

# The Rivalry of the Great Powers for Albanian Hydrocarbons, 1920-1926

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## ABSTRACT

The paper aims to analyze the economic interests of some of the Balkan countries and Great Powers in Albania's resources above and below ground with a focus on hydrocarbons. It covers the period 1920-1926, specifically after the end of World War I when some of the Balkan states and Great Powers sought to influence Albania's political system through their economic presence in the country. Because of Albania's undefined political status, there was even more impetus to establish claims, attracting the investment of hydrocarbon companies in Albania. Aware of its unfavourable economic position, the Albanian government sought support from powerful Western states and business corporations etc. as the only viable means and opportunity to overcome the legacy of economic stagnation inherited from Ottoman rule. The Great Powers and their respective industries engaged in intense rivalry in the period after the end of World War I, particularly in the period 1920-1926, because of their interest in Albania's mineral resources. For the Albanian government administrations of the 1920s, the granting of concessions for the exploitation of Albania's resources entered a particularly difficult phase as, in making economic decisions, the political interests of Albania regularly clashed with the governments of competing companies. The rivalry between British, Italian, American,

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and French oil companies for concessions to exploit Albania's mineral resources was accompanied by constant diplomatic pressure on the Albanian government and parliament. Research and discussion of this topic are based on analytical, statistical, and comparative methods. Both unpublished and published archival sources of Albanian and Western provenance have been used in conjunction with the relevant literature.

## Introduction

The interest of developed European countries in the mineral resources of Albania began in the second half of the 19<sup>th</sup> century. The accelerated economic decline of the Ottoman Empire enabled the economic powers of Europe to take an interest in the economic penetration of the empire. During the 19<sup>th</sup> century, news about Albania's resources was scarce but credible. Such information attracted the attention of the Austro-Hungarian authorities which, through their agents in Albania, succeeded in providing more detailed information on resources above and below ground in this territory that was part of the Ottoman possessions in Europe (Musaj, 2018: p. 533). The English company Mayers had even begun exploiting the Selenica mines in 1875. In 1891 the Selenica mines passed into the hands of a French company based in Paris, the Société des Bitumes de Selenitza, which was founded mainly to exploit these mines. In 1904 the Italian company Firpo e Berberis used the forests of Thumana near Durrës and brought modern mechanical saws there (Buda et al., 2002: 53-54). Geological research conducted in northern Albania in the late nineteenth and early twentieth centuries provides information on Albanian resources in greater detail. It is important to point out the publications of the French geologist H. Coquand on the Selenica mine in the 1880s and the Hungarian geologist Franz Nopcsa (Ferenc Nopcsa), who wrote *Geologie und Geographie Nordalbaniens* (Öhringen, 1932) (AQSH, F. 195, 1937-80, p. 1). In 1922, the Albanian government invited the Austrian geologist Ernst Nowack to continue geological studies of Albania's underground resources. In the first

year of his mission, Nowack was charged with identifying areas that were supposed to contain oil and later with the general study of the geology of Albania, reflected in his work *Geologische Übersicht von Albanien* (1929). Furthermore, he prepared the first geological map of Albania at a scale of 1: 200,000, which, despite some omissions, was considered as one of the best in the Balkans at that time (AQSH, F. 195, 1937-80, p. 1). Even Justin Godart, in his work *L'Albanie en 1921*, discusses the exploration of mineral resources by Austrian and Italian geologists, suggesting a good economic prospects for Albania (Godart, 1992, p. 185).

In the sources mentioned above, Albania is mentioned as a potential area of interest, but no specific calculations of its resources were made as the only viable ones were the bitumen mines at Selenica and the chrome mines in the Siriniq Plain (Musaj, 2018: p. 526). However, during World War I, the armies of the belligerent countries that marched through or fought in the territory of Albania had the opportunity, albeit limited, to conduct geological surveys and excavations. Minor exploitation of mineral resources was carried out in the Drashovica area of Vlora, Krrabë in the area near Tirana, Rrehovë, Vithkuq, and Mborje near Korça. However, as it was wartime, the exploration and exploitation of Albanian resources could not be industrialized. We also have information on Albania's resources from the Austro-Hungarian army (Ernst Nowack), the French army (Jacques Bourcart),<sup>1</sup> and the Italian army testifying to the potential of hydrocarbons and other reserves (AQSH, F. 195, 1937-80, p. 1). Although attempts were made to keep these initial investigations secret, news spread to Europe and beyond.

Large Western oil companies became interested in Albania's mineral reserves, creating special funds to study mining areas. In the meantime, negotiations started with the newly formed Albanian

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<sup>1</sup> Supported by the Albanian government, the Frenchman Bourcart returned to Albania in 1920. After completing his exploratory research conducted in World War I, in 1922 he published them in *Les confins albanais administrés par la France (1916-1920)*. See: AQSH, F. 195, 1937-80, p. 1.

government. The Albanian government initially established a Minerals Office with two geo-mining technicians, Engineer Ineichen and Dr Novack. The results of their studies were presented in *La Revue Pétrolifère* no. 9, March 1913. Albanian sources of the time reported that Ineichen was preparing to give the press his detailed memoirs resulting from study and workshop observations over the course of two years (ASHAK, FP Milovanović, D. 30, Inventory No. 132, Box 4, pp.14-15; Dr Léo Maddalena, "On the Geology of Albanian Petroleum," *La Revue Pétrolifère*, Volume XXIII, N. 135, 1925).

In 1917 the Italian Ministry of the Navy sent a mission of oil technicians and geologists to study the area between the Vjosa river and the Gulf of Vlora. This study found a significant presence of hydrocarbons and sources of oil in Drashovica, in larger quantities than the concentration of bitumen in Selenica which came out of the rocks. Also liquid bitumen, resembling crude oil, was found in the Vjosa river, while a little further away, in Romzi, hot springs were found where, among other things, the geological movement of the ground (anticlines) and the refraction of the ground was ascertained. The first drilling was conducted in the Skerist Field in early 1918 under the direction of the Italian Navy (ASHAK, FP Milovanović, D. 30, Inventory No. 132, Box 4, p.14; Dr Léo Maddalena, "On the Geology of Albanian Petroleum," *La Revue Pétrolifère*, Volume XXIII, N. 135, 1925). The soils studied were especially calcareous (lime) with marl (a natural mixture of clay and calcareous rock) and traces of pebble clay. There was an oil spill at a depth of 71.6 meters with others made successfully at 84.7m, 91m, 101.6m, 119m, 121.5m, 168m, and 179m. The oil corresponded to interconnections between marl and calcareous rock. The most important source was discovered at 101.6m yielding over 3,500 liters a day. In total about 80 tons of oil were extracted (ASHAK, FP Milovanović, D. 30 Inventory No. 132, Box 4, pp. 14-15; Dr Léo Maddalena, "On the Geology of Albanian Petroleum," *La Revue Pétrolifère*, Volume XXIII, N. 135, 1925).

### 1.1 *The beginning of Austro-Italian economic rivalry in Albania and the policies of the Albanian government*

Austria-Hungary and Italy had had special interests in Albania since the establishment of the Triple Alliance. Statistical data shows that from 1907 Italy began to have an advantage over Austria-Hungary. In the first decade of the twentieth century, their rivalry in Albania was pronounced, especially in the economic field. We get a clearer picture of the ascendancy of Italy over Austria-Hungary in the Albanian economy from statistical data on trade in the early twentieth century. Although fragmented, this data indicates Italy's growing power in Albania.

The volume of exports of Austria-Hungary and Italy to Lower Albania<sup>2</sup> from 1900 to 1910 (in thousands of Italian lira) was as follows:

**TABLE 1**  
Exports to Lower Albania from Austria-Hungary and Italy

	1900	1904	1907	1910
Austro-Hungarian exports	1,713	2,770	1,473	1,356
Italian exports	988	1,798	2,210	4,432

Roselli, 2006, p. 5.

Austria-Hungary did not hide its concern about the growing Italian influence in Albania, while Italy carefully monitored every movement of the Dual Monarchy on Albanian territory. But economic and political rivalry was sometimes disguised by joint projects to prevent the exclusive involvement of one of the parties. Italy and Austria-Hungary knew they could not easily dominate by themselves, so they tried to find a common language. In the first year of

<sup>2</sup> The incomplete nature of the data stems from the fact that Albania had not yet gained its independence, the notion of the territory being very vague and without clearly defined borders. The data is also based exclusively on the territory known as Lower Albania, being the western part of the country, including part of Epirus, with the city of Ioannina, which was to become part of Greece after the demarcation of the border. See: Alessandro Roselli, *Italy and Albania*, 4.

Albania's independence, these two powers established an Austro-Hungarian-Italian banking consortium (Roselli, 2006: p. 8; Verli, Dushku, 2014: p. 72). Italian and Austrian investments were also reflected in infrastructure projects in Albania. Based on their political, economic, and geostrategic interests, these two powers drafted railway projects, such as the Italian project for the construction of a Vlora-Thessaloniki railway, and the Austrian project to build a road between Novi Pazar and Thessaloniki (Jakupi, 1997: p. 126). Austrian, Italian, and Albanian documents of the time suggest that these two powers had several goals with regard to Albanian resources: first, through the expansion of the areas under their control, to identify Albania's total reserves; second, to build infrastructure as a precondition for trade and eventually war; and last, to gain the absolute right to use Albania's resources.

The Albanian government saw the interest of European economic powers in Albania's resources as an excellent opportunity to bring about the recovery of Albania's war-ravaged economy. It is a fact that all post-war Albanian governments enticed Western economic powers with the country's resources above and below ground. The policy of attracting foreign investors to Albania's fragile post-war economy was supported by the entire Albanian political caste of the time as well as interest groups (AIH-A.V. 120, p. 23). Nevertheless, the concession process would later provoke clashes between the two main interest groups in Albania, Zogu's supporters and opponents, primarily reflected in the ratification of international agreements by the Albanian state. The great landowners and bourgeoisie aimed to strengthen their political and economic position through concessions and were willing to compromise with the countries with which they had already established ties of interest.

On the other hand, the liberal circles of the national bourgeoisie and progressive intellectuals were more pragmatic about state interests (AIH-A.V. 120, p. 23). These circles made the granting of concessions conditional on a series of demands aimed to give direct impetus to the country's economic development and political independence. This policy enabled the Albanian state to pursue an inde-

pendent foreign policy without international obligations (AIH-A.V. 120, p. 23).

The Albanian government and parliament were committed to resolving the issue of concessions in the best possible way by adopting new laws. Thus, Albanian politics at that time worked to build a consistent legal infrastructure from 1912 to 1922. However, the Ottoman Law on Mines was still in force. In 1923, the Albanian parliament approved a Law on Mining which was the country's first law of its kind. With the opening of the Mining Office in 1922, this law had immense importance for the Albanian economy.<sup>3</sup>

The construction of a legal infrastructure was of significant importance to all governments in the 1920s, as it directly affected the country's economic development. In this context, the Albanian scholar Fatmira Musaj states that the concession of exploration and exploitation in petroliferous areas was of great economic and political importance for the government and state of Ahmet Zogu. For the first time, prestigious international companies would invest their capital in this field in Albania, marking the beginning of the development of the oil extraction and processing industry. Consequently, the presence of powerful companies would improve the image of the Albanian state in the international arena (Musaj, 2018: p. 526).

### *1.2 Looking for international support*

Although it was in Albania's interest to allow foreign capital investment in the country, the Albanian government faced quite a complex situation in the first years after the war, especially when it came to making decisions about allowing research and exploitation of Albania's mineral resources. In view of Albania's difficult international position, Great Britain promised the Albanian government that it

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<sup>3</sup> Based on this law, a total of 70 permits for special exploration were granted between 1923 and 1927. They were divided as follows: 28 permits for coal, 23 for copper, 12 for iron, 4 for chrome, 2 for mercury, and 1 for lead (AQSH, F. 195, V. 1937-80, p. 2). Until 1927, the Albanian government allowed six concessions to exploit hydrocarbons (McGrath, 1927: p. 364).

would commit to Albania's accession to the League of Nations if Albania granted the Anglo-Persian Oil Company the exclusive right to conduct exploration and exploitation of petroleum in Albania. Because Albania's accession to the League of Nations was an existential issue, the Anglo-Persian Oil Company would automatically gain primacy over other companies and states seeking concessions. Bowing to pressure, the Albanian government, under the leadership of Iljaz Vriani, accepted London's conditions (Koka et al., 2002: p. 171; Duka, 2007: p. 129).

The Albanian government's acceptance of the British conditional offer paved the way for other European countries to develop similar policies. Although the Great Powers' support for Albania's accession to the League of Nations could come in the form of economic pressure or with strings attached, the Albanian government considered all requests and offers solely in terms of the political and international consolidation of the state and economic growth. The archival documents, both published and unpublished, that we have used in this paper suggest that the rivalry of the Great Powers for Albanian hydrocarbons united these Western Powers in a tacit agreement to protect the fragile Albanian state from the territorial intentions of its neighbours. The Powers' commitment to Albania's political and economic consolidation also guaranteed the capital of their companies making investments in the country. After becoming a full member of the League of Nations in 1920, two years later the Albanian government requested financial assistance from the Geneva Institute for Economic and Financial Recovery. The unfavourable economic situation in Albania in the post-war years thus prompted the Albanian elite to seek quick solutions. The Albanian government sought a loan from the League of Nations, which enjoyed undisputed prestige in Albania, as the most suitable place for this kind of support (Luku, 2015: p. 142). The financial advisor of the League of Nations sent to Albania, the Luxembourg professor Albert Calmès, determined the measures necessary for economic development and the granting of a foreign loan to strengthen infrastructure (Laselli, 71).

Through its Council, the League of Nations gathered relevant

information on Albania's assets below ground which would provide economic and political consolidation for Albania. In this sense, the Council of the League of Nations, through its delegates (Sodelhorn etc.), when discussing the issue of Albania, had concluded that, because of its long coastline, Albania could develop advanced agriculture. On mineral resources, however, information was more limited. Nevertheless, according to sources in the League of Nations, enormous quantities of iron pyrite, partly copper, had been proven. According to these sources, lignite was found everywhere in beds that were fairly thick. The presence of anthracite coal of excellent quality was ascertained, albeit in unknown quantities. According to the same sources, there were large quantities of asphalt and traces of petroleum in Albania, with the possibility of exploitation. Minerals such as chromium, asbestos, and fine clay (kaolin) are also mentioned. In addition to groundwater resources, the long stretch of seashore with its natural scaffolding that could be easily adjusted was highlighted as a good opportunity for the development of maritime trade and fisheries (AIH, AV-37, pp. 20-21). These records prove that there were announcements made on Albania's potential reserves, but no accurate measurements were made and the lack of infrastructures made their use impossible.

Albania persistently sought support in the League of Nations, indirectly sending signals that it intended to move away from political and economic dependence on Italy. The Italian government did not take kindly to such a policy on Albania's part, as Italy had included Albania in its sphere of interest for years. Even after the departure of troops from Albania in 1920, when the island of Sazan remained under Italian rule, Rome never signalled that it would back away from its ambitions for this part of the Adriatic, reacting strongly to any foreign attempt to establish a protectorate over Albania (Laselli, 23-25).

Rome's attitude was also reflected by its delegate to the League of Nations, Marquis Guglielmo Imperiali. In the session of May 12, 1922, he decisively opposed the League of Nations establishing an economic protectorate in Albania. However, unlike Italy, Great

Britain favoured such a protectorate as part of the League of Nations' role in resolving Albania's final status. The British attitude was conveyed by its delegate, Lord [Arthur James] Balfour (Luku, 2015: p. 143), reflecting the first signs of economic rivalry between Western economic powers for presence in the Albanian economy and in exploiting its natural resources. By supporting Albania's position in the League of Nations, Great Britain counted on the advantages that British companies could gain in Albanian concessions for the exploitation of underground resources. Accordingly, Italy's economic and political influence in Albania would be much reduced.

### *1.3 The rivalry of foreign oil companies for Albanian hydrocarbons*

As Albania had no capacity to exploit its resources above and below ground, the Albanian government failed to improve the economic and social position of the country. This situation encouraged even more European companies and wealthy individuals to be interested in investing in various branches of the Albanian economy. The goal of the Albanian government became quite clear: it needed to attract as many investors as possible, especially for the exploitation of petroleum, as the need for fuel had increased significantly on a global scale to the point where even powerful economic states considered it a source of national security.

The first applications for concessions were submitted in 1920-1921, immediately after the Albanian state was officially recognized by the Great Powers and the League of Nations. Thus, potential investors from the Western economic powers received guarantees for the eventual investment of their capital in Albania. Albania had attracted the attention of foreign companies, especially in agriculture, forestry and oil resources. The enormous profits promised by expanding into these untapped fields resulted in numerous offers from major European companies (AIH – A.V. 120, pp. 23-24). For the Albanian administrations of those years, granting concessions was a highly complex process. The bidders were not rejected in principle, but for Albanian governments and diplomats of the time the greatest

challenge was selecting the company or companies that would win the concessions. The situation was exacerbated because oil companies and their respective home countries, such as Italy, Great Britain, France, and the USA, directly competed for these concessions (Koka et al., 2002: pp. 210-212).

Consequently, the most important offers of concessions were those for petroleum. The Anglo-Persian Oil Company showed the greatest interest in investments in Albania. The advantages of this British company were further enhanced by the fact that the British Minister in Albania, Harry Eyres, had a profound influence on Ahmed Zogu. These factors gave a particular advantage to British investors, but American, Italian, and French oil companies were also interested in Albanian petroleum (AIH – A.V. 120, p. 24). Thus, the issue of Albanian petroleum took on an international dimension by pitting the major victorious powers of WWI against each other. The impact of the contradictions of the Great Powers was also mirrored in Albanian domestic affairs as the differences between foreign monopolies exacerbated political turmoil in the country (AIH – A.V. 120, p. 24). The table below reflects the economic and political impact of the Great Powers and neighbouring Balkan states in the decision-making process of Albanian governments in the years 1920-1926.

From the data in the table, we can see that economic relations between Albania, its two neighbours, and Italy were more intense.

**TABLE 2**  
Albanian relations with the Great Powers and neighbouring countries

Albania	Italy	Great Britain	France	USA	Kingdom of the Serbs, Croats, and Slovenes	Greece
Territorial Claims					+	+
Recognitions	+	++	+	+	+	+
Economic Relations	++				+	+
Economic Interest	++	++	+	+	+	+
Geographical Proximity	+				++	++

We can also see that Italy, Great Britain, France, and the USA had no territorial claims in Albania, unlike Albania's neighbours, Greece and the Kingdom of the Serbs, Croats, and Slovenes. On the subject of economic relations with Greece and the Kingdom of the Serbs, Croats, and Slovenes, Italian diplomatic and journalistic sources emphasized that Italy had continually supported Albania and, therefore, it was incumbent on Italy to prioritize the Albanian economy. These sources also pointed out that Greece still had territorial claims over Vlora, contenting itself in the worst case with Gjirokastra. Meanwhile, the Kingdom of the Serbs, Croats, and Slovenes still laid claim to Shkodra as well as northern Albania. With Yugoslav and Greek claims in mind, Italian diplomacy continued to talk of fruitful relations with Albania, stressing that it had no claim to Albanian territories, unlike Albania's neighbours (AIH – A.V. 90, p. 3).

Interest in Albania's oil concessions was characterized by strong rivalry and competition, especially between oil companies such as: the Anglo-Persian Oil Company; the Syndicat Franco-Albanais (September 1922); the Standard Oil Company of New York (October 1922); the Sinclair Oil and Refining Corporation (August 1922); the Ferrovie dello Stato Italiano, known in Albania as the Monopoly of the Italian State Railways (March 1924); the Italian Mining Company of Selenizza Albania-SIMSA,<sup>4</sup> and H.H. Rushton (February 1923).

However, the most robust competition occurred between the American company Standard Oil Company of New York and the British Anglo-Persian Oil Company (Luku, 2015: pp. 145-146; Fishta and Toçi, 1983: pp. 41; Swire, 2005: pp. 327).

It is worth noting that, for a time, American companies were

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<sup>4</sup> The Selenica mine, located in Vlora, had long been known for its wealth and resources. It was exploited by a French company, purchased through a decree of the Ottoman Empire in 1885. Since then, the French company had secured the exploitation of the mine for 99 years. After WWI, due to Italian influence in Albania, especially in this sector of the economy, the mine was bought in 1922 by the Società Italiana Miniere di Selenizza. See: *Historia e popullit shqiptar III - Periudha e Pavarësisë 28 nëntor 1912 - 7 April 1939* [History of the Albanian People III, Period of Independence 28 November 1912 - 7 April 1939], (Tirana, 2007: Botimet Toena), pp. 171-175.

under the influence of Italian propaganda, which exaggerated the risk from the Anglo-Persian Oil Company by invoking Italian-American interests. The Italian government thus used American power and influence to delay the Anglo-Albanian oil deals.

Due to the substantial influence Great Britain wielded and due to the circumstances mentioned above, from the beginning Great Britain was able to neutralize its two rivals Italy and France. Nevertheless, the Anglo-Persian Oil Company's attempts to dominate the exploitation of Albanian petroleum were specifically opposed by the Standard Oil Company of New York, which even made a proposal to the Albanian government of establishing a refinery in Albania. The rivalry between these two companies was exacerbated on September 23, 1923 when the final draft agreement between the Albanian government and the Anglo-Persian Oil Company was submitted to the National Council for ratification (AIH – A.V. 120, p. 25). The parliamentary majority was for the Anglo-Persian Oil Company, while the opposition was for the American company. Opposition MPs strongly opposed the government project granting the Anglo-Persian Oil Company the concession as they considered it to be a flagrant violation of Albania's state interests. A large section of public opinion and of the free press of the time supported the opposition in insisting that the terms of the concessions be analyzed in more detail to safeguard national and state interests. This pressure delayed the agreement and its ratification by Parliament for a while (AIH – A.V. 120, p.25).

#### *1.4 Increased interest of France and the US in Albania's hydrocarbons*

France and the United States soon joined in the Italian-British rivalry. Strongly supported by their government, French companies did not want to remain indifferent to these new developments. The interest of the French government at the League of Nations after the bid to grant a loan to Albania fell through. The Financial Committee of the League of Nations had presented the candidacy of a Briton proposed by Aubrey Herbert, R.S. Patterson as Financial Advisor to the Alba-

nian government. On that occasion, the French representative, René Viviani, opposed this proposal on the grounds that the French government had not been able to consider the nomination, requesting a postponement of the decision bearing in mind the issue of Albania's oil resources. Benedikt Blinishti, Albania's representative at the League of Nations, reacted to France's opposition, stressing that the country did not need control or a protector but rather a financial advisor to advance the oil sector, as Albania, an independent state, had the right to decide and determine its own economic and financial concessions (Luku, 2015: p. 145).

Following the strong opposition from the French delegate, the appointment of a financial advisor to Albania was referred to a commission composed of Balfour, Viviani, Salandra, and Branting. The Albanian delegates had insisted on Patterson's urgent appointment. Considering the circumstances, Salandra, the Italian delegate to the League of Nations, supported the postponement of the decision even though Viviani had explicitly said that the proposal of Patterson had been motivated by oil interests. Salandra later realized that Patterson would represent the interests of the Anglo-Persian Bank, which he said worked everywhere to monopolize oil. The French Minister of Foreign Affairs, Raymond Poincaré also stressed the avoidance of an eventual oil monopoly in Albania in a meeting with Salandra, *I documenti diplomatici italiani, Settima serie: 1922-1935, Volume I (31 ottobre 1922-25 aprile 1923)*, Ministero degli Affari Esteri, Commissione per la Pubblicazione dei Documenti Diplomatici, Roma: Istituto Poligrafia dello Stato, P.V. 2010, p. 321).

France's interest in the natural resources of Albania was also established by the researcher Jacques Bourcart (1919a), who had confirmed for the first time the presence of Lower and Middle Eocene nummulitic limestones in the southeast of Albania. Bourcart also confirmed the presence of Miocene molasse deposits in Morava near Korça and Golik in the region of Mokra. In his later studies, he described Cretaceous deposits, particularly limestone, in the Rudista of the Upper Cretaceous, covering ophiolites (green rocks, as he called them), dividing them into several units (Papa, 2000). Although

it had a limited presence and influence in Albania, France never stopped being interested in Albania's resources as the previous observations of French researchers had suggested an increase of French interest in petroleum and other minerals in Albania. Since March 1923, the French company Compagnie Crédit Général des Pétroles, through its subsidiary Syndicat Franco-Albanais des Pétroles, had been requesting a concession for oil fields of 2,500 hectares from the Albanian Ministry of Public Affairs (Milo, 2013: p. 763).

The Syndicat Franco-Albanais had requested permission from the Albanian government to explore for mercury, iron, copper, and sulphur ore. This French company also expressed particular interest in exploiting rare and important minerals such as mercury which had been found in the prefectures of Shkodra, Krumë, and Peshkopi (Musaj, 2018: p. 535). In 1924, two French geologists, Edgar Aubert de la Rüe and L. de Chételat visited Albania. After studying the provinces of Mirdita and Puka, they published the pamphlet *Observations sur les roches vertes de l'Albanie du nord et quelques gisements métallifères qui s'y rattachent*, identifying and pinpointing some of the important sites that possessed minerals (AQSH, F. 195, V. 1937-80, p. 2).

From the early 1920s, Albania's natural resources attracted the attention of the US Department of State and its potential interest in economic development. The Albanian government wanted an American presence in the country because of the United States' supportive stance at the Paris Peace Conference and its economic power. Albania's semi-official diplomat in the United States, Konstantin Çekrezi, encouraged American investment in Albania, informing the State Department that platinum had been discovered in Albania. When two American companies, the Standard Oil Company of New York and the Sinclair Oil and Refining Corporation, showed serious interest in exploring and exploiting oil resources in Albania, the State Department's interest in Albanian petroleum grew (Milo, 2013: p. 767).

The economic factor proved to be a bridge for establishing diplomatic relations between the USA and Albania (Çami, p. 307). However, there was still hesitation about taking the ultimate step of

recognizing Albania. American reluctance was understandable because of the unstable political situation in Albania and the frequent change of governments: there were five governments in the period July-December 1921 alone.

The US State Department was aware of the advantages gained by the companies of those countries that had diplomatic missions in Albania in terms of capital investment and utilization of resources. Hence there was a growth of interest in Albanian oil concessions. So, in July 1921, Erikson, the Albanian government's special envoy to the USA, at the suggestion of the US Assistant Secretary of Commerce, went to New York where he met with Arthur C. Veatch, Vice-President of Sinclair Oil and Refining Corporation, which was engaged in research and exploitation of oil resources. Erikson, informed Veatch that the Anglo-Persian Oil Company was in the process of obtaining concessions from the Albanian government but there was still a possibility that the parliament would postpone ratification of these concessions for a while (Silajxhiç, 1999: p. 156).

These developments led US oil companies to put even more pressure on the US State Department, asking it to ease conditions for US companies investing in Albanian petroleum. Such efforts can be seen in a letter sent by the Vice-President of the Sinclair Oil and Refining Corporation to the US State Department in 1921, where he expressed his interest in talks with the Albanian government on oil concessions. He informed the State Department that the diplomatic representatives of Italy and Great Britain were very active in Tirana. Without American diplomatic representation in Tirana, he could not compete against British and Italian companies. This American company had asked the US State Department to take the necessary steps to recognize the Albanian government and send a diplomatic mission to Tirana. The US Secretary of Commerce, Herbert Hoover, also addressed such a request. The Economic Adviser to the US State Department also believed that the US should be involved in the competition for Albanian petroleum as failure to recognize the Albanian government could lead to the loss of concessions (Silajxhiç, 1999: p. 157). He stressed that Albania had no external debts and that all pay-

ments would be made in gold. The Economic Adviser also stated that, in addition to petroleum, Albania offered other investment opportunities, such as railways, roads, and the timber industry. He recommended that the representative of the United States in Albania should be an economist rather than a diplomat (Silajxhiç, 1999: p. 158). At that time, representatives of American businesses came up with many ideas and proposals for economic investments in Albania. These included establishing a Ford company outpost in Albania, investing in the tobacco industry, investing in the draining of the Maliqi swamp, granting two loans to Albania, and establishing an American-Albanian bank in Tirana, a project about which Ahmet Zogu himself expressed enthusiasm (Milo, 2013: p. 774).

In other words, continued delay by the State Department on Albania could further strengthen Italian, British, and French influence in the country and damage the interests of American companies. However, both the US and Italy hoped that Albania's concessions under preliminary agreements with the Anglo-Persian Oil Company would not be ratified. Developments in the Albanian parliament confirmed that belief. Before taking an eventual step toward the diplomatic recognition of Albania, the US State Department, then, began to gather information that was as accurate as possible about the overall situation in the country (Çami, p. 305).

Moreover, British pressure on the Albanian government was continually increasing during 1922, primarily through its Minister in Albania, Harry Eyres, who insisted on accelerating the procedures and approval of the requests of the Anglo-Persian Oil Company in the Albanian parliament. On the other hand, there was continuous pressure from the Americans, French, Italians, and Yugoslavs to stop prioritizing concession to the Anglo-Persian Oil Company (Milo, 2013: p. 770; Fishta, 1979: pp. 41-42). Prime Minister Zogu was in no hurry as he intended to benefit as much as possible from the competition between the companies. At that time, the Italian representative in Albania requested that Rome, Paris, and Washington advance the agreement with the government in Tirana by taking urgent measures to protect an open-door policy in the country (*I do-*

*cumenti diplomatici italiani, Settima serie: 1922-1935, Volume I (31 ottobre 1922-25 aprile 1923)*, Ministero degli Affari Esteri, Commissione per la Pubblicazione dei Documenti Diplomatici, Roma: Istituto Poligrafico dello Stato, P.V. 2010, pp. 379-390). The Albanian Prime Minister eventually found a Solomonic solution. In urging a section of the majority in parliament to leave the session, he was able to declare that the Council of Ministers had not decided in favour of the Anglo-Persian Oil Company (Musaj, 2018: p. 520).

This turn of events motivated the State Department to continue its efforts to invest US capital in Albania. Thus, at the end of April 1922, Washington sent Commissioner Maxwell Blake to gain information about two essential issues for the US: 1) the degree of stability of the Albanian government; and 2) the opportunities for investment by American capital in Albania. One problem was political, the other economic (Çami, p. 305). US Commissioner Blake's arrival in Albania increased demands from American oil companies. In his report to the State Department, Blake mentioned that Albania was determined to win international support, even though it was still in crisis. He also stated that the opportunities for trade offered by Albania through its possession of rich natural resources had great potential for development. He further suggested that the US give the Albanians moral support, something they desperately needed in their fight to preserve the state's independence. Moreover, Blake stressed the high regard in which Albanians held the United States (Binaj, 2004: p. 9).

The Albanian government's response to increased American interest was immediate. In appreciation of America's contribution to Albania, including President Wilson's participation in the Paris Peace Conference, the Albanian government expressed its willingness, in the event of a future treaty, to grant the US the status of most favoured nation, with Americans being granted the benefits of such a measure. The Albanian government promised to provide every benefit for American capitals invested in Albania as well as granting concessions to American companies (Çami, pp. 308-309; Silajxhiç, 1999: p. 165). The Albanian government also promised to recognize

the American passports of naturalized Albanian-Americans without reserve and to release from military service all US passport holders who had previously served in the Albanian military. Believing in the prosperity of the independent state of Albania, 20-25,000 Albanian emigrants returned to Albania from the United States of America between 1919 and 1925 (Binaj, 2004: p. 9).

Given the assessments of American diplomats on the general situation in Albania and the constant requests of American companies, the United States of America granted *de jure* recognition to Albania on July 28, 1922. On December 4<sup>th</sup> of the same year, Envoy Extraordinary and Minister Plenipotentiary Ulysses Grant-Smith officially took office, thus starting diplomatic relations between the two countries. The opening of the American diplomatic mission in Tirana coincided with the time when Ahmet Zogu was elected Prime Minister of Albania (Binaj, 2004: p. 9).

The Sinclair Oil and Refining Company, then, interested in investing in oil exploration, submitted an official request to the Albanian government to obtain a concession for exploiting petroleum in an oil-bearing area (Çami, p. 310). At the same time, the US State Department addressed the Albanian government, reminding it of the promises and guarantees given to US Commissioner Blake in the note of June 25, 1922. In October 1922, the Standard Oil Company of New York also submitted a request to the Albanian government for a concession in the hope that, as an American company, it would take precedence over the demands of other states (Milo, 2013: p. 770). However, the efforts of the US State Department and the Standard Oil Company of New York did not meet American expectations as the Albanian Prime Minister was still favouring Italian companies (Musaj, 2018: p. 523). Although this could have impacted the United States' position towards Albania, American companies' interests persuaded the State Department to recognize the government of Ahmet Zogu on January 31, 1925. This act was considered to have a direct effect on removing barriers to obtaining a petroleum concession for US companies (Milo, 2013: pp. 767-768). The recognition of Zogu's government by the United States marked an advance in American-

Albanian relations, but it did not remove the obstacles to American companies getting concessions.

At least two factors delayed the Albanian government in granting concessions to American companies. First, there were the agreements and promises Albania had made to other countries that had recognized Albania before the US; and second, the clash of American interests with those of Great Britain and Italy over Albania's natural resources. Albanian preferences for Italian companies came up in this contest, perhaps because Myfit Bej Libohova, Albania's Minister of Finance, and Ahmet Zogu, the President of Albania, had long been considered closer to the Italian government and oil companies.

The actions of the Albanian state so far were clear: it wanted to strengthen its political position, presenting its oil reserves as available to all. Increased British interest in Albania stimulated even greater Italian interest. The Albanian government used the Italian presence in the country to neutralize neighbouring states' political and economic ambitions. Meanwhile, the rapprochement with the US was focused on the State Department recognizing the Albanian government. Zogu was playing his typical game, but his policies tested the newly-established diplomatic relations with the Great Powers. The Albanian open-door policy was inconsistent because preferences changed according to how Albania perceived its political and economic interests at any given time, transforming Albania into a venue for increasingly intense competition by Western companies.

### *1.5 The intensification of competition for oil concessions between British, Italian, and American companies*

Despite favouritism towards Italy, British and American companies did not back down and continued to persist in efforts to gain concessions. The British, in particular, were committed to realizing their goals. Although the Albanian government did not reach a final agreement with the Anglo-Persian Oil Company between 1922 and 1924, the British company did not withdraw from their bid for the concession but continued to insist that the Albanian parliament ap-

prove the agreement on the concession contract. This goal was finally achieved after great pressure from the British government. The Albanian president, Ahmet Zogu, who felt a moral obligation to consult Eyres<sup>5</sup> and the Anglo-Persian Oil Company, was forced to ratify the concession on February 16, 1925 in the Constituent Assembly (Milo, 2013: p. 770; Fishta, 1979: pp. 41-42).

Thus, the Anglo-Persian Oil Company was the first to secure – in principle – the exclusive right to conduct exploration in Albania to discover oilfields. On March 8, 1925, the government and president of the Republic of Albania decreed that the British Anglo-Persian Oil Company had been given the right to choose up to 200,000 acres throughout Albania, provided that by April 30 it selected a total of 50,000 acres for exploitation which would become the final concession (McGrath, 1927: p. 364).

Despite the efforts of Great Britain to monopolize the exploration and exploitation of petroleum in Albania, it was to be expected that other major powers, as well as Albania's neighbours, would react. On July 17, 1925, in a telegram sent to the Italian minister in Durrës, Mussolini – among other things – expressed his concern regarding the approval of the oil concession for the Standard Oil Company of New York by Albanian deputies. He instructed the Italian ambassador to diplomatically ask Zogu to suspend the concessions with this company in favour of the Italian companies. According to Mussolini, this action “would affect the political rapprochement between the two countries and, consequently, Albania would gain security and stability” (*I documenti diplomatici italiani, Settima serie: 1922-1935*,

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<sup>5</sup> Sir Harry Eyres was the British Minister in Albania. On November 8, 1921, he informed the Albanian government that, with the decision of the Conference of Ambassadors on the borders of Albania, London recognized the Albanian state and government *de jure* and *de facto*. In addition to recognizing Albania, the British government called on other countries such as France, Italy, Greece, and the Kingdom of the Serbs, Croats, and Slovenes to take this step. Besides the debt to the United Kingdom for recognizing Albania, the Albanian government also felt indebted to Eyres because he had personally promised to British companies that oil concessions would be granted to them. See: Paskal Milo, *Politika e Jashtme e Shqipërisë* [Albania's Foreign Policy], p. 538; Paskal Milo, *Shqipëria dhe Jugosllavia* [Albania and Yugoslavia], pp. 379-380.

*Volume IV (15 maggio 1925-febbraio 1927)*, Ministero degli Affari Esteri, Commissione per la Pubblicazione dei Documenti Diplomatici, Roma: Istituto Poligrafia dello Stato, P.V. 2010, pp. 52-53). The American Standard Oil Company of New York used every possible measure to stop the ratification and implementation of the agreement that provided the Anglo-Persian Oil Company with a monopoly on the exploitation of petroleum in Albania (Zavalani, 1998: p. 275; Fishta and Toçi, 1983: p. 40).

There was also reaction from the Kingdom of the Serbs, Croats, and Slovenes, whose political intentions in Albania were well-known. After Ahmet Zogu returned to power, the Yugoslav state submitted a request for a concession of copper reserves in Puka. The Puka mine was considered by Franco Mayan, the famous engineer of the time, to be one of the richest mines in Europe. Mayan was known for his contribution to the development of the copper mines at Bor in the Kingdom of the Serbs, Croats, and Slovenes. The interest of the Yugoslav government grew as its geologists compared the Puka mine with those of Peru. So, in order to extend its influence on the Albanian economy, the Yugoslav government established the Serbo-Albanian Bank on April 13, 1925, and requested permission from the Albanian government to exploit the copper mines in Puka. The Yugoslav request was approved in order to maintain ties with Belgrade and prevent monopolization by the Italian economy. Thus, in 1926, the Albanian government granted the concession to the Serbo-Albanian Bank. However, because of insufficient financial assets, the bank failed. A year later, the Albanian government terminated the contract with the Serbo-Albanian Bank. In June 1927, Italian bidders won the right to a concession of 5,840 acres for 50 years with the right to extend (Musaj, 2018: p. 534). Thus, even though the Kingdom of the Serbs, Croats, and Slovenes was interested in investing in Albania, its capital was much smaller than Italy's. The comparative size of Italian capital, however, facilitated and accelerated Italian monopolization of the Albanian economy.

The Italian company Società Italiana Miniere di Selenizza Albania, or SIMSA (the Italian Selenica Mining Company), was founded

in 1918 by the Parodi-Delfino group and had been operating the Selenica mine in the district of Vlora since the end of the war, intensifying its activity to extract natural bitumen. The company was very active both industrially (constructing roads, producing tar paper, producing asphalt etc.), and socially (insuring workers against risks at work, constructing residential buildings and schools, etc.) (AQSH, F. 195 V. 1937-80, p.3; Laselli, 69).

Foreign investment was vital for the consolidation of the Albanian economy. Albanian documents of the time show that citizens benefitted from employment by foreign companies, either as workers or as professionals in relevant fields. According to Albanian sources, over 1,500 workers were employed, which prompted an increase in budget revenues. Besides the workforce, there were benefits from investment in property where exploration was taking place and where modern machinery had been brought, from much-needed sewer pipes etc. (AQSH, F. 195, V. 1937-80, p. 4). Yet there were also negative consequences to foreign companies' competition to win concessions from the Albanian state. Every time the Albanian government granted a concession, there were harsh reactions from the countries of the companies that had been rejected. Despite efforts to mitigate the situation, Albanian governments of the period were insufficiently deft in avoiding grievances from companies that had failed to win concessions. It was not unusual, then, for a situation to escalate to a diplomatic crisis with the most powerful states in the West.

A detailed analysis of the circumstances shows that managing the exploration and exploitation of resources was, for both technical and domestic political reasons, something the Albanian government found very difficult to do. This complex state of affairs meant that the exploitation of Albanian oil was subject to considerable delay. On the other hand, international rivalry caused Albanian oil to remain unused until the Italian company AIPA took over the Kuçova concession. This delay in exploitation was also due to the Albanian government's lack of knowledge of the country's oil reserves based on professional assessments. Once it had determined that the quan-

tities of petroleum in Albania could not compete with those in the Middle East, the British withdrew, allowing the Italian company AIPA to take over Kuçova as it had no alternative sources (Luku, 2015: p.146; Zavalani, 1999: p. 275).

From April to June 1925, the American Standard Oil Company of New York negotiated with the Albanian government to find a compromise. Once an agreement was reached, it was ratified by both houses of parliament in July 1925. The contract for this concession allowed the Standard Oil Company of New York<sup>6</sup> to take over two areas: one of 47,000ha in the north of the Bay of Vlora and another of 6,000ha in the north of the Bay of Durrës (Milo, 2013: p. 772). Previously, in March of that year, an agreement was signed in principle between the Italian Government and the Anglo-Persian Oil Company. It aimed at the division of oil-rich areas, and was made concrete with the agreement on the procedure to be followed for determining oil-rich areas. This agreement was of great importance, especially for Italy, because the Anglo-Persian Oil Company granted Italy the right to over 50% of its oil area (Musaj, 2018: pp. 523-524). However, the Italian side was not satisfied with getting the concession from the Standard Oil Company of New York; that dissatisfaction was displayed in a reaction in July 1925 when the Albanian parliament approved the concession for the Standard Oil Company of New York (Musaj, 2018: p. 525).

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<sup>6</sup> In a letter dated June 30, 1927, sent by the Standard Oil Company of New York to the Albanian Ministry of Agriculture, it was noted that the company had failed to carry out its oil exploration efficiently. The letter states "after an in-depth study and full understanding of the reports of our geologists, Messrs. Sheffield, Capps, and Gallagher, on the oil fields of Albania, the Standard Oil Company of New York concluded that only one thousand hectares approximately from its concession of fifty thousand hectares are potentially valuable as productive land for petroleum." On this occasion and through this letter, the ministry and, through it, the Albanian state, was told that the Standard Oil Company of New York planned to use an area of not more than 1,000ha in the area of the Arta lagoons. For this, the company in question had on October 21, 1925 paid the Albanian state US \$30,000 for the purpose of renting the land. But since only 1,000ha of land were now being used, the company demanded a refund of \$29,400. For its part, the Albanian government rejected the request because it ran counter to the convention made July 29, 1925. See: AMEPJ, File 137, the Year 1927, Sheet 97-98, 112, 120, 121-122.

### *1.6 French pressure and the complete slide of Albania's economy into Italian hands*

French diplomacy, as well as American and Italian interests, were very active during the debate on the petroleum concession. During the clashes between the Italians, British and Americans, the French felt excluded and not as favoured as they had expected, which prompted them to renew pressure on the Albanian state to achieve their stated objectives. Interest grew even further in the fall of 1923 when the debate over concessions intensified as the Albanian parliament tried to ratify the concession contract with the Anglo-Persian Oil Company. French diplomacy expressed their reaction to officials in Tirana. Meanwhile, the French Prime Minister, Édouard Herriot, expressed his dissatisfaction to his Minister of Labor, Justin Godard, with the words "To us, the Albanians gave [permission to do] archaeological research, while to the British they gave the oil monopoly" (Milo, 2013: pp. 763-764). In February 1924, the French Legation, on behalf of the *Crédit Général des Pétroles*, sent the Albanian Ministry of Foreign Affairs a communiqué explaining strong dissatisfaction with the plan to award a concession to the Anglo-Persian Oil Company. French Legation argued that awarding the Anglo-Persian Oil Company a concession would create a monopoly and violate the open-door principle (Austin, 2012: p. 113).

The Albanian government's attitude toward French concessions can be explained by the close ties that existed between France and the Yugoslav government, as well as by the refusal of the League of Nations to grant Albania a loan. Moreover, on March 5, 1925, the appointed vice-consul Jean Béguin-Billecocq sent a note on the instructions of Paris to Myfid Bej Libohova, the Albanian Minister of Finance as well as to the Albanian Minister of Foreign Affairs. The note expressed the French government's concern about the concession area of the Anglo-Persian Oil Company, requesting that the Albanian government review the bid of the *Crédit Général des Pétroles* and the concession of 2,500ha. The Albanian government ignored this request, rankling the French government which deemed the fail-

ure of the Albanians to send a reply a refusal to grant an oil concession to the French company (Milo, 2013: pp. 763-764).

Nevertheless, Albanian reluctance toward French companies came to an end after strong diplomatic pressure from the French government. The Albanian government did not hold out long and responded to Paris, stressing its desire to meet the French request and promising a favourable solution to the problem. There were two elements to this new situation: first, none of the powerful European states would accept a monopoly over Albania's reserves; and Albanian governments had learned that they had to maintain good relations with all the countries interested in Albanian resources. In order to fulfil its promise to the French government, Tirana asked the British Minister in Durrës, Harry Eyres, to intervene with the Anglo-Persian Oil Company to give the French company 2,500ha of its concession area, having done something similar with the Italian company. Albanian diplomacy was in a delicate situation because it was obliged to maintain balanced relations with all the Great Powers. President Zogu affirmed this strategy in instructing the Ministry of Foreign Affairs to make "friendly démarches to the Italian government for the sake of maintaining good relations between the governments of Albania and France", so that it surrendered part of the concession requested by the French that had been included in the area granted to the Italians. The Italian company was granted another area instead (Milo, 2013: pp. 764-765).

The French government was very critical of Albania, stressing that Albanian government was favouring Italy. Paris believed that this was unacceptable as it had to do with "issues of prestige and dignity." French diplomats had even raised this issue in Rome and London, as other countries had been given larger zones for exploitation than the French. France even had specific requirements: it demanded that the Albanian parliament and the British and Italian companies should not be allowed to alter the area of 30,000ha oil concession granted to the Ferrovie dello Stato Italiano. Moreover, the French insisted that the settlement of its claim had to be considered before the American claim (Milo, 2013: p. 765).

This development, which was followed by pressure, rivalries, and successive challenges, became even more complex as the Albanian government decided to give priority to addressing the bid of the Standard Oil Company of New York. This was further complicated by the refusal of the Ferrovie dello Stato Italiano to give up the area requested by the Syndicat Franco-Albanais des Pétroles. As only 900ha remained vacant, the Albanian government asked the French company to consider another solution. Paris, however, reacted badly to this proposal. Failing to understand Tirana, the French government even threatened to sever diplomatic relations. This attitude on the part of the French, however, led to a compromise. The Syndicat Franco-Albanais des Pétroles submitted a new application for a concession in another area that was considered petroliferous. This area was around Korça, a region where French influence dated to the end of World War I. Aiming to repair relations with France as quickly as possible, in December 1925 President Zogu decided that the French company should be granted a concession for oil exploration in 120,000ha with the right to exploit in 30,000ha. Although the issue of French claims to concessions had a relatively good conclusion, it was nevertheless evident that the presence of the French in Albania remained limited (Milo, 2013: p. 766).

Besides the activity of the Syndicat Franco-Albanais des Pétroles, in Albania there was a French high school in Korça, a French school of nursing which was to open in 1926, and an archaeological mission which, according to an agreement signed in 1923, carried out excavations in Pojan (Apollonia) near Fier (Milo, 2013: p. 766). Many French archaeologists and scholars were passionate about the archaeological heritage of Albania, and their academic contribution is to be appreciated. Although France had limited investments in and benefits from the exploitation of oil, it continued to extend its cultural influence, mainly through archaeological excavations, as serious rivals to teams of Italian archaeologists. This French presence was not viewed favourably by Italy, which constantly pressured the leaders of the Albanian state to limit the extent of French influence in the country. To some extent, Italy's reaction was expected to be

shared by France: in November 1921, at the Conference of Ambassadors in Paris, France had recognized the priority of Italian interests in Albania. France was also known as a supporter of the policies of the Kingdom of the Serbs, Croats, and Slovenes that did not align with the interests either of Albania or of Italy. So, the factors that set limits on Albanian-French relations were the influence of Italy in Albania and the good relations that existed between France and the Kingdom of the Serbs, Croats, and Slovenes (Milo, 2013: pp. 766-767; Drini, 2003/2004: p. 109, p. 111).

Italy aimed to extend its influence on political life through economic and cultural impact. This goal was achieved after Zogu's return to power in December 1924, as Zogu had to determine on which country Albania would rely in the future: the Kingdom of the Serbs, Croats, and Slovenes, which had helped him regain power, or Italy, which was much more powerful than the Yugoslav state in every respect (Krizman, 1975: p. 46; Jelavich, 1995: p. 181). In the spring of 1925, driven by Albania's economic interests, Zogu made pragmatic choices oriented towards Italy. The Italian government, led by Benito Mussolini, was very interested in Albania as an economic and political satellite, not only because of its resources below ground but also because of its rivalry with France (Krizman, 1975: p. 46; Jelavich, 1995: p. 181).

In 1925, the Italian government began giving substantial economic assistance to Albania, increasingly strengthening its political influence. The Albanian government saw Italy as the only way out of the political and economic crisis. Italian financiers established the National Bank of Albania through the Society for the Economic Development of Albania. Through this bank, the Albanian government was granted a loan of 50,000,000 gold francs (242,794,000 Italian lira) for the construction of roads, bridges, seaports, and strategic roads towards the border with the Kingdom of the Serbs, Croats, and Slovenes, supplemented by funds for draining swamps, for agricultural tools, government buildings, hospitals etc. (AMEPJ, 1925, File 226, p. 49; AMEPJ, 1927, File 199, p. 18; Avramovski, 1968: p. 9; Jelavich, 1995: p. 181). It is right, then, to conclude that the Society

for the Economic Development of Albania had a significant impact on Albanian economic development.

In this context, the Italian Chargé d'Affaires, on behalf of the Italian government, informed the Albanian president that his government was satisfied with the government of Albania, which had supported the Society for the Economic Development of Albania and the Italian Financial Group, and had been the main supporter of the establishment of the National Bank. The Italian diplomat also told Zogu that the loan of 50,000,000 gold francs would be sent to the National Bank of Albania on November 12, 1925 (AMEPJ, 1925, D: 226, p. 55). Italian economic aid therefore secured Italy a dominant position in Albania. This was followed by the conclusion of the Pact of Friendship and Security between Italy and Albania on November 26, 1926, also known as the First Pact of Tirana. This pact was both economic and political, including a commitment by the Italian government to guarantee the political and territorial status quo in Albania. This, for the Albanian government, was as important as economic prosperity.

## Conclusion

After World War I, Albania was an underdeveloped country in every respect. The lack of a united political elite serving the national interest, that is, general social and economic development, made Albania slow to take steps to improve the situation. The interest of large oil companies from advanced European countries and the USA in investment and concessions in Albania was both complex and necessary. The Albanian political elite did not have a clear strategy or manner for approaching the requests and offers that continually came from foreign companies wanting to secure concessions for resources above and below ground.

The process of granting concessions on Albania's hydrocarbons proved to be very complicated, increasing the energy of Albania's diplomacy during the 1920s. In the course of that decade, Albanian

governments found it almost impossible to reject categorically any request from a company from the powerful Euro-Atlantic countries. The Albanian government signed concession contracts following economic and political interests, the latter being decisive in some instances. Subsequent developments increased Albania's dependency on Italy, which gradually became the only country to dominate Albania, eventually overcoming all rivals and obstacles to its goals.

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