Regional Politics and Energy Security:
A Case Study of Kirkuk-Ceyhan Oil Pipeline

Syed Zohaib Abbas Rizvi,[1] Sobia Jamil,[2] & Irfan Hasnain Qaisrani[3]

Abstract:

The second half of the twentieth century witnessed small and medium sized nation-states competing economically and militarily. They all require fuel to operate. Countries being geographically self-sufficient in the energy resources were considered sitting on jewels in the modern era. They were supposed to lead the way in exports, scientific development and technological advancements but most of core states of Middle East neither possess strong armies nor do they contribute substantially to the latest inventions in the scientific world. The qualitative approach has been adopted in order to understand the changing patterns of dependency syndromes vis-à-vis economical advancements and military prowess. The paper discusses in depth about the history, capability and implications of the Kirkuk-Ceyhan oil pipeline originating from the Iraqi semi-autonomous Kurdish region into the Turkish port of Ceyhan in Adana. Iraqi dependence on oil money is discussed while referencing the Turkish economic boom.

Key Words: Iraq, Turkey, Syria, energy security, economy, pipelines, consortium

INTRODUCTION

With the advent of capitalism followed by free markets, liberalization of economies and globalization, world has experienced the highest ever living standards in the twenty-first century. To comfort the populace, a continuous growth engine of several big, medium and small countries is run by the consumption of energy resources with oil, natural gas and liquefied natural gas (LNG) as the major stakeholders. To keep the momentum in balance, a continuous supply of these resources is required. This provides huge opportunities for resource rich countries to export these cash-backed fuel jewels. The delivery channels may include pipelines and shipping fleets as the two major sources of oil and gas delivery from the originating/ producing state to the end consumer. Shipping by sea is more secure than going by land and risking relationships with the states. However, the status of a country in international relations and its subsequent alliance matters a lot in global politics. As this paper highlights, not every nation could construct/ order a pipeline and send oil and/ or gas to a country of its choice. It has to get a "No Objection Certificate" from a bigger regional power to carry out the project. The neighbouring states could halt a project on transit or payment issues; proxies could also be used by a rival state to sabotage a peace cum economics' initiative.

[1]PhD Scholar, Department of Political Science , University of the Punjab, Lahore, Pakistan.

Email: abbas.zohaib110@gmail.com

[2]PhD Scholar, Faculty of Law and International Relations, University Sultan Zainal Abidin, Terengganu, Malaysia. Email: si2033@putra.unisza.edu.my

[3] Assistant Professor, Department of Humanities and Social Sciences, Bahria University, Islamabad. Eamil: iqaisrani.buic@bahria.edu.pk

Kirkuk-Ceyhan oil pipeline has benefited Iraq in times of inflated oil prices and Turkey when oil supplies found new methods to transport the same. Gazprom's role in oil and gas pipelines in the regions of Near Abroad and Middle-East cannot be ruled out since the giant state owned company call the energy cum political shots for Kremlin in the mentioned regions ("Russia: Gazprom's export," 2006). Historically, Kirkuk-Ceyhan pipeline project has transcended from being the backbone of Iraq-Turkey relationship to the disputed independence elections of the Kurdish Regional Government in Northern Iraq bordering Turkey.

RESEARCH METHODOLOGY

The best design to comprehend this Turk-Iraq energy cum economic interdependency was the historical narrative. Although two separate case studies have been considered to formulate a link between Turkey and Iraq over a period of four decades, but this relationship is enrooted in history after decade wise analysis of: the two governments in the said countries, oil prices in international markets, US embargos on Iraq, Iraq-Iran and Iraq-Kuwait wars and Turkey's relationship with the West. Although a purely qualitative approach has been adopted to understand the changing patterns of dependency syndromes vis-à-vis economical advancements and military prowess, still published economic statistics have consistently been used to compare the unstable trends of the defined relationship. The paper attempts to answer two research questions. The first query states why the countries blessed with natural gas and oil reserves depend on resource reliant or resource deficient countries? This dependence entails defense and technology. The second research question revolves around the Turkish export economic variables and the Iraqi crude oil despondency. Iraqi fiscal laxity amid Turkish export model is discussed vis-à-vis the two questions. Literature entailed scholarly journal articles and books along with the printed interviews of the field specialists. Secondary data was taken for analysis with a high factor of reliability and validity courtesy of international organizations' databases. This research delineates upon single problem, so, is explanatory in nature.. Though problems have changed over time, but geography has remained the same so as the relationship between the war-ridden Iraq and the economically resurging Turkey. Common border between resource-rich (Iraq) and resource-thirsty (Turkey) give rise to interdependency. The literature review has purposefully been narrowed down since a long, historical, sequential and undisrupted chain of events was required to better understand the capacity and capability of the Kirkuk-Ceyhan pipeline and its impact on the Iraqi Kurdish regional government. Even the contemporary status of the project got shrouded in the historical roots of the post 1967 Arab-Israel war.

ENERGY SECURITY AND POLITICS IN THE MIDDLE EAST: KIRKUK-CEYHAN OIL PIPELINE

Kirkuk-Ceyhan oil pipeline is a benchmark for a successful completion in addition to a business model for a Middle-Eastern pipeline. It is a 600 miles long oil pipeline starting from the landlocked Kirkuk (Iraq) via Diyarbakir (Turkey) to Adana city at the port of Ceyhan (Turkey). Kurdish Regional Government (KRG) controlled Kirkuk, but after the controversial independence referendum of 2017, Baghdad's central government took control of the oil rich city.

Current research explores the history and politics associated with the pipeline. To mitigate Stalin's influence and his communist manifesto, the United States (US) economically helped Turkey in

1947; made it a member of North Atlantic Treaty Organization (NATO) in 1952; established the Baghdad Pact in 1955 with Iraq and Turkey; Pakistan, Iran and UK joined later (Bowlus 2017, p.727). It was later on renamed as Central Treaty Organization (CENTO) after Iraq withdrew from it in 1958. These robust political moves didn't go well with the Egyptian President Gamal Abdel Nasser. In early 1950s, more than 60 percent of the European import of the Middle-Eastern oil came via Suez Canal controlled by Gamal's Egypt. Since this new military block (Baghdad Pact) included a mix of Asian, Middle-Eastern and European countries, Arabs were threatened to their core. Turkey represented the remains of the Ottoman Empire of which the Arabs were once only the provinces; Iran represented the anti-Arab Persian heritage; Pakistan represented sub-continent; United Kingdom (UK) meant an extension of World War-II; Iraq, the left alone Arab nation did not fully represent the Pan-Arab concept; US position as an advisory state stamped the authority of a super power on a pact destined to alienate the champions of Pan-Arabism. When the Suez Canal was nationalized in 1956, the Western governments thought of making a pipeline through Turkey. After the Egyptian tripartite invasion by Israel, France and Britain in 1956, the Arabs reacted by blocking the Suez Canal and Iraq Petroleum Company (IPC), but not Trans-Arabian Pipeline (TAPLINE) (Bowlus 2017, p.728).

In 1957 meeting in Bermuda, a proposal for Middle East Trunk Pipeline Company (METLINE) was discussed that included the supply of oil to Turkey from Iran, Iraq, Kuwait and Saudi Arabia. Since IPC and Suez Canal were reopened in April 1957 after the end of the crisis, the expensive project of METLINE evaporated. British and American oil companies preferred sea borne oil tankers over pipelines. Though tankers were costly on an average per barrel rate, but they provided stability and security and were immune to nationalization and blockades. Companies in the late 1950s had built their own fleets of tankers to smoothen the process of oil exports from the Persian Gulf to the Eastern Mediterranean. The US President Eisenhower was concerned about the prospects of IPC and TAPLINE and the stimulus of economic growth in Lebanon, Syria and Jordan, so he withdrew his support to METLINE ensuring Turkey of the Western dependency on the Arab resources.

Iraq remained at the receiving end during the Suez Crisis. Total dependence on IPC pipelines made it economically vulnerable to any change in policy by any other state. The fallout of the 6 months' crisis made Iraq lose over 60 million dollars in revenues in 1957 as compared to 1955. In July 1958, Iraq faced a so-called revolution bringing General Abd Al-Karim Qasim to power. He wanted to do something with the oil politics resulting in Iraq leaving the Baghdad Pact (Barrett, 2008). He wanted the consortium of IPC to allow Iraq drill and sell oil independently apart from receiving better tax rates from the consortium. He urged IPC to produce and export more oil for more foreign revenues.

The ground situation in the early 1960's displayed a different reality: a buyer market was created with excessive oil supplies from Kuwait, Saudi Arabia, Iran, Iraq, Soviet Union, Algeria, Libya and Venezuela. Nationalization was not a viable option since the price per barrel was not enough to feed an economy. Qasim was killed in 1963 by another Iraqi coup not before his redeeming of over 99 percent of IPC's concessions in late 1961. This move was meant for the viable Southern oilfields, but IPC continued to control the Northern oilfields. Turkey was miraculously hopeful of huge oil discoveries within its territory and European companies spent huge sums of money for these turnkey projects, but a series of dry holes forced these companies to give up on the exploration and leave. This reality check pushed Turkey closer to Iraq, a mainstream oil producer neighbouring Turkey to the south. The 1964 Cyprus-Turkish conflict made Turkey expect a nod of approval from its major ally the US, but it never happened. Instead Washington took side with Cyprus. Washington's indifferent attitude pushed the anti-Soviet NATO ally towards a mode of independence after the infamous 1963 President Lindon Johnson's letter to the Turkish counterpart, recalled a CIA officer in a 1964 secret cable (Ward, 2019).

Ankara's feeling of alienation and a resource trap demanded a constant energy flow. For these two reasons, Turkey wanted to create a close relationship with its oil rich neighbors; independent contracts with the state or private companies meant an uninterrupted flow of oil and natural gas from the reserves rich neighboring regions. Iraq National Oil Company (INOC) was established in 1964 as a result of 1961 concessions. Subsequently, they were capable to sell oil independently. Turkey only traded 7 percent of its total trade with the Middle-Eastern nations, so it became a marriage of convenience. Turkey's consumer goods found a huge market of Iraq and INOC found a big customer in Turkey for oil exports. After several government official visits within the two countries, a commercial treaty was signed in August 1965. "Two crises meant a win-win situation: one cutting off Iraqi oil exports and the other blocking Turkish oil imports galvanized Iraqi-Turkish oil ties and sowed the seeds of the Kirkuk-Ceyhan Pipeline" (Bowlus 2017, p.729).

The Syrian Coup D'état under Salah Jadid in February 1966 meant an ideological opposition to the Iraqi government (Lefevre 2013, p.39). The Ba'athists were divided during the time. IPC Pipelines were closed deliberately by Syria for around 100 days (December 1966 - March 1967). While Iraq suffered massive financial loss amounting to a staggering 70 percent decline in the government revenues, the country did not witness an effort from IPC to resolve the issue. The Syrian egoistic behaviour convinced Iraq of not relying anymore on its western neighbor for oil exports; it wanted to develop its northern route and export directly to Turkey.

After the revolution of Iraq in 1958, Ankara finally hosted an Iraqi head of the state visit in 1967 when President Abdul Rehman Arif visited the country. A verbal understanding cum agreement was negotiated for the construction of an oil pipeline from the landlocked Kirkuk to the port of Ceyhan in the city of Adana. Turkey was serious in the project as it completed its part of the pipeline in January 1967; oilfields around Batman that did not perform according to the expectations in "South-East Turkey to Iskenderun on the Mediterranean coast," were used as the recipients rather producers (Bowlus 2017, p.730).

Iraq needed to build a pipeline that could feed oil onto the Turkish lines. But after June 1967 war, the Arab world reacted strongly and started an oil embargo with all the IPC Pipelines, Suez Canal and TAPLINE being closed down for exports. Turkey was clever enough to support the Arabs and diplomatically got an exemption from the embargo in the same month. Such shortages really hit economies like Turkey. A direct line from Iraq meant a continuous supply of oil without any transit fee or a third country affecting the supply. Turkey requested Iraq to ship oil via rail and to build a pipeline originating from Mosul under the control of government's INOC. The Batman refinery was ready to receive oil consignments from Iraq in South-East Turkey.

IPC pipelines were reopened, but Suez Canal remained closed indefinitely. Building Mosul as an energy hub was not enough since it did not possess enough reserves and had to suffer a neglecting attitude. Large sea borne tankers were again used after the Arab oil embargo, but Turkish ports could not host such huge tankers, so they supported a pipeline from Iraq without any interference. Kirkuk on the other hand had large oil reserves and considered to be the host to oil production. The Turkish Petroleum Corporation (TPAO) and INOC conducted several meetings and started a "joint exploration venture" in Northern Iraq. TPAO agreed to buy natural gas and oil for the next five years from INOC.

The dawn of 1968 saw Iraq exporting oil to the Northern neighbor by rail; Turkey saved millions of dollars in transportation after its shift of imports to the terrain of Eastern Mediterranean instead of the Persian Gulf. In 1970, three quarters of the Turkish oil imports came from Iraq; the remaining 25 percent came from Saudi Arabia and Libya.

Successful and failed coup attempts in Iraq and Turkey stalled the energy relations between the two states. TPAO was reluctant to rely on a never completing Iraqi pipeline and it also considered Iran to be an exporting partner since the latter not only shared its border with Turkey, but also possessed huge and proven reserves of natural resources. Tehran in 1974 pumped a record six million barrels of oil per day and used to have a global production share of 10 percent in the mid-1970s (Cooper, 2018). But the idea never materialized. INOC was also worried about the political situation in Turkey especially after the forced resignation of Suleiman Damirel, the Turkish Prime Minister in 1970 followed by a military coup in 1971. If all these talks were conducted in an ideal atmosphere, still IPC had to acquiesce to any eventuality.

The rift between INOC and IPC represented a rift between nationalization and a private capitalist conglomerate. During 1970s, state oil companies emerged as the Libyan head Muammar Qaddafi threatened nationalizing the concessions given to the foreign oil companies in Libya; he extracted better prices with hard negotiations both in taxes and prices. Syria followed suite by intentionally closing it down from May 1970 to January 1971. TAPLINE resulted in a serious flow issue for the Saudi oil. These acts of resilience tightened the oil supply and enabled other oil giants to extract better profit margins. In February 1971, a document named "Tehran Agreement" was signed that catered for the oil producing countries situated in the Persian Gulf. This chain never stopped as only two months after Tehran Agreement, "Tripoli Agreement" was signed catering to the "Mediterranean oil producing countries" (Bowlus 2017, p.732).

Tripoli agreement got a deal even better than the iconic Tehran agreement. Mediterranean terrain was closer to Europe, so a higher tax rate with a low transportation and transit cost was easily manageable. When Syria closed the TAPLINE and pushed the IPC companies for a better transit fee for the oil coming from Iraq and going to the recipients via Syria, IPC found it economically unviable to transport the Eastern Mediterranean oil via Syria. Again, the tankers' dependency revived with enhanced costs. IPC now shifted their focus on drilling oil from Iran and Saudi Arabia to cater to its transit costs.

Iraq by now realized that the development of Kirkuk oil field and the subsequent pipeline was mandatory for its economic survival. Fed up by these political games, Iraq nationalized the previous concessions on the 1st of June in 1972 and became independent in formulating an oil policy. But it had to deal with the IPC companies operating in the region for future projects from Kirkuk.

Turkey was quick to accept and appreciate the Iraqi nationalization process and was keen to formulate a close policy of oil imports from Kirkuk to Adana. Its tankers started taking oil from “spot markets” in Iraq and the Turkish administration vouched for a discounted rate. It was decided between the two governments that Turkey’s oil imports would be linked to the future pipeline; Turkey was requested by Iraq to allow more water flow through the Euphrates. Ankara was eager to see the outcome of negotiations between IPC and Iraq.

Ente Nazionale Idrocarburi (ENI), the Italian oil company, played a mediating role between Turkey and Iraq. ENI wanted to secure the contract of developing the Kirkuk oil fields followed by the construction of the pipeline that was supposed to reach Italy and to other Mediterranean countries via Turkey. Since Italy had diplomatically supported the Arabs in the 1967 war with Israel, ENI was favoured for such contracts. But the Iraqi government turned to French and Soviet companies in 1968; ENI feasibility study to build a pipeline from North Rumaila to Syria in 1969 was also discarded since Iraq had ideological differences and contemporary political conflicts with the Syrian Ba’athists. Baghdad went back to Turkey on the potentiality of the Iskenderun-Kirkuk oil or gas pipeline.

ENI never gave up and this time talked to the Turkish authorities about the building of either oil or a gas pipeline through a consortium of companies i.e. ENI itself along with FIAT and FINSIDER. The Turkish military coup halted progress and the talks. ENI gradually started to replace IPC at least in the Kirkuk oil fields. It opted to buy 400,000 barrels per day (bpd) oil for 10 years from North Rumaila in exchange for capital equipment and other related services. Turkey wanted a pipeline that at least had the capacity of 600,000 bpd. Snam Progetti, a subsidiary of ENI, was requested by INOC and TPAO to conduct a feasibility study of the Kirkuk-Iskenderun pipeline with a capacity of 500,000 bpd.

Finally, after all the negotiations, a protocol was signed by TPAO and INOC on the 1st of May 1973; the Kirkuk-Ceyhan Pipeline was supposed to be 40 inches in diameter with a minimum capacity of 500,000 bpd. It was a 20 years’ agreement that advised Iraq to pay Turkey 35 cents per barrel as transit fee for oil transited via Turkey to other European countries. The pipeline was supposed to be completed in 1976; its capacity was planned to reach 600,000 bpd in 1980 and to 700,000 bpd in 1983. Ankara’s share of the oil for domestic use was agreed to remain at a fixed 40 percent: it was entitled to retain 200,000 bpd of oil in 1976, 240,000 in 1980 and 280,000 in and after 1983. The discounted price set was 2.80 US dollars per barrel. After all the bids and tenders, the schedule for the start of the pipeline was made for the 1974 spring season.

The 1973 Arab Israel war had immediate fallout on the international oil prices as the countries with a friendly foreign policy towards Tel-Aviv were oil embargoed by the Arab states. This action accounted to a 14 percent worldwide shortfall leading to the quadrupling of oil prices and long queues in the dependent countries. Oil politics played a conspicuous part from West Germany to the US (Gross, 2017). Oil price per barrel skyrocketed to 17 dollars; the predominantly Muslim nation Turkey was supposed to buy the same at 2.80 dollars per barrel according to the pre-war understanding, but Iraq declined to honour any incentives to its northern neighbor eying an ever high foreign cash flow.

The new coalition government in Turkey had Islamist elements who believed in their personal connections with the states of Iran, Saudi Arabia and Libya for discounted oil supplies, but not a single country complied. Since the surge was huge and Turkey at the time could not afford such a payment, Ankara also voiced against the transit fee of 35 cents per barrel by Iraq as too low.

After the suspension of talks, Turkey took credit facilities from Iraq. A rate of 13.55 per barrel was agreed upon by the two countries in late May, 1977. It was not the discounted rate rather the OPEC rate of the time. Turkey failed to pay 230 million dollars of its oil payments to Iraq leading the latter to stop producing oil for the pipeline. After eight months, a new contract was signed that allowed Turkey to buy Iraqi oil on barter; agricultural commodities were given instead of cash payments; same happened with Iran and Libya. Turkish fortunes took a miraculous change as the international oil prices dropped considerably in mid-1980s and reached nadir levels in the 1990s.

Iraq and Iran now started competing for the export led economy of Turkey to provide oil so that Ankara could satiate its fuel hunger. Turkish consumer goods were high in demand in the two countries. Iran-Iraq war hurt the Ceyhan-Kirkuk pipeline project; Syria and Iraq reopened IPC pipelines to Banias in 1979. But Syria and Iran were in alliance during the Iran-Iraq war and the agreement vanished in a jiffy. The Iranian navy blockaded the route of Iraqi oil tankers in the Persian Gulf, so Iraq started to solely depend on the Kirkuk-Ceyhan pipeline for its foreign reserves' survival.

Source:http://caspianbarrel.org/en/2017/12/iraq-announces-tender-for-construction-of-kirkuk-ceyhan-oil-pipeline/

Enhancement of the Capacity of Kirkuk Pipeline

The mode to thrive was to make the capacity of Kirkuk pipeline reach the highest possible levels. It was discussed to make the cumulative capacity reach a staggering 1.5 million bpd via parallel pipelines, but in 1987, a second line enhanced the total capacity to one million bpd. Though a second parallel line set up was never established, but by adding more pumping stations, the first phase lines' capacity was enhanced to one million bpd making the cumulative capacity equivalent to 1.5 million bpd in 1988. Flows reached to record levels of 1.7 million bpd later that year; Iraq recorded huge explorations and oil profits from the Kirkuk pipelines. But after the invasion of Kuwait, Iraq faced international sanctions and Turkey stopped buying oil from 1991 to 1996.

The real damage i.e. internal damage occurred after the US invasion when the Iraqi people in retaliation hit the pipeline hundreds of times. Saddam had paid the Sunni tribes in exchange for protecting the pipelines, but the US invasion turned everyone against the regime. Petty criminals puncturing pipelines to sell oil back to the black market or to smuggle it to the neighboring states was a minor sociological issue; the real threat came from the Saddam aligned Salafi groups who started sabotaging the oil pipelines avenging the US presence and the subsequent removal of Saddam from the office (Luft, 2004). Jihadist activities and sabotage damaged the Iraqi backbone pipeline to its very core. In modern times of Islamic State of Iraq and Syria (ISIS) and Nusra Front, such protections are not possible. Since KRG controls the areas of Kirkuk, oil policy does not remain a matter of national prestige in Iraq.

The Kurdistan Workers' Party or Partiya Karkerên Kurdistanê (PKK) in Turkey also sabotaged the pipeline in late 1970s. It is a militant group officially considered a terrorist outfit by the European Union (EU), the US and Turkey. Their politics rest on a separatist agenda with the Lenin-Marxist oriented Abdullah Ocalan being considered the founding member of Kurdistan Worker’s Party (PKK) in 1978; an extension of Kongra-Gel established in 1974 in Lice, Turkey. The group started using violence in 1984 and till 2016, over forty thousand Turkish people had been killed as a result of government-PKK clashes and bombings (Pamuk, 2016).

The Kurdish grievance is not a fiction fantasy: the land of Kirkuk belongs to the Iraqi Kurds and the Turkish transitory route was also predominantly Kurdish, but the ethnic sideliners never had a say in this great pipeline. But things have changed now as the KRG in Iraq has become the main exporter of oil to Turkey though it has serious sovereign issues with the Iraqi government in Baghdad.

Challenges for the Iraqi Kurds

The Kurd region in Iraq has been under hot debates for its importance to the cause of pipeline politics and the future of Kurdistan as a nation comprising four countries i.e. Iran, Iraq, Turkey and Syria. New York Times interviewed Janine Di Giovanni, a Yale University senior fellow and an expert on reporting “from the conflict zones of Balkans, Africa and Middle-East for over 30 years” ("Update: Kurdistan and," 2018). Her book titled “The Morning They Came for Us: Dispatches from Syria” is a research masterpiece being translated worldwide into 26 languages. When asked about the importance of Kurdistan as a region, she linked the subject with the end of World War-I. They were denied the right to self-determination from that time; a time most appropriate for such a strategic move. The best thing about the Iraqi Kurds is their city of Kirkuk whose sands hold nearly one-third of the Iraqi oil. But this area went under the control of ISIS in 2014.

The neighbouring states to Iraq also host restive Kurdish minorities: statehood would never be an option in the foreign policy of any of the four countries. When asked about the emergence of a new Dubai in the shape of Kurdistan, she was surprised that the creation of ISIS was in the making. It did not happen overnight, but the news of ISIS getting around the 30 miles radius of Irbil (the capital of Iraqi Kurdistan) caused panic to the companies and investment groups. They left the city they were supposed to build on the patterns of Dubai. When the construction stopped, oil prices plummeted and companies left the incomplete high rise buildings. Business confidence was lost along with the hopes of an economic hub in Irbil and Kirkuk.

Tough times brought tough news: Kurdistan total oil reserves proved to be lesser than expected and were not enough to cater to the operational costs of development of the region. The referendum results were not accepted by either of the Kurds' cautious countries; the act itself was doomed to failure economically. When a voting result favored partition with 92 percent approval rate, the central government in Baghdad along with the neighbouring concerned countries responded with contempt. The Iraqi National Parliament while condemning the legality of the controversial elections, passed a 13-point resolution allowing the use of force in the city of Kirkuk, an oil lifeline for the Kurds (Chulov, 2017).

The worsening part was the Kurdish success against the ISIS after an intense fight in liberating the city. The Kurds were confident after this heroic win as they went on with their referendum. Apart from utter humiliation, Masoud Barzani, the Kurdish leader had to resign in bitter disappointment. He was blamed for this political mishap; Kurds lost access to the oil of Kirkuk as well. Answering the Times on the causes of Kurdish inability to produce oil to optimum levels, she quoted two reasons; first was the corruption which has become the part and parcel of the Iraqi society and its dictatorial history. The second reason is the intra-Kurdish rivalry with tilted political inclinations.

Apart from small Kurdish groups, the two major rivals i.e. Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK) accused each other of oil stealing and transparency. The former is considered closely aligned to Baghdad and the Western countries whereas the latter is blamed to be an Iranian ally. Before referendum in 2016, an export agreement was negotiated between Baghdad's central government and KRG. It was a continuation of the Kirkuk-Ceyhan pipeline where Ceyhan was to receive 150,000 bpd from Kirkuk authorized by the Central government. The revenues were to be divided between the two powers of Iraq that was clearly considered as a revival of trust relationship between the central government and the Kurdish representatives. But the two rival parties started leveling huge allegations against each other: PUK was blamed for shipping oil by trucks to Iran keeping the profit in their pockets; KDP was accused of impartiality and non-transparency. When asked about the probability of an optimistic future of Kurdistan and the Kurds, she discussed the negative framework associated with the region of Iraqi Kurdistan by citing the report of United States Institute of Peace that declared Kurdistan on the verge of an "economic collapse."

The solution to such an atmosphere rests with the central government of Iraq: a national oil policy in the fiscal budget that involves the Kurdish representatives and the Kurdish land of Kirkuk is urgently required; the Iraqi government would have to give sovereign guarantees to investors to rethink about investing in Irbil and Kirkuk and complete the projects left unattended since 2014. A national dialogue on the Kurdish oil policy was needed.

Talking about the possibility of a Kurdish independence vis-à-vis oil revenues, she believed that the regional government lacked the core institutions in addition to the parasitic structure of law and order, corruption and transparency. Irbil and Baghdad keep on accusing each other for this mess. A

Kurd being the Iraqi President is only a ceremonial thing since the governments after US invasion have normally held a policy of retaining a Kurdish President with no or minimum powers. Mr. Salih, the new President of Iraq, is considered a moderate person capable of originating development, hoped Ahmed Mahjoub, the Iraqi Foreign Minister (Taylor, 2018).

Adil Abdul-Mahdi, then Prime Minister of Iraq told the reporters that Baghdad planned to increase the oil exports from Kirkuk to the Turkish port of Ceyhan. His government planned to enhance the capacity of the Kirkuk-Ceyhan pipeline from 60,000 bpd to 100,000 bpd. The same pipeline used to pump 1.5 million to 1.7 million barrels per day in the last decades of the 20th century. Turkish demanded magnanimous keeping in view the size of its economy, so it would have welcomed a 21st century pipeline with a carrying capacity of around four million barrels per day. Iraq's total exports do reach a figure in excess of four and half million barrels per day, but they are largely centered on the Southern port of Basra with huge tankers carrying oil to countries like China and India, the two major importers of Iraqi crude oil. It needs an economic injection of around 100 billion dollars to put off the war-torn status and enter an age of reconstruction and development of its oil fields and pipeline infrastructure. At the moment, Iraq's oil exports exceed 60 billion dollars per year accounting for more than 90 percent of the total exports. Surely, it is not a positive economic indicator ("Iraq to raise Kirkuk," 2018).

This pattern has not changed: Iraq's economy depends on oil exports and the price of oil in the international market; Iraq's oil exports in 2012 amounted to 80 billion dollars courtesy of an inflated oil price. Abdul-Mahdi believes that KRG and Baghdad share a common belief in Iraq's development. The Kurdish referendum proved to be a divide in the Iraqi political relationship within the ethnic set up of the Northern Irbil and the Southern Basra. "The bulk of Iraq's oil is exported via the southern terminals, which account for more than 95 percent of the OPEC producer's state revenue" (Mohammed, 2019).

Oil pumping in Kirkuk was forcefully stopped by Baghdad for more than a year starting from October 2017 to the 16th of November in 2018. Before the takeover, Kirkuk was estimated to be selling 300,000 bpd to Ceyhan. The takeover by Iraq had a direct impact on the public sectors' wages in KRG. Iraqi oil reports claimed that KRG started using alternate means to pump oil in order to equate for the loss of profits after Baghdad's intervention. Safin Dizayi, the spokesman of KRG confirmed a raise of salaries of the public department employees in the coming months. Apart from corruption, the internal security of Iraq holds key to these future assumptions and apprehensions.

By looking at the world events and statistics of post-World War-II, this paper strongly argues that the blessing of oil or any other natural resource/ mineral usually ends up playing the devil's card by subliminally retarding the psychology of a nation, importing hard labourers/ modern slaves from resource ridden poor countries, relying upon the easy earned cash to import all the luxuries of the world, allotting quotas to their nationals in the job markets of the investing foreign companies, planning myopically, acting naively for grey days, responding stubbornly even to positive criticism etcetera. Norway and the US are two exceptions (Naim, 2009) since they both are resource rich first world countries with strong, educated and technology savvy populations.

Comparing the oil and gas rich Arab monarchies with the likes of Norwegian democracy could only work in ceteris paribas. In the real world of international relations, factors of progress and stability are democracy, liberty, freedom of speech, equal opportunities to all citizens, religious tolerance, right to citizenships, justice and a sense of governmental security to all the people residing in a specific country. This has proved to be an unfortunate comparison since Norway offers all the above mentioned facilities while the Arab states fail to offer most of the benefits.

The oil devil becomes deadlier in lesser developed and war torn countries like Iraq. These countries somehow managed to shape their financial budgets with the exports of the natural resources that too in raw form. They usually do not invest in value additions and earn much lesser revenues selling raw resources by continuously depleting their capitals. This marketing myopia and lack of diversification makes countries like Iraq vulnerable to oil prices and resource depletion.

Econometric studies have found that the chances of civil wars/ resurgence of indigenous militant groups become high in a country bent on exporting raw fossil fuels (Patrick, 2012). This correlation refers to corruption in the black and grey markets, rents to finance these seceding operations and a restraint to the presence of foreign companies drilling out raw materials. Developing nations usually do not have the expertise to drill even raw materials; foreign companies are engaged for the operations further smothering the nominal export revenues. Iraq and its Kurdistan region is no different; Turkey's Kurds share a similar detachment from the process of energy flow through pipelines.

From the above analysis, two things are reserved for Iraq i.e. an over reliance on oil and the Kurdish sentiments in Irbil and Kirkuk. Turkey on the other hand, has developed into an export oriented booming economy. If it finds natural resources after the termination of the 1923 Treaty of Lausanne in 2023 with all the drilling rights and borders' demarcations (Danforth, 2014), it could join Norway as a country giving much more civil rights to its citizens than an Arab state whether it is Qatar (world's richest monarchy) or Iraq (an oil rich war-torn democracy).

A Way Forward for Iraq and Turkey

Iraq after years of turmoil, proxy wars, leadership changes and internal ethnic-sectarian power struggle, continues to rely on its oil reserves to bail it out from bankruptcy each year. Although oil exports on an average account for one-third of the Iraqi Gross Domestic Product (GDP), but this pattern is extremely vulnerable to price hike and deflation. If a country's total exports account for one third of its GDP, its GDP would not be considered vulnerable since the export basket is supposed to be diverse i.e. it exports different goods and services with substantial percentage. The products could range from leather garments to mobile phones to rice to cars' manufacturing plants. But in Iraq's case, the accumulated percentage of crude and refined oil exports amount to more than 95 percent of the total exports (refined oil amounts to less than two percent; another dilemma of selling raw resources instead of adding value to them). These statistics show the failure of successive Iraqi policy makers making its economy vulnerable to price shocks.

The recommendation to this myopic approach is to invest this oil money in expanding the export basket of the Iraqi commodities. Total reliance on oil would be a disaster in future since the world is shifting on alternate fuel resources. Shale gas and electronic cars are two examples of technologies in the coming decades. Saudi Arabia has realized this change and is investing half a trillion dollars in the Belgium sized city of Neon. Iraq's per capita income is over 17,000 dollars which is remarkable while considering the state of affairs of the country; India has a per capita income of just over 2,000 dollars. Baghdad must use this money and stop relying exclusively on oil money to run its economy. Iraq has only around 40 million citizens. It can use these two positive economic indicators i.e. manageable population and a more than decent per capita income to good effect. When oil prices inflate, the economic advisors of Iraq could devise a plan to retain a specific amount from exports and reserve it for investments in diversifying the Iraqi basket of export commodities. Macroeconomic structural changes are required to make the Iraqi economy perform better.

Iraq doesn't have a powerful military to threaten anyone and needs to focus on broadening its export options, but Turkey off late has tasted power and dominance in the regional affairs of the Middle-East courtesy of its strong economy and excessive cash at hand. It even suggested making a buffer zone between Turkey and Syria for a whopping 25 billion dollars designated for one million Syrian refugees in Turkey. Ankara threatened to send the Syrian refugees to Europe if his plan of this 300 miles long and 20 miles deep city is halted (Schmitt, Haberman, & Wong, 2019). This so called "safe zone" stretches on the east of Euphrates along the Turkish-Syrian border. The US' sudden withdrawal of troops from Syria say a lot about the Turkish will and desire to emerge as a master in Syria. Ankara should be wary of this situation. Its plans to call shots in the war torn countries of Iraq and Syria have already backfired after the onset of the corona pandemic. Turkish economy is estimated to lose 25 billion dollars due to the virus; interestingly, it is the same amount proposed for building the "safe zone." Unlike Iraq, Turkey does not rely on pipelines and oil movements for its survival, but this monarchical approach could sabotage decades of growth and prosperity. Turkish stance in the Syrian crisis has been a bit confusing if not suspicious to comprehend. At times, it gives an international relations' scholar a feeling of playing on both sides of the wicket. But it has finally started taking sides with Qatar, Malaysia and Pakistan forming a group against the historical Saudi hegemony. Ankara's foreign policy is hinting for a role of leadership in the Muslim world. 2023 will officially end the Treaty of Lausanne empowering Turkey to enjoy the privileges it was not allowed to experience after the collapse of the Ottoman Empire. This eagerness could create further divisions in the existing alliances, but this is exactly how politics work in the contemporary world. So, Iraq and Turkey should remain economy centric; military prowess would follow suit.

CONCLUSION

Iraq and Turkey have historically been two different countries. Baghdad has seen a series of coup de 'tats, a brutal dictatorship in the name of Saddam Hussain, a decade long war with Iran and a post US (2003) invasion chaos leading to a war torn proxy set up of non-state actors in its Republican age of 62 years. Turkey is nearing its first century as a secular republic in 2023. Although Ankara has suffered from a series of successful and unsuccessful military coups, still the country has emerged as a European inclined democratic state with a vibrant export oriented economy. The common worry of the two nations is the unresolved issue of the Kurdish people. Iran and Syria also share the same sentiments when it comes to the identity crisis of the Kurdish populace residing in the four countries (a small number also resides in Armenia). The Kirkuk Ceyhan oil pipeline passes through Kurdish lands.

After the overthrow of President Saddam in Iraq, Baghdad went through unprecedented violence and bombings, but in the meantime, it started holding frequent elections. Performance of the elected candidates never fully complied with the democratic standards, as the roots of military dictatorial power hold started to weaken in Iraq. KRG and Baghdad's central government sharing profit of the Kirkuk-Ceyhan pipeline was a positive step towards mutual interdependence and solidarity within the Iraqi political factions. But the controversial 2017 referendum proved to be ill timed allowing the Iraqi Parliament to empower its military to overtake Kirkuk by force sighting treason. But this oil relationship between Ankara and Baghdad reflected upon the priorities of nations.

Iraq as an Arab state has not gone beyond relying upon inflated oil prices: it has only invested in making pipelines and huge cargo ship tankers to transfer oil to the export oriented economies; it has even bartered with Turkey taking inn consumer and agricultural goods and giving away oil. This natural resources' dependency syndrome is innate to the Arab states though it does bear economic fruits. When KRG government started receiving huge sums of money from Ankara as oil payments, the regions of Kirkuk and Irbil were receiving heavy foreign investments and were dubbed as the new Dubai. When the ISIS intervened, projects were stalled as people ran for their lives. But what were they building to be branded as new Dubai? Buildings; tall scrappers! Had ISIS and Nusra Front not intervened, we could have seen another small Dubai or Qatar, but again this Arab syndrome has weak and dependable defenses.

Turkey though a non-Arab, constitutionally secular, a potential EU membership candidate and most importantly a recipient of the Iraqi oil, has done wonders to its economy. A reliance on exports and manufacturing has made Ankara stand in the line of opinion-makers in the regional politics; a strong economy has transcended its fruits into a strong military. It often calls the military shots and attacks Kurdish military strongholds in Syria and Iraq stamping its military prowess apart from the economic success. This historical pipeline now daily pumps much less as it used to four decades ago, but this is just a sample of myopic understanding i.e. Iraq and an eternal vision i.e. Turkey.

References:

Barrett, R. (2008, Apr.). *Intervention in Iraq, 1958-1959* (Policy Brief No.11). Washsington, DC: The Middle East Institute.

Bowlus, J. V. (2017). A crude marriage: Iraq, Turkey, and the Kirkuk–Ceyhan oil pipeline. *Middle Eastern Studies*, *53*(5), 1-23. https://doi.org/10.1080/00263206.2017.1283489

Chulov, M. (2017, Sep. 28). More than 92% of voters in Iraqi Kurdistan back independence. *Guardian*.

Cooper, A. (2018, Nov. 2). Iranian oil: 40 years of revolution, war, sanctions and bans. *Reuters*.

Danforth, N. (2014, Oct. 2). Notes on a Turkish conspiracy. *Foreign Policy*.

Gross, S. (2017, Jun. 5). The 1967 war and the "oil weapon." *Brookings*.

Lefevre, R. (2013). *Ashes of Hama: The Muslim Brotherhood in Syria*. London: Oxford University

Press.

Luft, G. (2004, Jun. 17). Iraq's oil sector one year after liberation. *Brookings*.

Iraq to raise Kirkuk oil export to Turkey's Ceyhan port. (2018, Nov. 22). *Hurriyet Daily News*. Retrieved from http://www.hurriyetdailynews.com/iraq-to-raise-kirkuk-oil-export-to-turkeys-ceyhan-port-139108

Mohammed, A. (2019, Jul. 16). Fire at Basra offshore oil export terminal briefly halts crude loading: Iraqi officials. *Reuters*.

Naim, M. (2009, Aug. 19). Oil can be a curse on poor nations. *Financial Times*.

Pamuk, H. (2016, Feb. 23). Kurdish oil flows shut as pipeline sabotaged in Turkey. *Reuters*.

Patrick, S. M. (2012, Apr. 30). Why natural resources are a curse on developing countries and how to fix it. *The Atlantic.*

Russia: Gazprom's export monopoly becomes law. (2006, Aug. 1). *Petroleum Economist*. Retrieved from https://www.petroleum-economist.com/articles/politics-economics/europe-eurasia/2006/russia-gazproms-export-monopoly-becomes-law

Schmitt, E., Haberman, M., & Wong, E. (2019, Oct. 7). President endorses Turkish military operation in Syria, shifting U.S. policy. *New York Times*.

Taylor, G. (2018, Oct. 4). Barham Salih named Iraq president, Adel Abdul-Mahdi to be prime minister. *AP News.*

Update: Kurdistan and the battle over oil. (2018, Oct. 8). *New York Times.*

Ward, A. (2019, Apr. 11). How America's relationship with Turkey fell apart. *Vox*. Retrieved from https://www.vox.com/world/2019/4/11/18292070/usa-turkey-trump-erdogan-s400

Date of Publication	August 31, 2020