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Turkey releases Kurdish oil

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On 21 May, in the Turkish port of Ceyhan, there was the first ever sale of oil from the fields of the Kurdistan Region, a federal entity of Iraq with broad autonomy, with its capital in Erbil (KR). The transaction took place on the spot market. The KR sold one million barrels to unspecified EU clients; the revenue was deposited in the Turkish state bank and is to be distributed between Erbil and Baghdad, according to the proportions set forth in the constitution of Iraq. The oil was delivered by a pipeline which was built at the initiative of Erbil and Ankara, and was put into operation last December. Since that time, the oil (totalling approximately 2.5 million barrels) has been sent to Turkey and stored in the Mediterranean port of Ceyhan. Until last week, Erbil and Ankara waited with the sale of crude oil until an agreement could be reached with Baghdad, which has been opposed to the Kurdistan Region exporting its oil independently, even if the revenue from the exports would be shared with Baghdad, because this would deprive the central government of Iraq of its monopoly on the trade in hydrocarbons. In the end, the transaction was carried out without the consent of Baghdad, which responded by summoning Turkey and the Turkish pipeline operator Botas to arbitration for breach of the Turkish-Iraqi agreement on pipelines (the new pipeline connects on Turkish territory with the Kirkuk-Ceyhan oil pipeline, via which Baghdad had previously exported oil). Erbil and Ankara have declared their willingness to continue the exports, and have expressed the hope that an agreement with Baghdad can be reached.

Commentary

- For Turkey, the start of Kurdish oil transit is mainly of political significance. Unlocking the potential of the northern Iraqi deposits will strengthen Turkey's position as an essential part of the Kurdistan Region's economy, its 'window on the world'. This will lead to Erbil becoming even more economically and politically dependent on Ankara, especially considering the crisis in Erbil's relations with Baghdad. Turkey's participation in the export of Kurdish oil will complicate its relations with the central government of Iraq, and increase the degree of Ankara's entanglement in disputes between Erbil and Baghdad, but will also serve as an instrument of influence on their relations, including in the ongoing work on establishing the Iraqi government.
- In economic terms, the start of oil transit from the Kurdistan Region is another step in Turkey's efforts to obtain access to new sources of energy and obtain the status of a regional energy hub. Turkey sees the resources of northern Iraq as offering great prospects. The presence in Iraqi Kurdistan of about 45 billion barrels of oil has been

confirmed. In addition, estimates indicate that the northern Iraqi deposits contain between 3 and 6 trillion m³ of gas which are still unexploited. In the next few years Turkey will probably try to gain access to these deposits.

- Turkey's move can also be seen as an element of regional rivalry for influence in the Middle East. From Ankara's point of view, a stronger position in Iraqi Kurdistan should provide a partial barrier to the regional expansion of Iran (which is most visible in Syria and Lebanon, but also has a clear influence on the politics of Baghdad), and also weaken the regional position of the PKK-affiliated Kurdish population, against whom the KR government acts as a counterbalance.