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## **BREACH OF FAITH? ITALIAN-SOVIET COLD WAR TRADING AND ENI'S INTERNATIONAL OIL SCANDAL**

By the late-1950s, Soviet oil exports to Western Europe caused widespread concern in a number of Western countries as these feared that Moscow could use oil to weaken their economic interests. At the same time though, other Western countries had no hesitation in developing trade relations with the Soviets, seeing this as a good commercial opportunity. The paramount example of such political nonchalance was Italy's oil company, ENI. In 1960, ENI signed a barter contract with the Soviets, causing a scandal in the Western oil world: the Italian company's act was seen as a serious breach of faith by its international allies. As a consequence, ENI's contract became a serious bone of contention in the country's bilateral and international relations. This paper analyzes the origins and development of the ENI-Soviet deal, and focuses on the reactions of Italy's Western allies and the debate it generated at the European Economic Community.

*Keywords:* Cold War; EEC; East-West trade; oil; USSR; Italy.

В конце 1950-х гг. поставки нефти из СССР в Западную Европу вызвали озабоченность в некоторых европейских странах, которые опасались, что Москва может использовать нефть в целях ослабления их экономических интересов. Однако наряду с этим, другие европейские страны продолжали поддерживать торговые отношения с Советским Союзом, считая их перспективными. Ярким примером такой политической беспечности стала итальянская нефтяная компания ENI (Национальное нефтегазовое учреждение). В 1960 г. она подписала с СССР соглашение о товарообмене, чем вызвала скандал на европейском нефтяном рынке: международные союзники восприняли действия итальянской компании как измену. В результате контракт ENI стал камнем преткновения в двусторонних и многосторонних отношениях Италии с другими странами. В статье рассматриваются предпосылки и этапы развития сотрудничества ENI и СССР, при этом особое внимание уделяется изучению реакции западных союзников Италии и споров, которые это событие вызвало в Европейском экономическом сообществе.

*Ключевые слова:* холодная война; ЕЭС; торговля между Западом и Востоком; нефть; СССР; Италия.

The Communists intend to conquer the Free World through economic means. <...> They direct their trade most carefully, with an aim to strengthen their industrial machine by the procurement from the Free World of capital goods, equipment and machines which they cannot produce.

*Standard Oil of New Jersey's Statement of position  
on the threat of Communist trade.*

19 Jan 1962

## Introduction

The 1950s were the age of 'elephants', as large oilfields were known among oilmen [Yergin, Ch. 25]. The beginning of this new era was soon perceived by the most insightful experts in oil affairs of the time, so that as early as 1953 Everette DeGolyer, the prominent American geophysicist, could forecast an unexpected and nightmarish turn in the business of large world oil companies (also known as 'the majors'), namely overproduction. The striking figures that economic researcher, Daniel Yergin, reports, are self-explanatory in this respect; between 1948 and 1972, world oil production increased from 438 to 2,100 million tons (Mt) a year [Yergin, p. 481–482].<sup>1</sup> Unsurprisingly, such colossal production also affected world prices, which between 1954 and 1970 decreased from \$15 to \$10 per barrel [Parra, p. 73–74].

In his works, historian Timothy Mitchell has shown how in the 1940s and for most of the 1950s, the majors tried to, and mostly succeeded in, hoarding the world's most promising areas in terms of oil and gas resources, not aiming at increasing production, but at withholding it – a strategy that Mitchell called 'production of scarcity', and that they did this in order to acquire an oligopoly on hydrocarbons, take away potential resources from their competitors, and obtain the power of regulating oil prices [Mitchell 2009; 2011]. However, by the late 1950s, not only had the growth of national oil enterprises undermined these plans in a number of areas, but several new market factors were putting this approach at risk. Beside the emergence of national, and of independent oil companies starting to gnaw at the market, one main source of anxiety was represented by the colossal amount of oil that the Soviet Union had started extracting and marketing. In the mind of many a Western capitalist, Soviet oil threatened to upset the international petroleum order. Most of this paper will aim at an analysis of the consequences of this factor within Cold War settings.

Between 1955 and 1965, Soviet oil production more than tripled, growing from 71 to 243 million tons (Mt) [Berry, p. 150; Ebel, p. 40; Spencer, p. 98].<sup>2</sup> This growth was mainly caused by major oil discov-

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<sup>1</sup> Figures here are given in tons per day, whereas in the original source they are expressed in barrels per day.

<sup>2</sup> source reported in Barry's work: Economist Intelligence Unit, *Quarterly Economic Review*, "USSR Annual Supplement. 1971". Vol. 10.

eries made in the Ural-Volga region. Soon after the discoveries, the crucial issue for the Soviet oil industry became the marketing of the newly-found oil, and an immediately conceivable solution was found in its exportation to industrially-expanding Western Europe. The extent to which such low prices were part of an explicit political strategy aimed at making Western Europe dependent on the USSR for its energy, or were rather an economic consequence of the quantities of oil found and of the Soviets' urgent need of Western technologies in exchange, has long been debated [Ebel; Hoskins]. Whatever the rationale underlying this strategy, everyone agreed on the means chosen by the Soviet administration to bring the country's oil to Europe was straightforward: this was to be a highly pronged pipeline system, originating in the Ural-Volga fields, which would connect production sites to the westernmost brims of the Iron Curtain, and possibly Western Europe. Such project, nevertheless, would require a number of advanced technological artifacts that the Soviets did not have the adequate know-how or industrial might to produce in the early 1960s, and would have to import from abroad. Such technological issues were at the core of Western preoccupations, especially at the North Atlantic Treaty Organization (NATO), where they generated a heated debate in the early 1960s. Studies on the NATO debate highlight the fragmentary nature of trans-Atlantic alliances [Cantoni, 2014; Cantoni, 2016; Högselius]; a nature, which was reflected also in other international organizations, such as the European Economic Community (EEC). Rather than oil technology, the young European Economic Community was concerned with sheer oil imports from the USSR by a number of West European countries. Intra-European disputes that occurred at the EEC as a consequence of what became widely known in Euro-Atlantic political environments as the 'Soviet oil offensive' are therefore worth studying, especially since the Community may be seen as a scale model of the more general world clash of oil *haves* and *have-nots*.

### **The Soviet Oil Offensive and The ENI 'Scandal'**

Soviet oil exports or, as it became widely known in the West, 'the Soviet oil offensive', were part of a larger strategy, in which barter agreements were employed as powerful economic and diplomatic weapons, in that they enabled beneficiary countries to find outlets for their productions. When trading with Egypt, the Russians bartered oil for cotton; in the case of Cuba, they swapped oil for sugar [Jensen-Eriksen, p. 201].<sup>3</sup> Technoscientific expertise was also used as a lever to convince developing countries to collaborate. This was a cornerstone of Soviet oil policy, and it had been successfully employed in Afghanistan, Ethiopia,

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<sup>3</sup> Source reported: The National Archives, Kew (TNA, henceforth) – POWE33/243, "Russian oil imports", Ministry Of Power, 13 May 1960.

Pakistan and Egypt. The Russians provided crews of experts to assist the locals with building pipelines and tankers, executing geological studies, and training executives of the national oil industry. Indeed, such training was not limited to technical aspects: it catered for political and social engineering.<sup>4</sup>

Reactions to the Soviet oil strategy varied from country to country. While, expectedly, the American government firmly refused to allow Soviet imports into the United States, European positions were more diverse, depending heavily on each country's trading activity with the USSR. In terms of Soviet exports, the top three West European countries in 1957 (the UK, West Germany and France) imported merchandise for 756, 286 and 268 million roubles respectively [Bagnato, 2003, p. 97].<sup>5</sup> In Britain, Harold Macmillan's government was divided on the issue on an oil embargo. It implemented one in 1959, but serious divergences remained between government departments, notably between the Board of Trade (against) and the Ministry of Power (in favour) [Jensen-Eriksen, p. 204]. In France, Victor de Metz, the President of France's oil flagship, the *Compagnie française des pétroles*, feared that Soviet trade could extend to the entire EEC, and hoped an alliance between Arab producers and oil majors could stem Soviet oil 'flooding' [Catta, p. 209]. The Italians were conspicuous by their silence, the reason being that ENI's trade with the USSR was all but insignificant, as were commercial exchanges between the Soviets and many large Italian industrial concerns such as FIAT. However, Italy's favourable opinion of Soviet oil was to become crystal-clear to the rest of the Western world in 1960.

Indeed by 1960, ENI's decade-long prospecting efforts had brought very scant fruit: Egypt was the only other country where the Italian company had a considerable oil production, namely 1.9 Mt of crude oil per year (out of ENI's total production of 2.5 Mt) [Pozzi, p. 431]. The lack of oil findings of considerable magnitude instigated a reassessment of the company's supplying strategy; immediate availability of oil was prioritised over long-run exploration programmes. This led to the signing of contracts between ENI and the Soviet public monopoly, *Soyuznefteexport* (SNE). All authors writing about ENI have underlined the significance of the agreement signed in October 1960 between the Italians and the Soviets, although only diplomatic historian Bruna Bagnato has emphasised that that was only a further step in a trade that had started a few years earlier [Bagnato]. Since the end of 1958, ENI had agreed to import crude oil in exchange for goods and services. The first of these contracts bartered oil for synthetic rubber produced by the ENI affiliate, *Azienda nazionale idrogenazione combustibili* (ANIC), under a license owned by

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<sup>4</sup> AHTOTAL – Fonds Total-CFP, b. 90.4/102 // Revue de presse. 30. Chronologie des accords politiques entre l'URSS et les pays arabes. Dec. 1958; The Reporter, "The Soviet Oil Offensive", by Leon M. Herman, 21 June 1962. P. 27.

<sup>5</sup> The equivalence in 1957 was 1 rouble = 4 dollars, so the figures reported correspond to \$3.02 billion for the UK, \$1.14 billion for West Germany, \$1.07 billion for France. URL: [http://www.cbr.ru/currency\\_base/OldVal.aspx](http://www.cbr.ru/currency_base/OldVal.aspx) (mode of access: 11.09.2015).

the American company, Phillips Petroleum.<sup>6</sup> In late 1958 ENI's President, Enrico Mattei, secretly met a number of government officials in Moscow, including SNE's President, Evgeniy Gurov, and consolidated the group's relations with the Soviet company, with a view to a large barter deal.

For ENI, 1958 also marked the beginning of trade relations with another important pawn on the geopolitical chessboard: Mao Zedong's China. In 1958, Mattei secretly visited the Far Eastern country, the government of which had not been recognised by either the Italian government or the United Nations (UN) as a result of American pressure. This visit would culminate three years later in ENI's first Chinese trade agreement [Perrone, p. 157–158]. It goes without saying that such an intense trade between the national company of a NATO member such as Italy, whose Christian Democrat (DC) administrations had been struggling for over a decade to convince the US of Italy's reliability notwithstanding the large following enjoyed by the Italian Communist Party, and the two most powerful Communist countries, was seen as a serious breach of Italy's commitment to the Western camp.

Transactions between Italy and the Soviet Union did not stop even when the Italian Premier, Amintore Fanfani, decided to accommodate US intermediate-range ballistic missiles on Italian territory, in spite of vibrant Soviet protest.<sup>7</sup> Diplomatic historian, Leopoldo Nuti, has argued that the deployment of US missiles in Italy was looked favourably on by the Italian government as it would give Italy "a nuclear status of some sort and would improve its national prestige" [Nuti, p. 369]. However, Fanfani's decision was a clear statement of the dependence of Italian security on American goodwill, and was not welcomed by high-ranked diplomats such as Pietro Quaroni, the Italian Ambassador in West Germany, who lamented Christian Democrat passiveness to US diktats. According to Soviet newspaper, *Sovetskaya Rossiya*, Quaroni would declare on that occasion: "We are simply [US] satellites and nothing else".<sup>8</sup> However, I will show that when looking at the oil sector and ENI's moves, Quaroni's statement sounds way too reductive to characterize Italy's position.

Starting from late 1958, ENI's dealings won the Italian company US and French secret services' attention. The Central Intelligence Agency (CIA) and the Service de Documentation Extérieure et de Contre-Espionnage started keeping ENI under surveillance, updating their governments in a number

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<sup>6</sup> Archivio Storico ENI, Pomezia (ASENI, henceforth) – Fondo ENI, Estero, Rapporti commerciali con l'estero, b. 2, fd. 7E0, ANIC to Rasno-import, 27 Oct. 1958; PPS (1959) "Nouvelles brièves", XXVI (1): 38.

<sup>7</sup> Archivio storico del Ministero degli Affari Esteri, Rome (ASMAE, henceforth) – Telegrammi ordinari, Russia (Ambasciata Mosca). 1959. Vol. 42 arrivo (Jan-May). N. 10280; Italian Embassy (Itemb, henceforth) Moscow (Bounous) to Italian Ministry of Foreign Affairs (MAEI, henceforth), 'Nota sovietica all'Italia sui missili'. 28 Apr. 1959. N. 10291; 'Nota sovietica sui missili', 28 Apr. 1959. Vol. 43 partenza (Jan-Aug). N. 5953; MAEI (Straneo) to Itemb Moscow, 'Risposta a Nota sovietica circa missili', 8 May 1959.

<sup>8</sup> Quaroni's quote is from: ASMAE – Telegrammi ordinari, Russia (Ambasciata Mosca), 1959, vol. 42 arrivo (Jan-May), n. 13480, Itemb Moscow (Pietromarchi) to MAEI. 28 May 1959. P. 3. My own translation.

of secret reports.<sup>9</sup> Mattei's travels to Moscow elicited Fanfani's visit to the US Embassy in Rome, where Ambassador James Zellerbach cautioned him that Mattei's acts made it difficult to believe the Italian government was aligned with NATO. Fanfani argued that although Mattei's behaviour was risky, he had no means of stopping state companies trading.<sup>10</sup> But if he had not, who else could have? Fanfani himself must have known that his justifications were not wholly convincing. His argument suggested a refusal to stop the ENI President's initiatives.

A year later Giuseppe Ratti, ENI's marketing counsellor, also met US Embassy staff. In a conversation with its First Secretary, Albert Nyren, he described ENI's contacts with the Soviet Bloc. Nyren stated that Ratti had "always been friendly and open to the Embassy representatives". Ratti confirmed ENI-SNE contacts, while clarifying that his company's future purchases would depend on the price offered by the Soviets and on the opportunities offered to Italian firms to sell their goods in return.<sup>11</sup> By the end of 1959, that is by the time Ratti met the US Embassy staff, negotiations for the one contract that would cause scandal in the oil world were already ongoing, and it is hard to believe Ratti was not aware of the increase in ENI's oil imports from the USSR.

But Ratti was manoeuvring in a climate of uncertainty. Fanfani's government, which was disposed to an opening to the Socialists, had fallen in January 1959, and DC was now controlled by its right wing. The new leadership was hostile to public intervention in trade, and this threatened Fanfani and Gronchi's so-called 'Neo-Atlanticist' project of asserting a degree of autonomy from the USA in foreign policy, which was also endorsed by Mattei.<sup>12</sup> Without government support, ENI needed to display a favourable stance to American diplomats, so as to avoid the consequences of Fanfani's fall and the subsequent changes in government attitude. To sum up, presumably Ratti was using his friendly relations with the US Embassy to dispel Americans concerns and misrepresent ENI's 'oily deals' with the Soviets.

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<sup>9</sup> Archives Diplomatiques du Ministère des Affaires Étrangères, La Courneuve (AD-MAE, henceforth) – Série: Direction d'Europe (Z-Europe), Sous-série: Italie 1944–1970, fd. 288, letter, French Embassy (Fremb, henceforth) Rome (Palewski) to French Ministry of Foreign Affairs (MAEF, henceforth), 15 Jan. 1959; National Archive and Records Administration, College Park (MD) (NARA, henceforth) – RG 59, Central Decimal Files, 1955–1959, b. 2021, f. 456.9341/11–1958, confidential, American Embassy (Amemb, henceforth) Rome (Jernegan) to Secretary of State, 19 Nov. 1958; Amemb Rome (Zellerbach) to Secretary of State, 11 Dec. 1958; NARA – CIA Records Search Tool Database (CREST, henceforth), CIA, Central Intelligence Bulletin, top secret, 20 Dec. 1958; Archives Nationales, Pierrefitte-sur-Seine (AN, henceforth) – b. 19900317/13, fd. 1, sub-fd. Italie 1955/1979, secret, Note SDECE, L'activité de l'Ente Nazionale Idrocarburi et de son président (nov. 1958 – avr. 1959), 11 May 1959, pp. 4, 7, 10–11 (Freedom Of Information Act (FOIA, henceforth) n° 111 382).

<sup>10</sup> NARA – RG 59, Central Decimal Files, 1955–1959, b. 3617, f. 765.13/12-2958, Foreign Service Dispatch, Amemb Rome to Department of State (DS, henceforth), 'Conversation with Prime Minister Fanfani', 29 Dec. 1958.

<sup>11</sup> NARA – RG 59, Central Decimal Files, 1955–1959, b. 4826, f. 865.2553/11-359, Foreign Service Dispatch, Amemb Rome to DS, 'Impressions of ENI's Marketing Counselor of Commercial Prospects of Soviet Bloc Countries', 3 Nov. 1959.

<sup>12</sup> Rash political moves by DC's rightist government would bring Fanfani back to his role of Prime Minister in July 1960.

The agreement between ENI and SNE was eventually signed in October 1960 by Mattei and the Soviet Minister of Foreign Trade, Nikolai Patolichev. Though the conclusion of the deal had been anticipated, its size had not, and generated much surprise and disquiet: in fact it caused a veritable scandal in the oil world. The Soviets committed to sell ENI 11 Mt of crude and 1 Mt of fuel oil over four years (1961 to 1964). ENI would provide the Soviets with technological products such as synthetic rubber, steel pipes and equipment for pipelines.<sup>13</sup> The overall deal was worth \$100 million in each direction. In February 1961, ENI signed a further commercial protocol, which integrated the previous one, and covered the period from 1962 to 1965. Italy would import 21.4 Mt of crude oil over the next five years and 700 thousand tons (kt) of fuel oil per year.<sup>14</sup>

Incidentally, two months before the Italian contract, West Germany had also signed an important barter contract with the Soviets. German exports included plants for chemical and extractive industry, iron and steel products, ships and large-diameter pipes; German imports were essentially crude oil and oil products.<sup>15</sup> The exchange value was double that of the 1960 ENI-SNE agreement, but in itself the German contract was seen as less threatening, considering German availability of national coal. Italy, on the contrary, had no such supplies, and almost totally depended on oil. Indeed one of the reasons most frequently stated by Italian officials for buying oil from the USSR was the obligation to source energy from abroad; in addition Soviet oil was the cheapest available, and Italy was just obeying to market laws when buying Soviet. Moreover, ENI's production was not sufficient for the growing national energy needs [Perrone, p. 146–147]. In general, West German trade with the USSR rose from \$196.5 million in 1959 to \$401.5 million in 1962 [Stent, p. 97]; so together with the Italian contract, also the German one caused disquiet in the Euro-Atlantic oil circles: in particular it alarmed the American secret services.

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<sup>13</sup> ASMAE – Telegrammi ordinari, Russia (Ambasciata Mosca), 1960, vol. 59 arrivo (Jul. – Dec.), n. 36288, Italian Embassy in Moscow (Itemb Moscow) (Pietromarchi) to MAEI, 'Contratto ENI-FINSIDER', 3 Oct. 1960; n. 37331, Itemb Moscow (Pietromarchi) to MAEI, 'Importazione petrolio', 11 Oct. 1960. For the laborious negotiations preceding the agreement, mainly carried out by Giuseppe Ratti and under the auspices of Italian Ambassador Luca Pietromarchi, see: ASEN – Fondo ENI, Presidenza Raffaele Girotti, b. 264, fd. 482E, especially 'Missione a Mosca', 8–17 March 1960; 'Missione a Mosca per affare "Oleodotto"', 23–28 June 1960; 'Missione a Mosca per "Affare oleodotto"', July 1960; 'Missione conclusiva dell'Affare Oleodotto', Moscow, 14 Sept. – 14 Oct. 1960.

<sup>14</sup> NARA – RG 59, Central Decimal File, 1960–1963, b. 2695, file 865.2553/7-1161, Foreign Service Dispatch, limited official use, 'Petroleum – Notes of an Interview With Enrico Mattei by Time-Life Writer John M. Scott', Amemb Rome (H. Gardner Ainsworth) to DS, 11 July 1961, pp. 1, 3–4. On Italian-Soviet negotiations on the new agreement, see: ASMAE – Telegrammi ordinari, Russia (Ambasciata Mosca), 1961, vol. 55 arrivo (Jan. – Jun.), n. 898, 12 Jan.; n. 1146, 14 Jan.; n. 1395, 17 Jan.; n. 2416, 26 Jan.; n. 2889, 30 Jan.; n. 5014, 21 Febr.; ASEN – Fondo ENI, Presidenza Raffaele Girotti, b. 264, fd. 482E, 'Missione a Mosca per acquisto greggio', 14–19 Febr. 1961. P. 7.

<sup>15</sup> ASMAE – Telegrammi ordinari, Russia (Ambasciata Mosca), 1961, vol. 55 arrivo (Jan. – Jun.), n. 13, Itemb Moscow (Pietromarchi) to MAEI, 'Stampa sovietica', 2 Jan. 1961.

### Surprise, Rage and Disquiet: International Reactions to ENI's Contract

Indeed, commenting on the Soviets' successful strategy of exporting oil and on its repercussions on US national security, the CIA affirmed that the Soviet system, by "beating Western private enterprise in competitive markets, would be used as an example of the Soviet system winning out over the American system".<sup>16</sup> Apart from its sheer commercial significance, the Soviet oil offensive had therefore a most important symbolic meaning, which could not but be detrimental to the image of capitalism as the most fruitful trading system. Expectedly, external pressures over Italy were not limited to the international environments; on the contrary, they extended to bilateral relations, and involved both administrations and private agencies. In November 1960, for example, Monroe Rathbone, the President of the one of the world's leading oil companies, Standard Oil of New Jersey, solicited the State Department to make representations to the Italian government as regarding its Soviet deals.<sup>17</sup> He was later joined in his protest by executives of two other majors, namely Gordon Reed of Texas Gulf and Arnold Hofland of Shell. Reed addressed several recommendations to the US Congress, as well as to federal petroleum committees and the State Department, while Hofland intervened at the British and Dutch governments, and made contact with the US Embassy and services in Paris.<sup>18</sup> In March 1961, US President John F. Kennedy's Ambassador at Large, William Harriman, flew to Rome to meet Italian government officials and party leaders. He also met Mattei, with the sole result of having to endure the tycoon's tirade on how it had been Western companies' blind, short-term profit policy that had induced ENI's Soviet deal.<sup>19</sup>

As mentioned, Italy's trade with the Soviets, like Italian trade with Middle Eastern and North African countries that had been woven since the second half of the 1950s [Tremolada], were part of a strategy of international expansion. By July 1960 Amintore Fanfani, the DC leader, was back in his seat as Prime Minister, and Mattei knew he could count on him. He had a further ally in the Italian Ambassador in Moscow, Luca Pietromarchi. Fanfani and Pietromarchi were sponsoring a general commercial détente with the USSR, and ENI was not only a part of this but its leading edge. The entire Italian industry – ENI was not alone in this respect – felt it was

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<sup>16</sup> Quoted from: NARA – CREST, confidential, Memorandum for Deputy Director/Intelligence, 'Western Problems in Marketing Petroleum', 30 Nov. 1960.

<sup>17</sup> ASENI – Fondo ENI, Estero, Rapporti commerciali con l'estero, box 2, folder 7E2, "Accordo italo-sovietico", 23 Nov. 1960, Ruffolo to Ratti, translation of a circular sent by Standard Oil of New Jersey to their affiliates on 3 Nov. 1960 and 6 Dec. 1960.

<sup>18</sup> AN – b. 19900317/13, fd. 1, sub-fd. Italie 1955/1979, Note SDECE, "Derniers développements de l'activité de Mattei – Réactions qu'elle suscite", 18 Aug. 1961, p. 3, secret/confidential (FOIA n° 111 382).

<sup>19</sup> NARA – Foreign Relations of the United States (FRUS), 1961–1963, XIII, West Europe and Canada, Editorial Note, p. 798–800.

being restrained by exclusively Western alliances, and missing out on an incredible opportunity to enter an untapped market [Bagnato, 2002; Bagnato, 2003, p. 42–43].

On the Italian side, the Soviet dealings squared with Fanfani and Mattei's Neo-Atlanticist policy. Only by setting itself as a bridge between the West and non-Western countries, be these Arab producers or the Soviet Union, could Italy aspire to an independent role in the Atlantic setting, and avoid international marginalisation. Under America's wing, Italy did receive protection, but at the high cost of neutralising its own autonomy in foreign policy. On the Soviet side, deals with the Italians were part of a larger plan, launched by Soviet First Secretary, Nikita Khrushchev, in May 1958. Khrushchev sought to strengthen the Soviet chemical industry and the production of plastics with the help of foreign technicians, machinery and capital. This is why the Soviet government not only approached Italy, but West Germany and the UK as well; in fact, it also planned collaboration with US industries [Bagnato, 2003, p. 60–62].

The American press joined the choir of protests against ENI. Anticipating accusations that were to be made in the following months, the *New York Times* warned about the consequences of the Soviet agreement for Italy's position regarding the security of the Western world, while also raising some questions about the effectiveness of Italy's contribution in the event of an international crisis.<sup>20</sup> Would the Italians remain loyal to their Atlantic commitment, if they depended so heavily on Soviet resources? Possibly not, was the obvious answer. In the American press, as well as in National Security Council and State Department reports, dangers deriving from dependency on Soviet oil were always highlighted: for example, the Russians may decide to abruptly interrupt their deliveries following unfavourable political decisions by Western bloc governments. Soviet dependency on Western technology, however, was largely neglected; discontinuing exports would have deprived the Eastern giant of part of its industrial power. This reason, more than any other, made an interruption of supplies unlikely. In addition, historian Angela Stent notes, the urgency of the American rhetoric was not commensurate to the real supply situation, in that Western Europe was not at the time heavily dependent on Soviet oil. Political factors linked to Cold War climate may have distorted perceptions of the economic significance of Soviet oil exports, and may have joined worries by Western oil companies about a likely loss of market shares [Stent, p. 100].

But national reactions to the ENI-SNE deal were not limited to American diplomacy and industrial environments. French and British protest was as vehement as the American one. When French diplomats were made aware of the ENI-SNE agreement's negotiations, they made representations to Italy, but ENI responded with a short memorandum defending itself on

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<sup>20</sup> TNA – FO 371/153362, fd. RT 1532/17, P. J. E. Male, Foreign Office, to J. Gwynn, Ministry of Power, 'Italy and Russian Oil' // *New York Times* article, 'Italy Oil Deal With Soviet Weakens Her Ties to West', 11 Nov. 1960.

economic grounds, and returning French accusations to the sender on technical grounds. The Italian company maintained that Soviet crude oil had characteristics more suited to the needs of Italian refiners and the national consumption structure, in comparison to Saharan crude. The French, the memorandum continued, were trying to politicise a justifiable technical and economic issue, so as to favour their Algerian crude (see below).<sup>21</sup> ENI's expansionist attitude also worried the French Ambassador in Rome, Gaston Palewski. When in late 1959 the Italian President, Giovanni Gronchi, was invited by Khrushchev to visit the USSR, Palewski was not so much anxious about an Italian-Russian rapprochement, as he was of the fact that Gronchi could be a beachhead for Mattei's plans [Bagnato, 2003, p. 176].

In addition, ENI's plans endangered British interests. In early 1959 Mattei had taken initial steps towards the expansion of ENI's distribution activities in the UK, where he aimed to conquer a quarter of the distribution market using cheap Soviet oil.<sup>22</sup> However, this threatened the embargo the British had barely managed to have approved. Confronted with British Petroleum and Royal Dutch-Shell's scepticism about Mattei, the British Ambassador in Rome, Ashley Clarke, reiterated his proposal that they begin talks with him. ENI and its President were not, in the Ambassador's view, "passing phenomena which [would] conveniently disappear if the British Oil Companies avoid[ed] looking at them".<sup>23</sup> However, Assistant Undersecretary at the Foreign Office, Roger Jackling, replied that it was too early for companies to make life easier for ENI. If British companies came to terms with Mattei, he maintained, it would only encourage him to continue using his aggressive strategy, and escalate his requests to the majors. Moreover, Jackling speculated that ENI's growing dependency on the Russians might be a source of embarrassment for the Italian government in regard to its Western allies, and the deal had also been very coldly received at the Second Arab Petroleum Congress held in Beirut in mid-October.<sup>24</sup> Things would fall into place by themselves, the British thought, due to Mattei's overstretched and hazardous tactics.

Anxieties expressed by diplomats with respect to the Soviet oil offensive were substantiated after the signature of ENI's contracts, in mid-1961, when SNE's President, Gurov, declared to a Soviet journal that the USSR meant to demolish the edifice the majors had built: "It should be borne in mind that oil concessions represent the foundation of the entire edifice of western political influence in the [less developed] world, of all military bases and aggressive blocs. If this foundation cracks, the

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<sup>21</sup> ASENI - Fondo ENI, Presidenza Eugenio Cefis, b. 24, fd. CB8, 'Promemoria sulle importazioni petrolifere dall'URSS', 24 Aug. 1960.

<sup>22</sup> TNA - FO 371/145054, fd. RT 1152, 'Visit to UK by President of ENI-AGIP of Italy', confidential, British Embassy Rome (Clarke) to Foreign Office, 15 Jan. 1959.

<sup>23</sup> Quoted from: TNA - FO 371/153362, fd. RT 1532/10, 'Relations between Signor Mattei and the Western Oil Group', f. RT 1532/10 (A), secret, A. Clarke, British Embassy Rome, to R. W. Jackling, Foreign Office, 21 Oct. 1960.

<sup>24</sup> TNA - FO 371/153362, fd. RT 1532/10, secret, R. W. Jackling, Foreign Office, to Clarke, British Embassy Rome, 4 Nov. 1960.

entire edifice may begin to totter and then come tumbling down”.<sup>25</sup> Thus, while American security and governmental authorities were trying to keep a low profile on the issue of Soviet oil, and prevented their anxieties from leaking beyond their offices, the Soviets were blatantly announcing their intentions. As a consequence, an alarmed Harry Kern, the Director of the review *Foreign Reports*, circulated a memorandum in July to top policy officials in the State Department and to the West German Chancellor, Konrad Adenauer. The document advocated an oil embargo against the USSR as a retaliation measure against its stance on the Berlin crisis, which the Soviet government had opened in June by issuing an ultimatum demanding the withdrawal of Western armed forces from West Berlin. The embargo, Kern suggested, would only end once the Soviet accepted “normal standards” in the marketing of their petroleum products.<sup>26</sup>

He further advised that Adenauer, in declaring the oil embargo, point out that it was being put into effect not only because of Berlin but also in the interests of Arab producing countries. Adenauer should thus ask these countries to associate themselves with the defence of Berlin. An association of some Afro-Asian countries would be essential at the UN, especially at a time when these countries were receiving no support from the West in key international disputes.<sup>27</sup> However, Kern’s proposal was not met with favour by State Secretary, Dean Rusk. A Soviet oil embargo was not discarded, but NATO authorities, to whom the memorandum had also been forwarded, believed it was too early to declare it. Kern’s proposal was a further indication of how much Realpolitik dynamics weighed in energy security. Economic interests were camouflaged under a political cover, and the Berlin crisis was used as a convenient excuse to justify a long-desired embargo on Soviet oil. It also shows the paternalistic attitude of some American personalities toward high charges of the West German state, which is a clear indication of the balance of power between the two countries.

American discontent was also clearly expressed in two documents produced by the US Senate, *Soviet Oil in the Cold War* and *Problems raised by the Soviet oil offensive*, in 1961 and 1962 respectively [Hoskins and Herman; Hoskins]. In the first study, authors Halford Hoskins, a senior specialist in international relations, and Leon Herman, an analyst in Soviet economics, warned that Soviet exports to foreign countries were “a political hand that has worn the economic glove” [Hoskins, Herman, p. 4]. When illustrating the Italian deal, the two authors maintained that if the Italian attitude spread over Western Europe, more countries would dislocate part

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<sup>25</sup> Quoted from: *Herman L. M. The Soviet Oil Offensive // The Reporter*. 1962. 21 June. P. 27.

<sup>26</sup> AHTOTAL – Fonds Total-CFP, b. 92.26/31, fd. Pétrole soviétique, letter, Harry F. Kern (*Foreign Reports*, Director) to François de Laboulaye (CFP), 24 Aug. 1961.

<sup>27</sup> One such dispute was the Bizerte Crisis, occurred in July 1961 when Tunisia imposed a blockade on the French naval base at Bizerte, Tunisia, hoping to force its evacuation. The crisis culminated in a three-day battle between French and Tunisian forces that left some 630 Tunisians and 24 French dead.

of their supplies from the majors to the USSR, thus causing fewer revenues to international companies. That would not only damage American, but also British (BP and Shell), Dutch (Shell) and French (Compagnie française des pétroles) interests [Ibid., p. 6]. In *Problems raised by the Soviet oil offensive*, Hoskins went further to provide various examples of Soviet oil offensive in several countries in Asia, Africa and Europe, and their consequences. As for Italy, he warned that ENI's policy was intended to eliminate as many foreign companies as possible from Italy [Hoskins, p. 11].

In 1957, a prominent American economist, Willard Thorp, had forecast: "It does not now appear that the new programs will place the Soviet Union in a position within the next few years to take over political control through economic domination" [Thorp, p. 282]. Not many in Western governments seemed to believe his argument in 1962, and it is doubtful they did even earlier [Spencer, p. 99]. Instead, a number of Western powers understood the time had come to stop Soviet oil exports by intervening on the very physical means the Soviet meant to use for getting oil flow into Western Europe: pipelines.

### The West Counter-Attacks to Stem the Oil Flood

The Soviet plan to build an extended network of pipelines from Russian oilfields to the rest of the Eastern Bloc (the western branch of which would be called *Druzhba*, the Russian for 'friendship') was greatly alarming to Western governments, especially to those that played a key role in the international oil trade, such as the US, the UK, the Netherlands, or expected to play such a role soon (France). That is why ENI's plans to build a pipeline for the Soviets between the USSR and East Germany, and a second one to connect Italy's Adriatic Sea terminal in Trieste to a city 65 km away from one of the Soviet system's terminals, Vienna, did certainly not improve Italy's relations with its Cold War allies. While the *Druzhba* threat would be dealt with by NATO, as I will briefly mention below, the danger originating from the East German pipeline project was defused through international diplomatic pressure. The French and US governments had promptly been informed of the news of the Italian-Soviet agreement regarding the East German pipeline project by their secret services.<sup>28</sup> The implementation of ENI's project was depicted as a dramatic security threat to the Western bloc, as the very possibility of having an oil terminal in East Germany may sooner or later lead to its connection to West Germany. The State Department suggested the Italian Ambassador in Paris, Manlio Brosio, apply pressure on his government, and eventually

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<sup>28</sup> ASENI – Fondo ENI, Estero, b. 2, fd. 7E6, letter, Itemb Moscow (Pietromarchi) to ENI President (Enrico Mattei), 25 Nov. 1959; ENI President (Enrico Mattei) to Itemb Moscow (Luca Pietromarchi), 28 Dec. 1959; AN – 19900317/13, fd. 1, sub-fd. Italie 1955/1979, secret, Note SDECE, *L'activité de l'Ente Nazionale Idrocarburi (mai 1958 – sept. 1959)*, 23 Oct. 1959, p. 5 (FOIA n° 111 382); NARA – CIA Records Search Tool Database (CREST), CIA Current Intelligence Weekly Summary, confidential, 'Italian Oil Combine May Build Pipeline for USSR', 28 Jan. 1960. p. 11; NARA – RG 59, Central Decimal File, 1960–1963, b. 2694, file 865.2553/1-2660, confidential, Foreign Service Dispatch, Amemb Rome to DS, 26 Jan. 1960.

the pipeline agreement was not finalized.<sup>29</sup> ENI eventually supplied certain pumping and auxiliary equipment, while the plan to provide technical assistance toward installing the pipelines was dropped.<sup>30</sup>

But there was still the issue of the Trieste-Vienna pipeline. This pipeline might easily be linked to Bratislava, where the Soviets planned to establish the Czechoslovakian terminal of Druzhba. Vienna's short distance from Bratislava made the project a threat for supplies of Middle Eastern oil delivered by the majors.<sup>31</sup> The Swiss newspaper, *Neue Zürcher Zeitung*, sounded the alarm bells, by arguing in June 1961 that from a geographical viewpoint the Soviet project contained elements that made it more enticing than a continued commitment to majors' oil from the Middle East, transported through the Mediterranean. The proximity of Sweden and the Netherlands to the Baltic port of Klaipeda, where another terminal of the Soviet European pipeline was to be built, would make the Soviet pipeline a constant temptation for countries belonging to the Western Bloc, thanks to the savings its use would allow. Moreover from the Baltic port, oil could easily be carried to West Germany by railway. On top of that, by linking the Soviet pipeline to ENI's planned pipeline, Soviet oil could reach the Mediterranean via pipeline, and thence be exported by tanker to areas already supplied by Anglo-American majors in Southern Europe, thus increasing the quantities that were already being delivered by tanker from the Soviet Union via the Black Sea.<sup>32</sup> The project for the Trieste-Vienna pipeline, however, was to be approved only in 1963. The laying of the Transalpine Pipeline, as it would be called, was eventually to include a number of majors beside ENI. It was commissioned in 1967, while its extension to Vienna had to wait until 1970 to become operational.

Besides ENI's pipeline projects, which had now been stemmed, the problem of oil exports remained: in the early 1960s, it became one of the core topics discussed at NATO and the EEC. The NATO case has been discussed at length in other publications [Cantoni forthcoming a; Bagnato 2003, 380 ff], but it is useful to summarize them: between 1960 and 1962, NATO's Committee of Economic Advisers discussed the possibility to embargo sensitive Western technologies that the Soviets may use for the laying of their pipeline. The debate, which lasted one and a half year, eventuated in the approval of an embargo on large-diameter steel pipes in November 1962. Unlike the NATO case, the intra-European debate on Soviet oil imports, which kept the EEC busy for a few years, had much less stringent consequences on the policies of its country members: as I am now going

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<sup>29</sup> NARA – RG 59, Central Decimal File, 1960–1963, b. 2694, file 865.2553/2-660, confidential, Memorandum of Conversation, 'Italian Government Guaranteed Credit for Soviet Pipeline Project', 6 Febr. 1960.

<sup>30</sup> NARA – RG 59, Central Decimal File, 1960–1963, b. 2694, file 865.25553/3-160, limited official use, Amemb Rome (Zellerbach) to State Department, 1 March 1960; AN – 19900317/13, fd. 1, sub-fd. Italie 1955/1979, secret, Note SDECE, *L'activité de l'Ente Nazionale Idrocarburi* (oct. 1959 – oct. 1960), 18 Oct. 1960, p. 15 (FOIA n° 111 382).

<sup>31</sup> TNA – FO 371/153362, fd. RT 1532/6, f. RT 1532/6D, A. A. Jarratt, Ministry of Power, to J. T. Fearnley, FO, 17 June 1960, p. 10.

<sup>32</sup> ASENI – Rassegna stampa estera 1961, n. 39, para 370, *Neue Zürcher Zeitung*, 11 June.

to show, it failed to fulfill the wish to stop ENI's transactions with the Soviets at an early stage, and could not prevent the signature of a further Italian-Soviet oil contract.

Not long after Italian-Soviet negotiations began in 1958, tensions regarding the policies to adopt as regarding Soviet oil exports started to mount in the EEC, as France's attempts to prioritise its newly-found African crude (notably from Algeria and Equatorial Africa) threatened to be frustrated by Italian Soviet-friendly policies. The establishment of the EEC in 1957 meant, amongst other things, the obligation for France to open its national market to communitarian oil. This, France partly did from 1959, but conditioned its extension to progress toward a European energy policy. French oil administrators wanted to be reassured by the European authorities on a point they deemed fundamental, namely a common policy on the definition of the origin of products, lacking which nothing would prevent Italy from re-exporting to the Common Market its Soviet oil, since it would then be relabelled as Italian [Demagny, 210]. In the autumn of 1959, the French government proposed that EEC members adopt measures in order to protect the Common Market for crude oil, and in practice, asked its European partners to prioritise the sale of Saharan crude within the EEC.<sup>33</sup> However, from a political point of view the French system envisioned the creation of a protectionist zone within the Common Market, which might lead non-EEC governments to retaliate by discriminating against EEC oil products' exports, and applying duties on them.

Unsurprisingly the plan met with Dutch, Italian and German opposition, as well as with US opposition outside the EEC (the Americans deemed the French plan contrary to the General Agreement on Tariffs and Trade's rules).<sup>34</sup> Eventually, US pressure had the French drop their plan.<sup>35</sup> By early 1960 the question of preferential treatment for Algerian oil was mothballed. While French companies continued to press the Common Market to make room for their oil, within the Community's oil debates, it was now the Soviet oil offensive that entered central stage.<sup>36</sup> Unlike coal – through the European Coal and Steel Community High Authority (ECSC) – and

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<sup>33</sup> ADMAE – Séries: Affaires économiques et financières, Sous-séries: Directeur - Wormser. N. 85. DE-CE Papiers Directeur Olivier Wormser (microfilm P10747, pétrole dossier général 54-66, MAEF), "Recherche de protection pour le pétrole saharien", Director of Economic and Financial Affairs (Olivier Wormser) to Minister Economic at the British Embassy of France (William Harpham), 29 Nov.1959.

<sup>34</sup> Quoted from: ADMAE – Séries: Affaires économiques et financières, Sous-séries: Directeur - Wormser. N. 85. DE-CE Papiers Directeur Olivier Wormser (microfilm P10747, pétrole dossier général 54-66, MAEF), Wormser to French Ambassador in Washington (Hervé Alphand), 2 Dec.1959. My own translation; AHTOTAL – Fonds Total-CFP, box 92.26/7, folder Écoulement du pétrole saharien, "Note sur la réunion du 9 Décembre 1959", 9 Dec.1959.

<sup>35</sup> ADMAE – Séries: Affaires économiques et financières, Sous-séries: Directeur - Wormser. N. 85. DE-CE Papiers Directeur Olivier Wormser (microfilm P10747, pétrole dossier général 54-66), MAEF, Wormser to Minister of Industry (Jean-Marcel Jeanneney), 12 Dec. 1959, p. 2.

<sup>36</sup> AHTOTAL – Fonds Total-CFP, box 92.26/7 Labouret, folder Sahara – Politique algérienne concernant le Sahara, "Observations au sujet de la note du 18 avril", de Laboulaye (CFP) to Francis de Baecque (OCSR), 2 May 1961.

nuclear energy – through EURATOM – in the late 1950s, hydrocarbons were the only major form of energy the management of which was not regulated by a West European institution [Demagny, p. 305]. Following France's African oil discoveries, the Soviet oil offensive and the surplus of oil on the market, it became necessary to devise a common hydrocarbon policy. An EEC working group of high officials was thus set up in April 1960 to devise a common policy.<sup>37</sup> The foundation of the working group followed a memorandum on the coordination of energy policies, devised by an inter-executive group formed by representatives of the three European energy commissions, namely the ECSC, the European Commission – EEC's executive body – and EURATOM.

The EEC inter-executive working group eventually submitted its proposals to the General Secretariat of the Council of the European Communities in January 1961. These included harmonisation measures of the Community's energy policies, and safeguarding provisions in case the energy market deteriorated.<sup>38</sup> The former amounted to renounce the right to take decisions on energy matters before consultation with other EEC countries and the Commission itself. The second set of provisions, to be introduced over a period of three to five years, included: import quotas for coal, crude and oil products; custom duties on imported coal and fuel oil; and community-funded subventions to coal production.<sup>39</sup> While acknowledging the necessity of a common energy policy, Italy did not adhere to the inter-executive proposals, which it deemed dictated by the majors' vested interests.<sup>40</sup>

With a view to the July 1961 oil experts meeting, the European Commission eventually prepared a draft intended to limit Soviet imports. It was based on a simple limitation of imports, with a retroactive effect from January 1961. Each country would commit to self-limit its annual imports from the Bloc to the 1960 volume. If a member state wanted to import beyond that volume, it would have to consult its Community partners and the Commission three months before the opening of negotiations for additional purchases. The French Fuels Director, Maurice Leblond, criticised the far too generous flexibility given to states that wanted to

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<sup>37</sup> AN – b. 19800118/3 CEE/Hydrocarbures, 1960-2, fd. Politique vis-à-vis des pays de l'Est, "Considérations sur les problèmes posés par les pétroles russes à l'économie européenne", unsigned, 8 Apr. 1960 (FOIA n° 111 382).

<sup>38</sup> In January 1958, a unified secretariat was created for the Councils of the three European Communities, led by the ECSC's general secretariat already in office, and named the General Secretariat of the Council of the European Communities.

<sup>39</sup> ASENI – Fondo ENI, Relazioni esterne, b. 29, fd. 2A89: CECA High Authority/EEC Commission/ECSC Commission, very secret, "Note au Conseil Special de Ministres – Propositions de premières mesures en vue d'une coordination des politiques énergétiques", Jan. 1961.

<sup>40</sup> ASENI – Fondo ENI, Estero, Rapporti commerciali con l'estero, b. 2, fd. 7E2, Memorandum, Giorgio Ruffolo (ENI) to Sig. Giorgi and Sig. Carbone (Italian representatives at NATO Ad Hoc Study Group on Soviet Oil Policy), 29 Dec. 1960.

increase their Soviet oil quotas, and suggested establishing a global EEC quota of Soviet oil that could be imported in the Community, and then be distributed according to countries' consumptions.<sup>41</sup>

Notwithstanding French opposition, the Vice-President of the European Commission, Robert Marjolin, proposed presenting the pilot study to the Commission, while suggesting its transformation into an official proposal to the EEC Council. The Commission managed to reach agreement on the principle of country members carrying out preliminary consultation with them, before trade agreements with third countries be concluded. In April 1962, the Council charged the working group with performing a detailed study of the energy market situation and of the principles of orientation of the communitarian policy.<sup>42</sup> Two months later, the group submitted a *Memorandum on Energy Policy*. Among other provisions, a quota system for Soviet bloc crude and products on a communitarian basis was proposed. Such legitimisation-cum-restrictions meant that other operators would be assigned shares of the available Soviet quotas, thus limiting the Italian one. ENI batted down the hatches by suggesting that the Italian delegation try and obtain adequate guarantees for a quota, or reject the proposal outright.<sup>43</sup>

ENI's President Mattei knew that Italian resistance to the quota system at the EEC could not continue forever. He thus attempted to negotiate a further agreement with the Soviets, and in September 1962 he sent an ENI executive officer, Giuseppe Ratti, to Moscow.<sup>44</sup> Two days after Ratti's return to Italy, the quota system was proposed by the Commission and sent to national governments for approval.<sup>45</sup> ENI was skating on thin ice, but had an advantage: it was able to act much faster than the European bureaucratic machine. In the months following June 1962, the policy devised in the inter-executive group's memorandum was reshaped, modified and amended in order to accommodate each member's interests, but no agreement could be reached within a short time, especially due to Italian obstructionism. Only in April 1964 was a Protocol of Agreement on energy policy was

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<sup>41</sup> AN – b. 19800118/3 CEE/Hydrocarbures, 1960–1962, fd. Politique vis-à-vis des pays de l'Est, Direction des Carburants, "Note pour le Comité Interministériel – Politique de la C. E. E. vis-à-vis du pétrole des Pays de l'Est", 27 June 1961 (FOIA n° 111 382).

<sup>42</sup> AHTOTAL – Fonds Total-CFP, b. 90.4/350 Ingérence russe dans l'industrie pétrolière, fd. III. Réactions du monde occidental, sub-fd. Organismes officiels *Europe*, "Bulletin quotidien n. 1025, 11 July 1961"; Fonds Total-CFP, b. 86.12/20, Bobin, "La politique énergétique de la Communauté Européenne – Chronologie 1952–1970", undated [TPQ: 1970].

<sup>43</sup> ASENI – Fondo ENI, Presidenza Raffaele Girotti, b. 264, fd. 482E, unsigned, "CEE – Contingentamento importazioni di petrolio dall'URSS", 27 June 1962.

<sup>44</sup> ASENI – Fondo ENI, Presidenza Raffaele Girotti, b. 264, fd. 482E, Giuseppe Ratti, "Missione a Mosca (4–6 Sept. 1962)", 7 Sept. 1962; Giuseppe Ratti, Promemoria riservato al Dr. Cefis, "Operazione in abbinamento ENI – URSS", 8 Nov. 1962.

<sup>45</sup> AN – b. 19800118/3 CEE/Hydrocarbures, 1960–1962, fd. Politique vis-à-vis des pays de l'Est, "Projet d'accord pour la coordination des importations de pétrole brut et de produits pétroliers en provenance des Pays de l'Est dans la Communauté", unsigned, 7 Sept. 1962; AHTOTAL – Fonds Total-CFP, b. 90.4/328 Vincent Labouret, fd. La politique énergétique de l'Europe, *Europe Énergie*, "La Commission de la C. E. E. et le régime pétrolier français", 25 Sept. 1962.

approved by a special Council of Ministers, far too late for the new Italian-Soviet agreement to be stopped (this was signed in November 1963) [Lucas, p. 36].

## Conclusions

By analysing the consequences of the Soviet oil exports strategy, I have elucidated the extent to which it generated widespread fears both in Western diplomacies and the oil industry, and have shown the modalities through which a number of these countries tried to minimise what they perceived as a major threat to the West's economic security. In this respect, ENI's oil-for-technology agreements with the Soviets were a particularly acute thorn in the flesh, not only of Anglo-American companies, but also of French aspirations to supply the West European market with oil recently extracted from Africa. ENI's alliance with the USSR was seen by the Anglo-Americans and the French as a warning sign of what could happen if the Soviet oil offensive was supported by other West European countries. The threats deriving from Soviet exports became the chief bone of contention for Italy in bilateral and international organisations, and led to a number of harsh attacks to ENI and to the Italian oil policy by its Cold War allies. ENI's Soviet liaisons were stigmatized as a critical breach of faith. The Italians, on their side, struggled to defend their position on economic grounds: that was only part of the real rationale, as a second, equally important motivation for Italian administrations feeling to narrowly constrained by US political diktats was the weaving of an international network of trading partners: a network that could also reverberate on Italy's diplomatic and political prestige.

As regarding the debate on oil exports, taking place at the EEC, the French position consisting in prioritizing its African oil on the Common Market clashed not only with Italy's position, but also with most of its other European partners, and with Anglo-American companies' interests. Ultimately, French diplomatic influence did not result in shaping the debate to the effect of formulating a strong communitarian policy in the short term. Italy's dilatory strategy aimed at favouring ENI's Soviet dealings, and its long opposition to any restrictions to Soviet imports, allowed the Italian company to gain precious time to continue its trade with Soviet Union. It ultimately delayed the formulation of a communitarian policy on hydrocarbons until it was too late for the EEC to cause the failure of Soviet-Italian plans.

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