Rethinking past, today and future of Kirkuk and its black gold

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Abstract

Kirkuk has been one of the main problems of Iraq due to its various ethnic groups such as Kurds, Turkmenans, Arabs as well as representing three monotheistic religions of Jewish, Christianity and Islam (Galetti, 2005). The discovery of the oil at the beginning of 20th century attracted large numbers of Arab and Kurdish settlers and as a result ethnic affiliation became a source of conflict (Hanauer and Miller, 2012). At present by reason of tensions between Bagdad government and Erbil autonomous administration, the status of Kirkuk is indefinite whether to belong to the central government authority of Kurdistan regional government (KRG) authority. The signature of contracts with the KRG and international energy companies encumbered the Iraq’s constitutional structure and enhanced the claims of KRG for the official control of Kirkuk city. The military power of KRG makes the problem much more complex and gives the signal of use of force for the control of the city which certainly means the civil war in Northern Iraq. At this point I argue that the latest developments on the Kirkuk issue such as signing direct contracts with KRG has accelerated the tensions and affected the future of Kirkuk. Therefore the aim of this paper is to analyze the current status of Kirkuk in terms of energy politics and its implications for the future of the city.

Keywords: Kirkuk, Middle East, energy, oil;

1. Introduction

Kirkuk has been one of the main problems of Iraq due to its various ethnic groups such as Kurds, Turkomans, Arabs as well as representing three monotheistic religions of Jewish, Christianity and Islam (Galetti, 2005). The discovery of the oil at the beginning of 20th century attracted large numbers of Arab and Kurdish settlers and as a result ethnic affiliation became a source of conflict (Hanauer and Miller, 2012). At present by reason of tensions between Bagdad government and Erbil autonomous administration, the status of Kirkuk is blurred whether to belong to the central government authority of the Kurdistan Regional Government (KRG) authority. The signature of contracts with the KRG and international energy companies hindered the Iraq’s constitutional structure and enhanced the claims of KRG for the official control of Kirkuk city. The military power of KRG makes the problem much more multifaceted and gives the signal of use of force for the control of the city which certainly means the civil war in Northern Iraq. Moreover, announce of direct energy relationship between KRG and Turkey means the shifting of Turkish foreign policy towards both Kirkuk and Iraq as a whole. The importance of Kirkuk lies in its rich energy reserves and critic location between KRG and central Bagdad government.

Control of Kirkuk is significantly important for all three groups, but especially for the Kurds who describe the city as their “Jerusalem” (Wolf, 2010). Undoubtedly the future of Kirkuk is dependent on the implementation of Iraq’s 2005 constitution, which, in its Article 140, first stipulates normalization, second a census and finally a referendum “in Kirkuk and other disputed territories to determine the will of their citizens”. Likewise, the future of

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Kirkuk has become entangled in two other disputes, over a federal hydrocarbons law and over constitutional reform (Wolf, 2010). In this sense, if the KRG achieves the control of Kirkuk, its oil and gas revenues would contribute significantly to independence (Hanauer and Miller, 2012) of the KRG and the division of Iraq. On the other hand, the Kurds are dependent on central government to be able to exploit their energy resources because oil exports need to flow through the national oil pipeline grid (Katzman, 2012) unless the new pipeline with Turkey would not be constructed or the old ones repaired.

2. History

The significance of Kirkuk as a petroleum hub became important in the late nineteenth century as a result of the many reports of travelers and officers who worked in the region (Letayf, 2011). Maunsell illustrated in 1897 that the petroleum-bearing belt commences near Mosul, and extends southeast in a broad band skirting the base of the Kurdish and Persian frontier hills as far as Shuster” (Maunsell, 1897). Furthermore, Galletti mentions that in the Baba Gurgur area near Kirkuk, the presence of oil was known from ancient times and even the Ottoman army had extracted oil in this area for local consumption since 1639 (Galetti, 2005). According to many scholars such as Galletti, the discovery of commercial oil in Kirkuk was the main reason for its annexation to the Iraqi Kingdom, which was under the British mandate in 16 December 1925. Due to the British commercial operation in the region, oil began to flow from Kirkuk at the end of 1927 (Galetti, 2005). Once the first oil produced in Kirkuk, the disputes over the city began to escalate and the meaning of “Kirkuk” transformed (Letayf, 2011) from cultural terminology to commercial.

During the British mandate and the Iraqi Kingdom “Arabization” process, claimed by Kurds, initiated by the central government which continued until 1987 even in Saddam period. The victims of “Arabization” process were not only the Kurds but also Turkmens. Letayf points out that more Turkmens than Kurds were affected by Arabization, particularly because the president and security forces targeted them with decrees and deported specifically Turkmen officials (Letayf, 2011). Afterwards when Kirkuk fell on 10 April 2003 by the US army, ten thousand Peshmerga entered the city by the permission of the US as an award of Kurdish support against Saddam regime. Two years later, provincial and national elections were held and Kurds won 60% of the votes in Kirkuk due to a Sunni boycott of provincial elections and Kurds began to accelerate their power in Kirkuk and other Northern Iraq cities (Letayf, 2011).

3. Conflict between KRG and Baghdad government

Iraqi Kurdistan exists today in a de facto sense, but struggles to exist in a de jure sense. Thanks to the establishment of a no fly zone in the wake of the first Gulf War, Kurdish community in Northern Iraq was able to run their own business (Kelly, 2010). The legal Kurdish region is technically comprised of only the three northern governorates – Dahuk, Erbil, and Sulahmaniyah. However, the KRG has territorial claims for the governorates of Ninewa, Salah al-Din, Kirkuk, and Diyala (Int. Crisis Group, 2012). In practice, Kurdish security forces control disputed areas, and the KRG exercises de facto sovereignty through its political representatives and appoints the civil servants. The Constitution of Iraq was negotiated in 2005 and adopted by referendum on October 2005. Articles 112 through 114 of the constitution stated that the federal government and regional governments share power including oil and gas development and Article 1 acknowledges the existence of the Kurdistan region within the federal Iraqi state (Kelly, 2010).

In April 2009, UN commission used a set of recommendations designed to resolve the disputed status of several territories in Iraq, including Kirkuk. The document proposed four options – two of which kept the city as a single entity and called for the residents to ultimately decide for their fate. Third option creates Kirkuk as an autonomous region of Iraq run by Kurds, Arabs and Turkmen with a budget financed by Kirkuk’s oil revenues. And the final option creates Kirkuk as a special region jointly administered by the Kurdish regional government and the central government in Baghdad with a referendum on the city’s final status. Nevertheless, KRG President Barzani said that they will not accept that the UN or anyone else alternatives to Article 140 (Kelly, 2010). Turkey was against the
referendum option in Kirkuk because Ankara was aware of the fact that Kurdish control of Kirkuk and its energy resources as the gate for independence of Kurdistan in Northern Iraq and the breakaway of Turkey's Kurdish region. (Ferris and Staltz, 2008). Though, Turkmen communities accused and still accusing the KRG of encouraging ethnic Kurds from northern governorates to settle in Kirkuk in order to ensure a demographic majority prior to a referendum (Ferris and Staltz, 2008). Turkmen accuse Kurds of seizing “Turkmen lands” and the US assists Kurdish community as punishment for Turkey's refusal in March 2003 to grant American forces to transit Turkish territory (Int. Crisis Group, 2006).

Conflict between KRG and Erbil developed into military tensions in time. In August 2008 Iraqi Security Forces entered towns in the Khanaqin district and demanded the withdrawal of the Peshmerga within twenty-four hours. However Peshmerga forces refused to withdraw and stated that they had orders from the KRG to remain in place. As a result, US officers mediated to down the tensions between two parts (Sky, 2011). Afterwards, the tensions climbed when KRG President Barzani stated on a local television program in November 2008 accusing Maliki of tries to monopolize power. Correspondingly, Maliki then responded that Kurds were pursuing “unconstitutional” policies, such as deploying Peshmerga outside the KRG region (Katzman, 2012). Despite the objection of Baghdad government, KRG has signed numerous energy deals with international energy companies based on its own hydrocarbon law adopted in 2007. However, both sides were agreed to allow KRG’s oil from the Taq Taq field through the national oil grid due negative outcomes of global economic crisis of 2008-2009 to the Iraqi economy. Under this agreement, KRG receives 17% of the revenue earned from the exportation (Katzman, 2012). Another tension occurred in 2011 when Arabs and Turkmen planned to protest in Kirkuk against corruption and unemployment. The following day of the demonstration KRG ordered the deployment of heavily armed Peshmerga units near Kirkuk. Subsequently Maliki demanded the withdrawal of KRG troops and said, “These troops were deployed without the permission of the central government”. Following that, the Minister of Peshmerga Affairs stated that the Kurds had to protect Kirkuk from al-Qaeda, Arab groups, and Ba’athists (Gunther, 2011). It was noteworthy that during the crisis Turkey send its deputy foreign minister Feridun Sinirlioglu to Erbil just before the upcoming Turkish national elections and KRG officials replied, “This issue is no business of the Turkish government” (Gunther, 2011).

In early April 2012, the KRG suspended its supply of oil for export through the national Iraqi pipeline, claiming that Baghdad had not fully repaid operating costs to producing companies. The federal government responded by threatening to halve the existing amounts. There is no doubt that the lack of transportation of oil and the existing Maliki government, are big challenges for Erbil government. KRG President Barzani told foreign visitors that if Maliki remains in power beyond 2014 parliamentary elections, the Kurds would go their own way. Not coincidentally, 2014 is when the Kurdish region expects to complete construction of its own strategic oil pipeline, one that skirts Iraqi territory before reaching the border with Turkey. It raises the question that what Ankara would do if the Kurds ask it to take their oil without Baghdad’s approval (Int. Crisis Group, 2012).

Finally, until ExxonMobil invested in Iraqi Kurdistan, contracting six oil exploration blocks in October 2011, the region had been on a steady path toward its hydrocarbon resources independent of the federal government in Baghdad. ExxonMobil’s decision to deal directly with the KRG over Baghdad’s protests not only shifts momentum for further hydrocarbon development in Iraq to the Kurds but also increases the chances for a violent backlash from the federal government, since two of ExxonMobil’s blocks (Bashiqa and Qara Hanjir) and a small part of a third (Al-Qosh) are situated across the Green Line inside the disputed territories (Int. Crisis Group, 2012).

4. The importance of Kirkuk

Kirkuk is a major oil hub and the fourth largest city in Iraq with a population of around one million (Brookings, 2008). The oil fields close to Kirkuk and to the east include Demir Dagh, Taqtaq, Chamchamal, Kor Mor, and Chia Surkh. Who controls these oil fields is a constitutional question that depends conflict between KRG and Baghdad (Kelly, 2010). The Kirkuk oil field alone holds an estimated 10 billion barrels of oil, which hit an impressive peak of 680,000 bbl/d before the war. Since the launch of the US-led war in 2003, production has dropped to around 200,000 bbl/d. It is claimed that without Kirkuk, federal Kurdistan may not have the economic capacity to push for
greater autonomy – it would instead be weak and highly dependent on Baghdad and its neighbors. Furthermore, KRG could have a real chance for declaration of independence as a result of Kirkuk’s oil revenue. On the other hand, Turks see the city as historically belongs to Turkmen identity and they should have the right to govern it. Meanwhile, Kurds for a long-time tended to view Turkmen as a fifth column for Turkey, which was changed with the establishment of direct energy relations between Ankara and Erbil (Brookings, 2008).

The International Crisis Group published several reports about disputed areas of Iraq and Kirkuk as well. Regarding the 2006 report of the group, report recommended to the Kurdish community to postpone the constitutionally mandated referendum on Kirkuk’s status due to reason of those day’s environments and tensions. Moreover, report also recommended the designation of Kirkuk governorate as a stand-alone federal region falling neither under the Kurdish federal region nor directly under the federal government for an interim period (Int. Crisis Group, 2006). The latest report published by the group in 2012 is highly worried about the developments in Kirkuk and recommends calm and non-provocative action by all parts of the dispute. As an example, report suggested that the international oil companies should refrain from signing contracts with either the government of Iraq or the KRG concerning the disputed territories and suspend all their operations in disputed territories. And the report also called Turkey to refrain from inflammatory rhetoric toward the Maliki government and to continue to emphasize Turkey’s interest in the unity of Iraq (Int. Crisis Group, 2012).

Moreover, Kirkuk remains to be significant in terms of pipelines that are connecting Iraq with Mediterranean and/or Turkey. First pipeline is known as Kirkuk-Haifa pipeline, which was operational until the foundation of Israel in 1948. After the US-led war in 2003 against Saddam regime in Iraq, Israel commenced a feasibility study for the capacity increase of the pipeline with the support of the US Bush administration then (Demir, 2009). Second pipeline is Kirkuk-Baniyas oil pipeline, which was constructed in 1952 between Iraq and Syria and became useless after the 2003 war. The Russian Stroytransgaz proposed to construct a new pipeline parallel to current one rather than repairing it (Pipelines International, 2011). Third pipeline is Kirkuk-Ceyhan, which operates between Iraq and Turkey although the volume of oil export has declined since 2003. Recently Bagdad government made a proposal to Turkish side to lengthen Kirkuk-Ceyhan through Basra region. Most probably the aim of this new pipeline proposal is to prevent a realization of direct pipeline between KRG and Turkey, which would mean bypassing of central government in Iraq (Hurriyet Daily News, 2013). And fourth pipeline is projected by KRG that will also carry oil Khurmala field and Kirkuk oil as well (Coles and Tatersall, 2013).

A specific dispute has arisen over one part of the Kirkuk oil field, Khurmala dome, which extends into Erbil governorate. In November 2007, the KRG awarded a service contract to build a refinery for oil derived from the Khurmala dome to the newly established, KRG owned Kurdistan National Oil Company (KNOC). In 2007 and 2008, the KRG’s guard troops reportedly blocked federal government workers from upgrading this field. The KRG has argued that because the field extends into Erbil governorate, it is in the Kurdistan region rather than in disputed territory, so the Kurds have full rights to it. On the other hand, the KRG considers that the Khurmala dome has never produced and so it is a new field over which the KRG should have full management rights under the constitution of Iraq (Int. Crisis Group, 2008).

As long as it has no alternative to the Iraqi pipeline, the Kurdish region remains heavily dependent on Iraq’s southern oil fields for its income. Still, KRG Energy Minister Hawrami has several times stated that he expects to increase the Kurdish region’s oil production to one million bbl/d by 2015. Even an increase to 400,000 bbl/d conveyed through a new Kirkuk pipeline to Turkey, would bring the region an important step closer to political independence by achieving budgetary self-sufficiency: at $100 per barrel (which is below the current world price, the KRG would stand to make $14.6 billion annually at that level of output. By exploring more blocks, finding more oil and attracting ever more powerful international oil companies such as ExxonMobil, the KRG hopes to generate powerful pressures on Bagdad, via Ankara’s mediation, to allow greater export volumes. This would offer them hope that they could turn their newly won halfway status into real independence sometime in the future as if regional circumstances permitting (Int. Crisis Group, 2008).
5. Conclusion

Currently Kirkuk remains to be significant for Turkey in terms of geopolitical interests rather than historical connection with the region. For that reason in case of an expansion of Erbil authority towards the Kirkuk region, the KRG will not only receive an historical city but also huge economic benefits. In addition to that the direct oil pipeline between Turkey and KRG will automatically provide recognition of Erbil authority over Kirkuk and a collapse of Ankara-Bagdad relations. On the other hand, according to Erbil, before the declaration of independence two issues need to be solved: firstly the international recognition of KRG authority over Kirkuk and secondly the realization of direct oil pipeline between Turkey and KRG, which will enable economic link of Kurdistan with world markets. Finally, Kirkuk is the last castle for Bagdad government for the protection of Iraqi territorial integrity and high-energy capacity of the country. If Bagdad loses the control of Kirkuk region and disputed areas to KRG, the central government will most probably lose the north exit for its energy exports and have a long-term security conflict in the region. Therefore the future of Kirkuk and its rich energy resources are key variables for the determining of the region, including Turkey as well.

Acknowledgements

I would like to thank 21st Century Turkey Institution and its head Prof. Özdağ for encouraging me to write this paper as well as Turkish research institute TUBITAK for granting me scholarship (2219) and supporting my academic career.

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