

US tables a transparent plan for plundering Iraqi oil

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The US, with the support of Britain, has brazenly presented the UN Security Council with a draft resolution on Iraq that legitimises its illegal invasion of the country, sanctions an indefinite US-led military occupation and gives Washington unfettered power over Iraq's huge oil reserves.

Throughout the weeks and months leading up to the US attack on Iraq, White House officials repeatedly insisted that oil was not the motive for war. In March, US Secretary of State Colin Powell testified in Congress: "The oil of Iraq belongs to the people of Iraq. It's the source of revenue to run the country."

However, the draft resolution circulated to UN Security Council on Friday assigns all-encompassing political and economic powers, including effective control of the revenues from Iraq's oil exports, to the US and its military allies, which are simply designated "the Authority". The UN's role in supervising the Iraqi "oil-for-food" program will be ended, as will the existing international economic sanctions. No reference is made to so-called weapons of mass destruction or to UN weapons inspectors—the pretext for the sanctions and the war.

The US, as "the Authority", will decide all aspects of policy in Baghdad, including the establishment of "the Iraqi interim authority" and an "Iraqi Assistance Fund". Monies from the fund, which will include the revenue from "all export sales of petroleum, petroleum products and natural gas" will be "disbursed at the direction of the Authority, in consultation with the Iraqi interim authority"—that is, by the US, in conjunction with its hand-picked Iraqi flunkies.

If the resolution is passed, the UN's role will be reduced to a purely nominal one. A UN representative will sit on an international advisory board, along with those of the IMF and World Bank that will audit the Iraqi Assistance Fund. Likewise, the role of a special UN coordinator in Iraq will be limited to liaison between the US and various UN and other international agencies. In other words, various representatives and agencies, inside and outside Iraq, can "consult", "assist" and "coordinate"; but the draft resolution unambiguously assigns all real decision-making power to

Washington.

Moreover, the US will retain these powers indefinitely. According to the resolution, the Authority will exercise its responsibilities "for an initial period of 12 months ... to continue thereafter as necessary unless the Security Council decides otherwise." In other words, to end the US occupation of Iraq will require a new UN resolution, which the US could, of course, veto. The processes or timetable for the establishment and empowerment of an independent Iraqi government are all left to the discretion of Washington.

The Bush administration's proposal amounts to a return to the system of colonial rule in the 1920s and 1930s when the League of Nations handed out mandates to the victors of World War I to rule over the possessions of the defeated powers. In 1920, the League allocated Iraq to Britain, which converted the country into a monarchy and installed a pliable king. Britain withdrew in 1932 but continued to treat "independent" Iraq as a colony; retaining military bases, control of Iraqi foreign policy and, most importantly, its commercial interests in Iraqi oil.

If anything the draft US resolution to the UN would sanction a looting operation which is even more far-reaching than under the British empire. Into the "Iraqi Assistance Fund" will pour not only the proceeds from Iraqi oil exports, but also the billions of dollars held by the UN from its "oil-for-food" program, along with any Iraqi government funds or financial assets or those of Saddam Hussein and other senior officials currently held abroad.

To ensure that there will be no other claims on the money, the US has inserted a clause to render the monies in the Iraqi Assistance Fund immune from any legal action anywhere in the world "in relation of claims, of whatever kind and whenever accrued, against Iraq or any instrumentality or agents thereof". The Bush administration will be able to disburse billions of dollars in oil revenue and other financial assets free of any legal oversight or impediment.

As in previous UN resolutions, 5 percent of the money is set aside for a Compensation Fund, essentially war reparations, primarily to Kuwait, for damage suffered during

the 1990-91 Gulf War. The remaining 95 percent is ostensibly set aside for humanitarian needs, economic reconstruction, the costs of the Iraqi civilian administration and “for other purposes benefiting the people of Iraq.”

The vast bulk of the money is, however, going to find its way into the pockets of the major corporations, predominantly American, that are lining up for lucrative multi-million dollar reconstruction contracts in Iraq. One of the most high-profile examples has been contracts granted to a subsidiary of Halliburton Corp—the company headed by US Vice-President Richard Cheney from 1995 to 2000, who still receives a retainer of up to \$1 million annually.

The US Army Corps of Engineers recently revealed in a letter to Democrat Congressman Henry Waxman that the Halliburton subsidiary, Kellogg Brown & Root (KBR), had a no-bid contract not only to put out oilwell fires in Iraq but also included “operation of facilities and distribution of products” for the Iraqi oil industry. The contract, which has a huge ceiling of \$7 billion, will last until August when the company will have to bid against other competitors.

KBR has another separate logistics arrangement with the Pentagon, which also promises to pay big dividends. Under the December 2001 contract, the company is to provide, build and maintain US military bases and other facilities as required, and has already done so in Afghanistan and Djibouti.

In Iraq, KBR has been assigned to cater for the US military administration being established in Baghdad, known as the Office of Reconstruction and Humanitarian Assistance (OHCA). Originally estimated at \$70 million to provide for just 350 personnel, the costs are likely to balloon out to several hundred million dollars as the size of the OHCA staff has swollen to 1,000 and may reach 2,000.

While the KBR and the Pentagon insist that hiring Iraqis and buying local goods are a top priority, the vast bulk of the profits is going to KBR. Subcontracts have been let mainly in Kuwait and Saudi Arabia. According to KBR’s own estimates, of the tens of millions of dollars paid to the corporation only \$100,000 has flowed into the local Iraqi economy. Local wages paid to Iraqis are around \$2 a day.

The KBR contracts are just the tip of the iceberg. Once the UN resolution gives the green light for oil exports, the plundering can begin on a vast scale. And in the not too distant future, the sweeping plans for the privatisation of government enterprises, particularly the oil industry, will put major corporations in direct control of the most profitable sections of the Iraqi economy.

Despite its overtly colonial character, the draft resolution, which is jointly sponsored by the US, Britain and Spain, has met little opposition in the Security Council. Chile declared last Friday that it was “favourable” to the proposal; Angola

described it as “a good start”; Bulgaria endorsed the text and Mexico found “good elements” in the draft.

France and Russia have raised “questions” and “difficulties” but both countries have accepted the US occupation of Iraq as an accomplished fact and are seeking to accommodate to Washington. Their chief concern is to salvage, as far as possible, their economic interests in Iraq and the region. In the case of Russia, many of the contracts let under the UN’s oil-for-food program were to Russian companies.

As a small concession to Russia, France and others, the draft US resolution calls on the UN to continue to operate its “oil-for-food” account for a period of four months. Of the \$13 billion in the fund, some \$10 billion had been committed but not spent—some of which could be used to pay outstanding contracts. Whatever is left over, along with the \$3 billion that is not committed, will be transferred to Iraqi Assistance Funds and used for “reconstruction”.

France and Germany may attempt to hold out for a larger bribe and make attempts to retain a hold, however slight, over US operations in Iraq. But having established itself in Baghdad, the US is determined to call the tune. The draft US resolution is blunt and a menacing ultimatum to its rivals in Europe and Asia to rubberstamp its untrammelled rule in Iraq or face the consequences.



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