Iraqi oil minister resigns amid protests and economic chaos

Peter Symonds
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The events surrounding the resignation of Iraqi oil minister Ibrahim Bahr Uloom last Monday provided a revealing glimpse into the economic and social chaos created by the US occupation of the country.

The immediate trigger for the replacement of Uloom was the government's decision to impose huge increases in fuel prices on December 19, just days after national elections. Feeling the pressure of public protests and anger, Uloom criticised the government for worsening the position of the poor and for being "anti-democratic". He was compelled to take leave, then stand down altogether.

The fuel price rises combined with petrol rationing and queues and a myriad of day-to-day social problems have generated widespread frustration, anger and opposition against the government and the US occupation. But the US puppet government had no alternative but to press ahead. The oil price hikes were forced on Baghdad by the IMF, in return for a plan to cancel up to 80 percent of Iraq's $120 billion debt to creditor nations.

For the Bush administration, the deal provided benefits all around. The bulk of the debts are to American rivals in Europe, while the increased fuel prices will bring in more revenue for the Iraqi government, right at the point where the US is winding down its "reconstruction aid".

For the Iraqi population, however, the price increases were a disaster. Imported petrol jumped by 500 percent to 17 US cents a litre and the price of locally-produced petrol increased 700 percent to 12 cents a litre. Similar huge rises took place for cooking gas, diesel and kerosene.

While still low by international standards, the prices represent a massive increase over the low subsidised prices under the ousted Hussein regime. For the many families who earn less than $US100 a month, the increased costs for cooking and lighting, as well as transport, are prohibitive.

The price hikes provoked immediate protests. Hundreds of demonstrators gathered in front of the provincial government headquarters in Amarah, southeast of Baghdad, and had to be dispersed by police who fired rifles into the air. In the southern city of Basra, drivers blocked roads and protesters burned tyres near petrol stations. In Tikrit, 500 people handed over a protest letter to the city council.

At a fuel station in Baghdad, Abdul Qadr, a teacher, angrily told Inter Press Service: "Those bastards ruling Iraq now are animals... We don't have our car for entertainment but for survival. What I would like to tell the new government is that by doing this now they are digging their graves, but they should know there will be a day when everybody will have his revenge on them."

Taxi driver Akram Mohamed told the agency: "Are we responsible for fuelling the American occupation forces with petrol from our refineries? Can you believe they receive our gasoline then use it to kill our people? This is something unacceptable to every honorable Iraqi." Noting that the price hike came just after national elections, he declared: "It's a gift from the government after the elections. Nobody wants the responsibility of raising fuel prices and they are afraid to announce it."

Certainly Uloom did not want to deal with the widespread hostility. While not disagreeing in principle with following the IMF's dictates, he urged the government to implement the increases more gradually. But neither the IMF nor the US was prepared to tolerate any delays, and the Jafaari government dutifully imposed their dictates.

After he criticised the decision, the Baghdad government forced Uloom to take compulsory leave, then appointed Deputy Prime Minister Ahmed Chalabi as oil minister. Chalabi, a longtime US stooge and a convicted embezzler, is now in charge of overseeing the lucrative oil ministry. If he retains the post in the next government, he will supervise sweeping restructuring.

The protests have continued. On January 1, the day before Uloom resigned, Iraqi security forces backed by US troops shot dead four demonstrators and wounded two others in the northern town of Kirkuk. About 300 mainly young men marched through the Rahim Awa area of Kirkuk protesting over the lack of basic services as well as high fuel prices.

The anger over the price rises is compounded by serious fuel shortages, rationing and lengthy queues at petrol stations. Iraq has the world's second largest oil reserves but the industry's infrastructure is in a shambles after more than a decade of UN-imposed economic sanctions, followed by the US invasion and ongoing attacks by anti-US fighters on pipelines and oil facilities.

Petrol supplies to Baghdad from the large northern refinery at Baiji only resumed last week after a strike by tanker drivers who refused to drive without adequate security. The refinery closed down in late December for 10 days after armed insurgents threatened to attack tankers. No sooner had operations resumed than two convoys—on Wednesday and Thursday—were ambushed forcing the refinery to again shut.

The Baiji refinery is one of just two supplying Baghdad's fuel needs. The Dora refinery in Baghdad is operating at around 30 percent capacity after a major pipeline to the plant was blown up. Demand for petrol and diesel has soared in the capital by two million litres a day to nine million litres a day in large part because the country's electricity infrastructure is also completely inadequate, forcing families and small businesses to rely on small generators.

Queues for petrol in Baghdad and other cities have lengthened. Captain Akeel Rashid, commander of a security force guarding a large Baghdad filling station, told the *New York Times*: "The electricity is very bad now. People come once for their cars and once for their generators." The waiting time used to be 20 minutes normally, he said, but was now two hours or more.

In Basra, the threat of violence has forced the closure of all private fuel stations. At a government petrol station, worker Sami Mehdi told Associated Press: "We work day and night, but the crowds keep coming. Some people use violence and force to get fuel, which makes our work difficult."

In December, crude oil exports hit their lowest level since the US-led invasion in March 2003— just 1.1 million barrels of crude oil per day, half the level under the Hussein regime. The lack of refining capacity means that the country has to re-import final oil products at an estimated cost of $6 billion a year. Imported petrol is sold at a higher premium than the local product and, for those who can afford the prices, there is a lucrative black-market in oil products.

For the Iraqi people, high fuel costs are just one aspect of the daily social catastrophe they confront. The official unemployment rate is 28 percent, but other estimates put it at twice that figure. A quarter of Iraqis are living below the austere poverty line of $US1 a day. Health and education facilities are inadequate. The electricity grid still supplies less electricity than before the US invasion, with Baghdad residents last month receiving just six hours a day.

All of this has generated deep-seated hostility to the US occupation and its local political collaborators who are imposing the brunt of the country's economic crisis on the backs of working people. These tensions will certainly worsen. Over the next year or so, fuel prices are set to double again, as the government meets the IMF's demand for parity with prices throughout the rest of the Middle East.