Britain: BP and Shell demand a share of the spoils of war

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British oil giants, BP and Shell, have admitted they hope to gain a commercial foothold in postwar Iraq. The country has the world's second largest oil reserves in the world and, with just 15 of its 70 proven fields developed, a highly profitable scope for expansion.

The *Financial Times* reported last week that the two companies had held talks with Downing Street and Whitehall officials "about the commercial benefits from developing the country's huge oilfields once Saddam Hussein is toppled". Shell is reported to have raised the issue during a meeting with Prime Minister Tony Blair's senior policy adviser, whilst BP has been pressing Whitehall to ensure that the UK do not lose out on potential contracts to the United States.

The newspaper's claims brought an angry rebuttal from the two companies, denying they had actively sought talks with the government on the issue. But their denials only confirmed that talks on oil exploration in Iraq post-Saddam Hussein had indeed taken place.

Shell said, "The subject has only come up in normal conversations." "The point that we have made is that if there's a war there should be a level playing field for oil companies so that everybody has got a fair opportunity," it continued.

A spokesperson for Shell added that, like all oil majors, the company "aspires to have commercial activities in the major resource holding countries of the Middle East.

"Shell believes that the management of the Iraqi energy industry and the involvement of foreign oil companies in the aftermath of any conflict would be a matter for whichever authority is in place," the group added.

BP also stressed that any mention of opportunities in Iraq had taken place "en passant". It added: "If the then government in Iraq wanted foreign investment we would like to be able to compete for new opportunities. In our informal meetings with government representatives we have made our position clear."

Blair has previously dismissed allegations that oil is a major factor in US/UK plans to attack Iraq as a fanciful "conspiracy theory". US Secretary of State Colin Powell has also denied that America intends to take over Iraqi oil wells following its overthrow of Saddam. Oil production would be held "in trust" for the Iraqi people, Powell has said.

However, the British oil companies have long expressed concern that they may lose out on extremely profitable exploration rights to US firms in the postwar carve-up of Iraq. Lord Browne, chief executive of British Petroleum, previously called on the Bush administration to ensure a "level playing field for the selection of oil companies" to go into Iraq following its takeover of the country. Shell and BP are said to be in favour of a so-called "production sharing contract", with oil split between Iraq and the international companies developing it.

The disclosure of talks between government officials and the oil companies by the *Financial Times* came as American construction giants began competing for a $900 million US government contract for the initial rebuilding of infrastructure that will be destroyed in a US-led war. The US Agency for International Development (USAID) has so far given out requests for proposals to just five companies, including Kellog Brown & Root, a subsidiary of Halliburton Co., where Vice President Richard Cheney was chief executive from 1995 to 2000.

Even before differences over a US-led war on the United Nations Security Council had emerged so openly, a report by Germany's Deutsche Bank had predicted that conflicting commercial interests between

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its members would divide the body.

Baghdad Bazaar: Big Oil in Iraq was published last October with little notice. Its existence was highlighted only recently by Friends of the Earth.

The document details the highly lucrative oil and gas reserves contained within Iraq, before getting to the bottom line—who gets what? Significantly, with regard to the sharp divisions between the US and Europe, it speculates that much will be determined by whether Iraq's future is resolved peacefully or not.

Should Hussein manage to satisfy the UN on its alleged weapons of mass destruction and remain in power, Russia, France and China—which have already made deals for exploration in the country—will be the winners, it states.

"On the other hand, if Saddam's government is replaced—as seems to be the priority for the Bush administration—and sanctions ease, then the corporate line-up in Iraq may well feature US and UK companies, particularly if there has been a US-driven war in the country."

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