Japan stakes its claim to Iraqi oil and gas

Joe Lopez
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Japanese companies are involved in talks with senior officials of the Iraqi Oil Ministry to secure contracts over oil and gas fields in Iraq. The negotiations expose the Koizumi government's claim that it is only sending troops and financial aid to assist the US occupation to address the humanitarian needs of the Iraqi people. From the beginning, Tokyo has seen support for the US invasion as a means of re-establishing Japan's commercial and political presence in the oil-rich country.

According to a January 5 report by the Dow Jones Newswire, a Japanese consortium headed by Mitsubishi Corporation is seeking the rights to develop the one-billion-barrel Al Gharaf oilfield in southern Iraq.

Interest in the field dates back to the late 1980s, when Iraq was one of Japan's main suppliers of energy and Japan one of Iraq's largest trading partners. The 1991 Gulf War and the subsequent UN economic sanctions put an end to both the Al Gharaf deal, as well as Japan's trading relations with Iraq. The US-led occupation is now providing Japanese companies with opportunities to revive their influence.

Mitsubishi signed a contract last year for crude oil purchases from Iraq's State Oil Marketing Organisation, which is under US control. The Japanese company has begun importing up to 40,000 barrels of Basra Light Crude a day.

Alongside the potential contract for the southern oilfield, Japanese firms are also involved in discussions with US company KBR—the engineering and construction subsidiary of Halliburton—to develop the major Akkra gas fields in western Iraq.

The *Financial Times* reported on December 18 that a Japanese consortium, including Mitsubishi, Mitsui, Marabena, Itochu, Tomen, Chiyoda, JGC and Toyo, signed a memorandum of understanding with the Iraqi provisional government last July.

The newspaper noted: "A successful bid may encourage other Japanese companies to compete for contracts in Iraq and ease their concern that the prime deals are handed to US companies. It would be one of the first indications of Japanese companies seeing the commercial rewards of their government's backing for the war."

The Japanese government, in addition to its commitment to deploy troops, agreed last year with the Bush administration to provide up to $US5 billion in reconstruction and humanitarian aid to Iraq over four years. In December, Koizumi also made a pledge to James Baker, Bush's special envoy on Iraqi debt, to write off up to $7 billion owed to Japan by Iraq, with Japanese taxpayers footing the bill.

Japan had previously stated that it would not write off the debt on the grounds that Iraq would be in a position to repay it from future oil export revenues. The aid money and debt cancellation, however, has bolstered corporate Japan's position at the bargaining table as contracts over Iraq's resources are parceled out.

Some of the financing for the Al Gharaf and Akkra deals is even expected to come from the Japanese government's aid. An Iraqi oil ministry official told Dow Jones Newswire: "The Japanese government will pay for such investment, so why not encourage them to do so."

Koizumi's government has taken considerable political risks by backing the US in Iraq. In Japan, there is significant opposition to his decision to deploy nearly 1,000 Japanese Self Defense Forces (SDF) personnel to the southern Iraqi city of Samawah. By February, Japan will have the eighth largest military presence amongst the 38 countries which have committed forces to the occupation (See: "Koizumi sends Japanese troops to Iraq ").

A recent opinion poll conducted by Kyodo News indicated that more than 51 percent of people surveyed were against sending SDF troops to Iraq. It also revealed that 82 percent of people polled do not believe that Koizumi has given sufficient explanation for the troop deployment.

On January 17 *Asia Times Online* published comments from residents living in Asahikawa, the second largest city on the island of Hokkaido and a major SDF base. Up to 150 soldiers from Asahikawa will be sent to Iraq. One

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local resident, Izumi Karasawa, summed up a widespread sentiment in Japan when he asked: “Why are we sending troops to Iraq? Under the constitution, dispatching Japanese troops to a war zone is illegal. I feel angry about Koizumi violating the constitution.”

Koizumi has pushed ahead due to the strategic importance of the Middle East to Japanese capitalism. Japan currently imports over 83 percent of its oil from the Middle East, relying at present on the United Arab Emirates, Saudi Arabia and Iran for the bulk of its oil. Some analysts have predicted that Japanese dependence on Middle Eastern oil could soon reach 100 percent if it does not get access to new supplies in Russia or Central Asia.

Definite conclusions were drawn by sections of the Japanese ruling elite following the 1990-91 Gulf War. Japan did not play a military role in the first Iraq conflict due to constitutional and political constraints. The Japanese constitution, drawn up by the US after World War II, prohibits the use of armed force except in a strictly defensive role. While it was pressured by the US into handing over $13 billion to pay for the US war, Japan lost access to Iraqi oil and its influence in the Middle East was weakened.

As a result, Japanese governments throughout the 1990s have conducted a consistent campaign to undermine public support for the pacifist constitution and legitimise the use of the military abroad in pursuit of its geo-political and economic interests.

Koizumi has gone further than any of his predecessors in implementing this political agenda. Since September 2001, his cabinet has used the so-called “war on terror” to justify deploying Japanese forces in support of the US invasions of Afghanistan and Iraq. Koizumi has also exploited accusations that North Korea could threaten Japan with weapons of mass destruction to lend both military and diplomatic assistance to the Bush administration’s hard line against Pyongyang.

In the short term, Koizumi’s government sees its backing for Bush’s foreign policy as a means of strengthening Japan’s access to energy resources in the Middle East and gaining lucrative business contracts. More fundamentally, it has been used to reassert Japan’s position as a military power.

The interests of the US and Japan do not always coincide, however, and Koizumi’s assertion of Japan’s independent economic interests in the Middle East could become a source of conflict with the Bush administration.

This potential conflict is evident in Japan’s proposal to press ahead with the development of a lucrative oil project in Iran—a country that the Bush administration has branded as part of an “axis of evil”. Negotiations are continuing between Tokyo and Teheran over a $2 billion agreement to develop the Azadegan oil fields, said to hold one of the largest reserves of untapped oil in the world.

Japan has been Iran’s preference to develop Azadegan. For its part, the Bush administration has been pressuring Tokyo to abandon the deal on the grounds that Iran’s alleged nuclear weapons programs have to be discouraged. Washington’s real objection to Japan’s involvement in Iran is that it cuts across the US ambition of dominating the oil and energy resources of the entire Middle East and Central Asia—a fact Tokyo is well aware of.

Last July, an editorial in the *Asahi Shimbun* highlighted the resentment in Japanese ruling circles over the issue. “Japan does need to reassess whether being involved in developing the Azadegan oil field is wise in the context of its oil and energy strategy. The overriding concern in this issue, however, is that Japan should make its own decisions about where and to what extent it should be engaged in developing an oil field,” the newspaper declared.

Whether an open dispute between Japan and the US emerges over Iran remains to be seen. But in the long term Japanese capitalism cannot allow its access to its oil and gas lifelines to be dictated by its greatest economic rival.

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