Oil Connections, 2002; Oil & Gas Journal, 2002a). BP would carry the initial exploration and development costs, which it hoped 'to recover from revenues should the project reach production stage' (Friederike, 2004; see also Boxell, 2004b).[33] In 2006, two further licence blocks were added to the alliance: the second block in Sakhalin-5 and one of the two Sakhalin-4 blocks (Crooks, 2006; BP, 2008a: p.24; BP, 2009: p.27; Rosneft, 2007: pp.8,32-33; Henderson, 2011: p.55). One by one the licences were allowed to lapse and the partnership liquidated following unsuccessful exploration programmes (BP, 2009: p.27; BP, 2012a: p.87; Henderson, 2011: pp.55-56).

[33] This BP-Rosneft alliance was not incorporated into TNK-BP. The *FT* first reported in 2003 that BP 'decided to exclude "for the moment" its own interests in Sakhalin Island' from TNK-BP but 'BP said Sakhalin would be incorporated into the venture "within the year" after completing negotiations with Rosneft' (Chung, 2003) then in 2004 that TNK 'has declined to become involved in Sakhalin' (Boxell, 2004b) and then in 2005 that '[p]reliminary plans to incorporate the Sakhalin project into the TNK-BP portfolio were put on ice after the Russian authorities' attack on Yukos… and its founder, Mikhail Khodorkovsky' (Gorst, Buckley & Boxell, 2005). Rosneft did join TNK-BP in Verkhnechonskneftegaz (VCNG). VCNG held the license for the development of the Verkhnechonsk oil and gas condensate field in Eastern Siberia. In 2005 Rosneft bought a stake in VCNG from Potanin's Interros (Rosneft, 2006: pp.9,44). VCNG's shareholders were then TNK-BP 63 per cent, Rosneft 26 per cent and the East-Siberian Gas Company (ESGC) 11 per cent (Rosneft, 2007: p.30). Later, TNK-BP acquired ESGC's stake in VCNG, taking its shareholding to 74 per cent at the end of 2011. In 2010, 'Rosneft and TNK-BP concluded a shareholder agreement… which gave Rosneft additional rights related to managing' VCNG (Rosneft, 2011: p.62).

5.3.5 TNK-BP loses Kovykta to Gazprom

The Kovykta gas field was one of BP's 'main Russian assets' (Boxell, 2004a). In 2006, the Russian authorities were threatening - not for the first time - to suspend TNK-BP's licence for the field (Hoyos & Ostrovsky, 2006).[34] These threats seem to have been part of a state plan to gain control of Kovykta. Such a plan can be seen in turn as part of the wider nationalisation agenda and/or the parallel 'general hardening of the Kremlin's line towards foreign energy companies' (Crooks & Hoyos, 2006; see also Buckley, 2007; Watkins, 2007). In particular, threats to withdraw TNK-BP's licence seem to have been 'part of a wider gambit by state-controlled Gazprom to gain control of Kovykta' (*Financial Times*, 2007). As well as Gazprom's general political power as a state-controlled company, it had specific leverage in this situation. This was because TNK-BP was looking to export gas from the inland field to China and South Korea, and Gazprom held a monopoly on the pipeline export of gas from Russia (Boxell, 2004a; Gorst, Buckley & Boxell, 2005; Mcgregor & Buckley, 2006). Gazprom could block, therefore, TNK-BP's development of the field and did so (Mcgregor & Buckley, 2006; Hoyos & Ostrovsky, 2006). In doing so, it prevented TNK-BP from fulfilling the licence conditions for Kovykta, thereby weakening TNK-BP's grip on the field.

The pressure on TNK-BP over Kovykta continued into 2007. In January, Russia's 'natural resources ministry said it was launching checks into whether' TNK-BP 'was fulfilling the licencing terms' (Buckley & Crooks, 2007). One month later, its subsoil agency confirmed TNK-BP 'was now in violation of terms to develop' Kovykta and said it had given the company 'three months to fix the violations or risk losing its licence' (Belton, 2007i). Then, in May, its environmental watchdog warned that it was ready to revoke TNK-BP licence 'within "a matter of days"' (Belton, 2007f). At the same time, talks between TNK-BP and Gazprom - on and off since at least 2004 - 'intensified over… Gazprom taking a stake in the operation' (Belton, 2007f; see also Ostrovsky & Jack, 2004; Gorst & Boxell, 2005; Mcgregor & Buckley, 2006; Buckley & Crooks, 2007; Belton, 2007i).

The *FT* thought that the 'long struggle over Kovykta appeared to be entering its final phase' (Buckley, 2007). At this point, an unnamed senior western diplomat and Britain's Prime Minister rallied to BP's side. The diplomat warned 'that Russia risked further damage to its investment climate if it went ahead with threats to revoke' TNK-BP's licence (Belton, 2007a). Blair's spokesperson repeated the warning: '"The sort of investment climate in a country depends on the way in which it treats companies: that is simply a statement of fact"' (Crooks & Eaglesham, 2007).

[34] In 2004, 'the Russian natural resources minister threatened to withdraw TNK-BP's licence for the Kovykta field "within a month"' (Boxell, 2004a; see also Ostrovsky & Jack, 2004).

Blair himself was 'expected to raise the issue of Russia's treatment of BP and Royal Dutch Shell at a meeting with Vladimir Putin' in June (Crooks & Eaglesham, 2007).[35] Blair's intervention did not appear to help since later that month:

'TNK-BP… bowed to [Kremlin] pressure and agreed to cede its controlling 62.9 per cent stake in the… Kovykta gas field to Gazprom, for $700m-$900m [well below the market price]… BP, TNK-BP and Gazprom also signed a deal to create a $3bn joint venture for [pooling] investments in both Russia and overseas. The agreement gives TNK-BP an option to buy a quarter of the Kovykta project, at a fair market price, that will be activated once joint investments are agreed on.' (Crooks & Belton, 2007; see also Crooks, 2007; Belton, 2007e; BP, 2008a: p.24)

The joint venture was, in part at least, a BP concession. According to the *FT*, BP had offered 'Gazprom participation in several of its international projects as part of a broader deal to resolve the standoff' (Belton, 2007h).

This June 2007 deal with Gazprom never materialised. In February 2010, threats to TNK-BP's licence returned: 'Russia's environment watchdog… was recommending TNK-BP be stripped of its licence' (Belton, 2010a). At the same time, Rosneft also had an eye on the field. Then, in June, in the absence of a deal with either Gazprom or Rosneft, TNK-BP pushed Rusia Petroleum - the holder of Kovykta's licence - into bankruptcy, in a bid to recoup its investments in the field. In February 2011, Gazprom snapped up Kovykta at the bankruptcy auction for just $770 million (Belton, 2010b; Belton, 2011; BP, 2011: p.48). This was the end of the saga.

The threats back in 2006-2007 to revoke TNK-BP's Kovykta licence were seen, not only as part of a state plan to gain control of Kovykta, but also as part of a broader state plan to gain control of TNK-BP itself. In the second half of 2006, the *FT* considered the stakes of both TNK-BP's shareholders - BP and AAR - as potential targets for Gazprom and Rosneft (Crooks & Hoyos, 2006; see also Hoyos & Ostrovsky, 2006; Buckley & Crooks 2007).[36] But in the first half of 2007, the newspaper considered AAR's stake the only target (Belton, 2007i; Belton, 2007b; *Financial Times*, 2007; Belton, 2007f; Buckley, 2007). In 2008, and perhaps earlier, BP was in cahoots with Gazprom (and possibly Rosneft too) to this end (Belton & Crooks, 2008a; Belton, Buckley & Crooks, 2008; Yenikeyeff, 2011: p.7; Gustafson, 2012: p.426; Henderson & Ferguson, 2014: pp.56,209-210). As Shamil Yenikeyeff notes:

'TNK-BP was established during the transition between two eras in Russia, when the era of considerable influence of Russian oligarchs in domestic political and economic affairs was coming to its end, and while an era of greater state involvement in the energy sector was already on the horizon.' (Yenikeyeff, 2011: p.3)

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[35] Shell and its partners in the Sakhalin-2 PSA had just sold half their stakes in the project to Gazprom under pressure from the Russian state.

[36] The paper also reported speculation in this period that 'Moscow may pressure BP to cede some of its 50 per cent stake' in TNK-BP, 'handing control to the Russian side [i.e., AAR]' as opposed to Gazprom or Rosneft (Buckley & Crooks, 2007).

At this point (and later too - as we shall see), BP was plotting to swap its partnership with oligarchs for a partnership with one of the national energy companies.[37]

5.3.6 A TNK-BP civil war

BP's oligarch partners in TNK-BP soon heard of the plot. This amongst other subjects of discord sparked an AAR attack on BP (Gustafson, 2012: pp.424-426; Yenikeyeff, 2011: pp.9-12; Henderson & Ferguson, 2014: pp.56,209-210; *The Economist*, 2012).

> 'Beginning in March 2008, in what had all the appearances of an orchestrated campaign, pressure mounted on the British side in TNK-BP from several quarters at once. Over the next two months, FSB officers raided TNK-BP's offices, arrested a TNK-BP employee…, and hauled away computers and documents. The environmental agency… announced a probe of TNK-BP's environmental practices at Samotlor. TNK-BP was forced to withdraw 148 of its expatriate staff from Russia when their visas were not renewed. Minprirody hinted that TNK-BP might be stripped of its license at Kovykta. The Ministry of Tax Collections launched a claim for back taxes. Although government officials denied that there was any intent to harass TNK-BP, it was nevertheless a classic display of what Russians euphemistically call 'administrative resource.'
> By May 2008, the conflict between the foreigners and the Russians in TNK-BP had burst into the open, each side denouncing the other for obstructionism and bad faith. The Russian partners demanded [BP-appointed TNK-BP CEO] Dudley's resignation and turned up the pressure on him both inside and outside the company. A direct appeal to Putin and [Deputy Prime Minister for Energy] Sechin by BP's CEO, Tony Hayward… produced no letup. By the end of June, Dudley abruptly left Russia, reportedly in fear of personal actions against him…
> The Russians had made their point.' (Gustafson, 2012: p.426; see also Yenikeyeff (2011: p.11), and Henderson and Ferguson (2014: pp.56,210)

The *FT* concluded that 'The spat was not Kremlin-instigated… But it appears to have been Kremlin-facilitated' (*Financial Times*, 2008b).

The *FT* noted a turnaround in BP's fortunes - in retrospect a momentary boost only - 'after diplomatic pressure and a media outcry' (Belton, Crooks & Hoyos, 2008a). Later, British Prime Minister Gordon Brown's spokesperson 'called for the dispute to be resolved' (Belton, Crooks & Hoyos, 2008a). Brown himself was 'determined to take up the case' at his meeting with Russia's President Dmitry Medvedev. But, as with Blair's intervention over Kovykta the year before, this did not appear to help BP. 'No progress [was] made on [the] TNK-BP dispute' in the talks (Belton & Parker, 2008). Brown was rebuffed by Medvedev and 'came away empty-handed' (Belton & Parker, 2008). The day after the meeting, (Lord) George Robertson, deputy chairman of TNK-BP and former NATO secretary-general, attacked TNK-BP's Russian shareholders (Robertson, 2008; Belton & Crooks, 2008c).

[37] Henderson and Ferguson argue that 'from 2005 it became increasingly apparent that any foreign investor wishing to play a significant role in the oil and gas sector would need to partner with one of the main state-owned companies' (Henderson & Ferguson, 2014: p.49).

In September 2008, the two sides in the TNK-BP civil war - a conflict for control of the joint venture - signed a (preliminary) ceasefire agreement.[38] Victory belonged to AAR. The *FT* concluded that 'BP ceded ground on most of the demands of its Russian partners' (*Financial Times*, 2008b; see also Belton, Crooks & Hoyos, 2008b; *Financial Times*, 2008a). As a result of these concessions, the Russian side now dominated the joint venture (Gustafson, 2012: pp.426-427; Henderson & Ferguson, 2014: pp.56-57,210).[39]

5.3.7 Planned BP-Rosneft alliance blocked by AAR

According to Gustafson:

'BP now redoubled its efforts to build a strategic alliance with one of the state-owned giants… By early 2010 the main lines of a deal [with Rosneft] had been worked out… Then in the spring of 2010 came the Deepwater Horizon disaster in the Gulf of Mexico… [BP's new CEO] Bob Dudley… began the daunting task of rebuilding the company and diversifying its portfolio. Russia was not initially at the top of his list. BP was already heavily invested in Russia… But Putin… appeared ready to support the Rosneft alliance… Dudley was persuaded. At the beginning of 2011 the two companies announced their alliance, which was made even broader when… the two sides agreed to swap minority shares of their stock'. (Gustafson, 2012: p.427; cf. Belton, Crooks & Pfeifer, 2011; BP, 2011: p.11)

BP's upstream centre of gravity seemed on the verge of shifting from the USA to Russia. Before the Deepwater Horizon disaster, 'BP had hoped to make the US its principal source of growth' (Pfeifer, 2011). But its opportunities for growth in the country looked uncertain after it. While the US was 'too important to BP for it to walk away', the planned alliance with Rosneft was intended to provide a new source of growth for the company (Belton & Crooks, 2011; see also Belton, Crooks & Pfeifer (2011)).[40]

The *FT* argued that a BP-Rosneft alliance risked damaging further BP's relations in the US (Belton & Pfeifer, 2011a; *Financial Times*, 2011b). BP was a significant supplier of fuel to the US military and under the planned alliance the Russian state would 'indirectly become the [company's] single largest shareholder' (Belton & Pfeifer, 2011a). Two US politicians - Edward Markey, the top Democrat on the House natural resources committee, and Michael Burgess, a Republican on the House energy

[38] For a characterisation of the conflict by BP's CEO Tony Hayward as a battle for control of TNK-BP, see Belton and Crooks (2008b). For the same characterisation of the conflict by AAR's largest shareholder Mikhail Fridman, see Fridman (2008). The ceasefire agreement was finalised in January 2009.
[39] For brief descriptions of the ceasefire agreement, see Belton, Crooks and Hoyos (2008b), Gustafson (2012: pp.426-427), BP (2009: p.27) and BP (2010a: p.32). Under the agreement, the main board structure changed from a '50:50 split to four BP members, four AAR members and three independents' (Belton, Crooks & Hoyos, 2008b). In January 2009, the three independent directors appointed were 'Gerhard Schroeder, former chancellor of the Federal Republic of Germany, James Leng, former chairman of Corus Steel and Alexander Shokhin, president of the Russian Union of Industrialists and Entrepreneurs [a Russian business leader and politician]' (BP, 2010a: p.32). Schroeder's appointment reflected his close ties to Vladimir Putin (Bertrand & Crooks, 2009; Belton & Crooks, 2009a; Gustafson, 2012: pp.426-427).
[40] In contrast, TNK-BP's growth prospects in Russia were constrained.

and commerce committee - called for the planned alliance to be examined for national security reasons (Belton & Pfeifer, 2011a; Belton, Gorst & Pfeifer, 2011).[41]

AAR saw the planned alliance 'as a threat to its investment in TNK-BP' and filed a suit in the English High Court for an injunction to halt it (*Financial Times*, 2011a; see also Belton & Pfeifer, 2011b). AAR claimed that the planned alliance breached the terms of the TNK-BP shareholder agreement. The *FT* reported that:

> 'The agreement stipulates that TNK-BP is used as the 'primary vehicle' for carrying out business by the shareholders and that BP must pursue all [new] oil and gas opportunities in Russia exclusively through TNK-BP, unless the TNK-BP board grants it an exemption.' (Belton & Pfeifer, 2011b)

On 1 February the English High Court granted an injunction until 25 February and the two sides - BP and AAR - agreed to go to UNCITRAL arbitration proceedings (Belton, Croft & Pfeifer, 2011; BP, 2011: p.133).[42] The arbitration tribunal extended the injunction until March pending a final hearing. Then, on 24 March, it extended the injunction permanently (Belton & Pfeifer, 2011c; Kleinman, 2011; Gorst & Pfeifer, 2011; BP, 2012a: p.166). AAR had won the legal battle.

At midnight on 16 May the deadline for the planned alliance expired without agreement between the parties (Belton & Pfeifer, 2011d; BP, 2012a: p.166). The BP-Rosneft deal had collapsed. The *FT* concluded that:

> 'BP has only itself to blame. While it grasped the strategic opportunity, its execution was inept. It overestimated the political heft of Rosneft, relying on the support of Vladimir Putin, Russia's prime minister, to ease any possible problems the deal might cause with its Russian partners in TNK-BP… This was a big miscalculation'. (*Financial Times*, 2011c)

To add salt to BP's wounds, ExxonMobil soon signed an agreement with Rosneft 'to explore in the same blocks in the Kara Sea that were at the heart of BP's alliance with Rosneft' (Burgess & Pfeifer, 2011).[43]

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[41] '"BP once stood for British Petroleum"' Markey said. '"With this deal, it now stands for Bolshoi Petroleum"' (Belton & Pfeifer, 2011a).

[42] According to its own website, the United Nations Commission on International Trade Law (UNCITRAL) is '[t]he core legal body of the United Nations system in the field of international trade law' (UNCITRAL, 2017).

[43] For other accounts of this episode see Yenikeyeff (2011), Gustafson (2012: pp.427-428) and Henderson and Ferguson (2014: pp.57,211).

5.3.8 The death of TNK-BP and the birth of a BP-Rosneft alliance

In June 2012, BP said that it was looking to sell its 50 per cent stake in TNK-BP 'after receiving "unsolicited approaches"' (Belton & Chazan, 2012a). BP's move seemed connected to changes in the Kremlin:

> 'Igor Sechin, Russia's hawkish energy tsar, was sidelined from government but appointed chief executive of Rosneft… At the same time the Rosneftegaz investment vehicle he controls was given a broad mandate to consolidate state stakes in the energy sector.' (Belton, 2012b)

In July, AAR expressed an interest in half of BP's shareholding in TNK-BP. The next week, Rosneft declared an interest in the whole of it (Chazan, 2012a; Clover & Weaver, 2012).[44]

The *FT* argued that: 'Winning Mr Putin's support is critical for a transaction that has thrown BP into the centre of Kremlin infighting over control of the energy sector' (Belton & Chazan, 2012e).[45] In September, BP's CEO and Chairman met Putin to discuss the negotiations (Belton & Chazan, 2012e). Sechin - who was at the meeting - told the *FT* that the negotiations concerned BP selling its stake in TNK-BP to Rosneft and investing part of the proceeds into '"new projects in Russia, including Rosneft shares"' (Belton, 2012a).[46] Putin supported this plan, Sechin said (Belton & Chazan, 2012d).

The death of TNK-BP and the birth of a BP-Rosneft alliance occurred in March 2013.[47] Rosneft bought all of TNK-BP, purchasing both BP's and AAR's stakes. BP exchanged its stake for $12.3 billion in cash and an 18.5 per cent shareholding in Rosneft.[48] Combined with its existing 1.25 per cent shareholding, this resulted in BP owning 19.75 per cent of Rosneft. Under the Rosneft Charter, BP had the right to nominate for election two directors to Rosneft's nine-person board of directors.[49] At long last, BP had fulfilled its dream of swapping its partnership with oligarchs for a partnership with one of the national energy companies.

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[44] Later, AAR was also preparing a bid for the whole of BP's stake (Belton & Chazan, 2012c).

[45] In particular, 'Dmitry Medvedev, prime minister, is battling Mr Sechin for control of the industry' (Belton & Chazan, 2012e).

[46] This was confirmed by BP (Belton, 2012a).

[47] This was when the transactions were finalised. BP, Rosneft and Rosneftegaz (the Russian state-owned parent company of Rosneft) agreed 'heads of terms' on 22 October 2012 and on 22 November BP announced the signing of definitive and binding sale and purchase agreements in respect of the transaction (BP, 2013a: p.80).

[48] The cash component figure of $12.3 billion is taken from BP's Annual Report (BP, 2014: p.148). BP's website includes a figure of 'approximately $12.5 billion' (BP, 2017a).

[49] In June 2013, BP's CEO was elected to Rosneft's board (BP, 2014: pp.35,127,148). In June 2015: 'A second BP nominee, Guillermo Quintero, was elected to Rosneft's Board of Directors' (BP, 2016a: p.38).

As the *FT* reported:

'Relations with AAR had reached an impasse; but operationally, TNK-BP was also at the end of the road. BP had scored big early successes by using modern technology to increase production at TNK-BP's mature or 'brownfield' sites in Siberia. Yet its output was now flat and its growth prospects constrained. "The Russian brownfield revolution is coming to an end," says Stuart Joyner, an analyst at Investec. "It's now all about the Arctic. So BP has got to switch horses."' (Belton and Chazan, 2012b)

But TNK-BP proved highly profitable for BP. From an initial cash investment in the joint venture of around $8 billion in 2003-6 (plus its stake in Sidanco - acquired for almost $1 billion - its stake in Rusia Petroleum and its holdings in the BP Moscow retail network), BP received around $19 billion of net dividends, before selling out for close to $28 billion in 2013.[50]

This account of BP and other foreign energy companies in Russia ends at the moment when the US and EU imposed sanctions against Russia over Ukraine in March 2014. But the briefest of comments on what has followed. Unsurprising, BP lobbied against the sanctions. The company 'warned ministers of possible repercussions if relations with Moscow deteriorate' (Fontanella-Khan et al., 2014). Despite sanctions, BP and Rosneft have struck new deals. Yet, at the time of writing (April 2018), Anglo-Russian political relations are at a low. As the *FT* noted:

'Britain has for more than a decade tried to prevent its deteriorating political relationship with Moscow from damaging the extensive business links with Russia, which have seen hefty investment flows in both directions.' (Buckley, 2018)

BP's hefty investment in Rosneft is at risk of expropriation if Anglo-Russian relations deteriorate further. How big a constraint is this on the British state?

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[50] BP sold its 50 per cent stake in TNK-BP for $25.425 billion in cash plus 3.04 per cent of Rosneft shares. (The BP-Rosneft transaction consisted of three tranches. This was the first trance. The net result of the three tranches is reported in the main text.) BP's Annual Report (implicitly) values the 3.04 per cent of Rosneft shares at $2,446 million ($10,755 million minus $8,309 million) (BP, 2014: p.148). This implies a total sale price of $27.871 billion ($25.425 billion plus $2.446 billion).

6. Conclusion

This thesis concludes by answering the research questions set out in the Introduction.

In broad terms, how does the history of BP fit into the history of British imperialism as a whole up until the nationalisations of the 1970s?

BP was a company of Britain's empire. Its oil concessions, including in Iran (until the early 1940s or 1950s) and in Iraq and Libya (until the nationalist, republican coups in those countries), were in Britain's empire. And its principal pre-WW2 markets were in Britain itself, including to the Admiralty, and in its empire, including 'at bunkering ports on the sea lanes of the Eastern Hemisphere, where Britain was the supreme maritime power' (Bamberg 2000: p.252).

The company acquired its oil concessions in pre-existing spaces of Britain's empire.[1] But the discovery of oil in a territory, or the prospect of its discovery, and BP's acquisition of a concession to exploit oil in a territory, magnified the territory's value to British capitalism. This was because oil was becoming the lifeblood of capitalism, both militarily, propelling navies across the seas, and economically. The British state thus did everything within its powers to control access to sources of oil, and to help British oil companies, principally BP, first to acquire concessions, and then to protect those concessions.[2] As we saw in Chapter 3, the history of BP is replete with examples of this. To repeat just one of these, in Iran, the British state helped William Knox D'Arcy gain the concession. Later it helped sustain his company and protect the concession. On the eve of WWI, the company wanted money, a market and diplomatic support in "Mesopotamia" from the government. It secured all three things. In both world wars, the British government sent troops to protect the oilfields. In between the wars, it threatened to use force when the Iranian government cancelled the company's concession. A new concession was agreed.

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[1] Iraq was the exception: The company and its partners in the Turkish Petroleum Company (TPC) acquired a concession at the very moment the British state secured the colonial "mandate" for Iraq.

[2] As Peter Sluglett argues: 'Once oil began to be widely used by the world's navies around the turn of the twentieth century, it became a policy axiom that Britain, with the largest navy in the world, should be in a position to exert political influence in territories where oil was known, or equally important, thought likely to exist... Much of the subsequent history of Britain's relations with the various states of the Arabian peninsula, Iran and Iraq... was dictated by the perceived need to have access to oil, combined with a preference for having Middle Eastern oil exploited by British interests' (Sluglett 1999: p.444). Likewise, Marian Kent describes 'the efforts of British governments to obtain and safeguard oil supplies for the armed forces and the economy, and... how such efforts contributed towards evolving a national oil policy' in the period 1900-20 (Kent 1976: p.xi). By 1920, 'The outlines of national [oil] policy had become clear: that is, the British Government recognised the need to control as far as possible both the sources and the suppliers of Britain's oil' (Kent 1976: p.155).

BP was a company of Britain's empire. It was also a concrete case of the archetypal imperial company analysed in classical Marxist theories of imperialism. In these theories, finance capital has an interest in exporting capital, importing raw materials and exporting products to/from colonies, semi-colonies etc.. The company did all three things. It exported industrial capital to explore for and produce crude oil, and to refine crude oil into products (such as benzine, kerosine, gas oil and fuel oil). According to BP's official history, its refinery at Abadan in Iran was at one point in time Britain's single largest overseas investment (Bamberg 1994: p.513). It imported raw materials (crude oil) as well as refined oil products to the British market. And it exported refined oil products to Britain's empire.

Debate on the export of capital and expansion of empire at the end of the nineteenth century

BP's story begins at a moment when inter-imperial rivalry produced an expansion of the Britain's formal empire. As discussed in the Introduction, there is a debate in Marxist studies of British imperialism about whether or not the export of capital was the driving force behind the colonial expansion that took place at the end of the nineteenth century. Two small comments on this debate. First, the British state increased its control over Bahrain, the "Trucial States" and Kuwait in this period, "Exclusive Agreements" were signed with the rulers 'that bound them into exclusive political relations with, and ceded control of their external affairs to, the British Government' (Onley 2005: p.32), but BP did not acquire concessions covering any of these territories until the 1930s. Second, the British state did increase its control over Iran at the start of the twentieth century *after* D'Arcy acquired his concession. But it is hard to argue that the export of capital explains this imperial expansion either. D'Arcy needed to ask the British government for injections of capital. In 1904, the British government urged the Burmah Oil Company to rescue D'Arcy financially. In 1914, it invested in the company itself, acquiring its majority shareholding.

How does the history of BP intersect with inter-imperial relations in the classical age of imperialism?

BP's concessions were the products not just of inter-imperial rivalries but of inter-imperial cooperation too. D'Arcy's concession in Iran was acquired during a wider Anglo-Russian race for concessions in the country. And when the British government encouraged the Burmah Oil Company to rescue D'Arcy it did so to prevent the concession falling under Russian control. But Britain's main imperial rival after *circa* 1900 was Germany. In this context, Britain and Russia formed an alliance in 1907. The entente partitioned Iran into British and Russian "spheres of influence" and a neutral zone, with D'Arcy's concession outside the Russian sphere but inside the neutral zone. This was not just to moderate Anglo-Russian rivalry, but to keep Germany out of

Iran; the Turkish empire being one arena of Anglo-German rivalry. In 1908, D'Arcy struck oil in the neutral zone. Then, in 1915, Britain recognised Russia's claim to control of the Straits and Constantinople in return for the assignment of the hitherto neutral zone to itself.

Before the war, British and German imperialisms were competing for the concession for Mesopotamian oil: D'Arcy's rivals were the Turkish Petroleum Company (TPC), owned by Deutsche Bank, (Anglo-Dutch) Shell and the British-controlled Turkish National Bank. Here, momentarily, the imperial rivals became allies: the two groups of concession-hunters merged into an enlarged TPC, and the British and German governments pressed the Ottoman government to grant the TPC a concession. This was a "truce" between imperial rivals literally on the eve of war. Britain's second rival-turned-ally for Mesopotamian oil was France. Anglo-French competition was resolved via the Sykes-Picot agreement of 1916 and at the San Remo conference in 1920. At San Remo, Britain secured the colonial "mandate" for Iraq, the TPC secured the oil concession in the country, and Deutsche Bank's stake in the TPC was handed over to France's CFP.

How does the history of BP intersect with Anglo-American redistribution, in particular, of Middle Eastern oil?

The start of the classical age of imperialism is the moment the Pax Britannica ends, the moment Britain starts its relative decline as an imperial power, the moment imperial rivals, most notably German and America, emerge. World War One was an expression of this inter-imperial rivalry. And it accelerated the on-going change in the relative strengths of two imperial powers, Britain and America. In both economic and military terms, WW1 weakened Britain vis-à-vis the USA. While the war weakened capitalism in Britain, it also expanded its empire, principally in the Middle East. Oil was a critical reason for this imperial expansion (as was access to India). BP's TPC concession in Iraq was an expression of this. But the change in the relative strength of Britain and America necessitated a redistribution of control over Middle Eastern oil. Pace Lenin, this was redistribution without war.

The TPC and Red Line agreement were the first acts of Anglo-American redistribution. The Anglo-French agreement at San Remo could not withstand American pressure and a new redivision of the prospective Iraqi oil was agreed with US companies taking a cut too - TPC's shareholders were now BP, Shell, France's CFP and a consortium of American companies (plus Calouste Gulbenkian). This was not just an agreement to exploit Iraqi oil jointly. TPC's shareholders also agreed to exploit oil only jointly in the vast area of the ex-Ottoman Empire except Kuwait, the so-called Red Line agreement. In the 1930s, the Iraq Petroleum Company (the renamed TPC) gained concessions in two British protectorates covered by the agreement, Qatar and Abu Dhabi.

The next acts of Anglo-American redistribution of Middle Eastern oil were in Bahrain and Kuwait, two other British protectorates. At first the British state insisted that any concession granted by the Shaykhs of Kuwait or Bahrain include a British nationality clause. But as in Iraq it caved in under pressure from the American state. The nationality clauses were dropped. The Bahraini concession ended up in the hands of Standard Oil of California. Kuwait's oil would be exploited jointly by the company and America's Gulf Oil. In the Arab Gulf states, Anglo-American redistribution was limited by the so-called "political agreements". These gave the British government the right to block the transfer of a concession and the right of pre-emption over oil in the event of war.

Henk Overbeek argues that the *circa* 1929-32 Great Slump led to a British turn to 'protection from international competition through imperial preference and international cartellization' (Overbeek 1990: p.81). BP's great turn to international cartellization was in 1928. In that year, the major oil companies, predominantly Anglo-American, colluded both in production, via the Red Line Agreement, and in the international oil markets, via the Achnacarry Agreement. These two agreements 'involved the direct intervention of states acting on behalf of their respective capitals', notably the British and American states (Bromley 1991: p.98).

The second world war, like the first, weakened British capitalism. Nevertheless, the post-war Labour government attempted to preserve - and even to extend - Britain's empire, and to solve the country's economic difficulties by intensified imperial exploitation. One of the country's major imperial assets was Middle Eastern oil. And these assets were principally in BP's hands.

The end of WW2 marked the end of the "classical" age of imperialism, and the beginning of American hegemony and empire, and an age of inter-systemic conflict, the Cold War. In this context, it was only possible to attempt to preserve - and extend - Britain's empire under American protection. And the cost of protection was American penetration of Britain's empire.[3] BP's concession in Iran was the first overt act of US protection-at-the-cost-of-penetration. When Iran nationalised the company's operations in 1951, the British state needed the American state to protect the concession, which was achieved via an Anglo-American orchestrated coup d'état. In return for this protection, 40 per cent of Iran's oil production was redistributed to five US oil companies.[4] Anglo-American redistribution had befallen all BP's concessions in the Middle East.

[3] WW2 accelerated the shift in the relative strength of Britain and America. In parallel, Anglo-American redivision accelerated.

[4] Iran was now in America's empire. Shaken by the nationalisation of its assets in Iran, the company searched for new sources of crude oil outside the Middle East. This search yielded two significant new sources, both in Britain's empire, in Nigeria and Libya.

Britain's and BP's imperial grip was slipping. At the end of the 1950s, Iraq was lost to a nationalist, republican coup d'état. A decade later, another nationalist, republican coup meant the end of the Libyan client state. At the start of the 1960s, Nigeria and Kuwait left Britain's formal empire, but the latter remained a protectorate. Ten years on, the British state revoked its treaty obligations to protect Kuwait, Bahrain, Qatar and the "Trucial States".

Then one-by-one the company's Middle Eastern and African concessions were nationalised in the 1970s. As Gilbert Achcar argues, the nationalisations were the result of 'the rise of Third World economic nationalism, a corollary to the decline of U.S. hegemony' (Achcar 2006: p.24). In Iran it was the Islamic revolution, rather than de facto nationalisation, that precipitated the loss of the company's crude oil supplies. The company's principal sources of oil were now no longer in the Middle East but in Britain and America.

The history of BP and Lenin's inter-imperial rivalry in the "classical" age of imperialism

For Lenin, the only conceivable basis for the division of the world is the relative strength of the imperialist powers, this changes over time, because of uneven development, necessitating a redivision of the world, and this, in turn, necessitates war, as the only means of redivision (Lenin, 1968). This is not to say that ultra-imperialist alliances may not arise, indeed, they have actually arisen. However, '"ultra-imperialist" alliances, no matter what form they may assume, whether of one imperialist coalition against another, or of a general alliance embracing *all* the imperialist powers, are *inevitably* nothing more than a "truce" in periods between wars' (Lenin 1968: p.112, italics in original).

These ideas help us to understand how the history of BP intersects with inter-imperial relations in the "classical" age of imperialism. In particular, the change in the relative strength of Britain and America did necessitate a redivision of control over Middle Eastern oil. The thesis charts these acts of Anglo-American redistribution. But BP's concessions were the products, not just of inter-imperial rivalries, but of inter-imperial alliances too. Lenin warns us that "ultra-imperialist" alliances are nothing more than a "truce" in periods between wars. Obviously, the Anglo-German TPC alliance turned out to be a "truce" before a war. The 1907 Anglo-Russian alliance, with its implications for BP's concession in Iran, is best understood as such a "truce" too. But the principle problem with Lenin's account, for the history of BP, is that Anglo-American redistribution, the redivision of the world, not just between any imperial powers, but between the old and new hegemons, occurred without war. In the Cold War era, when Anglo-American redistribution accelerated, Lenin's theory of inter-imperial rivalry is more problematic still. Britain and America were economic but not political rivals. More generally, we need a theoretical palette with more than just two colours, rivalries and alliances, or three, including super-imperialism.

How did BP attempt to protect its US assets in the light of its fears of American state hostility towards it?

After the company struck oil in Alaska in 1969 its production, sales and assets Americanised. Rightly or wrongly, BP constantly feared US state hostility towards prize parts of the American oil industry being controlled by a company owned by non-Americans and, worse still, part-owned by a foreign state. To minimise the political risks to its US assets, or, to put it the other way around, to maximise the political protection of its US assets, BP sought to limit its ownership by such states (in particular, Britain and Kuwait) and to expand its ownership by Americans. Three examples make this clear. First, instead of establishing its own downstream operation in America to sell its Alaskan oil, BP sold its American assets to Standard Oil of Ohio (Sohio) in return for an equity stake in the company, in part so that Sohio's American shareholders would guard BP's US assets. Second, when the company feared that its American assets were put at risk by the size of the shareholdings of first the British and later the Kuwaiti state, it lobbied successfully for these shareholdings to be reduced. Third, on the occasion of the 1977 and 1987 British government share sales, BP sought to politically protect its US assets by Americanising its shareholder base.

Why did BP want to Americanize itself at the end of the 1980s?

In 1987, BP bought out Sohio's predominantly American stockholders, thereby losing the guardians of its US assets. Soon after it began exploring outside its OECD stronghold, e.g. Algeria, Azerbaijan, Colombia, Kazakhstan, Venezuela and Vietnam. At exactly this time, BP launched a new push to Americanise its shareholder base. New American shareholders were needed not just to protect its American assets but also to protect its prospective assets outside America, via the US state. The British state would be more willing but less able to protect any such assets than its American counterpart.

A decade later, at the turn of the millennium, BP acquired two American oil companies, Amoco and ARCO. The takeovers Americanised BP's production, sales and assets, as well as its shareholders and board of directors. One reason for the acquisitions was to increase BP's ability to call on the American state for support in the international arena.

Was BP "British" or "Anglo-American" capital?

After the takeovers, BP's owners/shareholders and its board of directors were more-or-less bi-national, more British than American up until 2010, but equally British and American thereafter.[5] But BP was still incorporated in Britain and in Anglo-American law the state of incorporation is the main test of corporate nationality. In addition, the company's "seat" and primary stock market listing were still in London.

What has been the relationship between BP and the British and American states?

The "nationality" vs. "transnationality" vs. "globality" of capital is under-theorised in Marxist theory. Given this, the issue is examined from another angle: What has been the relationship between BP and the British and American states? This question is addressed starting from a theory of the state as opposed to a theory of imperialism.[6] In particular, I operationalise instrumentalist and structuralist conceptualisations of the state. In terms of the instrumentalist argument that members of the capitalist class occupy or "colonise" positions in the state apparatus, BP had greater ties of colonisation to the British than the American state. Likewise, in terms of the structuralist argument that a national state is dependent on BP to the extent that the company contributes to the national economy, the British state was more dependent on BP's domestic operations than the American state was.[7] This finding - of greater ties of colonisation and dependencies between BP and the British as opposed to American state - is consistent with the support BP received in the international arena from the two states: Whereas the US state did protect BP's Russian assets on one occasion, BP received more support from the British than the American state, and less support from the American state than ExxonMobil (America's largest oil company).[8] This is not what would be expected based on theories of the internationalisation/transnationalisation of the state. In simple terms, these theories contend that national states act in the interest of capital in general, not just national capital.

[5] The "nationality" of BP is considered, in part, in terms of measures of "ownership" and "control". In particular, I examined the nationalities of BP's shareholders and directors. On these measures, BP has been more-or-less bi-national since its acquisitions of the American oil companies.
[6] Both starting points are problematic: most theories of the state under-theorise "the international", most theories of imperialism under-theorise the state.
[7] What is missing here, in part, because theories of the state under-theorise the international, in part, because of data limitations, is an analysis of the dependence of both states on BP's *global* operations.
[8] I assume here greater ties of colonisation and dependencies between the American state and ExxonMobil in comparison to BP.

The history of BP and the interpenetration of "national" capitals

Chapter 4 discussed the interpenetration of "national" capitals. More specifically, it discussed cases of "British" capital taking over (acquiring) "American" capital. It also discussed a related issue: BP's attempts to Americanise its shareholder base (its ownership). American penetration of British capitalism (and other European capitalisms) is often seen as indicative of the relative strength of the two capitalisms (e.g., in the 1970s writings of Ernest Mandel and Nicos Poulantzas). How should British penetration of American capitalism be understood? Should we understand the two phenomena symmetrically? Perhaps not. It has been argued here that BP acquired Standard Oil of Ohio (Sohio), in part, so that Sohio's American shareholders would guard BP's US assets. BP wanted to Americanise its shareholder base, in part, for the same reason. It has also been argued that BP gained American shareholders (via all-stock acquisitions of American oil companies and sales of its shares) to protect its assets outside America, via the US state. In other words, *British* penetration of American capitalism was an indication of, was a recognition by BP of, the relative strength of *America's* compared to Britain's imperialism/imperial states. The American state was more able to protect BP's assets outside America than the British state was. This is Panitch's argument too:

'as Europe penetrates the United States with foreign investment, this doesn't at all indicate a challenge to American supremacy; what it does indicate is that, when Daimler buys Chrysler, it's trying to get the American state on its side – as well as the German state. Of course, it has more immediate economic purposes, but a political purpose, as well. This isn't a challenge to American imperial power by German capital.' (Gowan, Panitch & Shaw 2001: p.30)

What has been the position of foreign energy companies in the upstream Russian oil industry?

I focus in these conclusions on American and European foreign energy companies. In the 1990s, smaller Western companies formed joint ventures with Russian companies. By 2000-01, the joint ventures were being taken over by the newly powerful Russian companies, and had all but disappeared within a few more years. The largest companies took to the stage in the mid-1990s via either Production Sharing Agreements (PSAs) or partnerships with privately-owned Russian companies. By 2003, a decade of effort by foreign energy companies to adopt PSAs as the preferred investment vehicle was defeated by Russia's private oil companies and government. At this time, and in the context, not just of the death of PSAs, but also of a sharp rise in oil prices since the late 1990s, BP, (Anglo-Dutch) Shell and (American) ConocoPhillips decided to form new partnerships with privately-owned Russian companies. Soon after the new partnerships were formed, the partial re-nationalisation of the Russian oil industry began and, in parallel with this, the wind shifted against foreign oil companies. At the end of the 2000s/start of the 2010s, Russia's state-owned companies were muscling into existing projects involving Western oil companies. Around the same time that Russia's national champions were getting their claws into existing projects, Rosneft formed new partnerships with (American) ExxonMobil, (Norwegian) Statoil and (Italian) Eni.

A comparison of foreign energy companies in terms of their hydrocarbon production volumes in Russia shows that BP has been (by far) the country's largest foreign producer. In addition, Russia has been BP's largest source of hydrocarbons since 2003.

What were the threats to BP's Russian assets? How did the British and American states attempt to protect BP's assets from these threats?

Kees van der Pijl argues that 'While the US [under Clinton's first administration] was overtly cultivating Russia's newly-independent southern neighbours with an eye to their mineral wealth, the main European states had plans for the oil and gas of Russia proper' (van der Pijl, 2006: p.274). Already by 1990, BP was scoping out both Azerbaijan (still part of the Soviet Union) and Russia. It ended up being the largest foreign producer in both countries. The company's first investment in Russia, the acquisition of equity stakes in Sidanco and Rusia Petroleum, came in 1997. It saw an opportunity to sell Russian natural gas to China.

Soon BP was caught in the crossfire of a battle for Sidanco. BP had just taken-over Amoco and called on both the American and British states for protection. The biggest weapon Britain's state could muster was for its prime minister Blair to warn Russian president Yeltsin that "'the case is being closely followed by other major investors in Russia'" (Bower, 2009: p.98). In contrast, the American state threatened BP's rival, Russian oil company TNK, that it would withdraw its loan from the US Export-Import Bank. It was this US financial warfare that meant that BP survived the battle.[9]

A TNK-BP partnership emerged out of the battle in 2003. Since then, Russia has been BP's largest source of hydrocarbons and BP has been Russia's largest foreign producer. But the Russian state was re-nationalising the oil industry and one of BP's main Russian assets was under threat. The British state again entered the fray wielding exactly the same weapon: "'The sort of investment climate in a country depends on the way in which it treats companies'", Blair's spokesman warned

[9] The British state was more willing but less able to protect BP's Russian assets than its American counterpart.

(Crooks & Eaglesham, 2007). Blair himself raised the issue with president Putin, but to no avail. The British state could not protect BP. TNK-BP lost its asset to Gazprom.

In this context of re-nationalisation, BP plotted to jettison its “oligarch” partners in favour of one of Russia’s national energy companies, Gazprom or Rosneft. TNK’s owners soon heard of the plot and attacked BP in retaliation, an attack facilitated by the Kremlin. British prime minister Brown took up the case with Russia’s president Medvedev. Again the British imperialist state was impotent. BP lost the civil war.

The company continued to plot and a deal with Rosneft was worked out. Then came BP’s Gulf of Mexico oil spill. Its future growth prospects in America were now in doubt. BP and Rosneft announced their alliance. BP’s upstream centre of gravity seemed on the verge of shifting from the USA to Russia. The planned alliance risked damaging further BP’s relations in the US. But TNK’s owners filed a suit in the English High Court to halt the alliance and won the legal battle. The alliance collapsed in 2011 as a result but was reincarnated in 2013. BP exchanged its stake in TNK-BP for one in Rosneft. TNK-BP had proved highly profitable but BP now owned close to 20 per cent of Rosneft instead and had the right to nominate for election two directors to Rosneft’s nine-person board of directors.

This is how things stand. In the context of US and EU sanctions against Russia over Ukraine (sanctions BP lobbied against), and deteriorating Anglo-Russian political relations, one of the UK’s very biggest capitalist concerns is producing almost one-third of its hydrocarbons via its stake in one of Russia’s national energy companies.

Appendix 1. BP's directors since 1995

For all BP's directors in the years 1995-2017 the following information is provided:
Name, Years on Board, Nationality;
Directorships with other companies whilst on BP's board;
Past, current and future positions within states.
Principal sources: BP annual reports; Companies House; Collations of biographies, including, *Who's Who & Who Was Who*, *Marquis Who's Who*, *Who's Who in American Politics* and *Nexis Biographies*; British government and parliament websites; Personal communication with directors.

Lord Ashburton (John Francis Harcourt Baring), 1982-95, British
Directorships:
Baring Stratton Investment Trust PLC (1995)
Political positions:
Member, Bank of England's Court of Directors, 1983-91.
Chairman, National Economic Development Council, Committee on Finance for Industry, 1980-86.
House of Lords, 1991-99.

David Alec Gwyn Simon, 1986-97, British
Directorships:
Grand Metropolitan (1995-96)
RTZ (1996-97)
Allianz AG (1997)
Political positions:
Member, Bank of England's Court of Directors, 1995-97.
Member, House of Lords, 1997-2017.
Minister of State, HM Treasury and Department of Trade and Industry (DTI), 1997-99.
Advisor, Cabinet Office, 1999-2003.
Member, Prodi Group advising on Enlargement Implications, EU, 1999.

Stephen James Ahearne, 1992-96, British
Directorships:
None
Political positions:
Member, UK's Restrictive Practices Court[1] (1995-96)

Edmund John Phillip Browne (Lord Browne of Madingley), 1991-2007, British
Directorships:
Redland (1995-96)
SmithKline Beecham (1995-99)
Intel Corporation (1997-2006)
DaimlerChrysler (1998-2001)
Goldman Sachs (1999-2007)
Political positions:
House of Lords, 2001-present.
Lead Non-Executive Director, Cabinet Office, 2010-15.
Lead Non-Executive Board Member, UK Government, 2010-15.
Chairman, Independent Review of Higher Education Funding, 2010.

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[1] Restrictive Practices Court: "A UK court set up under the Restrictive Trade Practices Acts to judge whether restrictive trading agreements were in the public interest" (http://oxfordindex.oup.com/view/10.1093/oi/authority.20110803100416367).

Sir James Glover, 1987-98, British
Directorships:
Royal Armouries (International) PLC (1995-98)
Merlin Communications International (1997-98)
Political positions:
Col. General Staff, Ministry of Defence, 1972-73.
Brigadier General Staff (Intelligence), Ministry of Defence, 1977-78;
Commander Land Forces Northern Ireland, 1979-80.
Deputy Chief of Defence Staff (Intelligence) and Member, Joint Intelligence Committee, 1981-83.
Vice Chief of General Staff, and Member, Army Board, 1983-85.
Commander-in-Chief, UK Land Forces, 1985-87.

Dr Carl Horst Hahn, 1990-96, Austrian
Directorships:
Saurer (1995-96)
Volkswagen (1995-96)
Benetton (1995)
Commerzbank (1995-96)
Gerling (1995-96)
Paccar (1995-96)
Perot Systems (1995-96)
Thyssen (1995-96)
TRW (1995-96)
Political positions:
None

Dr Karen N Horn, 1992-98, American
Directorships:
Bank One (1995-96) (American)
Eli Lilly (1995-98)
TRW (1995-98)
Rubbermaid (1995-98)
The international private bank at Bankers Trust Company (1997-98)
Political positions:
President of the Federal Reserve Bank of Cleveland, 1982-87

Charles F Knight, 1987-2005, American
Directorships:
Emerson Electric (1995-2004)
Anheuser-Busch (1995-2005)
SBC Communications (1995-2005)
IBM (1995-2005)
Morgan Stanley Dean Witter (1999-2005)
Political positions:
Not known

Rodney F Chase, 1992-2003, British
Directorships:
BOC Group (1995-2001)
Diageo (1999-2003)
Computer Sciences Corporation (2001-2003)
Tesco (2002-2003)
Political positions:
Member, Advisory Committee on Business and the Environment, 1993-2000.[2]

Hugh Edward Norton, 1989-95, British
Directorships:
Inchcape (1995)
Political positions:
None

Bryan Kaye Sanderson, 1992-2000, British
Directorships:
British Steel/Corus (1994-2000)
Sunderland PLC (1997-2000)
Political positions:
Member, DTI Company Law Review Steering Group, 1998-2001
Chairman, Learning and Skills Council, 2000-04
Chairman, Low Pay Commission, 2017-present

(Karl) Russell Seal, 1991-97, British
Directorships:
Blue Circle Industries (1996-1997)
Political positions:
Commonwealth Development Corporation[3] (1996-97)

(Henry) Michael (Pearson) Miles OBE, 1994-2006, British
Directorships:
John Swire & Sons (1994-99)
Barings/ING Baring Holdings (1994-2002)
Johnson Matthey PLC (1995-2006)
BICC (1996-2002)
Balfour Beatty (2001-02)
Schroders PLC (2003-06)
Political positions:
None

[2] "The Advisory Committee on Business and the Environment (ACBE) provides for dialogue between Government and business on environmental issues and aims to help mobilise the business community in demonstrating good environmental practice and management."
http://webarchive.nationalarchives.gov.uk/20031221205354/http://www.defra.gov.uk/environment/acbe/
[3] Commonwealth Development Corporation is "the UK's Development Finance Institution (DFI) and wholly owned by the UK Government." (http://www.cdcgroup.com/Who-we-are/Key-Facts/)

Sir Robin Nicholson, 1987-2005, British
Directorships:
Pilkington/Pilkington Optronics (1995-98)
Rolls-Royce (1995-2005)
Political positions:
Member, UK government's Council for Science and Technology, 1993-2000
Chief Scientific Adviser to Cabinet Office, 1981-85 (Central Policy Review Staff, 1981-83)

Sir Patrick Sheehy, 1984-98, British
Directorships:
B.A.T. Industries (1995)
Cluff Resources/Cluff Mining (1995)
ASDA Properties/ASDA Property Company (1995-98)
Marlborough Underwriting Agency (1996-98)
Sherritt International/Sherritt Power (1995-98)
Celtic PLC (1997-98)
Political positions:
Chairman, Inquiry into Police Responsibilities and Rewards, 1992-93.

Lord Wright of Richmond (Patrick Richard Henry Wright), 1991-2001, British
Directorships:
Barclays Bank (1995-96)
De La Rue (1995-2000)
BAA (1995-98)
Political positions:
Third Secretary, British Embassy, Beirut, 1958-60.
Private Secretary to Ambassador and later First Secretary, British Embassy, Washington, 1960-65.
Private Secretary to Permanent Under-Secretary, Foreign Office, 1965-67.
First Secretary and Head of Chancery, Cairo, 1967-70.
Deputy Political Resident, Bahrain, 1971-72.
Head of Middle East Department, Foreign and Commonwealth Office (FCO), 1972-74.
Private Secretary (Overseas Affairs) to Prime Minister, 1974-77.
Ambassador to Luxembourg, 1977-79.
Ambassador to Syria, 1979-81.
Deputy Under-Secretary of State, FCO and Chairman, Joint Intelligence Committee, 1982-84.
Ambassador to Saudi Arabia, 1984-86.
Permanent Under-Secretary of State and Head of Diplomatic Service, 1986-91.
Member, Standing Security Commission (Cabinet Office)[4], 1993-2002.
House of Lords, 1994-present.
Member, House of Lords Sub-Committee on Home Affairs, 2001-07 (Chairman, 2004-07).
Member, EU Select Committee, 2005-07.
Member, House of Lords Sub-Committee on Law and Institutions, 2007-12.
Member, Joint Committee on Conventions, 2006.
Member, UK Delegation to Parly Assembly, Council of Europe, 2016-present.

[4] Standing Security Commission: "Following the Vassall case in 1963 Harold Macmillan consulted Hugh Gaitskell about a proposal for a standing commission to inquire into the security issues raised by cases prosecuted under the Official Secrets Acts and there was discussion of the proposal in Parliament. In January 1964 Alec Douglas-Home announced the appointment of the Standing Security Commission in the House of Commons. The Commission was to comprise a High Court judge as chairman, assisted by two lay members. The Commission convenes when requested to do so by the prime minister, and submits its reports to him. The Commission is supported from within the Cabinet Office." (http://discovery.nationalarchives.gov.uk/details/r/C1373)

Peter D Sutherland 1990-93, 1995-2009, Irish
Directorships:
Goldman Sachs International (1995-2009)
Delta Airlines (1997)
Allied Irish Banks (1997)
Investor AB (1997-2007)
ABB Asea Brown Boveri (1997-2000)
Telefonaktiebolaget LM Ericsson (1998-2004)
The Royal Bank of Scotland (2001-09)
Political positions:[5]
Attorney General of Ireland, 1981-84.
EC Commissioner responsible for Competition Policy, 1985-89.
Founding Director General of The World Trade Organisation (WTO), formerly GATT, 1993-95.
UN Special Representative of the Secretary General for Migration and Development, 2006-17.

Dr Rolf Wilhelm Heinrich Stomberg, 1995-97, German
Directorships:
None
Political positions:
None

Sir John (Gordon St Clair) Buchanan, 1996-2002, British
Directorships:
Boots (1997-2002)
Political positions:
Seconded to Central Policy Review Staff, Cabinet Office, 1976-77

Dr Christopher Shaw Gibson-Smith, 1997-2001, British
Directorships:
Lloyds TSB (1999-2001)
Political positions:
None

Sir Richard (Lake) Olver, 1998-2004, British
Directorships:
Reuters Holdings (1998-2004)
Political positions:
UK Business Ambassador, 2008-present
Member, Prime Minister's Business Advisory Group, 2010-15

Sir Ian Prosser, 1997-2010, British
Directorships:
Bass/Six Continents/InterContinental Hotels Group PLC (1998-2003)
Lloyds TSB (1997-99)
SmithKline Beecham/GlaxoSmithKline (1999-2009)
Sara Lee Corporation (2004-10)
The Navy, Army and Air Force Institutes (NAAFI) (2008-10)
Political positions:
None

[5] Source: http://petersutherland.co.uk/biography/

Ruth S Block, 1999-2001, American
Directorships:
Ecolab (1999-2001)
39 Alliance Capital Mutual Funds (1999-2001)
Political positions:
None

John H Bryan, 1999-2007, American
Directorships:
Sara Lee Corporation (1999-2000)
Bank One Corporation (1999-2004)
The First National Bank of Chicago (1999)
General Motors Corporation (1999-2007)
Goldman Sachs (1999-2007)
Political positions:
None

Erroll Brown Davis, Jr., 1999-2010, American
Directorships:
Alliant Energy (1999-2006)
PPG Industries (1999-2007)
Union Pacific Corporation (2004-10)
General Motors Corporation (2007-10)
Political positions:
Member of the advisory board of the Federal Reserve Bank of Chicago (2005)

Richard J Ferris, 1999-2001, American
Directorships:
The Procter & Gamble Company (1999-2001)
Candlewood Hotel Corporation (1999)
Political positions:
None

Harold Laurance Fuller (Larry Fuller), 1999-2000, American
Directorships:
Chase Manhattan Corporation (1999-2000)
Chase Manhattan Bank (1999-2000)
Motorola (1999-2000)
Security Capital Group (1999-2000)
Abbott Laboratories (1999-2000)
Political positions:
None

Floris Anton Maljers, 1999-2004, Dutch
Directorships:
SHV Holding (1999-2004)
Vendex NV/Vendex-KBB NV (1999-2004)
KLM Royal Dutch Airlines (1999-2004)
Philips Electronics (1999)
Political positions:
None

Dr Walter Eugene Massey, 1999-2008, American
Directorships:
Motorola (1999-2006)
Bank of America (1999-2008)
McDonald's Corporation (1999-2008)
Delta Airlines (2007-08)
Political positions:
Member, National Science Board,[6] 1978-84
Member, President's Council of Advisors on Science and Technology,[7] 1990-92, 2001-09
Director, National Science Foundation,[8] Washington, 1991-93
Chair, Secretary of Energy Advisory Board,[9] 1997-99

Michael H Wilson, 1999-2006, Canadian
Directorships:
RBC Dominion Securities (1999-2000)
Manufacturers Life Insurance Company/Manulife Financial Corporation (1999-2006)
Rio Algom (1999-2000)
RT Capital Management (2001)
Brinson Canada (2002)
UBS Canada (2001-06)
Political positions:
Member of the Canadian Parliament, 1979-93
Minister of Finance, 1984-91
Minister of Industry, Science and Technology
Minister of International Trade
Canadian Ambassador to the United States, 2006-09

Sir Robert Peter Wilson, 1998-2002, British
Directorships:
Rio Tinto (1998-2002)
Diageo (1998-2002)
Political positions:
None

William Douglas (Doug) Ford, 2000-02, American
Directorships:
USG Corporation, 2000-02
Political positions:
Not known

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[6] National Science Board: "The NSB establishes the policies of the National Science Foundation and serves as advisor to Congress and the President. The Board approves major NSF awards, provides congressional testimony and issues statements relevant to the nation's S&E enterprise." (https://www.nsf.gov/nsb/)
[7] President's Council of Advisors on Science and Technology: "An advisory group of the nation's leading scientist and engineers who directly advise the President and the Executive Office of the President." (https://www.nitrd.gov/pcast/Index.aspx)
[8] "The National Science Foundation (NSF) is an independent federal agency created by Congress in 1950." (https://www.nsf.gov/about/)
[9] Secretary of Energy Advisory Board: "The Board provides advice and recommendations to the Secretary of Energy on the Department's basic and applied research and development activities, economic and national security policy, educational issues, operational issues and any other activities and operations of the Department of Energy as the Secretary may direct. The duties of the Board are solely advisory." (https://www.energy.gov/seab/secretary-energy-advisory-board)

Dr Byron Elmer Grote, 2000-13, British and American citizen
Directorships:
Unilever NV and Unilever PLC, 2006-13
Political positions:
Vice-chairman, UK government's Public Services Productivity Panel, 1998-2000
Chairman, Chemicals and Innovation Growth Team, UK chemicals sector and Department of Trade and Industry, 2001-02

Dame DeAnne (Shirley) Julius, 2001-11, American British
Directorships:
Lloyds TSB Group PLC, 2001-07
Serco Group PLC, 2001-07
Roche Holding SA, 2002-11
Jones Lang LaSalle Inc., 2008-11
Political positions:
Member, Monetary Policy Committee of the Bank of England, 1997-2001
Member, Court of Directors of the Bank of England, 2001-04
Chairman, Banking Code Review Group, 2000-01
Chairman, Public Services Industry Review for the Department for Business Enterprise and Regulatory Reform, 2007-08

Dr David C Allen, 2003-08, British
Directorships:
None
Political positions:
None

Dr Anthony Bryan Hayward, 2003-10, British
Directorships:
Corus Group PLC/Tata Steel, 2002-09
Political positions:
None

John Alexander Manzoni, 2003-07, British
Directorships:
SABMiller PLC, 2004-07
Political positions:[10]
Chief Executive, Civil Service, 2014-present
Chief Executive, Major Projects Authority, Cabinet Office, 2014-?
Permanent Secretary, Cabinet Office, 2015-present

Antony Burgmans, 2004-16, Dutch
Directorships:
Unilever NV and Unilever PLC, 2004-07
ABN AMRO Bank NV, 2004-06
Akzo Nobel NV, 2007-16
Aegon NV, 2006-14
SHV Holdings NV, 2010-16
TNT Express, 2013-16
Political positions:
None

[10] Source: https://www.gov.uk/government/people/john-manzoni

Iain C Conn, 2004-14, British
Directorships:
Rolls-Royce Group PLC/Rolls-Royce Holdings PLC, 2005-14
Political positions:
None

Douglas Jardine Flint, 2005-11, British
Directorships:
HSBC Holdings PLC, 1995-2011
Political positions:[11]
Member, Large Business Forum on Tax and Competitiveness, Unknown dates
Member, Consultative Committee of the Large Business Advisory Board, HM Revenue & Customs, 2007-2010
Member, Business Government Forum on Tax and Globalisation, 2009-2010
Member, Financial Services Trade and Investment Board, 2013-15
UK Business Ambassador, 2014-present

Sir Tom McKillop, 2004-09, British
Directorships:
AstraZeneca PLC, 1999-2005
The Royal Bank of Scotland Group, 2005-09
Political positions:
None

Andy G Inglis, 2007-10, British
Directorships:
BAE Systems PLC, 2007-10
Political positions:
None

Sir William Castell, 2006-12, British
Directorships:
GE [General Electric], 2006-12
Political positions:
None

Cynthia B Carroll, 2007-present, American
Directorships:
Anglo American PLC, 2007-13
De Beers S.A., 2008-13
Anglo Platinum Ltd, 2008-13
Hitachi Ltd, 2013-present
Vedanta Resources Holding Ltd, 2015-present
Political positions:
None

George David, 2008-15, American
Directorships:
United Technologies Corporation (UTC), 2008-09
Citigroup Inc., 2008
Political positions:
None

[11] Source: HSBC Annual Reports.

Carl-Henric Svanberg, 2009-present, Swedish
Directorships:
Ericsson, 2009-12
AB Volvo, 2012-present
Political positions:
None

Paul Anderson, 2010-present, American
Directorships:
BAE Systems PLC, 2010-14
Spectra Energy Corp., 2010-12
Political positions:
None

Robert W Dudley, 2009-present, American/American and British since 2016 Annual Report
Directorships:
Rosneft, 2013-present
Political positions:
None

Admiral Frank L Bowman, 2010-present, American
Directorships:
Strategic Decisions LLC, 2011-present
Morgan Stanley Mutual Funds, 2011-present
Naval and Nuclear Technologies LLP, 2013-present
Political positions:
'He served for over 38 years in the United States Navy, during which time he served as commander of the nuclear submarine USS City of Corpus Christi and commander of the submarine tender USS Holland, director of political-military affairs on the joint staff and chief of naval personnel. He was director of the naval nuclear propulsion programme in the Department of Navy and Department of Energy.' (BP, 2011: p.85)

Ian E L Davis, 2010-present, British
Directorships:
Johnson & Johnson Inc., 2012-present
Rolls Royce PLC, 2013-present
Majid Al Futtaim Holding LLC, 2016-present
Political positions:
'Ian Davis was appointed as a Non-Executive Board Member for Cabinet Office on 16 December 2010. He was then the Lead Non-Executive Board Member for the department on 1 February 2015 until 22 March 2016.' (https://www.gov.uk/government/people/ian-davis)

Brendan R Nelson, 2010-present, British
Directorships:
The Royal Bank of Scotland Group PLC, 2011-present
Political positions:
Not known

(Freedom) Phuthuma Nhleko, 2011-16, South African
Directorships:
MTN Group Ltd., 2011-16
Anglo American PLC, 2012-15
Pembani Group, 2015-16
Political positions:
Not known

Professor Dame Ann Dowling, 2012-present, British
Directorships:
None
Political positions:
Member, Defence and Aerospace Technology Foresight Panel, 1994-97
Non-executive Director, Defence Research Agency (Ministry of Defence), 1995-97
Member, Scientific Advisory Board, Defence Evaluation and Research Agency (Ministry of Defence), 1997-2001
Member, Defence Science Advisory Council (Ministry of Defence), 1998-2001
Non-executive director, Department for Business, Innovation and Skills/Department for Business, Energy and Industrial Strategy, 2014-present
Member, Prime Minister's Council for Science and Technology, 2015-present

Dr Brian Gilvary, 2012-present, British
Directorships:
L'Air Liquide S.A., 2016-present
Political positions:
External advisor to director general (spending and finance), HM Treasury Financial Management Review Board, 2014-16
Non-executive director of the Navy Board,[12] 2017-present

Andrew Shilston, 2012-present, British
Directorships:
Circle Holdings PLC, 2012-present
Morgan Crucible Company PLC, 2013-present
Political positions:
None

Alan Boeckmann, 2014-present, American
Directorships:
Sempra Energy, 2015-present
Archer Daniels Midland, 2015-present
Political positions:
He has served on the board of the National Petroleum Council[13]

[12] "The Navy Board is the body responsible for running the Royal Navy" (https://www.royalnavy.mod.uk/our-organisation/senior-naval-staff/first-sea-lord/navy-board)
[13] National Petroleum Council: "An Oil and Natural Gas Advisory Committee to the [US] Secretary of Energy" (http://www.npc.org)

Sir John Sawers, 2015-present, British
Directorships:
Macro Advisory Partners LLP, 2015-present
Political positions:
Foreign and Commonwealth Office (FCO) 1977-2009: Sana'a (Yemen), 1980; Damascus (Syria), 1982; FCO, 1984; Pretoria/Cape Town (South Africa), 1988; Head, EU Presidency Unit, 1991; Principal Private Secretary to Secretary of State for Foreign and Commonwealth Affairs, 1993-95; Counsellor, Washington (USA), 1996-99; Foreign Affairs Private Secretary to the Prime Minister, 1999-2001; Ambassador to Egypt, 2001-03; Special Representative for Iraq, 2003; Political Director, FCO, 2003-07; UK Permanent Representative to UN, 2007-09.
Chief, Secret Intelligence Service (MI6), 2009-14.

Paula Rosput Reynolds, 2015-present, American
Directorships:
BAE Systems Ltd, 2015-present
TransCanada Corporation, 2015-present
Siluria Technologies, 2016-17
CBRE Group, 2017-present
Political positions:
None

Nils Anderson, 2016-present, Danish
Directorships:
Unilever PLC and Unilever NV, 2016-present
Dansk Supermarked Group A/S, 2016-present
Political positions:
Not known

Appendix 2: Foreign energy companies in the upstream Russian natural gas industry, 2000-2014

Part I. Partnerships with Gazprom

E.ON Ruhrgas

In December 1998, German gas group Ruhrgas acquired a 2.5 per cent stake in Gazprom (from the Russian government at auction for DM 1.1 billion) (Ruhrgas, 2004: p.36). Ruhrgas increased its stake in Gazprom to 4 per cent in 1999 and the Vice-Chair of its Executive Board (Burckhard Bergmann) became 'the first foreign representative to be elected onto the Board of Directors of Gazprom' the following year (Ruhrgas, 2004: p.36). By 2003, Ruhrgas (now a wholly-owned subsidiary of German energy group E.ON) owned 6.4 per cent of Gazprom (Ruhrgas, 2004). Then, in 2009, the German company secured direct access to Russia's gas production sector for the first time. In particular, it acquired from Gazprom 25 per cent (minus three shares) of Severneftegazprom, which held the development licence for the Yuzhno Russkoye natural gas field (E.ON, 2010b: p.78). As we shall see, Gazprom had also sold a stake in Severneftegazprom to E.ON's German competitor BASF Wintershall two years earlier. The economic interests in Yuzhno Russkoye were now divided three ways: Gazprom 40 per cent (but just over 50 per cent of the voting stock), BASF 35 per cent and E.ON 25 per cent. In exchange, Gazprom received almost one-half of E.ON's equity in Gazprom (2.93 per cent of Gazprom's equity valued at 2.3 billion euros) 'along with a small cash component' (E.ON, 2010b: p.78). One year after acquiring its interest in Yuzhno Russkoye, E.ON sold most of its residue 3.5 per cent of Gazprom equity to Russia's state-owned Vnesheconombank (for approximately 2.6 billion euros). The small remaining stake (just 0.8 per cent) was sold the next year, in 2011.

BASF Wintershall

Wintershall is a German oil and gas company and a fully owned subsidiary of German chemicals group BASF. In 2003, Wintershall and Gazprom established Achimgaz, a 50:50 joint venture to develop gas deposits in the Urengoiskoye field (Block 1A) in western Siberia (Gazprom, 2004: p.11; BASF, 2004: p.5). Achimgaz started-up production in 2008 (BASF, 2009: p.81; Gazprom, 2009: p.5). In 2007:

> 'Wintershall acquired a stake of 25% less one share in Severneftegazprom, through an asset swap with Gazprom. Severneftegazprom holds the production license to the Yuzhno Russkoye natural gas field in Western Siberia. By means of an additional preference share, Wintershall holds a 35% share in the economic rewards of the field, which started production in… 2007. In return, Gazprom took a 49% stake in a German Wintershall subsidiary which holds the exploration and production rights to onshore concessions… in Libya. In addition, Gazprom has increased its stake in WINGAS [a Wintershall-Gazprom joint venture distributing

Russian gas in the German market and across most of western Europe] from 35 to 50% minus one share.' (BASF, 2008: p.42)

In addition, Wintershall has been 'involved in the oilfield exploration and production of the Volgograd area together with Lukoil' since 1999 through its stake in the Volgodeminoil joint venture (BASF, 2015: p.87).

Eni and Enel

In 2006, Eni, the Italian oil and gas company, and Gazprom signed a strategic agreement. In the upstream sector:

> 'Eni and Gazprom have identified major projects (companies and assets) in Russia and outside Russia that will be jointly pursued by the two partners. Eni and Gazprom have agreed to work with each other on an exclusive basis on these projects, which are expected to be finalized by the end of 2007.' (Eni, 2007: p.37; see also Gazprom, 2007: p.51)

Upstream Russian companies and assets were indeed acquired in 2007 at the Yukos liquidation auction. SeverEnergia, an Eni partnership with Italian utility group Enel (Eni 60 per cent, Enel 40 per cent), purchased 'three Russian companies operating in the exploration and development of [predominantly] natural gas reserves' in the Yamal Nenets region (Eni, 2008: pp.28-29). 'Eni and Enel granted to Gazprom a call option on a 51% interest in SeverEnergia to be exercisable within two years from the purchase date' (Eni, 2008: p.29). Writing before the auction, the *Financial Times* noted that 'Eni will be bidding in part to help Gazprom, which is declining to participate for fear of lawsuits from Yukos shareholders' (Belton, 2007c).[14] Exercising its call option, Gazprom acquired 51 per cent of SeverEnergia in 2009 (Eni, 2010: p.14; Gazprom, 2010a: p.14). As a result, the stakes in SeverEnergia became Gazprom 51 per cent, Eni 29.4 per cent and Enel 19.6 per cent. One year later, in 2010, Gazprom sold its shareholding in SeverEnergia to Yamal Razvitie, a joint venture between Gazprom Neft (Gazprom's oil division) and Novatek (Gazprom, 2011: p.50). Production started-up at one of SeverEnergia's three subsidiaries in 2012 (Eni, 2013: p.40). This was 'Eni's first development in the Russian upstream' (Eni, 2014: p.31). But just one year later both Eni and Enel had sold their stakes in the company. First Enel sold its 'stake in Severenergia to Rosneft for $1.8bn in September' 2013 (Hille, 2013). In response, Yamal Razvitie bought Eni's stake for $2.9bn 'escalating a fight with rival state oil group Rosneft over control of the company' (Hille, 2013; Gazprom, 2014: p.39; Eni, 2014: p.31). The *Financial Times* reported that:

> 'A person familiar with the matter said Eni's decision to sell out of Severenergia was "opportunistic" and that it represented "excellent value" to Eni shareholders, considering the company had acquired the stake for $600m in 2007.' (Hille, 2013)

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[14] This is the same auction at which Eni purchased a 20 per cent interest in Gazprom Neft (the renamed Sibneft) on Gazprom's behalf. 'Eni granted to Gazprom a call option on this 20 per cent interest in… GazpromNeft to be exercisable within two years from the purchase date' (Eni, 2007: p.29). Gazprom exercised this call option in 2009 (Eni, 2010: p.14; Hoyos, 2009).

Total and Statoil

In 2007, Gazprom selected Total and StatoilHydro 'to become Gazprom's partners in… the development of the Shtokmanovskoye gas condensate field' in the Barents Sea (Gazprom,2008:p.5). Gazprom, Total and Statoil established:

'a special-purpose company… to design, develop, construct, finance, and operate the facilities for the first stage of the development of the Shtokman gas condensate field… Gazprom has a 51% shareholding in the company, with 25% belonging to Total and 24% to StatoilHydro.' (Gazprom, 2009: p.7)

But by 2012 the project had been pulled. According to the *Financial Times*, Gazprom said:

'that the company and its partners… had decided that the costs of developing the project were too high… Much of Shtokman's gas had been destined for the US. But the abundance of shale turned the country's gas deficit into a surplus and Gazprom lost its most promising new market. Shtokman was also undermined by the discovery of vast new gas resources in more accessible places… that will probably cost much less to develop. The partnership, too, was marred by disagreements and dissatisfaction with the financial terms on offer from the Russian government.' (Chazan, 2012b)

Part II. Partnerships with Novatek

Terneftegas holds the license for exploration and production of gas and gas condensate at the Termokarstovoye field in Yamal-Nenets region and was a wholly-owned subsidiary of Novatek until Novatek sold a 49 per cent stake in the company to Total in 2009/10 (Novatek, 2011: p.12; Total, 2010: p.25). Commercial production in the field commenced in 2015. Yamal LNG 'is engaged in the engineering and design work for the construction of an onshore LNG [Liquefied Natural Gas] facility… on the Yamal' peninsula and 'holds the exploration and production license for the South-Tambeyskoye field, which will provide the resources for the [p]roject' (Novatek, 2012: p.30). Novatek also owned all of the equity in Yamal LNG when it sold a 20 per cent stake in the company to Total in 2011. On the back of the final investment decision on the Yamal LNG project in 2013, 'TOTAL signed two [long-term] LNG purchase agreements with the project' (Total, 2015: p.33). Total was the first but not the only foreign energy company to acquire a stake in Yamal LNG from Novatek. In 2013/14, Novatek and CNPC concluded an agreement that:

'provided for the acquisition by CNPC of a 20% stake in the project, conclusion of a long-term contract for supply of at least three (3) million tons of LNG per annum [for at least 15 years] and the active assistance by CNPC in organizing the provision of external financing for the project from Chinese financial institutions.' (Novatek, 2014: p.52)

Back in 2004, Total 'entered into negotiations to acquire 25% of Novatek' itself but '[t]he transaction was not completed as the required approval from the authorities was not obtained' (Total, 2007: p.30). Total had better luck second time around. After two transactions in 2011, Total had obtained a 14.09 per cent interest in Novatek, 'by purchasing shares from Novatek's two major shareholders', and as a result of these transactions a seat on the company's Board of Directors (Total, 2012: p.177). By the end of 2014, Total's interest in Novatek had increased, in steps, to 18.24 per cent at a total cost of US$6.4 billion (Total, 2012:p.194; Total, 2015:pp.256-7).

Bibliography

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Alfa Group. (2001) *TNK closes deal on transferring Chernogorneft back to Sidanco* [Press release]. 26th November. Available from: http://www.alfagroup.org/press-centre/news/top-stories/?id=7699&PAGEN_1=201 [Accessed: 19th July 2017]

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Amin, S. (2004) U.S. Imperialism, Europe, and the Middle East. *Monthly Review*. 56 (6), 13-33.

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Anderson, P. (1964) Origins of the present crisis. *New Left Review*. I/23, 26-53.

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