# Iraqi Hydrocarbon Prize of U.S. Invasion in Danger?

By Nicola Nasser
Global Research, June 28, 2014

Region: Middle East & North Africa
Theme: Oil and Energy, US NATO War Agenda
In-depth Report: IRAQ REPORT

*Excluding "boots on the ground" and leaving combat missions to local and regional "partners," President Barak Obama and his administration say the United States keeps "all options on the table" to respond militarily to the terrorists' threat to "American interests" in Iraq, which are now in "danger."*

*Similarly, former UK Prime Minister, Tony Blair, on TV screens and in print has recently urged western governments to "put aside the differences of the past and act now" and to intervene militarily in Iraq "to save the future" because "we do have interests in this."*

Both men refrained from indicating what are exactly the "American" and "western" interests in Iraq that need military intervention to defend, but the major prize of their invasion of Iraq in 2003 was the country's hydrocarbon assets. There lies their "interests.

On June 13 however, Obama hinted to a possible major "disruption" in Iraqi oil output and urged "other producers in the Gulf" to be "able to pick up the slack."

The United States has already moved the aircraft carrier USS George H.W. Bush, escorted by the guided-missile cruiser USS Philippine Sea and the guided-missile destroyer USS Truxtun, from the northern Arabian Sea into the Arabian Gulf (Persian according to Iran) "to protect American lives, citizens and interests in Iraq," according to Rear Admiral John Kirby, the Pentagon spokesman, on June 14. Media is reporting that U.S. intelligence units and air reconnaissance are already operating in Iraq.

The unfolding collapse of the U.S. proxy government in Baghdad has cut short a process of legalizing the de-nationalization of the hydrocarbon industry in Iraq, which became within reach with the latest electoral victory of the Iraqi prime minister since 2006, Noori al-Maliki.

Iraqi prime minister Nouri al-Maliki

Anti-American armed resistance to the U.S. proxy ruling regime in Baghdad, especially the Baath-led backbone, is on record as seeking to return to the status quo ante with regard to the country's strategic hydrocarbon assets, i.e. nationalization.

De-nationalization and privatization of the Iraqi oil and gas industry began with the U.S.-led invasion of the country in 2003. Al-Maliki for eight years could not pass a hydrocarbons law through the parliament. Popular opposition and a political system based on sectarian distribution of power and "federal" distribution of oil revenues blocked its adoption. Ruling by political majority instead by sectarian consensus was al-Maliki's declared hope to enact the law.

Al-Maliki's plans towards this end together with his political ambitions for a third term were cut short by the fall to armed opposition on this June 10 of Mosul, the capital of the northern Ninawa governorate and second only to Baghdad as Iraq's largest metropolitan area.

Three days on, with the fighting moving on to the gates of Baghdad, "the most important priority for Baghdad right now is to secure its capital and oil infrastructure," a Stratfor analysis on June 11 concluded.

The raging war in Iraq now will determine whether Iraqi hydrocarbons are a national asset or multinational loot. Any U.S. military support to the regime it installed in Baghdad should be viewed within this context. Meanwhile this national wealth is still being pillaged as spoils of war.

Al-Maliki is not now preoccupied even with maintaining Iraq as OPEC's No. 2 oil producer, but with maintaining a level of oil output sufficient to bring in enough revenues to finance a defensive war that left his capital besieged and his government with southern Iraq only to rule, may be not for too long.

Even this modest goal is in doubt. Al-Maliki is left with oil exports from the south only, the disruption of which is highly possible any time now.

Worries that fighting would spread to the southern city of Basra or Baghdad have already sent oil prices to nine-month high on Thursday.

Legalizing the de-nationalization of Iraqi hydrocarbon industry has thus become more elusive than it has ever been since 2003.

On June 1 forty two years ago the process of the nationalization of the hydrocarbon industry kicked off in Iraq. Now Iraq is an open field for looting its only strategic asset.

On April 15 last year the CNN, reviewing "The Iraq war, 10 years on," reported: "Yes, the Iraq War was a war for oil, and it was a war with winners: Big Oil."

"Before the 2003 invasion, Iraq's domestic oil industry was fully nationalized and closed to Western oil companies. A decade of war later, it is largely privatized and utterly dominated by foreign firms," the CNN report concluded, indicating that, "From ExxonMobil and Chevron to BP and Shell, the West's largest oil companies have set up shop in Iraq. So have a slew of American oil service companies, including Halliburton, the Texas-based firm Dick Cheney ran before becoming George W. Bush's running mate in 2000.

The international rush for the Iraqi "black gold" by trans-national oil and gas corporations is at its height with no national law or competent central authority to regulate it.

Iraq's "oil industry" now "operates, gold rush–style, in an almost complete absence of oversight or regulation," Greg Muttitt wrote in The Nation on August 23, 2012.

Nothing changed since except that the "rush" was accelerating and the de-nationalization process was taking roots, squandering the bloody sacrifices of the Iraqis over eighty two years to uproot the foreign hold on their major strategic asset. The ongoing fighting is threatening to cut this process short.

Tip of iceberg

Kurdistan Regional Government (KRG) in Iraq has been awarding hydrocarbon contracts to foreign firms independently without reference to the central government in Baghdad.

Since early 2014, it has been pumping crude to Turkey via its own independent pipeline built last December. On this June 4, Turkey and the KRG announced the signing of a 50-year deal to export Iraqi oil from Kurdistan via Turkey.

Hussein al-Shahristani, Iraq's deputy prime minister, threatened legal action against firms that purchased "smuggled oil" via the Turkish-KRG arrangements; he accused Turkey of "greed" and trying "to lay (its) hands on cheap Iraqi oil.

Baghdad filed for arbitration against Turkey's state-owned pipeline operator BOTAS with the International Court of Arbitration of the International Chamber of Commerce in Paris.

Baghdad says those Turkish-KRG arrangements are illegal and unconstitutional, but its own contract awarding is also unlawful. Should a change of guard occur in Baghdad, al-Maliki and his government would be held accountable and probably prosecuted.

The dispute between Baghdad on the one hand and Turkey and the KRG on the other is only the surfacing tip of the iceberg of the "gold rush–style" looting of Iraq's national wealth.

One of the main priorities of al-Maliki all along has been to legalize the de-nationalization and privatization process.

Muttitt, author of *Fuel on the Fire: Oil and Politics in Occupied Iraq*, wrote a few months before al-Maliki assumed his first premiership that American and British governments made sure the candidates for prime minister knew what their first priority had to be: To pass a law legalizing the return of the foreign multinationals. This would be the vital biggest prize of the U.S. 2003 invasion.

Al-Maliki is the right man to secure a pro-privatization government in Baghdad. Thomas L. Friedman described him in the New York Times on this June 4 as "our guy," "an American-installed autocrat" and a "big gift" the U.S. occupation "left behind in Iraq."

Various drafts of hydrocarbon privatization laws failed to gain consensus among the proxy sectarian parties to the U.S.-engineered "political process" and the "federal" entities of Iraq's U.S.-drafted constitution.

Al-Maliki's government endorsed the first draft of a privatization law in February 2007 and on August 28, 2011 endorsed an amended draft which the parliament has yet to adopt.

Iraqi trade unions, amid popular protests, opposed and fought the privatization draft laws. Their offices were raided, computers confiscated, equipment smashed and their leaders arrested and prosecuted. Nonetheless, the parliament could not pass the law.

Al-Maliki government began awarding contracts to international oil and gas giants without a law in place. They are illegal contracts, but valid as long as there is a pro-privatization government in Baghdad.

U.S. Executive Order 13303

Former British and U.S. leaders of the invasion of Iraq, Tony Blair and George Bush junior, were on record to deny that the invasion had anything to do with oil, but the U.S. President Barak Obama has just refuted their claim.

On last May 16, Obama signed an Executive Order to extend the national emergency with respect to Iraq for one year. His predecessor Bush signed this "order" for the first time on May 22, 2003 "to deal with the … threat to the national security and foreign policy of the United States posed by obstacles to the continued reconstruction of Iraq."

Details of Bush's Executive Order (EO) No. 13303 are still kept out of media spotlight. It declared that future legal claims on Iraq's oil wealth constitute "an unusual and extraordinary threat to the national security and foreign policy of the United States."

Section 1(b) eliminates all judicial process for "all Iraqi petroleum and petroleum products, and interests therein, and proceeds, obligations or any financial instruments of any nature whatsoever arising from or related to the sale or marketing thereof, and interests therein, in which any foreign country or a national thereof has any interest, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons."

EO 13303 was rubber-stamped by the UN Security Council Resolution No. 1483, which protected the U.S.-controlled governmental institutions in Iraq.

Muttitt wrote in August 2012:

"In 2011, after nearly nine years of war and occupation, U.S. troops finally left Iraq. In their place, Big Oil is now present in force."

"Big Oil" is now the only guarantor of the survival of the U.S. proxy government in Baghdad, but the survival of "Big Oil" itself is now threatened by the escalating and rapidly expanding armed opposition.

Obama said the "threats" and "obstacles" to U.S, interests in Iraq have not changed eleven years after the invasion; Iraq has not enacted yet a hydrocarbon law to legalize the privatization of its oil and gas industry.

The developments of the last week in Iraq vindicate Obama's renewal of EO 13303. The U.S. war on Iraq is not over and it is not won yet. Hence Obama's recent extension of the national emergency with respect to Iraq for one year.

Since Great Britain granted Iraq its restricted independence in 1932, the nationalization of Iraqi oil wealth was the national and popular battle cry for complete sovereignty. It is now the battle cry of the armed opposition.

Iraq has been targeted by western powers since the "republic" under the late Abd al-Karim Qasim enacted law No. 80 of 1961, which deprived foreign companies of the right to explore in 99.5% of the Iraqi territory, but mainly since the Baath regime led by the late Saddam Hussein decided to nationalize the hydrocarbon industry on June 1, 1972.

*Articles by:* Nicola Nasser