



# CONTRADICTION POLITICS OF KRG & NEW ASSUMED ENERGY CORRIDOR THROUGH IRAN

by Oğuzhan Akyener

الله أكبر

“Turkey has tried to improve social, cultural and economic relations with the regional government of Northern Iraq (KRG), sometimes by having the risk of disrupting the relations with the Central Iraqi Government (CIG).”

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## INTRODUCTION

In addition to its estimated 40 billion bbl oil and 8 tcm gas reserves (according to OPEC reports), Northern Iraq is one of the most strategic areas for Turkey by considering the historical, ethnical, commercial, security and other political issues. Due to this importance, in the last decade, Turkey has tried to improve social, cultural and economic relations with the regional government of Northern Iraq (KRG), sometimes by having the risk of disrupting the relations with the Central Iraqi Government (CIG). As a result of this strategy, Turkey let KRG to export around 500 mb/d oil from Turkish Ceyhan port, which is the vital step for KRG’s presence.

However, the region, being also strategic for other actors, increases the complexity of the relations. That’s why KRG’s ruling party KDP has been slogging on taking the steady and stable political steps and having contra-

dictory discourses and decisions between her relations with Turkey – Iran – Central Iraq Government (CIG) and USA.

In this article, after giving brief information about the geostrategic position of Northern Iraq (to be able understand why and for whom the region is important), key local and international actors having influence in the region will be tried to be identified. After having basically clarified the key actors’ main expectations in the region, some political contradictions of KRG in her relations with those key actors will be analyzed. Moreover, Northern Iraq to Iran oil pipeline (which is assumed as the new energy corridor through Iran) as one of the actual contradictions will be evaluated.

## GEOSTRATEGIC POSITION OF NORTHERN IRAQ

To understand why Northern Iraq is impor-



Map 1: Kurdish areas of Northern Iraq. (Source: <http://www.lib.utexas.edu/maps/iraq.html>).



tant for her neighbors and other key actors in the region, geostrategic position will shortly have to be analyzed. In the concept of geostrategic position; geographical, ethnical, religion, energy and political sights with the following items will be analyzed over the maps given below.

## FROM THE GEOGRAPHICAL SIGHT

- As can be observed from Map 1; Northern Iraq is located in the middle triangle of Turkey, Iran and Iraq.
- Iran does not need Northern Iraq as a link to the other neighbors, however from the sight of Turkey and Iraq, the bridge can only be connected through the boundaries of Northern Iraq.
- That's why, Northern Iraq is more important for Turkey, and Central Iraq's relationship by considering the Iran's.

## FROM THE ETHNICAL SIGHT

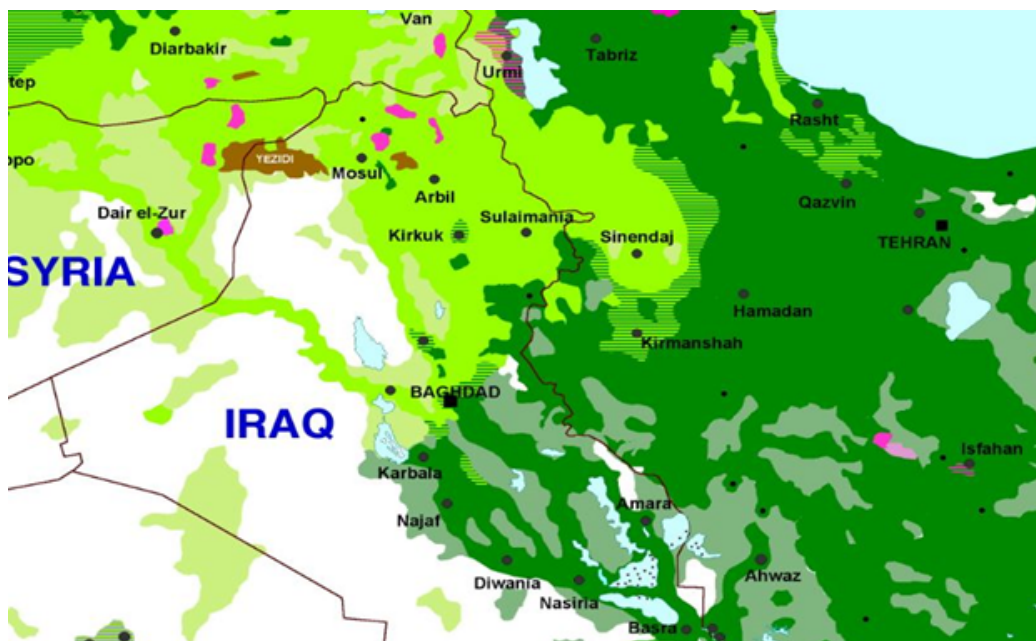
- Ethnicity is one of the most strategic

item for the region. Hence, as can be observed from the Map 3; both Turkey and Iran have Kurdish population linked to the Kurds in Northern Iraq.

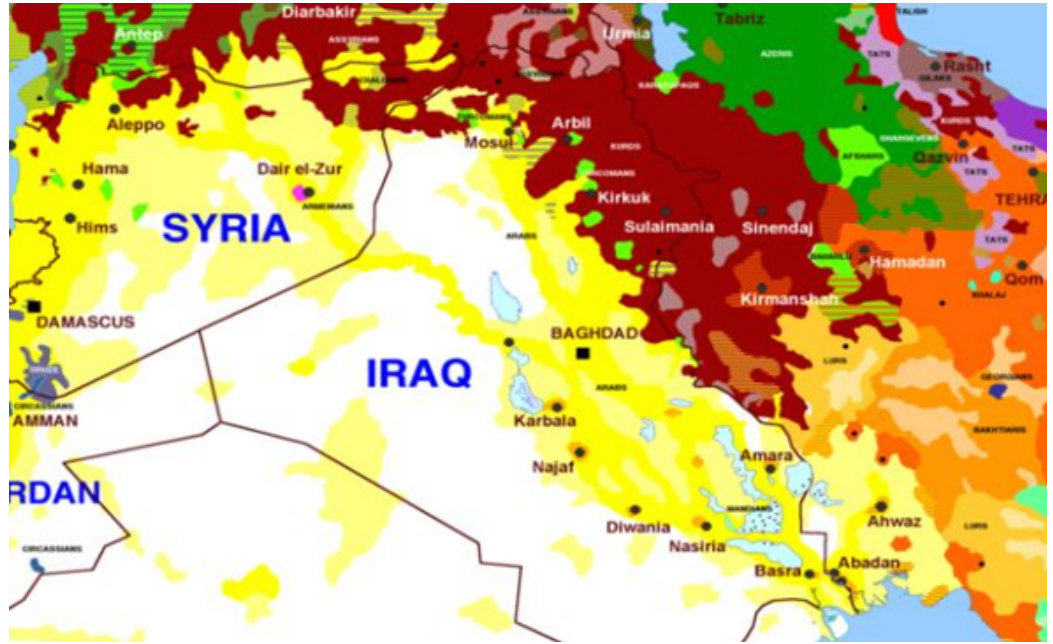
- This means that there is always a risk for Iran and Turkey to lose their populations as a result of Kurdish nationalism as if an independent Kurdish government founded in Northern Iraq. So, both Turkey and Iran (naturally Central Iraq Government) will never agree on allowing such attempts.
- There are also some Turkish (green color on the map) and Arabic (yellow color on the map) societies in the region. Those have lost their influences and populous after the USA's ethical engineering design studies in the region.
- In addition to above neighbors, there is also a Kurdish population in Northern Syria. The war continuing has changed all the balances in favor of the Kurdish society. Because, the USA's support for Kurds in the region against the Daesh attacks, make Kurds to extend their acting boundaries. Which can be an expressed

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“Kurdish nationalism as if an independent Kurdish government founded in Northern Iraq, both Turkey and Iran (naturally Central Iraq Government) will never agree on allowing such attempts.”



Map 2: Religion Distribution of the Region. Dark green refers to Shia, light green to Sunni and pink to Christian societies. (Source: <https://thegulfblog.com/tag/sunni-shia-middle-east-map/>).



Map 3: Ethnicity Map of Iraq. (Note: Yellow means Arabs, whereas dark red shows Kurds). (Source: <http://www.islamianaliz.com/ortadogu/>).

“Iran has a strong influence on the Shia societies and as a result on the CIG because it constitutes of Shia majority.”

“Energy is main answer to the question: “Why USA is in the region?” Hence the region has as estimated 40 billion bbl oil and 8 tcm gas reserves (according to OPEC reports).”

action taken in the content of the “Kurdish Corridor to the Mediterranean” idea (to which Turkey is strictly against).

### FROM THE RELIGION SIGHT

- Religion is another key element having to be studied in the region. Hence, Iran has a strong influence on the Shia societies and as a result on the CIG because it constitutes of Shia majority.
- As it can be understood from the map, nearly all the Kurdish society in Northern Iraq, Turkey and Iran are Sunni. However, Turkey does not have such influence on the Sunni society in Northern Iraq, as Iran has on Shias in CIG.
- Conversely, Turkish population in Northern Iraq are Shias. However, they are affiliated more to Turkey despite the Shia Iran’s influencing attempts.
- As can be analyzed from the above explanations, ethnicity is more effective element in the region by comparing to that of the religion.

### FROM THE ENERGY SIGHT

- Energy is main answer to the question: “Why USA is in the region?” Hence the region has as estimated 40 billion bbl oil and 8 tcm gas reserves (according to OPEC reports). And it has better potential to produce more in the future.
- In addition, the energy flow in the region has also direct effects on Turkey, CIG and Iran.
- Hence the USA’s gap in the region will naturally be filled with other players, which is why it is a necessity for USA to continue to push her limits to control Northern Iraq to be able to survive in the region.
- Oil exports from Ceyhan port of Turkey is the only revenue item for KRG to survive, which gives them a good opportunity to only deal with Turkey comparing to how many countries/actors it has to obey if it tried to use other export routes.
- Current daily production is around 570 mbbbl and this value is planned to be increased up to 1 mmbbl/d levels in 2020’s. However, with the current oil prices and the political and security risks in the region, this plan seems unachievable. For



gas, the expectations are to reach 15 bcma levels in 2020's, which also seems difficult to accomplish.

- Energy is the main economy driving item in KRG, current low oil prices caused the unrest in the country and directly affected the political balances.

## FROM THE POLITICAL SIGHT

- In KRG, there are 3 main political parties, which are KDP, PUK and Gorran Movement (GM).
- KDP currently holds the management of KRG. KDP's main supporters are Turkey, USA and Israel.
- PUK and GM has assigned an agreement to make a collaboration in May 2016. And both parties are mainly supported by Iran.
- The influence of PUK and GM is increasing in KRG and this situates an unpredictable environment in the region.
- CIG has many uncompromised problems with KRG and tries to connect KRG to the CIG as oppose to becoming an independent country.
- Turkey and Iran are trying to follow careful steps in their political relations with KRG. Both do not want KRG to be independent (as CIG) and both are trying to be active in the region. On the other hand each of them are trying to prevent the other from getting the full control of KRG. Moreover, both are trying to balance their relations with CIG due to their policies on KRG.
- In addition, terrorist organizations such as PKK and PJAK have their main bases in the region. This issue alerts both Turkey and Iran to actively ensure their politics for security.

## KEY ACTORS IN KRG

After giving brief information about the geostrategic properties of Northern Iraq, some

key items giving clues about the key actors in the region will be described below.

## DOMESTIC ACTORS

Domestic actors in Northern Iraq can be accepted as the main political parties in KRG, which are Kurdistan Democratic Party (KDP), Patriotic Union of Kurdistan (PUK) and Gorran Movement (GM). In addition to these 3 parties, there are also 3 Islamic parties which are not effective due to being separated from each other. Moreover, the Turks in Northern Iraq is represented by 5, Christians by 5 and Armenians by 1 members in the Parliament. The key properties of 3 main parties will be tried to be described below.

### KDP:

- The ruling party in KRG. (With president Barzani).
- Ascendant in the Erbil, Dohuk and Sulaymaniyah Cities of Northern Iraq.
- Has apparent support of Turkey and USA.
- Has good relations with the official Kurdish Political Party in Iran.

### PUK:

- Second effective party in KRG. (With president Talabani).
- Ascendant in the Sulaymaniyah.
- Currently with some ministries, is a part of the cabinet.
- On May 2017 had a cooperation agreement with Gorran Movement against KDP and the presidency of Barzani.
- Has apparent support of Iran & UK.
- Has good relations with PKK.

### GORRAN MOVEMENT:

“KDP currently holds the management of KRG. KDP's main supporters are Turkey, USA and Israel.”

“PUK and GM has assigned an agreement to make a collaboration in May 2016. And both parties are mainly supported by Iran.”

“KDP is the ruling party in KRG. (With president Barzani).”

“PUK is the second effective party in KRG. (With president Talabani).”



“TURKEY is against an independent Kurdistan, has good relationships with KRG and mostly with current ruling party KDP.”

“KRG’s oil to be exported via Ceyhan port has annual trade capacity of around 9 billion \$.”

“IRAN is strictly against an independent Kurdistan, has good relationships with PUK and Gorran Movement.”

“Iran has good relationships with and influence on the CIG, has annual trade capacity of around 6 billion \$ with CIG.”

- Founded by a group divorcing from PUK. (with president Novşirvan Mustafa)
- Initially claimed to be in the side of the civil populace and stop all the malpractices.
- Then made a cooperation with KDP and became a part of the cabinet.
- Due to conflicts with KDP and losing the voters support, left her floor to PUK.
- On May 2017 had a cooperation agreement with PUK against KDP and the presidency of Barzani.
- Has apparent support of Iran & UK.
- Has good relations with PKK.
- Permission for KRG’s oil to be exported via Ceyhan port, which means the permission for KRG to stand on her own legs. In addition, this means an open gate for the future possibilities of independent Kurdistan, and also a safe gate for possible clashes the central Iraqi government. However, Turkey seems to keep the upper hand as:
  - This oil trade continues pumping the heart of the KRG to the independency but the pump is in her hands.
  - If Turkey stops the trade, Iran is ready to fill the gap.
  - Officially, as a CIG dependent regional government, KRG has to be supported to survive since Turkey does not have direct influence in CIG.
  - In good relations with KRG, Turkey can make cooperation in:
    - Anti-terrorism activities (against PKK).
    - More trade and commercial activities (there are lots of Turkish service and construction companies working in Northern Iraq).
    - Increase effective boundaries in the region.
    - Find a better chance to support the Turkmen society in the region.

## INTERNATIONAL ACTORS (LONG TERM PROJECTS)

After shortly describing the local actors in the game, in this part, main items for the international key actors and their national security policies regarding the region will be identified in general.

### CENTRAL IRAQ:

- Strictly against an independent Kurdistan.
- Good relationships with Iran and high Shia influence in the government authorities.
- Existing conflicts with KRG about the share of oil revenues and KRG’s exports from Ceyhan.

### TURKEY:

- Against an independent Kurdistan.
- Good relationships with KRG and mostly with current ruling party KDP.
- Annually has a trade capacity of around 9 billion \$.

### IRAN:

- Strictly against an independent Kurdistan.
- Good relationships with PUK and Gorran Movement.
- Gives some declarations about warning KDP to support PJAK.
- Good relationships with and influence on the CIG.
- Annually has a trade capacity of around 6 billion \$ with.



- Unrest about the Turkish influence in the region.
- Trying to use Shia influence to be able to have more control in Iraq and the Middle East.
- Will be more effective in the region after the disposal of the sanctions.

### ISRAEL:

- According to her national security policies; needs a divided, weak, conflicted and disordered Middle East (and naturally Iraq) in order to
  - Be able survive with her small population.
  - Be able to have to find higher market capacity for her arms production.
  - Not to be faced with an Arab or Muslim unity against Zionist policies.
- Encourages the ethnical, religion and political conflicts for her strategy in the region.

### USA:

- Supports Israel's security policies.
- Officially supports the unity of Iraq but in reality, the perception of its politics is different. However, after the increasing Shia influence of Iran on CIG, it has changed to support the unity of Iraq not to let the whole Iraq to be under Shia management.
- After the Iraq invasion, left the CIG in the hands of (her enemy) Iran.
- Let Iran to extend her acting borders up to Syria – Iraq - Yemen – Bahrain and with a stronger Iran (Which also makes the experts think as US wants to encourage a Sunni – Shia war in the region).
- Seems supportive for both KDP and PUK.
- By supporting PYD in Syria and making

also KDP to support it, reveals the ongoing steps to set a Kurdish corridor in the Northern Syria.

## POLITICAL CONTRADICTIONS & ANALYSIS

As can be understood from the chapters above, due to the strong key actors and policy makers, the balances are not easy to estimate in Northern Iraq. Her strong and influential neighbors: Turkey and Iran, her official authority: Central Iraq Government, Israel and USA's policies and the strengthening opponents of the ruling party puts KRG into a difficult and complex situation.

All political steps can easily be hindered by a key actor in the region. And this makes KDP to fall into unavoidable contradictions in her decisions and international relations.

In addition, with the new cooperation agreement between PUK and Gorran Movement, there is a higher risk for Barzani to secure his position and to keep his influence in the governmental structure. While adding the low oil prices, Daesh threat, increasing nationalism and the July 15 coup - terrorism in Turkey places KDP in a worsening situation.

This unpleasant worsening situation and increasing contradictions can easily be observed in the declarations of the KRG's officials. For example, 18 days after the terrorist coup in Turkey, Education Ministry of KRG stated that she will not close the FETO (Fetullahist Terrorist Group) schools. However, 5 days after that statement, again, declared that she will capture all FETO schools before the Turkey's official request. This sample case also gives lots of clues about the situation of KDP, KRG and the region.

In addition, Northern Iraq to Iran oil pipeline project, which is expressed as the "Eastern Kurdish Corridor" is another unsolved and contradictory issue that has to be exam-

"After the increasing Shia influence from Iran on CIG, it has changed its outlook supporting the unity of Iraq, which will put the whole Iraq under Shia management."

"USA reveals the ongoing steps to set a Kurdish corridor in the Northern Syria by supporting PYD in Syria and making also KDP to support it."

"All political steps can easily be hindered by a key actor in the region. And this makes KDP to fall into unavoidable contradictions in her decisions and international relations."



“Iran and KRG have agreed on basics to construct an oil export pipeline with a capacity of 250 mbld from Koysinjag to Kermanshah City of Iran; however, up to date, an agreement except the technical parameters of the pipeline could not be achieved.”

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ined. Hence, current situation shows that due to influence of Iran; PUK and Gorran Movement and naturally Iran directly supports the project. Due to her Turkish relations, KDP has a weaker support. CIG seems not being opposed to the project. USA and Israel's attitudes are not clear yet. So, being interested by nearly all the actors and potential to have long term effects on the regional policies, the project has to be technically and commercially analyzed as an addition to the politics.

## NEW KURDISH ENERGY CORRIDOR: IRAN?

Assumed new Kurdish Energy Corridor through Iran, with another name Northern Iraq to Iran oil pipeline will be evaluated from the historical, technical, economical, market, resource and political sights below.

## HISTORY

Iran and KRG have agreed on basics to construct an oil export pipeline with a capacity of 250 mbld from Koysinjag to Kermanshah City of Iran. The export volume will be transmitted through Iranian existing pipeline system or utilized in the northern refineries. The idea of such a project had been initiated in 2014, during the political crisis between KRG and CIG about the conflicts on utilization of the Ceyhan pipeline. In addition, there is also a continuing oil trade from KRG to Iranian refineries by trucks.

After 2014, some meetings are followed to agree on the political - technical and commercial aspects of the pipeline project; however, up to date, an agreement except the technical parameters of the pipeline could not be achieved. While checking the main reasons for constructing such a pipeline:

- From the sight of KRG:
  - PKK attacks to current Iraq – Ceyhan Pipeline and unpleasant loss in export

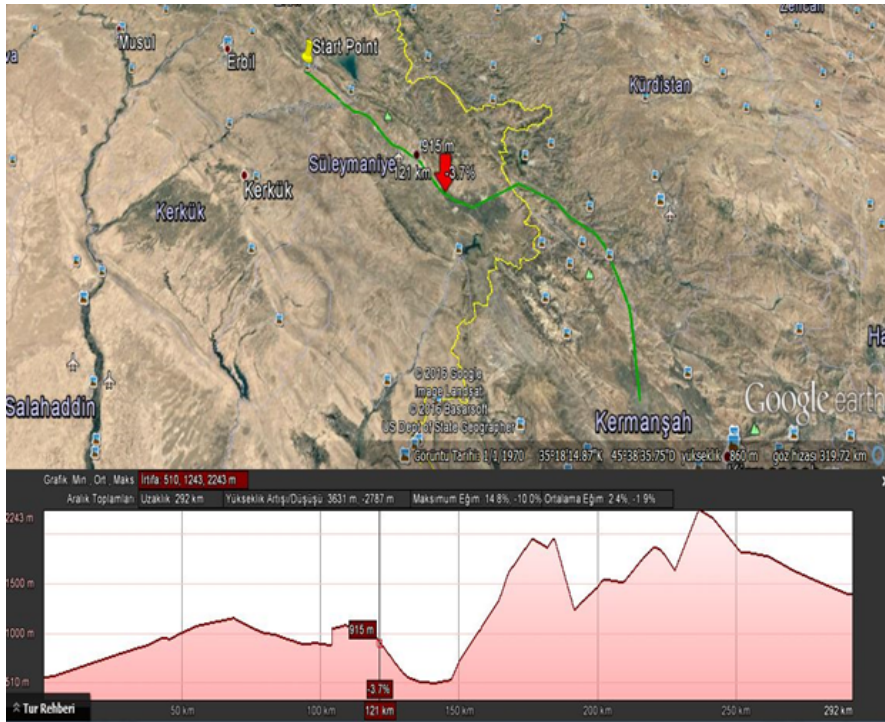
volumes (during these low oil prices).

- Disposal of the Iranian sanctions might relate to a more powerful Iran in the region. Politically and commercially this situation has to be rejoiced in.
- Importance of having an alternate root for sustainability of oil exports.
- Iranian influence and Iran's promises on:
  - The electricity supply to Sulaimania
  - More commercial activities
  - Financial support to KRG.
- PUK and Gorran Movement's affect.
- From the sight of Iran:
  - To increase her role on being a greater energy hub in the region.
  - To have more influence on the region.
  - To weaken the Turkish influence.

## TECHNICALITIES

From the technical sight, most probable root (by considering the river crossings and the elevations) from Koysinjag to Kermanshah City of Iran is marked and shown on Map 4 below (by using google earth). As shown from the map and elevation graph, in Koysinjag and in around the 130th km of the pipeline (before the border) 2 pumping stations are demanded. For 250 mmbld capacity, 48” pipeline diameter is selected and around 10 river crossings are assumed to be encountered.

As shown from the elevation graph, after the 150th km of the pipeline, due to the mountains, construction problems are expected to be faced with. However, there is no technical limitation for such a project to be completed.



Map 4: Northern Iraq to Iran Pipeline.

## ECONOMICS

According to the assumed technical properties above, such 292 km – 48” pipeline around 3,5 billion \$ capex is calculated after benchmarking the due projects in the region.

However, due to the current conditions, KRG does not have enough finance to construct such project. By generally assuming KRG is going to handle to costs up to the border, again minimum 1,7 billion \$ is a big investment for KRG (While she is suffering to pay her officers’ salaries).

May be Iran can handle all the costs and apply a tariff to KRG exports. However, this choice can also take some years to decide and prepare for Iran.

As a result, from the finance sight there seems a high risk for the pipeline project to be constructed.

## RESOURCES

From the resources sight, currently Kirkuk to Ceyhan pipeline handles the export volumes of KRG. Only for unexpected situations such as the attacks and hot taps, the flow will be interrupted for some period and this will make KRG to need a spare transport capacity to reach a market. However, by calculating the economics of loosed sales volume capacity in those situations and comparing to the cost of a new pipeline to Iran, then being currently not having a necessity for such an investment will be observed.

However, in the midterm, if the investment environment will be better and oil prices go up to 80 \$/bbl levels again, export potential of KRG is expected to be around 1000 mbld and such an investment will be salvaged.

So, from the resource sight, current conditions marks such investment as unnecessary but it can be evaluated again in the future depending on the changes in economic conditions.

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## POLITICS

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From the politics sight, Turkey’s position is unclear for such a pipeline project. Some agencies claim that CIG is not against, however, this does not mean she is supporting.

Mainly Turkey’s and CIG’s positioning will determine the political risks of the project. Hence, from the sight of Iran, Islamic Republic does not want to make a conflict with CIG. And Turkey always has the power in her hands to cut the current oil export flow, which is the financing and survival issue for KRG.

That’s why, there is currently unsolved political risks for the future of the project.

## MARKET

Hence the volume is not so high and it may be more economic for Iran to transport her existing production from the southern regions to the northern refineries, there will be no market obstacle.

## RESULTS

As a result, by summarizing the analysis above;

- From the technical and market sights, there are no risks for the project. However, finance and politics will be the main milestones that cannot be achieved easily.
- Project will not be an easy going project. Steps taken seem to have more time to continue.
- PJAK and other terrorist activities in Iran will continue to break the ongoing relations with KDP and Iran and this will affect the project.
- Capacity of the pipeline seems as the spare route for KRG’s oil export. (Hence,

also current real capacity of the Kirkuk – Ceyhan Pipeline is around 600 mbbld, with the revising of the pump stations, this capacity can be increased up to 1200 mbbld). Not as the alternate to current export route, which may cause Turkey to take it as an attempt to find an alternative to Kirkuk - Ceyhan. But also there is no reason for Turkey to give a political permit for such project except getting some other gainings. Hence, Turkey already has shown his good face to KRG by shouldering all the risks even if it may disrupt her relations with CIG by allowing current export flow.

- CIG also seems as not negative to the project, would not politically support such project which will be another step for her dependent region to independency. However, by officially being a partner to the project, Iran’s insistence, having a free transportation capacity or other gainings may change her situation.
- In order to handle the economic risks and finance the project, Iran may wait for the nearest elections and take slow actions. With an ally of the ruling party in KRG, she may be able to make further effective plans and get more risks.

## CONCLUSION

Northern Iraq is one of the most important regions for her neighbors and key players in the region. In addition to energy resources, ethnical and religious structures are also key elements for some security issues. That’s why, inside the region; the political parties and outside the region; key actors are willing to make all the efforts to struggle at each different and difficult situation.

Turkey, initially due to her historical background and her cognates in the region, ethnically has all the rights to influence in Northern Iraq than any other players. In addition, with her developing economy, geostrategic position and current balances show that as of

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today and also in the future, Turkey will be one of the rulers or main actors in the region.

From this sight of view, with the current risks on hand, Northern Iraq to Iran oil pipeline does not seem to be brought to life in the near term. However, if the variables such as the commercial and political obstacles, oil prices and investment environment change the equation, all might well be different.

As an additional item, as some experts suggest: "Construction of a gas pipeline from Northern Iraq to Iran" will not seem to be possible not only in the near term but also in the midterm. Hence, while there is a huge gas demand in Iraq and Northern Iraq markets, while there is an extreme lack of electricity generation in the region and the fastest solution is gas plants, while nearest market, Turkey may be a more economic option, none of the producers will be tending towards selling their gas to Iran.

As a result, it is neither easy to have politically stable actions in Northern Iraq nor to apply strategic projects (such as N. Iraq – Iran pipeline, which also cannot be accepted as a Kurdish energy corridor) with any assumptions that leaves Turkey to stay out of the equation.

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