

Proposals to Solve The Oil Dispute between the Iraqi Federal Government and Iraqi Kurdistan Regional Government (KRG).

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The oil dispute between the Iraqi Federal Government and the Government of the region of Iraqi Kurdistan has been going on for many years. Each of them interprets the Iraqi constitution in a way that suits its action in dealing with the development of the oil industry resources within its respective territory.

The Federal Government considers the oil contracts signed between the KRG (Kurdistan Regional Government) and international oil companies working in Kurdistan illegal on the ground that the Iraqi constitution stipulates that Iraq oil belongs to all Iraqis and hence its development is the sole responsibility of the Federal Government.

KRG, on the other hand, states that the Iraqi constitution stipulates that Regional Governments in Iraq have the right to explore and develop new oil fields, and thus are entitled to sign oil agreements with international oil companies for this purpose.

The aim of this study is to find a mechanism by which this dispute can be solved for the benefit of both sides and the whole of Iraq.

This mechanism can be created by establishing a Committee comprising, in addition to the representatives of both sides, the followings:

1. The Iraqi Minister of Oil and the KRG Minister of Natural Resources.
2. Oil officials and experts from both sides.
3. Iraqi Legal experts from both sides.
4. Representative of the Oil & Gas Committee in the Iraqi Parliament.
5. Representatives of the United Nations in Iraq.

6. An independent international oil consulting company to be agreed upon by both sides' representatives. Failing this agreement, each side can nominate its own consulting company.

Apart from the oil officials, the other members of the committee will mediate between the two sides to find common grounds for them and help them reach agreements. The international consulting company or companies on the other hand must prepare recommendations based on the analysis and comparison of the oil contracts signed by both sides. Such comparison must involve oil fields i.e. the newly explored, which are the only kind signed by the KRG and the oil companies working in Kurdistan and similar ones signed by the Federal Government. This comparison must reveal the benefits of these contracts to Iraq based on cost-benefit analysis. Consequently the consulting company or companies must offer a unified oil contract for both sides which maximizes Iraqi interests and can be used for all oil contracts in Iraq taking into consideration the characteristics of each oil field, location, etc.

Another task of the consulting company or companies would be to find ways and means to modify existing oil contracts to comply with the proposed unified one. This can be done through discussions involving both sides plus the international oil companies concerned. Such discussions would aim to maximize Iraqi benefits and find a fair reward to the international oil companies which signed oil contracts with both sides.

The prime aim for both sides must be the establishment of a unified oil policy based on consultation between the Federal Government and the Regional ones.

If technical issues are agreed upon by both parties, this will certainly help them reach political agreements on Iraqi oil matters and help the Iraqi Parliament to pass the necessary laws that regulate issues related to the development of the Iraqi oil industry in the whole of Iraq.