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تحتوي النسخة الإلكترونية على معلومات إضافية ونصوص وصور بدقة عالية تسمح بإمكانية تكبيرها ومطالعتها بسهولة.

"سكة حديد بغداد"

المكتبة البريطانية: أوراق خاصة وسجلات من مكتب الهند

Mss Eur F111/360

١٥ أبريل ١٨٩٩-٠٩ سبتمبر ١٩٠٥ (ميلادي)

الإنجليزية و الفرنسية في اللاتينية

ملف واحد (٦٤ ورقة)

الملكية العامة

المؤسسة المالكة

المرجع

التاريخ/ التواريخ

لغة الكتابة

الحجم والشكل

حق النشر



حول هذا السجل

يحتوي الملف على مراسلات وتقارير ومذكرات تتعلق بسكة حديد بغداد، وأوراق تتعلق بعلاقات
بريطانيا مع بلاد فارس [إيران] وبدرجة أقل بالخليج العربي.

تحتوي الأوراق المتعلقة بسكة حديد بغداد على المذكرات التالية: "مذكرة عن سكة حديد بغداد،
والمشاركة البريطانية المحتملة فيها"؛ "مذكرات تحتوي على تقرير موجز عن المفاوضات المتعلقة
بسكة حديد بغداد، ١٨٩٨-١٩٠٥"؛ "تقرير (مع خرائط) عن البلاد المجاورة لخور عبد الله، والأماكن
المناسبة لمحطات سكة حديد بغداد المقترحة" (والذي يتضمن خريطين: Mss Eur F111/360، ص. ٣٢،

ص. ٣٣، Mss Eur F111/360).

يتضمن الملف كذلك:

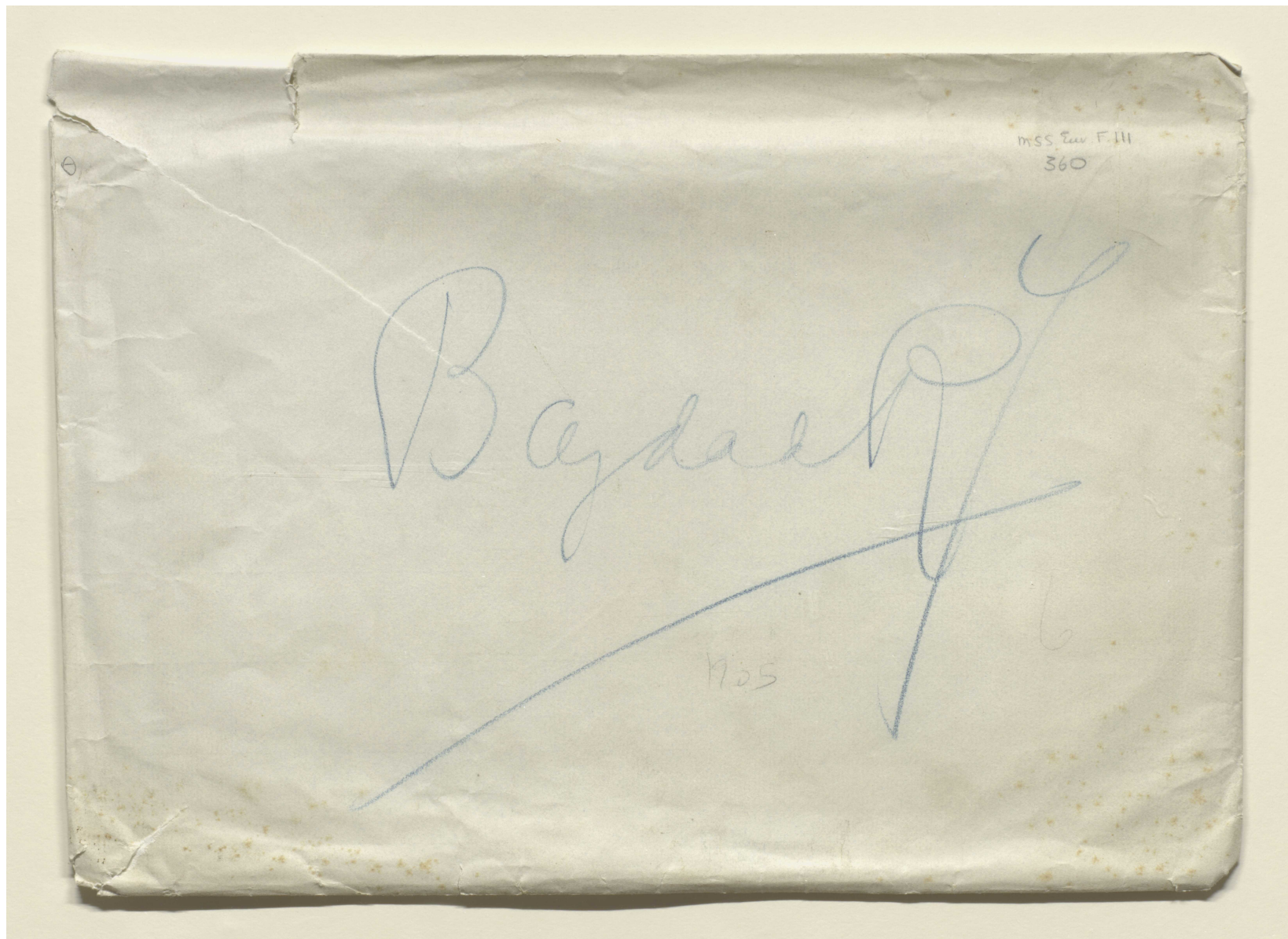
• نُسخًا من رسائل موجزة مطبوعة من مركز لانسداون (هنري بيتي-فيتز موريس)، وزير الدولة للشؤون الخارجية، إلى السير تشارلز لويس دو جراز، سكرتير المفوضية البريطانية في طهران، بتاريخ أغسطس ١٩٠٢، يكتب فيها عن المحادثات بينه وبين شاه بلاد فارس والأتابك الأعزم بشأن العلاقات البريطانية مع بلاد فارس، بما في ذلك الزيادة في التعرفة الجمركية الفارسية

• الملاحظات المكتوبة بخط يد جورج ناتانيال كرزون المتعلقة ببلاد فارس (الأوراق ٤٣-٥٠)

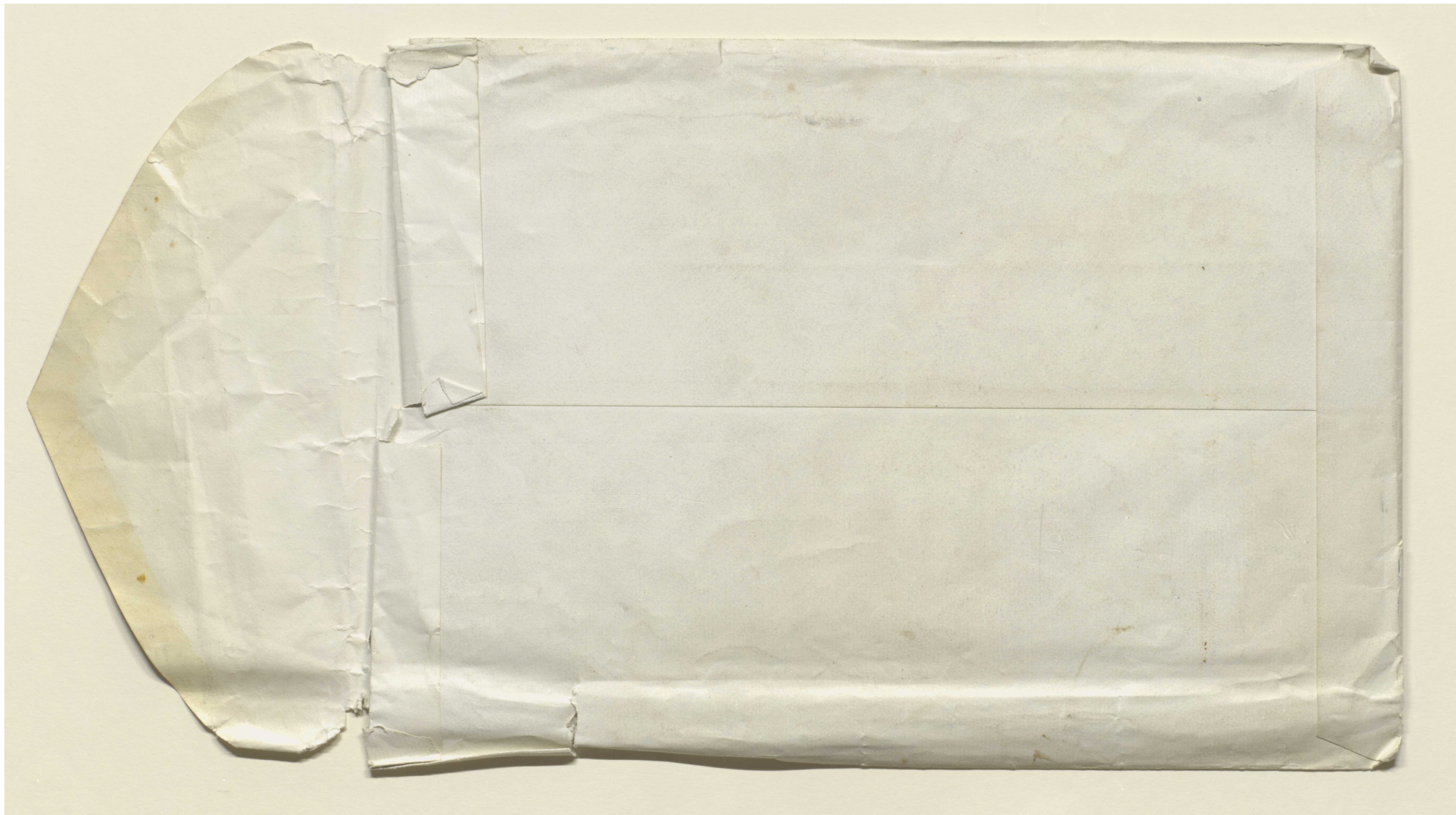
• مقتطفات من صحيفة التايمز، بتاريخ يناير ١٩٠٢ ومايو ١٩٠٣، تتعلق بالمصالح البريطانية في بلاد فارس والخليج العربي، والعلاقات الروسية مع بلاد فارس (الأوراق ٥٤-٦٣).

يتضمن الملف نسخة من رسالة من السير نيكولاس رودريك أوكونر، السفير البريطاني في الدولة العثمانية، إلى مركز لانسداون، ومرفق بها مقتطف باللغة الفرنسية من صحيفة "مونيتور أوربينتال" بتاريخ ١٥ أغسطس ١٩٠٥، بخصوص عمل القسم الذي تم الانتهاء منه مؤخرًا من سكة حديد بغداد، والذي يمتد من قونية إلى ارغلي بولجورلو. يحتوي الملف أيضًا على نسخة من رسالة من جوزيف ناوس إلى السير آرثر هاردينج، الوزير البريطاني في بلاد فارس، بتاريخ ٠٣ مايو ١٩٠٣، تتعلق بتصدير الحبوب، وهي أيضًا باللغة الفرنسية.

"سكة حديد بغداد" [و] (١٢٩/١)



"سكة حديد بغداد" [١ظ] (١٢٩/٢)



MSS Eur. F. 111/360 ②

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PERSIA AND ARABIA.

[August 18.]

CONFIDENTIAL.

SECTION 3.

No. 1

The Marquess of Lansdowne to Mr. des Gras.

(No. 76. Confidential.)

Foreign Office, August 18, 1902.

Sir,

I CALLED on the Atabek-i-Azam at Marlborough House this afternoon, and had a conversation of some length with his Highness, to whom I expressed the satisfaction which it gave me to make his acquaintance, and to have an opportunity of discussing with him matters of interest to both our countries.

His Highness expressed similar feelings, and said that he thought the Shah's visit was calculated to have a good effect in making known the friendly feeling entertained towards Great Britain by Persia, and dissipating rumours which had been circulated to the contrary effect.

I told his Highness that the disposition of this country towards Persia was certainly friendly, and that we had again and again committed ourselves to the policy of upholding the independence and integrity of Persia. On the other hand, there were considerable risks of misunderstanding. We were essentially a commercial people, and commercial interests were largely represented in our Parliament. Much apprehension had been created by the prospect of impending changes in the Persian Customs Tariff, and I had, therefore, heard with the greatest satisfaction of the assurances which his Highness had been able to give to Sir A. Hardinge on the occasion of their recent meeting at Carlsbad. His Highness replied that he had much pleasure in reiterating these assurances. He wished us to understand that it was absolutely necessary for Persia to increase her revenues. The customs duties had, therefore, to be raised, and, in his belief, the burden was one which would fall upon the consumer rather than the producer. I replied that this theory was by no means accepted here, but that I would not press the point, as we did not contend that we had any right to complain of the Persian Government merely because it raised its Tariff. All we asked was that the new duties should operate evenly upon the countries affected, and should not in effect discriminate in favour of our competitors. The Grand Vizier observed that they would affect all countries alike. I replied that this was not quite the case, and I pointed out how easily it might come to pass that a Tariff imposed upon all countries alike might in effect discriminate in favour of one country against another. I cited the case of cotton goods exported from this country to Persia, which, owing to their weight, would have to pay a much higher percentage *ad valorem* than those imported by Persia from Russia. I mentioned to his Highness the influential deputation from Manchester which had called my attention to this subject, and told him that, although I had dissuaded the Manchester merchants, pending the result of my discussion with him, from carrying on an agitation in support of their views, the question had attracted a good deal of attention in the newspapers and in Parliament. I promised to send the report published in the leading papers of my reception of the deputation. I went on to say that I did not desire to inflict upon his Highness a discussion as to the details of this somewhat technical question, but that I thought it must be important that we should have the fullest opportunity of explaining our case to the Persian Government, and showing, by means of expert evidence, the manner in which the revised Tariff would affect our interests. His Highness replied that the Persian Government were fully disposed to consider our representations, and to do what was necessary to prevent the new scale of duties from affecting us injuriously as compared with other countries. He suggested that the matter was one which could best be discussed at Tehran. I asked whether I was to understand that such a discussion might take place before the new Tariff was finally settled. His Highness replied in the affirmative.

The Atabek went on to speak of the mischievous effects produced by rumours, frequently much exaggerated, particularly as to the action of the Persian authorities on the eastern frontiers of Persia. I said that I agreed with his Highness in thinking that such rumours generally required to be somewhat discounted. His Highness referred particularly to the dispute which had recently arisen between Persians and Afghans on the Seistan frontier. He was anxious to know how His

[2123 s-3]

"سكة حديد بغداد" [ظ٢] (١٢٩/٤)

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Majesty's Government proposed to deal with the case. I said that we had already instructed the Government of India to make preparations for arbitration in accordance with the provisions of the Treaty of 1857, and I had heard with great satisfaction that the Persian Government had signified its readiness to accept such arbitration. In the meanwhile, we had been informed that the Akhanzada had withdrawn from Persian territory, and I trusted that the dispute had passed out of the acute stage. His Highness thereupon read me a telegram which appeared to be dated the 13th or 15th August, in which it was stated that the Akhuzada had retired from the disputed territory, but that he had, before doing so, destroyed the irrigation works, thereby depriving the people, who were threatened with ruin, of their water supply. What were we going to do? I gathered that his Highness thought that the Persians might be encouraged to go in and restore the works.

I asked his Highness to let me have a copy of the telegram, and said that I should like to consider, in consultation with the Government of India, what steps might be taken under these somewhat difficult circumstances.

Speaking of the Russian Loan of 1900, his Highness assured me that it would not have been contracted if the British Government had been ready to assist Persia at that time. I said I had always deplored the conditions attaching to that loan, but the loan was an accomplished fact, and we had now to consider what was the best mode of treating the situation as it existed. His Highness spoke of the constant strain to which the finances of Persia were subject. I said I was aware of it, and of the difficulties which his Highness had to encounter. If he would open his mind to me, I promised to examine with the utmost attention, and with every desire to be of service to his country, any suggestions which he might have to offer.

His Highness reminded me that it was owing to his influence, exercised in the face of much opposition, that we had been given a pledge that if railways were ever constructed in Persia, we should be allowed the priority in respect to all southern lines. I said that I was fully aware of this pledge, which I regarded as one of signal importance, and which His Majesty's Government would certainly not forget, and we appreciated not less the assurance given us in 1897, and since renewed, to the effect that the customs revenues of the south of Persia should under no circumstances be given as security for any foreign loan. As to this his Highness observed that we had that assurance in writing.

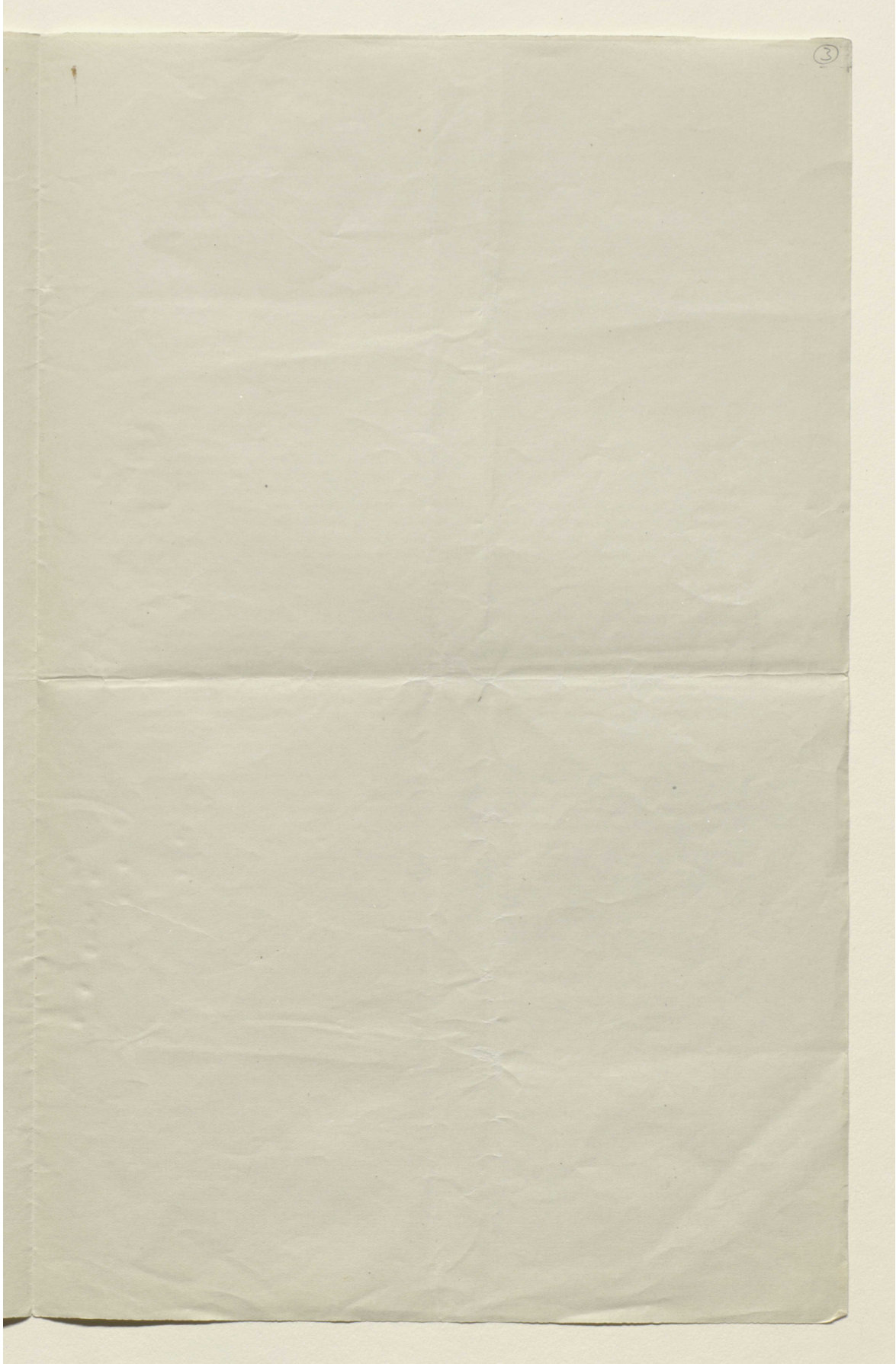
As his Highness had only just arrived in London, I excused myself from prolonging our conversation, but when I was on the point of leaving, he begged me not to believe all the reports which might reach my ears with regard to his alleged Russian proclivities, and to make the necessary allowance for the difficulties with which he had to contend.

I said that we fully recognized these difficulties, and that we moreover realized that owing to her geographical position Russia could scarcely fail to exercise a large measure of influence in north Persia. Our interest lay in the south and in the Province of Seistan, and we could not afford to be indifferent to what happened in those regions. I would, with his permission, recur to the question on another occasion.

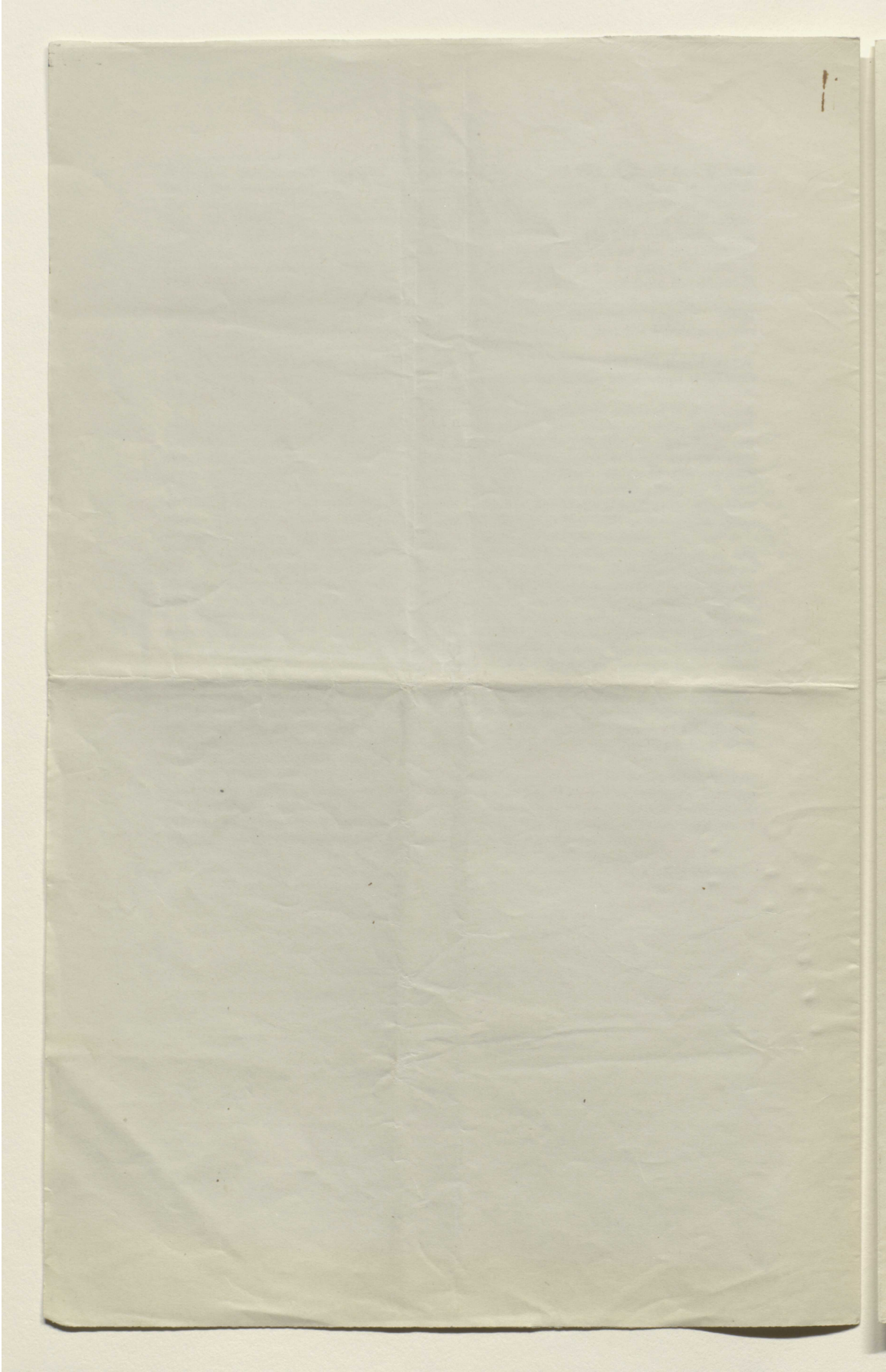
I am, &c.

(Signed) LANSDOWNE.

"سكة حديد بغداد" [و٣] (١٢٩/٥)



"سكة حديد بغداد" [ظ3] (١٢٩/٦)



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PERSIA AND ARABIA.

[August 21.]

CONFIDENTIAL.

SECTION I.

No. 1.

The Marquess of Lansdowne to Mr. des Graz.

(No. 77. Confidential.)

Foreign Office, August 21, 1902.

Sir,

I HAD the honour of being received by His Imperial Majesty the Shah at Marlborough House this morning. His Highness the Atabeg-i-Azam was present throughout the conversation.

His Imperial Majesty began by a pleasing reference to the visit which he had paid to the King at Portsmouth yesterday, and to the cordiality of his reception. He expressed his earnest desire that the relations between Persia and Great Britain should continue to be of the most friendly character. I assured His Imperial Majesty that this feeling was reciprocated here, and that the new Prime Minister, Mr. Balfour, was personally anxious that the traditional friendship of this country for Persia should be maintained.

His Imperial Majesty observed that, in his opinion, we were in the habit of attaching too much importance to mere rumours repeated to us by our Agents, and that we allowed such rumours to affect our attitude towards his Government. I replied that we fully realized the necessity of accepting all such rumours with reserve. We were, however, sometimes placed in a difficulty owing to the fact that statements were telegraphed from Persia and were repeated both in the public press and in Parliament, which we were not always able to deal with or to refute. I therefore attached the greater importance to our being in a position to speak confidently as to the attitude and intentions of the Persian Government. I mentioned, as a case in point, the information which reached us with regard to the new Persian Tariff, and I expressed to His Imperial Majesty my satisfaction at the assurance which had been given me on the 18th instant by his Highness the Atabeg-i-Azam, from whom I had learned that before the revised duties were finally approved, we should be given a full opportunity of discussing with the Persian Government the manner in which the new Tariff would affect our commerce. His Imperial Majesty observed that we were treating him somewhat unkindly in regard to the Tariff question. We did not realize that it was absolutely necessary for him to add to the resources of his Government, and that for this reason he had no choice but to increase the duties.

I begged His Imperial Majesty to understand that we readily admitted that in such a case an increase of the Customs Tariff was a natural step to take. We had, ourselves, lately found it necessary to increase taxation of this kind. All that we desired was that the new Tariff should not in effect discriminate against us. His Majesty observed that if his duties were adjusted so as to meet the convenience of any particular Power, that would be "favouritism," and would provoke legitimate complaint. I assured His Imperial Majesty that we did not desire any special favour but merely practical equality, and I asked permission to reserve what I had to say on this point for discussion with the Atabeg.

His Imperial Majesty then asked me whether he was to understand that His Majesty's Government desired to recognize the independence of Persia. I said that the recognition of the independence of Persia had always been a cardinal point in our policy. We adhered as strongly as ever to that policy, which we had repeatedly affirmed. Our special concern was, of course, with the southern part of Persia and with the Persian Gulf, and we should, if occasion arose, put forth the whole of our strength in order to prevent encroachments by other Powers in these regions.

At the close of the conversation His Imperial Majesty remarked that, as we were in the habit of appointing British "Consuls" on the Persian frontier in districts where British officers had not hitherto been employed, it was necessary that such

[2123 x-1]

"سكة حديد بغداد" [٤ظ] (١٢٩/٨)

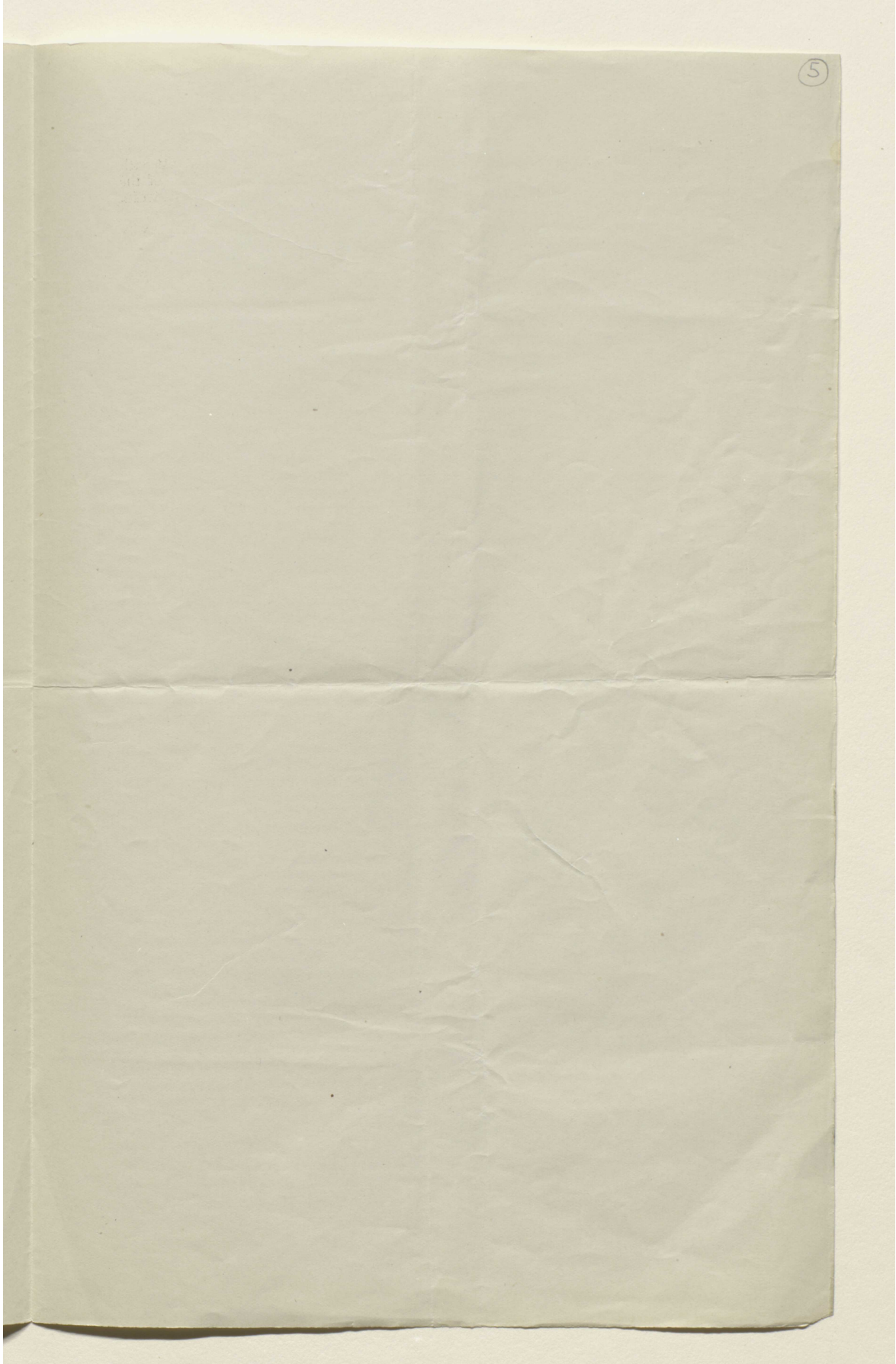
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officers should be specially cautious and discreet. I expressed entire agreement with this, and said that if His Imperial Majesty ever had reason to complain of the conduct of any of our officials the matter would not fail to receive our most careful attention.

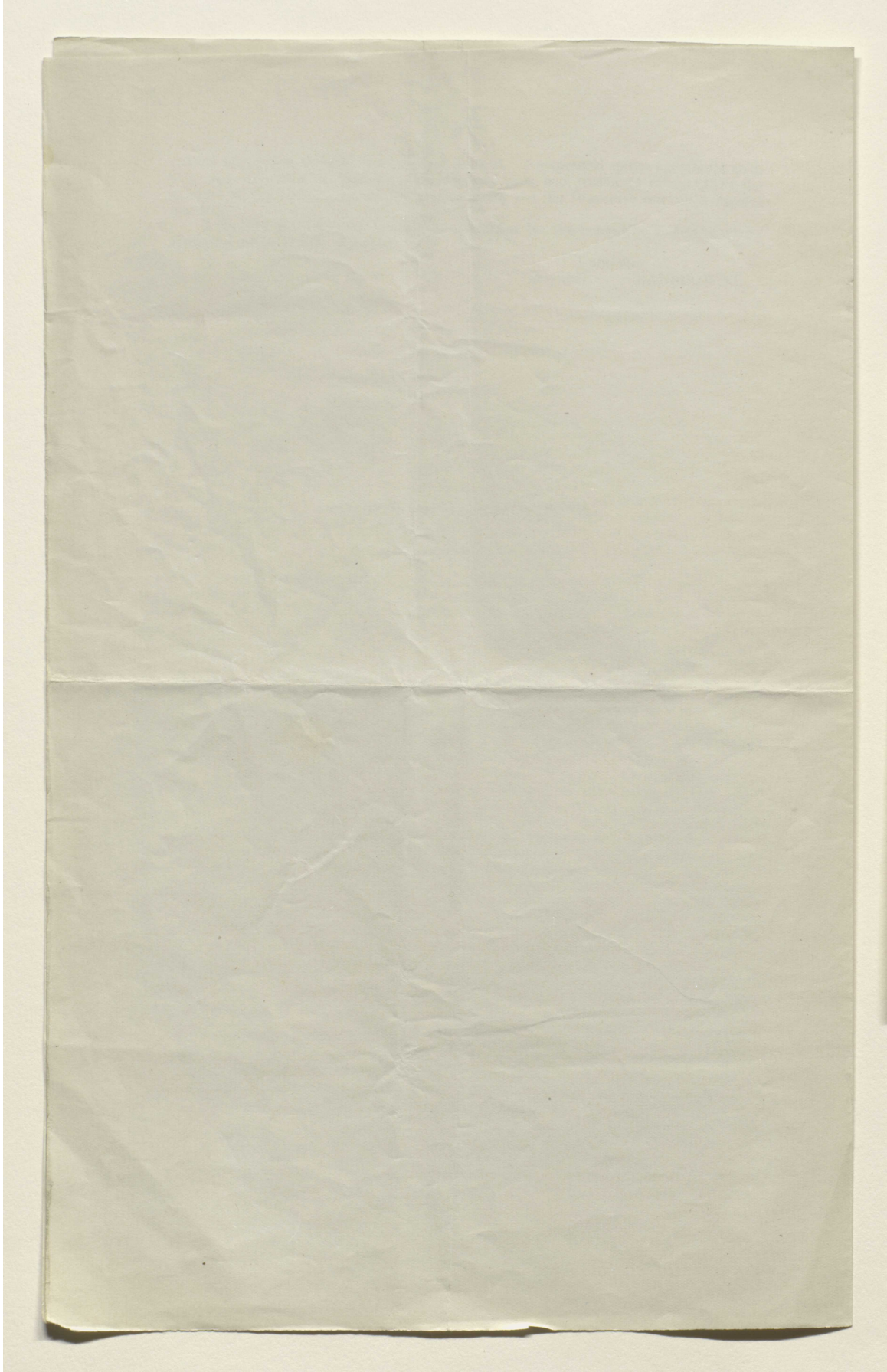
I thanked His Imperial Majesty in conclusion for the honour he had done me by receiving me in private audience.

I am, &c.
(Signed) LANSDOWNE.

"سكة حديد بغداد" [٥] (١٢٩/٩)



"سكة حديد بغداد" [٥ظ] (١٢٩/١٠)



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PERSIA AND ARABIA.

[August 25.]

CONFIDENTIAL.

SECTION 4.

No. 1.

The Marquess of Lansdowne to Mr. des Graz.

(No. 78 A)

Sir,

Foreign Office, August 25, 1902.

DURING the journey to Dover to-day, the Shah desired me to enter his carriage and spoke to me for some time upon various subjects. The Atabeg-i-Azam was present and occasionally intervened.

His Majesty expressed his earnest desire to maintain the policy of his father, and to preserve the friendly relations which had so long existed between Persia and Great Britain. He once again begged that we would be careful not to attach too much importance to rumours which might reach us from over-zealous agents upon the spot. I again assured His Majesty that we were careful not to believe every report which reached our ears, and I said that the best corrective was to be found in the frankest possible communication between the two Governments. I told His Majesty that I should not hesitate to have recourse to such communication whenever the circumstances seemed to me to require it.

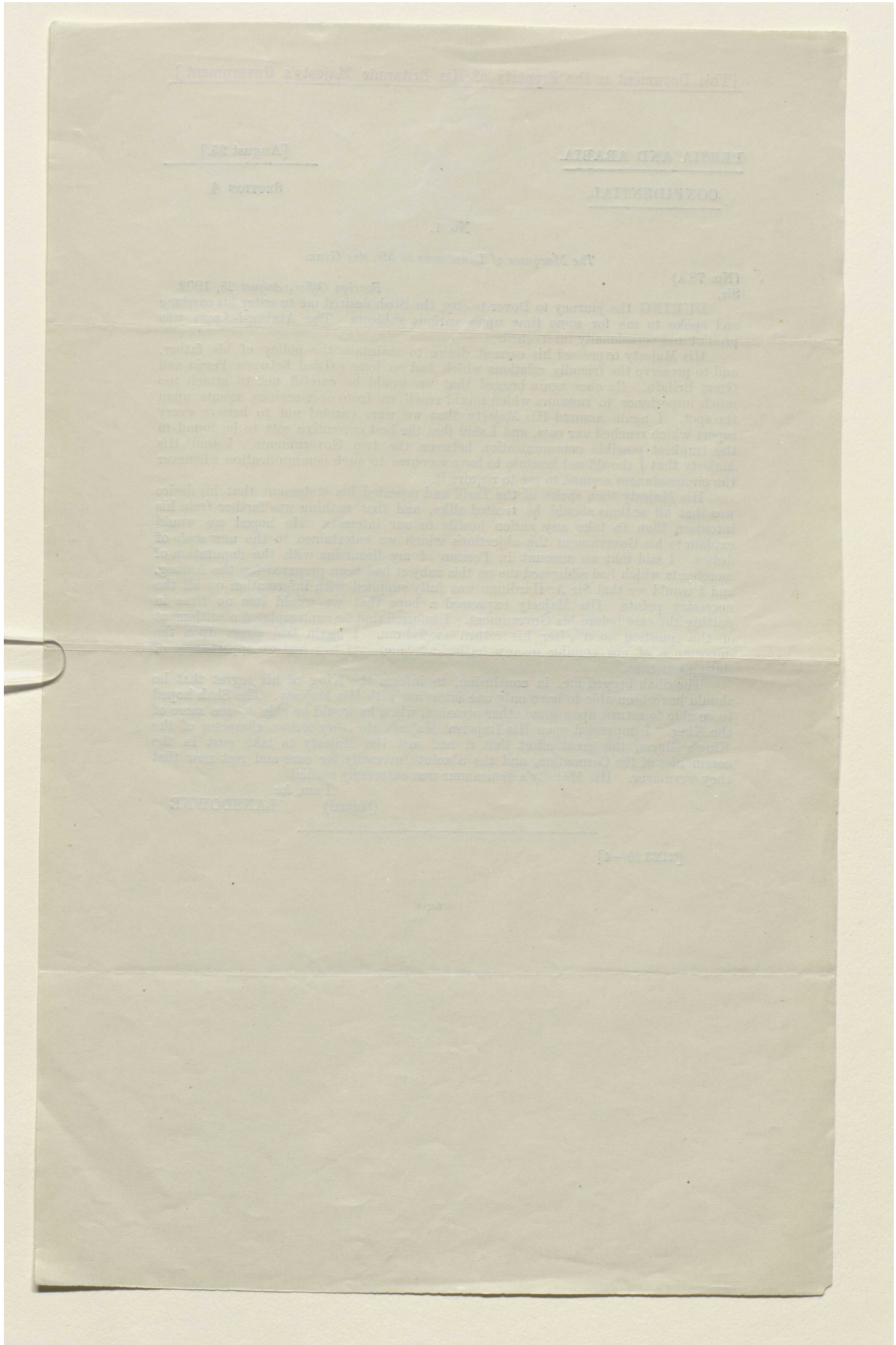
His Majesty then spoke of the Tariff and repeated his statement that his desire was that all nations should be treated alike, and that nothing was farther from his intention than to take any action hostile to our interests. He hoped we would explain to his Government the objections which we entertained to the new scale of duties. I said that an account in Persian of my discussion with the deputation of merchants which had addressed me on this subject had been prepared for the Atabeg, and I would see that Sir A. Hardinge was fully supplied with information on all the necessary points. His Majesty expressed a hope that we would lose no time in putting the case before his Government. I inferred that he contemplated a settlement of the question soon after his return to Tehran. I again laid stress upon the importance of not coming to any settlement before we had had an opportunity of stating our case.

The Shah begged me, in conclusion, to inform the King of his regret that he should have been able to have only one interview with His Majesty. The Shah hoped to be able to return upon some other occasion, when he would be able to see more of the King. I impressed upon His Imperial Majesty the very serious character of the King's illness, the great effort that it had cost His Majesty to take part in the ceremonies of the Coronation, and the absolute necessity for care and rest now that they were over. His Majesty's demeanour was extremely cordial.

I am, &c.
(Signed) LANSDOWNE

[2123 bb-4]

"سكة حديد بغداد" [٦ظ] (١٢٩/١٢)



"سكة حديد بغداد" [٧] [١٢٩/١٣]

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Printed for the use of the Cabinet. August 26, 1902.

CONFIDENTIAL.

*Draft of Despatch from the Marquess of Lansdowne
to Mr. des Graz.*

(No. .) *Foreign Office,*

Sir, *August 21, 1902.*

I HAD a second conversation with the Atabeg-i-Azam to-day. Sir Arthur Hardinge was present.

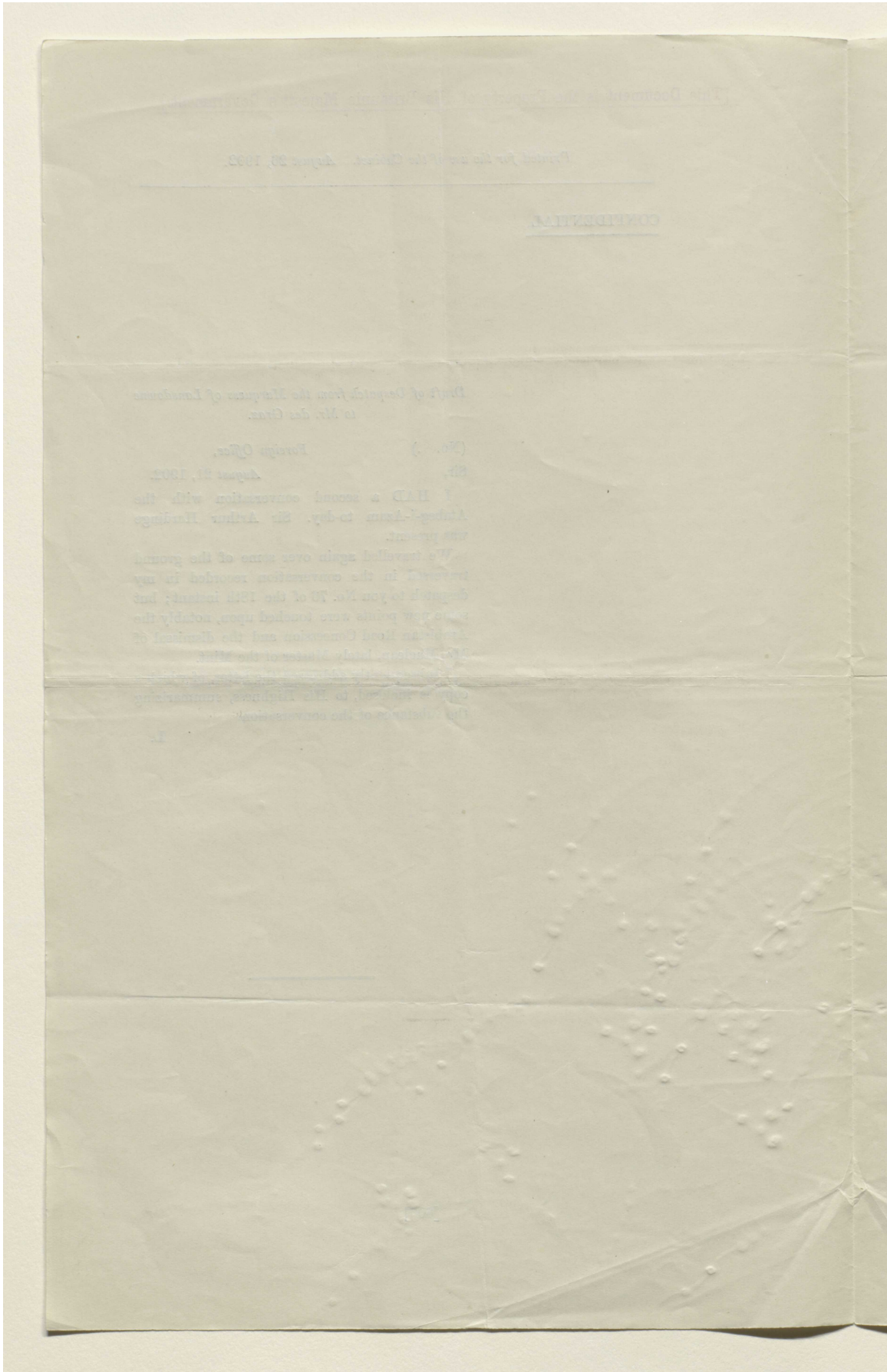
We travelled again over some of the ground traversed in the conversation recorded in my despatch to you No. 76 of the 18th instant; but some new points were touched upon, notably the Arabistan Road Concession and the dismissal of Mr. Maclean, lately Master of the Mint.

I subsequently addressed the letter, of which a copy is inclosed, to His Highness, summarizing the substance of the conversation.

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[806]

"سكة حديد بغداد" [٧ظ] (١٢٩/١٤)



"سكة حديد بغداد" [٨و] (١٢٩/١٥)

Inclosure.

The Marquess of Lansdowne to the Atabeg-i-Azam.

My dear Grand Vizier,

Foreign Office, August 22, 1902.

I HAVE thought it might be convenient that I should put down on paper, so as not to forget them, some of the principal points in our conversation of yesterday :—

1. As regards the Tariff, you were good enough to repeat that you would not definitely conclude it without first enabling His Majesty's Government to call your attention to any provisions which might be calculated to inflict special injury upon British trade. With this object you would afford us, unofficially, the means of forming a judgment on this question. You assured me also that it was the intention of the Persian Government that the Tariff should fall equally upon all countries trading with Persia.

2. As regards the Road Concession, you stated that you were prepared to meet in principle the views of the new English Company which has acquired it, and although you considered the term of ten years was an unnecessarily long one, you were willing to agree that that period should be given for the Company to complete the work, provided that you were satisfied that it was seriously undertaken and that a beginning would be made without delay. With this object a draft Concession was to be prepared for your consideration. I suggested that, should there be hereafter any question of railway construction in the region traversed by these roads, the Company might not unreasonably expect to be given a preference; but it was understood by us both that any arrangement of the kind should not be embodied in the public Agreement.

3. As regards the Russian quarantine in Khorassan, you explained the circumstances under which your predecessor, the Amin-ed-Dowleh, permitted its establishment, and you declared that you were yourself making efforts to obtain its withdrawal, and had received a promise from the Russian Foreign Minister that he would endeavour to persuade General Kuropatkin to agree to this. I suggested that in the meantime the balance might be preserved, and the objections entertained by the Government of India to the presence of a Russian quarantine doctor in Khorassan modified, if an English medical officer were placed in a similar position in Seistan. You expressed your preference for a total removal of the entire existing arrangements as both ineffective and expensive to Persia.

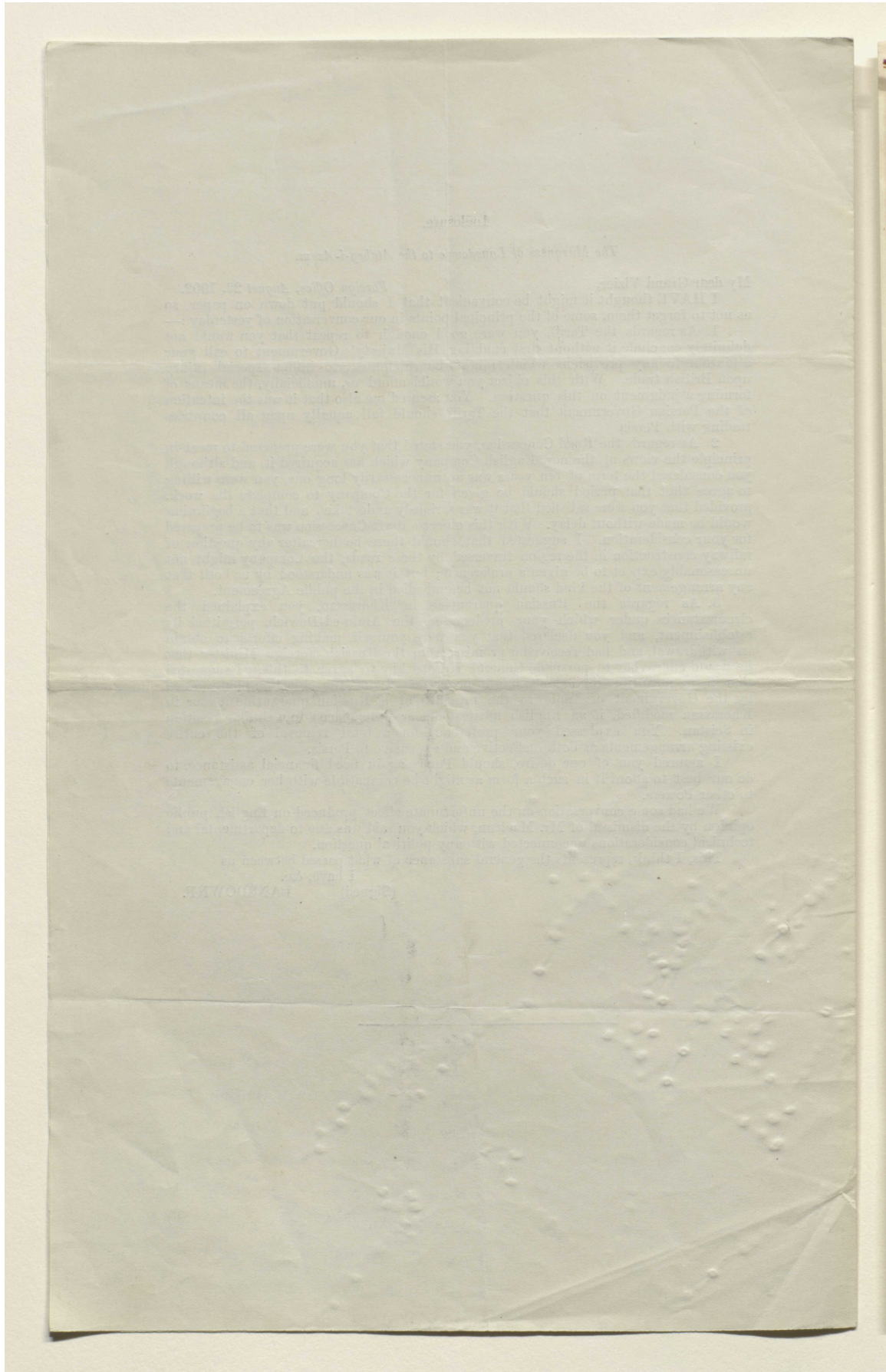
I assured you of our desire, should Persia again need financial assistance, to do our best to afford it in such a form as might be compatible with her engagements to other Powers.

We had some conversation on the unfortunate effect produced on English public opinion by the dismissal of Mr. Maclean, which you said was due to departmental and technical considerations unconnected with any political question.

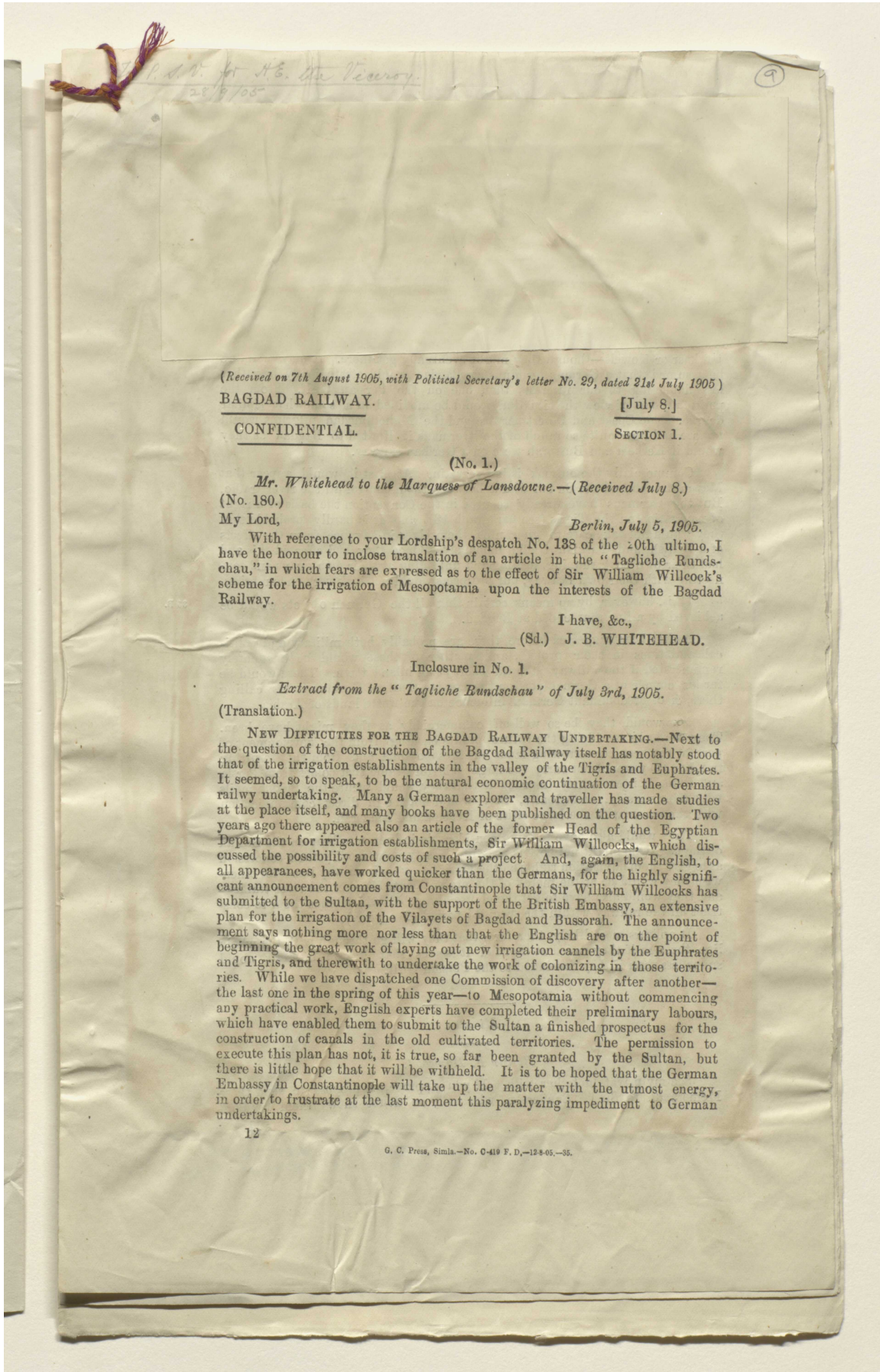
This, I think, represents the general substance of what passed between us.

I have, &c.
(Signed) LANSDOWNE.

"سكة حديد بغداد" [٨ظ] (١٢٩/١٦)



"سكة حديد بغداد" [٩] [١٢٩/١٧]



(Received on 7th August 1905, with Political Secretary's letter No. 29, dated 21st July 1905)

BAGDAD RAILWAY.

[July 8.]

CONFIDENTIAL.

SECTION 1.

(No. 1.)

Mr. Whitehead to the Marquess of Lansdowne.—(Received July 8.)
(No. 180.)

My Lord,

Berlin, July 5, 1905.

With reference to your Lordship's despatch No. 138 of the 20th ultimo, I have the honour to inclose translation of an article in the "Tagliche Rundschau," in which fears are expressed as to the effect of Sir William Willcock's scheme for the irrigation of Mesopotamia upon the interests of the Bagdad Railway.

I have, &c.,

(Sd.) J. B. WHITEHEAD.

Inclosure in No. 1.

Extract from the "Tagliche Rundschau" of July 3rd, 1905.

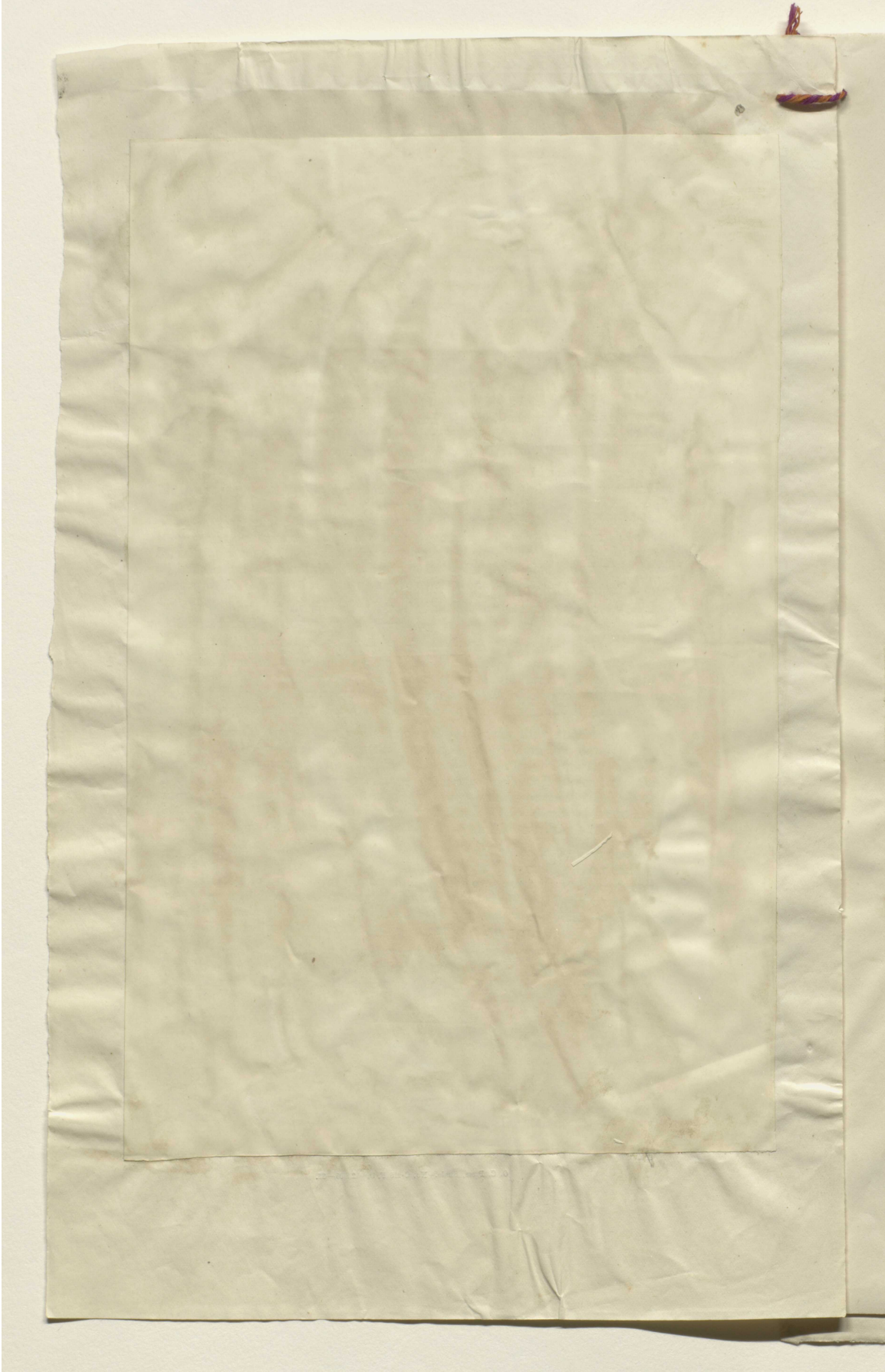
(Translation.)

NEW DIFFICULTIES FOR THE BAGDAD RAILWAY UNDERTAKING.—Next to the question of the construction of the Bagdad Railway itself has notably stood that of the irrigation establishments in the valley of the Tigris and Euphrates. It seemed, so to speak, to be the natural economic continuation of the German railway undertaking. Many a German explorer and traveller has made studies at the place itself, and many books have been published on the question. Two years ago there appeared also an article of the former Head of the Egyptian Department for irrigation establishments, Sir William Willcocks, which discussed the possibility and costs of such a project. And, again, the English, to all appearances, have worked quicker than the Germans, for the highly significant announcement comes from Constantinople that Sir William Willcocks has submitted to the Sultan, with the support of the British Embassy, an extensive plan for the irrigation of the Vilayets of Bagdad and Bussorah. The announcement says nothing more nor less than that the English are on the point of beginning the great work of laying out new irrigation canals by the Euphrates and Tigris, and therewith to undertake the work of colonizing in those territories. While we have dispatched one Commission of discovery after another—the last one in the spring of this year—to Mesopotamia without commencing any practical work, English experts have completed their preliminary labours, which have enabled them to submit to the Sultan a finished prospectus for the construction of canals in the old cultivated territories. The permission to execute this plan has not, it is true, so far been granted by the Sultan, but there is little hope that it will be withheld. It is to be hoped that the German Embassy in Constantinople will take up the matter with the utmost energy, in order to frustrate at the last moment this paralyzing impediment to German undertakings.

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G. C. Press, Simla.—No. C-419 F. D.—12-8-05.—35.

"سكة حديد بغداد" [٩ظ] (١٢٩/١٨)



"سكة حديد بغداد" [١٠] [١٢٩/١٩]

(Received on 14th August 1905 with Political Secretary's letter No. 30, dated 28th July 1905.)
BAGHDAD RAILWAY. [July 19.]
CONFIDENTIAL. SECTION 1.

No. 1.

The Marquess of Lansdowne to Sir F. Bertie.

(No. 485.)

SIR,

Foreign Office, July 19, 1905.

I MENTIONED to the French Ambassador to-day, confidentially, that reports had reached me to the effect that another attempt might be made by German financiers to obtain British support for the construction of the Baghdad Railway. It had been suggested that, should British financiers be ready to take the matter up, the Baghdad-Bussorah section might be undertaken by Great Britain. The matter was one which we should not like to deal with without previous consultation with the French Government. I asked His Excellency whether I was right in supposing that French financiers were at this moment connected with the project. His Excellency said that the French group had withdrawn in consequence of our withdrawal in 1903, and were at this moment as completely unconnected with it as we were. He also had heard reports that another attempt was to be made to bring us in. The idea of allowing this country to undertake the construction of the Baghdad-Bussorah section did not, however, seem to him a good one. Were such an arrangement to be made, it would be obvious that we had a "visée politique" in the matter. His own idea was that the concern should, if possible, be dealt with on a strictly international basis.

I am, etc.,

LANSDOWNE.

(Received on 21st August 1905, with Political Secretary's letter No. 31, dated 4th August 1905.)

BAGHDAD RAILWAY. [July 24.]
CONFIDENTIAL. SECTION 1.

No. 1.

Sir N. O'Conor to the Marquess of Lansdowne.—(Received July 24.)

(No. 486.)

My Lord,

Therapia, July 17, 1905.

WITH reference to my despatch No. 394 of the 6th ultimo, inclosing copy of a Report by the Military Attaché to His Majesty's Embassy on the

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completion of the Konia to Ereğli section of the Baghdad Railway, I have the honour to transmit herewith a copy of the annual Report and financial statement of the Société Ottomane du Chemin de Fer de Bagdad for the year ending the 31st December 1904, * which has recently been published by the Administration of that Company.

I also inclose a Memorandum by Mr. Weakley, giving a summary of this Report, which will be read with interest.

I have, &c.,

N. R. O'CONNOR.

Memorandum by Mr. Weakley.

I HAVE the honour to inclose herewith a copy of the annual Report and financial statement of the Société Impériale Ottomane du Chemin de Fer de Bagdad for the year ending the 31st December 1904, * which has been recently published by that Administration.

The building of the first 200-kilom. section of this line, from Konia to Boulgourlu, was finished in October 1904, and the line was officially thrown open to traffic on the 25th October of that year. It has not been considered advisable at present, in view of the short length of line, to create a separate Administration for the working of the railway, and it has been found more advantageous to conclude arrangements with the Anatolian Railway Company for the administration of this section. The arrangements which have been made with this Company will expire on the 31st December 1907, but they will continue to be in operation every year after that date, and will cease one year after the date upon which notification may have been made by either side of the intention to terminate the effect of such agreements.

Among the items which appear in the financial statement is the sum which has been expended in the construction of the first section of 200-kilom., and which amounts to 43,834,881 fr. 91 c., or 1,953,395*l.* This is equal to 217,406 fr. per kilometre, or about 14,000*l.* per mile. Article XXXV of the Baghdad Railway Convention, in defining the financial arrangements concluded between the Imperial Government and the Company states that the Company has a right to the nominal sum of 269,110 fr. 65 c. for every kilometre of railway built, so that the cost of construction of the first section is well within the limits of the amount specified in the Convention.

The rolling-stock of the railway is valued at 771,637 fr. 45 c., or 30,864*l.*, and the following new material was ordered during the year :—

10 locomotives with tenders, 12 passenger carriages, 2 Post Office vans, 4 ordinary vans, 1 restaurant car, 171 freight waggons, and 2 snow ploughs.

The gross traffic receipts derived from the working of the line from the day it was first opened to traffic, *i.e.*, the 25th October 1904 to the 31st December of the same year, amounted to 69,417 fr. 23 c., which is equivalent to a gross annual return of 1,868 fr. 14 c. per kilometre.

Under the stipulations of Article XXXV of the Convention the Company receives the sum of 4,500 fr. per kilometre and per annum from the Turkish Government, in order to defray the working expenses of the line. The Company has therefore received a sum of 97,359 fr. 96 c., from the Imperial Government, which, added to the traffic receipts, represents the total amount due for working expenses for the period as from the 25th October to the 31st December 1904. The actual working expenses of the line which have been paid to the Anatolian Railway Administration under agreement for the sixty-eight days of the year (the 25th October to the 31st December 1904), are found to be 40,503 fr. 4 c., that is, at the rate of about 1,087 fr. per kilometre and per annum.

Administrative expenses figure at 18,090 fr. 91 c., or about 485 fr. 52 c. per annum.

Not printed.

"سكة حديد بغداد" [١١] (١٢٩/٢١)

The net profits for the year, which are almost entirely derived from interest, amount to the sum of 783,117 fr. 84 c., and are to be distributed in the following manner :—

	Profits	...	Fr. c.
	783,117 84
To the " Fonds de Prévoyance "	250,000
			533,117 84
10 per cent. to Reserve Fund	53,311 78
			479,806 06
5 per cent. on paid-up share capital	375,000
			104,806 06
10 per cent. to Administrators	10,480 60
			94,325 46
Balance to new account	94,325 46

Constantinople, July 11, 1905.

BAGHDAD RAILWAY.

[July 21.]

CONFIDENTIAL.

SECTION 1.

No. 1.

The Marquess of Lansdowne to Sir F. Bertie.

(No. 506.)

Foreign Office, July 21, 1905.

SIR,

M. Deloncle, a member of the Committee of the Chamber on Foreign Relations, called upon me to-day, and expressed in the strongest terms the desire of himself and his friends to maintain a good understanding with this country, and to co-operate with us in different parts of the world.

He said, amongst other things :—

1. That he considered it most desirable that, as soon as peace was concluded between Russia and Japan, France, England, the United States, and the Netherlands should come to an agreement to guarantee the preservation of the *status quo* in the Far East. France, he said, had a special interest in this question owing to the position of her Indo-Chinese possessions.

2. He thought we should work together in Siam. The Siamese Government had lately shown considerable signs of an activity which might become inconvenient, and we were in a position to give them good advice. I gathered that his idea was that we should, in exchange for concessions elsewhere, give France a certain preponderance even in the valley of the Menam.

3. France and England ought to act together in regard to the Baghdad Railway, which was again coming to the front. We should first make up our minds as to the line which we intended to adopt, and then impose conditions upon Germany.

4. We ought to make it clear that we had no intention of interfering in Arabia, or of tolerating the interference of others in that country.

5. It was a question whether we should not reconsider the bases of the Agreement which we were on the point of concluding with France and Italy as to Abyssinia. It was clear to me that M. Deloncle was apprehensive of German interference in the event of the Agreement being proceeded with in its present form. He thought that all that was necessary was that we should come to an arrangement with regard to the railway upon the basis of the internationalization of the line. I observed that I had always been in favour

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of this, but that I had been given to understand that public opinion in France was strongly opposed to internationalization, although I was aware that the French Chambers of Commerce had pronounced themselves in favour of it. M. Deloncle said that the real opponent of internationalization was M. Delcassé, who had sought to impose his own views both upon the French Chamber and upon us. M. Delcassé's object was to obtain the construction of what would be universally regarded as a French line to Adis Abeba, and to point to that achievement as one which completely effaced the Fashoda incident. M. Deloncle expressed himself in friendly terms as to Sir J. Harrington.

6. We had some conversation as to the New Hebrides but he made no special suggestion as to this, merely observing that Colonial opinion was much less excited than it had been upon this subject, and that he doubted whether proposals for partition would now encounter as much opposition as they would at one time have met with.

I am, etc.,

LANSDOWNE.

BAHGDAI RAILWAY.
CONFIDENTIAL.

[July 28.]
SECTION 1.

No. 1.

Memorandum by Sir T. Sanderson.

(Confidential.)

MR. BARRY, Director of the London Branch of the Imperial Ottoman Bank, called this afternoon and told me that the Paris branch of the Bank had again been approached by an agent of Dr. Gwinner on the subject of the Baghdad Railway. The statement made by Dr. Gwinner's agent appears to have been that the participation of British capital in the Railway had already been decided upon in principle by means of communications with Sir Nicholas O'Connor, that the construction of the Baghdad-Bussorah section of the line was to be assigned to the British group, that Lord Lansdowne had had a conversation with M. Cambon on the subject, and that in view of the present *entente* between the two countries the French Government were ready to consent to this and to the participation of French capital, that the joint share of England and France was to be equal to that assigned to Germany and other countries—Austria-Hungary, Italy, &c.—that Messrs. Speyer and Co., of London, were to be charged with the formation of the English group, and that Dr. Gwinner, hoped that the Imperial Ottoman Bank at Paris would head the French group.

Mr. Barry's object in calling was to ascertain what foundation there was for all these statements and to suggest that the Ottoman Bank in London was better fitted to head the British group than Messrs. Speyer.

I thanked Mr. Barry and told him that the statement went far beyond anything that was known to me. There had been indications at Constantinople that the Germans were again desirous of interesting British capital in the Railway, and might not be unwilling to leave to the British group the Baghdad-Bussorah section of the line. Lord Lansdowne had told Sir N. O'Connor that he should be glad to know how far this was the case, and what terms the German group were likely to offer or accept. He had also mentioned the matter in a general way some days ago to M. Cambon, who was entirely without instructions and seemed rather doubtful what view would be taken by his Government of any special arrangement with regard to the Baghdad-Bussorah section. He had not heard Messrs. Speyer's name mentioned in connection with the matter.

I told Mr. Barry that I mentioned all this to him in confidence, and I should be greatly obliged if he would let me know of any further developments.

T. H. S.

Foreign Office, July 28, 1905.

Dr. Gwinner and his friends are apparently well provided with information, which loses nothing in transmission to them. But the whole story suggests that the German group are very anxious for our support.

Foreign Office, July 28, 1905.

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"سكة حديد بغداد" [١٢] (١٢٩/٢٣)

١٢

Enclosures in Foreign Office letter dated 1st August 1905.

CONFIDENTIAL.

Sir N. O'Conor to the Marquess of Lansdowne.—(Received July 31, 8 p.m.)
(No. 110.)
(Telegraphic.)

Therapia, July 31, 1905, 5-30 p.m.

YOUR telegram No. 143: Baghdad Railway.

I have reported in my private letter of 12th July purport of my conversation with Dr. Zander. Speaking solely for myself, I expressed hope of an eventual understanding, and dwelt on advantage of some form of private exchange of views to ascertain how matters stood. Dr. Zander may have exaggerated or attached undue importance to what I said.

Last Friday I had a few words with M. Huguenin, the present General-Manager of the Anatolian Railway, during which I remarked that I had always been in favour of British participation. I consider it very desirable to keep the door open without, however, in any way pledging us officially.

I have had no further communication with any of the German group.

With regard to French Ambassador's view, would not the French Syrian Railway be considered as a counterpoise to a British Baghdad-Basrah section?

Telegram to Sir N. O'Conor (Constantinople), F. O. 10 p.m., 29th July 1905.
(No. 143.)

Manager of London Branch of Imperial Ottoman Bank informs us confidentially that Agent of Deutsche Bank has approached their Paris Office on subject of French and English participation in Baghdad Railway. The Agent appeared to consider it certain that French and British Governments would be favourable and stated that France and Great Britain would be offered jointly share equal to that of Germany and other countries.

He mentioned Messrs. Speyer of London as the firm who would start the formation of the English group.

This information goes beyond any facts known to us. We have had no communications here or at Berlin with Deutsche Bank. I mentioned the subject of British participation to French Ambassador a few days ago. He had no instructions but seemed personally unfavourable to assignment of Baghdad-Basra section of the line to British group.

I should be glad to hear whether you have had any communications with German group and with what result.

Cypher to Sir N. O'Conor (Therapia), F. O. 3-40 p.m., August 1, 1905.
(No. 144.)

Your telegram No. 110 [of July 31.]

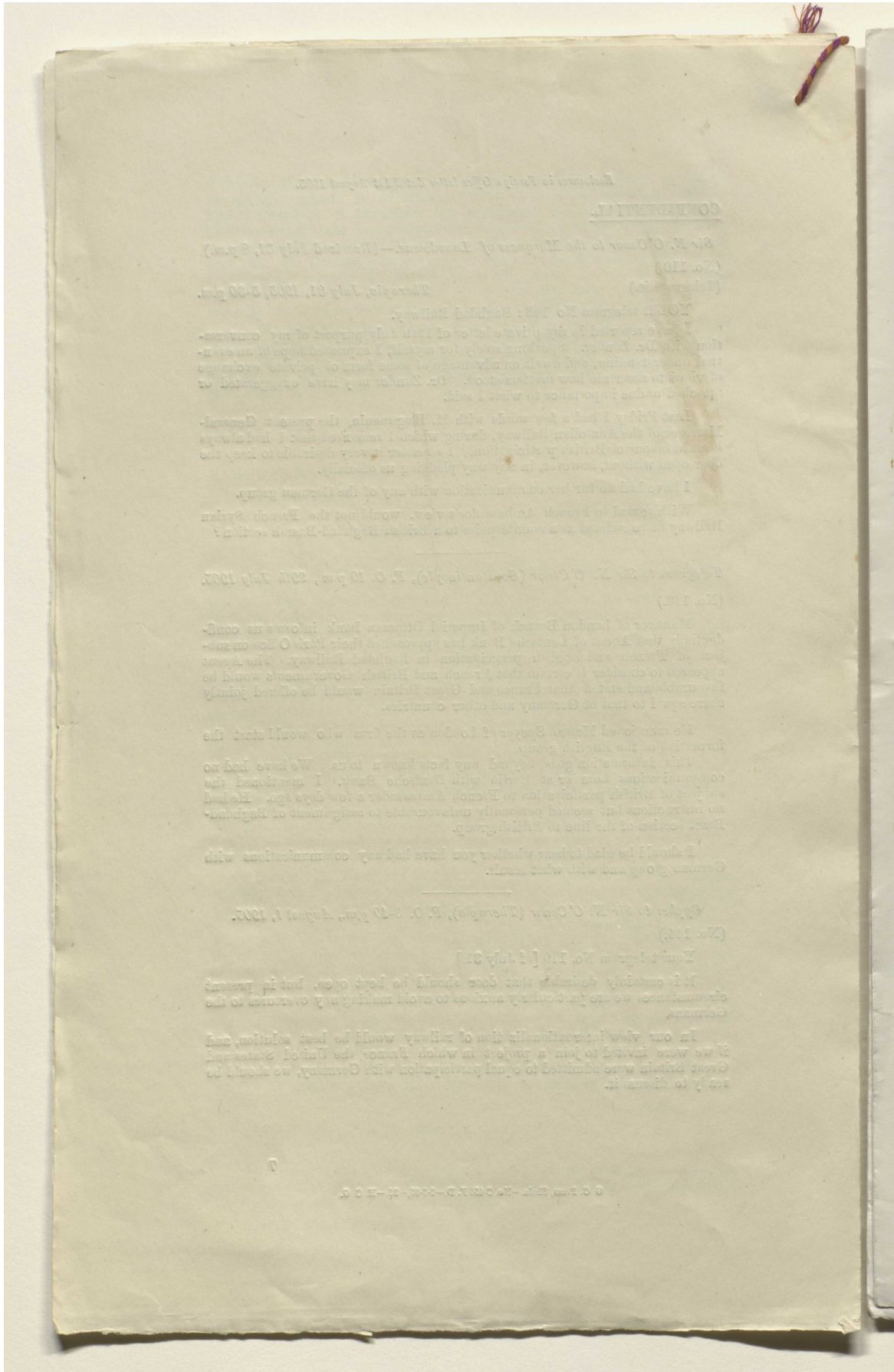
It is certainly desirable that door should be kept open, but in present circumstances we are particularly anxious to avoid making any overtures to the Germans.

In our view internationalization of railway would be best solution, and if we were invited to join a project in which France, the United States and Great Britain were admitted to equal participation with Germany, we should be ready to discuss it.

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G. C. Press, Simla.—No. C-454 F. D.—9-9-05.—35.—H. C. G.

"سكة حديد بغداد" [٢١ ظ] (١٢٩/٢٤)



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BAGDAD RAILWAY.

CONFIDENTIAL.

Bagdad Railway

[June 23.]

SECTION 1.

No. 1.

Memorandum communicated by Board of Trade, June 23, 1905.

THE accompanying Memorandum on the Bagdad Railway, prepared in this Department by Captain Bigham, summarizes very well the main features—commercial, financial, and political—of the project, and deals with the question of British participation therein.

The available evidence indicates that the Germans are likely to persevere with the scheme and finally to accomplish it, with or without our co-operation, and that they may be able to do so even without the raising of Turkish customs duties from 8 to 11 per cent., in order to provide the necessary guarantee—a measure which would require the assent of the Powers. On the other hand, it would probably be difficult to find the necessary funds for the guarantee out of the tithe revenues alone, and the financial difficulty is especially acute at the present time when the Germans are about to enter on the construction of the most costly and difficult part of the railway, involving the piercing of the Taurus Mountains. If the Germans are willing to give us good terms in return for our co-operation, they are much more likely to do so now than they will be after they have overcome the greatest difficulty of construction and the railway has emerged into the plains. We should therefore consider our policy without delay.

The railway, either as a whole or as regards the section from Bagdad to the Persian Gulf (in which we are predominantly interested), is not likely to pay its way without a subsidy for many years to come, though it is impossible to forecast the results that might follow if a large investment of capital took place in irrigation works, which might restore fertility and ultimately attract population to Lower Mesopotamia.

With the kilometric guarantee for construction and working expenses provided in the Concession, the railway is likely to be a safe investment unless the cost of construction should enormously exceed the estimate. It is true that for some years the receipts added to the guarantee for working expenses will probably fall below or only barely reach the expenses of working the line, but there should be a surplus from the guarantee (of about 700l. per mile) for interest on the cost of construction which would amply meet any deficit.

Our aim, if any negotiations were undertaken, should be to secure the predominance of British capital and direction in the construction and administration of the section of the line from the Persian Gulf to Bagdad or possibly further, say, to Tekrit or even to Mosul. This would balance the predominantly German character of the existing Anatolian Railway as far as Konia.

Some working arrangement for pooling the general traffic over the whole line would be necessary, giving Great Britain adequate representation on the general directorate. It would be necessary to secure such a modification of the Concession as would permit of the working of the Persian Gulf section of the line as constructed, instead of waiting for the completion of the entire railway which, conceivably, might never take place, as the district between Mosul and Ourfa is exceedingly disturbed, and lawless and unexpected obstacles to railway construction might arise.

An important subsidiary question would be the control of or at least equal rights of participation in the navigation of the Tigris, the steamers on which, with the exception of a limited number of Messrs. Lynch's steamers, are a private adventure of the Sultan.

Until negotiations were opened it would be impossible to say how far the Germans would be ready to meet us with regard to these conditions, but the whole question is too serious to be allowed to drift.

The Defence Committee and the Foreign Office have recently been considering it from their points of view.

(Initialled) H. L. S.

June 6, 1905.

[2062 z -1]

B

"سكة حديد بغداد" [٣١ ظ] (١٢٩/٢٦)

2

Memorandum on the Bagdad Railway, and possible British participation therein.

1. This Memorandum deals with the question of possible British co-operation in the construction of the Bagdad Railway.

2. The following official papers, &c., have been consulted, among others, and when cited in the text are referred to by the letters shown opposite their names below:—

(A). Foreign Office Print. Correspondence respecting the Bagdad Railway, 1903-1905.

(B). Foreign Office Print. Other despatches of Sir N. R. O'Connor, 1902-1905.

(C). Committee of Imperial Defence. Sir G. Clarke's Memorandum (section 47 B), January 1905.

(D). Committee of Imperial Defence. A paper relating to the German Ambassador in Constantinople, April 1905.

(E). General Staff Papers. Military Report on Arabia, 1904.

(F). General Staff Papers. Captain Smyth's Reconnaissance, 1903.

(G). Board of Trade publications. Mr. MacLean's Commercial Mission to Persia, 1904 (Cd. 2146).

In addition, the publications of Dr. Rohrbach ("Die Bagdadbahn," 1902), A. Chéradame ("Le Chemin de Fer de Bagdad," 1903), and Sir W. Willcocks ("The Restoration of the Ancient Irrigation Works on the Tigris," 1903), and the Reports of the Anatolian Railway Company have been referred to, as has a personal knowledge of different parts of the route and of the country concerned.

3. It has appeared unnecessary to recapitulate the history of the Bagdad Railway Scheme from its inception in its present phase in 1899 up to the present date. A résumé of it is given in the Appendix to (C) (Sir G. Clarke's Memorandum), and its more detailed progress is to be found in (A) and (B) (Foreign Office correspondence and Sir N. R. O'Connor's despatches).

The actual position of affairs at the time of writing is that the German Company which holds the Concession has managed, notwithstanding our refusal in 1903, to participate in the undertaking—

(a.) To build the first section of the line (125 miles) from Konia to Ereğli;
(b.) To save about 1,000,000*l.* from the capital which they had raised from the Turkish Government's guarantee for the construction of this section—a sum which they now have in hand for future expenses; and

(c.) To induce the Porte to agree to hypothecate further revenues, *i.e.*, to give a fresh guarantee for the construction of the second section from Ereğli to Adana.

(C), p. 3.

(D), p. 1.

4. The Germans, however, are not satisfied with a guarantee for only one section, they require it for two: for the section to Adana and for the next beyond, which would bring the railhead to a point slightly north of Aleppo. Their reason is that the Ereğli-Adana section, which has to pierce the Taurus Mountains, will involve heavy work, and they wish "to recoup themselves on the level for the great expense that must be incurred." For the moment things are at a standstill, but "it is thought that they will in reasonable time come to terms with the Porte, and that the security will be found." When the present Sultan's Germanophile tendencies are considered, and his strong desire to see his favourite Mecca Railway connected with Constantinople is remembered, this forecast does not seem to be improbable.

5. If the Germans do succeed in getting a satisfactory guarantee for the two sections, there is not likely to be much difficulty in raising the necessary capital in Germany, and with that capital and with the 1,000,000*l.* they already have in hand, there is no reason to doubt that the most costly portion of the line will be built—probably without our participation.

Rohrbach.

Without entering into the various motives that have incited and sustained the Germans in the promotion of this railway, it seems evident that they have a very strong desire to complete it. Their general tactics of recent years with regard to Turkey have been to strengthen her—the antithesis of the immemorial policy of Russia—and the stronger Turkey grows the more Germany is willing to invest in her. The weakening of Russia and the increase of the internal communications of Anatolia, two events which are at present in progress, may both be said to lend strength to

Turkey, which means to attract further capital from Germany. It would therefore be unwise to predict that, even if the double guarantee is not forthcoming, sufficient money will not be found to complete the two sections.

6. Once this were done and the railway was working from Constantinople (Haidar Pasha) to Aleppo (the branch to this town from the main line is very short) the Germans would find themselves in an exceedingly strong position. They would be in complete control of the principal railways in Anatolia, they would command part of the route from the Sultan's capital to the holy cities of Arabia (the French Company are already negotiating for the completion of the last section of their line from Hama to Aleppo) and they would have secured connection with three seaports on the Cilician and Syrian seaboard (Mersina, Beyrout, and Acre). They would have built more than a quarter of their line and would be only 400 miles of easy country distant from Mosul or 600 from Bagdad, either of which places might conceivably be their terminus in the event of their determining to use the River Tigris instead of building a railway to the Persian Gulf.

In such a position they might well be much less disposed to require or even to accept our assistance than they are now. This is a contingency that seems worth consideration.

7. If, however, the Germans do not succeed in getting the double guarantee from the Sultan they may—

- (a.) Either content themselves with the guarantee for the second section only, of which it is understood they have the refusal; or
- (b.) They may cast about to bring in extraneous capital.

The former of these alternatives is by no means impossible. They would presumably receive the same class of guarantee that they have already had for the Konia-Eregli section. This, capitalised in the same way as before, should produce over 2,000,000*l.* in addition to which they have 1,000,000*l.* in hand. To reach Adana they have 125 miles of line to build through what is certainly difficult and mountainous country. According to Rohrbach it "will probably involve the construction of a tunnel several kilometres in length." Now the Konia-Eregli section was built at the rate of about 6,000*l.* a-mile. Allowing 10,000*l.* a-mile for the construction of the Eregli-Adana section there still remains a balance of nearly 1,000,000*l.* for tunnelling, and this, at the high rate of the St. Gothard tunnel, is sufficient for four solid miles of such work. From personal recollections of the road, over which the present writer has driven in a cart, it is not to be compared for difficulty with the Alps.

Once the Germans are at Adana they have again considerably improved their position, for they are, by means of the existing Adana-Mersina railway, in communication with the sea, and can at once begin working the line both for the export of cereals and the import of railway material.

Without suggesting that they would then refuse to admit British co-operation—as they might do had they succeeded in getting as far as Aleppo—it still appears likely that they would be less inclined to give us favourable terms than they are at present, with the terrors of the Taurus looming ahead.

8. It would therefore seem that, if negotiations are to be resumed, the present is the most auspicious moment that is likely to be afforded us. Although too much importance should not be attached to the clause which compels the Germans to complete the line in eight years from the date of signature of the Convention—for the modification of such clauses is not very arduous to *persona grata* at Constantinople—yet the fact that only some five years are left in which to build nine-tenths of the line cannot but cause them to feel a little anxious at the present juncture.

9. The next point that needs consideration is whether participation in the scheme is likely to be beneficial to us or the reverse.

10. The General Staff, in a Memorandum of the 15th November, 1904 (45 B), "pointed out the disadvantages—political, commercial, and strategic—which the control by Germany of a line to the Persian Gulf would entail upon Great Britain." Accepting their views as to the strategic disadvantages—which are, indeed, sufficiently obvious—it is worth while examining the question from the point of view of British prestige and of British trade.

11. British prestige, in so far as it exists independently of our trade in the valleys of the Tigris and Euphrates, appears to be principally connected, firstly, with the control and influence that we exercise, more than any other Power, over various portions of the Arabian Peninsula and of the Arab race along the Red Sea, the Indian

Ocean, and the Persian Gulf; and, secondly, with the large pilgrim traffic that moves every year between India and Kerbela, on the Euphrates.

It is difficult to discern how either our general consideration in the eyes of the Arabs or our particular position as the local protector of the Shia* section of the Mahomedan faith are to benefit by the introduction of a new and powerful Frankish nation in this part of the Ottoman Empire.

There is also little doubt that any loss of prestige we might thereby sustain would react on our position in Southern and Western Persia, and probably still further afield in the more central countries of Asia.

(F.), *passim*.
12. The question as to how British commercial prospects are likely to be affected is more within the province of the Board of Trade. The trade of Bagdad and Bussorah was in 1903 valued at some 2,500,000l. Most of this was British or Indian, and, in addition, we do about half the carrying trade on the River Tigris, the other half being in the hands of an Ottoman Company belonging to the Sultan. Is this British trade likely to be increased or diminished by the advent of an all-German railway?

13. The following is the opinion of Sir N. R. O'Connor (A), p. 33) :—

(A.), p. 33.
"Nor must it be forgotten that the Railway Concession carries with it many valuable privileges and advantages. Apart from the large orders for materials for railway construction, &c., it secures extensive mining rights on each side of the line, the right of navigation of the Tigris and Euphrates during the construction of the railway—a concession which will probably be unlimitedly extended—a commercial outlet either at Koweit or elsewhere in the Persian Gulf, an exceptionally favourable position in the future for all enterprise connected with the irrigation of Mesopotamia, &c. Moreover, it can hardly be supposed that no effort will be made to supplant British navigation in its privileged position in the Persian Gulf, and to take advantage of the opportunity to compete with British shipping in those waters.

(C.), p. 5.
Sir G. Clarke, in the Committee of Imperial Defence Memorandum of January 1905, says :—

"We are therefore confronted with a project which, if carried out under German auspices, will undoubtedly inflict grave injury upon our commerce. . . ."

Mr. Waugh, Vice-Consul at Constantinople, who prepared a Memorandum on the whole question in August 1903, comes to the conclusion—

(D.), O'Connor's 107 of 31/8/1903.
"That, in the event of the development of the country, the Bagdad Railway in German hands might be made a powerful instrument for furthering German commerce to the detriment of its rivals."

Dr. Rohrbach is evidently of the opinion that German trade is going to benefit by the railway, which, taking into account the usual German methods towards their commercial rivals, is unlikely to mean that British trade will benefit also.

14. A more detailed consideration of the terms of the Concession itself, and of the various rights it gives, beyond those enumerated in the preceding Article, such as construction of brick and tile factories, establishment of warehouses, quays, and ports, and free use of water power for electricity, shows that the commercial possibilities the Germans have in their possession are by no means small. They have already instituted a system of Commercial Agents in Anatolia, they are planning an agricultural bank, and it can hardly be doubted that their skill in the imposition of preferential rates will be exercised in the future. Particularly anxious would they be to oust us from the Tigris navigation, and with the Sultan, who is himself personally interested in the enterprise, to assist them, they would no doubt succeed in their desires in time. Sir W. Willeocks (p. 27) even suggests that with the development of irrigation the Tigris stream may fail for navigation purposes, in which case our steamer service would not have very encouraging prospects.

15. Accordingly, it would appear, again, to be very unwise to assume that British trade would not find itself in a worse position than it is in at present were an all-German line to the Persian Gulf to be constructed. We should be unlikely to receive

* The Shia Mahomedans belong generally to India and Persia, the Sunnis (orthodox), to Turkey and Afghanistan.

anything new, and quite likely to lose part of what we already possess. Nor must the very important and possible contingency be ignored of the Germans eventually, either by means of the revenues assigned for the kilometric guarantee, or otherwise, getting control of the Turkish customs (see paragraph 17).

16. On the other hand, were the line to be made a joint concern, or to be internationalized, the damage to our prestige would not be so evident, and to our military interests would be considerably modified, while the competition which our commerce would incur should be rather stimulating than crushing.

17. As regards the investment from the bondholder's stand-point, it may be regarded as quite safe under the existing system of kilometric guarantee.* The loan would be secured on provincial revenues which would be collected by the Administration of the Debt, revenues which usually produce more than the guarantee (about 700*l.* a-mile) requires. Recent experience has also shown that a railway has generally increased the yielding power of the tithes of the provinces through which it passes. The bonds (4 per cent.) which would be issued by the Turkish Government were in the last case taken up at about 86, which gives an interest of 4½ per cent., and the bondholders have in addition the security of the particular section of the line concerned.

* See Lord Revelstoke's Memorandum, (A.), p. 27, and Mr. Whitehead, (A.), p. 78.

18. There is, however, some doubt as to what reliable provincial revenues remain to be hypothecated, as it has already been found necessary to assign some of the tithes of the Bagdad Vilayet to the Konia-Eregli section, and the suggestion has accordingly been put forward that a 3 per cent. increase on the Turkish Customs duties, which would give 800,000*l.* per annum and would be ample to cover the interest on the capital required for the construction of the whole line, should be pledged as the guarantee. To do this it would be necessary, under Article 8 of the Decree of Muharram of 1881, to obtain the consent of the Council of the Ottoman Public Debt, but Sir N. O'Connor is sanguine of this being obtained.

(A.), pp. 28 and 31.

It need hardly be said that without the hypothecation of these or some other analogous revenues for the kilometric guarantee, the investment considered commercially, would be by no means secure, from the point of view of the bondholders. Nevertheless, it might not be unwise, and from political considerations it might almost appear to be the best course open in the final resort, for British capital to participate in the venture on the security of the railway alone. The purchase of the Suez Canal shares in 1875, is to some extent analogous, but it seems probable that in the present instance some form of guarantee would be necessary from His Majesty's Government.

19. The next question is that of working expenses. Here again there is a guarantee, secured in the same manner as that for construction, of about 300*l.* a-mile. In addition to this, there would be the traffic receipts, estimated by Dr. Rohrbach at about 200*l.* a-mile to begin with, and likely to increase (from the analogy of the Eski Sheyr-Konia section of the Anatolian Railway) to about 300*l.* in a few (four to six) years. In the economic way in which traffic is conducted on the Anatolian Railway, there is no reason why the expenses should exceed this figure (600*l.* per mile),† and it may be noted that the average expenses of similar types of lines in Russia in Asia (where many more trains are run) prior to the completion of the Trans-Siberian Railway (1898-99), only reached 750*l.* per mile.

(A.), p.

Supposing, however, that the whole line were built and that there was a continuous loss of 100*l.* a-mile over its entire length of 1,250 miles—an improbable event presuming the 300*l.* guarantee per mile to be regularly paid, and considering that 200*l.* a-mile is by no means a high figure for traffic receipts—the total deficit would even then only amount to 125,000*l.* a-year, of which the British would, at the most, be liable for one-half—a sum considerably less than the annual sum paid by us to the Sultan on account of Cyprus (which is at present hypothecated to the service of the Ottoman Debt).

20. There is, however, no reason to doubt that certain portions of the line would pay their way (in conjunction with the kilometric guarantee) very shortly.

As mentioned above, it is a fact that the revenues of the provinces served by the Anatolian and other railways in Asia Minor have increased considerably, and an export of corn to the value of 2,000,000*l.* has grown up from nothing in the last few years. As regards Mesopotamia, it is common knowledge that in ancient times this part of the country was populous and productive. Without implicitly accepting

(A.) p.

† For 1902-1903 the working expenses averaged, for all the Anatolian Railway, 249*l.* per mile: and the traffic receipts, 605*l.* per mile.

Dr. Rohrbach's records of an annual output of 10,000,000 tons of corn in the sixth century A.D., and of a population of 6,000,000 souls 300 years later, and without basing too much on Sir W. Willcock's forecasts of immense future developments, we may safely assume that the lower valleys of the Tigris and Euphrates are quite capable, if properly irrigated, of exporting cereals to a large amount.

The country between Aleppo and Mosul, and even as far south as Tekrit, is sufficiently watered by the rainfall—but below that point irrigation becomes a necessity, and to make this portion of the line pay well, there is little doubt that money would have to be sunk in restoring the old canals and building new ones.*

To estimate the amount needed, the work to be done, and the time and rates of return, could only be done by disinterested experts, and even then to a great extent must be conjecture.

It would be safer and more economical in every way only to undertake such works when the line was well advanced, and when every opportunity had been taken for studying the question in all its aspects.

The population in some of these regions is extremely sparse, in parts only six or seven per square mile, and though labour is cheap and mobile, it would appear to be unwise to embark capital in such an enterprise except gradually.

(F.), p. 5.

21. On the railway itself, therefore, it appears that we are unlikely to lose, except for the working expenses of the first few years, and to a comparatively slight amount. The remaining prospects appear to promise us commercial advantages. The more proximate of these advantages are of a negative order, i.e., the avoidance of the loss of our trade as against the Germans, and the maintenance of our position as carriers on the Tigris. But in the future, and in return for the investment of capital, there are possibilities which may reasonably be considered as very great.

22. It accordingly seems clear that, under the circumstances, and considering especially the present position of the Germans at Constantinople and of their railway in Anatolia, the balance of advantage to us on all grounds would be to participate with them if we can secure sufficiently favourable terms.

23. The final point for consideration is, therefore, what are the sufficiently favourable terms.

24. It is presumed that a condition to negotiation is that we should be given, in so far as we participate, as controlling a position as that of the Germans. This was the rock upon which the *pourparlers* of 1903 split, and it is likely to be the difficulty again now. It would be unwise to assume that the Germans are more anxious to meet us now than they were two years ago. We should therefore prepare our proposals with a view to having to reduce them.

25. The portion of the line in which we are most interested in every way is that between Bagdad and the Persian Gulf.

26. The conditions which Sir G. Clarke lays down as necessary to British interests are:—

(G.), p. 5.

(1.) The construction of the Bagdad-Persian Gulf section of the line, together with the contemplated branch from Bagdad to the Persian frontier, by British capital and under British direction.

(2.) The retention of this section under British management.

(3.) Pooling the general traffic under a working arrangement, giving Great Britain adequate representation on the directorate.

(This appears to include "equal rates for British goods.")

27. But it is no less necessary that we should keep the waterways as well as the railroad in our own hands if either are to be of any real value. Without labouring the point, it seems obvious that unless we had a guarantee the Sultan's steamers on the Tigris could at any time undercut our freight rates, and even with a guarantee it would be difficult to compete with down-stream rates that are sometimes even now as low as $\frac{1}{2}d.$ per ton per mile.† The lowest freight rates on the Anatolian Railway 1902-1903 averaged $\frac{2}{3}d.$ per ton per mile. There appears also to be no real reason why the river service should not be extended as far north as Mosul. A steamer ascended in 1837 to Nimrud, a few miles south of Mosul, and the river throughout its lower course seems to be capable of sufficient improvement to make this generally feasible. Should the Sultan or the Germans put steamers on the Tigris above Bagdad

(E.), App. (C.)

* This question is examined in detail by Willcocks and touched on by Rohrbach. Appendix (A) gives a short summary of Willcocks' principal statistics.

† Down-stream rates (Bagdad to Bussorah), are as low as 7s. 6d. a ton in winter months.

a similar advantage being denied to us, our position, even if it included the entire control of the railway and a share of the navigation of the river below Bagdad, might become quite ineffective.

28. There will in any case have to be a considerable reduction of freights on the river (they reach at present as high as 37s a ton up and 22s. down, the up and down average on all steamers being about 24s.). This, of course, means smaller profits. Under these circumstances there seems to be no reason why we should not negotiate, through Messrs. Lynch or directly, to take over the Sultan's service or to work it for him on an arrangement, receiving a promise in return for protection from future competition. This should also apply to any future navigation that might be undertaken on the Lower Euphrates.

29. A further condition, or one subsidiary to Sir G. Clarke's (3) should preclude the imposition of differential rates of any kind against British goods, either in transit or otherwise, and whether by any transport or storing agency or, in possible eventualities, by the Customs

30. To obtain these conditions we might as a first proposal offer to construct with British capital the Bagdad-Persian Gulf section—the line to be always and entirely British, the waterways monopoly or something akin to it, and all the subsidiary rights of the concessionaire as to factories, warehouses, &c., alluded to above, being granted to us in return. Article XXIX of the Convention would also have to be so modified as to give us the right of working this section as soon as it was completed.

This portion of the line is roughly about 440 miles long, and at 7,000l. a mile (some embankments would be needed which might involve a little expense) should bring the cost to 3,000,000l. That is to say, we should be building about one-third of the total line at one-fifth of the total cost. We could adduce as a further argument the large sums we should eventually have to spend in irrigation. 1,500,000l., according to Dr. Rohrbach, would do a great deal as a first instalment.

31. It is doubtful, however, whether the Germans would accept such terms. If they refused we might as a second proposal supplement the above by offering in addition to build the extra 230 miles between Bagdad and Mosul, which should cost another 2,000,000l. This would mean that we were building half the entire line at about one-third of the entire cost. We should again have to insist on the control of the waterway, but might, if pressed, waive the exclusive British control for the Mosul-Bagdad portion of the railroad.

32. We could at the same time agree to the Anatolian Railway becoming an exclusively German line, in the same way that the Bagdad-Persian Gulf section became exclusively British—though this seems rather like offering to give the Germans something which belongs to the Sultan, over which even in theory we have no power, and which they already possess in fact.

33. If none of these terms were sufficiently tempting to the Germans we might, if the financial houses concerned were inclined to do so, go as far as offering to provide half the total cost of construction (7,500,000l.) of which the 5,000,000l. mentioned above would build the Mosul-Persian Gulf sections, to be under exclusively British control, while the remainder would go towards the construction of the rest of the line—the control of the waterways and the various contingent rights on our sections remaining as before in our hands. Lord Revelstoke, Sir C. Dawkins and Sir E. Cassel, from their correspondence with Lord Lansdowne in 1903, evidently contemplated floating a loan of this magnitude under certain eventualities, and if the terms met with the approval of His Majesty's Government.

34. It will thus be seen that great importance is attached: (1) to the extreme easterly portion of the line; and (2) to the navigation rights on the Tigris (and also on the Euphrates) being in British hands. No modification of these two conditions could be made without the danger of eventually converting us into mere shareholders in an ordinary German financial undertaking. The political and commercial advantages might then become quite out of proportion to the amount of capital involved, and might conceivably be found to be entirely illusory.

35. Should third parties, the French, Swiss or others be introduced, and especially the Turkish Government, the Deutsche Bank, &c., the greatest circumspection would be necessary to insure no possible combination which might be to our detriment—but in any case matters should be so arranged that the Bagdad-Persian Gulf section should remain in our exclusive control.

36. The suggestion of our interesting ourselves as far north as Mosul is, it is believed, new. In its favour there is the fact that most of the country north of Bagdad (of Tekrit actually) is watered by rainfall and does not need irrigation,

(E.), App. that there appears no reason why the Tigris should not be made navigable from Mosul southwards (the current is the only difficulty and it is not to be compared in rapidity with the Upper Yang-tsze), and that the Arab population is practically homogeneous with that below Bagdad. It would also obviate any danger of competition between rail and water transport, as both would be in our hands. Somewhat similar conditions prevail in Burmah, where the Irrawadi River and the Rangoon Railway run side by side, and it is understood that the natives on the whole prefer the former means of forwarding goods not because of cheaper rates but because of the corruption almost invariably incident to Oriental railway systems.

(٣) ٣٤

37. Nothing has been said of the Bagdad-Khanikin branch (100 miles). In the opinion of the present writer, who has travelled over the road, it can be of little use unless it is to connect with a through line by Hamadan to Tehran which, under the present circumstances appear highly improbable. The country through which it passes is low lying and often inundated, the villages are few and wretched, and bulk would in any case have to be broken at the frontier station when mule or camel transport would be resorted to. Were it built, however, its total cost should not exceed 6,000*l.* a-mile, say 600,000*l.* in all.

(E.), pp. 72, 80.

(F.), p. 5.

38. As regards Mosul, Bagdad, Kerbela, and Bussorah, the four chief cities through which the main line from Bagdad to the Persian Gulf would pass, they contain a population between them of 500,000 souls. There is no doubt that in the neighbourhood of the line and of the two rivers there is naphtha and coal, and the date and cereal production, at present of considerable size, is certainly capable of great expansion. To a large extent the future commercial prospects are no doubt dependent on the irrigation question, statistics of which in this paper could only be conjecture, but even under existing conditions with better transport facilities the land would almost necessarily become much more remunerative than it is at present. (Cf. paragraph 7.) Bagdad is a large market and the chief trade centre of this part of Western Asia, and at Bussorah there are nearly always three to four months arrears of cargo waiting to go up the river. Labour, though scarce, is not dear, while the half sedentary, half nomad population of the valleys is of a type that soon becomes amenable to enlightened rule. Although the country is not fitted for European colonization (which indeed the present Sultan would never allow, though the suggested Secret Convention against it has been denied by Mr. Gwinner), there is no reason why the Circassian element should not be introduced as beneficially into Mesopotamia as it has been into Zor, Syria, and the Hauran.

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(A.), p. 21.

39. Summarizing the above arguments, the following are the conclusions arrived at:—

(a.) That the Germans are determined to build the Bagdad line somehow, and that it appears reasonably probable that they may succeed in doing so without our participation.

(b.) That if it is built without our participation our general position in this part of Western Asia in the future will be worse than it is now.

(c.) That we are not likely to get a better opportunity for negotiation than the present.

(d.) That we should therefore participate if the Germans will admit us, and if we can secure for ourselves the Bagdad-Persian Gulf section, the navigation of the Lower Tigris, and equal commercial treatment.

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40. Subjoined are a few statistics which may be of use for reference:—

	Distance.	Estimate.
Total length of line—	Miles.	£
Konia to Persian Gulf, about	1,250	
Mosul " "	670	
Bagdad " "	440	
Total distance by River Tigris—		
Mosul to Persian Gulf	830	
Bagdad to Persian Gulf	505	
Total cost of total line (construction), estimated		15,000,000
Total actual cost of Konia-Eregli section, per mile		6,000
Traffic receipts, Anatolian Railway, 1902-1903, average, per mile		605
Working expenses, Anatolian Railway, 1902-1903, average, per mile		249
Guarantee (construction), Bagdad Railway, per mile		700
Guarantee (working expenses), Bagdad Railway, per mile		290

The most useful map is in Rohrbach's "Bagdadbahn" (attached).

(Signed) OLIVE BIGHAM, Captain.

June 1, 1905.

P.S.—It has been suggested that the Germans may only build their railway as far as Bagdad, or at some other point higher up the Tigris, and make use of the river as a means of transport for the remainder of the way to the Persian Gulf.

35 A.

In such a case the general position would appear to be more favourable to us than an all-German line of railway to the sea would be, but less favourable than if we had our own Bagdad-Persian Gulf section.

The keynote of our military objections to an all-German line is that we are opposed to the establishment of any new Power on the shores of the Persian Gulf. It is clear that if the Germans finished at Bagdad they would not be at Umkar or Koweit—though they might eventually get there. It may therefore be assumed that a German terminus at Bagdad would strategically be rather less damaging to our interests than one on the Persian Gulf. From the political point of view the situation would be modified in a somewhat similar degree. The Coast and Desert Arabs and the Mahomedan pilgrims would not see and hear quite so much of the Germans if limited to Bagdad as they would if Kerbela and Bussorah were on a German railway.

Commercially the outlook is less certain. At first it would appear that Messrs. Lynch and the Sultan would between them control all the river traffic. But the Germans have already secured in the Convention the basis of a right of navigation on the Tigris (see paragraph 13), and it is hardly probable that they would not take care to guarantee themselves in advance from the effects of a British and Turkish traffic monopoly. Once they had effected this and had their own boats running, loading and unloading at their own quays, and connecting with their own railway, our prospects would not look very encouraging.

It is, however, by no means certain that all the German objects would be achieved by a line that ended at Bagdad.

35 B.

As has been suggested before, there are probably both military and political ambitions in their project, and neither of these would be adequately remunerated if the railway stopped short at an inland town. There would be far less chance of a German port on the Persian Gulf, of German liners calling there, or of predominant German influence on the waste lands of Arabia.

Nor would they be so well off commercially as they might have been. They would be sacrificing the future profits ensuing from the development of part of the best corn-growing lands in Mesopotamia and from the resulting freights, they would not carry the large pilgrim traffic that comes from Persia and India, it is extremely improbable that they would secure the British mails with their subsidy, and finally, they would not be in direct communication with the sea or with the large cities of Kerbela and Bussorah.

They would also have to bring considerable influence to bear on the Sultan of the day, who might not be His present Majesty, to so modify their concession as to give

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them navigation rights on the Tigris below their railway line—for otherwise they would be at the mercy of the present controllers of the river traffic—and they would also have to get the clause abrogated which binds them to construct all the railway within the specified period (five years).

It appears more likely, therefore, that they will go through with the whole line, though if they ended at Bagdad it seems that British interests would suffer less than if they continued to the Persian Gulf.

C. B.

Minutes.

By Sir F. Hopwood.

See my private note herewith. If you approve, I propose to send these Memoranda to Sir T. Sanderson, who will no doubt show them to Lord Lansdowne. Mr. Llewellyn Smith and I have discussed the subject with Sir Thomas.

(Initialled) F. J. H.

June 19, 1905.

By Lord Salisbury.

These papers are very interesting. They may go forward to Sir T. Sanderson. I am reserving any comments which they suggest till I am able to refer to the papers upon which they are founded.

(Initialled) S.

June 22, 1905.

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C.

Printed for the Committee of Imperial Defence. February 1905.

SECRET.

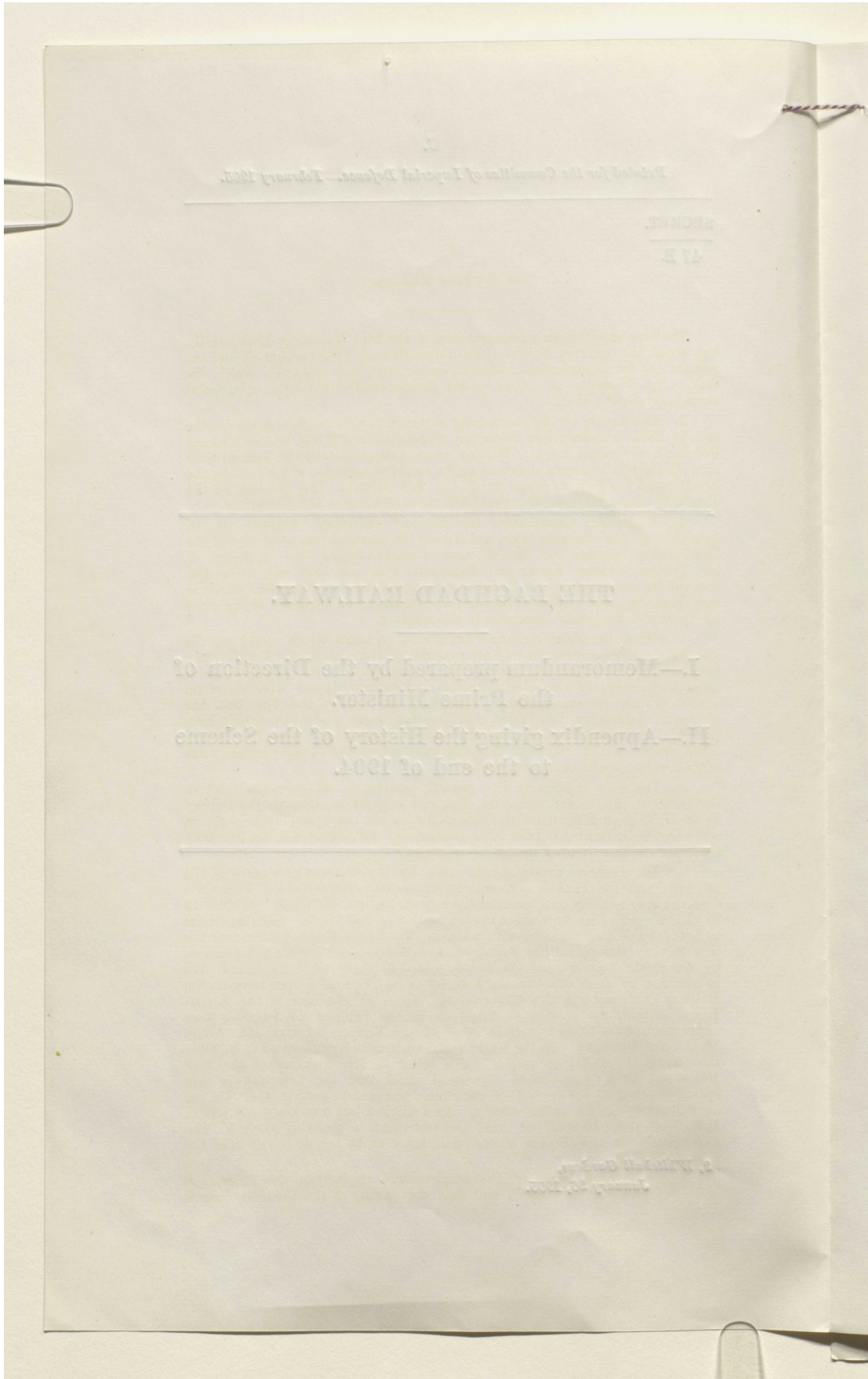
47 B.

THE BAGHDAD RAILWAY.

- I.—Memorandum prepared by the Direction of
the Prime Minister.
- II.—Appendix giving the History of the Scheme
to the end of 1904.
-

2, Whitehall Gardens,
January 26, 1905.

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I

The Baghdad Railway.

The General Staff, in a memorandum of the 15th November 1904 (45 B), has noted the military aspects of the Convention of 1902 (section 3), and has pointed out the disadvantages, political, commercial, and strategic, which the control by Germany of a line to the Persian Gulf would entail upon Great Britain (sections 7 to 9).

2. The history of the proceedings in regard to this railway down to the end of 1904 is summarised below (see Appendix), and it will be seen that the line has now reached Eregli. Further progress depends upon the arrangement of a kilometric guarantee embracing the next two sections, which prolong the line through the Taurus range as far as Tell-Habesh. The crossing of the Taurus is estimated to involve about 100 miles of blasting and tunnelling.

3. Under the Convention, the German Anatolian Railway can be extended to the Persian Gulf, and Article 29 provides that no section of the line between Baghdad and Basrah may be worked before the completion of the portion between Konia and Baghdad. This provision was intended to prevent the construction of a British line from the Gulf to Baghdad, which is now possible only as part of the German scheme, or on condition of the grant by Turkey of a separate concession to this country.

4. When British co-operation was sought, on terms which could not be granted, political considerations were probably in the ascendant. The German Government was apparently anxious not to stand alone in the prosecution of a scheme which Russia viewed with dislike, and British support was, therefore, desired in view of eventualities. Now that the war in the Far East has disclosed inefficiency throughout the Russian army, and will probably have the effect of curbing Russian activities for some years, the desire for British co-operation in the Baghdad Railway scheme from the purely political point of view only may be somewhat abated.

5. The main question at the present moment is whether the German Government can secure sufficient financial support to complete the railway to the Gulf, even if the Turkish Customs duties are not raised sufficiently to serve as a security for the kilometric guarantees. In other words, can Germany complete the line without British co-operation?

6. The financial arrangements made by the German promoters of the railway with the Turkish Government are somewhat remarkable. That Government is to issue its own bonds at the rate of 10,700l. per kilom. (equivalent to 17,186l. per mile), in respect to each section of 200 kilom. Such bonds are to bear interest at 4 per cent, with a sinking fund providing for their redemption during the period (99 years) of the concession. They are to be secured by the particular section of the line in regard to which they are issued, and in addition by such other special security as may be agreed upon between the Railway Company and the Government. Thus, in the case of the Konia-Eregli section, the special security—up to the value of £T. 36,000—is an assignment of the tithes in certain cases of the Vilayets of Baghdad, Aidin, Mosul, and Diarbekr. As the total annual amount so hypothecated is 50,000l., the margin of security is ample. In a letter to Mr. Townley of the 26th November 1904, Vice-Consul Townsend states that the Company is only spending about 50 per cent of the guarantee, and is thus getting 9 or 10 per cent interest on its actual outlay. As a single 5 feet 6 inches gauge line in India costs about 10,000l. per mile, this statement is probably correct. The expenditure on the Taurus section will, however, be largely in excess of the average.

7. It appears, therefore, that bond-holders are fully secured in so far as Turkish credit is to be trusted, and that the raising of the Customs dues is

required in order to provide an ultimate guarantee by the hypothecation of a definite branch of Turkish revenue over which foreign creditors might hope to exercise some control.

8. From the Turkish point of view, the arrangement seems to leave much to be desired. There is nothing to prevent undue expenditure upon railway plant in the interests of the German producer. In other words, Turkey is saddled with the responsibility for providing interest upon money, the expenditure of which lies outside her control, and which might be saved by the regard to economy. At the same time, there is a curious provision that, if there is a defalcation in the special security allotted to any section of the line (as, for example, that referred to in paragraph 6), the Company can foreclose upon the section in question. On the other hand, the Convention allows the Turkish Government to redeem its indebtedness to the bond-holders by stipulated cash payments. As that Government rarely has cash at its disposal, this provision can only be regarded as a practically valueless set-off to the arrangement enabling the Company to assume possession of the line in certain circumstances.

9. The Turkish Minister of Public Works is to receive a monthly statement of the receipts of the railway. If the gross receipts exceed 4,500 fr. per kilom., but not 10,000 fr., the excess over 4,500 fr. is to be handed over to the Turkish Government. If the gross receipts exceed 10,000 fr. per kilom., the excess over this figure will be divided between the Turkish Government and the Railway Company in the proportion of 60 to 40 per cent. The scrutiny of the railway accounts will require to be exceedingly severe if the above provisions ever become operative.

10. The Turkish Government bonds will be replaced by Company bonds when the financial situation permits.

11. The general arrangements are such that, while the railway is nominally an undertaking financed by the Turkish Government, the powers wielded by the Company will be very large, and are certainly capable of being exercised in various ways not immediately apparent in the letter of the Convention. If the security of the Turkish Government were equal to that of France or Germany, the whole of the necessary capital would doubtless be immediately available, and the construction of the line could proceed to completion without hindrance.

12. The only present obstacles are the uncertainties of Turkish credit, and the political considerations, arising from the susceptibilities of Russia, which appear to have been partly instrumental in inducing Germany to seek British co-operation. As pointed out in paragraph 4, these considerations may now possibly have less weight in certain directions than at the time when His Majesty's Government was originally approached.

13. The life of the present Sultan is not likely to be prolonged. The Germans are well aware that the exceptional position they have succeeded in obtaining at Constantinople will probably not endure after the disappearance of Abdul Hamid. They have, therefore, strong inducement to take full advantage of the Convention before any change occurs, and they wish, on political grounds, to secure our co-operation before any change takes place.

14. As matters stand, it would be unwise to assume that money will not be found to finance the whole line, if the support of the German Emperor is forthcoming on behalf of a project which is evidently regarded as important for the furtherance of German policy. On the other hand, it is probable that the German Government would be reluctant to press the project upon capitalists and investors, as such action would have the effect of drawing attention to German motives.

15. It seems clear that our position at the head of the Persian Gulf provides no means of obstructing the progress of the railway, if the requisite capital is available. Koweit is not essential as a terminus, as other suitable harbours, directly under Turkish control, exist; but it offers special political advantages as implying the countenance of the naval powers at present paramount in these waters. There will apparently be no scope for diplomatic action at Constantinople until the death or deposition of the present Sultan.

16. We are, therefore, confronted with a project which, if carried out under German auspices, will undoubtedly inflict grave injury upon our commerce, and must ultimately destroy our political influence in Southern Persia, and in the deltas of the Tigris and the Euphrates. We have the strongest grounds for preventing the control of a railway from Baghdad to the Gulf from falling wholly under the control of a Power which regards its own interests exclusively, and which well understands the manipulation of railway rates.

17. The main obstacle to the completion of the railway is financial. Already, as pointed out in paragraph 1, difficulties have arisen in regard to the kilometric guarantee for the two sections beyond Eregli. If these difficulties are now overcome, others of a similar nature will probably arise later, since the country to be traversed is for a long distance unproductive and inhabited by unruly tribes who would require to be controlled. The prolongation of the line through this country could be justified on economic grounds only, if the section from Baghdad to the Gulf is certain to be completed. It is from the profits which this section may be expected to secure that the loss on the non-paying portions of the line must, in great measure, be recouped.

18. It would be unwise to minimise the financial difficulties with which the German Company is confronted, or to assume that the line cannot be completed without British assistance. There seems, however, to be a probability that we shall again be approached with a view to securing our co-operation, and it appears essential, therefore, that we should consider the conditions on which such co-operation might be practicable.

19. A railway connecting two seas must usually be an advantage to this country, whatever may be its status and ownership. In the present case, however, British interests require—

(a) that freight rates discriminating against British goods shall be impossible; and

(b) that our political influence in Southern Persia and the delta of the Tigris and Euphrates shall not suffer at the hands of a foreign Railway Company controlling communication between the Gulf and Baghdad, and consequently able to undertake the irrigation works, by the agency of which a great development of the region of the lower Tigris and the Euphrates can be brought about.

20. Under Article 9 of the Convention, it is provided that the Railway Company is to have a monopoly of the provision of the materials required for the line, and is to be granted the privilege of transporting its agents and workmen on the waterways of the Shatt-el-Arab, the Tigris, and the Euphrates. This privilege is to last "only during the period of construction", and is to be "under the surveillance of the Minister of Marine". It is, however, extremely doubtful whether the use of steamers, river wharves, buildings, improvements in navigation, &c., made at considerable expense for the purposes of railway construction, would suddenly lapse when the line was completed.

21. The Sultan is already taking part in water transport on the Tigris, and his steamers, the management of which has greatly improved, compete with the limited means permitted to the British firm of Lynch Brothers. The probability is, therefore, that water transportation, with any developments arising in the process of railway construction, may tend to pass largely to the control of the Sultan, whose private purse would benefit. If this view is correct, an attempt to develop navigation in British hands as a scheme competing with a German railway would probably fail.

22. The conditions of co-operation which would best satisfy British interests appear to be—

(a) The construction of the Baghdad-Persian Gulf section of the line, together with the contemplated branch from Baghdad to the Persian frontier, by British capital under British direction.

(b) The retention of this section under British management.

(c) Pooling the general traffic under a working arrangement, giving Great Britain adequate representation on the directorate.

23. Mr. Gwinner, President of the Board of Directors, in conversation with Sir N. O'Connor in December 1903, stated that he personally would agree to an arrangement of this nature, if the Anatolian section of the line were left in the hands of Germany. He doubted, however, if the German Government would consent, in view of the possible displeasure of Russia, which would place them in a delicate position in regard to that Power.

24. From information I have received, there appears to be no doubt that the German Foreign Office stands behind the Railway Company, and that the idea of a line to the Persian Gulf under full German control is cherished at Berlin. If, however, financial difficulties dictate a further attempt to secure British co-operation, private agencies will doubtless be employed for the purpose.

25. In this case I believe that our best policy would be to sound the French Government, with a view to ascertain whether they would be prepared to co-operate in the scheme. Isolated co-operation on our part would probably be turned to political account at Berlin as a means of weakening the Anglo-French "entente".

26. Summing up the considerations above set forth, I submit the following general conclusions, *viz.*,—

(i) It is vital to British interests that the railway should not be completed to the Persian Gulf under German auspices alone.

(ii) Existing international conditions render it probable that the Germans may desire to hasten the progress of the railway. Financial considerations will apparently induce them again to seek British co-operation. In this case, it should be our policy to co-operate if sufficiently favourable terms can be secured.

(iii) British interests require the fulfilment of the conditions laid down in section 22.

(iv) Political conditions appear to demand that we should, if possible, go hand in hand with France, or at least that we should not conclude a separate agreement with Germany until we have approached the French Government.

G. S. CLARKE.

26th January 1905.

II

APPENDIX.

History of the Baghdad Railway Scheme to the end of 1904.

The first attempt to open up Asia Minor from Constantinople by railways was made in 1871, when the Turkish Government constructed a line from Haidar Pasha to the head of Ismid Bay, on the Asiatic shore of the Sea of Marmora.

This line was leased in 1880 to a British Company on a twenty years' lease, the Turkish Government reserving to itself the right of determining the lease at any moment, subject to the payment of compensation. In 1888 two Imperial Iradés were issued, the first conveying to the nominee of the Deutsche Bank the right of working this line, and the second granting a ninety-nine years' concession for the extension of the line to Angora, with a kilometric guarantee by the Turkish Government of 10,300 fr. for the original line and 15,000 fr. for the extension.

The extension to Angora was completed in 1892.

At this time the only two other railway lines of any importance in Asia Minor were the English Smyrna-Aidin Railway, for which a concession had been granted in 1856, and the Smyrna-Kassaba Railway, which was also at that time in the hands of an English Company, under a concession granted in 1863.

In 1893 another Imperial Iradé granted to the German Company two further concessions, one for the construction of a branch line from Eski-Shehir to Konia, and another for the extension of the Angora line to Kaisarieh, with the right to prolong it eventually through Sivas to Diarbekr and down through the valley of the Tigris to Baghdad.

The latter concession was abandoned, ostensibly because a careful survey of the country between Angora and Kaisarieh revealed physical difficulties which would render the cost of construction prohibitive, but really, it is believed, in deference to Russian opposition to the scheme.

In 1893 the Turkish Government bought back the Smyrna-Kassaba Railway from the English Company, and immediately transferred it to a French Company, which extended the line to Afum Kara Hissar. The German line to Konia, which was completed in 1896, passes through this place, and, had the French line been allowed to make a junction with it, much of the traffic of the latter line would have been deflected to Smyrna.

The Ottoman Company of the Anatolian Railways, supported by the Turkish Government, however, refused to allow this junction to be made, and eventually the French line was forced to accept the terms offered by the German Company, and passed practically under the control of the Anatolian Railway Company. No sooner was this arrangement effected than the Porte reversed its former decision and allowed the junction to be made.

The British Smyrna-Aidin Railway is now the only one in Asia Minor which remains outside the control of the Anatolian Railway Company. German influence at Constantinople has successfully defeated all the efforts of the former Company to penetrate further into the interior of Asia Minor, although no kilometric guarantee from the Turkish Government was asked for.

In 1899 the Porte formally conceded to the German Anatolian Company the right to extend their railway to the Persian Gulf from Konia, instead of by Sivas and Diarbekr, as originally arranged under the concession of 1893; and on the 16th January 1902, an Imperial Iradé was issued, approving the final Convention. As a counterpoise to the development of German enterprise

in Asia Minor, Russian diplomacy exacted from the Porte in 1900 an undertaking known as the "Black Sea Basin Agreement", under which Russia is granted priority of rights in respect of railway construction throughout the Asiatic provinces of Turkey which drain the Black Sea.

Germany's favourable position in Turkey is dependent to a great extent on the good-will of the reigning Sultan. The Liberal party in Turkey views with alarm the preponderance of German influence at Constantinople, and, when opportunity occurs, its energies will no doubt be directed towards the frustration of German schemes. A further menace to the security of Germany's position lies in the jealousy with which the Baghdad Railway project is viewed by Russia. And, finally, as the construction of the railway progresses, the kilometric guarantee will bring such a heavy burden on Turkey that, unless she is permitted to raise additional revenue by increasing the duties on foreign imports, she may default.

For these reasons Germany is anxious, without sacrificing the control which she holds over the Baghdad Railway, to enlist as many foreign interests as possible in support of the undertaking.

With this object in view, negotiations were carried on in Constantinople throughout 1902, which resulted in the creation of the Imperial Ottoman Baghdad Railway Company, under a Convention signed at Constantinople on the 5th March 1903, between the Deutsche Bank and the Turkish Government.

Under the Convention the route of the line will be from Konia to Eregli, and thence across the Taurus and Giaour mountains to the valley of the Euphrates.

After leaving the mountains, the line will be carried in a straight line across the desert between the Euphrates and Tigris to Mosul.

From Mosul the line will run down the right bank of the Tigris to Baghdad, passing through a desolate country covered with a network of swamps.

From Baghdad the line will run due south to the Euphrates, and, after crossing that river, the route will be along its right bank to Basrah, the chief port of the Shat-el-Arab. Thence it will eventually be extended to a terminus on the Persian Gulf, which is yet to be decided on.

Provision is made under the Convention that the whole line to the Persian Gulf and its branches should be completed within eight years from the date of the Concession, subject to the punctual fulfilment by the Ottoman Government of its financial obligations towards the concessionnaire, and to delays arising from *force majeure*, which expression includes, in addition to war between European Powers, any radical change in the financial situation of Germany, England, or France.

The Turkish Government guarantees a two-fold kilometric annuity, one of 11,000 fr. for each kilom. built and opened to traffic, and one of 4,500 fr. towards working expenses.

Under Article 20 of the Statutes of the Imperial Ottoman Baghdad Railway, the Council of Administration of the Company is invested with the widest powers for administering the property and affairs of the Company.

It was in virtue of these powers that the Germans, being in sole control, were able to negotiate abroad and to make proposals for British and French co-operation in the undertaking.

To put the control of the railway on an ostensibly international basis, the Germans agreed that the participations in the capital of the Baghdad Railway Company should be in the following proportion :—

				Per cent.
The Anatolian Railway Company	...	...	...	10
„ French group ...	...	...	...	25
„ German „ ...	...	...	...	25
„ English „ ...	...	...	...	25
„ other countries—Austria, Switzerland, &c.	...	...	...	15

A conditional assurance was also given to the effect that the Anatolian line should be brought under international control upon a similar basis as the control of the Baghdad Railway.

From France financial support only was asked for. As French participation was closely connected with a project for a unification of the Ottoman debt, the bulk of which is held in France, the scheme was favoured by stock exchange interests in Paris. The French Government, however, gave the project no support and finally declined to sanction the participation of the French group, and even refused to allow their shares to be quoted on the Paris Bourse. Such French support as has been accorded is therefore purely financial and unofficial, and the position of the French group is so markedly inferior to that of the Germans that it is considered improbable that the French public will be induced to subscribe on a large scale to the undertaking.

British co-operation, however, was, and is, far more important to Germany. It was as much British political as financial support that was sought for; although, in carrying on the negotiations, the Germans gave prominence to the business and financial side of the transaction.

British financial houses were unable to give their support to the undertaking without an assurance of the support of their Government, the granting of which was dependent on adequate provision being made for safeguarding what were regarded as the chief British interests concerned.

The Germans were prepared to make such provision only subject to certain conditions, the most important of which were that the British Government should give assurances: (1) That they would not object to a reasonable increase of the Turkish Customs duties, of which a part should be used in guaranteeing the Baghdad Railway; (2) that if the Baghdad Railway should prove to be a substantially better route for the conveyance of mails to India, it should be so used on terms to be agreed on later; and (3) that Great Britain should lend her good offices in providing a proper terminus on the Persian Gulf at or near Koweit.

These assurances the British Government were unable to give, and the negotiations fell through.

The Germans pretended that the abstention of the British group was of no consequence, and that adequate financial arrangements had been made for proceeding with the construction of the line without British assistance.

In point of fact the section onward from Konia has now been completed to Eregli, and the payment of the kilometric guarantee has been duly arranged for.

The real difficulties of the undertaking will come when the next section is taken in hand.

After leaving Eregli, the Taurus range, which separates the Anatolian plateau from the plains of Adana and the Giaus Dagh, separating that plain from the basin of the Tigris and Euphrates, will have to be crossed.

These sections—from Eregli to Adana and from Adana to Tell-Habesh—will prove difficult and costly, as they will involve nearly 100 miles of blasting and tunnelling.

The Turkish Government have expressed their willingness to give the guarantee for the next section of 200 kilom., which would bring the railway across the Taurus mountains, but the Company is endeavouring to secure the guarantee for two sections (400 kilom.) together, in order that they may recoup themselves on the level plain for the great expense which would be incurred in the construction of the Eregli-Adana section. To this arrangement the Turkish Government has refused to consent, and there is thus, for the moment, a financial deadlock.

10

(Confidential.)

D.

Copy.

Constantinople ;
April 1905.

On many sides doubts are expressed of the probability of the 3% increase of Turkish import duties being given effect to. Conditions which we regard as innocuous or non-contentious are regarded by the Turks in a different light, and it is generally believed that the German Ambassador is lukewarm. He stands quite apart from all his colleagues in the influence he exercises on Turkish official circles, and is not at all likely to drive the Turks if they dislike the scheme as a whole.

The German Ambassador's pose is that he is at Constantinople on business to push German trade: if his colleagues waste their energies on high politics, that is their business; he will have none of it.

His view of Macedonia is that the Powers are wasting their time: the question is one of race, not administration.

It would appear that, if the revenue derived from the increase of 3% on the import duties were earmarked for Macedonia, the Baghdad Railway Company will be losing sight of what might have become a suitable security for their kilometric guarantee.

The 3% increase is estimated to produce £800,000 per annum.

Taking £15,000,000 as a rough figure of the cost of the line, the above sum would more than cover the requirements of the kilometric guarantee.

The Directors of the Company are now casting about for security to cover the kilometric guarantee for two sections beyond Eregli (400 kilometres). It is thought that they will in reasonable time come to terms with the Porte, and that the security will be found.

The Konich-Eregli section was constructed for less than one million sterling, *i.e.*, less than £5,000 per kilometre. Dr. Nander states that much of the balance of the 54,000,000 fr. (*i.e.*, the kilometric guarantee capitalised) went in expenses, including money spent on Turkish officials, but it is said that a large sum remains which is to be expended on the next 200 kilometres.

The revenues on the tithes already set aside for the kilometric guarantees of all guaranteed railways in Turkey and Asia Minor, &c., exceed the actual requirements by £350,000.

The revenues of the tithes hypothecated to the Anatolian Railway show surplus of £136,000. (This is included in the £350,000 mentioned above.) Until recently this surplus of £350,000 was mortgaged for three years from now to cover current advances of the following sums:—£430,000 advanced by the Anatolian Railway Company to the Porte; £332,000 advanced by the Ottoman Bank to the Porte.

It has now been agreed that the £430,000 is to be repaid at once from the Deutsche Bank Loan just concluded.

The £332,000 similarly is to be repaid at once from the Ottoman Bank Loan, not yet signed, so that the £350,000 surplus will immediately become available.

It is believed that the Deutsche Bank hopes to hypothecate this surplus for the extension of the Baghdad Railway beyond Eregli.

It is clear that the tithes are by no means exhausted, and, as may be seen from recent reports of the "Dette" administration, they are steadily improving.

The last report of the "Dette" shows that a surplus of £100,000 over and above the requirements of the Unified Loans was expected last year. Actually the sum was largely exceeded.

This year for the last month alone, as compared with the same month of last year, a sum of £45,000 in excess has been collected, and it is estimated that the revenues collected on account of the Unified Debt will exceed the requirements by £500,000.

Of this surplus, 75% goes to the Government and 25% to the Ottoman Public Debt, of which 60% is set aside for the extraordinary sinking fund, and 40% for the redemption of the Turkish Lottery Bonds.

The Ottoman Bank agreed to raise a loan of £2,500,000 on the guarantee of 75% of the foregoing surplus. The loan has not yet been floated on the Paris market; but the Bank has advanced £1,100,000 sterling. Even when the full loan (£2,500,000) is raised and debited to the surplus, the interest will absorb only a portion of the sum available (*i.e.*, £500,000).

The German Embassy takes a keen interest in the affairs of the Dette, and it is to that quarter that they are looking for security for the kilometric guarantee of the Baghdad Railway.

The completion of the next two sections of the Baghdad Railway beyond Eregli will bring the line to the southern side of the Taurus, and time only will be necessary to link up the Trunk line with the Syrian system.

If the guarantee of these two sections is obtained, there will be no difficulty in raising the capital in Germany, and the French Bank will probably be given a share as in the case of the Konich-Eregli line.

The loan of 54,000,000 fr. raised for this section was distributed as follows:—

French	30%	} Probably all Deutsche Bank.
German	...	...	40%
Anatolian Railway	...	...	10%
Others	...	...	20%

The areas available for tithe guarantees are becoming scarcer; but, on the other hand, as has been shown above, the revenues derived from the tithes are improving and yield large surpluses; moreover, as the guaranteed lines begin to pay, they will make smaller demands on the guarantee. The Anatolian Railway is a case in point.

The question arises by whom are the surpluses of the tithes and Dette likely to be utilised? It seems probable by Germany.

The Porte becomes daily more dependent on German support, financial and political.

German finance has acquired great influence over the railways of European Turkey as well as of Asia Minor. The Deutsche Bank has acquired the concession for the Constanza Cable, and the influence of the Bank is being exercised with considerable success on the sea transport by Turkish vessels in the Bosphorus, Marmora, &c. In short, German influence is aiming at the main lines of communications throughout the Ottoman Empire, and the Deutsche Bank is the instrument at work.

How great is that influence was clearly shown when German and French interests came into conflict lately over the question of loans and armaments.

British co-operation in the Baghdad Railway is still apparently desired. The Germans probably want some political backing in what might, under other circumstances, become a somewhat isolated position.

The German Ambassador asked recently why we did not come into the Baghdad Railway scheme. The Company would, he said, probably be able to meet our wishes with regard to the Baghdad-Gulf section. Dr. Nander, Director-General of the Anatolian Railway Company, made a similar statement; and it appears that the Railway Company awaits a sign from us. They cannot come forward again after the experiences of the past.

"سكة حديد بغداد" [٢٣ ظ] (١٢٩/٤٦)

12

(Received on the 11th September 1905 with Political Secretary's letter No. 34, dated the 25th August 1905.)

BAGHDAD RAILWAY.

[4th August.]

CONFIDENTIAL.

SECTION 1.

No. 1.

Sir G. Clarke to the Foreign Office.

Committee of Imperial Defence,

2, Whitehall Gardens;

4th August 1905.

My dear Sir Thomas,

I venture to send you a note on the present position as regards the Baghdad Railway, with proposals for an international arrangement.

I do not know whether anything is now possible, but the Germans may perhaps be more amenable than they were, as the difficulties of proceeding further are more fully realised.

Believe me, &c.,

G. S. CLARKE.

Enclosure in No. 1.

Memorandum respecting the Baghdad Railway.

The Situation on 31st July 1905, and Suggestions for an Arrangement.

As was expected, the Germans appear to be increasingly anxious to secure British co-operation in the Baghdad Railway. If the figures given in financial statement of the line are correct (*vide* Foreign Office Paper, section 1, 24th July 1905), the cause of this anxiety is evident.

2. The sum available for the construction of the Konieh-Eregli section under the kilometric guarantee was 54,000,000 fr. Of this sum 48,834,881 fr. have apparently been expended on construction, and 771,637 fr. on rolling-stock (total, 49,606,518 fr.), so that but a small sum is left available to supplement the guarantee on the more difficult section of the line which must now be undertaken.

The kilometric guarantee of 11,000 fr., when capitalised at 4 per cent, is sufficient to cover the cost of construction at the rate of 17,000l. per mile.

3. If it is true that 15,700l. per mile has been expended on the construction of the Konieh-Eregli section, it is highly probable that the next two sections, which involve the crossing of the Taurus range, will cost nearly double that sum. Sir N. O'Connor, on the 6th June, reported that the estimated cost of these sections was for a considerable distance at the rate of 25,600l. per mile. Thus for many miles there will be an expenditure of about 10,000l. per mile not covered by the kilometric guarantee.

4. It is noteworthy that the cost of construction of the line, according to the official statement, has been considerably greater than has been reported from other sources.

Thus Sir N. O'Connor reported in June that only half the sum provided (54,000,000 fr.) has been expended on the line (*i.e.*, about 8,700l. per mile).

He further stated that about 800,000l. has been distributed among the bankers and others who participated in the scheme.

Dr. Zandar (Director-General of the Anatolian Railway) is reported to have stated last spring that the cost per kilometre was less than 5,000l. (about 8,000l. per mile), and that the balance of 54,000,000 fr. "went in expenses, including money spent on Turkish officials".

5. These figures are not necessarily inconsistent with the official financial statement, as money distributed among the bankers and others could not be shown in the accounts otherwise than as expenditure on the construction of the line.

6. As railways in India cost about 12,000l. per mile, including equipment and rolling-stock, it is probable that the above figures (8,000l. or 8,700l. per mile) are substantially correct.

7. The point is important, for if the kilometric guarantee suffices only to cover the cost of construction of the section of the line which is the cheapest and easiest, not only by reason of its physical conformation, but also on account of the favourable climate and of the ample supply of local labour, then it is clear there will be a large deficit on the more difficult sections and the deficiency may be so great as to prevent the further extension of the line.

8. If, however, the actual expenditure on the Konieh-Eregli section amounts to only 8,000% per mile, then the guarantee, at the capitalised rate of 17,000% per mile, would probably suffice if the surplus on the easy sections were used to make good the deficit on the more difficult portions of the line.

9. The Directors of the Baghdad Railway Company seem to be in a difficult position. If the cost of construction of the Konieh-Eregli section as shown in the financial statement is correct, investors will be chary of advancing money for the more difficult sections, which must now be undertaken. If, on the other hand, the actual expenditure on this section is as reported by Sir N. O'Connor, the Directors cannot make known the true position without publicly divulging the fact that about 200,000% of the Company's money has been irregularly divided among the bankers and others who participated in the scheme.

10. If the construction of the line is proceeded with, our object must be to secure the control of the Basrah-Baghdad section.

11. It seems possible that Germany might be induced to yield that condition if we met her in other directions.

12. M. Cambon, in a recent conversation with Lord Lansdowne, expressed the opinion that the French Government would not favour this proposal; but it is doubtful whether the French Government has given full consideration to the subject.

13. At present Germany has complete control over the Anatolian Railway; and France has a monopoly of railway construction in Syria as far south as Mezerib.

14. British control of the Basrah-Baghdad section might fairly be regarded as a legitimate counterpoise to the French and German railways in Syria and Asia Minor, respectively.

15. In view of our present cordial relations with the French Government, it seems probable that, if representations were made, no opposition would be offered to the proposal that we should control this section of the line, more particularly as we should undertake not to establish differential tariffs in our own favour.

16. It is clear from the former negotiations that the German Government is strongly averse from the internationalisation of the Anatolian Railway. We might without serious disadvantage consent to the Anatolian Railway remaining under German control, provided that we were given control of the Basrah-Baghdad section, and that the 10 per cent participation and share in the directorate by the Anatolian Railway of the Baghdad Railway previously stipulated for were withdrawn.

17. France, Germany, England, and the minor Powers might then combine to participate in the construction, on an international basis, of that part of the Baghdad Railway which lies between Konieh and Baghdad (about 900 miles), together with any branches that might be constructed between these two points, such as those to Alexandretta and Aleppo.

18. The Board of the international section might be composed in the following proportion:—

Country.	Percentage.
Great Britain	30
France	30
Germany	30
Minor nations	10
	100

Or, if there is any possibility of inducing the United States to participate, the proportion might be —

Country.	Percentage.
Great Britain	22
United States	22
France	22
Germany	22
Minor nations	12
	100

19. Provision would have to be made to secure to participants proportionate shares in the provision of railway matériel for the international proportion of the line. It would further be desirable that arrangements should be made to pool the receipts of the German, French, English, and International Companies, and that a mutual guarantee should be given by all the Companies that they will not establish discriminating tariffs in favour of or against the trade of individual nations.

20. Such arrangements would concede to the Germans a point which they were clearly unwilling to yield in the former negotiations; and, provided that access to Alexandretta by the international line is assured, the Germans, even if they evaded the Agreement by granting rebates on the Anatolian Railway to German traders, would not be able to injure our trade on any section of the line to Konieh, as goods arriving *via* the Mediterranean would be sent to Konieh as cheaply by Alexandretta as by Haidar Pasha.

21. An arrangement of the nature described above would require the establishment of a clearing-house charged with the duty of apportioning receipts and expenditure on through traffic. The management of the clearing-house would be in the hands of a Mixed Committee of the several Boards.

22. If the entire system could be placed under *bona fide* international control, British interests would be adequately safeguarded, but the difficulties appear insuperable. It is extremely unlikely that the Germans would consent to internationalise the Anatolian Railway, while the French would probably object strongly to a similar arrangement in regard to the Syrian lines.

23. On the whole, the arrangement above suggested seems the most practical at the present time, and it might be desirable to sound the French Government on the subject.

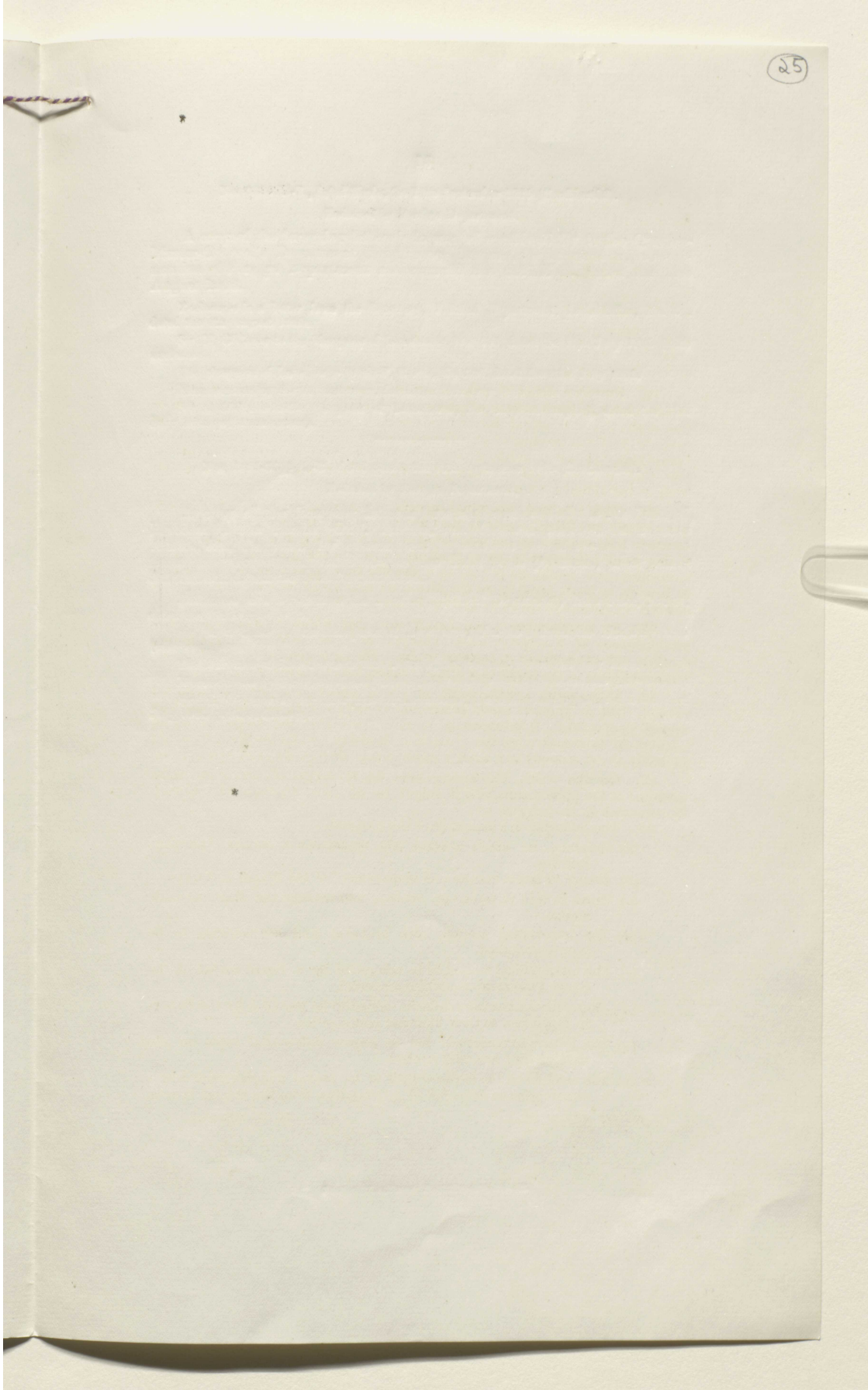
24. The following is a summary of the proposals:—

- (a) Germany to retain control and management of the Anatolian Railway.
- (b) France to retain control and management of the Syrian Railways.
- (c) Great Britain to construct, control, and manage the Baghdad-Gulf section.
- (d) The intervening section, with branches and connections, to be internationalised.
- (e) The international section to be controlled by a Board on which the Great Powers are equally represented.
- (f) Materials for the international section to be provided by the Powers in proportion to their financial participation.
- (g) The Powers to undertake not to impose differential rates on the sections they severally control.
- (h) The receipts on the entire system to be pooled and distributed by a clearing-house managed by a Committee from the several Boards.

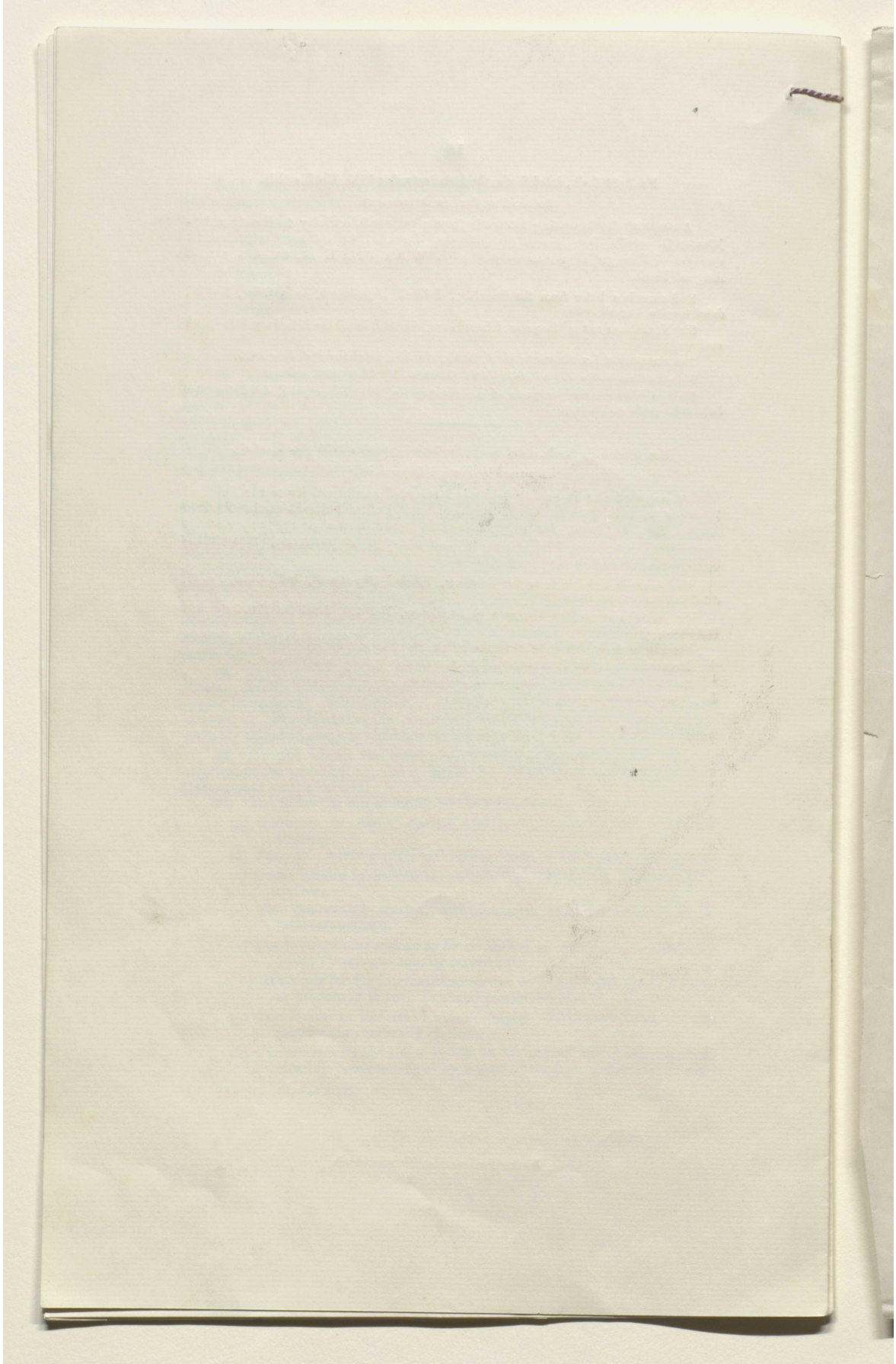
The 4th August 1905.

G. S. CLARKE.

"سكة حديد بغداد" [٢٥ و] (١٢٩/٤٩)



"سكة حديد بغداد" [٢٥ظ] (١٢٩/٥٠)



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BAGDAD RAILWAY.

[August 28.]

CONFIDENTIAL.

SECTION 3.

No. 1.

Sir N. O'Connor to the Marquess of Lansdowne.—(Received August 28.)

(No. 570.)

My Lord,

Therapia, August 21, 1905.

WITH reference to my despatch No. 486 of the 17th ultimo, I have the honour to inclose herewith an extract from the "Moniteur Oriental" of the 15th instant, giving some further particulars as to the working of the recently-completed section of the Bagdad Railway from Konia to Eregli and Boulgourlou, which have been published in the Journal of the French Chamber of Commerce.

I have, &c.
(Signed) N. R. O'CONNOR.

Inclosure in No. 1.

Extract from the "Moniteur Oriental" of August 15, 1905.

CHEMIN DE FER DE BAGDAD.

NOUS avons déjà parlé succinctement des résultats du second exercice (1904). Aujourd'hui, le "Journal de la Chambre de Commerce Française" donne les renseignements complémentaires suivants sur le premier tronçon de 200 kilom. Koniah-Eregli-Boulgourlou.

Les recettes brutes effectuées du 25 Octobre au 31 Décembre ont produits:—

	Fr.	c.
Voyageurs	28,643	18
Bagages et chiens	1,977	67
Marchandises (4,324 tonnes, dont 3,660 de céréales)	38,796	38
Total	69,417	23

Le produit kilométrique a atteint 1,868 fr. 14 c., et le Gouvernement a complété la garantie en versant 97,359 fr. 96 c.

Les trains ont parcouru 28,150 kilom.

Durant l'année 1905 le matériel suivant a été commandé: 10 locomotives, 12 voitures à voyageurs, 6 fourgons, 1 voiture-restaurant, 171 wagons à marchandises et charries à neige. La plus grande partie de ce matériel a été livrée.

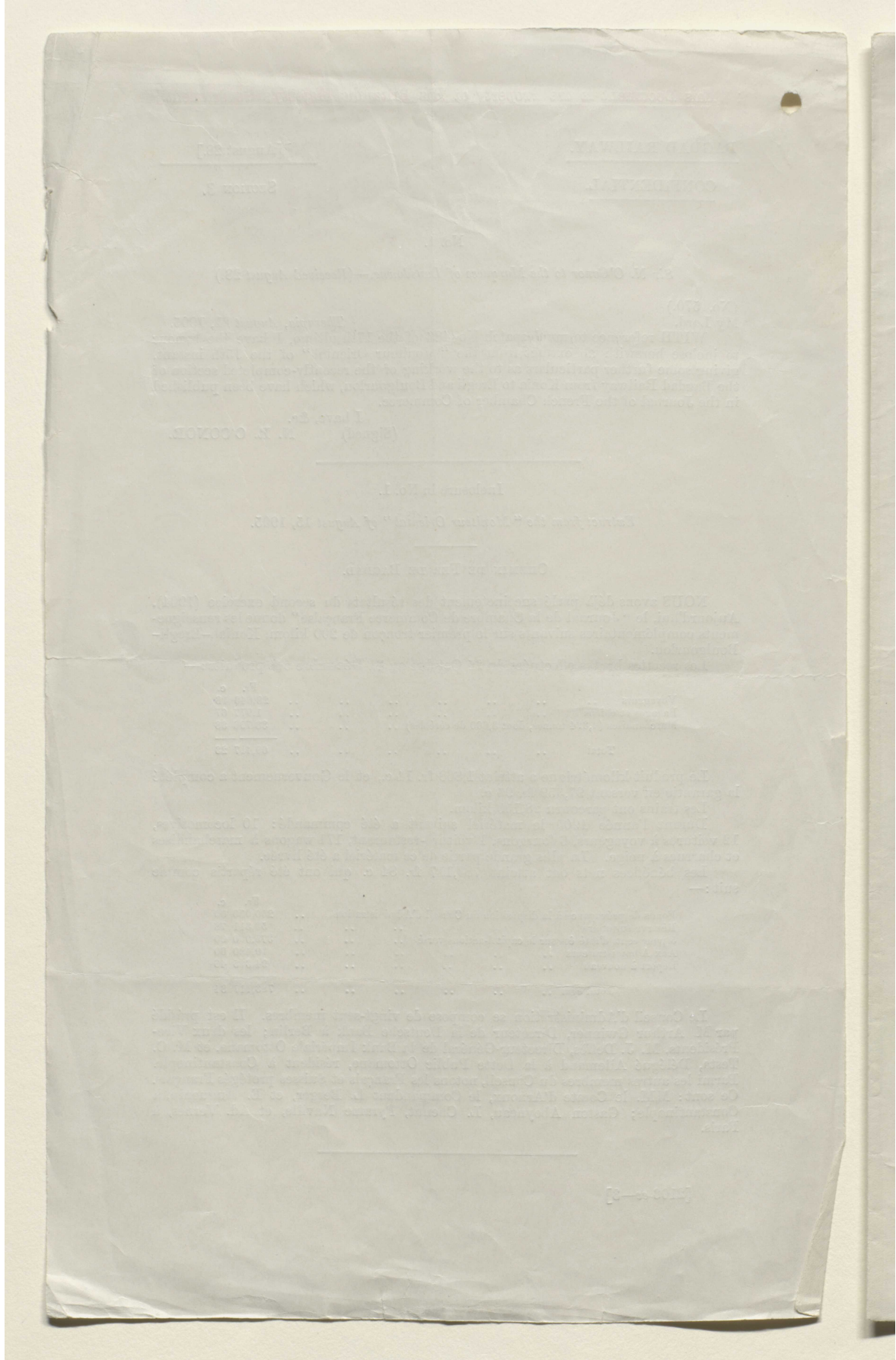
Les bénéfices nets ont atteint 783,117 fr. 84 c. qui ont été répartis comme suit:—

	Fr.	c.
Fonds de prévoyance à la disposition du Conseil d'Administration	250,000	00
Réserve statutaire	53,311	78
5 pour cent, d'intérêts sur le capital-actions versé	375,000	00
Aux Administrateurs	10,480	60
Report à nouveau	94,325	46
Total égal	783,117	84

Le Conseil d'Administration se compose de vingt-sept membres. Il est présidé par M. Arthur Gwinner, Directeur de la Deutsche Bank à Berlin; les deux Vice-Présidents, M. J. Deffès, Directeur-Général de la Bank Impériale Ottomane, et M. C. Testa, Délégué Allemand à la Dette Public Ottomane, résident à Constantinople. Parmi les autres membres du Conseil, notons les Français et Suisses protégés Français. Ce sont: MM. le Comte d'Arnoux, le Commandant L. Berger, et E. Huguenin, à Constantinople; Gaston Aboynau, L. Chenut, Pyrame Naville, et Ad. Vernes, à Paris.

[2106 ee—3]

"سكة حديد بغداد" [٢٦ظ] (١٢٩/٥٢)



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BAGDAD RAILWAY.

[August 28.]

CONFIDENTIAL.

SECTION 1.

No. 1.

Sir N. O'Connor to the Marquess of Lansdowne.—(Received August 28.)

(No. 572.)

My Lord,

Therapia, August 20, 1905.

I HAVE the honour to inclose herewith a Memorandum prepared by Mr. Mark Sykes, recording some of the phases of the negotiations respecting the Bagdad Railway, which may be found convenient for reference at some future date.

My views on the general question were so fully explained in my despatch to your Lordship, No. 217 of the 28th April, 1903, that I think it unnecessary to review the subject again, or to put forward in detail the reasons that have induced me to favour the participation of England in this important enterprise.

In looking back, however, on the course of negotiations, it is well to note that a suggestion made by me, as far back, I think, as 1899, to the effect that the construction of the Bagdad-Bussorah section should be intrusted to British participators, was regarded at the time as impracticable, on the ground that the opposition offered by the Germans to such a scheme would be too strong; however, in the negotiations which took place in Paris in 1903 this point was virtually conceded by Mr. Gwinner, as representative of the Deutsche Bank, and I considered the concession on this point augured well for our position in future among the participators.

It has been my view that the railway will eventually be constructed, even without the participation of England, and that a project which has already assumed such definite shape, and is fraught with such immense political and commercial consequences and advantages, will not be allowed to drop easily, whatever may be our ultimate decision, though no doubt we can impede or advance its development and progress to a considerable and serious extent.

It may not be without interest to state that the Konia-Eregli section was built at a cost of £ T. 700,000, and allowing £ T. 200,000 for various initial expenses, there remains in the hands of the Deutsche Bank the sum of at least £ T. 1,200,000 over from the Bagdad Railway Loan (first series). This surplus is being reserved for the purpose of constructing the next section of the line, which will require a capital of £ T. 3,200,000. The Company will therefore be obliged to raise £ T. 2,000,000 before commencing active construction.

However, the surplus of the revenues assigned to the Fisheries Loan and other unhypothecated revenues still at the disposal of the Turkish Government would be ample for guaranteeing this loan.

Taking these facts into consideration, it may be easily conceived that the work may be resumed at no very distant date, and I would lay stress on the fact that every section of the line constructed makes the ultimate completion of the railway more certain, and that if the Germans overcome the difficulties of the Taurus Mountains unaided, they may feel less inclined to share the fruits of their labours with others; for then they will be within reach of the rich tracts of Mesopotamia, where the obstacles to construction become less serious, and the prospects of success more inviting.

I have, &c.

(Signed) N. R. O'CONNOR.

Inclosure in No. 1.

Memorandum containing a Brief Account of the Negotiations relating to the Bagdad Railway, 1898-1905.

DURING the German Emperor's visit in 1898, the proposal to construct a line from Constantinople to Bagdad came into notice, with several other suggestions, as to German enterprise, which excited some attention at the time, but were not taken very seriously.

1898.

To Foreign Office,
No. 556,
October 26, 1898.

[2106 ee—1]

B

"سكة حديد بغداد" [٢٧ظ] (١٢٩/٥٤)

2

1899.7
To Foreign Office,
November 30,
1899.

However, in 1899 the German Government and German business men were attempting to obtain a Concession for the construction of a railway from Anatolia to the Persian Gulf, but there was much obstruction on the part of the Turkish authorities, and in November Sir N. O'Connor reported that the Turkish Government was strongly opposed to placing the line in German hands.

However, the Germans, by special favour of the Sultan, and a lavish expenditure of money at the Palace (generally computed at 200,000*l.*), obtained an Iradé, granting them a concession which was, in principle, what they sought. This concession, however, left all details to be settled at some future date.

To Foreign Office,
December 26,
1899.

On the 23rd December, 1899, an Agreement between the Turkish Minister of Commerce and Dr. Siemens was signed, giving the latter permission to prolong the Anatolian Railway to Bagdad. All questions of guarantee and the like were deferred until full investigations had been made by a Commission, which was dispatched by the Germans to examine minutely the whole of the country traversed by the proposed railway.

To Foreign Office,
No. 602, Decem-
ber 7, 1899.

Referring to the above Agreement, Dr. Siemens told Sir N. O'Connor that the original initiative had been taken by the Sultan himself, who had asked the Doctor whether he was willing to construct the line.

After mature consideration, Dr. Siemens decided to enlist, if possible, British capitalists in the scheme; however, he first ascertained from the Berlin Foreign Office that there was no objection, on the part of the German Government, to British participation in the venture.

On the strength of this, Dr. Siemens made overtures to the Smyrna-Aidin Railway Company, which, however, were rejected. He then applied to the (French) Cassaba Railway Company, although he preferred British co-operation to French, and came to an understanding with them—at the time he had not quite abandoned the hope of obtaining British assistance.

1900.
To Foreign Office,
April 16, 1900.

On the 15th April, Sir N. O'Connor, in the course of an interview with the Minister for Foreign Affairs, reminded him that a rumour had come to his Excellency's notice that the Turkish Government proposed to send a Customs inspector and a harbour-master to Koweit. His Excellency insisted on the fact that, although the British Government did not wish to interfere with the Sultan's authority in the Persian Gulf, still they were desirous of maintaining the *status quo*, and could not view with indifference any action which would alter it or give another Power rights or privileges over territory belonging to the Sheikh of Koweit.

The same afternoon his Excellency saw the German Ambassador, and in order that no doubt should remain in his mind, explained to him very explicitly the British official view of Koweit, making it quite clear that the Sheikh was not at liberty to cede or otherwise alienate to the Railway Company either the harbour of Kathama or any part of his territory, without the consent of His Majesty's Government.

His Excellency also said that he was anxious that nothing should take place which would deter British capitalists from taking part in the scheme, provided of course that they obtained fair terms.* In the course of further conversation, the Baron von Marschall expressed the hope that the British and Germans would come to an understanding mutually beneficial.

1901.
To Foreign Office,
July 1, 1901.

The Exploring Commission sent by the Germans completed its researches in 1900, and in June 1901 matters began to take definite shape. The French and German capitalists negotiated among themselves, and after some difficulty came to the following agreement, viz. :—

To Foreign Office,
March 26, 1902.

That France and Germany should participate equally in the project, each providing 50 per cent. of the capital.†

British capitalists were not actually approached, and Sir N. R. O'Connor was of opinion that they would not take up the matter unless they received some encouragement from official quarters. He suggested to Mr. Babington-Smith that he should communicate with Sir Clinton Dawkins on the subject.

This was the first time that the scheme was brought to the notice of British financiers.

1902.
Weekly Report,
No. 12, 1901.

In November 1901, a draft of the Convention was prepared by the Germans, and on the 16th January, 1902, an Iradé was granted sanctioning its issue.

* In the year 1901, in August, Lord Lansdowne, in a despatch No. 285 of the 16th August, 1901, informed Sir F. Lascelles that Count Metternich had called at the Foreign Office, where his Lordship repeated to him the substance of this information, without, however, referring to participation by British capitalists.

† This agreement was kept secret at the time, and our first definite information on the subject was obtained by Sir N. O'Connor from M. Constans, his French colleague, in March 1902.

On the 21st this Convention was signed by Zilmi Pasha on one part, and Dr. Zander and M. Huguimu on the other; the Convention had, however, been subject to considerable and important modifications, the most important of these are as follows:—

Article I. Line terminus at Zobier and Bussorah instead of Koweit and Kagima, right being retained by the Company to prolong to an unstated point on the Persian Gulf.

Article IV. Time for completion of the whole line from Konia to Bussorah reduced from twelve to eight years.

Article VIII. Transfer of the line to another Company debarred.

Article IX. Rights of navigation of the Tigris and Euphrates reduced to rights of navigation for transport of material in aid of construction only.

Article XII. Anatolian Company to have all rights of linking any points of the sea coast between Mersina and Tripoli with the main line, if the Government approves.

Article XXII. Monopoly of mines struck out. Mines along the line are open to the public, but the Company still maintains the semblance of a preferential right, which would probably frighten away other speculators.

Article XXXV. Annuity to be paid by Government to the Company, 12,000 fr. per kilom. of road open to traffic, also 4,500 fr. per kilom. for working expenses of traffic.

N.B.—Revenues for this purpose not designated in the Convention, but referred to in Annex.

Article XXXVIII. Branch line to Kharput and Diarbekir.

Article XLI. Temporary line between Hamidieh and Kastambol.

Two annexes were also made to the Convention, viz. :—

Annex I. The Anatolian Company undertook that the annuities mentioned in Article XXXV would not be charged to the existing revenues of the State, but to others which might be realized at some future time, viz. :—

1. Increase of customs duties.

2. Creation of five monopolies.

3. Economies relating to the unification of the Public Debt.

Annex II. The Company undertook not to colonize any part of the line :—

Early in March 1902 the Deutsche Bank presented to the Ottoman Bank an agreement to form a Syndicate to carry out the Concession.

To Foreign Office,
Private, March 11,
1902.

Lord Lansdowne was of opinion that the moment was ripe to explain to the Germans that the port of Koweit would only be open to them on the understanding that British capital was placed on an equality with that of France and Germany; the British Ambassador concurred with this view.

Foreign Office,
Telegraphic,
March 24, 1902.

On the 24th April an important telegram was sent by the Foreign Office to Sir N. R. O'Connor, instructing him to inform the Sublime Porte that England was obliged to afford the Sheikh of Koweit full assistance against any attempt to encroach on his territories; that the British Government did not wish to obstruct the Bagdad Railway, but unless British capital received a fair share in the enterprise, in respect of construction and materials, England would not undertake to constrain the Sheikh, whose good-will was essential to the railway's success.

Sir N. R. O'Connor laid these points before the Grand Vizier, but was unable to refer to the subject of participation to avoid arousing the Sultan's fears of an international control of the line.

To Foreign Office,
No. 144, March
25, 1902.

In April Sir N. R. O'Connor saw the German Ambassador, and pointed out to him that until quite lately England had been kept in the dark as to the real terms and conditions upon which the French Syndicate had agreed. He stated that English capitalists could only count on the British Government's support on the condition that they had an equal share with the others, and he drew attention to the fact that British interests were threatened by the proposed increase of customs duties which was to meet the guarantee.

To Foreign Office,
No. 173, April 10,
1902.

Early in June, Count Vitali, acting for the French, and Dr. Zander for the German group, began to arrange differences, and fixed a meeting to be held in Paris on the 20th June.

To Foreign Office,
June 7, 1902.

Sir N. R. O'Connor suggested that this would be a good occasion to present British demands through Sir Clinton Dawkins, in order to ascertain unofficially how matters stood. The Foreign Office agreed to this, but held that the Morgan firm was not suitable, owing to some friction in the city over the shipping combine, which of course is now past history.

Foreign Office,
Telegraphic,
June 7, 1902.

At the beginning of September 1902, Sir Clinton Dawkins, on behalf of Morgan and Co., interviewed Mr. Gwinner, who argued that it had been agreed to allot

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40 per cent. to Germany, 30 per cent. to France, 20 per cent. to London, and 10 per cent. divided between Austria and Switzerland, Sir Clinton Dawkins replied that such an arrangement was practically out of the question, as the Tariff revision would not be consented to by England under such terms as these.

Mr. Gwinner then made a tentative offer of 10 per cent. to the Anatolian Railway Company, 30 per cent. to London, 30 per cent. to Paris, and 30 per cent. to Berlin, Sir Clinton Dawkins considered that this was more reasonable, but remarked that the Anatolian Railway Company was a German concern. Mr. Gwinner replied that, even so, it was only fair that that Company should benefit, on account of the many services it had rendered in the past.

To Foreign Office,
October 23, 1902.

In October Sir N. R. O'Connor had an interview with Mr. Gwinner, in the course of which the latter stated that, until some understanding was arrived at about the increase of the customs duties, nothing could be done as regards serious construction, although the line might be prolonged another 200 kilom. over level country if the Ottoman Government gave a guarantee. This has proved a very accurate forecast of what has since taken place.

About this time an attempt was made to fuse the Anatolian Railway Company with the Oriental Railways,* but failed owing to the action of the Austrian Government.

1903.
To Foreign Office,
February 25,
1903.

On the 16th February, 1903, an Agreement was signed at Berlin by the German and French groups (Deutsche and Ottoman Banks), concerning their participation in the Railway and reserving for England an equal share in case she joined in the project.

On the 24th February Lord Lansdowne gave Baring Brothers, Sir E. Cassel, and Sir Clinton Dawkins to understand that he considered it undesirable that the Railway should be carried out without the participation of England, and arranged that the above-mentioned business men should have charge of British interests as far as finance was concerned.

On the 5th March a contract was signed by Mr. Gwinner and accepted by the Public Debt, raising 2,160,000*l.* at 4 per cent. to provide for the construction of the Konia-Eregli section.

Foreign Office,
March 20, 1903.

On the same day the Minister of Finance signed the statutes of the Bagdad Company.

Memorandum,
April 7, 1903.

During the same month arrangements were made that Lord Revelstoke should represent the British group officially at a meeting fixed to be held in Paris on the 24th March, for the purpose of settling and discussing details.

At this meeting Lord Revelstoke handed to Mr. Gwinner a Memorandum fixing and embodying the objects for which, in the opinion of the representatives of the English group present, the assistance of His Majesty's Government might be obtained.

They stood as follows :—

§ 1. To agree to a reasonable increase in the Turkish Customs Tariff, in connection with the pending negotiations for a new Commercial Treaty, and to offer no opposition to the inclusion of a portion of the increased customs revenue among the guarantees for the Bagdad Company.

§ 2. Should the new route offer substantial advantages over existing routes for the carriage of mails to India, to make use of it for the purpose on terms to be agreed upon between His Majesty's Government and the Company.

§ 3. To give assistance (not, of course, pecuniary) towards the provision of a terminus, with proper facilities, at or near Koweit, and co-operate in procuring convenient Customs arrangements.

Mr. Gwinner suggested that the participation should take the following form :—

- 25 per cent. to Germany.
- 25 per cent. to England.
- 25 per cent. to France.
- 10 per cent. to the Anatolian Company.
- 15 per cent. to minor nations.

Sir E. Cassel suggested 26 per cent. to the three first, in order to avoid the out-voting of two of the main participators by a third in combination with the Anatolian Company and minor nations. Mr. Gwinner objected, and the matter remained in abeyance. Mr. Gwinner also wished to introduce the word "Ottoman" before "Customs" in § No. 3 of the Memorandum handed him by Lord Revelstoke; this, however, was

* The Germans claimed to own 80 per cent. of the shares of the Oriental Railways.

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not embodied, and, while the matter was still under discussion, a sudden outcry against British participation was raised in the English press and Parliament, and on the 23rd April Mr. Balfour withdrew British Government support from the scheme.

After this breakdown of negotiations there was a lull in affairs for a short time, but early in June a meeting was held at Berlin by the German and French Syndicates, at which they came to an understanding—viz., 40 per cent. to France, 40 per cent. to Germany, and 20 per cent. reserved for Austria, Switzerland, Constantinople, and Italian groups.

This plan, however, was not approved by M. Delcassé, but was not abandoned by the French group.*

In December Mr. Gwinner called on Sir N. R. O'Connor, and, in the course of conversation, expressed his regret at the breakdown of negotiations in the spring, he attributed the failure entirely to the sudden ebullition of public opinion in England, which had deterred both the British Government and the British Syndicate from proceeding with the business. He regretted the failure the more, as he had accepted nearly all Sir E. Cassel's proposals concerning the amalgamation of the Anatolian Company with the British line, and that, with the consent of his Government, he had even been prepared to waive the amendment as regards customs at Koweit, as the Railway Company did not care in the least whether Koweit was a British Protectorate or not, only they wished to avoid two customs inspections—viz., one by Koweit and one by the Turkish authorities.

Sir N. R. O'Connor replied that it would have greatly assisted an arrangement had the construction of the Persian Gulf end of the line been given over to the British; to this Mr. Gwinner replied that he would have had no objection, but that had the Persian Gulf end been yielded, he could not have given up the Anatolian section; further, Russia might have objected, and thus caused some unpleasantness.

Mr. Conyngham Greene reported from Berne that a complete understanding was arrived at between the French and German groups.

Mr. Block reported in February 1904 on the replacing of the Konia tithes for the kilometric guarantee of the Konia-Eregli section, by a selection of Cazas in the Vilayets of Bagdad, Aidin, Mossul, and Diarbekir, owing to the Russians objecting to the Konia Cazas being touched, the latter being already hypothecated for the Russian indemnity.

The prospectus of the loan on the above security was made public in October, and soon after successfully floated.

On the 25th October the Konia-Eregli section was inaugurated with great ceremony.

The Imperial Defence Committee held a meeting on the 12th April last, at which they came to the conclusion that it is important that England should have a share in the control of the extension of the Bagdad Railway to the Persian Gulf, with a view to insuring the effective neutralization of the terminus.

On the 12th July Sir N. R. O'Connor happened to see Dr. Zander, Director-General of the Anatolian Railway, his Excellency inferred that the Doctor was still desirous of England's participation, even if this entailed granting a special arrangement for the construction of the Bagdad-Bussorah section, though he was careful not to commit himself definitely.

Sir N. R. O'Connor assured Dr. Zander that he personally entirely shared his desire for an understanding between the two countries on this great enterprise, but that he could not answer for the views of His Majesty's Government at the present moment, or say how far they would be prepared to go in the matter, but that he thought that nothing would be lost by a private exchange of views—say, between Mr. Gwinner and Mr. Babington-Smith—as to the present position of the question, should an opportunity offer for their meeting in the Black Forest or elsewhere during the former's holidays.

During the same month Lord Lansdowne saw the French Ambassador, who assured his Lordship that France was absolutely unconnected with the railway, and had been ever since the breakdown of 1903; however, he held that the idea of allowing England to undertake the construction of the Bagdad-Bussorah section did not seem to him a good one, as it would be obvious that the British Government had a "visée politique" in the matter—he personally favoured an international basis throughout.

Towards the end of July Mr. Barry, Director of the Ottoman Bank in London,

To Foreign Office,
Telegraphic,
June 19, 1903.

To Foreign Office,
No. 787, November
25, 1903.

To Foreign Office,
No. 831, December
15, 1903.

To Foreign Office,
No. 49, October
12, 1903.

1904.
To Foreign Office,
February 23, 1904.

To Foreign Office,
No. 1, October 11,
1904.

1905.

To Lord Lansdowne,
Private,
July 12, 1905.

Foreign Office,
No. 485, July 19,
1905.

* See note at the end of Memorandum.

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Foreign Office,
August 5, 1905.

called at the Foreign Office and informed Sir T. Sanderson that Mr. Gwinner's agent had told him that British participation had been decided upon through Sir N. R. O'Connor, England receiving the Bagdad-Bussorah section, an arrangement to which France would consent. He added that Messrs. Speyer and Co. would be charged with the formation of the British group.

Mr. Barry was informed that this went far beyond any substantial fact, although indications were not wanting to prove that the Germans might be favourable to some such arrangement.

Foreign Office,
No. 110, Tele-
graphic, July 31,
1905.

Lord Lansdowne wired the tenour of this interview to Sir N. R. O'Connor, asking him what news he had of the Germans. Sir Nicholas replied that he had no doubt that Dr. Zander had greatly exaggerated the importance of his personal remarks as to the desirability of British participation, but he pointed out at the same time the advantages of keeping a door open to future negotiations, without pledging the Government officially. His Excellency further suggested that, in event of France objecting to an "all-British" control over the Bagdad-Bussorah section, the Syrian railways might be considered as a counter poise.

Foreign Office,
No. 144, Tele-
graphic, August 1,
1905.

Lord Lansdowne replied that, under the present circumstances, overtures to Germany were undesirable, and that internationalization was the best solution—viz., France, United States, and England admitted on equal terms.

(Signed) MARK SYKES.

Note on the French Group.—The following is supplied by a prominent English financial authority :—

"There cannot be said to be a French group in the Bagdad Company, the French Government having shown its disapproval, and having refused to allow an official quotation of the Paris Bourse to any issue.

"The Imperial Ottoman Bank is however, a shareholder in its rôle as banker only, and not as representative of a French group holding 25 per cent."

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Printed for the use of the Foreign Office. September 1905.

CONFIDENTIAL

(S493.)

No. 1.

Director of Military Operations to Foreign Office.—(Received July 29.)

(Secret.)

THE Director of Military Operations presents his compliments to the Under-Secretary of State for Foreign Affairs, and begs to forward for his information the Report and sketches compiled by Captain E. W. S. Mahon, R.E., who was dispatched to examine the country adjacent to the Khor Abdullah at the head of the Persian Gulf, with a view to reporting on the places which appeared most suitable as termini of the proposed Bagdad Railway, in accordance with conclusion 4 of the sixty-seventh meeting of the Committee of Imperial Defence, held in London on the 22nd March, 1905.

2. Major-General Grierson would be pleased if he could be informed whether there is any objection to a copy of this Report being furnished to the Intelligence Branch of the Indian army, and should the report be printed he would be glad to be furnished with six copies.

Winchester House, St. James's Square, London,
July 29, 1905.

Inclosure in No. 1.

Report (with Maps) on the country adjacent to the Khor Abdullah, and places suitable as Termini of proposed Bagdad Railway, by Captain E. W. S. Mahon, R.E. July 1905.

(Secret.)

THE terminus of the Bagdad Railway could be made at either of the following places:—

1. Bussorah.
2. Fao.
3. Um-Kasr.
4. Warba Island.
5. Koweit.

- (a.) El-Kathama;
- (b.) Bander-es-Shuwaik.

There are no insuperable difficulties to be met with in reaching any of these places, and the cost of construction per mile (exclusive of permanent way) would be comparatively slight.

There is thus no technical objection to any of the above places becoming the terminus of the railway. I propose to discuss the merits of each.

Bussorah, situated up the Shatt-el-Arab, about 67 miles from the bar, is the present distributing centre of trade for Eastern Turkish Arabia, and is likely to remain so. It is the limit of navigation for sea-going vessels.

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The great hindrance to Bussorah commercially is the bar of the Shatt-el-Arab, which, in its present condition, is only available for the passage of vessels of 15-foot draught at ordinary high tides and of 18 feet at "high springs."

I attach a plan of the bar copied from a survey made recently by Mr. Burgess, chief officer of the British India Steam Navigation Company, from which it can be seen that, with a very little dredging, the channel could be made available for vessels drawing 24 feet at high springs.

The length of shallow water is at present but little over half-a-mile, and by comparison with previous charts it will be seen that the tendency is for the stream to cut a channel for itself through this shallow portion. If the channel were once cleared, very little assistance would be required to keep it so.

If this were done the chief drawback to Bussorah as a commercial port would be removed.

Merchandize, both export and import, is at present carried between Bussorah and Bagdad by shallow river steamers and native craft. It is unlikely that this mode of transport would be in any way affected by the railway which, under ordinary circumstances, would be unable to compete successfully in the matter of rates.

The majority of the passengers would, however, probably prefer the rapid train service to the slower journey by boat.

Politically, Bussorah would, I consider, be badly situated as the terminus of the railway, as it is on Turkish territory, and therefore under Turkish control for Customs and other regulations.

In the event of war between Turkey and the Power owning the terminus and dominating the trade, it would be, for topographical reasons, a very difficult place to defend. By seizing and holding the river channel the Turks could sever communication with the open sea, which their adversaries would not be able to re-establish without great difficulty.

Fao.—There would be no technical difficulty in connecting Fao with Bussorah by rail. It is situated on the right bank of the Shatt-el-Arab, about 8 miles from the bar.

The line would have to skirt the date plantations on the side away from the river (a 5-foot embankment would suffice) and come down to the river just north of the telegraph station. At this point there is deep water (7 fathoms) close in to the shore extending for over a mile.

Land at the station side would be expensive as it is all date plantations, but there are no engineering difficulties to overcome.

The objections, from a railway point of view, which apply to Bussorah, apply equally to Fao, with the added objection that there is at present no trade there, and it is extremely unlikely that firms already established at Bussorah would remove to Fao; all their interests and connections with the native traders are in the former town, and there would be no advantages to counteract the increased cost of transport between Fao and Bussorah, which would be out of all proportion to the cost of transport between Bussorah and outside ports.

Fao also is on Turkish territory (although the land is mostly owned by the Sheikh of Koweit), and therefore liable to the same restrictions and regulations as Bussorah.

The trade of Mohammerah on the Persian side of the Shatt-el-Arab has also to be taken into consideration, as it is likely to increase considerably when the communication between the upper Karun and the interior of Persia is improved as proposed. Steamers proceeding to Bussorah call at Mohammerah. The merchants of Mohammerah—a Persian port—would never transfer their interest to a Turkish port at Fao, so that steamers would still call there.

Fao's one advantage over Bussorah is its proximity to the sea; communication with it could be more easily maintained in the event of trouble.

Um-Kasr is the name of a small creek at the head of the Khor Abdullah. It is claimed by the Sheikh of Koweit, but the Turks have built a fort and maintain a small garrison about 3 miles up from the mouth of the creek. The creek is about 3 miles long by half a mile broad, narrowing at the end.

At about a mile from the entrance on the west bank there is a narrow strip of land lying above high water. It is about 300 yards by 30 yards, and separated from the general high ground by about 400 yards of shallow swamp. The water is deep close in shore, and a landing stage could be easily erected along it and connected

to the high ground to the west, which could be made the site of the railway terminus.

There would be no difficulty in bringing the alignment to this point from Zobeir by practically following the road.

The chief advantages of Um-Kasr are that—

1. It is accessible at all times to ships drawing 18 feet, and, by a little dredging at the east end of Warba Island, this could be improved so as to make it accessible to ships drawing 24 feet.
2. Ships can get close to shore and be unloaded direct.
3. The creek is land-locked and protected from storms.

The objections are—

1. The available combination of deep water and dry shore only extend for a short distance, about 300 yards, and considerable dredging and banking operations would have to be undertaken to improve it.

2. The creek is narrow, and would only accommodate a limited number of ships of any size.

3. Bussorah would still remain the trade centre. As noted above, the railway is unlikely to be able to compete successfully with the river traffic between Bagdad and Bussorah, and it would be considerably cheaper to ship goods direct at Bussorah than to rail them to Um-Kasr before doing so.

There still remains the merchandize from above Bagdad which may be caught by the railway. If this was still carried by the railway to Bussorah it would probably be unloaded there in preference to incurring the extra railway freights to Um-Kasr. I have no information as to the amount of trade to be expected from above Bagdad.

4. There are no habitations at Um-Kasr and no business connections, so that it is unlikely to become a port of any size.

5. Special arrangements would have to be made for the protection of the port against raids.

Warba Island is situated in the Khor Abdullah to the south-east of the Khor Um-Kasr. It is separated from the western mainland by the Khor Salem, a narrow creek 100 yards broad at the north end, widening with swamps to three-quarters of a-mile at high water at the south end.

The Khor Abdullah to the south of Warba Island would afford a fine anchorage for a large number of ships, and is accessible to ships of 24 feet at any time; it is land-locked and well protected from storms.

The ground at the south-west corner of the island slopes steeply and there is deep water close in shore.

The island is flat and sandy with low scrubby bushes, the general level is about 10 feet above high water, hard and dry. There is probably no fresh water obtainable, but brackish water should be found near the surface.

The railway could be continued from Um-Kasr along near the shore skirting the high ground, cross the Khor Salem at its north end, and continue on to the south-west corner of the island; the only obstacle is the crossing of the Khor Salem which could be effected with girders supported on screw piles.

Warba Island would be a better position for a railway terminus than Um-Kasr, as the anchorage is larger and the firm ground broad and continuous along the shore of the island.

There is plenty of room for building: all materials would have to be brought to the place.

All the objections on the score of trade applicable to Um-Kasr apply equally to Warba Island, and the trade of Bussorah is not likely to be transferred to this port.

The difficulty of fresh water could be overcome by the use of condensing machinery, if the requirements warranted the expenditure.

Both Um-Kasr and Warba Island are claimed by the Sheikh of Koweit, and it would be possible to ensure that no unnecessary restrictions and Regulations should be imposed on the port.

The country bordering the Khor Abdullah is low and swampy so that a hostile force could not effectively command the approaches to these ports. Warba Island would be more secure against raids than Um-Kasr.

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Koweit.—There are two points on the shore of Koweit Harbour which are available as possible sites for the terminus of the railway, viz. :—

1. El Kathama.
2. Bandar-es-Shuwaik.

El Kathama is the name of the shore and anchorage at the west end of the harbour; the anchorage is capable of accommodating a large number of ships of 24 feet draught. There is no deep water close in shore, and cargo would have to be transhipped by means of lighters, unless a pier of about half a-mile is built out into the harbour.

The anchorage is well sheltered from the "Shamal," or north wind.

The shore consists of firm salty sand, sloping up towards the hills bordering the north side of the harbour. These hills terminate in abruptly broken sandstone cliffs, 300 feet to 400 feet high, which extend for several miles along the north shore.

A good site for a station could be found on the slope below the cliffs. Owing to the broken and irregular nature of the cliffs it would be extremely difficult, if not impracticable, to find an alignment to climb them; and the approach to El Kathama must be along the slope on the north shore.

In order to effect this, the alignment from Zobeir would skirt the high ground past Um-Kasr and follow down to the west of the Khor Sabiya (which separates Bubiyan Island from the mainland) and turn round on to the northern side of the harbour; this would all be easy going, practically a surface line throughout, and no engineering difficulties to overcome.

The chief objection to El Kathama as a railway terminus lies in the fact that, as with Um-Kasr and Warba Island, there is no trade existing there, and would stand a still smaller chance of competing with Bussorah owing to the increased lead.

It is too far (19 miles) by road from Koweit to derive any benefit from the proximity of that town, and special arrangements would have to be made for the protection of the port against raids.

Bandar-es-Shuwaik is a creek to the south-west of the town of Koweit, formed by the mainland on the east side, Kurein Island and the mud flat on the western side. It is about $1\frac{1}{2}$ sea miles long by 4 cables broad, and has a depth of 36 feet throughout, except at the entrance, where it has a depth of 12 feet low-water springs, with a rise of 12 feet, giving at least depth of 24 feet at high-water springs.

This could probably be much improved by dredging.

Inside of 12 feet right round Koweit, the bottom consists of a layer of rock overlying sand, the rock being limestone with coral formation; the rest of the bottom is mud and sand.

About 1 mile of the far end of the creek could be utilized for ships as it at present exists, by merely placing mooring posts on both sides of the creek; those to the east being intended to moor ships alongside the bank (as there is deep water right close up to it) and those on the mud bank to the west for warping ships in and out. Further improvements could be added as required, but the entrance to the creek should be carefully buoyed for the deepest channels.

The shore at this point is admirably adapted for a railway terminus; it slopes gradually to a flat plain 20 to 30 feet above high sea level; the soil is firm sand.

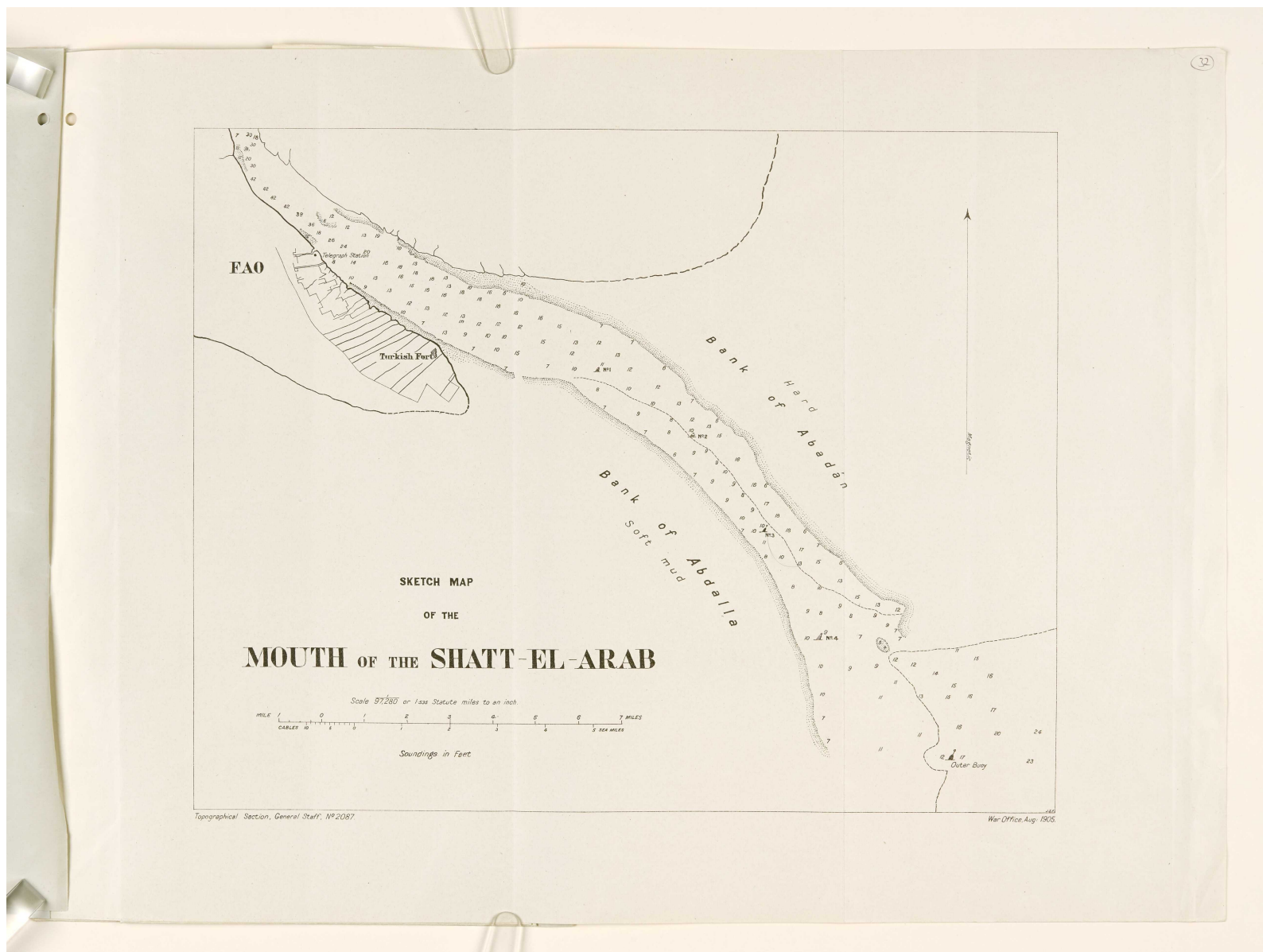
From El Kathama the alignment would pass Jehara and follow the road to Koweit. There are no engineering difficulties to overcome.

As in the other instances, a railway at Koweit would have no effect on the trade of Bussorah. There is, however, at present a certain amount of trade between Koweit and the interior, and also between Bagdad and the interior direct; the railway between Bagdad and Koweit would considerably shorten the route and would probably catch most of the trade diverting it through Koweit.

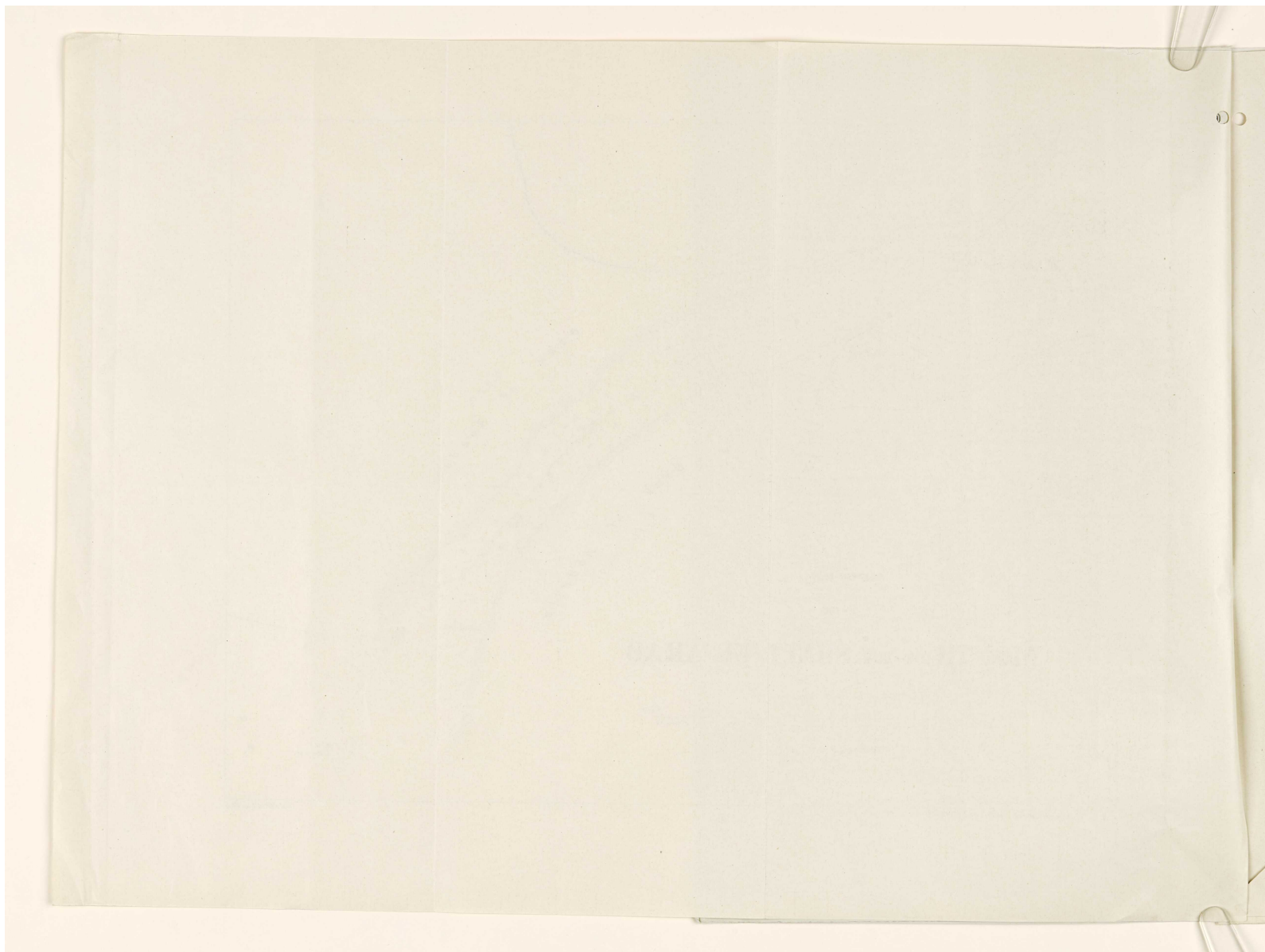
The interior of Arabia is reported to be a richly cultivated country, which would probably repay opening up, and if it should in the future be decided to do this, Koweit would be the nearest point on the Persian Gulf to start from. With proper communications trade would increase and, moreover, the trade between the interior and the Red Sea would probably be diverted to the Persian Gulf if increased facilities were given.

A railway at Koweit would probably catch the major portion of the outside pilgrim traffic to Kerbela, and a continuation to the interior would reap the benefit of a fast pilgrim route to Mecca.

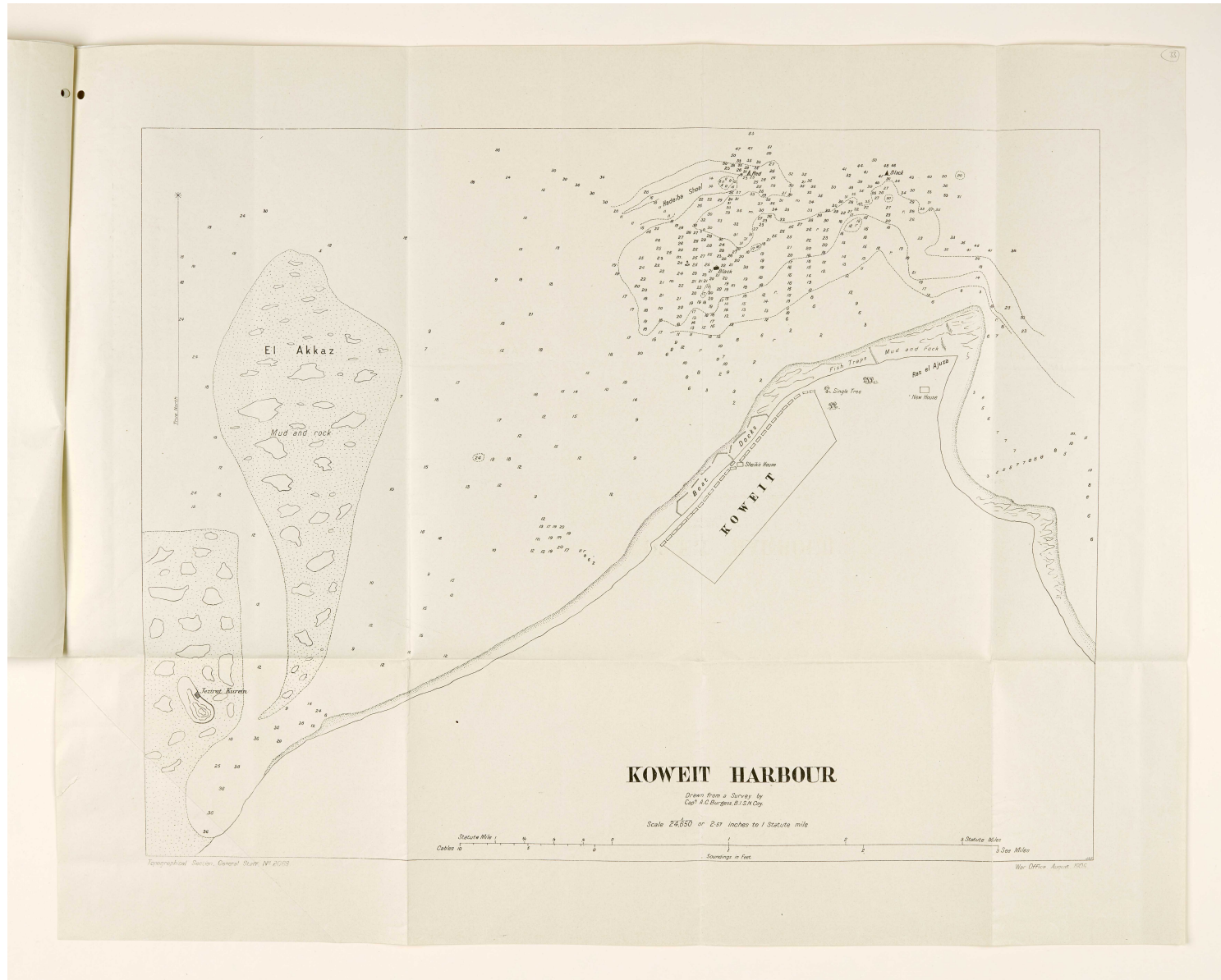
"خريطة مبدئية لمصب شط العرب" [٣٢ و] (٢/١)



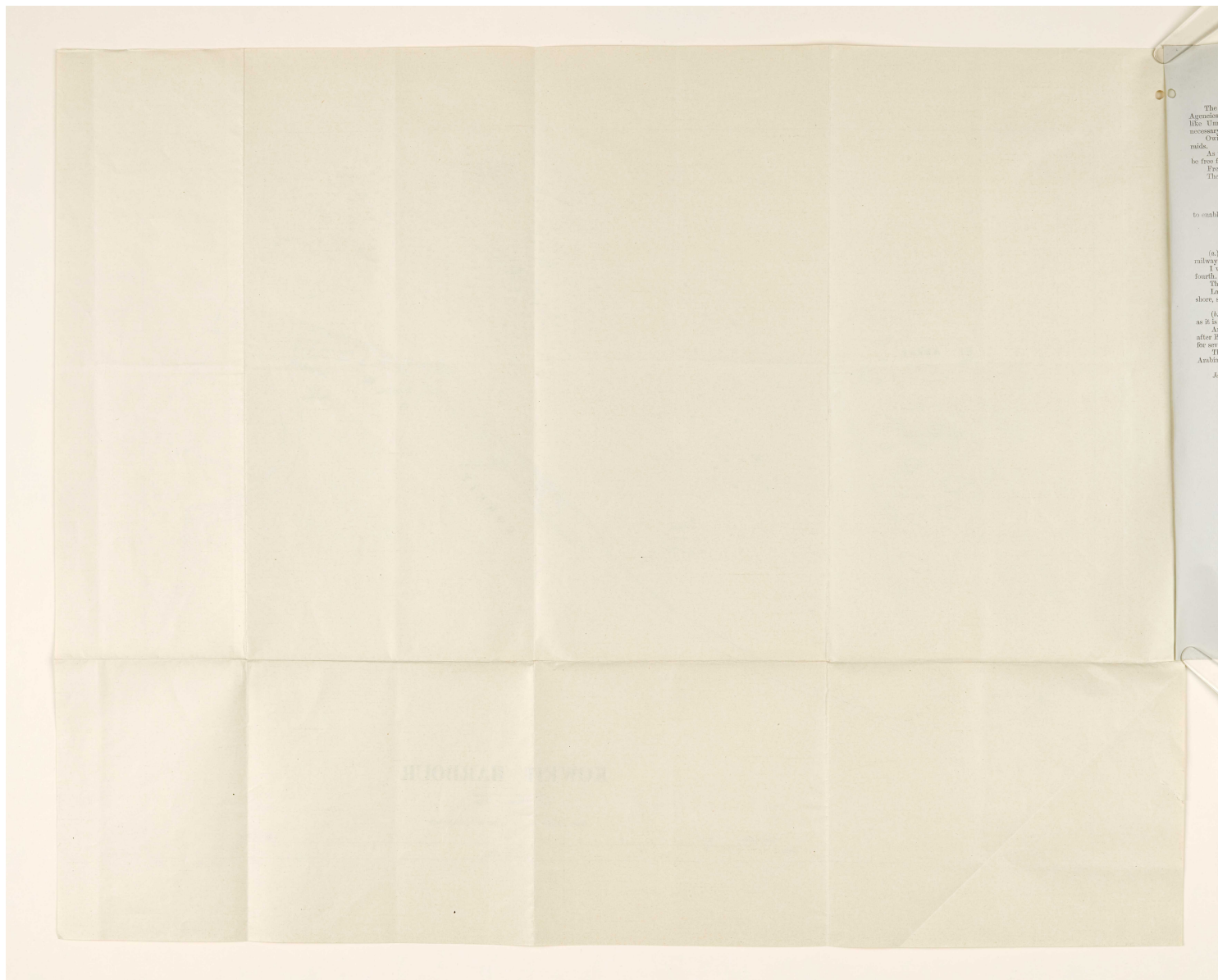
"خريطة مبدئية لمصب شط العرب" [٣٢ ظ] (٢/٢)



"ميناء الكويت" [٣٣ و] (٢/١)



"ميناء الكويت" [٣٣ظ] (٢/٢)



The town itself would inevitably expand enormously under these influences. Agencies would be more readily established in a town than in an uninhabited spot like Um-Kasr or Warba Island, and the town would provide the accommodation necessary for native passengers.

Owing to the proximity of the town the terminus could be easily protected from raids.

As the port would be under British protection it would remain an open port, and be free from unnecessary regulations and restrictions.

Fresh water could be obtained by condensing machinery.

The entrance to the harbour should be lighted with the following lights :—

- 15 mile light, south-east end of Failaka Island,
- 15 mile light on Ras-el-Arz,
- 7 mile light on Ras-el-Ajuza,

to enable the harbour to be entered at night.

Conclusion.

(a.) From an engineering point of view Warba Island is the best position for a railway terminus and port.

I would place Um-Kasr next, and Fao third, with Koweit (Bandar-es-Shuwaik) fourth.

There are no engineering difficulties to prevent Bussorah being made a terminus.

Land along the river front would be expensive and ships cannot come close in shore, so that transhipment would have to be by lighters as at present.

(b.) As regards trade Bussorah is undoubtedly the best position for the terminus, as it is the terminus of sea-going vessels and is capable of improvement.

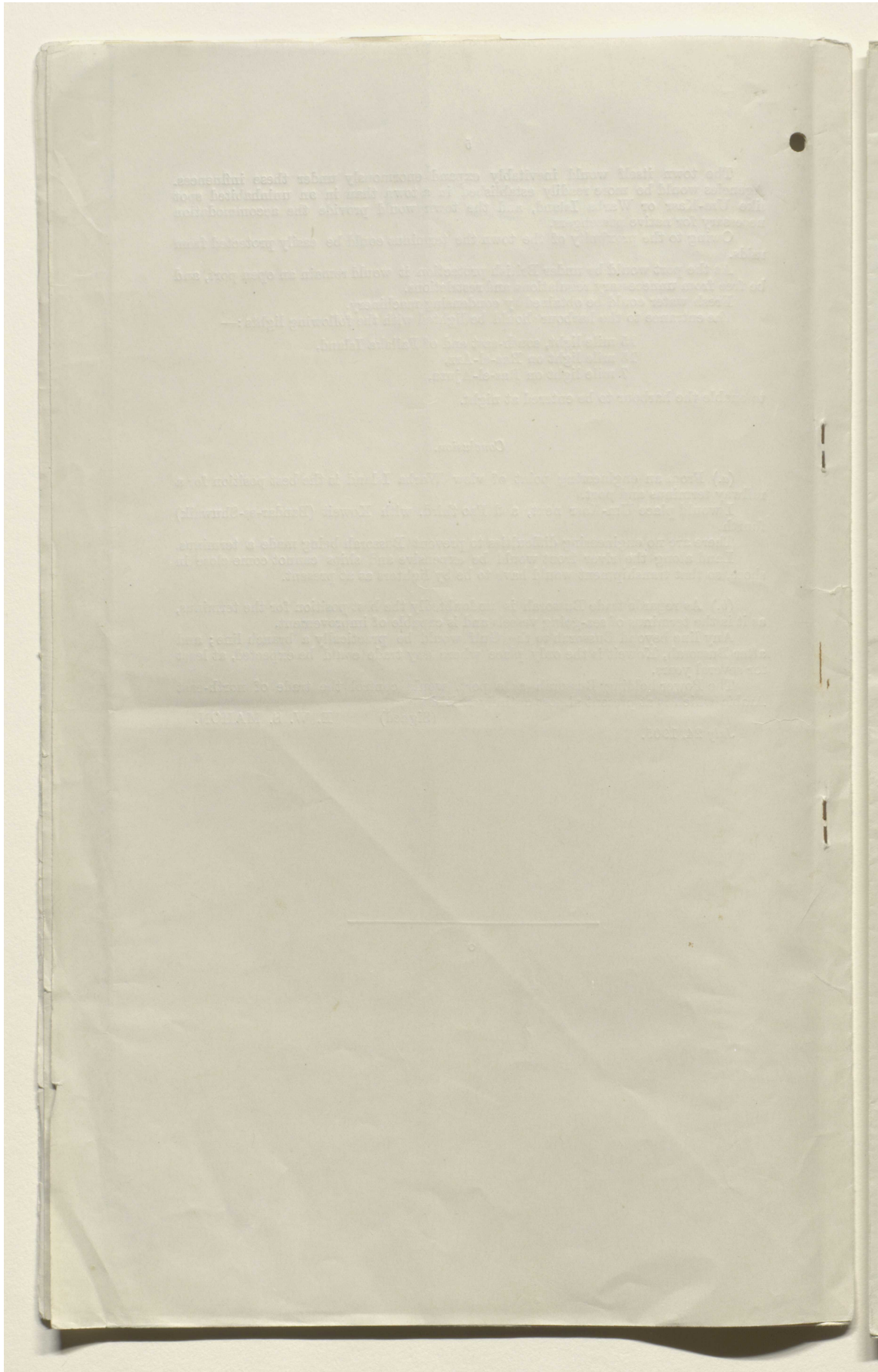
Any line beyond Bussorah to the Gulf would be practically a branch line; and after Bussorah, Koweit is the only place where any trade could be expected, at least for several years.

The Power holding Bussorah as a port, would control the trade of north-east Arabia which is at present almost entirely British.

(Signed) E. W. S. MAHON.

July 24, 1905.

"سكة حديد بغداد" [٣٤ ظ] (١٢٩/٦٨)



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PERSIA AND ARABIA

[June 15.]

CONFIDENTIAL.

SECTION 4.

No. 1.

Sir A. Hardinge to the Marquess of Lansdowne.—(Received June 15.)

(No. 68.)

My Lord,

Tehran, May 5, 1903.

I HAVE the honour to transmit herewith a copy of a despatch which I have addressed to Colonel MacMahon, with reference to his despatch to the Government of India of the 18th March last, a copy of which he was good enough to send me respecting the seizure by the Seistan Customs of property belonging to his Mission.

I have, &c.

(Signed) ARTHUR H. HARDINGE.

Inclosure 1 in No 1.

Sir A. Hardinge to Colonel McMahon.

Sir,

Tehran, May 4, 1903.

I HAVE the honour to acknowledge receipt of your despatch No. 597 of the 18th March, on the subject of interference by the Customs of Seistan with the property of your Mission, and to transmit to you herewith a copy of a despatch addressed by me on this subject to His Majesty's Secretary of State for Foreign Affairs, a copy of which was also sent by me to the Government of India.

On receipt of your despatch under reply I directed Mr. Seymour, Third Secretary of His Majesty's Legation, to call on M. Naus, and draw his Excellency's attention to the telegram respecting the prohibition of the export of cereals mentioned by M. Maurice to Major Benn, and interpreted by the former as being aimed at your Mission.

M. Naus declared that this instruction, which was sent nearly three weeks before your arrival in the neighbourhood of the frontier, has nothing whatever to do with your Mission, but was intended to prevent the export of cereals on behalf of the Heshmet-ul-Mulk, Governor of Seistan, who had already forced the Customs to allow the passage of one caravan in which he was interested across the frontier. It was in anticipation of resistance by the Governor's accomplices that the order to report any forcible exportation of provisions in defiance of Regulations had been given.

At Mr. Seymour's request M. Naus embodied the above explanations in an official letter of which I have the honour to inclose a copy herewith.

I have no doubt whatever of the sincerity of M. Naus' regret that M. Maurice should have so misinterpreted his instructions. Whatever may have been the relations between M. Maurice or M. Molitor and Major Benn, M. Naus himself has always evinced a desire to maintain the most cordial relations with His Majesty's Legation, and even if this were not the case, he is far-seeing enough to realize the placing of petty obstacles in the way of a British Diplomatic Mission must not only be futile, but must eventually recoil on his own Department. The annoyance which he displayed when he brought me the telegram reporting M. Maurice's action (it was the first news I had of it) was, however, obviously genuine, and he lost no time in sending telegraphic orders to Seistan to release the stores intended for your Mission at once.

In my own opinion the blame for the delays, and other vexatious incidents attendant upon your reception in Persian territory, was due to the neglect of the Persian Foreign Office to make, notwithstanding my repeated warnings to it, the necessary preparations, and to give sufficiently clear and definite orders beforehand, both to M. Naus and to its own officials, in Seistan. This negligence was, I think, rather from procrastination than from ill-will on the part of the Persian Ministers, and was, I have little doubt, the result of a hope that your arbitration, which they viewed with alarm as likely to cause difficulties with Russia, and which M. Vlassoff had persuaded them would deprive them of territory, would by some means or other be put off. The consequence was that when this hope was unfulfilled and you actually arrived on the frontier, it took some little time

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"سكة حديد بغداد" [٣٥ ظ] (١٢٩/٧٠)

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for the instructions which they then dispatched to reach their local officials, whilst the latter, intimidated by M. Miller, had no clear idea as to how the Central Government desired you to be received.

I am sending a copy of this despatch to you to the Government of India.

I have, &c.

(Signed) ARTHUR H. HARDINGE.

Inclosure 2 in No. 1.

M. Naus to Sir A. Hardinge.

Téhéran, le 3 Mai, 1903.

M. le Ministre,

COMME suite à la conversation que je viens d'avoir avec votre Secrétaire Mr. Seymour, je tiens à confirmer à votre Excellence que la défense de permettre des exportations de céréales envoyée par moi à la Douane de Seistan le 20 Janvier dernier ne visait en aucune façon la Mission du Colonel MacMahon, lequel à cette époque devait d'ailleurs se trouver encore bien loin du Seistan.

J'avais reçu un rapport du Seistan me signalant que le Gouverneur, d'accord avec le nommé Pourdih Khan, pratiquaient la fraude des céréales à la sortie, et qu'une caravane avait franchi la frontière nonobstant l'opposition de la Douane.

C'est alors que j'ai télégraphié à M. Molitor à Meched l'ordre suivant :—

"Donnez ordre formel Douane Seistan s'opposer absolument à toute exportation céréales sauf quantités autorisées pour Robat.

"Si exportations ont lieu par force nonobstant défense, faire dresser procès-verbaux de contravention et me câbler immédiatement."

Je le répète, ceci visait le trafic illégal auquel se livraient le Gouverneur et Pourdih Khan, mais nullement la Mission du Colonel MacMahon.

Votre Excellence voudra d'ailleurs bien se souvenir que mon intervention relativement aux ordres à donner concernant la Mission a toujours eu pour but de faciliter les affaires.

Je vous prie, &c.

(Signé) J. NAUS.

No. 2.

Sir A. Hardinge to the Marquess of Lansdowne.—(Received June 15.)

(No. 69. Confidential.)

My Lord,

Tehran, May 14, 1903.

THE telegram from the Government of India of the 9th instant, and your Lordship's telegram No. 46 of the 11th May, seem to make it desirable that I should explain more fully and clearly than I have yet done the exact financial situation in Persia, and the bearing upon it of the advance made last month by His Majesty's Government, for the completion of which the Persian Government is now applying.

The revenues of the Persian Government may be estimated at about 1,200,000l. a-year, but for practical purposes the only ones we need take into account are those under European administration, viz., the customs and posts.

The Caspian Sea royalties represent 20,000l. a-year, but the permanence of this source of revenue is doubtful.

The telegraphs represent at present, under Persian management, only about 5,000l. a-year.

Of the "malat," or land revenue, which may be estimated at about 700,000l. or 800,000l. a-year, but which under proper administration would bring in a great deal more, very little reaches the Imperial Treasury.*

The annual revenue of the posts, under Belgian administration, may be estimated at 10,000l.

The customs brought in last year a revenue of 420,000l., and M. Naus estimates that this year they will rise to 440,000l., and, when the new Tariff is in thorough working order, to 500,000l. Of this the northern customs, including with the term those

* Many of the employés of the Central Government are paid, however, out of drafts on the Provincial Treasuries, and much of the land revenue covers local expenditure.

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of all the western and eastern frontiers, contribute about 260,000*l.*, and the southern about 180,000*l.*

These revenues are charged with the payment of the interest and sinking fund of the two Russian loans (of 3,200,000*l.*), representing an annual payment of 176,000*l.*, with the payment of 24,000*l.* a-year, representing the interest on the advance made at 12 per cent. in April 1901, by the Imperial Bank of Persia, and with a portion of the interest on the advance of 200,000*l.* made by His Majesty's Government through the Imperial Bank in April 1903, which though nominally also secured on the Caspian fisheries and on the posts, will, however, as a matter of practical convenience, be entirely paid out of the customs receipts.

The total annual charge on account of loans on the customs of Persia is therefore, roughly, 216,000*l.*, out of a total present estimated revenue of 440,000*l.*, of which 176,000*l.* are paid to Russian and 40,000*l.* to British creditors.

There is therefore room for another loan at 5 per cent. of about 2,000,000*l.* on the northern, and of about 3,250,000*l.* (interest and sinking fund) on the southern customs.

In practice, however, such large loans as those indicated above cannot safely be made by the Persian Government. Its annual expenditure, including the charges on the loans, has almost always exceeded, since the accession of the present Shah, by 200,000*l.* or 300,000*l.* its annual receipts, and if it is to attempt to balance its Budget by reducing its expenses and by reforming the "malat," and is to continue paying the interest on existing debts (failing which Russia forecloses on the northern customs), it cannot venture to contract any further loan bearing interest of more than 80,000*l.* a-year, *i.e.*, of about 1,500,000*l.*, or if the customs increase by another 100,000*l.*, of 2,000,000*l.* Even this would be most dangerous unless the money were employed remuneratively, *e.g.*, in order to provide a sufficient force to crush resistance to increased taxation and to the abolition of ruinous abuses.

I append a Table illustrating the above statement by figures.

In connection with the above-described pecuniary liabilities, the Persian Government has entered into certain political engagements towards Russia and Great Britain respectively, which, although already familiar to His Majesty's Government, it may be convenient that I should recapitulate, for convenience of reference, side by side.

1. Engagements towards Russia.

The Persian Government has bound itself towards Russia—

(a.) To give the Russian Bank, in case of default, supervision, and if this is insufficient to secure the regular payment of the interest due on the loans, control over the customs pledged as security for the loans, *i.e.*, all the Customs of Persia except those of "Fars and the Persian Gulf."

(b.) Not to redeem the Loan of 1901 till 1910, and not to redeem the Loan of 1903 till 1912, giving six months' notice in each case.

(c.) Till the loans are repaid or redeemed, to "issue no foreign loan" (Contract of 1901), and to "contract no foreign loan for a long term" (Contract of 1903), without the consent of the Russian Government. The Russians interpret this as meaning that although Persia is free to accept advances from the Imperial Bank of Persia, which is in a sense her State Bank, and with which her Government has an "account current," or to discount royalties, such as those due on the Caspian Fisheries Concession, the D'Arcy Petroleum Concession, and telegraph lines worked by the Indo-European Telegraph Department and the Indo-European Telegraph Company, she cannot stipulate, or accept a stipulation, that the advances made to her shall only be redeemable "à longue échéance." The expression "longue échéance" has not been precisely defined, but I suppose it might be reasonably contended that a term of twenty years, perhaps even of ten, would constitute "longue échéance," but that one of five would be "courte échéance." The difficulty could probably be turned, supposing that we wished to lend Persia a given sum for twenty years, by providing that our advance could be redeemed in, say, five years, but that if it was redeemed before ten the interest would be doubled, or substantially increased. In the case of the recent advance this was not necessary, as the nominal security was a fixed sum, payable annually for a term of twenty years.

(d.) Persia has further undertaken, till the loan is repaid, not to lower her duties without the consent of Russia, and this engagement has now been made independent of the repayment of the loan by its incorporation in a secret Article attached to the new Russo-Persian Commercial Treaty.

2. Engagements to Great Britain.

In 1897, under instructions from Lord Salisbury, Mr. Hardinge, the Chargé d'Affaires here, in connection with certain rumours as to a contemplated Persian Loan, requested, in a note to which a Memorandum was annexed, an assurance from the Persian Government that under no circumstances whatever would the control of the customs of Southern Persia be ceded to a foreign Power. The Memorandum annexed to this note pointed out that it would be a grave error of policy to pledge to foreign financiers the customs revenues of the Southern Persian ports. It added that Great Britain would protest against the alienation to a foreign Power of the Shah's control over the customs of his "southern ports," an expression which was altered in the Persian text of the Memorandum to "control over the revenues of the customs of Southern Persia."

The then Mushir-ed-Dowleh, on the 23rd October, 1897, replied to this note in a communication of which the English translation in our archives runs as follows:—

"You have written that there was a rumour that the customs of Southern Persia would be placed under foreign supervision and control as guarantee for a loan. I therefore take this occasion of informing the Legation that this rumour is absolutely without foundation, and that they will never be placed under foreign supervision and control."

The actual Persian text, which of course is the only one which the Persian Government would regard as binding on itself, is a little less lacking in precision: translated literally it runs:—

"This that you had written it has been rumoured that 'some' (or 'certain') South Persian customs are being placed under foreign supervision and control against the amount of a foreign loan, has been brought to notice, and it has been deemed necessary to bring to the notice of the respected Legation that the rumour is completely without foundation and under foreign supervision and control" (they—this pronoun is understood, but does not actually figure in the text) "never will be placed."

Not long afterwards, in his despatch No. 149, of 4th November, 1897, Mr. Hardinge reported that the Persian Ministers were negotiating a Dutch loan on the security of the southern customs, and intended to reconcile their action with the above assurance by a declaration that as their payments would never be in arrears, the control and supervision which they had promised us not to part with would never become effective; in other words, that they were free to pledge the southern customs, so long as they did not actually cede them. I have little doubt that they would revive this contention to-day if we argued that they had broken the engagement of 1897 by pledging the Customs of, say, Kerman and Mohammerah (supposing the latter port to be excluded from the term "Fars and the Persian Gulf"), and further, that they would lay great stress upon the fact that the Mushir-ed-Dowleh, in his note of 23rd October, had only given an undertaking in respect of "certain of the South Persian customs," and not in respect of them all.

It appears to me, therefore, that before committing ourselves to a formal declaration, or at any rate entering into a discussion of details with respect to this engagement, we should first decide (1) whether it is undoubtedly violated in the letter, as I think it is in the spirit, by the Russian loan contracts of 1900 and 1902; and (2) in what precise sense we understand the terms "Southern Persia" and "Fars and the Ports of the Persian Gulf" respectively, since they are susceptible of different interpretations.

What do we mean exactly by "Southern Persia"? Is the expression to be understood in contradistinction to "Northern Persia"? In which case it would include the southern half of the Shah's dominions, *i.e.*, the whole country south of, say, the 32nd parallel of latitude, and take in not merely Arabistan, but Kerman and Seistan. Or is it "Southern" as distinguished from "Central" as well as "Northern" Persia? In which case the northern limit would be drawn a good deal further south, and take in the eastern frontier and the ports of Persian Baluchistan, but hardly Seistan or the Upper Karun, *i.e.*, Ahwaz and Shuster. It is evident to me that in 1901 your Lordship had yourself not come to any definite decision on this question, for in your telegram No. 38 of that year, you pointed out to me as a reason for collecting the customs of Arabistan at Mohammerah and not at Ahwaz, that those of the latter place might be held to be pledged to the service of the Russian loan.

What, again, is your Lordship's view of the meaning of the term "Fars and the Ports of the Persian Gulf"? In its narrowest sense, and in this the Russians doubtless construe it, it might be restricted to the administrative Provinces of Fars, and to the

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ports constituting the "Banádir District" administered by the Governor of Bushire, which extends from Bunder Rig on the west to a point just west of Jask on the east, but does not include Mohammerah in Arabistan, or Jask, Charbar, or Gwetter in Persian Baluchistan. Or it may be held to comprise all the Customs division administered by the "Direction Générale" of the Persian Gulf at Bushire, which at present excludes Mohammerah, but takes in the ports of Persian Baluchistan. A still wider definition would include besides the stations within the limits of this division, Mohammerah (with its dependencies Shuster and Ahwaz) which, whilst not for administrative purposes a part of the Provinces of Fars or Benádir (Bushire) or for Customs purposes under the Director-General of Bushire, is nevertheless a "port of the Persian Gulf" though the Russians, I believe, argue that Mohammerah, being 60 miles up the Shat-el-Arab, is not a Gulf port in the strict sense of the term.

When the first Russian loan was negotiated in 1900, the Persians intimated, I believe, to Russia that they had promised us not to place their southern customs under foreign control, and as Russian control was a contingent condition of the loan, their exclusion had to be provided for. The term "Customs of Fars and of the Ports of the Persian Gulf" was accordingly adopted in the contract, and the Persian negotiators, who are never precise, were satisfied with it, as expressing all the custom-houses controlled from Bushire, with which those of Jask, Chabar, and Gwetter, were in process of amalgamation. Mohammerah, and its dependent customs, Ahwaz and Shuster, were at that time outside this division, their administration being still in the hands of Sheikh Khazal, and they were only united to it in the autumn of last year, to be again separated from it (no doubt at Russian instigation) a few months ago, and constituted as a separate division under the title of "Direction Générale de l'Arabistan."

It must be noted in this connection, and whether we like it or not, it is undoubtedly a weak point in our case, that at the time when the Russian loan contract was first published, on the 30th January, 1900, with the clause excluding only the customs of "Fars and the Persian Gulf," His Majesty's Government made no formal reservation or protest with regard to this particular point, either to Russia or Persia, on the strength of the engagement of 1897. They had official knowledge from the communiqué in the St. Petersburg "Pravitelstvenny Vestnik," which reproduced the substance, but not the actual articles, of the Agreement, that all the customs of Persia, except those of "Fars and the Gulf," were pledged to and were liable to contingent control by Russia, but they did not even demand to be furnished with a text of the loan Agreement, in order to ascertain how far it affected the engagement of 1897. Sir Charles Scott, indeed, spontaneously reminded M. de Witte of that engagement verbally, in the course of conversation, but without calling attention to the distinction between "Southern Persia" and "Fars and the Persian Gulf." Two months later, in connection with the proposal to place Mohammerah under the Belgian Customs, Lord Salisbury telegraphed to Mr. Spring Rice to inform the Persian Government that no change in the administration of the customs there should be made without our consent, and to remind it of the engagement of 1897, ascertaining at the same time whether or not the Customs of Mohammerah were included in the guarantee of the Russian loan. The result of the discussions which followed this instruction, and which I need not recapitulate at length, was that the Persian Minister for Foreign Affairs stated verbally that if Mohammerah was included (as he personally believed it to be) in the expression "Fars and the Gulf of Fars" it was excluded from the Russian guarantee, and that if control ever became necessary the Persian Government would decide to what ports the control should apply. His Excellency, however, deprecated a written discussion, and asked that Mr. Spring Rice's note inclosing Lord Salisbury's telegram might be regarded as a verbal communication only (Mr. Spring Rice's telegram No. 50 of the 4th April).

So matters remained, we claiming in the abstract that the term "Fars and the ports of the Persian Gulf" must, in view of the engagement of 1897, include Mohammerah, but without saying how much more it included, and the Persian Government evading an official expression of opinion on the point till when the second loan was concluded on the same lines as the first, I obtained your Lordship's permission to place on formal record that no pledge in either of the Russian loan contracts could affect the earlier promise made to us by the Persian Government, that the customs not merely of "Fars and the Gulf," but of "Southern Persia," would never be placed under foreign control, and I did so in my note to his Highness of the 10th May, 1902. That note the Persian Government have never answered. In June 1902 I mentioned this fact to the Atabeg at Carlsbad, but as he professed ignorance, or rather an inaccurate recollection of the text of the engagement, and talked generally of discussing all current questions in London, I thought it better not to press the point, since I did not feel quite certain

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"سكة حديد بغداد" [٣٧ ظ] (١٢٩/٧٤)

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what view your Lordship took of it, and, moreover, had no papers about it with me. I have very little doubt that the Persians would prefer not to commit themselves to any formal definition. If they say officially that "Fars and the Gulf Ports" include the ports of Arabistan and Persian Baluchistan, they will become involved in a controversy with the Russians, who will retort that they understand the term as employed in their loan Agreements in its literal sense, and that as any doubts as to these Agreements are, by Article 15 of the first loan Contract, to be "jugés par entente entre les Gouvernements de Russie et de Perse," they claim a joint right with Persia of defining the meaning of an instrument to which they are a party. If, on the other hand, the Persians say that "Fars and the Persian Gulf" exclude the ports of Arabistan and Baluchistan, which, whatever "Southern Persia" may mean, are clearly included within it, they expose themselves to a charge on our part of having violated the engagement of 1897, in so far as they have consented to these ports being placed, in case of default, under Russian control. We have, therefore, now to consider the question whether we shall insist on their immediately impaling themselves on one or other of the horns of this dilemma, and, supposing we decide it in the affirmative, whether we shall do this in connection with the completion of an advance nominally made by the Imperial Bank of Persia.

I am personally of opinion that there is no harm in raising the point, but that we should not raise it in a form which will necessarily compel Persia to give us an immediate answer, and that in any case such an answer, in the sense desired by us, should not be made the condition of what is practically our first Persian loan. We want to obtain an effective hold on the southern customs, and to prevent Persia from contracting fresh political loans with Russia, and to do this we must, for the present, make our terms more attractive than those offered by our rivals. It is certain that the Persians, if we make an answer on this point a *sine quâ non* of our pecuniary assistance, will have to consult the Russians whose loan Contract it touches, and that the latter will find out that we are negotiating a fresh advance and will interfere to stop it, especially as they will guess that the money really comes from us and not from the Imperial Bank, which can have no interest, as a private concern, in raising a purely political question as a condition to a business transaction. The point, moreover, is not of any immediate practical consequence, since the customs of Mohammerah, Charbar, &c., are of no present pecuniary value, the trade of these ports being as yet purely local. The important ones are Bushire and Bender Abbas, which are covered by the term "Fars and the Gulf," and it is on these that we must strengthen our hold.

We have, moreover, an admirable opportunity for formulating our views on this question in a more plausible and, I think, a more dignified manner. The Anglo-Persian Declaration of 9th February last provides for the drawing up of a "Règlement Douanier" to be agreed upon between the Persian Government and the British Legation at Tehran, which shall determine, amongst other things, the "classification" of the "bureaux douaniers" throughout Persia. When this "règlement" is submitted to us we can ask for information as to the reason for the separation of the Customs of Arabistan from those of the remaining ports of the Persian Gulf, and can then put in a caveat, and insist, if need be, on an answer to it, as to the exclusion of all the southern ports, including Charbar and Mohammerah, and for that matter, if your Lordship thinks fit, of the land Custom Houses of south-east Persia, *i.e.*, Kerman, Mirjawar, Kuh-i-Malek, Siah, and Seistan, from the scope of the two Russian loans. We are on far more solid ground for such action, if we take it as the result of a right conferred upon us by our Commercial Treaty, than if we raise the point in connection with what is theoretically a private financial transaction between the Persian Government and the Imperial Bank. And as our commercial declaration will have been ratified in the course of the next week or so, there need be no delay about doing it.

Suppose, moreover, that the Persian Government declines, rather than face a dispute with Russia, to give us the answer we require on the ground that the engagement of 1897 speaks only of "some of the South Persian customs," and that if we understood it to cover more than "Fars and the Gulf," we should have protested at the time of the first loan contract, we shall be in a better position if we refuse to accept this answer in connection with the "Règlement Douanier" than if we do so in connection with our advance. In the latter case the advance falls through, and any new one on the security of the southern customs becomes very difficult; in the former we can reply that we reserve our rights, and shall take such measures as we think fit to enforce them should the Persian Government actually break the engagement of 1897 by allowing Russian control over the customs of any place in Southern Persia.

In any case it would, I think, have been very unwise on my part to have raised this question in connection with the advance of 4th April last, as to have done so at a moment

when, as I had the honour to explain to your Lordship, rapid and decisive action was essential, would have probably resulted in upsetting the whole negotiation, and would have enabled the Russian Bank to obtain, in return for a fresh Russian advance, if not a formal Mint monopoly, at any rate so strong a Mint contract as would have endangered the future of the Imperial Bank of Persia.

I would also respectfully point out that by obtaining a collateral hold on the customs of the Persian Gulf, we have strengthened our guarantee against their being employed as security, or partial security, for a foreign loan. The engagement of 1897 would not, as I have observed, have made it legally impossible for the Persians to undertake to pay a Russian advance out of the revenues of, say, the customs of Bender Abbas, so long as the creditors did not stipulate for supervision and control in case of default, nor will the danger of such an assignation or ear-marking of these revenues be absolutely excluded till we have either made a sufficiently large loan to prevent it, or have obtained a clear promise from Persia, not only that she will not permit foreign control or supervision over the customs of Southern Persia, but that she will never affect or assign any portion of their revenues for a foreign loan without our consent. I cannot but think that an agreement by which the customs of "Fars and the Gulf Ports" are made for 20 years, the collateral security for an English advance is at least a slight step in this direction, and *pro tanto*, a substantial, if only a modest, gain.

I also think that the lien on the posts, and above all on the telegraphs, including the new line which the Persian Government is building to Seistan, is worth having, if only to prevent the pledging of their revenues to Russia, and thus giving her a pretext for meddling in their management.

A colleague representing a neutral Government told me that he considered this provision a distinct advantage from our point of view. "L'Angleterre," he said, "à été très adroite en chipant une ressource qui aurait pu servir de garantie, les douanes du nord une fois épuisées, à un nouvel emprunt Russe." And, as I mentioned in my telegram No. 62, the Viceroy, who is now disposed to depreciate its value and to contend that the Government of India always insisted on the customs as first security, himself suggested in his telegram of the 11th February, the telegraphs as first security and the customs as second, for an Anglo-Indian loan of half a million.

When his Excellency complains that these loans are not arranged on business lines, by which I suppose he means, in an open and straightforward manner, and in return for positive (instead of merely indirect, remote, and negative) advantages on both sides, he, I think, loses sight of the fact that as Persia's engagements with Russia forbid her to make a foreign loan "à longue échéance" at all, the conclusion of such a transaction, in a strictly business manner, presents formidable initial difficulties, which can only be turned by a flanking movement, and not by a direct attack on the open, like Lord Methuen's at Magersfontein.

Persia dare not openly violate her contract with Russia, and must therefore either have recourse to subterfuges to evade it or submit to all its consequences, and, in return for each Russian advance, consent to deal some fresh blow to British and Indian interests. We have, moreover, in Russia an active competitor, which has already advanced Persia over 3,000,000*l.* and is willing to provide more, if absolutely necessary, on easy terms, rather than let her escape from financial tutelage. Just now the Atabeg would, for a variety of reasons, rather borrow from us, *caeteris paribus*, than from the Russians, but he would rather borrow from them, even on unfavourable terms, than risk an open rupture with them.

His own views on the subject were briefly summed up in a phrase which he used to M. Naus when the pros and cons of our rival offers were being discussed by the Persian Ministers: "Si prenons aux Russes," said his Highness, in his broken French, "Anglais fâchés—si prenons aux Anglais, Russes fâchés; quelqu'un toujours fâché—alors prendre le meilleur."

Had we more fully realized this standpoint in 1898 we might now be the masters of Persia.

I trust that your Lordship will excuse the excessive length of this despatch. The most important question discussed in it—that of the bearing of the engagement of 1897 on the expression "Fars and the Persian Gulf ports" of the loan Contracts—is no longer immediately pressing, in view of the Grand Vizier's decision, arrived at since I began to write it, to defer for the present his request for the completion of the advance of the 4th April. It is, however, almost certain that he will, sooner or later, apply to us again, and I have therefore thought it might be convenient, and might save subsequent misunderstandings involving costly telegraphic explanations, if I stated, however lengthily and minutely, in a despatch, which could be kept for reference, the salient points to be borne

"سكة حديد بغداد" [٣٨ ظ] (١٢٩/٧٦)

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in mind in any present or future discussion of the loan question which, tiresome and vexatious as it is, is the pivot on which all Persian politics turn, and to which we cannot, therefore, afford to be indifferent.

I have, &c.
(Signed) ARTHUR H. HARDINGE.

Inclosure in No. 2.

Persian Customs' Revenue, capitalized at 5 per cent.

THE following figures are only approximate.

The estimate of 440,090L is M. Naus' for this year, but it must be borne in mind that the relative value of the Northern and Southern Customs is likely to be a good deal altered by the new Tariff, the general effect of which will be to lower the Customs revenue derived from importations by Persia from the north, and to increase it on importations by her through the southern ports.

NORTHERN CUSTOMS.

	£		£
Capital	5,200,000	Interest at 5 per cent. ..	260,000
Pledged	3,200,000	Interest and sinking fund ..	176,000*
Available	2,000,000		

SOUTHERN CUSTOMS.

	£		£
Capital	3,600,000	Interest at 5 per cent. ..	180,000
Assigned	400,000	Interest at 12 and 5 per cent.	40,000†
Available	3,200,000		

NORTHERN AND SOUTHERN CUSTOMS TOGETHER.

	£		£
Capital	8,800,000	Interest at 5 per cent. ..	440,000†
Pledged and assigned	3,600,000	Interest and sinking fund ..	216,000
Available	5,200,000	Interest at 5 per cent. ..	260,000

	Roubles.		
* Russian Loan, 1900	22,500,000	} Interest and sinking funds	1,670,194.20 roubles, payable per annum at 9.50 roubles per £, (say) 176,000L.
Russian Loan, 1902	10,000,000		

	£		£
† Bank Loan	200,000	Interest at 12 per cent. ..	24,000 per annum.
Government Loan	200,000	Interest at 8 per cent. including sinking fund ..	16,500 "
			40,500 "

† Estimated Customs revenue.

"سكة حديد بغداد" [٣٩ و] (١٢٩/٧٧)

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9

No. 3.

Sir A. Hardinge to the Marquess of Lansdowne.—(Received June 15.)

(No. 72. Confidential.)

Tehran, May 20, 1903.

My Lord,

I HAVE the honour to transmit herewith, with reference to my telegram No. 71 of yesterday, a translation by Mr. Churchill of the instructions recently sent by the Persian Government to the Yemen-i-Nizam, with respect to the delimitation of the Perso-Baluch frontier between Kuh-i-Malek-Siah and pillar 11. I was originally asked to procure these instructions for him by Colonel MacMahon, but it may be convenient for your Lordship to have them by you for reference. The translation is a somewhat rough one, as the official from the Ministry of Foreign Affairs whom the Mushir-ed-Dowleh sent with them was not authorized to leave a copy, and Mr. Churchill had thus to make a running translation of them from his dictation.

The secret supplementary instruction about Padaha was not included in the communications made to me by the Mushir-ed-Dowleh, but I obtained the information from a confidential and absolutely certain source.

I have, &c.
(Signed) ARTHUR H. HARDINGE.

Inclosure in No. 3.

Foreign Office Instructions to Yemen-i-Nizam.

IN the year 1313 it was decided between Persia and Great Britain to delimitate the frontier between Persia and Kelat from the environs of Kuhak to Kuh Malek Siah.

The Persian Government sent Etesham-el-Vezareh, and the frontier from Kuhak to Kuh Malek Siah was delimited according to the Protocol sent to you.

The frontier is marked from pillar No. 1 to pillar No. 11 (which is the beginning of the Talab River), and from pillar No. 11 to the north of the Talab River, until it joins the Mirjawar River, the frontier is delimited. From there to the nearest hill of the Mirjawar range (which is the limit of the basin to the north of the Mirjawar River), and from there to the tops of the Kachakoo Mountains to the north, a straight line has been drawn to the heights of Kachakoo, and from there a straight line to the highest mountain of Malek Siah.

From pillar No. 11 to this point the frontier is not specially marked, but has been fixed. For this reason, in the end of 1319, according to the Shah's orders, custom-houses were about to be opened at Mirjawar. The Agents, on arriving, found Captain Webb-Ware, with a troop of soldiers, encamped on Persian territory. He had also built a castle and other buildings, and prevented the Customs Agents from carrying out their duties, and stated that the territory in question belonged to English Baluchistan.

The Agents reported to their Chiefs, who reported in their turn to the Foreign Office. The Foreign Office consequently communicated on this subject with the British Legation, both verbally and in writing. As you will see from the copies of the correspondence sent to you, the British Legation agreed in the end to our view, in an official note dated 26 Zilkadeh, 1319, as follows:—

"It is not necessary to continue discussing a question of Persian soil, which Captain Webb-Ware took possession of under a misapprehension."

They further stated in that letter that instructions had been sent to Captain Webb-Ware from India to withdraw from that point, but it was decided to send Commissioners from their side and from ours to settle the point in dispute.

You are accordingly appointed Commissioner on behalf of the Shah, to go to the afore-mentioned points with the British Commissioner, and see to this business according to the following directions:—

1. You will begin by advising the British Commissioner of your appointment.
2. Your commission is only for the fixing of frontier marks where they do not already exist—that is, from pillar No. 11 to Kuh Malek Siah, according to the Protocol of 1313, and from there to Bend Seistan, according to Goldsmith Protocol of 1872 A.D. The frontier from Kuh Malek Siah to Bend Seistan has already been delimited in a straight line. Therefore, the west side of the mountain (Malek Siah) belongs to Persia.

"سكة حديد بغداد" [ظ ٣٩] (١٢٩/٧٨)

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3. You must know that, according to the Protocol of the 14th December, 1899, the mountain-tops of the Mirjawar Mountains are the frontier points. The west side of those mountains is Persian. The ground adjoining the Mirjawar and Ladis Rivers is also Persian territory.

Additional Instructions shown confidentially.

According to reports received from the Customs officers, in the bed of the river (which has dried up, owing to stones and deposits), at the juncture of the Talab and Mirjawar Rivers, the English have appropriated 3,000 yards, to which they have no right. You are to rectify this. They made a tank at Padaha, which you are to see is handed over to us.

No. 4.

India Office to Foreign Office.—(Received June 15.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Lord George Hamilton, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Resident at Aden, dated the 14th June, relative to the Aden delimitation.

India Office, June 15, 1903.

Inclosure in No. 4.

Resident, Aden, to Government of India.

(Telegraphic.) P.

Aden, June 14, 1903.

IN continuation of my telegram about the Shaibi border of the 12th instant.

I have heard from Wahab that a surveyor has already gone to [?]. Perhaps there is no great harm in this, though for the present I should have preferred that no move should be made for the present in a north-easterly direction.

(Repeated to India Office, Bombay, and Constantinople.)

o

"سكة حديد بغداد" [٤٠] [١٢٩/٧٩]

Sir A. Hardinge to the Marquess of Lansdowne.—(Received December 4, 5.30 P.M.) (40)

(No. 77.)

(Telegraphic.)

Tehran, December 4, 1902, 11.5 A.M.

YOUR telegram No. 63.

My draft letter to Sheikh, after urging maintenance of good relations with Shah's Government, recapitulates his Agent's inquiries last May as to our readiness to protect him against only danger he really feared, viz., attempt by ships of foreign Power, either at war with or acting as pretended friend of Persia, to depose him and deprive Arabs of their ancient rights, and my reply that "Both contingencies were very unlikely, but that if either arose we should, in my belief, interfere, provided that he had acted in accordance with our advice, and that our naval Power, which was strongest in Gulf, would be employed to prevent forcible action against him." I propose now to add following sentence, embodying your Lordship's own words: "I stated, however, that I should have to refer these questions to the Foreign Minister of the British Government, and he has now authorized me to say that we shall protect Mohammerah against naval attack by a foreign Power, whatever pretext for such attack may be alleged, and also so long as you remain faithful to the Shah, and act in accordance with our advice, will continue to give you our good offices and support."

Rest of letter contains expressions of belief that Persian Government have no designs on Sheikh's rights, and of personal esteem for himself.

I spoke to Grand Vizier on the subject last Monday. He made no remarks worth telegraphing, but I think my words did good.

"سكة حديد بغداد" [٤٠ ظ] (١٢٩/٨٠)

an expedition into Doruma's country, which was repelled, Belgians losing 2 officers and 100 men killed. Expedition subsequently returned; Doruma was taken prisoner, and the Belgians remain in occupation of his country. So far as I can understand, there has been no violation of territory which we claim.

Colonel Sparkes thinks, however, that the Belgians mean shortly to send troops into both Sembio's and Tembura's countries. Tembura has written to Belgians, stating that he is "under the English," and forbidding them to come into his country.

Do you approve as regards dispatch of presents?

No. 12.

Sir E. Egerton to the Marquess of Lansdowne.—(Received December 4, 8 P.M.)

(No. 19.)

(Telegraphic.) *En clair.*

Athens, December 4, 1902, 4 P.M.

M. DELYANNIS is charged by the King with formation of Ministry.

No. 13.

The Marquess of Lansdowne to Sir R. Rodd.

(No. 16.)

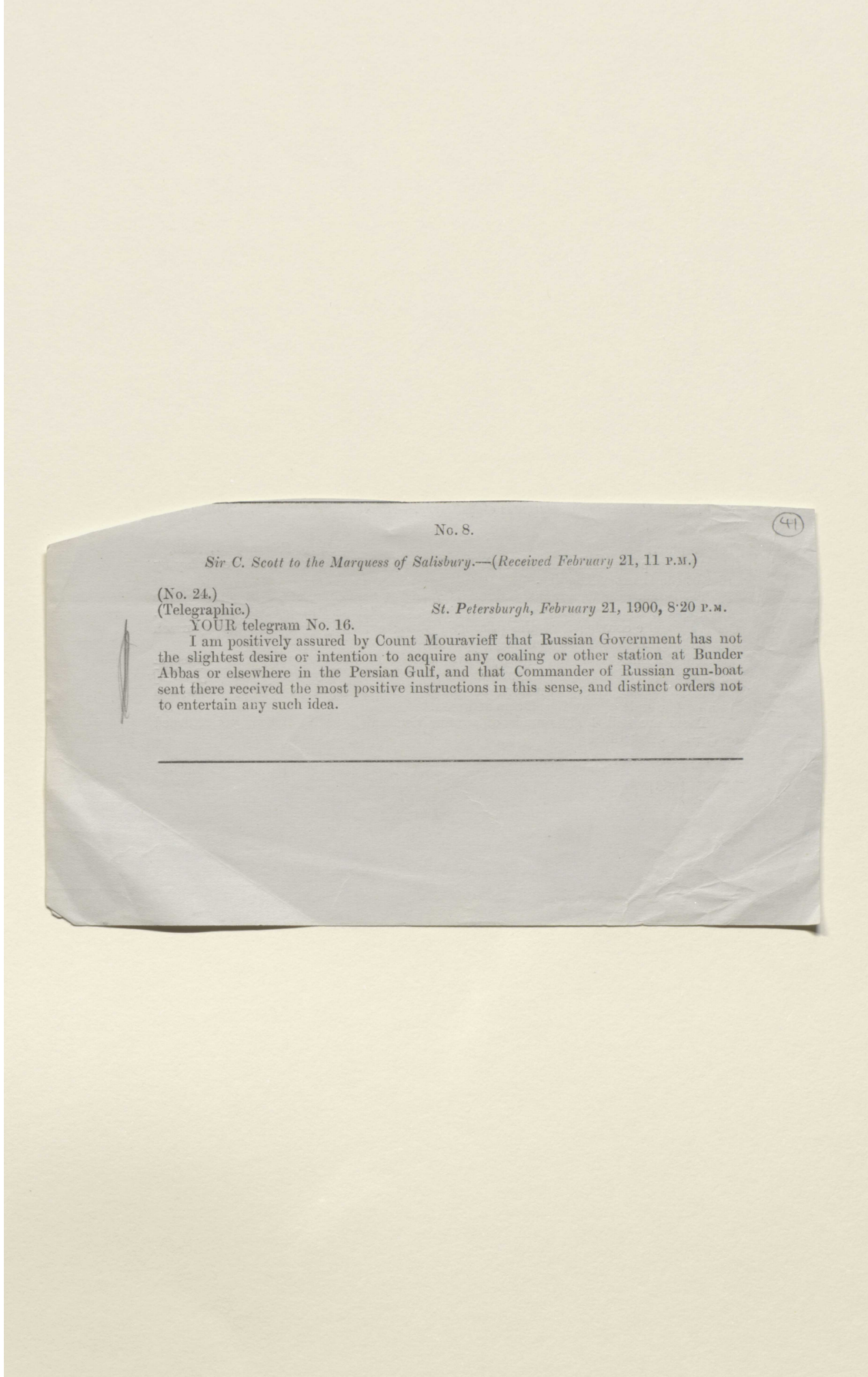
(Telegraphic.)

Foreign Office, December 4, 1902, 9 P.M.

YOUR No. 11 of 4th December.

Foreign Affairs that Benadir Company should

"سكة حديد بغداد" [٤١ و] (١٢٩/٨١)



"سكة حديد بغداد" [٤١ ظ] (١٢٩/٨٢)

Viscount Cromer to the Marquess of Salisbury.—(Received February 21, 1:30 P.M.)

(No. 43.)

(Telegraphic.)

Cairo, February 21, 1900.

AN Egyptian officer of the 11th Soudanese Battalion was arrested yesterday by order of the Court of Inquiry.

The Sirdar now telegraphs "arrest is apparently much resented by many of the prisoner's battalion, showing that discipline of the 11th is still far from satisfactory. Court are quite convinced of the prisoner's guilt; evidently men are still very much under the influence of seditious Egyptian officers."

All the officers of the cavalry have sent in Petitions about pay and pension. They also demand that higher appointments be offered to Egyptian officers. [? Also] that extra working pay and rations be issued when employed on military works, and for a higher scale of pay for officers and men.

There are still 4,000 rounds of ammunition which have not been yet returned by the 14th Battalion.

[1883]

"سكة حديد بغداد" [٤٢ و] (١٢٩/٨٣)

No. 4. (٤٢) Peto
The Marquess of Salisbury to Mr. Spring-Rice.

(No. 31. Confidential.)
(Telegraphic.) Foreign Office, March 20, 1900, 4.20 P.M.

YOUR telegrams Nos. 38 and 39.

It will be best that you should inform Minister for Foreign Affairs courteously, but distinctly, as a message from me, that, in view of our interest in trade of Mohammerah and in navigation of the Karun, we must insist that there shall be no change in the administration of the Customs, or attempt to interfere forcibly with the position of the Sheikh, without our previous consent.

You will remind his Excellency of the written promise given by Persian Government on 23rd October, 1897, that the customs of Southern Persia shall never be placed under foreign supervision and control, and you will state that Her Majesty's Government must hold the Persian Government to the strict observance of this engagement, of which they were reminded in December last.

Endeavour to ascertain whether the Mohammerah customs are included by name in the guarantee of the Russian Loan, or whether they are considered to be included on account of absence of proviso that they are to be excluded.

Report result of your interview by telegraph.

You are authorized to use same language to Sadr Azam.

"سكة حديد بغداد" [٢٤ ظ] (١٢٩/٨٤)

Sir F. Plunkett to the Marquess of Salisbury.—(Received March 20, 10 P.M.)

(No. 2.)
(Telegraphic.)

Brussels, March 20, 1900, 6:37 P.M.

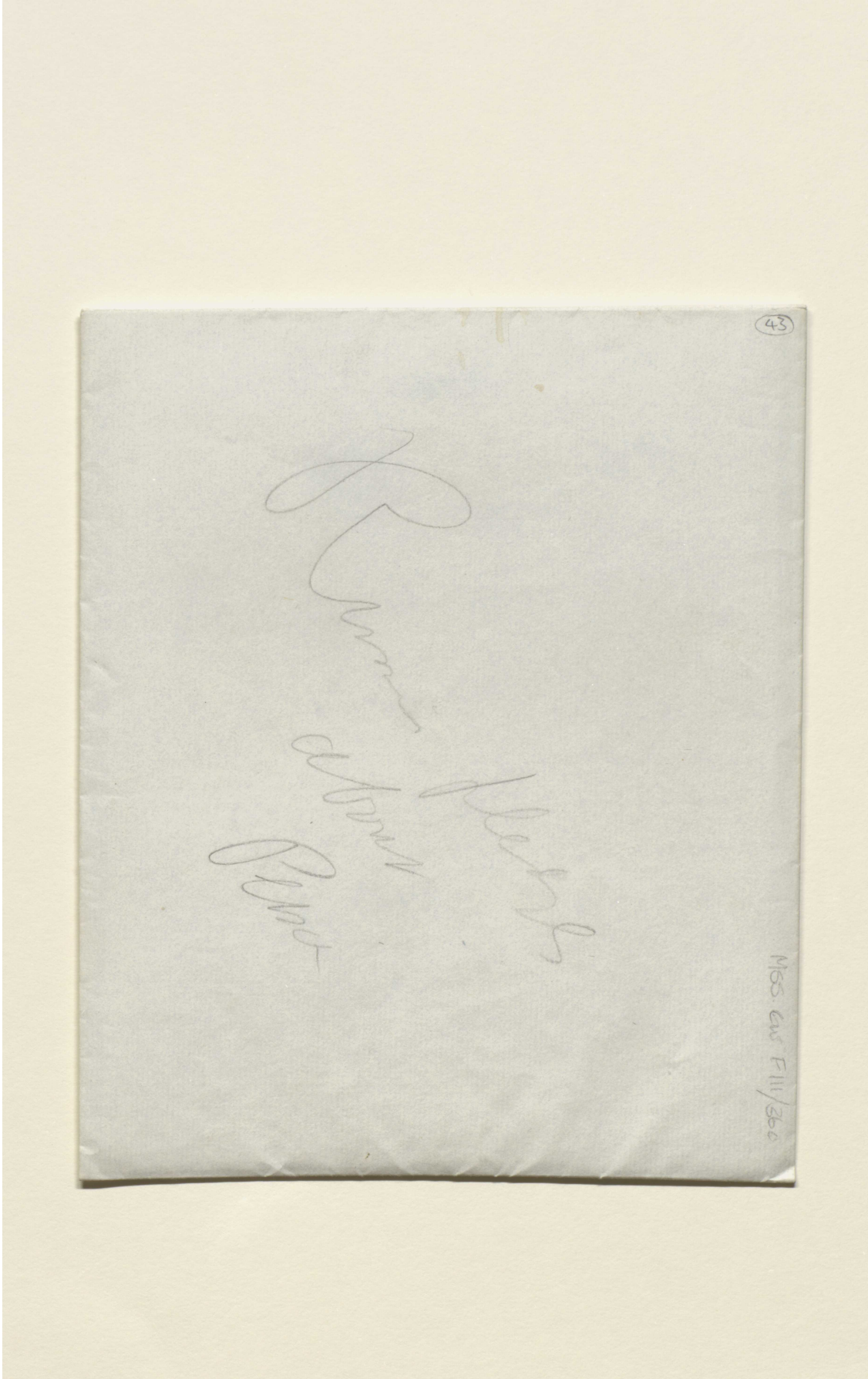
YOUR telegram No. 3.

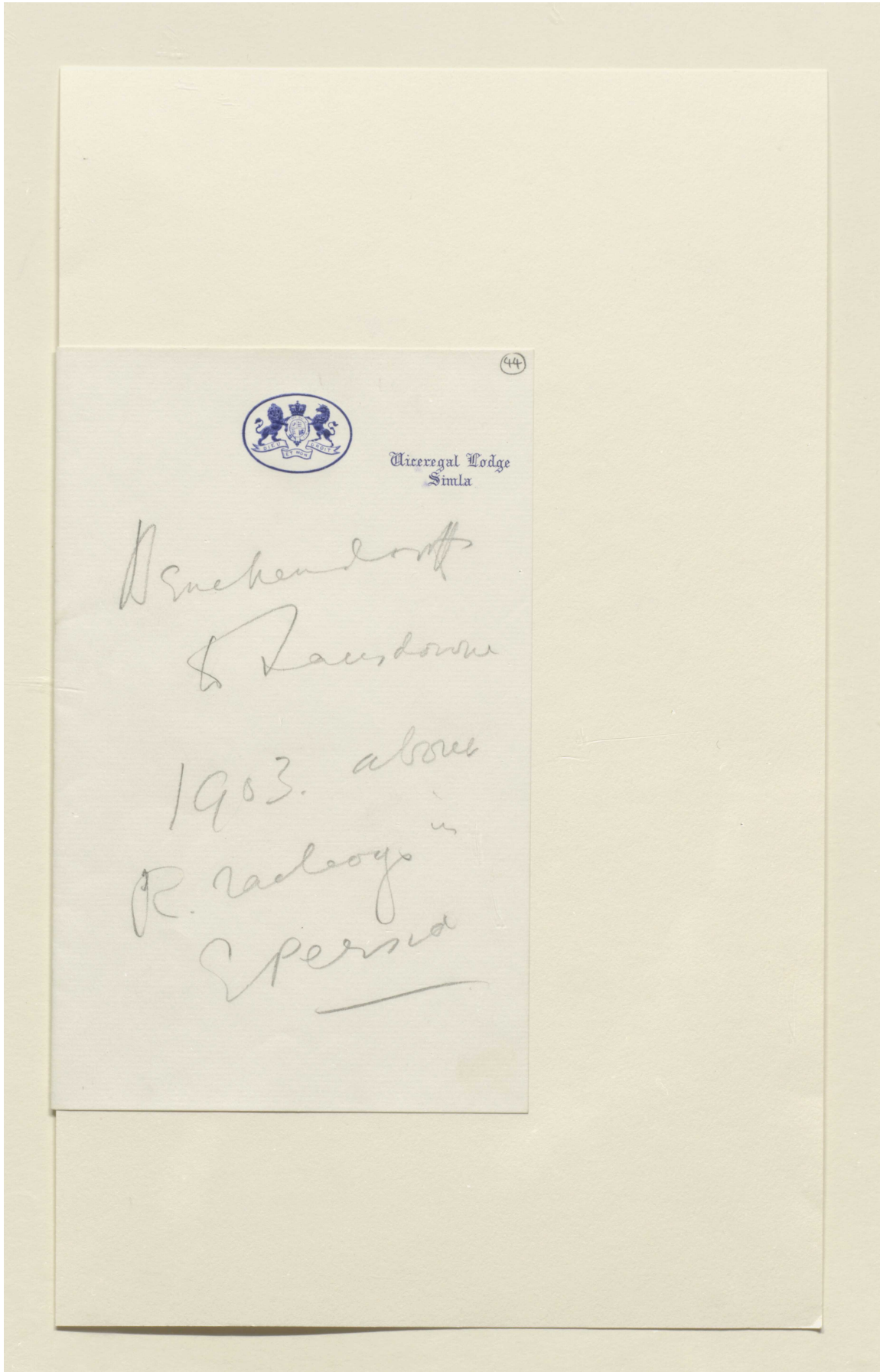
Baron Lambertmont tells me that several foreign Representatives have inquired what reply Belgium would make to the Transvaal application; all their telegrams agree in stating that same application had been addressed to Belgian Consul at Pretoria. Belgian Government have received nothing so far from their Consul, and suppose no application was made to him.

Baron Lambertmont replied to those who made inquiry that if such application were made, Belgian Government would decidedly refuse to interfere.

(Communicated by War Office, March 20.)

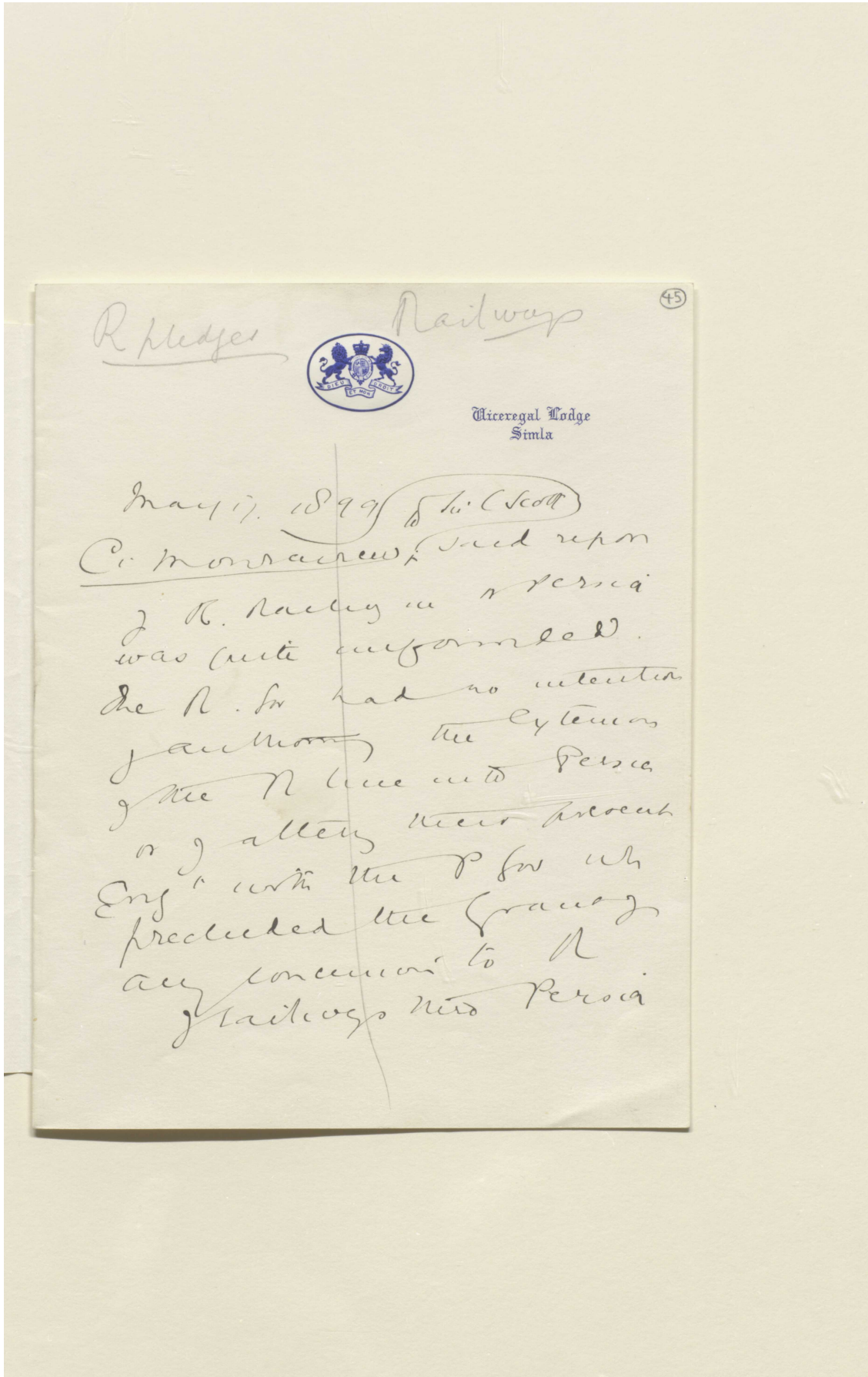
"سكة حديد بغداد" [٤٣ و] (١٢٩/٨٥)



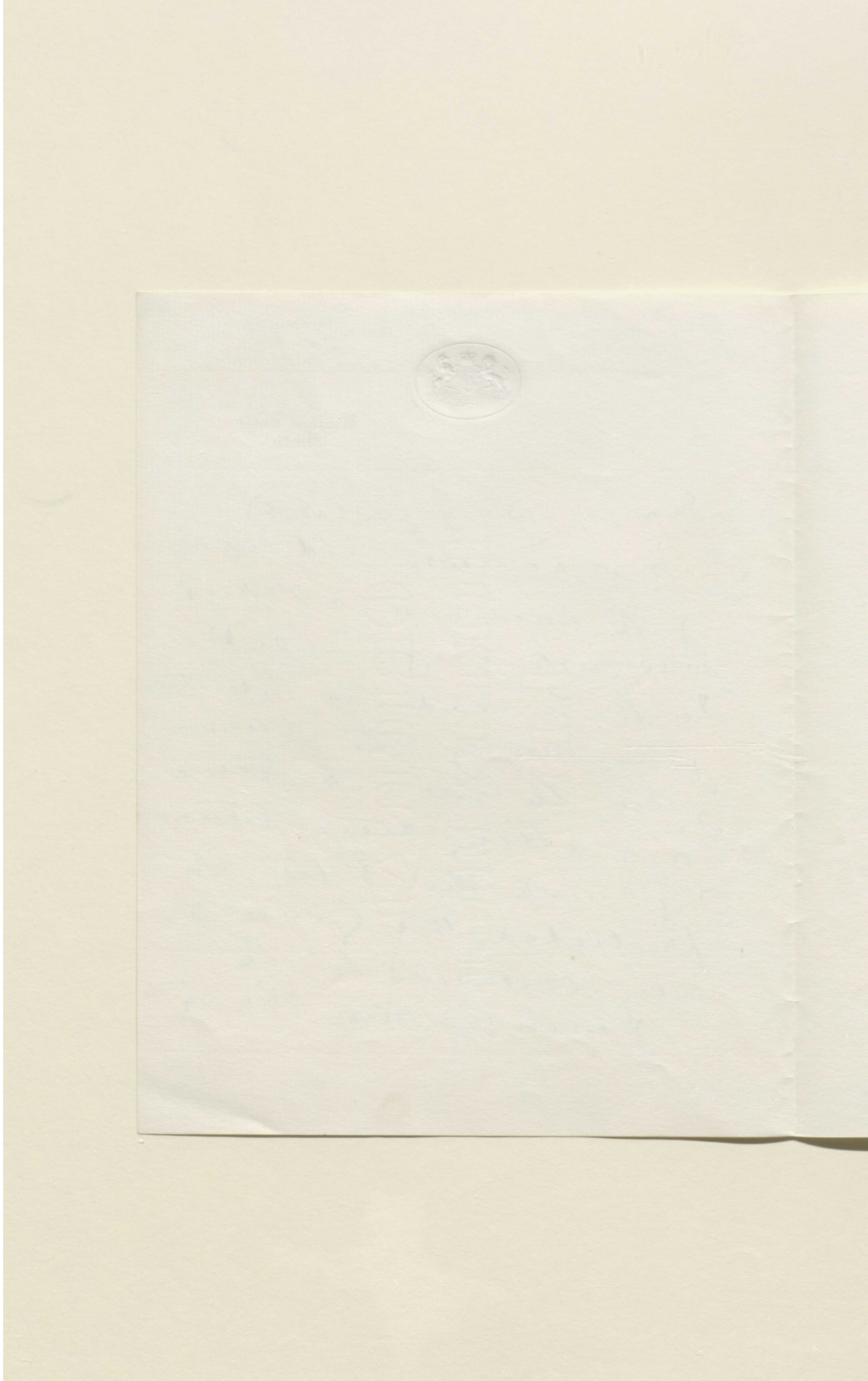


"سكة حديد بغداد" [٤٤ ظ] (١٢٩/٨٧)

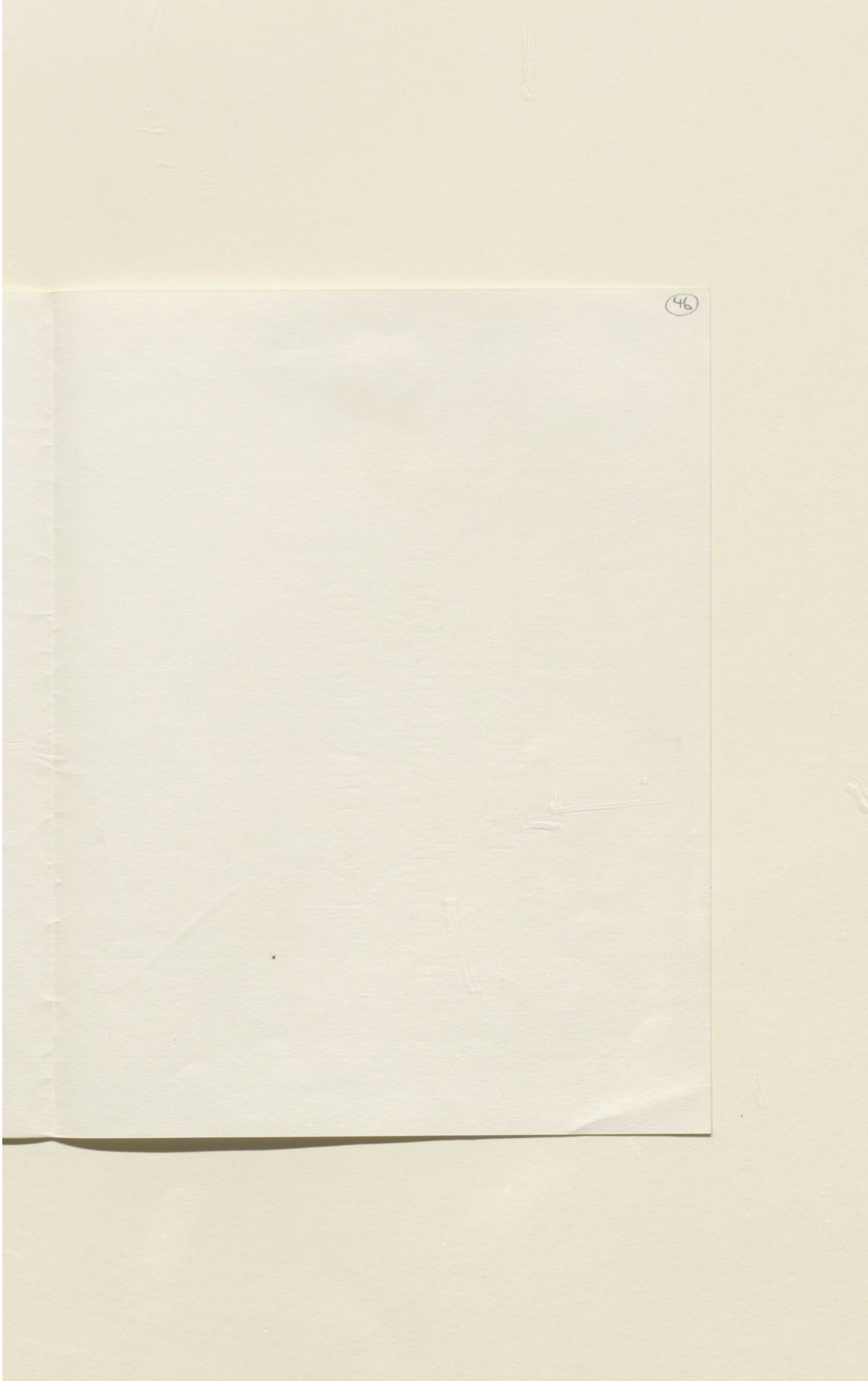




"سكة حديد بغداد" [٤٥ ظ] (١٢٩/٨٩)



"سكة حديد بغداد" [٤٦ و] (١٢٩/٩٠)



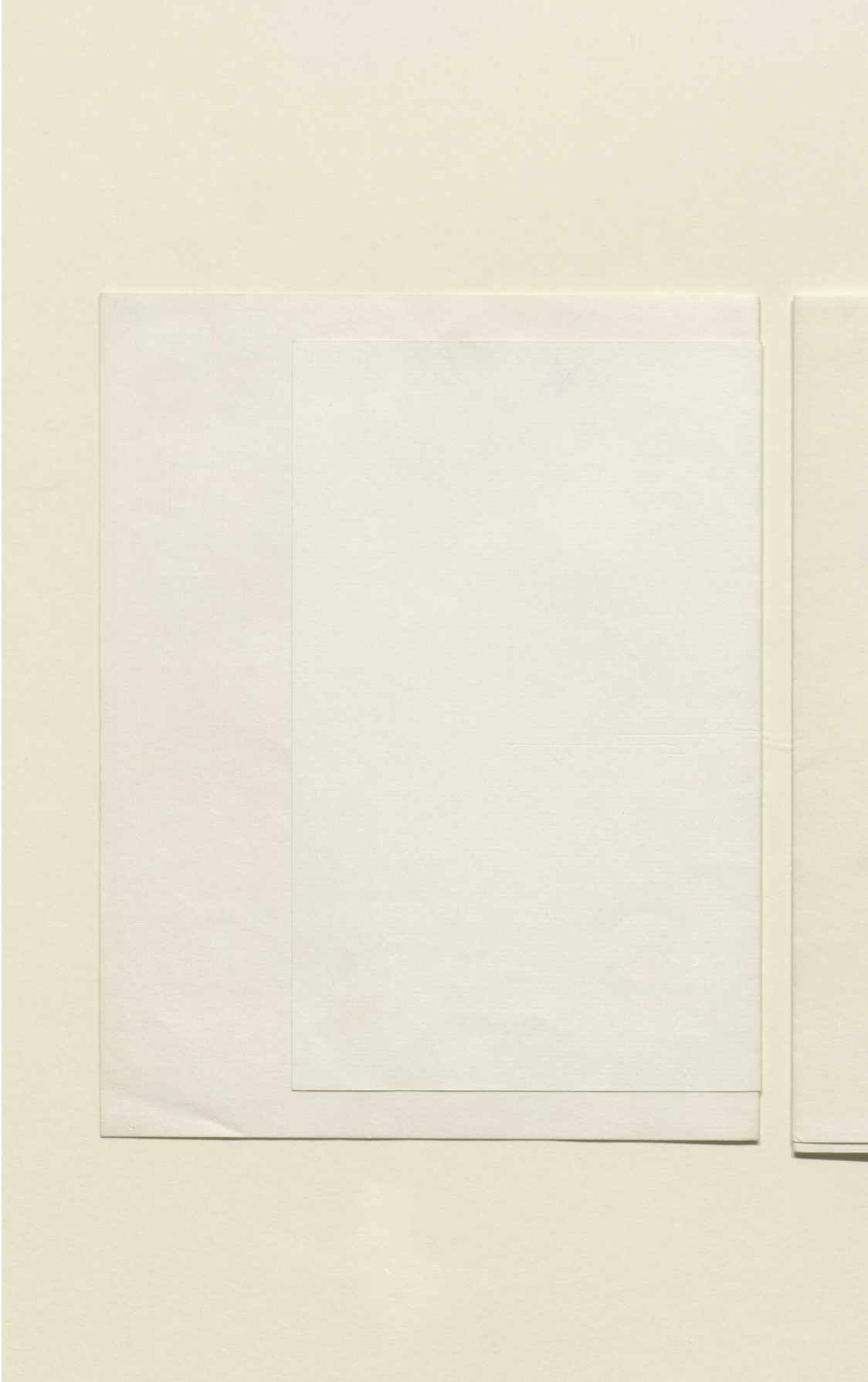
"سكة حديد بغداد" [٤٦ظ] (١٢٩/٩١)

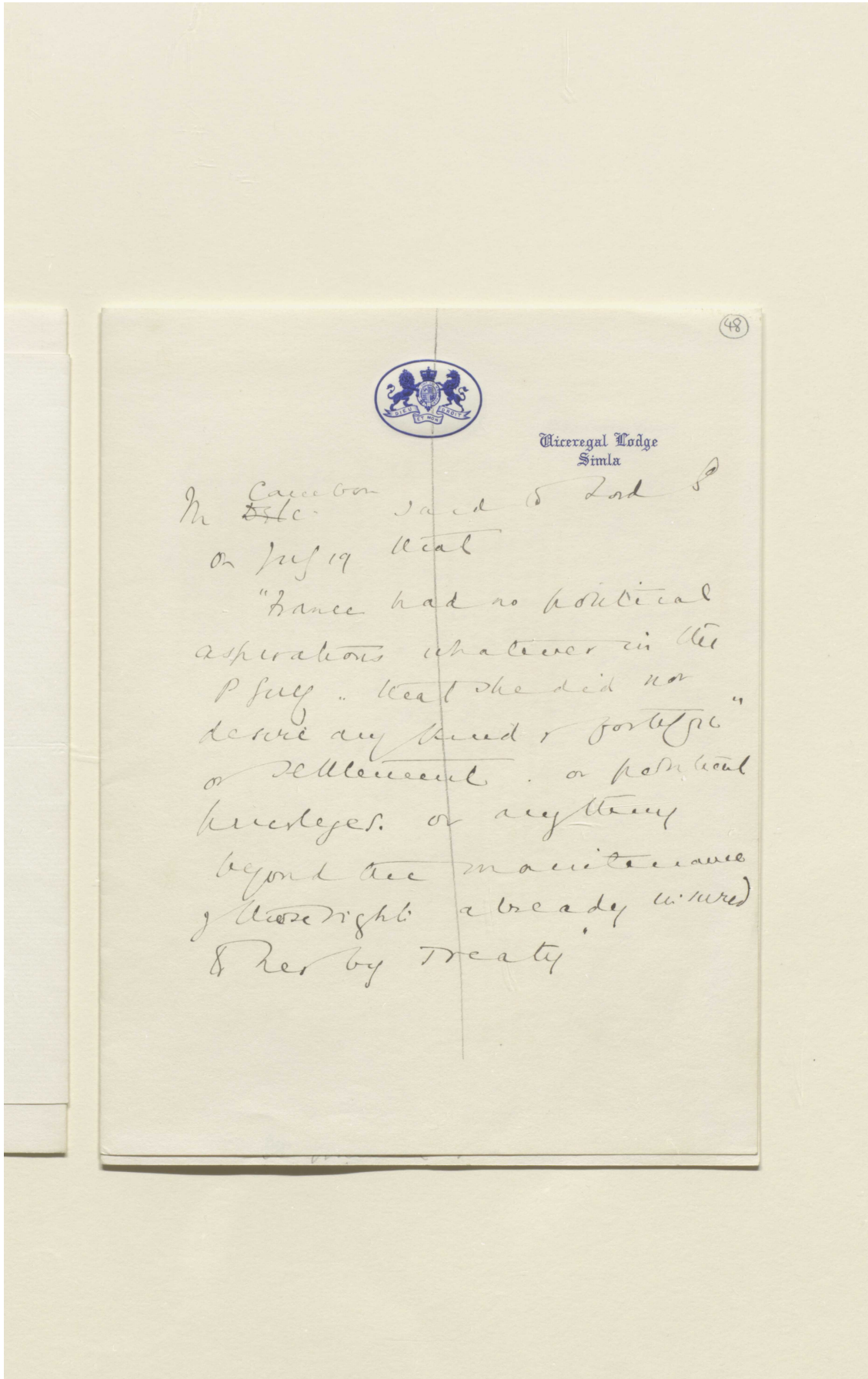


"سكة حديد بغداد" [٤٧و] (١٢٩/٩٢)

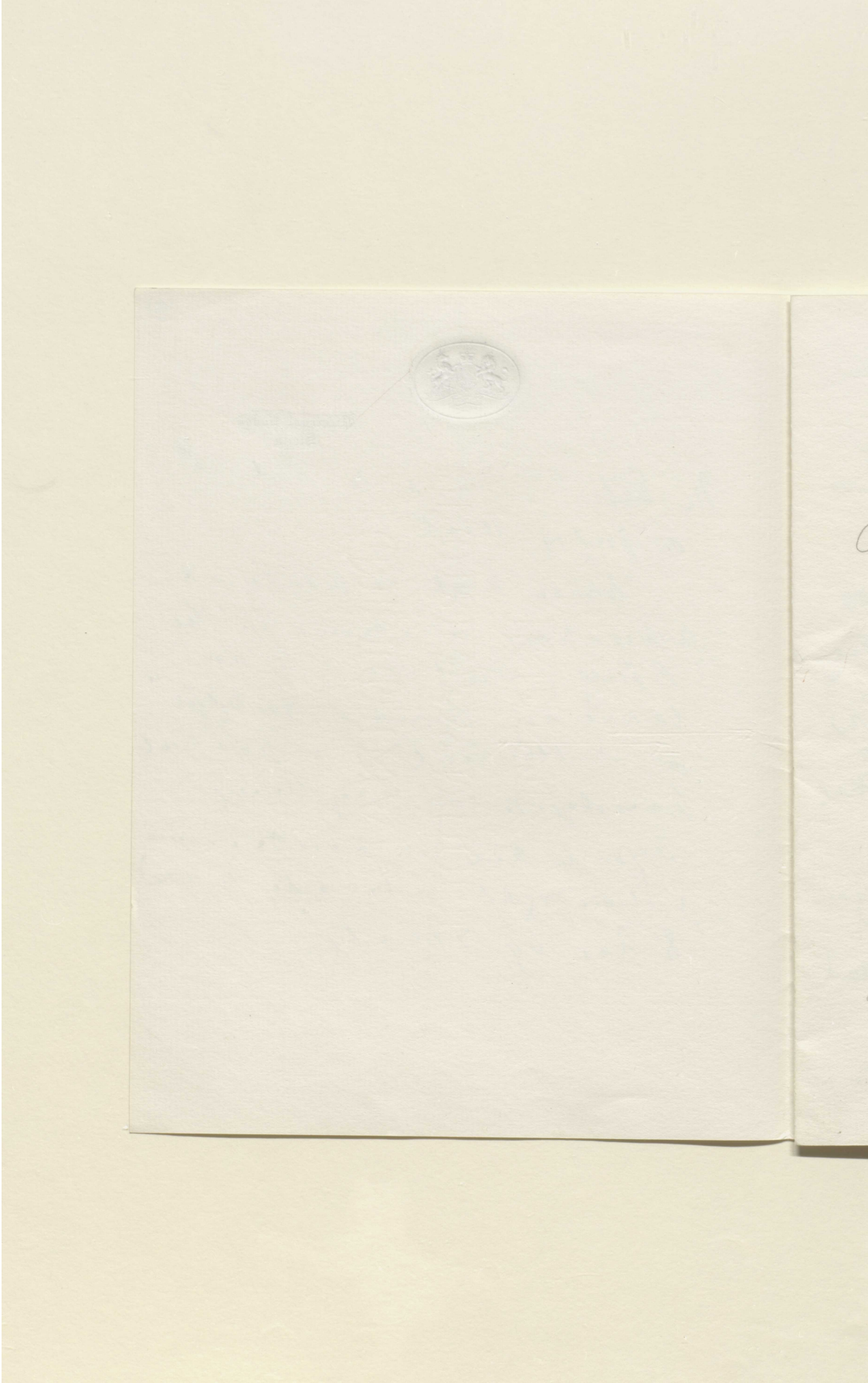


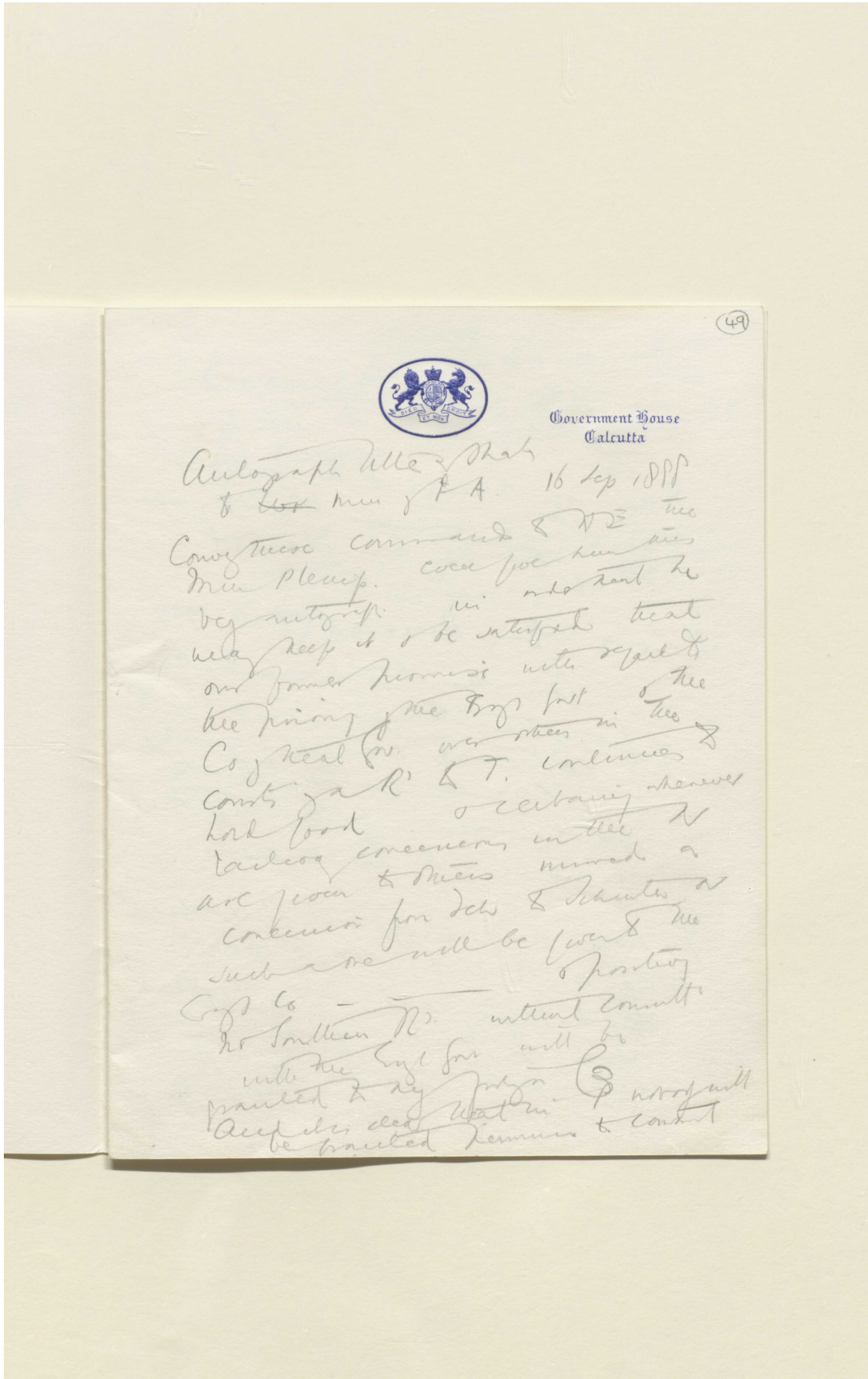
"سكة حديد بغداد" [٤٧ظ] (١٢٩/٩٣)





"سكة حديد بغداد" [٤٨ظ] (١٢٩/٩٥)

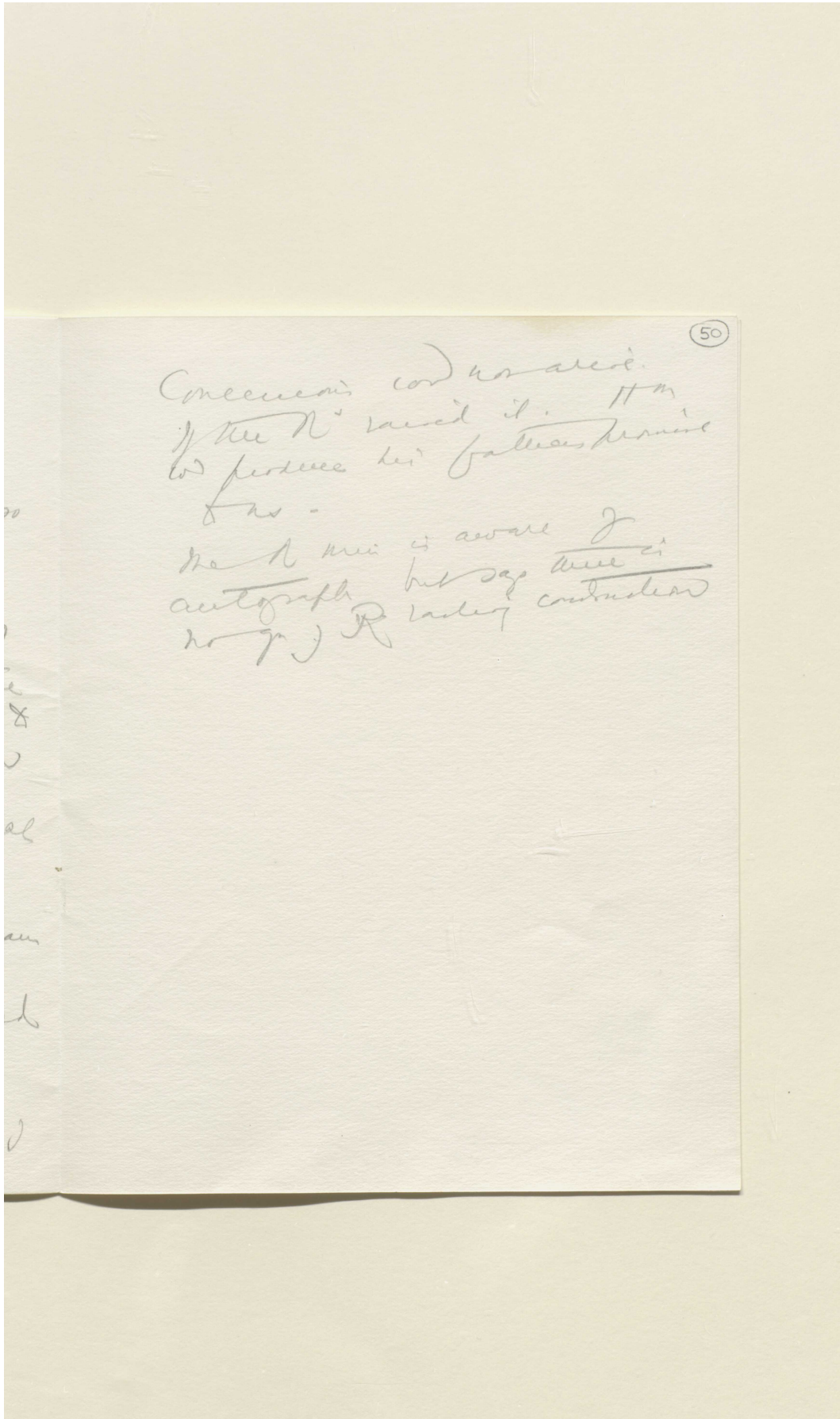




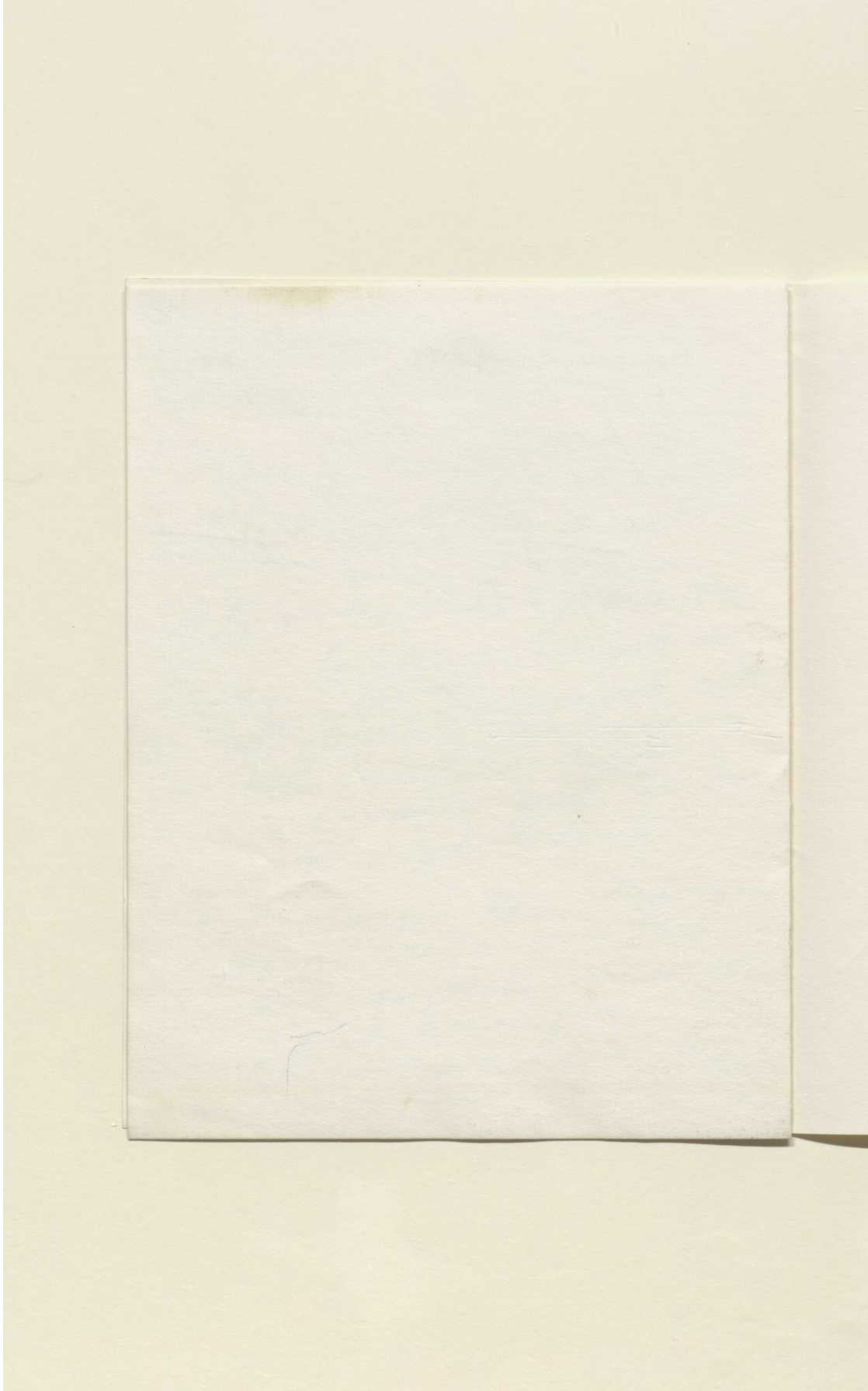
Receipts except it be stay
commercial ones we say so
has that they may know it

L^d Sir & Mrs. Rice 4 April 1900
On same received the
P^r for the engagement as
the continued validity of
then can be said to
make sure that the
is aware of its existence

S^r Rice 11 April 1900. Said again
that one receipt had been
paid before that was required
it as of under force in
the next 10 years or so. A
receipt agreement the 9th



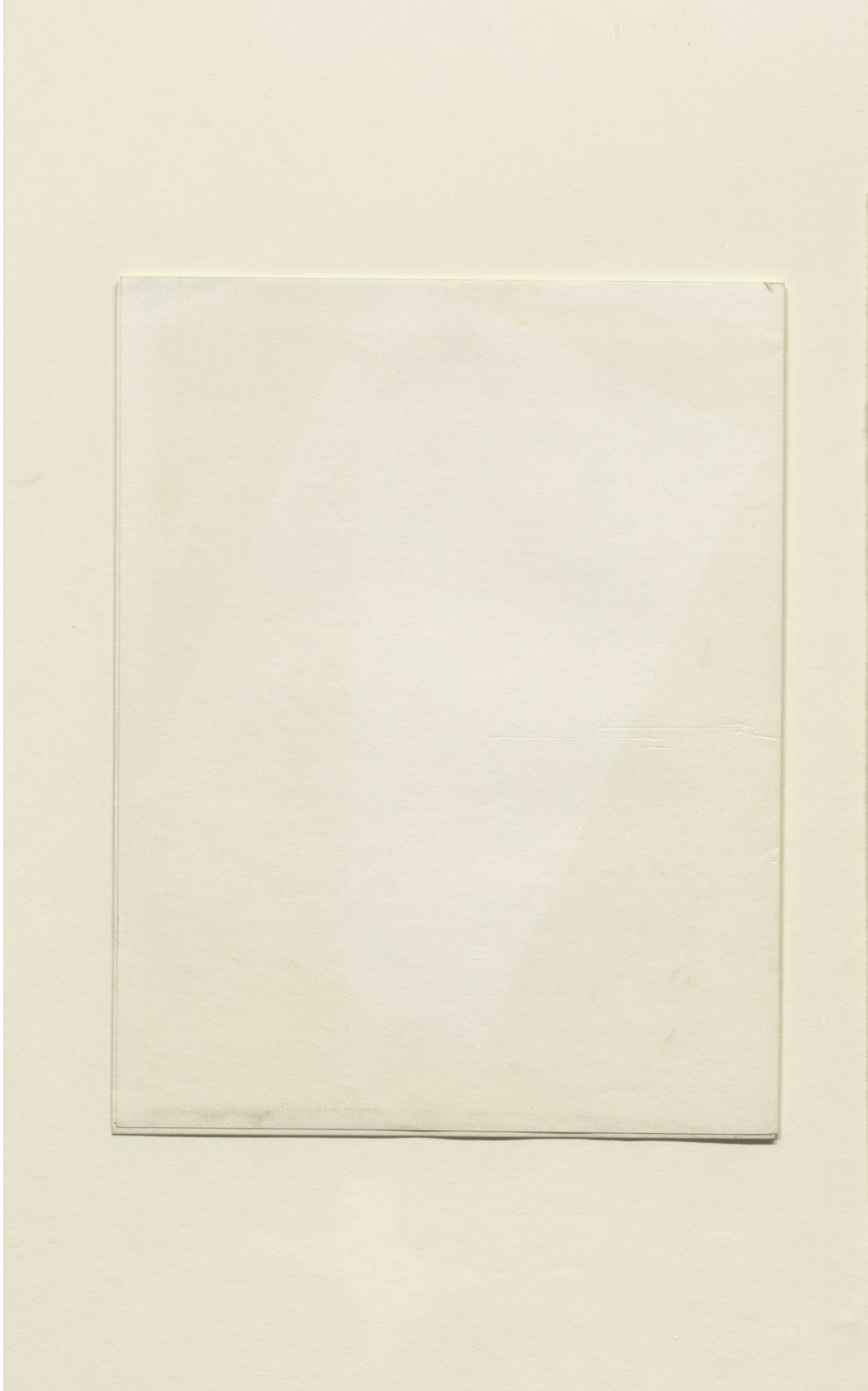
"سكة حديد بغداد" [٥٠ ظ] (١٢٩/٩٩)



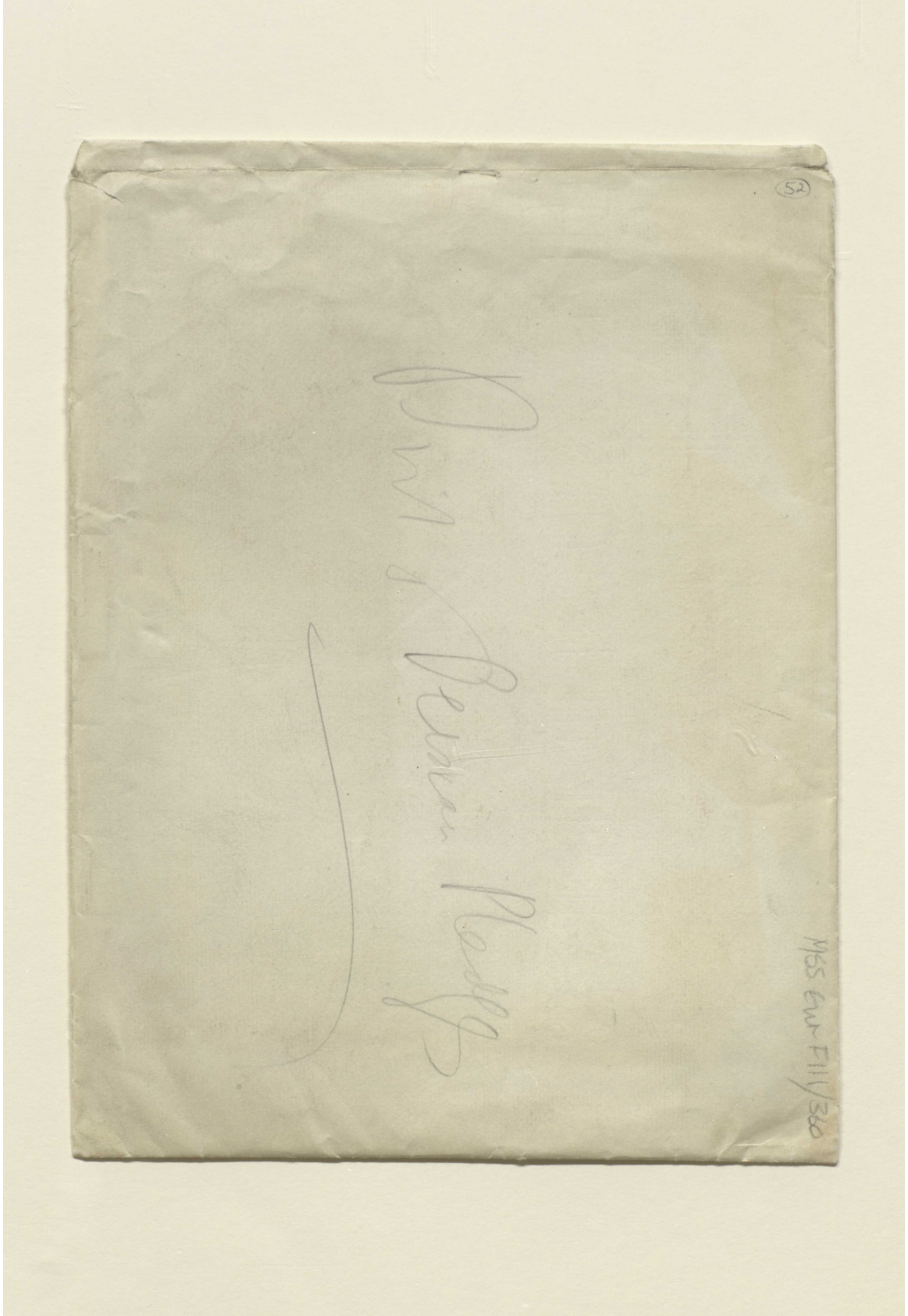
"سكة حديد بغداد" [٥١ و] (١٢٩/١٠٠)



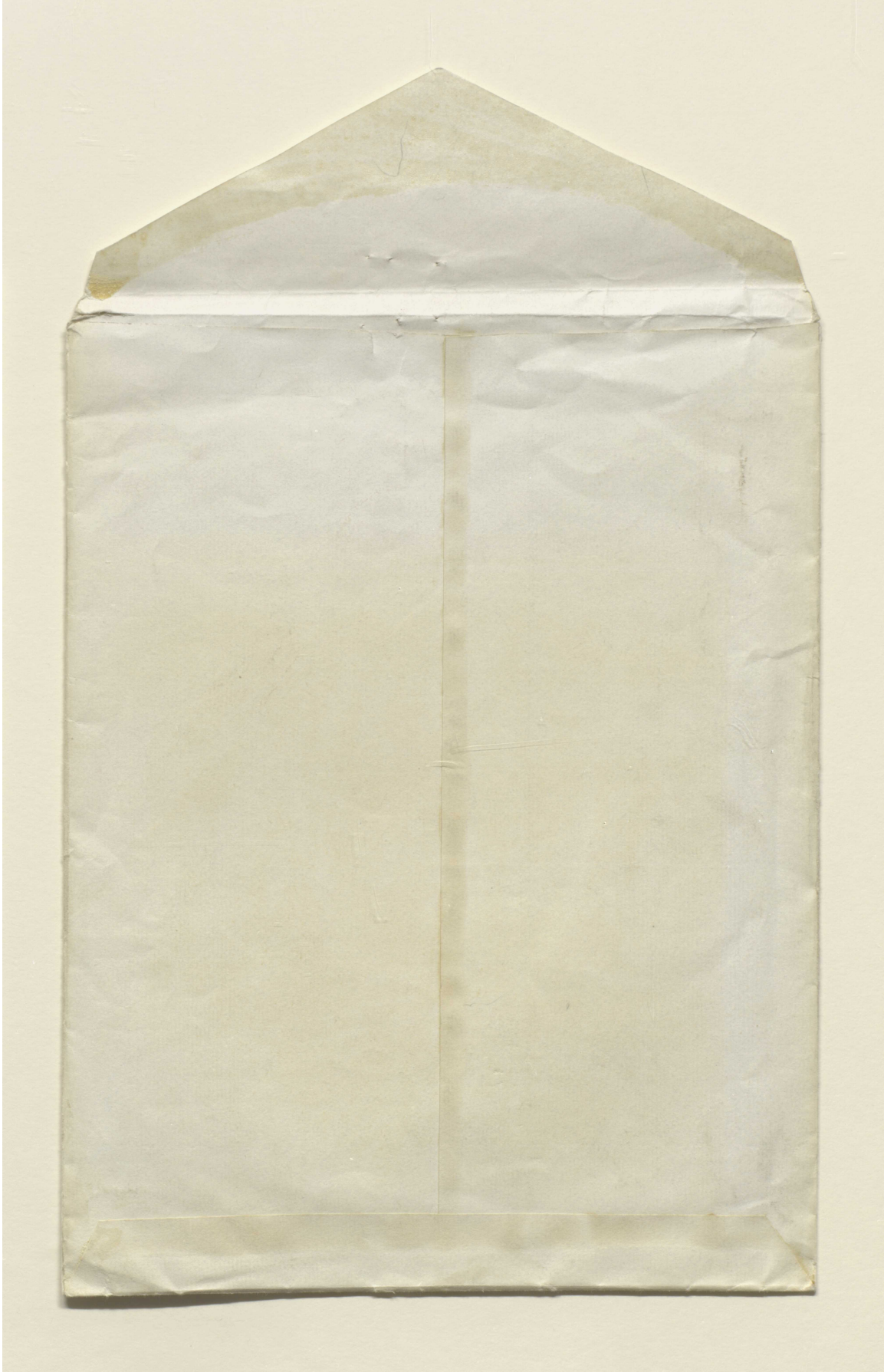
"سكة حديد بغداد" [٥١ ظ] (١٢٩/١٠١)



"سكة حديد بغداد" [٥٢و] (١٢٩/١٠٢)




"سكة حديد بغداد" [٥٢ ظ] (١٢٩/١٠٣)



Ruman Pledg
London ⁽⁵³⁾
July
Viceregal Lodge
Simla

Lord S. April 15 1889

"It would not be compel
ble with the interests of the
Rouhings that any European
Power shd exercise control
or jurisd" over the ports
of the P of Ind. I may feel
it to be their duty to renew
to the P for this intimation
wh they have given here
than once before"


Ct Monravett April 18
99
"There was about 20
intention on the part of
the R. Gov. to add to
the burden of their existing
resp^s of acquiring ports
or stations which would
require naval defense
in time of war" - as
announced to Sir C. Scott
about summer of Kishim

"سكة حديد بغداد" [٤٥] (١٠٦/١٢٩)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٤٥ ظ] (١٠٧/١٢٩)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٥ و] (١٢٩/١٠٨)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٥ ظ] (١٢٩/١٠٩)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٦و] (١٢٩/١١٠)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٦ ظ] (١٢٩/١١١)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٧و] (١٢٩/١١٢)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٧ظ] (١٢٩/١١٣)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٨و] (١٢٩/١١٤)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٨و] (١٢٩/١١٥)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٨ظأ] (١٢٩/١١٦)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٨ ظ] (١٢٩/١١٧)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٩] (١٢٩/١١٨)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٥٩ ظ] (١٢٩/١١٩)

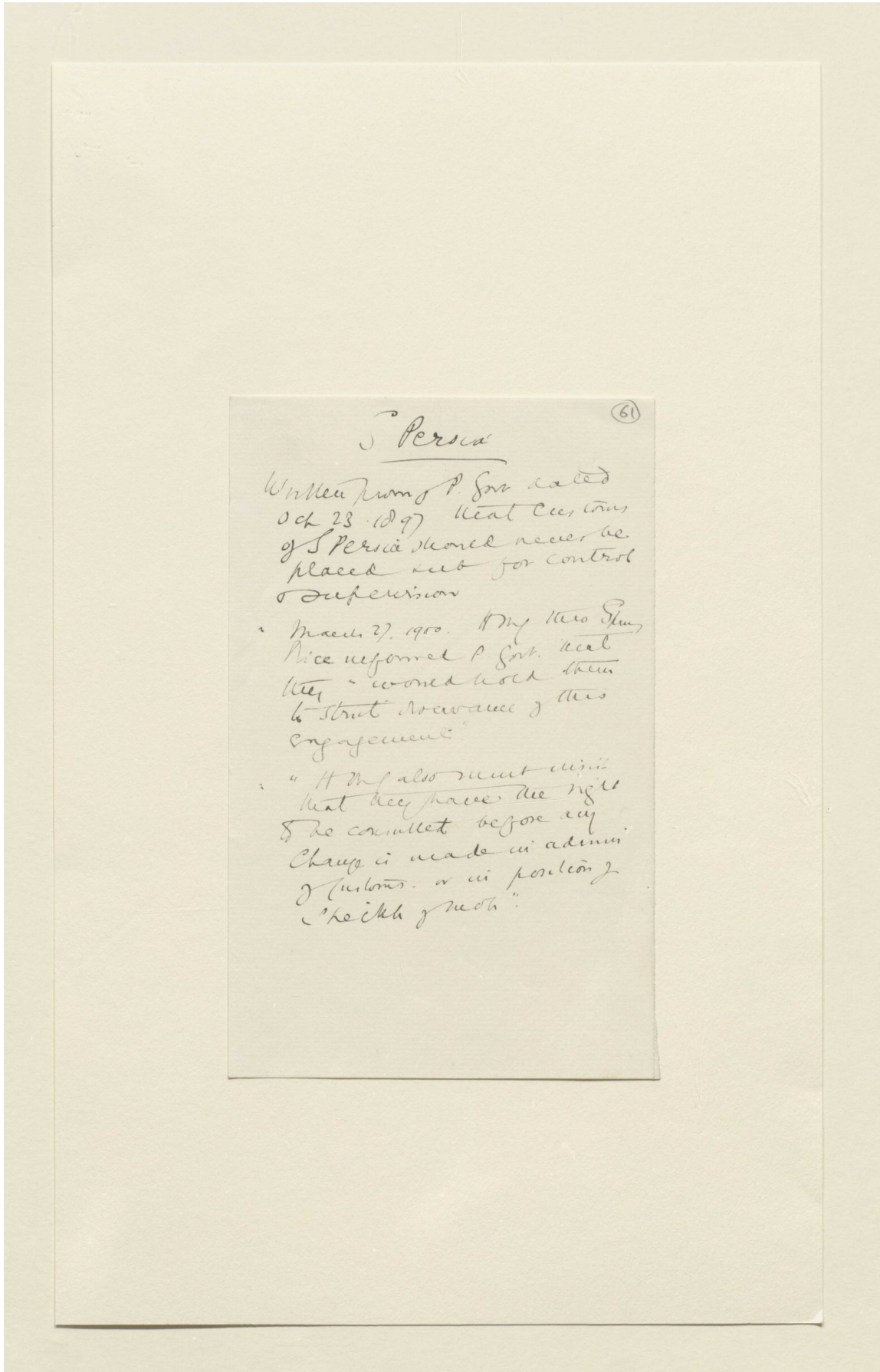
هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٦٠] (١٢٩/١٢٠)

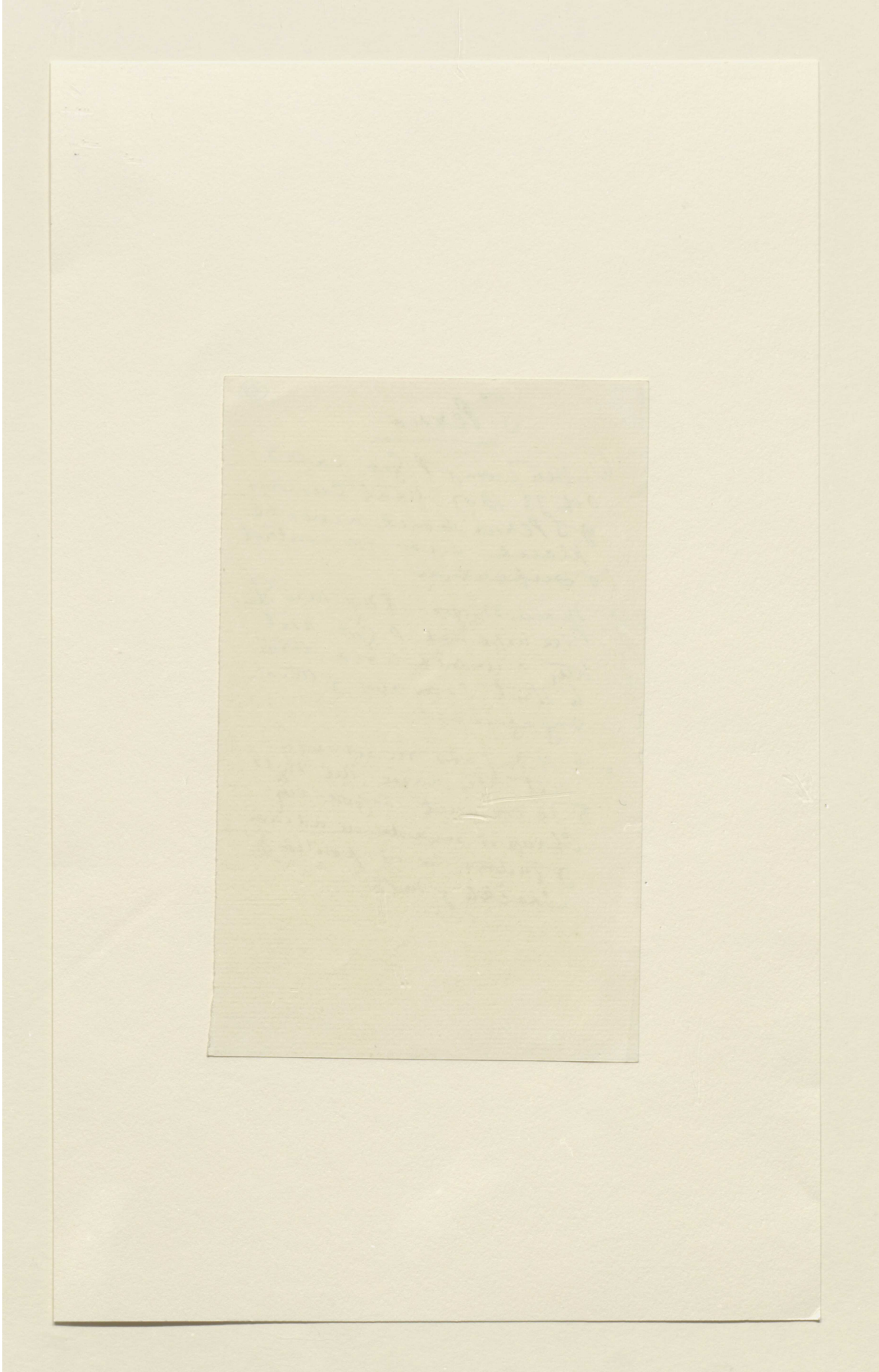
هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٦٠ظ] (١٢٩/١٢١)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.



"سكة حديد بغداد" [٦١ظ] (١٢٣/١٢٩)



"سكة حديد بغداد" [٦٢و] (١٢٤/١٢٩)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٦٢ ظ] (١٢٥/١٢٩)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

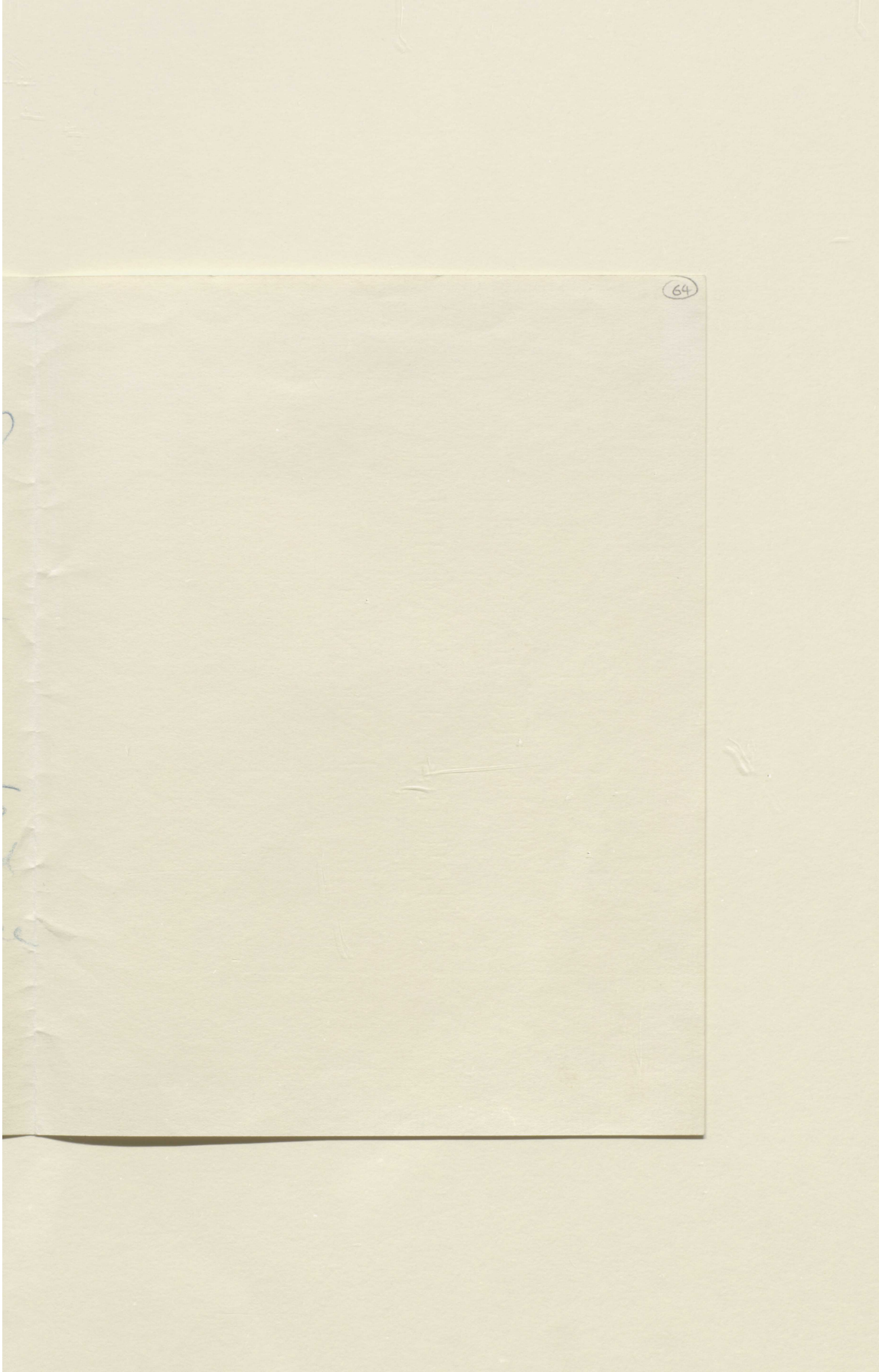
"سكة حديد بغداد" [٦٣و] (١٢٦/١٢٩)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٦٣ ظ] (١٢٧/١٢٩)

هذه الصفحة لا يمكن إتاحتها نظراً لضوابط متعلقة بحقوق النشر أو حماية البيانات.

"سكة حديد بغداد" [٦٤ و] (١٢٨/١٢٩)



"سكة حديد بغداد" [٦٤ ظ] (١٢٩/١٢٩)

