

THE RIVALRY BETWEEN GREAT BRITAIN AND ITALY ABOUT THE OIL CONCESSIONS IN ALBANIA (1925)*

Büyük Britanya ile İtalya Arasında Arnavutluk'taki Petrol İmtiyazları Konusunda Rekabet (1925)

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ABSTRACT

This article elaborates on the importance of oil in geopolitical issues, with a specific focus on interwar Albania. Since it proved to be a better solution than coal for transport and military purposes, oil became an issue of fierce competition between powers. The countries that lacked technology to process oil hoped to benefit politically and economically from oil concessions. It happened so with Albania. Devastated by World War I and trying to maintain the country's independence and territorial integrity, the Albanian government welcomed the British proposal to grant oil concessions to British companies. However, the granting of concessions met with the opposition of Italy, which aimed at economic penetration into Albania. Thus, Britain and Italy developed a fierce diplomatic rivalry that ended in 1925 with a political compromise. Using primarily the British perspective, this paper examines the origin, development and outcome of the conflict between Britain and Italy over Albanian oil; it examines how oil affected foreign policy of both states towards Albania and how these clashes affected Albania's internal political environment. The basic course of this article is a descriptive historical narrative methodology. The paper is structured in three thematic-chronological themes, besides the introduction. This approach combines historical and archival sources with contemporary literature to provide a fair interpretation of historical developments. As a result of the arguments presented in this paper, we have concluded that regional developments during the interwar period were only one segment of the global policies of the Great Powers

Keywords: Albania, League of Nations, Great Britain, Oil Concessions, Anglo-Persian Company.

ÖZ

Bu makale, iki dünya savaşı arasındaki Arnavutluk'a özel olarak odaklanan, petrolün jeopolitik ilişkilerdeki önemini açıklıyor. Ulaşım ve askeri amaçlar için, kömürden daha iyi bir çözüm olduğunu kanıtlanan petrol, güçler arasında şiddetli bir rekabet konusu haline gelmiştir. Petrol çıkarma ve işleme teknolojilerinden yoksun olan devletler, tavizlerden siyasi ve ekonomik olarak fayda sağlamayı umuyorlardı. Arnavutluk ile de aynı olay oldu. Birinci Dünya Savaşı'nın tahrip ettiği, ülkesinin bağımsızlığını ve toprak bütünlüğünü korumaya çalışan Arnavutluk hükümeti, İngiliz şirketlerine petrol imtiyazı verilmesi yönündeki İngiliz hükümetinin önerisini memnuniyetle karşıladı. Ancak verilen bu imtiyaz, Arnavutluk'a ekonomik nüfuz etmeyi amaçlayan İtalya'nın muhalefetiyle karşılaştı. Böylece İngiltere ve İtalya arasında aşırı bir diplomatik rekabet gelişti ve bu rekabet 1925'te siyasi uzlaşmayla sona erdi. Araştırma, öncelikle Britanya'nın bakış açısını kullanarak, Britanya ile İtalya arasında Arnavutluk petrolü konusundaki anlaşmazlığın kökeni, gelişimi ve sonuçları incelenmiş ayrıca petrolün her iki devletin Arnavutluk'un dış politikasını nasıl etkilediğini ve bu rekabette Arnavutluk'taki iç siyasi ortamın nasıl etkilendiği incelenmiştir. Bu yazıda kullanılan metodoloji, teorik ve tarihsel, aynı anda tanımlayıcı bir yaklaşımdır. Makale, giriş kısmı ile ek olarak tematik ve kronolojik gelişimle, üç bölüm halinde yapılandırılmıştır. Bu makalede, karşılaştırmalı ve kronolojik bir metodoloji kullanılmıştır. Bu yaklaşım, arşiv ve tarihsel belgelerin çağdaş edebiyatla birleşerek, tarihsel gelişmelerin adil bir şekilde yorumlanmasını sağlamaktadır. Bu makalede elde edilen bulgular sonucunda; iki savaş arası dönemdeki bölgesel gelişmelerin Büyük Güçlerin küresel politikalarının yalnızca bir bölümünü oluşturduğu sonucu ortaya çıktığı ifade edilebilir.

Anahtar Kelimeler: Arnavutluk, Milletler Cemiyeti, Büyük Britanya, Petrol imtiyazları, İngiliz-Pers Şirketi.

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GENİŞLETİLMİŞ ÖZET

Birinci Dünya Savaşı'ndan önce, petrol esas olarak aydınlatma amacıyla kullanılıyordu. 1897 yılında içten yanmalı motorun keşfi, petrolü stratejik öneme sahip bir kaynak haline getirdi. Enerji kaynaklarına erişim, endüstriyel gelişimle bağlantılıydı ve bu durum zenginlikte, nüfuzda ve jeopolitik güçte artışa neden oldu. Özellikle ulaşım ve askeri endüstrilerin gelişimi, petrolün etkisiyle hızlandı. Petrol çıkarları, milliyetçi iddialarla birleşerek Büyük Savaş'a yol açtı. Petrolün savaş gelişmelerinde kilit bir faktör olduğu anlaşıldıktan sonra, kazanan devletler petrol sahalarının güvenliğini sağlamaya odaklandı. Bu kaynaklar üzerine şiddetli bir rekabet gelişti; büyük güçler arasında ve aynı zamanda küçük devletlere uygulanan baskılar arasında. Bu küçük devletler, teknoloji, uzmanlık ve mali olanak eksikliği nedeniyle petrol çıkaramıyordu. Ancak petrol imtiyazlarından yararlanmayı umuyorlardı. Arnavutluk'ta da durum böyleydi. Bu makale, iki dünya savaşı arasındaki dönemde Arnavutluk'ta petrolün jeopolitik ilişkilerdeki önemini açıklamaktadır. Birinci Dünya Savaşı'nda harap olan Arnavutluk'un bağımsızlığı ve toprak bütünlüğü, Paris Barış Konferansı'nda (1919-1920) tartışıldı. Güçler, Balkan müttefiklerinin Arnavut topraklarıyla ilgili iddialarını karşılama eğilimindeydi. Arnavutluk'un bağımsızlığının ve toprak bütünlüğünün tehdit altında olduğu bir dönemde, petrol kaynaklarının keşfi durumu değiştirdi. İngiltere de bu kaynaklara ilgi gösterdi. Arnavutluk hükümeti, İngiliz şirketlerine petrol imtiyazı verme önerisini memnuniyetle karşıladı. Karşılığında İngiltere, Arnavutluk'un Milletler Cemiyeti'ne kabulünü kolaylaştıracaktı, bu da Arnavutluk'un bağımsızlığının tanınması anlamına geliyordu. Ancak bu imtiyaz, Arnavutluk'a ekonomik nüfuz etmeyi amaçlayan İtalya'nın muhalefetiyle karşılaştı. Büyük Britanya ile İtalya arasındaki rekabetin kökeni, Arnavut petrolü hakkında çeşitli faktörlere bağlıydı: Arnavutluk hükümetinin ülkenin bağımsızlığını ve toprak bütünlüğünü koruma çabaları ile Büyük Güçlerin siyasi ve ekonomik çıkarları. Bu mücadelede Arnavut siyasi seçkinleri de yer aldı. Arnavut hükümeti tavizleri desteklerken, muhalefet buna karşı çıktı. Büyük Britanya, İtalya ve diğer ülkeler, Arnavutluk siyaseti üzerinde nüfuzlarını kullanarak iç siyasi istikrarsızlığı artırdı. Araştırma, Britanya'nın bakış açısını kullanarak, Britanya ile İtalya arasında Arnavutluk petrolü konusundaki anlaşmazlığın kökeni, gelişimi ve sonuçlarını inceler. Ayrıca, petrolün her iki devletin Arnavutluk'un dış politikasını nasıl etkilediği ve bu rekabette Arnavutluk'taki iç siyasi ortamın nasıl etkilendiği ele alınmıştır. Büyük Britanya ve İtalya, 1925'te siyasi bir uzlaşmayla sona eren şiddetli bir diplomatik rekabet yaşadılar. Daha geniş jeopolitik ve ticari çıkarlar nedeniyle, İngiltere, İtalya'nın Arnavutluk'taki petrol imtiyazlarına dahil olmasına izin vererek bu ülkenin ekonomik nüfuzunu kolaylaştırmayı kabul etti. Bu makale, petrolün jeopolitik konulardaki önemini ve Arnavutluk'u hedef alan gelişmeleri açıklamak amacıyla yapılandırılmıştır. Giriş bölümünde petrol meselesinin teorik ve tarihsel gelişimi ile jeopolitik ve uluslararası ilişkiler üzerindeki etkisi genel bir bakışla sunulur. İlk bölümde, petrolün stratejik önemi ve yükselişine yol açan koşullar ele alınır. İkinci bölümde, Arnavutluk petrolü konusunda güçler arasındaki çatışmaların kökenleri ve sonuçları analiz edilir. Son bölümde, petrol imtiyazları, jeopolitik, ulusal çıkarlar ve devletler arasındaki uluslararası ilişkilerde rekabetin doruk noktası ele alınır. Bu bölümler, konu ve boyut açısından belirli literatüre dayanarak hazırlanmıştır. Arşiv ve tarihsel belgeler, çağdaş edebiyatla birleştirilerek tarihsel gelişmelerin adil bir şekilde yorumlanmasını sağlamaktadır. Makalenin bulgularına göre, iki savaş arası dönemdeki bölgesel gelişmeler, Büyük Güçlerin küresel politikalarının bir parçasıdır. Petrol imtiyazları için verilen mücadele, petrolün uluslararası ilişkilerde ve jeopolitik gelişmelerde stratejik bir faktör olduğunu göstermektedir.

INTRODUCTION

Throughout history, the nations with access to the predominant energy source of the moment have been able to increase their absolute and relative wealth and influence, shaping the geopolitical map. Wood, charcoal, and animal power were supplanted by coal in the 19th century. At the beginning of the 20th century, oil (and a little later, gas) became increasingly important, first for military applications and eventually for the broader global economy ("The Geopolitics of Oil and Gas," 4).

Before the World War I the use of oil was limited with the main use of being kerosene lighting. The discovery of internal combustion engine in 1897 (Dietsche, 2014), turned oil into a resource of strategic importance. This discovery spurred the development of the transport industry. Vehicles, ships, means of transport for heavy loads, and even aeroplanes were produced later. In this way, oil concessions became a matter of international rivalry (Delaisi,

1922: 3), particularly when Churchill had decided that warships, then operating on coal, should change fuel and operate on oil (Maurer, 2005: 11).

Since oil had become a vital component of the military apparatus, this led strategists to perceive oil as a key asset, so the Great Powers rushed to look everywhere for oil wells. During the energy era, starting from the period just before World War I, reserves of oil gave certain countries the potential to build significant wealth and geopolitical power. This influenced the shift in geopolitical interests, involving later nationalist ambitions (Çinkara, 2023: 551). In this way, a diplomatic revolution prevailed during the years 1904–1907 through the division of power into two rival blocs: the Entente (Britain, France, and Russia) and the Central Bloc (Austria-Hungary, Germany, and Italy), which was accompanied by the unusual growth of the armies of Germany and France and of military equipment to make these powers more efficient (Anderson and Amos, 1918: 470).

The origin of such rivalry derives from the endangerment of British economic and strategic interests by German industrial projects. Germany claimed to obtain the raw materials for its industrial projects in territories that were under the administration of the Ottoman Empire. But the Ottoman Empire also needed to rely on a new power, which would be a rival of the traditional European powers, in order to achieve a counterbalance to the influence that these powers exerted against the Ottoman Empire (Shaw and Shaw Ezel, 2006: 282).

The rapprochement between Germany and the Ottoman Empire was followed by a concession that the Ottoman government granted to German companies for the construction of the Konia-Baghdad-Persian Gulf railway in 1903 (Karkazis, et.al., 2019: 210), line which would connect Berlin with Baghdad, including the right to search for underground minerals (oil) along 20 km on both sides of the projected railway line (Engdahl, 2007).

The German railway to Baghdad and the Persian Gulf, which was also capable of transporting troops and ammunition, was a strategic threat to British oil resources in Persia, which was the primary source of supply for the British navy and also for other British colonies in the Far East. Great Britain reacted by instigating a series of intrigues in the Balkans and Ottoman Empire, which were intended to create a barrier to the German railway project. Apart from allowing various nationalist groups to operate in London (Bulgarians, Greeks, Macedonians, Serbs, even Albanians), British services were involved in the Young Turk Revolution in 1908–1909. Most of the members of the Committee for Union and Progress were educated in Western European universities, mainly in Paris, becoming ardent admirers of English and French institutions (Engdahl F. William, 2007).

On the other hand, Great Britain and France demonstrated an understanding about Russian interests (Murray, 1915: 78), so they allowed her cultural and political penetration to Slavic people of Balkans (Serbs, Bulgarians and Montenegrins). Russian influence facilitated the promotion of nationalists and territorial claims of those nations, and an alliance between them (the Balkan Alliance) was reached in 1912, which resulted in the Balkan wars (Bicaj, 2003: 136; Dushku, 2010: 215; Shehu, 1996: 79).

As you can see, the relationship between geopolitics and nationalism is multifaceted and interconnected. Both disciplines focus on the state as the primary actor in international relations and emphasise the importance of territorial control and national interests. Geopolitical thought and nationalist ideologies mutually influence each other, shaping state behaviour and the global political landscape (Çinkara, 2023: 554). The strategic importance presented by oil was accompanied by the transformation of geopolitical interests and, thus, the change of the political map of Europe.

To elaborate on the importance of oil in geopolitical issues, the paper is structured into three thematic-chronological themes, besides the introduction. Since the introduction provides an overview of the theoretical-historical development of the oil issue and its impact on geopolitics and international relations, the theme “The Origin of Clashes over Albanian Oil” elaborates on the circumstances leading to the importance that oil gained and its relation to international and geopolitical impacts. The second theme, “Early Italian-British clashes over Albanian oil,” analyses the origin of clashes between the powers over Albanian oil and the consequences deriving from them. The theme “Intensification of rivalry” elaborates on the peak of rivalry about oil concessions, geopolitics, national interests, and international relationships between states. The conclusion theme includes key findings deriving from the elaboration and interpretation of relevant literature. All those themes were drafted upon specific literature with respect to the topic and dimension, aiming to provide a fair scientific argument.

THE ORIGIN OF CLASHES OVER ALBANIAN OIL

Great Britain faced a central challenge during World War I as it had limited reserves of oil. During the war, 90% of the oil required by the British as well as the French war effort was supplied by the USA. Great Britain, along with France and Italy, became dependent on the USA to fuel their military efforts during this increasingly oil-intense conflict. These dynamics intensified with the oil crisis of 1917, where, due to the ever-increasing amounts of oil being consumed by militaries in Europe and the disruption of oil supply routes by German submarine attacks, there was a significant risk of oil supply running out. Influenced by these intense pressures, the USA, Great Britain, and other countries, including France and Italy, were drawn closer together by the imperative to maintain a constant supply of oil (Johnstone and McLeish, 2020: 6).

The use of oil derivatives to operate ships, tanks, and even airplanes, as well as carry heavy armaments and other military items during World War I, proved that oil had become a vital component of the military apparatus. This led military strategists to perceive oil as a key asset, so the Great Powers rushed to look everywhere for oil wells. Due to their economic development and security, small or economically weak states were forced to grant concessions to the Great Powers since they lacked the technology, financial resources, and qualified staff to extract and process oil. In this way, oil concessions became a matter of international rivalry.

The rivalry developed in two dimensions: (1) between the Great Powers themselves, and (2) between the Great Powers and the small states. During the years 1914-1918 more than three-quarters of the oil used by Italy, Great Britain and France was supplied by the United States, therefore, to avoid dependence on American oil, because any deterioration in relations with Washington could stop the arrival of oil in Europe, just at the end of the World War I, Great Britain, France and Italy rushed to acquire the unexploited oil fields of the defeated countries (Sette, 2020: 121). In this way, France and Great Britain reached at San Remo, in April 1920, an agreement on the division of the world's oil fields, such as in Romania, Mesopotamia, North Africa, territories of the former Ottoman Empire, etc. (Butler & Bury, 1958: 144), for which they had previously ensured the approval of the mandates by the League of Nations (Porte, 2021: 443).

Italy expressed its dissatisfaction with the San Remo agreement. Beginning in the latter part of 1920, it decided to pursue an independent policy on the oil issue. In order to achieve this goal, Rome decided to gain control over the oil deposits found by Italian geologists in Albania during World War I. However, Italian plans were met with an impregnable obstacle - Great Britain. Britain was also interested in the oil fields in Albania. Albanian oil caused a fierce diplomatic and economic rivalry between Italy and Great Britain, which ended a few years later (Sette, 2020: 122).

The origin of the rivalry between Great Britain and Italy for Albanian oil was related to several factors: the efforts of the Albanian government to preserve the independence and territorial integrity of the country and with the foreign policy - political and commercial interests of the Great Powers.

Although during the World War I Albania was not aligned with any of the warring blocs, its territory became an arena of battle between the warring forces. These operations were accompanied by the destruction, looting and burning of settlements, while around 70,000 people died as a result of war, famine and epidemic diseases (Prifti Kristaq and et.al 2002, III:98). After the war, the Great Powers did not recognize the independence and territorial integrity of Albania, which they had granted in 1913 (Puto, 2012: 284). At the Paris Peace Conference (1919-1920), France and Britain, inclined to fulfil the obligations stemming from the Treaty of London of 1915,¹ used Albania as an object of exchange in reaching peace agreements between the allied forces themselves. To avoid the partition of the country, at the time when the Yugoslav and Greek military troops were still occupying the territories of the Albanian state, the Albanian government committed itself to the admission of Albania to the League of Nations, an institution formed in January 1920 at the Peace Conference in Paris. Membership in the League of Nations, as

¹ Treaty of London, (April 26, 1915) – a secret treaty between neutral Italy and the Allied forces of France, Britain, and Russia to bring Italy into World War I. Provisions about Albania included: Albania will be partitioned, Valona and its surroundings will fall under the full sovereignty of Italy; an autonomous Albanian state will be formed in Central Albania under the protectorate of Italy; Northern Albania will be given to Serbia and Montenegro, while Southern Albania to Greece".... (*Agreement between France, Russia, Great Britain and Italy*, 1920, pp. 2–8).

Albanian politicians of the time thought, would ensure Albania's independence and integrity. They considered the principles on which this organization was founded, namely President Wilson's 14-point Program, which promoted peace, economic freedom, reduction of armaments, self-determination of peoples and preservation of the independence and territorial integrity of states (Macmillan, 2006: 555–557).

In October 1920, the Albanian government submitted an official request for admission to the League of Nations (Swire, 2005: 273). While Albania's request was being reviewed by the League of Nations, news about the existence of oil resources in Albania was confirmed. Special attention to these resources was demonstrated by the British government. Albanian oil could be sent more easily to the Mediterranean where the British fleet was located than from Iran which was 7,000 miles away (Vllamasi, 2000: 318–320). In this way, as early as March 1920, the British government sent a "special mission" to Albania, headed by Sir Harry Eyres, who would later be appointed British minister in Albania. During the talks he held with Albanian Prime Minister Iliaz Vrioni, Eyres conveyed the message that the British government would ensure Albania's admission to the League of Nations on the condition that the Albanian government grant the Anglo-Persian Company the exclusive right to explore minerals in Albania in an area of 200,000 ha, of which 50,000 ha would be used for oil extraction. In this period, Albania did not have technology or experts for the extraction and processing of oil, therefore it saw the discovery of oil reserves as a great fortune. The Albanian government accepted the British offer and as a result a preliminary agreement was reached (Puto, 2009: 291).

The agreement provided Albania's admission to the League of Nations in December 1920, although it had not preliminarily secured international diplomatic recognition (Destani & Jason, 2020: 382–383). Certainly, British diplomacy played a primary role in this direction, using political influence on the member states of the League of Nations. Albania's admission to the League of Nations was of great importance for the country's political future. The independence and sovereignty of the state was recognized, and moreover, the acceptance into the League of Nations also meant collective recognition of the Albanian government, and this recognition opened the doors for the government to establish diplomatic relations with other countries.

EARLY ITALIAN-BRITISH CLASHES OVER ALBANIAN OIL

In March 1921, the government led by Iliaz Vrioni signed an agreement with D'Arcy Exploration Company Ltd., a subsidiary of the Anglo-Persian Oil Company. The agreement aims to establish a fifty-year monopoly concession for oil exploration, which will become effective only when the Albanian parliament approves it (Pearson, 2004: 160–161). The reactions to the granting of concessions were different. While the ruling party considered the existence of oil a great fortune, perceiving it as an excellent opportunity to ensure the support of one of the most powerful states of the time, but also the economic development of the country, the opposition came out against it as it speculated that the government would be strengthened morally and materially (Vllamasi, 2000: 316). On the other hand, having no knowledge of this branch of industry and a lack of experts, the commercial elite and large landowners hoped to get rich easily through the concession of their lands (Prifti & et.al, 2002: 210–211).

A strong reaction erupted from all parties affected by the oil concessions on the eve of their ratification. US companies were also interested in Albanian oil besides the Anglo-Persian company, Italian and French. Sinclair Exploration had sent a special representative to negotiate with the Albanian government on the issue of the oil concession (*Papers Relating to the Foreign Relations of the United States, 1923: 597*). The Anglo-American rivalry for oil resources, both in the world and in Albania, was terrible. The American company organized a strong fight involving lawyers, its own newspaper and the opposition, while the Anglo-Persian Society was with the government and the ruling party (Vllamasi, 2000: 317). Along with the Americans, the Italians also reacted strongly. To stop British interests, the Italian government agreed with the French and American governments and asked the Albanian opposition, led by Fan Noli, who was against any monopolistic solution, to prevent the ratification vote. This request was realized on 25 September 1921, when the Albanian deputies, members of the parliamentary committee, fearing that the agreement with Anglo-Persian could be rejected by the parliament, decided to postpone any decision regarding the matter in question (Pearson, 2004: 160–161).

Italian opposition to Anglo-Persian oil concessions became more assertive after Mussolini became the head of the Italian government in autumn 1922. His program foresaw the restoration of the Roman Empire in the Mediterranean,

while he saw Albania as a standpoint in the Balkans, because the Balkans represented the crossroads for all directions of expansion: towards central Europe, towards the Mediterranean and its eastern and southern shores (Hercigonja, 1987: 27), especially when the Great Powers, through the decision of the Conference of Ambassadors, in November 1921, had recognized Italian strategic interests in Albania (Teli, 2002: 138). Unlike his predecessors, Mussolini promoted an "open door policy" to protect Italian interests in Albania. In January 1923 he made a sudden political move. The increasingly close relations between France and Yugoslavia led Mussolini to believe that France wanted to gain a primary position in Albania through Belgrade. This threat prompted the fascist leader to seek an agreement with London. More specifically, his plan was to persuade Britain to allow Italy control over part of the oil fields given to the Anglo-Persian. In return Italy would not prevent the ratification of the Anglo-Albanian oil agreement. As a result, Mussolini informed the Foreign Office that in exchange for concessions, he would support the claims of the Anglo-Persian Company. At the same time, Mussolini made an effort to establish good relations with Ahmet Zogu, Albanian Prime Minister (Sette, 2020: 126). But Zogu doubted Mussolini's true intentions. Believing that Mussolini had hegemonic interests towards Albania, he was rather oriented by the view that Britain would be the best partner for Albania, as it had no direct interests in Albania. Britain wanted Albania's independence to be preserved to ensure the balance of power in the Balkans and the Mediterranean (Funderburk, 1975: 117).

Italian influence, but also that of other interested parties, caused attempts to ratify the concession agreement with Anglo-Persian to fail in June 1923 (Pearso, 2004: 160–161). Mussolini's efforts to reach an agreement with London also failed. In these circumstances, Italy was oriented towards an alliance with the USA and France. He suggested these powers join Italy in denouncing the British manoeuvres against the Albanian government, which they did. In response, Britain threatened the Albanian government with solving the border demarcation problem in favour of Greece. The connection of the border problem with oil concessions affected the political balance in Albania. The opposition and public opinion were divided about these developments. As a result, a fierce political and public debate took place. The debate was also transferred to parliament. The debate included conditions offered by Anglo-Persian and the promises from other companies. These promises were exploited during internal political rivalry in Albania. In the session of the parliament that was urgently called in August and September 1923, Ahmet Zogu did not have the necessary votes to ratify the concession. At the suggestion of the British minister in Durres, Sir Harry Eyres, Zogu decided to withdraw from the vote on the ratification of the concession in the parliament, in order to prevent the rejection of the parliament once again (*Papers Relating to the Foreign Relations of the United States, 1923*: 393–394).

The bitter opposition of the parties involved in the struggle for concessions caused their approval to be prolonged for a time. In the following year, Albania entered severe political and social instability. Alongside the economic and financial crisis, internal political rivalry led to an anti-government uprising. Ahmet Zogu was overthrown from power and left for Belgrade, while Fan Noli became Albania's leader (Milo, 1992: 293).

During his rule, Noli avoided contacts with the British, whom he considered compromised by Zog's regime. Therefore, he turned towards Italy. Mussolini was promised a leading role in Albania and oil concessions by Noli in exchange for diplomatic support. But Mussolini was reluctant to support an unstable government, especially when it was not recognized de jure nor de facto by the European Powers due to some unconstitutional modalities through which it had come to power. It would be of little legal value to sign any oil concession agreement under these circumstances. Based on these facts, but also on the Pact with Yugoslavia, Mussolini rejected Noli's offer (Sette, 2020: 131–132).

Mussolini abandoned Noli while the Yugoslav government, with British tacit support, organized the intervention and Zog's return to power. Yugoslav interests were based mainly on political arguments such as the proximity of Noli to the Albanian irredentist movement in Yugoslavia (Avramovski, 1969: 128), while British interests were mainly due to oil concessions. In order to secure concessions granted to it since 1921, the Anglo-Persian Company supported with 50,000 pounds Ahmet Zogu's military action to overthrow the government of Fan Noli (Prifti & et.al, 2002: 241).

INTENSIFICATION OF RIVALRY

Ahmet Zogu's return to power and his control over the Albanian government and parliament was accompanied by the resumption of the battle for concessions. Unlike in previous years, the rivalry for concessions focused on the direct clash between British and Italian capitals, thus bringing up the issue of direct diplomatic confrontation between Great Britain and Italy.

During the second half of January 1925, the Anglo-Persian company asked parliament to ratify the 1921 agreement. To avoid Italian pressure, the Albanian government headed by Ahmet Zogu signed with a powerful Italian financial group the convention for the establishment of the "National Bank of Albania", in which not less than 50% of the shares could be held by foreign citizens, mainly Italians (Prifti & et.al, 2002: 258). But this did not affect Mussolini's attitude. Upon hearing about the efforts to ratify the concessions, he declared that Italy would protect its interests in Albania. He accused the Albanian government of being hostile towards Italy (*Documenti Diplomatici Italiani, Settima Serie*, 1960: 441). The Albanian government considered Mussolini's statement as an open threat, especially when Italian foreign policy had already begun to demonstrate its aggressiveness. Under the conditions of the Italian threat, the Albanian government asked for support from the British government. The Foreign Office, being aware that it could not defend Albania militarily from any possible Italian aggression, advised the Albanian government to be moderate in this regard, namely to inform the Italian government that the concessions did not have a monopoly, that such an agreement was drawn up a long time ago and that Albania's sovereignty was being violated (*FO371/656*, 1925, l. *FO371/10656*). At the same time, the British minister in Albania, Harry Eyres, well aware of the circumstances and the matter in question, proposed a partial fulfilment of the Italian demands (*FO371/656*, 1925, l. *FO371/10656*), i.e. the withdrawal of the Anglo-Persian Company from some lands that Italy could target. Such an idea found support in the Foreign Office. This office was aware of the decision of the Conference of Ambassadors of 1921 on Italian interests in Albania, but also of Mussolini's reputation, which had been challenged by the support that Yugoslavia offered Zog to return to power (*FO371/656*, 1925, l. *FO371/10657*).

To avoid conflict with Italy, when the value and quantity of oil that could be extracted in Albania was unknown, and counting on Italy's help in other parts of the world and to prevent a possible Franco-Italian rapprochement, the British government began to test the pulse of the Anglo-Persian Company, in terms of how far they could make concessions to Italian demands. The British diplomats in Rome had come to the conclusion that Mussolini was asking the Albanian government for 40,000 hectares of land for railway concessions, 4,000 hectares of which were within the Anglo-Persian concession (*FO371/656*, 1925, l. *FO371/10657*). On 18 February 1925, an agreement was reached between the British government and the Anglo-Persian Company to give up certain areas (*FO371/656*, 1925, l. *FO371/10657*). Now the British government had a free hand to negotiate with Italy, but a development that occurred the day before again strained relations between Britain and Italy. The Albanian parliament ratified the oil concessions in favour of the Anglo-Persian company, which was given the right to conduct geological research on Albanian land in an area not exceeding 200,000 ha of land, with a term of 60 years (Belegu, 1964: 24).

The news of the granting of this concession caused tension in Rome, whose government engaged in a campaign of diplomatic pressure on Tirana and in a fierce controversy with London. Mussolini and his foreign minister, Contarini, felt deceived. Contarini had stated to British ambassador in Rome, Lord Graham, that "due to Italian interests in Albania and the influence of public opinion" Mussolini would not consider the conflict with Britain closed without securing a concession equivalent to that of Anglo-Persian Company for the Italian company Ferrovie della Stato. To avoid further aggravation of relations with Italy and due to his personal friendship with Mussolini, British Prime Minister Chamberlain managed to convince the Anglo-Persian Company to renew talks with the Italian government regarding Albanian oil (Sette, 2020: 136). Undoubtedly, during the negotiations with Anglo-Persian, Chamberlain could not completely ignore the interests of the company, since it had invested high financial sums for Zog's return to power (Fischer, 2004: 101).

The compromise between the British and Anglo-Persian governments had the effect of softening Mussolini's stance. To justify himself, Mussolini blamed his ambassador in London for "misunderstanding" a correspondence with the British government (Belegu, 1964: 27). After the easing of tensions under Contarini's leadership, talks between Anglo-Persian Company and Ferrovie della Stato began in the Chigi palace. As a result of intense negotiations an agreement that satisfied Italy's economic and political interests was reached on 20 March 1925 (Sette, 2020: 137).

But, in economic terms, even though it released some Albanian territories for the Italian company "Italian State Railway", it seems that Anglo-Persian came out extremely satisfied with this agreement. It provided the option of 45% participation in any Italian company that was formed for the purpose of distributing Albanian oil in Italy (FO371/656, 1925, l. FO371/10657). Nor should we overlook the fact that Anglo-Persian limited the area to 36,000 ha and the company pledged to accept the participation of Italian capital. The issue did not lie in the amount of land that the Anglo-Persian company received, but in the fact that it was the first to receive the concession with the right to choose (Belegu, 1964: 28).

Although Italy had political and economic interests, Britain's interests in this agreement were political in nature. During the World War I Britain had made many gains and now needed calm to preserve those gains in peace; any breach of the peace risked drawing Britain into war. Therefore, it maintained permanent friendship with France, while at the same time in the spirit of "balance of power", through the moderate renewal of Germany and with the tacit support of Italian aspirations in the Mediterranean, as a complementary factor in the balance of power against French domination, in the circumstances created in Europe in 1919, Great Britain continued to use the conflicts of the great powers to achieve the balance and maintain the peace it needed (Vinaver, 1966: 74).

The Anglo-Italian compromise of 1925 was of decisive importance to pave the way for Italy's economic penetration and influence in Albania. Zogu, who had previously expressed his willingness to approach Italy and was convinced that the latter would help him financially and with other means, did not delay in entering into talks with the Italian government on the issue of a foreigner, bank and other related issues (Fishta, 1979: 25).

CONCLUSION

Before World War I, the use of oil was limited, with the main use being kerosene lighting. The discovery of the internal combustion engine in 1897 turned oil into a resource of strategic importance, particularly for the military and transportation industries. The competition for oil resources led to World War I and a shift in geopolitical interests. After the war, powerful industrial states continued to look for oil fields. The discovery of oil in Albania shed some light on the perspective of future Albania. In turn, through oil concessions, Great Britain facilitated the admission of Albania to the League of Nations, thus leading to the international recognition of sovereign Albania. In the domestic plan, oil concessions were seen as a hope for economic development. But the oil concessions caused a strong reaction among the affected parties. Interested parties, like Italian and US companies, who were backed by their governments, paid efforts to prevent the ratification of concessions by the Albanian parliament and were therefore directly or indirectly involved in internal political developments. The political and social instability, along with the financial crisis, led to an uprising and the overthrow of the Albanian government, which was led by Ahmet Zogu's party. The government that emerged from the rebellion was unable to maintain its rule. Political circumstances and economic interests led to the organisation of an armed intervention against the government in December 1924. Ahmet Zogu came back to power. A new era in relationships between Albania and other states started with oil concessions.

Starting in 1925, Great Britain insisted on the ratification of oil concessions. This claim faced a harsh reaction from Italy. Italy considered Albania as its sphere of influence and as a standpoint for her hegemonistic claims. Avoiding confrontation with Italy at a time when the quality and quantity of oil were unknown and preventing one-sided Mussolini's action in Albania, the British government advised the Albanian prime minister to take a moderate stance towards Italy and at the same time persuaded the Anglo-Persian Company, the winner of oil concessions in Albania, to release Italy as a designated territory for oil exploration. At the end of March 1925, an agreement was reached between the Italian government and the Anglo-Persian Company. Besides economic features, the political ones relied on securing British interests in the Mediterranean region. By allowing Italian economic penetration in Albania, the British government secured Italy's support for a balance of power in Europe. In regards to Albania, this agreement encouraged the further economic penetration of Italy into Albania. The confrontation between Italy and Britain was also reflected in the attitude that these powers held towards the Albanian state. They both recognised the sovereignty of the Albanian state. While Britain had mainly political interests, Italy had economic ones as well as political ones. However, this confrontation also affected the internal Albanian political scene, being part of the fierce political debate between the position and the opposition.

The struggle over oil concessions demonstrates the importance of oil as a strategic element in international relations and geopolitical developments in general.

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