

US advisers steered Iraqi oil contracts to Western firms

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As the Iraqi regime formally opened the bidding for foreign oil companies to resume exploitation of the country's oil wealth, it was revealed that US "advisers" played the leading role in drafting the contracting procedures and steering preferential deals to the big US energy conglomerates.

"A group of American advisers led by a small State Department team played an integral part in drawing up contracts between the Iraqi government and five Western oil companies to develop some of the largest fields in Iraq," the *New York Times* reported Monday.

The team of government lawyers and private sector consultants provided "detailed suggestions on drafting the contracts," the *Times* reported, citing a senior State Department official.

Among the other "services" offered by the US advisers was ensuring that the Iraqi Oil Ministry dismissed claims by the Russian oil company Lukoil based on contracts signed with the Iraqi government before the US invasion of March 2003.

The *Times* continued: "It is unclear how much influence their work had on the ministry's decisions."

There is nothing unclear about it. The US government dictated terms that are set to bring back Exxon Mobil, Shell, BP, Total and Chevron, the very same multinational energy giants that dominated Iraqi oil production before Baghdad nationalized the sector 36 years ago. They, along with a consortium of smaller firms, have been offered no-bid contracts by the Iraqi government.

These so-called technical support agreements, worth \$500 million each, represent the foot in the door for the major Western oil firms, giving them a decisive advantage over rival companies from Russia, China, India and elsewhere.

Iraq has proven crude reserves of 115 billion barrels plus another 112 trillion cubic feet of gas. Under conditions in which other nations, from Russia and Kazakhstan in the East to Venezuela and Bolivia in the West, are imposing tighter national control over their energy resources, the US occupation of Iraq has opened up the potential for an unparalleled profit bonanza for big oil.

That this was the principal aim of the US invasion in the first place is becoming increasingly impossible to deny. Behind all of the lies about "weapons of mass destruction" and supposed ties between Baghdad and Al Qaeda, the US war was about reinstating the domination of the US-based oil giants over the world's third largest petroleum reserves and blocking access to them by their foreign rivals.

Domination of strategic energy resources and their utilization to

further Washington's increasingly desperate struggle to preserve its global economic hegemony were the real reasons that, as of Monday, 4,113 US troops have lost their lives, with nearly 30,000 more having returned from Iraq wounded, many of them grievously.

These predatory strategic aims, and the related profit interests of the oil conglomerates, are the sole justification for the slaughter of more than one million Iraqis and the transformation of nearly five million more into exiles or internal refugees.

The determination of both major political parties and the US ruling establishment as a whole to pursue this criminal war, whatever their tactical differences, was underscored Monday with President George W. Bush's signing into law another \$162 billion war funding bill, sent to his desk by the Democratic leadership of the US Congress.

Bush praised the Democrats in Congress for having "agreed to provide these vital funds without tying the hands of our commanders, and without an artificial timetable of withdrawal from Iraq."

As in the past, Bush portrayed the funding for the war as an act of support for the "brave men and women, who ... risk their lives to defeat our adversaries and to keep our country safe."

What lies! This funding will pay to ensure the sacrifice of more US soldiers and Marines and the killing of far greater numbers of Iraqi civilians to ensure US domination of Iraqi oil and vast new profit streams for Exxon Mobil, Shell, Chevron and the other major energy companies.

Moreover, the Democratic Congressional leadership has crafted the spending package—which brings the total amount spent thus far on the war to over \$650 billion—so that it pays for the war through the first six months of the next administration. Their aim was to get the issue off the political agenda well before the November election—allowing them to better posture as opponents of the war—while at the same time sparing an incoming Democratic administration led by Barack Obama from having to seek new money for this vastly unpopular war during its first months in office.

The nakedly colonial character of the oil deals now being pushed by the administration has provoked murmurs of criticism from sections of the Democratic Party.

Democratic Senators Charles Schumer of New York, John Kerry of Massachusetts and Claire McCaskill of Missouri released a letter addressed to US Secretary of State Condoleezza Rice last

week urging her to block the no-bid contracts. As the Associated Press reported, the Democrats feared the agreements “could fan the perception that US involvement in Iraq was motivated by oil.” In other words, the agreements are so blatant that they give the entire game away.

The Democratic senators called for any contracts to be postponed until the Iraqi regime succeeds in passing a long-delayed hydrocarbon law, working out such thorny issues as the precise role that the foreign oil firms will play in the country and how revenues accruing to Iraq are to be divided between the federal government and various regional entities.

The government of Prime Minister Nouri al-Maliki has failed to pass the bill for the past year and a half. The legislation has been stalemated in large measure because of the overwhelming popular opposition within Iraq to the return of the major oil companies that are so closely identified with the country’s history of semi-colonial subjugation.

“We urge you to persuade the (government of Iraq) to refrain from signing contracts with multinational oil companies until a hydrocarbon law is in effect in Iraq,” read the Democrats’ letter to Rice. “We fear that any such agreements signed by Iraq’s Hydrocarbon Ministry without an equitable revenue-sharing agreement in place would simply add more fuel to Iraq’s civil war.”

The Bush administration made it clear, however, that it had less concern about giving Washington’s imperialist venture on behalf of big oil a fig leaf of legality.

“Since the United States had no involvement in this, I’m not sure on what basis the United States could ... block the Iraqi government from contracting in the way it sees fit,” State Department spokesman Tom Casey told the media.

Similarly, White House spokeswoman Dana Perino commented, “Iraq is a sovereign country, and it can make decisions based on how it feels that it wants to move forward in its development of its oil resources.” She added: “And if that means that our companies here in the United States can compete and win business, then that’s for them and the Iraqis decide. But we don’t think the federal government of the United States needs to get involved.”

How many lies can be crammed into a single statement? Iraq is an occupied, not a sovereign, country. The decisions undertaken by its government are sharply constrained by the presence of over 140,000 US troops, upon whom its survival depends. As for the US companies, they did not “compete and win business,” but rather reached no-bid deals, prepared by US government advisers working out of the Iraqi oil ministry.

A more honest assessment was provided to the *Times* by Frederick Barton, senior adviser at the Center for Strategic and International Studies, an establishment think tank whose board of trustees includes figures such as Henry Kissinger, Brent Scowcroft and Zbigniew Brzezinski. “We pretend it [oil] is not a centerpiece of our motivation, yet we keep confirming that it is.” Barton told the paper. “And we undermine our own veracity by citing issues like sovereignty, when we have our hands right in the middle of it.”

The Iraqi regime announced Monday that negotiations on the no-bid contracts with the big Western oil companies were continuing.

Last week oil ministry officials had said that the deals were already concluded and would be signed Monday, yet no signing took place.

The agreements had carved up Iraq’s oil fields between the major companies, with Shell gaining access to the northern Kirkuk oilfield, BP set to operate in the southern Rumaila field and Exxon seeking access to the Zubair oil field in the southern province of Basra.

“We did not finalize any agreement with them because they refused to offer consultancy based on fees, as they wanted a share of the oil,” Iraqi Oil Minister Hussein al-Shahristani told a press briefing in Baghdad Monday. “It’s a service contract and not a production-sharing contract,” he added. “We think there is no need to share Iraq’s oil with anybody.”

Last week it was widely reported that the Iraqi government had agreed to no-bid deals that would indeed provide the major Western companies with a share of the oil produced in the fields where they would be “consulting,” offering a hugely lucrative return under the present conditions of soaring energy prices.

This shift in the line from Baghdad is likely driven by the immense popular opposition to turning over the country’s oil wealth to the foreign companies and fear within Maliki’s puppet regime that the deals could provoke its downfall.

While claiming that negotiations on the no-bid deals was continuing, Shahristani also announced that Iraq is opening up six giant oil fields and two gas fields to foreign companies, 41 of which have been invited to bid for contracts. The minister described the six fields being thrown open to foreign exploitation for the first time in nearly four decades as “the backbone of Iraq’s oil production.”

The bids are to be prepared over the next two weeks, with the Oil Ministry saying that deals will be signed by June 2009. The deals are supposed to include Iraqi “partners” with a minimum of 25 percent interest.

While the motives behind the US war of aggression have now been laid bare, their accomplishment remains anything but certain. Thus far, the major US oil firms have shown no intention to launch any immediate resumption of their long suspended operations in Iraq. The continuing resistance of the Iraqi people to the US occupation makes any such venture hazardous in the extreme.

Moreover, the revelations of the profit interests for which the ongoing war in Iraq is being fought are certain to provoke increased anger and militancy among the Iraqi people and, despite the bipartisan support for this war in Washington, revulsion and opposition among masses of American working people as well.



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