Under sustained US pressure, Iraqi cabinet sends oil law to parliament

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Iraqi Prime Minister Nouri al-Maliki went before the media on Tuesday to announce that his cabinet had "unanimously" approved US-backed draft legislation covering the future development of Iraq's vast oil resources. The parliament, he declared, would begin debating the oil law the following day. He trumpetted his achievement as a key step towards finalising the "most important law in Iraq".

The legislation embodies the criminal aims and objectives of the US invasion of Iraq more than four years ago. Behind the false claims about Iraqi "weapons of mass destruction" and links to terrorism were the ambitions of American energy conglomerates to access the country's huge reserves—estimated at between 115 and 215 billion barrels of oil.

While the oil law has a number of implications, the most fundamental is that it would end the Iraqi state monopoly in the development of oil fields. While the Iraqi people will still constitutionally "own" the resources, foreign oil companies will gain contracts that give exclusive rights to exploration and production for periods as long as 20 years. The law leaves open the possibility for "production-sharing agreements" (PSAs) which guarantee the investing company against losses and lead to even higher rates of return.

Importantly, as far as Washington is concerned, all contracts entered into by the previous regime of Saddam Hussein—such as agreements with French, Russian and Chinese corporations—will be rendered void. US companies will be able to move in and appropriate development rights over the fields.

The propaganda surrounding the oil law is completely cynical. It is universally presented in Washington as a policy aimed at guaranteeing that oil revenues are shared by "all Iraqis". The reality is that the entry of US and other energy giants into Iraq's oil industry will lead to wholesale plunder. Iraq's oil minister has predicted that as many as 65 of the 80 known undeveloped oil fields will come under foreign control. If the oil industry was developed to its full production potential, it could pump 6 million barrels a day and generate annual revenues of more than $130 billion, with the profits as high as 20 percent for the transnational companies.

It is this prize that has cost the lives of over 700,000 Iraqis and close to 4,000 occupation troops and left the country's infrastructure devastated. Washington's perspective is to transform Iraq into a lucrative source of wealth for American corporate interests and a military base in the Middle East to extend US domination over the resource-rich region. To achieve this, it requires both a fig leaf of legality from the puppet Iraqi parliament in Baghdad and an end to the anti-occupation insurgency wracking the country.

The centrality of the oil law to the objectives of the US occupation is underscored by its prominent place in the Bush administration "benchmarks" for the Iraqi government. Since the draft legislation was first revealed on February 26, senior figures of Bush's cabinet, ranging from Secretary of State Condoleezza Rice, Vice President Dick Cheney to Defence Secretary Robert Gates, have visited Baghdad to bully the various Iraqi factions in the US-backed parliament to accept its terms. The White House is pressuring Maliki to push through the legislation and other key benchmarks well before September, when a report to Congress on the progress of the latest US military "surge" is due.

Little progress had been made until this week. The Kurdish, Shiite and Sunni parties that previously dominated the cabinet continued to wrangle over aspects of the proposed law, as each has sought to secure a portion of the economic spoils. Without

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cabinet approval, the legislation could not be placed before parliament.

Over the past two months, however, two of the legislation's key opponents—the Shiite Sadrist movement led by Moqtada al-Sadr and the Iraqi Accordance Front coalition of Sunni Arab parties—have withdrawn their ministers from the cabinet in protest against the occupation and the government. Maliki exploited this on Tuesday to push through the legislation in a session attended by just 24 out of 37 ministers.

President Bush was so pleased with the result that he rang Maliki personally to congratulate him. Maliki is gambling that the Sadrist and Sunni boycotts will enable the oil law to be rammed through the parliament as well. The sessions slated to debate the bill this week are unlikely to be attended by more than 150 out of the 275 legislators elected in December 2005. On top of more than 80 boycotters, dozens of Iraqi politicians live outside the country due to the lack of security. A number of previous sessions have lapsed after failing to reach the required quorum of 138.

The law's passage through parliament is far from certain, however. The fact that the legislation was not tabled yesterday, as promised, suggests that the horse-trading, arm-twisting and pay-offs is continuing to ensure its acceptance by the remaining factions attending parliament. According to the latest reports, it will be presented today and sent to a committee of review for at least a week.

The White House is depending on the Shiite fundamentalist parties that remain loyal to the Maliki government and the Kurdish nationalist parties that govern northern Iraq through the Kurdish Regional Government (KRG). The Kurdish parties, however, are insisting that the KRG, not the Baghdad government, retains power over new oil development within its territory. On Tuesday, the KRG warned that it would not accept the new legislation if it departed from the original February document that enshrined Kurdish demands.

Under pressure from Washington, a cabinet review committee in April wrote in annexes into the document that substantially reduced the power of regions and provinces over oil. The annexes sought to give financial guarantees to the Sunni parties, as part of a series of US overtures aimed at convincing elements of the largely Sunni armed resistance to make a deal with the occupation.

The bulk of Iraq's untapped oil lies in the Kurdish north and the largely Shiite southern provinces. One factor behind the armed resistance is the fear of the Sunni establishment that regionalism will lead to the marginalisation and impoverishment of the Sunni-populated and oil-poor western and central provinces. The Shiite Sadrist movement, with its main power base in Baghdad, has also consistently upheld central control over oil production.

If the annexes have been removed by Maliki as part of a deal with the Kurdish parties, it will dramatically widen the divisions between the rival factions. Khalaf al-Ilyan, a representative of the Sunni Iraqi Accordance Front, told Iraqi television: "Any draft law that is approved in the absence of the Iraqi Accordance Front only represents the groups that approved it. If there are some who want to cancel the voices of half of the Iraqi people then they take the responsibility." The Sadrist movement has pointedly demanded the insertion of a new clause banning the signing of contracts with any company based in a country with troops in Iraq.

A Kurdish politician, Firyad Rwandzi, told the *Washington Post* on Wednesday that he was confident that "everything is moving forward and there is no problem" between Maliki and the KRG. With both the Sunni and Shiite opponents of regionalism boycotting the parliament, the Bush administration may well have instructed Maliki to swing back to giving Iraqi regions and provinces jurisdiction over new production.

In the final analysis, the White House is not primarily concerned with which layers of the local Iraqi elite receive a minor share of Iraq's oil profits, but with creating the legal and political framework for its exploitation and plunder by US corporate interests.

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