



THE SABAN CENTER  
*for* MIDDLE EAST POLICY  
*at* THE BROOKINGS INSTITUTION

WORKING PAPER

Number 2, June 2009

STABILITY IN IRAQI KURDISTAN:  
REALITY OR MIRAGE?

LYDIA KHALIL



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LYDIA KHALIL

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My thanks also to the many Kurdish and Iraqi officials who took the time to speak candidly with me about the challenges that lay ahead. Because many of our conversations were off the record, they have my quiet thanks. I am also indebted to the many scholars who have dedicated their skills to Iraq and the Middle East.

A special thanks to my husband Peter Khalil for his support and keen intellect that has helped shape my thinking on many issues.

## EXECUTIVE SUMMARY

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Despite the mixed report card on Iraqi progress, one consistent theme is that Iraqi Kurdistan has been a quiet success story. Kurdistan is a snowy oasis, free from the sectarian strife that has marred the rest of the country. Its leadership is unified after decades of disarray, and former rebels now hold the highest government posts. Iraq's Kurds finally have the respect they crave after having been relegated to the status of the forgotten stepchildren of the Middle East. They have forged strategic alliances with powerful Shi'i groups in Iraq, won the trust and support of the United States, and co-opted other, smaller political groups beholden to their patronage. In the process, they have become the kingmakers of Iraqi politics—no important appointment has been made without their approval. And they have negotiated and legalized an autonomous Kurdistan in the heart of a region that has been brutally opposed to this very outcome.

The Kurds also made it a key priority to encourage foreign investment in their region by rolling out an extensive public relations campaign promoting “Kurdistan: The Other Iraq.” Calling their investment law “the friendliest in the region,” they developed a website, filmed public service advertisements that thanked Americans for their sacrifice

in liberating Iraq's Kurds, and invited international businesses to set up shop in Kurdistan as a gateway to the rest of the Iraqi economy. They even promoted local tourism by inviting prominent journalists to spend time in the Kurdish region to pen articles like, “Tourists and investors to Iraq? Why not, say Kurds.”<sup>1</sup> Nechervan Barzani, prime minister of the Kurdistan Regional Government (KRG), could often be heard musing that Kurdistan would become the next Dubai. Actively pursuing this goal, Barzani made numerous visits to the emirates, signed deals with Dubai's Dana Gas, and instituted direct flights between Irbil and the UAE.<sup>2</sup>

But the reality is much more complex. To be sure, the KRG has made significant gains and is keen to publicize them. But underneath the veneer of success lie simmering issues that often fall below Washington's radar. Kurdistan faces many challenges that could undermine the gains the Kurds have made thus far, and which could jeopardize U.S. goals in Iraq and the broader region.

In particular, many Iraqis and neighboring states bristle at the KRG's “full steam ahead” approach that was central to their success, but which has left

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<sup>1</sup> Bernd Debusmann, “Tourists and Investors to Iraq? Why not, say Kurds,” Reuters August 8, 2007. Also, see Christopher Hitchens, “Holiday in Iraq” *Vanity Fair*, April 2007.

<sup>2</sup> Bob Simon, “Kurdistan: The Other Iraq,” *60 Minutes*, CBS, August 5, 2007, available at <<http://www.cbsnews.com/stories/2007/02/16/60minutes/main2486679.shtml>>.

lasting resentments. Prime Minister Maliki, backed by a more assertive centralist political block, is looking to scale back Kurdish autonomy and decentralization in general. Internal tensions in Kurdistan that have been masked by more pressing problems in Baghdad are now coming to a head and Kurdistan's image as an oasis of progress and stability is fraying.

There are three key issues that threaten both the image and reality of Iraqi Kurdistan as the stable hub of Iraq:

- The growing Arab-Kurdish dispute over oil exploration contracts, the final status of Kirkuk, and constitutional reforms aimed at strengthening the central state;
- Governance problems within Kurdistan that have inflamed the Kurdish population against their long-time leadership; and
- The legacies of the Turkish incursion into northern Iraq in response to PKK attacks in late 2007.

Together, these issues are likely to determine the future of Kurdistan. If the Kurds cannot surmount these obstacles, it is hard to imagine they will be able to achieve a prosperous future. Moreover, their failure could have profound consequences for Iraq and the rest of the region.

The Obama Administration was elected with a strong mandate to end the Iraq war. In a recent speech at Camp Lejeune, President Obama announced that all U.S. troops, except a residual support force of 50,000, would depart Iraq as per the recently negotiated Security Agreement.<sup>3</sup> Iraq, too, is growing increasingly independent and less tolerant of U.S. interference.<sup>4</sup> This will constrain the

ability of the United States to have an active role in directing Iraqi politics.

Yet, within these confines, the United States still must do what it can to help Iraq consolidate its security gains. The United States must promote peaceful and workable solutions that will also further U.S. strategic interests. This will require a deep and detailed knowledge of emerging Iraqi politics, which will help maintain Kurdish progress and contribute to a resolution of the difficult issues facing Iraq and the region. This will require the United States to pursue six goals:

**Encourage Greater Internal Reform in the KRG:** It seems unfathomable that while the rest of Iraq is moving toward greater political participation, the KRG—touted as an early democratic example for Iraq—is solidifying rigid political systems that will perpetuate the KRG as “Barzani-stan” and “Talabani-stan.” The KRG can only be considered a success if there is genuine democracy, or at least a process toward genuine democracy.

When U.S. officials meet with Kurdish leaders they must discuss the need for greater political and civil freedoms. Public and international pressure on the democratization front could do more to change the current undemocratic, and potentially destabilizing, trajectory of Kurdish politics. Public and international opinion of the KRG and Iraqi Kurds is clearly important to Kurdish leaders for a number of reasons; chief among them is the attraction of foreign investment to spur the economy and to assuage long-term concerns of Kurdish secessionist ambitions. While its leaders deserve credit for Kurdistan's accomplishments in such a volatile and violent region, they cannot

<sup>3</sup> The White House, “Remarks of President Barack Obama – Responsibly Ending the War in Iraq,” February 27, 2009, available at <[http://www.whitehouse.gov/the\\_press\\_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/](http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/)>.

<sup>4</sup> Lydia Khalil, “Nobody's Client: The Reawakening of Iraqi Sovereignty,” Lowy Institute Analysis, March 2009, available at <<http://www.lowyinstitute.com/Publication.asp?pid=992>>.

be allowed to rest on their past accomplishments; they must now take the next steps and broaden political participation.

**Force Important Tradeoffs:** There are two unresolved matters that are clearly very important to the Kurdish leadership and whose resolution will go a long way toward stabilizing Iraq—oil legislation, particularly the status of oil exploration contracts already underway in the KRG, and the final status of Kirkuk. In the eyes of the Kurdish leadership, both are vital to the autonomy and development of the KRG, and as a result, they have been maximalist on both counts. But the United States and the international community have watched as the Kurds have pushed hard on both fronts and have stalled national political progress in the process. The Kurds have not been pressured enough to make important tradeoffs.

The Kurds threaten to boycott the Iraqi government each time they are backed into a political corner. Barzani has threatened this on a number of occasions and the United States has often chosen to believe this threat, particularly the early instances when Kurdish cooperation was essential to advancing the United States' political transition plans for Iraq. But the Kurds have threatened this one too many times without acting on it. The truth is that the Kurds have no real interest in leaving the Iraqi government; on the contrary, their participation in it is a major source of power and leverage. The U.S. administration must realize this and not let the threat of a Kurdish boycott prevent them from pressing the Kurds to make important concessions.

One possible tradeoff could play out as follows: In exchange for renouncing their exclusive claims on Kirkuk, the Kurds would receive a guarantee that they could control the majority of the revenue

from newly found oil resources within their current territories.<sup>5</sup> This is only one formulation meant to illustrate a larger point: tradeoffs could be presented in a number of permutations and the United States should press the Kurds and the central government to make important concessions so that Iraq can capitalize on the relative stability initiated by the surge.

Given the United States' desire to focus more on other national security concerns it deems more urgent, a U.S.-led mediation effort is unlikely. Consequently, the United States should continue its support of the United Nations Assistance Mission for Iraq (UNAMI), and use tier-two efforts to move forward the process and pressure all sides toward compromise.

**Support the UNAMI Process:** Conventional wisdom states that violence will increase in Kirkuk if a resolution is not reached soon. However, there is an equal likelihood of violence if a resolution on Kirkuk is forced too soon. All sides in the conflict want to see an early resolution in their favor and complain about the lack of progress from U.N. Special Envoy Staffan de Mistura and his team. However, forcing an early resolution is dangerous given the stakes and high emotions of all the stakeholders.

De Mistura has recognized both the dangers of ignoring Kirkuk and the difficulty in arriving at a solution that all of the groups will find just and equitable. Consequently, he has moved deliberately and slowly in the hope that the process will not come to a head until the situation throughout the country is more stable. This stability will be necessary to absorb the inevitable shock waves that will roil the country when the matter is finally resolved and one or more sides believe they have been deprived

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<sup>5</sup> The International Crisis Group has articulated this tradeoff in "Oil for Soil: Towards a Grand Bargain on Iraq and the Kurds," International Crisis Group Middle East Report No. 80, October 28, 2008.

of their God-given rights. The “go it slow” strategy will also allow Iraqi politics to take its course, allowing Iraqi stakeholders the space to make compromises and come to a resolution on these issues through their own processes.

The United States should continue to support the UNAMI approach, which has focused first on resolving other, lower-stake and lower-profile provinces that can serve as test cases. However, the United States could also do more to facilitate direct negotiations between Kirkuk stakeholders through U.N. auspices.<sup>6</sup>

**Let Iraqi Politics Take Its Course:** Though people often focus on U.S. missteps in Iraq, the United States has had success in expanding political participation and encouraging Iraqi electoral politics. Party-building efforts, democracy promotion, and a Sunni engagement strategy have finally borne fruit. As a result of this and despite its many troubles, Iraq has one of the region’s most robust and authentic forms of democracy, evidenced by the recent provincial elections.

The United States was criticized for focusing its past efforts on bolstering the Kurds and ISCI (Islamic Supreme Council of Iraq, formerly SCIRI, Supreme Council for the Islamic Revolution in Iraq), two political forces that had long-standing ties with the United States when they were both in exile. Many claimed it was their relationship with the United States that placed them in power positions in the appointed interim government, which they then parlayed into victory in the 2005 elections.

While this may be so, it was the United States’ democracy-promotion policy that eventually gave rise to opposition forces like the July 22nd movement (the cross-sectarian group that strongly supported centralism) that strengthened Maliki’s position in office. These forces have now emerged to challenge the Kurdish and ISCI position of decentralization and federalism. Now that the United States’ policies have led to the opening of political space to accommodate all of Iraq’s interests, it should stand back and let the process play out.

**Encourage KRG-Turkish Trade:** The Kurdish-Turkish relationship has been partially transformed by business and trade, with a large segment of the KRG economy bolstered by Turkish investment and potential energy export. It is in everyone’s interest to see this relationship continue to develop. Turkish business interests in Iraqi Kurdistan were a key reason Ankara did not escalate its incursion in 2007.

The United States should begin thinking of ways to initiate either official or tier-two level mechanisms to encourage trade and business ties between Turkey and the KRG. Instead of appointing special envoys to manage the PKK issue, as the United States did with the 2006 appointment of General Joseph Ralston as U.S. Special Envoy for Countering the Kurdistan Workers Party, the United States would do better appointing someone to encourage future economic ties and trade infrastructure.<sup>7</sup>

**Sharpen Diplomatic Tools:** Since the Status of Armed Forces Agreement imposed a three-year deadline on the presence of U.S. troops in Iraq,

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<sup>6</sup> An International Crisis Group report makes a similar point: “Judging from the polarized climate, there can be no doubt that a peaceful solution to the Kirkuk question can only be achieved through direct negotiations between the primary stakeholders and consensus building between key players at the national and international levels.” “Iraq and the Kurds: Resolving the Kirkuk Crisis,” International Crisis Group Middle East Report No. 64, April 19, 2007.

<sup>7</sup> Henri Barkey argues that “Turkish interest in northern Iraqi oil and gas exports is very real, primarily because Turkey is expected to have unmet domestic energy needs beginning in 2011. Deepening commercial links by investing in infrastructure, such as pipelines, would solidify the relationship.” Henri J. Barkey, “Preventing Conflict Over Kurdistan,” Carnegie Endowment for International Peace, 2009, available at <[http://carnegieendowment.org/files/preventing\\_conflict\\_kurdistan.pdf](http://carnegieendowment.org/files/preventing_conflict_kurdistan.pdf)>.



mandating that they withdraw before 2011, the United States can no longer rely entirely on the military to execute its policies in Iraq. Up until now, the U.S. military has been the main innovator and driver of U.S. policies in the country. While the United States has had extremely capable ambassadors serving in Iraq, particularly the recent, outgoing ambassador, Ryan Crocker, it has been military strategy, institutions, and resources that have driven Iraq policy to date. One wonders whether the debate about the potential for military withdrawal to cancel out security gains in Iraq actually reflects concerns about whether the United States has the political and diplomatic tools to fulfill the role it has asked the military to perform.

In his remarks to U.S. marines at Camp Lejeune, President Obama stated, “The drawdown of our military should send a clear signal that Iraq’s future is now its own responsibility.... Iraq is a sovereign country with legitimate institutions; America

cannot—and should not—take their place. However, a strong political, diplomatic, and civilian effort on our part can advance progress and help lay a foundation for lasting peace and security.”<sup>8</sup>

But a return to normal diplomatic relations with Iraq requires a deep and detailed knowledge of emerging Iraqi politics. The Iraqi political landscape is getting more complex and the United States needs to make sure that it fully grasps the Iraqi political picture. Because U.S. policy will no longer be bolstered by a substantial military presence in the country, the United States needs to step up its political skills and sharpen its diplomatic tools.

Though it will be Iraqi drivers and interests that will ultimately resolve the Arab-Kurdish disputes, that does not mean the United States cannot use diplomatic means to bring about resolutions that would further U.S. interests in the region.

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<sup>8</sup> Remarks of President Barack Obama, as prepared for delivery, “Responsibly ending the war in Iraq,” Camp Lejeune, North Carolina, February 27, 2009, available at <[http://www.whitehouse.gov/the\\_press\\_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/](http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/)>.

## ABOUT THE AUTHOR

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**LYDIA KHALIL** has worked in the United States and abroad on a variety of international political and security issues. She specializes in Middle East politics and international terrorism. Khalil was recently appointed as an international affairs fellow in residence at the Council on Foreign Relations where she will focus on Iraq. She is also a non-resident fellow at the Lowy Institute for International Policy, an independent think tank based in Sydney Australia and a senior policy associate to the Project on Middle East Democracy (POMED) that examines the development of genuine democracies in the Middle East.

From 2003 to 2004, Khalil worked as a policy advisor to the Coalition Provisional Authority (CPA) in Baghdad, where she worked closely with Iraqi officials on Iraq's political transition and constitutional drafting. She has traveled extensively in Iraq and within the Kurdish region.

In addition to her work on Iraq and governance issues, Khalil focuses on counterterrorism and counterinsurgencies. She is a lecturer and fellow at the Centre on Policing, Intelligence and Counterterrorism (PICT) at Macquarie University, teaching classes in intelligence and terrorism. Prior to her appointment, she was a counterterrorism analyst at the New York Police Department focusing on international terrorism trends and terrorism cases in the Middle East, Africa and Europe. She also served as in the Office of Homeland Security as a White House intern. She has published extensively on issues of terrorism and insurgency.

Khalil holds a B.A. in International Relations from Boston College and a Masters in International Security from Georgetown University. She was born in Cairo, Egypt and is a native Arabic speaker.

## INTRODUCTION

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Despite the mixed report card on Iraqi progress, one consistent theme is that Iraqi Kurdistan has been a quiet success story. Kurdistan is a snowy oasis, free from the sectarian strife that has marred the rest of the country. Its leadership is unified after decades of disarray, and former rebels now hold the highest government posts. Iraq's Kurds finally have the respect they crave after having been relegated to the status of the forgotten stepchildren of the Middle East. They have forged strategic alliances with powerful Shi'i groups in Iraq, won the trust and support of the United States, and co-opted other, smaller political groups beholden to their patronage. In the process, they have become the kingmakers of Iraqi politics—no important appointment can be made without their approval. And they have negotiated and legalized an autonomous Kurdistan in the heart of a region that has been brutally opposed to this very outcome.

But the reality is much more complex. To be sure, the Kurdistan Regional Government (KRG) has made significant gains and is keen to publicize them. Yet underneath the veneer of success lie simmering issues that often fall below Washington's radar. There are deep-seated problems in Kurdistan that could undermine the gains the Kurds have made thus far, and which could jeopardize U.S. goals in Iraq and the broader region.

For one, unification between the two fiefdoms of the KRG has stalled. Consolidation efforts have

hindered democratic openings, fueling popular frustration with the Kurdistan Democratic Party (KDP) and Patriotic Union of Kurdistan (PUK), the region's two preeminent political dynasties. Genuine political participation is stifled while corruption and cronyism are rife. Kurdish citizens now complain about the chronic lack of essential services and unfulfilled promises of greater political freedom.

The Kurds' dominant national political position is also faltering. Their insistence on a decentralized oil regulation system, which would allow the KRG and any other future federal region control over new-found resources, has helped awaken the sleeping giant of Iraqi nationalism. It fostered the creation of a nationalist bloc in parliament, made up of formerly disparate and disorganized independents and Sunni groups, to block the passage of a hydrocarbon law. In addition, the "Shi'i bloc," which the Kurds could formerly count on as a steady political ally, has splintered. The political landscape has become more complicated as various Shi'i political parties vie for influence and compete for support among Iraq's majority Shi'i population. It is a national political landscape that does not bode well for Kurdish interests.

Violent protests within Kurdish provinces, particularly a weeks-long protest in August 2006, have rattled the KRG leadership. Kurdish politicians

and parties formerly marginalized by the KDP and PUK, such as the Kurdistan Islamic Union and other independents, are articulating the populace's dissatisfaction and are taking the government to task for lack of services.

Not only have the activities of Kurdish militant groups like the Kurdish Worker's Party (the *Partiya Karkaren Kurdistan*, or PKK, which has waged a decades long insurgent campaign against Turkey) and the Party for a Free Life in Kurdistan (*Parti Bo Jiyani Azadi la Kurdistan*, or PJAK, which operates against Iran) prompted military interventions by the Turks and Iranians, but remnants of various transnational Sunni jihadist movements are creeping into northern Iraq and neighboring Ninawah province, fleeing the net of Iraq's security forces and the unwelcoming tribal environment in Anbar and other Sunni Arab provinces.<sup>9</sup>

Meanwhile, the Kurdish leadership is walking a thin line between responding to its constituency's desire for greater independence and staving off Baghdad and the outside world's suspicion that secession is imminent. The constitutionally mandated referendum on the final status of Kirkuk has also been indefinitely postponed, much to the chagrin of Iraq's Kurdish leaders and their Kurdish constituents.

A resolution of differences over Kirkuk now appears as distant as ever. The Kurds have not come any closer to incorporating Kirkuk into the KRG through the process sponsored by the United

Nations Assistance Mission to Iraq (UNAMI). Nor has the Maliki government shown any willingness to compromise. Consequently, Kirkuk remains in limbo and continues to threaten the nascent security gains recently made in Iraq and the stability of the northern provinces.

The recent regional conflict in 2007 between the KRG and Turkey threatened to open up a second front in Iraq and jeopardize hard-won Kurdish gains. The fear of intervention from Turkey lingers as Ankara has stationed thousands of its troops along the border and has struck Kurdish villages with helicopter gunships to punish the Kurdish leadership for its inability or unwillingness to stem PKK activity from within KRG territory. While the immediate crisis was averted, and cooperation on curbing PKK activity between Iraq and Turkey has increased, the fundamental suspicions remain; Turkey fears that the KRG will secede from Iraq (a fear exaggerated by the KRG's attempt to exploit its region's newly-found oil resources) and that the KRG will renege on its commitment to cooperate against the PKK.

Stability in Kurdistan has been a dormant issue since 2003, but in the coming years it will inevitably demand the attention of U.S. policymakers. Kurdish officials, buoyed by their successes, have been a bit cavalier toward their neighbors and countrymen in Baghdad, and the time has come for them to adopt internal reforms and put key internal and regional relationships back on track.

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<sup>9</sup> Michael Gordon, "Pushed Out of Baghdad, Insurgents Move North," *New York Times*, December 6, 2007.

## GOOD NEWS, BAD NEWS

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In contrast to much of its history, things have been going well inside Iraqi Kurdistan for the past five years. Much of the Kurds' success is the result of the abilities of their two principal leaders, Masud Barzani and Jalal Talabani, whose savvy negotiating skills have forged key strategic alliances within Iraq and beyond.<sup>10</sup> Barzani is head of the Kurdistan Democratic Party (KDP) and president of the Kurdistan region, and Talabani is the president of Iraq and leader of the Patriotic Union of Kurdistan (PUK). They have, against all odds, successfully negotiated and legalized an autonomous Kurdish region within Iraq.

Shrewdly taking advantage of the anarchy unleashed by Washington's scant post-invasion planning, the Kurdish leaders managed to achieve a number of key Kurdish objectives by taking an early leading role in the political transition. Most importantly, the Kurds successfully negotiated the recognition of the KRG in the permanent Constitution ratified on October 15, 2005. They also imposed their vision of federalism and decentralization as the future governing principles for Iraq while retaining

their *peshmerga*<sup>11</sup> as regional security forces largely independent of the command and control of the Iraqi armed forces. They also designated Kurdish as an official language and maintained their ability to represent themselves internationally.<sup>12</sup>

While maintaining these trappings of autonomy, they also benefited from their robust inclusion and participation in the Iraqi central government. By remaining under the control of the Iraqi state, the Kurds have avoided foreign intervention by Iran and Turkey, gained the gratitude of the United States, secured key positions in the central government (including the presidency), and gained access to revenue and resources.

The Kurds also made it a key priority to encourage foreign investment in their region, rolling out an extensive public relations campaign promoting "Kurdistan: The Other Iraq." Calling their investment law "the friendliest in the region," they developed a website, filmed public service advertisements that thanked Americans for their sacrifice in liberating Iraq's Kurds, and invited international

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<sup>10</sup> Barzani is a former peshmerga fighter and son of Mullah Mustafa Barzani, the father of the Kurdish liberation movement. Talabani is a former peshmerga fighter and disciple of Mullah Mustafa Barzani until he broke off to form his own party, the PUK. For more information refer to the PUK website <[www.puk.org](http://www.puk.org)>.

<sup>11</sup> Peshmerga is literally translated as "those who face death" or "those that stare death in the face." It is the name for the Kurdish freedom fighters who occupy a honored place in Kurdish culture and society.

<sup>12</sup> Section Five, Chapter One, Article 111, Iraqi Constitution and Transitional Administrative Law. Text of the Draft Iraqi Constitution, October 12, 2005, available at <<http://www.washingtonpost.com/wp-dyn/content/article/2005/10/12/AR2005101201450.html>>. Transitional Administrative Law, March 8, 2004, available through CPA website, <[www.cpa-iraq.org/government/TAL.html](http://www.cpa-iraq.org/government/TAL.html)>.

businesses to set up shop in Kurdistan as a gateway to the rest of the Iraqi economy. They even promoted local tourism by inviting prominent journalists to spend time in the Kurdish region to pen articles like, “Tourists and Investors to Iraq? Why not say Kurds.”<sup>13</sup> KRG Prime Minister Nechervan Barzani could often be heard musing that Kurdistan would become the next Dubai. Actively pursuing this goal, Barzani made numerous visits to the emirates, signed deals with Dubai’s Dana Gas, and instituted direct flights between Irbil and the UAE.<sup>14</sup>

Perhaps of greatest interest and importance, given historic tensions, is the fact that Iraq’s Kurdish leadership has tied their continued economic success to the prosperity of the Turkish economy. The Kurds have encouraged Turkish investments in Kurdistan to assuage Turkish concerns regarding imminent declarations of independence. By encouraging Turkey’s participation in the Kurdish economy, the Kurds are attempting to transform the political relationship, long based on mutual hostility, to something mutually beneficial—money and trade.<sup>15</sup>

These are exceptional accomplishments for a region and people who have traditionally been lesser players and perennial victims. As recently as a few years ago, the Kurds were precariously balanced between the whims of a brutal dictator and the uncertain auspices of international protection under the No Fly Zone.<sup>16</sup> But the tumultuous years after the U.S.-led invasion have benefited the Kurds, as they have deftly navigated its murky waters.

## THE DARK CLOUD BEHIND THE SILVER LINING

Nevertheless, all this good news has concealed simmering discord within the KRG, as well as resentment by regional and Iraqi political players over the KRG’s successes. In particular, many Iraqis and neighboring states resent the KRG’s “full steam ahead” approach that has allowed them to get where they are in only five years. The Kurds have managed to avoid kindling these resentments into open conflict through adroit lobbying. But internal tensions in Kurdistan, which have been masked by more pressing problems in Baghdad, are now coming to a head and Kurdistan’s image as an oasis of progress and stability is fraying.

There are three key issues that threaten the image and reality of Iraqi Kurdistan as the stable hub of Iraq:

- The growing Arab-Kurdish dispute over oil exploration contracts, the final status of Kirkuk, and constitutional reforms aimed at strengthening the central state;
- Governance problems within Kurdistan that have inflamed the Kurdish population against their long-time leadership; and
- The legacies of the Turkish incursion into northern Iraq in response to PKK attacks in late 2007.

Together, these issues are likely to determine the future of Kurdistan. If the Kurds cannot surmount these obstacles, it is hard to imagine they will be able to achieve a prosperous future. Moreover, their failure could have profound consequences for Iraq and the rest of the region.

<sup>13</sup> Bernd Debusmann, “Tourists and Investors to Iraq? Why not say Kurds,” Reuters, August 8, 2007. Also see Christopher Hitchens, “Holiday in Iraq” *Vanity Fair*, April 2007.

<sup>14</sup> Bob Simon, “Kurdistan: The Other Iraq,” *60 Minutes*, CBS, August 5, 2007, available at <<http://www.cbsnews.com/stories/2007/02/16/60minutes/main2486679.shtml>>.

<sup>15</sup> Turkey has always had a hand in developing the resources of the Kurdistan region. Both the Turks and Kurds (at least the main Kurdish political parties) benefited from trade along the Ibrahim Khalil border crossing and it was Turkish businesses who exploited the opportunities presented in working in the burgeoning oil industry.

<sup>16</sup> For an account of the Kurds’ trials under Saddam and de facto independence after 1991 Gulf War refer to John Bullock, *No Friends But the Mountain: A Tragic History of the Kurds* (New York: Oxford University Press, 1992).

# THE OIL LAW CONTROVERSY: DOES ENERGY INDEPENDENCE MEAN TERRITORIAL INDEPENDENCE?

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The first major challenge to the future of Kurdistan stems from the controversy over Iraq's hydrocarbon law. Despite months of wrangling, the central Iraqi government has yet to enact national legislation. Contrary to popular belief, this law is less about how Iraq's oil revenues will be apportioned—this has already been defined in previous negotiations (although these agreements still need to be codified into law). Instead, it concerns contracting for the future development of Iraq's oil resources.

The hydrocarbon issue may seem small compared to the larger challenges facing Iraq; but the hydrocarbon law has become a key battle within the much bigger struggle over the powers of the central government versus those of the provinces and regions. For this reason, a law specifying who gets to negotiate and contract future oil development deals has significance well beyond the practicalities it is meant to address.

The Kurds are determined to see the law grant the most expansive prerogatives to the regions (and the provinces). The other important power blocs in Baghdad (Prime Minister Maliki's Da'wa Party, the July 22nd Movement, and Muqtada al-Sadr's Office of the Martyr Sadr) are equally determined to see it preserve the powers of the central government. Consequently, the hydrocarbon law will be an important element in defining the nature of

federalism in Iraq and this, in turn, may determine the course of the Kurdistan Regional Government.

And while revenue sharing is not the principal bone of contention with the hydrocarbon law at present, it has the potential to reemerge as a problem in at least two ways. First, the Constitution is deliberately ambiguous regarding revenues from newly-developed fields. The Kurds have repeatedly asserted that they would continue to abide by the current revenue-sharing terms even for new fields, but other Iraqi players have their doubts. Second, the current agreement provides the KRG with 17 percent of all oil revenues (based on supposed population distribution). However, many Arabs claim that this overstates the population of the KRG and fundamentally disagree with the principle that revenues should be distributed purely by population to the provinces and regions. Iraq will conduct a new census this year, which may help assuage this problem, but might also exacerbate it if it results in a redistribution of revenue that one side or the other does not like.

As long as the hydrocarbon issue remains unresolved, Kurdistan's future remains in doubt. But precisely because the indecision has profound consequences on the future of Iraq's economy and stability, the Kurds—eager to develop their economy and frustrated with Baghdad's inability to reach a resolution—are unwilling to wait.

## CREATING FACTS ON THE GROUND

Frustrated by the slow progress in parliament and the lack of initiative by the central Oil Ministry, the Kurds passed their own Oil and Gas Law in August 2007 and formed four regional oil-related companies: the Kurdistan Exploration and Production Company (KEPCO), Kurdistan National Oil Company (KNOC), Kurdistan Oil Marketing Organization (KOMO), and Kurdistan Organization for Downstream Operations (KODO). The KRG also signed over 20 contracts with both Kurdish and international petroleum firms, including Talisman Energy, Korea National Oil Corporation, and DNO of Norway. In addition, there are plans underway for a “Gas City” in the KRG—a \$40 million joint venture between Dana Gas and Crescent Petroleum.

Despite objections from the central government, Kurdish officials have argued they are well within their legal right to go forward with these exploration deals, and that fears of the KRG monopolizing subsequent oil revenues are unfounded. Iraqi President and Kurdish leader Jalal Talabani explained, “Regarding the Kurdistan region’s contracts, they do not deal with oil production and exploitation, but with the initial stage of oil *exploration*. When we reach the stage of production and exploitation, we need to go back to Baghdad in accordance with Article 12 of the Iraqi Constitution. Hence we can see that the Kurdish positions are being misrepresented.... The Kurds have not made any demand to monopolize the oil and its revenues. We implement the relevant constitutional provisions and believe that oil and its revenues should be shared and distributed equally and fairly to all Iraqi regions without exception.”<sup>17</sup>

The newly-minted regional oil law does conform to the language agreed upon in the Iraqi Constitution, which stipulates that oil revenue and distribution of revenue will remain under central government control. Article 3, paragraph 3 of the Oil and Gas Law of the Kurdistan Region states the same explicitly: “The Regional Government shall, together with the Federal Government, jointly manage Petroleum Operations ... according to the provisions of the Federal Constitution.”<sup>18</sup>

Nevertheless, the Kurdish exploration deals with foreign companies have prompted a torrent of opposition. Because no comparable national oil law has been passed and the provisions within the Iraqi Constitution are still hotly contested by many quarters within the Iraqi government, the Baghdad Oil Ministry feels threatened by the Kurds’ progress on oil exploration. Moreover, the ownership of revenue from the sale of oil from previously undeveloped fields remains an unresolved issue, despite both the Kurdish statements and their handling of revenues so far.

Though the KRG promises to share revenue according to constitutional provisions from existing oil fields, there is nothing in the Constitution governing it. Consequently, many would like it specified in the new Iraqi legislation and worry that the Kurds will unilaterally diverge from their past practices in the absence of such stipulations.

The Kurds always assumed that Baghdad would register its annoyance with their actions, but would have little power to disrupt their exploration plans. However, they did not count on Oil Minister Husayn Shahrستاني. Beginning with a series of sharply-worded public attacks, Shahrستاني declared

<sup>17</sup> Michel Abu Najm, “Iraqi President Talabani on the PKK-Turkey Crisis,” *Asharq al Awsat*, October 21, 2007. Emphasis added.

<sup>18</sup> The Oil and Gas Law of the Kurdistan Region – Iraq, Law No. (22), 2007, available at <[http://www.krg.org/uploads/documents/Kurdistan%20Oil%20and%20Gas%20Law%20English\\_2007\\_09\\_06\\_h14m0s42.pdf](http://www.krg.org/uploads/documents/Kurdistan%20Oil%20and%20Gas%20Law%20English_2007_09_06_h14m0s42.pdf)>.



in November 2007 that any oil contracts signed by KRG officials were null and void, and that any companies operating in the KRG under those circumstances would be sanctioned by the central Iraqi government: “The Iraqi government had warned these companies of the consequences of entering into these contracts, and the consequence is that Iraq will not allow these companies to extract the oil.”<sup>19</sup>

In a defiant rebuttal, the KRG pledged to move forward with the oil exploration projects. An official statement released by the KRG stated, “We are not deterred by Dr. Shahrستاني’s views. Experience shows that most international oil companies (IOCs) now ignore his unhelpful interventions. We know that the KRG is doing the right thing by encouraging the IOCs to invest in Kurdistan.... We would like to remind Dr. Shahrستاني that we neither expect nor accept threats, sanctions and punishments from partners in our coalition government in Baghdad. The Kurdistan Alliance List [a parliamentary alliance of the PUK and KDP] is a partner in Iraq, not a rogue region to be threatened or punished.... Empty threats and talk of blackmail will not last. We are sure that eventually common sense will prevail in dealing with these matters.”<sup>20</sup>

But Shahrستاني has made good on his promises. None of the companies operating in the Kurdistan region have made the short list of companies allowed to submit bids for the most recent rounds of national oil and gas field development tenders.<sup>21</sup> Furthermore, Shahrستاني sent letters to oil companies that have dealings with the KRG

canceling any deals they already had with Baghdad. In addition, SK Energy, a Korean company that is part of a consortium deal in the KRG, has had its Iraqi crude shipments cut. Shahrستاني has dismissed memorandums of understanding that were signed between the central oil ministry and companies also operating in the KRG.<sup>22</sup> The parliament’s Oil and Gas Committee is now also demanding that it review all oil contracts signed in Iraq.<sup>23</sup>

The debate between Shahrستاني and the KRG has now moved beyond the issue of who has the right to approve oil contracts to a fundamental disagreement over the future development of Iraq’s hydrocarbon sector. In their dealings with foreign oil companies, the Kurds have favored granting production sharing contracts (PSCs)—specifying a fixed amount of production a foreign oil company would be entitled to after exploration and development—in order to attract much needed foreign investment.<sup>24</sup> Baghdad, however, has strongly opposed this model, largely due to mistrust of private oil companies based on how they have operated in Iraq and the region in the past. The nationalization of the Iraqi oil sector is a demonstration of sovereignty and point of pride for many within the central Oil Ministry. As a result, the central government has only recently approved technical support contracts (TSCs) in which companies get paid a fixed amount for their services in developing and repairing the oil fields but no percentage of production. The central Oil Ministry plans to consider risk service contracts (RSCs), which require the foreign oil company to take on the initial risk costs and are then remunerated in cash if the

<sup>19</sup> Ammar Karim, “Iraq nullifies Kurdish oil deals,” *Agence France Presse*, November 24, 2007.

<sup>20</sup> “KRG responds to Dr Shahrستاني’s threats to international oil companies,” Statement by the Kurdistan Regional Government, Erbil, Kurdistan Region, Iraq, November 20, 2007, available at <<http://www.krg.org/articles/detail.asp?rnr=223&lngnr=12&smap=02010100&canr=21463>>.

<sup>21</sup> Ben Lando, “Analysis: Oil law a deal – spokesman,” *UPI*, April 16, 2008.

<sup>22</sup> “Iraq Makes good on Kurd Oil Blacklist,” *UPI*, January 21, 2008.

<sup>23</sup> Mustafa Al Hashami, “Parliament demands oversight of oil deals,” *Azzaman*, June 28, 2008.

<sup>24</sup> Refer to definition in the Oilfield Glossary: <<http://www.glossary.oilfield.slb.com/default.cfm>>.

exploration is successful. In contrast to a PSC, in an RSC all production is accrued to the national oil company and the foreign oil company cannot market the production.<sup>25</sup>

Despite the Oil Ministry's claim of opposing the KRG's deal-making out of a desire to protect Iraq's oil industry from domestic corruption and foreign greed, the ministry has granted no-bid TSCs in a non-transparent manner. Moreover, the development of the national Iraqi oil sector continues to languish.<sup>26</sup>

KRG officials have so far refused to bow to Baghdad's pressure. Accusing Shahrستاني of relying on Ba'thist and Saddamist frameworks, Kurdish leaders have disparaged his record and reminded Iraqis that oil found in northern Iraq will benefit all Iraqis because of the obligations drafted under the Revenue Sharing Law. The Kurdish government has even commissioned its own report to emphasize the merits of its own method while denouncing Baghdad's. In this report, the KRG criticized the Oil Ministry's TSCs as having no real value, and that the ministry's plan to employ RSCs "would be disastrous for Iraq." The report further claims, "The performance of international oil companies under the KRG-PSC will be far superior than under the EDP-RSC... [and that the] EDP-RSC exposes Iraq to considerable risk of lower government revenue."<sup>27</sup> Many now see the KRG's report as prescient, as a number of the ministry's TSCs have since fallen apart.

Shahrستاني's intransigence notwithstanding, the Kurds are also faulted by not-so disinterested observers. Though the Kurds insist the law is on their side with regard to the recent oil exploration deals, most of their neighbors and fellow Iraqis, including the powerful oil unions, do not agree. The oil unions have strongly opposed the current draft legislations for the hydrocarbon law and have the power to disrupt the oil industry through strikes. The chairman of the Federation of Union Council has threatened that "if the Iraqi parliament approves this law, we will resort to mutiny."<sup>28</sup>

Prime Minister Maliki has finally weighed in on the debate after years of allowing Shahrستاني to be the public face of the central government's opposition to the Kurdish oil plans. In a press conference in late 2008, Maliki outlined a list of Kurdish constitutional violations, chief among them the signing of independent oil contracts: "All oil contracts signed by Kurdistan's government with foreign companies violate the Constitution. Since the beginning, all parties agreed to amend the Constitution, and a committee had been formed for this purpose."<sup>29</sup>

Maliki is supported by broad range of Iraqi political forces who have come to resent the Kurds for their ongoing refusal to compromise. In late 2007, 60 leaders in Iraq's oil sector wrote to the parliament that the KRG contracts were a "dangerous and deliberate action" that had no "legal or political standing."<sup>30</sup> The ongoing dispute even

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<sup>25</sup> Denis Babusiaux and others, *Oil and Gas Exploration and Production: Reserves, Costs Contracts*, trans. Jonathan Pearse, (Paris, France: TECHNIP, 2004).

<sup>26</sup> Tariq Shafiq, "Iraq's Technical Support and Production Service Contracts: Pros and Cons," *Middle East Economic Survey*, L1, no. 30, July 28, 2008.

<sup>27</sup> Van Meurs, Pedro, "Comparative Analysis of Ministry of Oil and Kurdistan fiscal terms as applied to the Kurdistan Region," June 15, 2008 – report filed for Clifford Chance LLP London at request of Kurdistan Regional Government, available online, <[http://www.krg.org/grafik/uploaded/Comparative-Analysis\\_2008\\_06\\_30\\_h13m28s23.pdf](http://www.krg.org/grafik/uploaded/Comparative-Analysis_2008_06_30_h13m28s23.pdf)>.

<sup>28</sup> "Iraq Unions Vow Mutiny Over Oil Law," *UPI*, July 20, 2007.

<sup>29</sup> "Maliki Takes First Swing at KRG Oil Deals," *Iraq Oil Report*, November 20, 2008, available at <<http://www.iraqoilreport.com/2008/11/20/maliki-takes-first-swing-at-krg-oil-deals/>>.

<sup>30</sup> Christopher Blanchard, "Iraq: Oil and Gas Legislation, Revenue Sharing and U.S. Policy," *CRS Report for Congress*, April 2, 2008.

prompted an agreement by dozens of disparate Iraqi factions in parliament who formally stated their opposition to the Kurds' unilateral moves to develop Kurdistan's oil sector. Of the 275 members of the Iraqi parliament, 150 signed the agreement.

Shaykh Walid Kraimawi, a Sadrist lawmaker who signed the agreement, said, "We are thinking that Kurdish demands have grown larger and larger gradually.... Some of those demands are impossible to achieve and this is a clarification for the Kurds that their demands are too large and irrational. They have to recognize their true size in the political process."<sup>31</sup>

### LUBRICATING INDEPENDENCE?

The fact that the oil law remains unresolved means that Iraqi Kurdistan is, once again, vulnerable to its success: Additional oil revenues mean a stronger, more autonomous Kurdistan, which is inherently threatening, not only to Turkey, but to all of Iraq's neighbors with sizable Kurdish minorities, and to many within the central Iraqi government. The controversy over oil resources and who controls them has also added to suspicions over what the Kurds' *real* intentions are regarding independence. In the minds of many within the region, oil independence will ultimately lead to territorial independence for the KRG. This suspicion is one that could easily jeopardize overall national security in Iraq.

It is estimated that the three provinces that make up existing KRG territory could hold as much as 25 billion barrels of crude, excluding any potential windfalls from Kirkuk, if it were ultimately to become part of the KRG.<sup>32</sup> How this type of revenue control would affect the prospects of Kurdish secession is anyone's guess. Certainly it would

increase the Kurds' leverage, and the conspiracy-minded believe that it would energize secessionist aspirations.

The Kurds claim they are forging ahead with oil exploration not to hasten independence, but to hasten the economic development of their region. There are good reasons to take the Kurds at their word. At this stage, and in the foreseeable future, a secessionist bid would spell the end of Kurdistan's progress. Kurdish leaders understand full well that if they declare independence, they would find themselves to be a small, land-locked country surrounded by four much bigger neighbors that wish them harm. This would radically alter the circumstances that have made possible Kurdistan's relative success.

Though the Kurds repeatedly emphasize the legality of their actions, they have failed to comprehend that there are a host of other issues that affect Iraqi and regional opinion of the Kurdish oil contracts. Turkey, Iran, and Iraq's Arabs are all poised to pounce on the slightest movement towards Kurdish independence, however legal or justified such a move might be. Any hint by the Kurds that they are developing an independent oil stream to guard against the worst case scenario—Iraq disintegrating in civil war—inevitably spawns a host of conspiracy theories regarding Irbil's "real" intentions.

Another critical point is that KDP and PUK business interests can complicate outside perception of the KRG's position on oil contracting and also make their region less attractive to foreign investment. Both the PUK and KDP have large business holdings that own hydrocarbon companies. The Talabani family controls NOKAN—an oil trading company, whose oil arm is WZA—and the Barzanis own numerous holdings including the oil

<sup>31</sup> Ned Parker, "Iraqi Political Factions Jointly Pressure Kurds," *Los Angeles Times*, January 14, 2008.

<sup>32</sup> Neil King, Jr., "Wildcatters Plunge into North Iraq," *Wall Street Journal*, July 9, 2008.

service firm, Oil Serv. Because of the stranglehold that both families have on business development in the region, international oil firms fear party interference in the development of Kurdistan's oil sector.<sup>33</sup>

Given this ultra-sensitive environment, the new oil contracts are as much of a risk to the KRG as they are a potential boon to its economy and strategic profile. While the PKK presence in Iraqi Kurdistan is a pressing security concern, and the situation in Kirkuk is threatening to upend whatever political security gain have been made in Iraq, the long-term regional, particularly Turkish, worry is the growing autonomy of the KRG and the prospect of eventual Kurdish secession from Iraqi territory. In the current environment, all of these issues are easily conflated.

The Kurds have attempted to negotiate these issues comprehensively. Recently, the Kurds sent a high-level delegation to Baghdad to iron out host of issues, including the draft hydrocarbon law, an overall Iraqi oil sector development strategy, a way forward on Kirkuk, oil revenue distribution, and the ability of the central government to approve regional oil contracts. However, given the complexity of the issues, and the fact that they are intertwined, a comprehensive resolution should not be expected any time soon. In the meantime, the KRG continues to move forward, establishing facts on the ground and further arousing suspicions of their actual intentions.

## THE CENTRALISM VS. FEDERALISM DEBATE

The oil contracts controversy has not only brought together disparate groups to oppose the Kurdish position, it has energized them to tackle the bigger

issue of the future governing principle of Iraq. One of the biggest questions facing post-Saddam Iraq is how much power should remain in the hands of the central government and how much should be devolved to the provinces. In 2003, the U.S.-led Coalition Provisional Authority (CPA) took measures to address the excessive centralization of Iraq (a product of the Saddam era) by granting large powers to the provinces, leaving defense and macro-fiscal policy the exclusive responsibility of the central government. Though many Iraqis remained skeptical of federalism—aside from the Kurds, who were its main proponents—it was enshrined in the Constitution because opposing forces, namely Iraq's Sunni Arabs and Sadrists, were unable to register timely objections because of their boycott of the 2005 elections. Secular independent parties with centralist leanings were also unable to organize themselves in time to make a difference in the voting.

In addition to a weak opposition, the Kurds had a powerful ally in the Islamic Supreme Council (ISCI)—a powerful Shi'i party—that also advocated the decentralist/federalist approach. Through ISCI, the Kurds also attempted to harness the power of Grand Ayatollah Ali al Sistani and the weight he carries with the Shi'i population.<sup>34</sup> If Sistani came out against any of their main objectives, such as decentralization, federalism, or autonomy, it would be impossible for them to achieve any of those objectives. The Kurds realized that they had to use their Shi'i alliances to direct Sistani's influence in their favor.

However, as Sunni Arabs and Sadrists began to assert themselves in politics, and secular and independents

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<sup>33</sup> "Baghdad and Irbil Make First Move to Resolving KRG Exports Stand-Off," ZAWYA, December 1, 2008, available at <<http://zawya.com/Story.cfm/sidv51n48-1TS01/Baghdad%20And%20Irbil%20Make%20First%20Move%20To%20Resolving%20KRG%20Exports%20Stand-Off/>>.

<sup>34</sup> Sistani, an Iranian born cleric, exerts considerable influence over Iraq's Shi'i population. Sistani opposes Iranian style rule in the form *vilayat al faqh* or rule by religious authority, and is widely considered to be a unifying and moderate figure who has counseled patience with the Coalition and resistance to sectarian tendencies. For a detailed biography, refer to the Grand Ayatollah's website <[www.sistani.org](http://www.sistani.org)>.

populated parliament—most of whom are generally in favor of a strong central government—the trend towards federalism and decentralization was curbed. Their opposition to the Kurd's oil strategy is only one element of their attempt to spurn federalism, which they believe is a recipe for the disintegration of the Iraqi state.

The push toward centralization peaked with the July 22nd movement—a cross-sectarian group of parliamentarians from the Iraq List, the National Dialogue Front, Tawafuq, the National Reform Movement, the Sadrist bloc, and others. This group was responsible for the most visible mark in the shift towards centralization. The July 22nd movement pushed through the passage of the Provincial Power Act (PPA) in February 2008 and successfully advocated that the provincial elections take place in January 2009, much earlier than the Kurds and ISCI had wanted.

The Provincial Powers Act reinserted some centralist principles back into Iraq's governance structure. The PPA mandated three important things: the Iraqi parliament could legislate on local matters, despite a constitutional advisory opinion that stated otherwise; the parliament could remove governors and dissolve local councils; and regional budgets were tied to allocations from the federal budget.<sup>35</sup>

The PPA also carried implications for the Law for Implementing Federalism, a preceding law that was passed on October 2006 but which came into effect in April 2008. The Law for Implementing Federalism allows provinces that wish to form regional governments to initiate proposals and carry out regional referendums to decide the issue. However,

the PPA places new limitations on provincial powers and therefore, has dampened desires to form new regional governments.<sup>36</sup>

The PPA reflected a resurgence of forces who favor centralism in Iraq. Though many still tend to discuss Iraqi politics using sectarian labels, Iraq is actually moving away from sectarian politics toward a political landscape demarcated by one's position on where the concentration of political power should lie. All of Iraq's political parties are using this issue to garner strength and forge new alliances. The result of this is that decentralization, to the dismay of the Kurds, is no longer as inevitable as it once seemed, despite the fact that federalism is codified in the Constitution. As demonstrated in the oil contracts controversy, just because it is in the Constitution, it does not mean that the issue has been resolved.

There were, in fact, many controversies surrounding the passage of Iraq's Constitution in 2005. The most critical was the potential disenfranchisement of Iraq's Sunni Arab population. Because Sunni Arabs largely boycotted the 2005 elections, they had little say over the Constitution's initial drafting. A last-minute clause to garner Sunni support was inserted into the document establishing a Constitutional Review Committee (CRC) that would determine if the document requires amendment. The CRC became a second chance to gain national buy-in for the Iraqi Constitution.

In May 2007, the CRC presented parliament a set of recommendations seeking amendments to clauses on the distribution of oil revenue, de-Ba'athification, presidential authority, taxation and federal powers.<sup>37</sup> The Kurds have managed to stall

<sup>35</sup> Jason Gluck, "From Gridlock to Compromise: How Three Laws Could Begin to Transform Iraqi Politics," *USIPeace Briefing*, United States Institute of Peace, March 2008, available at <[http://www.usip.org/pubs/usipeace\\_briefings/2008/0319\\_iraqi\\_politics.html](http://www.usip.org/pubs/usipeace_briefings/2008/0319_iraqi_politics.html)>.

<sup>36</sup> Reidar Visser, "Signs of Competition in the Struggle about Basra and Federalism?" [www.historiae.org](http://www.historiae.org), November 19, 2008, available at <[http://www.historiae.org/iqim\\_al\\_janub.asp](http://www.historiae.org/iqim_al_janub.asp)>.

<sup>37</sup> Neil J. Kritz, Sermid al-Sarraf, and J Alexander Thier, "Constitutional Reform in Iraq: Improving Prospects, Political Decisions Needed," *USIP Briefing*, United States Institute of Peace, September 2007, available at <[http://www.usip.org/pubs/usipeace\\_briefings/2007/0903\\_constitutional\\_reform\\_iraq.html](http://www.usip.org/pubs/usipeace_briefings/2007/0903_constitutional_reform_iraq.html)>.

a vote on these amendments because they disagree strongly with proposed language on oil distribution. But the amendments will be revisited with the forming of a new parliament after the June 2009 elections. If the January provincial elections are any indicators, the Kurds will have to work hard to find allies.

### BAGHDAD POLITICS AND CRACKS IN THE ALLIANCE?

Not only do the Kurds have to continue battling the federalism issue, but one of their key supporters, ISCI, has seen a substantial cut in its power portfolio. Moreover, ISCI's stunning losses throughout the south in Iraq's January 2009 provincial elections suggest its fortunes may decline further in the near future unless it can completely overhaul its image. Furthermore, some of their positions, particularly regarding Kirkuk and oil distribution, many no longer align with that of the KRG.

The Kurds spent considerable efforts during their time in opposition and during the political transition convincing Shi'i Islamists of the merits of federalism. The Shi'i Alliance gradually bought on to the federalist idea during the drafting of the interim Constitution (the Transitional Administrative Law, or the TAL). This happened despite the fact that the Shi'ah, as the demographic majority and likely dominant group in a democratic Iraq, stood to gain from a high degree of political centralization.

Because so much of Iraq's oil and natural gas reserves are located in the Shi'i regions of southern Iraq, many Shi'ah also shared the Kurds' contention that existing hydrocarbon resources could

remain centrally managed and administered, but that new resources should be managed and administered by the regions. Both the Shi'ah and Kurds were pleased with this formulation because there were new oil fields to be developed in the south and north, effectively putting all that new oil revenue directly into regional control.<sup>38</sup>

However, over the past two years, the quelling of sectarian violence has led to dramatic changes in Iraqi politics that have affected the Shi'i-Kurdish partnership. The most important change has been the breakdown of the United Iraqi Alliance (UIA), a confederation of Shi'i political parties and personalities. Today, Iraq's Shi'i parties are increasingly competing with one another, instead of with other sectarian groups. The main components of the UIA—ISCI, Da'wa, the Sadrists and Fadhila—see one another as their most important rivals. On several occasions they were not united on critical political disputes, destroying what had once been a relatively strong Shi'i consensus that had been a key partner for the Kurds.

Today, the Kurds increasingly find themselves at odds with Da'wa and the Sadrists, and what was once an alliance with the Shi'ah has now become an alliance only with ISCI.

The Sadrists never warmed to federalism, and now that Nuri al-Maliki has been moving to centralize power in his own office, Da'wa too has decided that federalism is a mistake. ISCI continues to hew to the federalist approach, a view reinforced by their current opposition to and exclusion from the Prime Minister's efforts to centralize power in his own hands. (Of course, if ISCI were ever to gain the prime ministership, it would be interesting to see if they continue to espouse federalism.)

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<sup>38</sup> According to Qubad Talabany, the Representative for the Kurdistan Regional Government to the United States, "The perspective of some Shiite political leaders was, therefore, to give the Kurds much of what they wanted—so long as the Shiites could have it too." Larry Diamond, *Squandered Victory: The American Victory and Bungled Effort to Bring Democracy* (New York: Owl Books, 2006), 168.

The ISCI-Kurdish alliance has been maintained for a variety of reasons, but perhaps the primary reason is that each group has been mindful of each other's power base. As one Kurdish official put it, "I think what people understand now is that [ISCI, formerly] SCIRI is the dominant power in the Shiite political scene and the KDP/PUK are dominant in the North. So it's a matter of respecting each other's capabilities and not crossing certain lines."<sup>39</sup> But unfortunately for the Kurds, ISCI is no longer the dominant Shi'i political power, having lost considerable power in the January 2009 provincial elections. ISCI went from controlling a majority of provincial councils in Shi'i-majority provinces and in Baghdad, to winning barely 10 percent of the seats in all the provinces but for Maysan and their hometown of Najaf, where even there they lost a considerable number of seats.<sup>40</sup>

The Kurdish-ISCI relationship is also complex, subject to a myriad of contingent factors and political power plays by key individuals. For instance, the personal relationships between ISCI's leader, 'Abd al-Aziz al-Hakim, and Barzani and Talabani have been critical to seeing the alliance through some difficult times. However, Hakim is in poor health, and it is unclear how the partnership will fare after he passes. ISCI itself might splinter among Hakim's most important lieutenants, and even if it does not, it is not clear who will emerge as ISCI's new leaders. For Kurdish leaders, this is critical, because some of ISCI officials are cooler to the Kurds than are others.

In addition, some key members of ISCI's military wing, the Badr Organization, have come out

publicly against the Kurdish oil deals, siding with the Oil Ministry.<sup>41</sup> In a newspaper interview, member of parliament and head of the Badr Organization, Hadi al-Ameri, said that all of the oil contracts signed by the KRG are unacceptable and improper, pointing in particular to disputes about profit-sharing protocols. Though the Shi'ah were in prior agreement with the Kurds that control over oil is governed by both the central and regional governments, as stated in the Constitution, now some Shi'i officials, like al-Ameri, are stating that oil should be controlled exclusively by the federal government.<sup>42</sup>

The Sunni Sahwa ("Awakening") has also affected the Kurdish-Shi'i relationship. Sunni tribal leaders are re-exerting their leadership role in Anbar, Salah ad-Din, Ninewah, and Diyala provinces, and attempting to form political parties, or committing their support to existing Sunni parties. Their growing power has created new dynamics among the Shi'ah, intensifying the breaks between the former members of the UIA and bolstering the Sadrist opposition to the Kurds. According to constitutional law professor Noah Feldman, the Shi'i alliance "weakens every time it looks like there might be some sort of nationalist consensus in which Sunnis actually have a role to play.... In the end, the Sunni and Shi'ah Iraqis are only separated by an anomaly of ex post Baathist [rule.]"<sup>43</sup>

It has been rumored that ISCI is even considering a partnership with its long-time rival former Prime Minister Ayad Allawi.<sup>44</sup> In the interim government, ISCI and Allawi had disagreed strongly over

<sup>39</sup> Author's interviews with Qubad Talabani, United States Representative for the Kurdistan Regional Government, Washington D.C., October 3, 2005 and October 25, 2005.

<sup>40</sup> ISCI had gone into the provincial elections with a double disadvantage, with Iraqis deeply dissatisfied with religious/sectarian parties and the ruling Coalition. ISCI fell into both categories. They were also running up against a resurgent Maliki whose Da'wa party gained a large number of seats running on the "State of Law" Coalition. ISCI's decline in the provinces does not bode well for their national position in the run up to the end of 2009 parliamentary elections.

<sup>41</sup> Author's interview with political advisor to United Iraqi Alliance, Washington, D.C., November 15, 2005.

<sup>42</sup> "Al Amiri Expresses His Concern About Oil Contracts Already Concluded Between Kurdistan Region Government (KRG) And Oil Companies (Political/Government)," *Badr Newspaper*, December 2, 2007.

<sup>43</sup> Author's interview with Noah Feldman, former constitutional advisor to the Coalition Provisional Authority, New York, October 14, 2005.

<sup>44</sup> "Allawi visits al Sistani, Does Not Discount Alliance with al Hakim," *al Hayat*, January 12, 2009.

the role of religion in politics and de-Ba'athification. But the changes in the Iraqi landscape seem to have made this alignment a possibility. If ISCI is considering allying with a centrist, strongman leader like Allawi, it could spell trouble for the Kurds because he consistently frustrated a number of their goals while prime minister.<sup>45</sup>

Prime Minister Maliki also offers little hope to the Kurds, as he is trying to bolster his current political position (and legacy) as Iraq's unifying leader—a leader who has rejected sectarianism in favor of a strong, centralist, nationalist, and security-minded state. According to Rieder Visser, “Maliki has rediscovered an ideological superstructure that is making him increasingly immune to criticism at home: using the language of centralism, Iraqi nationalism, and at times, anti-federalism, he has become independent enough to challenge even some of his longstanding coalition partners such as the Kurds and the Islamic Supreme Council of Iraq.”<sup>46</sup>

Respective post-war prime ministers have delayed or hindered the implementation of the Kirkuk referendum and the normalization process in general and postponed decisions on oil legislation. But Maliki has been the only prime minister so far who has an independent power base that is untied to Kurdish support in parliament. This has allowed him to challenge the Kurds directly over a number of issues and even attempt to roll back some of their established autonomy.

Maliki's decision to set up Tribal Support Councils in northern Iraq, particularly in Mosul and Kirkuk, has set off a power struggle between Maliki and the KRG.<sup>47</sup> These councils, modeled after the *sabwa*

councils, were ostensibly created to bring together tribal representatives to assist in sectarian reconciliation and keep an eye out for insurgent activity. But the Kurds claim Maliki has set up these councils as another layer of government, which has no reference in the Constitution, to circumvent local councils once dominated by the Kurds.

The Kurds are adamant that the Tribal Support Councils must be dissolved, accusing the Maliki government of trying to “undermine” the Kurdish region. Further, the Kurds have alleged that the tribal leaders, which the government has recruited to participate in the Tribal Support Councils “are former collaborators who were closely linked to the security and intelligence agencies of the defunct regime of Saddam Hussein.”<sup>48</sup>

Tribal Support Councils and Kirkuk are not the only things that the Kurds and the Maliki government have clashed over. In a press conference announcing the Tribal Support Councils in November 2008, Maliki used the opportunity to outline a litany of grievances against the Kurds: their infringement on the Constitution; their blockage of oil legislation while independently signing regional oil contracts; their advocacy of establishing U.S. military bases in the Kurdish region; their placement of restrictions on non-residents, even Iraqis, regarding travel in Kurdistan; peshmerga infractions against the national security forces in Khanaqin; and their diplomatic representations abroad independent of the Iraqi Foreign Ministry.<sup>49</sup>

The August 2008 skirmish in Khanaqin—a northern city bordering Iran—serves as a warning that

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<sup>45</sup> Author's interviews with various Kurdish officials.

<sup>46</sup> Reidar Visser, “The Obama Administration, Iraq and the Question of Leverage,” [www.historiae.org](http://www.historiae.org), November 7, 2008, available at <[www.historiae.org/leverage.asp](http://www.historiae.org/leverage.asp)>.

<sup>47</sup> Alissa J. Rubin, “Clash in Iraq Over a Plan for Councils Intensifies,” *New York Times*, December 4, 2008.

<sup>48</sup> “Kurdistan Regional Government Responds to Iraq Prime Minister Nouri al Maliki's Accusations of 20 November,” December 1, 2008, available at <<http://www.krg.org/articles/detail.asp?smap=02010100&lngnr=12&anr=26811&rnr=223>>.

<sup>49</sup> *Ibid.*



the tensions are not merely a war of words. Like Kirkuk, Khanaqin is a mixed ethnic town that lies in a disputed territory that the Kurds would like to incorporate into the KRG. After the formation of an interim Iraqi government, Baghdad requested that Kurdish peshmerga secure Khanaqin because the Iraqi security forces were too small to do so. The Kurds also moved quickly to assert control over the mechanisms of provincial control—the political council, security services, and other local government posts.

However, on July 29, 2008, the Iraqi military initiated Operation “Omens of Prosperity” whose stated objective was to rout al-Qa’ida affiliates from the area. The Defense Ministry ordered peshmerga

troops to draw down and withdraw from the city. Despite American warnings that the peshmerga remained in the town, Baghdad insisted on reoccupying it without first notifying the Kurdish units there. After a tense confrontation in which Kurdish officials complained that the operation was more about diluting the Kurdish presence in the city rather than ridding the city of al-Qa’ida, Kurdish officials grudgingly agreed. The Kurdish response to the central government flexing its muscles was to threaten to withdraw support from the Maliki coalition.<sup>50</sup> The Baghdad government claims that the Kurds, having been hindered in obtaining their political goals, are holding the country’s political progress hostage to their demands.<sup>51</sup>

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<sup>50</sup> “Who Controls Khanaqin?” *Inside Iraq*, al Jazeera, September 5, 2008.

<sup>51</sup> “Oil for Soil: Towards a Grand Bargain on Iraq and the Kurds,” International Crisis Group *Middle East Report* No. 80, October 28, 2008.

## KIRKUK: THE POWDER KEG

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The explosive web of claims and counter-claims regarding Kirkuk, which sits on top of some of Iraq's most important oil fields, has made the city a potential flashpoint for Kurdish-Arab conflict. The Kurds claim Kirkuk is their "Jerusalem" and are determined to incorporate the city into the KRG. Mindful of the potential for violence, they formulated a constitutional strategy, instead of forcefully taking over the city as they could have done in the post-war commotion.<sup>52</sup> While the Kurds succeeded in inserting Article 140 in the Iraqi Constitution, an article that makes the status of the city contingent upon a referendum mandated to take place before December 2007, they have not been as successful implementing it. Article 140 had little traction with other players in the conflict, as the Kurds were its only true proponents. Most of the other stakeholders had absolutely no desire to incorporate Kirkuk into the KRG, referendum or no referendum. The December 2007 deadline came and went and further U.N. mediated delays did little to spur its implementation.

Indeed, the situation has become so complex and volatile that all of the parties eventually agreed to

abandon Article 140 (despite continued public protestations by the Kurds that Article 140 will eventually be implemented) and instead allow U.N. Special Envoy Staffan de Mistura to conduct a step-by-step process intended to resolve the status of the city. The new U.N.-led process, outlined in U.N. Resolution 1770, makes no reference to Article 140 and instead only calls for a generic U.N. formulated "process" of resolving the dispute. This is a grave disappointment to the Kurds who had staked their entire approach to Kirkuk on Article 140.

### A FAILED STRATEGY

Since the end of major military operations in Iraq, Kurdish officials have been making gradual, yet forceful moves on Kirkuk. Frustrated by the sluggish progress of the Iraqi Claims Commission—the agency charged with resettling families displaced by Saddam's Arabization policy—the Kurds took matters into their own hands.<sup>53</sup> They slowly, but aggressively, established facts on the ground to try to ensure their control of the province and, as they see it, rectify Saddam's policy of forcible Arabization of Kirkuk.

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<sup>52</sup> Kirkuk contains many minorities, including a large Turkoman population that Ankara has energetically backed—if only as a thorn in the side of the Kurds. Under Saddam, many Kurds from Kirkuk were purposely displaced and Arabs were brought in to make the city more subservient to his regime. Kirkuki Arabs are resistant to Kurdish efforts to integrate Kirkuk.

<sup>53</sup> Thus far, the commission has received about 35,500 claims related to Kirkuk, mostly from Kurds, and has only adjudicated 2,589 cases. According to U.S. and Iraqi officials, the commission has also failed to provide compensation to Kurds seeking to relocate or to Arabs seeking to return to their homes in southern Iraq, all of which are required under the TAL and constitution.

Both the PUK and KDP offered Kurds incentives in the form of money, welfare assistance, and housing to return to their former neighborhoods in Kirkuk. They also paid Arabs who had come to Kirkuk as part of the Arabization policy, the *Wafdin*, to leave Kirkuk and transfer their residency registration to wherever else they intend to go.<sup>54</sup> Accordingly, some eight thousand families accepted the offer, mostly Shi'i Arabs who perceived themselves as co-victims of the Arabization policy and were all too happy to move.<sup>55</sup> The Kurdish leadership also strong-armed some Kurds who were displaced from Kirkuk to return, despite their wishes to remain where they were. The leadership has gone so far as to threaten them with the loss of benefits, food rations, and jobs.<sup>56</sup> The Kurdish leadership's actions have been successful, in that they altered the demography of Kirkuk by adding what may be thousands of Kurdish voters ahead of the planned referendum—securely betting they would have voted to become a part of the KRG.

Kurdish leadership is also working to change Kirkuk's administrative boundaries so that it would encompass majority-Kurdish villages. Saddam downsized Kirkuk throughout the years, annexing different parts of the Kirkuk province to different governorates in order to minimize the Kurdish and Turkomen population and increase the Arab population. For example, the city of Chamchamal used to be part of the Kirkuk governorate until it was annexed to the Sulaymaniyah governorate, putting it under PUK control.<sup>57</sup> But Chamchamal has several thousand Kurds living there and if it were

returned to Kirkuk, it would increase the Kurdish population of the city, hence maximizing the number of votes in favor of becoming part of the Kurdish region.<sup>58</sup> In anticipation of Kirkuk's eventual integration into Kurdistan, the names of many streets, buildings, schools, and villages have been changed from Arabic to Kurdish. The political parties have been providing money, building materials, and even schematic drawings for the rapidly expanding settlements.<sup>59</sup>

Many have accused the KRG of mimicking Saddam's tactics by conducting reverse Arabization, repatriating thousands of Kurds without legal authority, and effectively bringing about a "Kurdization" of Kirkuk. Naturally, these actions have inflamed tensions. One Arab tribal leader stated, "Our patience is about to end. There are 137 houses in this village now and in each there are at least five Kurds. We will protect our land and not abandon it. It's our honor."<sup>60</sup> Mohammed Khalil, one of the few Arabs on the Kirkuk provincial council stated, "If America really wants to help Iraq, it will try to stop the Kurds from gaining control over Kirkuk, which would start a civil war."<sup>61</sup>

On both of these two fronts—attempting to accelerate the implementation of Article 140 and returning Kurds to Kirkuk—the Kurdish leadership has run into problems. Immediately after the 2003 invasion, the more organized Kurdish political parties exploited the political opening and quickly installed many of their own in positions of power in Kirkuk. The Kurds took a hard-line position

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<sup>54</sup> "Iraq and the Kurds: Resolving the Kirkuk Crisis," International Crisis Group *Middle East Report* No. 64, April 19, 2007, available at <<http://www.crisisgroup.org/home/index.cfm?id=4782>>.

<sup>55</sup> *Ibid.*

<sup>56</sup> Stephen Farrell, "As Iraqis Vie for Kirkuk's Oil, Kurds are Pawns," *New York Times*, December 9, 2007.

<sup>57</sup> In addition to Chamchamal, the Kurds also want the following districts restored to the Kirkuk governorate – Kalar, Kifri, Tuz Khurmata, and Altun Kupri.

<sup>58</sup> Author's interview with senior Kurdish officials, November 2007.

<sup>59</sup> Steve Fainaru, "Kurds Reclaiming Prized Territory in Northern Iraq," *Washington Post*, October 30, 2005.

<sup>60</sup> *Ibid.*

<sup>61</sup> *Ibid.*

and refused to grant deputy governor and council president positions to Arabs and Turkomen in 2005, which led to gridlock and indecision in the provincial council. The Kurds also dominated other government positions in the province and the security services (through the peshmerga), further marginalizing other ethnic groups.<sup>62</sup> This situation continued until November 2006 when Sunni Arab lawmakers staged a boycott of the Kirkuk provincial council. The boycott only ended after the Kurds agreed to allocate one-third of government jobs, including security and bureaucratic positions to Sunni Arabs and Turkomen, and add an additional Sunni Arab deputy governor to the Kirkuk government in December 2007.<sup>63</sup> But damage to communal relations was already done.

Unwilling to remain subordinate to Kurdish control, Arab and Turkomen representatives of the Kirkuk provincial council demanded a 32-32-32-4 percent power-sharing agreement that would allocate executive positions equally among the Arabs, Kurds, and Turkomen, with the smaller percentage reserved for Christians.

The struggle over provincial politics has substantially increased strife among the various ethnic groups and between the KRG and Baghdad. The bickering over the power-sharing agreement almost threatened to derail the passage of the Provincial Powers Act when Arab lawmakers tried to insert the Kirkuk power-sharing formula into the act.<sup>64</sup> This spurred a walk out by Kurdish members of parliament during the vote and a presidential veto of the PPA by the Kurdish Iraqi president, Jalal Talabani.<sup>65</sup> It also spurred a formal statement from

the KRG stating that “citizens of Iraq were greatly undermined on Tuesday July 22, 2008 when during a session of the Council of Representatives the bill concerning the provincial election was passed by secret ballot. This procedure was in clear violation of Iraq’s Constitution.”<sup>66</sup>

The Kurds went on to say that the validity of past agreements, and the Kurdish abidance by them, was in jeopardy: “Deciding on an important bill without the Kurdistan Block, which is a major political and national group, together with a large number of other parliamentarians, raises much doubt on previous coalitions and political agreements which have been formed between many parties and the political leadership in Kurdistan.”<sup>67</sup> While the PPA was later redrafted and eventually passed with the power-sharing formula agreed to in principle after contentious debate, it has yet to be implemented and no provincial elections can be held in Kirkuk until it is.

Not only have the Kurds’ policies *not* forced the implementation of Article 140, but they have also contributed to the stagnation of national political progress, the worsening of inter-communal relations, and even a decline of their political leverage within Kirkuk. Their strategy has only served to alienate the Kurds from Kirkuk’s Arabs and Turkomen communities. More so, it has failed to convince the indigenous Arab and Turkomen community within Kirkuk to come under the administration of the KRG. In fact, Arabs and Turkomen in Kirkuk are well aware of minority grievances and complaints within the KRG. Minorities currently within the KRG have complained about the

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<sup>62</sup> “Kirkuk Council Split on Roles,” International Crisis Group Report, IWPR, No. 121 April 18, 2005.

<sup>63</sup> Lauren Frayer, “Power sharing ends Northern Iraq dispute,” Associated Press, December 4, 2007.

<sup>64</sup> Reidar Visser, “The Kirkuk Issue Exposes Weaknesses in Iraq’s Ruling Coalition,” [www.historica.org](http://www.historica.org), August 7, 2008 and Reidar Visser, “Iraqi Parliament Passes Provincial Elections Law,” [www.historica.org](http://www.historica.org), July 22, 2008.

<sup>65</sup> Sudarsan Raghavan and Ernesto Londono, “In Iraq, Regional Politics Heats Up,” *Washington Post*, August 8, 2008.

<sup>66</sup> Statement by the Kurdistan Regional Government, “Kurdistan Regional Government Rejects Provincial Elections Bill Due to Breach of Constitution,” July 23, 2008.

<sup>67</sup> *Ibid.*

lack of representation and there is little mention of minority rights within the Kurdish Constitution. Given that Turkomen and Arab representatives of Kirkuk have heretofore been sidelined by the Kurdish parties, there is little incentive to respond to more recent Kurdish overtures to conciliation and cooperation.

The failure to implement Article 140 is the result of a confused Kurdish strategy on Kirkuk that has not brought them any closer to placing the province within their territory and has exacerbated regional instability and deadlocked national politics.

### AN UNCERTAIN FUTURE

The Kurds emphasize again and again their commitment to the constitutional process. However, although the Kurds invoke the “constitutionality” of their positions, the reality is the Iraqi Constitution is not the hallowed document they present it to be. Many view the provisions that the Kurds point to in the Constitution regarding Kirkuk (like Article 140) as provisions that were strong-armed into the document by the Kurds when the rest of Iraq’s factions were looking the other way.

The controversies surrounding the constitutional process are well known and many groups—particularly Sunni Arabs—do not feel that the process was representative of them or their interests. So while Kurdish appeals to follow the constitutional process are aimed at invoking fairness and legality, it achieves the opposite because in the eyes of many Iraqis, the process was rigged. Even many who viewed the constitutional process as legitimate oppose Kirkuk’s integration into the Kurdistan Regional Government.

Insurgents and terrorists have also set their sights on Kirkuk. As al-Qa’ida and their supporters have

been flushed out of Iraq’s al-Anbar province and many parts of Baghdad, they are making their presence felt points north. Iraqi-nationalist insurgents and Sadrists groups have exploited the issue of Kirkuk to conduct attacks in the city, and elsewhere, purportedly against Kurdish interests, but killing indiscriminately. Insurgents have targeted oil facilities, pipelines, and security services.

One recent attack in Kirkuk saw suicide bombers kill 17 people and injure 50 during a gathering that drew Kurds who were protesting against the provincial elections law. The suicide bombing led Kurds in the city to blame Turkomen groups for the attack and a mob quickly formed, attacking Turkomen offices and businesses. Over a hundred additional people were killed in the melee spurred by the original suicide attack.<sup>68</sup> It was the most severe ethnic skirmish the city has seen since the 2003 invasion, underscoring how quickly ethnic tensions can flare out of control.

Herein lies the dilemma for the Kurdish leadership. By being too forceful in their demands regarding Kirkuk, they have jeopardized their national standing and exacerbated tensions with the central government and within Kirkuk—bringing them no closer to realizing their goal of annexing Kirkuk into the KRG. However, by not being forceful enough, they have alienated Kurds living within the KRG who are frustrated by the leadership’s failure to fulfill its promise.

Although the Kurdish leadership understands that their policies towards Kirkuk have failed, there is no real consensus emerging on what a new course should be. Given the leadership’s premature promises and how strongly Kurds have tied their fate to Kirkuk, many will have little patience for a leadership that fails to capitalize on the Kurds’ relative strength to pull Kirkuk into the KRG. If the Kurds

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<sup>68</sup> Richard Oppel and Sabrina Tavernise, “Bombers and Ethnic Clashes Kill 61 in Iraq,” *New York Times*, July 29, 2008.

do not gain considerable control over Kirkuk within the framework they have already publicly outlined, many Kurds will perceive failure—resulting in Kurdish dissatisfaction and possibly internal instability.<sup>69</sup>

The Kurdish leadership must therefore do something to show their Kurdish constituents that they are not caving to Baghdad's insistence that Kirkuk remain under central-government control, even if it might mean jeopardizing national stability and, ultimately, their ability to gain Kirkuk. In this instance, their characteristic political adroitness failed them and the Kurdish leadership has effectively boxed themselves in over Kirkuk.

The need show that they are “doing something” has also impacted the unity of the Kurdish block. Outwardly, the Kurds present a unified front on the issue but Kirkuk has proven to be a flashpoint for Kurdish politics, with the potential to cause renewed strife between the KDP and PUK as they both vie for dominant influence in the city. After impressive shows of unity on many fronts—such as constitutional deliberations, political appointments, and parliamentary positions—the Kurds are fractured with regards to Kirkuk. According to one Kurdish official, “Kirkuk is a Kurdish issue, not a KDP or PUK issue. In order to win Kirkuk, we need to put our own house in order—to have the united government and to work for the benefit of the people in Kirkuk, to encourage people to go back, to provide basic services to them.... It will be a joint exercise. We may have difference of opinion, we may have other political battles, but not

over Kirkuk. We should not and we will not have this competition.”<sup>70</sup>

But the reality on the ground is much different from the sentiment described above. One account by a Kirkuk government official, who is Kurdish but not politically affiliated with the KDP or the PUK, reveals the extent of Kurdish bickering over Kirkuk: “One day they built a bridge in a predominantly Kurdish part of Kirkuk. Bridges across the country are green.... Well, green is the color of the PUK. So I get a call from the police saying, ‘I need back up. Remember that bridge we just built? There is a group of people with yellow paint, painting the bridge.’ It turns out to be KDP members demonstrating and painting the bridge yellow, stating, ‘Why did you build this green bridge? It because you are PUK and you are not KDP’ But if you go to Najaf, you’ll find bridges green.”<sup>71</sup> The story was told in jest, but it reveals the extent of KDP-PUK rivalry over Kirkuk.

The Kirkuk conflict has concentric rings of impact. Aside from exacerbating internal rivalries, the rhetoric and actions taken by the Kurdish leadership has brought ire from Baghdad and their Arab compatriots. The impasse over the status of Kirkuk has galvanized many Arabs against the Kurdish position. Perhaps most importantly, Turkey is convinced that the key to Kurdish independence lies with Kirkuk, where most of the oil in northern Iraq is located; the potential for Kurdish independence has enormous consequences for Turkey and the greater Middle East.

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<sup>69</sup> Roman Zagros, “Iraqi Kurds Angered by Kirkuk Referendum Delay,” *BBC Monitoring*, January 2, 2008.

<sup>70</sup> Interview with senior Kurdish officials.

<sup>71</sup> Author's interview with Kurdish official, Washington D.C., November 2005.

## INTERNAL CHALLENGES: THE TWO KURDISTANS

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Kirkuk is not the only area of KDP-PUK competition. In fact, the entire administration of the Kurdistan Regional Government is a large playing field for KDP-PUK rivalry. The situation has historically been so intractable that the Kurdish region has been effectively split into two camps since the end of the KDP-PUK civil war in the mid-1990s. Although the region is governed by one parliament, the Kurdistan National Assembly (KNA), the reality is that Iraqi Kurdistan is divided and governed by two administrations—one run by the KDP and the other by the PUK. While many people refer to a unified KRG, there are really two KRGs, each controlled by one of the two main political factions.

Jalal Talabani (of the PUK) and Massoud Barzani (of the KDP) seem to have reached an accommodation for the present moment, but their rivalry stems back to the 1960s when Talabani broke away from the KDP to form the PUK. It came to a bloody head in the mid 1990s when Talabani turned to Iran for support and took over Irbil, a traditional KDP stronghold. This provoked Barzani to call on Saddam Hussein to attack PUK

positions.<sup>72</sup> The fighting, triggered by a tribal dispute, resulted in a crippled PUK and five hundred dead civilians.

The Kurds mitigated this animosity by separating the administration of their territories after the civil conflict ended in 1998. Not only was Kurdistan separated from Iraq, but the region itself was split in two, geographically and politically.<sup>73</sup> According to Ofra Bengio, an Israeli scholar of Iraq, “The autonomous region became divided into two rival zones, informally known as ‘Barzanistan’ and ‘Talabanistan.’ There were two administrations, two cabinets, two paramilitary units [peshmergas], and two flags.”<sup>74</sup> The two spheres of influence are centered on patronage networks and tribal politics. The only institutions that held them together were the independent judiciary and the KNA.

After the invasion in 2003, the KDP and the PUK placed their enmity aside and presented a unified front to the American-led Coalition and the rest of Iraq in order to legalize their autonomous status and consolidate their position at the national level. Now that they have achieved this, they have to go

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<sup>72</sup> For a detailed discussion on the Kurdish Civil War in the 1990s see Jonathan C. Randal, *After Such Knowledge What Forgiveness* (New York: Farrar, Straus & Giroux, 1997).

<sup>73</sup> For a detailed discussion on the development of the Kurdistan Regional Government and the two administrations see Gareth R. V. Stansfield, *Iraqi Kurdistan: Political Development and Emergent Democracy* (London and New York: RoutledgeCurzon, 2003).

<sup>74</sup> Ofra Bengio, “Hour of Power,” *Middle East Quarterly* X, no. 3 (Summer 2003): 39-48.

back to the mundane tasks of unifying their region and administering services to their citizens. Many of the national political agreements negotiated by the Kurds depend upon fulfilling their promise to unify the separate KRG administrations in Kurdistan.

In 2006, the KDP and PUK leaderships published a final, negotiated unification agreement that outlined the details of how unification is to take place. But the process is far from complete and the Kurds still face many challenges in their efforts to unify. For one, unifying the administrations will mean dismantling old patronage networks and dealing with the ensuing fall out. The “old guard” still has long-standing personal interests that could be threatened by unification or greater democracy in the region.<sup>75</sup> The political leadership may have learned the lesson that division brings demise, but there is still bad blood in the mid- and senior-levels of the two parties. Instances of strife are not easily forgotten, especially by both parties’ peshmerga forces and mid-level political cadres who were in power during the thick of the fighting.

The most important ministries—finance, interior, and peshmerga affairs—have yet to be unified. According to Gareth Stansfield, a long-time observer of the internal workings of the KRG, “The vestiges of two de facto Kurdish statelets are numerous, leading to several structural problems that [the Kurds] need to manage by a process of extensive reform. These include a grossly overstaffed civil service, conflicting legislation in key areas such as personal status laws and foreign investment codes, and different cultural practices between civil servants from Irbil and Sulaymaniyah.”<sup>76</sup>

Peshmerga unification poses a particularly difficult problem. The peshmerga fighters of both parties are still separate, despite the fact that the Constitution calls for the creation of a unified Regional Guard (ostensibly made up of the same peshmerga fighters that fought one another during the Kurdish civil war) to provide internal security for the north.<sup>77</sup> The challenge is to unify their command and control so that they can comply with the Constitution, provide adequate security, link to the central command in Baghdad, and quell the temptation to use the peshmerga whenever there is an internal dispute between the KDP and PUK. This is no easy task. Peshmerga fighters are loyal to their political bosses, not to the KRG and certainly not to Baghdad. Part of this rests on past grievances from the civil war that are yet to be resolved. But, because the security situation in Iraq is critical (with insurgent activity on the rise in the north), the Kurds cannot afford to dwell on these grievances. There are so many external threats facing them that they cannot stand for those to be compounded by internal ones.

The lack of peshmerga unification is also a result of stalled negotiations with Baghdad. The Kurds have asked for additional revenue from the central government, through the Defense Ministry, to finance the salaries of 76,000 existing peshmerga forces and the pensions of 90,000 retired fighters. The Kurds have requested financing through the national Defense Ministry so that they will not have to dip into their 17-percent allocation of the national budget.<sup>78</sup> The salary issue has become acute, as according to the KDP Minister of Peshmerga Affairs, about 1,000 peshmerga quit every month because of this issue.<sup>79</sup> The financial and

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<sup>75</sup> Author’s interviews with senior Kurdish officials.

<sup>76</sup> Gareth Stansfield, “Kurdistan-Iraq: Can the Unified Regional Government Work?” *Arab Reform Bulletin* 4, issue 5 (June 2006).

<sup>77</sup> Section Five, Chapter One, Article 111, Iraqi Constitution and Transitional Administrative Law. Text of the Draft Iraqi Constitution, October 12, 2005, available at <http://www.washingtonpost.com/wp-dyn/content/article/2005/10/12/AR2005101201450.html>.

<sup>78</sup> Seventeen percent of the overall national budget has been allocated to the discretionary distribution within the Kurdistan region.

<sup>79</sup> Abd al Rahman Abu Bakr, “Hundreds of Peshmerga Leave their Trenches,” *Rozhnama*, (Iraqi Kurdistan), December 4, 2007.



administrative troubles have provided an excuse for the Kurds to continue to delay peshmerga unification.

However, while they have requested that the Defense Ministry finance their regional force, the Kurds have resisted allowing the peshmerga to come under the complete command and control of the Defense Ministry.<sup>80</sup> They have also rebuffed requests for the peshmerga to take on additional assignments outside the Kurdistan region, though they have done so in the past and are active in the Diyala and Mosul province—areas where there are disputed territories which they ultimately would like to incorporate into the KRG.

Money is an issue in many other respects. Fully implementing the unification agreement has stalled because the two parties have not been able to agree on how to split or consolidate revenues, or how to unify their financial administrations. This is despite the fact that the 2006 unification agreement calls for the finance ministries be unified within one year (that would have been in 2007) and that revenue from Baghdad would no longer be split between the two administrations of the KRG. Some analysts have argued that unifying finances would be so difficult that maintaining separate administrations is the only alternative.<sup>81</sup>

Consolidating the two ministries of finance poses a difficult, technical problem in that both the KDP and PUK ministries work through different employment systems and mechanisms of budget allocation. Separate projects in the respective region have already been budgeted for and moneys distributed. Because public service funds have already been committed for the next couple of years, those arrangements have to be completed before budgetary and financial unification can begin.

Despite the difficulties of unification, the Kurdish leadership does deserve credit for beginning the process. It is inevitable that addressing long-standing governance and structural problems will take time. But unification poses a more fundamental internal problem for the KRG other than the short-term issues of working out the details of integrating ministries. It is also stifling political participation outside of the two party system.

### WHITHER DEMOCRACY?

While the integration of KDP and PUK administrations is very necessary, the current unification agreement only takes into consideration the interests of the two political dynasties, not the political aspirations of rest of Iraq's Kurds who have been left out of the political equation and are growing increasingly frustrated with both parties. Many people are dissatisfied and believe that the current unification agreement is a way for the KDP and PUK to maintain their grip on power and control the affairs of Kurdistan at the expense of other political groups and society at large.

Ghafur Makhmuri, the head of the Kurdistan Democratic Union Party, has been critical of the unification's effect on smaller parties and interests: "The agreement will narrow the freedom process, and the two political parties will not let opposition to be established."<sup>82</sup> Indeed, as the KDP-PUK unification process is currently unfolding, other political actors—who are clamoring to have a say in the running of their regional government—are being shut out.

As it stands there is only a token presence in the KRG leadership of independents, minorities, and Islamist parties. As a result, the two organizations monopolize the political space and agenda, as well

<sup>80</sup> "Kurdish Political Parties have 300,000 Armed Men," *Rozhnama* (Iraqi Kurdistan), April 22, 2008.

<sup>81</sup> Gareth R. V. Stansfield, *Iraqi Kurdistan: Political Development and Emergent Democracy*.

<sup>82</sup> "Views Differ on KDP-PUK Agreement," *Kurdish Globe*, August 9, 2007.

as its resources. The KDP and PUK have become less like the political parties they espouse to be and more like patronage and parochial networks, doling out favors and serving as mechanisms for the Barzani and Talabani families and associates to get ahead.

Arguably the greatest threat to the broadening of the political space is the unification agreement itself. While the introduction of the unification agreement states that it will guarantee a “growing democratic experience in the Kurdistan region,” the precise mechanisms outlined to achieve unification will not achieve that goal in the near future.<sup>83</sup> For example, the unification agreement specifically assigns KRG government posts to either the KDP or PUK; a new position of vice president was created within the KRG and it is allocated to a member of the PUK. Similarly, the agreement stipulates that the speaker of the KNA rotate between the KDP and PUK and doles out other ministerial posts according to party affiliation. Nowhere in the agreement does it allow for the prospect of an independent or person from another political party to hold these senior posts.<sup>84</sup>

There is no indication that the unification agreement is written as an interim document, consolidating the two current administrations that are monopolized by the two parties until better representation is achieved. Instead it appears as if the agreement is meant to consolidate the dominant positions of the KDP and PUK, indicating that both parties believe this arrangement can go on indefinitely.

Though there are smaller parties in the KRG, they are only allowed to exist because they are part of either KDP or PUK coalitions and are not in any position to serve as an opposition or balancing political force. According to Rebwar Ali, the head of the Kurdistan Student Development Organization, the two-party monopoly extends out of politics and into the academic field as well: “Kurdistan isn’t a civil society it is a partisan society. The presidents of the universities, the university council, the deans and heads of departments should all be members of one of the major parties. Scholarships are only for party members.”<sup>85</sup> Appointments and career advancement in other sectors besides government is largely determined by party affiliation rather than by merit. Business dealings also depend heavily on party affiliation and connections leading to allegations of corruption in many sectors.<sup>86</sup>

The Kurdish leadership has touted the success of their democratic experiment in Kurdistan and offer it up as a model for the rest of Iraq. But how democratic is Iraqi Kurdistan? The unification agreement has not revealed promising signs of an emerging democracy. Neither has the decision not to participate with the rest of the provinces in the January 2009 elections.

The KRG is instead planning to hold elections in July 25, 2009.<sup>87</sup> Kurdish government officials have finally agreed to supervision by the Iraqi Independent High Electoral Commission (IHEC) though they actively resisted this measure.<sup>88</sup> But if the 2005 elections were any indication, independent supervision is necessary to ensure free and fair

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<sup>83</sup> “Kurdistan Regional Government Unification Agreement,” January 21, 2006, available at <<http://www.krg.org/articles/detail.asp?nr=223&lngnr=12&anr=8891&smap=02010100>>.

<sup>84</sup> Ibid.

<sup>85</sup> Andrew Lee Butters, “Trouble in Kurdistan,” *TIME*, March 17, 2006.

<sup>86</sup> Ibid.

<sup>87</sup> Ben Lando, “KRG sets July general elections,” *Iraq Oil Report*, May 8, 2009, available at <<http://www.iraqoilreport.com/politics/krg-sets-july-general-elections/1455/>>.

<sup>88</sup> “Barzani rejects IHEC to supervise KRG Elections, Hawlati,” *KurdishMedia*, February 26, 2009, available at <<http://www.kurdmedia.com/article.aspx?id=15508>>.

elections. According to one Kurdish official, in the 2005 elections “there were all kinds of intimidation; there was ballot stuffing and a variety of things.... It shows as ‘democratic’—and I put that in inverted commas—as the north is, and as developed as the civil society is, it still fragile.”<sup>89</sup>

Citizens and some political leaders are beginning to speak out, frustrated by the lack of movement by the two political parties and buoyed by the promise of democracy throughout all of Iraq. The next generation of Kurdish officials acknowledges the problems: “People are sick of the parties. The only reason they vote for them is because there are no viable alternatives and there probably won’t be for the foreseeable future. But hopefully the resentment that is building in the streets of Sulaymaniyah and Irbil will get the leadership of both sides to change their ways, to modernize the party, to bring in some new blood, to be a little more receptive to the needs of the people, to limit the corruption... and there are definitely things that both sides can do to make it better.”<sup>90</sup>

## CORRUPTION AND LACK OF SERVICES

Corruption is another pressing governance issue that threatens internal stability in Kurdistan. In the rush to implement reconstruction projects, money is flowing everywhere, often into the coffers of the KDP and PUK. Unlike the past when the region was under double sanctions—from the international community and Saddam’s regime—money has been pouring into Kurdistan, not only in the form of reconstruction aid, but also from the central Iraqi budget, oil revenues, border tolls, and business development in the region. However, the Kurdish leadership has yet to resist the temptation

to line their pockets and to establish instead a way to transparently administer and manage these funds. Anecdotes such as this one are not uncommon: “I had somebody come to me and say I have a deal for a cement factory in Kurdistan. It will cost a \$120 million, can you find some funding. So I was able to communicate with some people [in Kurdistan] and they said if it’s a sovereign contract we’ll fund it. My connection... called the office of the [Kurdish] prime minister. They told him 50 percent on top of it and we’ll give it [the contract] to you.”<sup>91</sup>

Kurdish citizens are making the connections between corruption and cronyism and the lack of essential services. They are growing more frustrated and more vocal about their dissatisfaction with the KRG leadership. While connected bureaucrats are able to buy \$1 million-plus properties in gated communities like Dream City, most families in Kurdistan receive only a few hours of electricity a day.<sup>92</sup> Tawa Othman, the former editor of the independent newspaper *Hawlati*, explained how prosperity spreads to only a few: “The great construction campaign in Kurdistan is not benefiting ordinary people. Only the political leadership is gaining from this. Those great buildings, those skyscrapers all belong to high political officials. Everything is dominated by the PUK and KDP.”<sup>93</sup>

Almost nothing—from a business venture to an NGO—can get off the ground in Kurdistan without the involvement of either a KDP or PUK official. Party practices are non-transparent and decision-making procedures in the politburos are arcane and unknowable. When the issue of corruption is brought up with KRG officials, they either dismiss the accusations as exaggerated or insist it is an isolated instance and not a structural problem.<sup>94</sup>

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<sup>89</sup> Author’s interview with senior Kurdish official.

<sup>90</sup> Author’s interviews with senior Kurdish official, Washington D.C., November 2005.

<sup>91</sup> Author’s interview with senior Iraqi government advisor, Washington D.C., March 2007.

<sup>92</sup> Mark Mackinnon, “Corruption: The Dark Underbelly of Kurdistan’s Dream,” *Globe and Mail* (Canada), March 12, 2007.

<sup>93</sup> Ibid.

<sup>94</sup> Author’s interview with Kurdish officials.

While KRG officials are putting their efforts into building Dream City, a \$350 million development project of 1,200 villas, the stock of affordable housing is in decline.<sup>95</sup> Similarly, basic services are lacking—electricity and water shortages have increased, and medical services, though better than in most other places in Iraq, have been afflicted by overcrowding and medical shortages. The current government is trying to make improvements by buying equipment and establishing training schools but there does not appear to be an overall health care policy or strategy in place.<sup>96</sup> Living costs have also risen dramatically as internally displaced people have flooded into this region of relative stability.

Ironically, reports are that it is *more* difficult to obtain good public services since the unification process began. Before, a person could count on competition between the respective KDP and PUK ministries to ensure that at least one of the ministries would provide decent services. Now, however, unification has stifled the imperative to provide.<sup>97</sup>

Though the Kurds have been able to secure a greater percentage of the overall Iraqi budget during negotiations with Baghdad (as mentioned, the KRG receives 17 percent of the overall national budget for discretionary distribution), the lack of transparency surrounding the budgetary process has contributed to internal grumblings. One Kurdish commentator wrote, “The remark that we hear from many citizens, saying [sic] ‘So what? What benefits shall I reap if large amounts of money flow into Kurdistan from Baghdad? No one knows what happens to all this money. Money is continuously flowing and our life is still getting worse and more difficult day after day and year after year.’ This is

a normal outcome of lack of transparency in our country.”<sup>98</sup>

Frustration reached such levels that Kurdish demonstrators destroyed parts of the Halabja memorial that was erected to commemorate the Kurdish victims of the 1988 chemical weapons attack by Saddam. The demonstrators were incensed that the KRG was spending its money to erect memorials instead of administering social services. It was a strong message to send to the leadership and fellow citizens who all hold the memory of the Kurdish victims in a hallowed place.

### KURDISTAN: A POLICE STATE?

In a country beset by constant security concerns, Kurdistan is a haven from violence. Despite rare terrorist incidents, the administration’s grip on security is impressive. However, this level of security has come at a price. While it is a price that most are willing to pay, citizens living in the KRG are finding themselves increasingly constricted as security control continues to tighten.

The authority of the peshmerga and *asayeesh* (Kurdistan’s domestic security and intelligence service that is split between the KDP and PUK) is largely unquestioned. As a result, they have often acted with impunity. Anecdotes regarding the abuse of their free reign and immunity from reprimand abound due to the complete lack of oversight of either party’s *asayeesh* forces

Human Rights Watch reported in 2007 that the Kurdish security services use prolonged detention in solitary confinement, hold prisoners in unhygienic facilities, and employ coercive methods such

<sup>95</sup> Mark Mackinnon, “Corruption: The Dark Underbelly of Kurdistan’s Dream.”

<sup>96</sup> “Fact Finding Mission to Iraq’s Three Northern Governorates,” Finnish Migration Service, November 3, 2007.

<sup>97</sup> Ibid.

<sup>98</sup> Aso Hardi, “Fighting for Money or Rights?” *Awene*, (Kurdistan), February 19, 2008.

as beatings and stress positions. Often prisoners are held without charge, have no access to the judicial system, and their relatives have no idea of their whereabouts.<sup>99</sup> Human Rights Watch concluded that the KRG has violated international law regarding the treatment of prisoners and due process. Human Rights Watch also found that Kurdistan authorities did not formally charge detainees and did not allow them legal representation or even bring them to trial. According to their report, “Of the detainees held on suspicion of having committed serious felonies, including premeditated murder, Human Rights Watch found several cases where courts had acquitted defendants but they remained in detention, or persons had already served their terms of imprisonment but continued to be held. Most had no knowledge of their legal status, how long they would continue to be held, or what was to become of them.”<sup>100</sup>

Despite these harsh findings, Human Rights Watch has indicated that the Kurdish leadership has been receptive to the organization’s reform proposals and has attempted to implement some changes, including the release of long-held detainees. However, the KRG has been slow moving regarding necessary reforms regarding due process and the judicial system. While problems still abound, the willingness of the KRG to address their past abuses demonstrates that they are receptive to international pressure to reform.

## MEDIA FREEDOMS

Despite the image of an open and democratic Kurdistan, media freedom in the KRG has been lacking. While there is a concerted effort to establish an

independent media, many of the region’s media outlets are, not surprisingly, control by either the KDP or PUK.

Perhaps the most prominent example of infringements on press freedom is the case of Kamal Sayid Qadir who was detained for six months for publishing an article on the corruption of the Barzani family. Qadir was originally sentenced to 30 years in jail, but his sentence was commuted after a campaign by international NGOs. Though Qadir’s case is controversial in that he also publicly defamed the Barzani family by writing untrue accounts (for which he later apologized), his case is not unusual in the way the Kurdish leadership has treated internal criticism.<sup>101</sup> The political parties often take journalists who write critical stories to court—an intimidation tactic that has led to self-censorship.<sup>102</sup>

Qadir has not been the only detained or expelled journalist. His case is evidence of the KRG’s growing intolerance of freedom of expression. Most recently, a Kurdish magazine, *Bizow*, funded by KRG Prime Minister Nechervan Barzani of all people, was shut down because it published articles critical of other Kurdish politicians. *Bizow*’s editor in chief, Badran Ahmed, said in a press statement, “I believe that some Kurdish politicians and leaders have been angered because of some of the articles which were published by this magazine” and that this was the reason behind the shut down.<sup>103</sup>

Newspapers like *Hawlati*, *Awene*, and *Rozhmama* have managed to remain free and independent but they have had their own run-ins with the regional government. Journalists such as Nabaz Goren have

<sup>99</sup> “Caught in the Whirlwind: Torture and Denial of Due Process by the Kurdistan Security Forces,” Human Rights Watch report 19, no 2(E), July 2007, available at <<http://www.hrw.org/en/reports/2007/07/02/caught-whirlwind>>.

<sup>100</sup> Ibid.

<sup>101</sup> Richard A. Opiel, “Kurd’s Writings Land Him in Jail: A Critic of Party Corruption or a Reckless Defamer,” *New York Times*, January 26, 2006.

<sup>102</sup> Mariwan Naqshbandi, “We Speak and You Listen,” *Jamawar* (Kurdistan), March 10, 2008.

<sup>103</sup> “Magazine Critical of Politicians Closed,” *Asharq al Awsat*, December 6, 2007.

been detained and roughed up by security services in an effort to intimidate them. Goren was grabbed in the street, driven to a remote location, beaten and, before let go, given the warning, “We are here to wise you up not to write. If you continue, we will continue.”<sup>104</sup> Suffice it to say, while independent voices have emerged and are expanding, it has happened *despite* the government’s efforts to rein them in.

## KURDISTAN’S YOUNG TURKS

The future of the KDP-PUK relationship (i.e., cooperation or rivalry) will depend on how much of a say the old guard has in determining the future direction of either party and how long they will be able to exert their influence. If the old guard leadership maintains their hold on decision making in the medium term, then tensions will likely continue. As it stands, it is they who have the most to lose from true unification and political reform. With two administrations joining, somebody is going to lose a position or influence over a sector or neighborhood.<sup>105</sup> As such, they are less inclined to pursue reforms efforts and will dig in to take advantage of as many perks and benefits of their position while they still hold it.

Reform inside the regional government and the opening up of political space will depend on the attitudes of the young guard that will inevitably take over power. While the young guard may be equally susceptible to the trappings of power, some of the younger leaders have a less constricted view of politics. They also have strong visions and ideals for the region, emphasizing institution building and economic development. The new generation of leaders also does not carry the baggage of the civil conflict, has access to outside advisors, experience in

international politics, and grew up in the leadership at a time when Kurdistan was largely autonomous. But the younger leadership will emerge only if the insecurities of the old guard are alleviated. To what degree the younger leaders can work around and with the old guard is still uncertain. For now, they must work with them, not against them, until they shore up enough of their own power to confront them if need be.

This is not to say that there are no rivalries among the younger generation. For example, within the KDP, Masoud Barzani’s son, Masrou, is being groomed to be the next leader, but he has to contend with his cousin, Nechervan Barzani, the KRG’s prime minister. Their personalities and power bases are different and it is still unclear who will emerge the leader of the KDP—that is, if they can get around the older gentlemen in waiting who surround Masoud.

Within the PUK, there is uncertainty over the future leadership and apprehension over the fracturing that is occurring within the party. Most recently, a faction of the PUK calling itself RAG, or the Movement for Democratic Change, was expelled from the party.<sup>106</sup> The PUK accused Nechervan Mustafa, a former leader of the PUK, of “fomenting strife” within the party by encouraging this group and using it to settle old political scores. Others thought the dismissal of RAG was reactionary and evidence of the party’s inability to tolerate internal dissent. Mustafa has been a recent outspoken critic of the party through his media outlet, the Wusha Corporation, accusing the party of authoritarianism and mismanagement.<sup>107</sup>

This generational rivalry is made more acute by a looming succession struggle in the PUK. Talabani

<sup>104</sup> Joel Campagna, “The Other Iraq,” Special Report from the Committee to Protect Journalists, posted May 5, 2008, available at <[www.cpj.org/other.iraq/](http://www.cpj.org/other.iraq/)>.

<sup>105</sup> Author’s interviews with Kurdish officials.

<sup>106</sup> War and Peace Reporting (IWPR), December 2, 2008, available at <[http://www.iwpr.net/?p=icr&cs=f&co=348149&capc\\_state=henh](http://www.iwpr.net/?p=icr&cs=f&co=348149&capc_state=henh)>.

<sup>107</sup> Nawshirwan Mustafa, “Reform in Kurdistan: We and Them – What are the Reasons for Our Disagreements?” KurdishMedia.com, February 2, 2009, reposting of “We and Them,” *Rozhnama* (Kurdistan), September 2008, available at <<http://www.kurdmedia.com/article.aspx?id=15446>>.

has no formal successor and there is fierce competition among a number of key PUK lieutenants to succeed him. Iraqi Deputy Prime Minister Barham Salih, Nechervan Mustafa, and Kosrat Rasul Ali are all leading candidates who are already jockeying for the position. However, the Talabani family is also an important player, with Jalal's highly-respected wife, Hiero, reportedly pushing for their younger son, Qubad, to succeed his father.

This fight has exacerbated a number of intra-Kurdish issues, as well as Kurdish-Arab problems. Talabani plays a key role in mediating intra-PUK rivalries, the PUK-KDP relationship, and the KRG-Baghdad relationship. Kurds and outsiders fear that his loss could introduce major new strains in all of those relationships. However, this succession battle has further antagonized both Kurdish oppositionists and the younger generation, both of whom see it as another instance of the established elite excluding them from a role in governance.

Transferring more authority to the newer cadre of leaders is problematic in another way. Kurdistan's young Turks are less experienced in the ways of Iraqi and regional politics, and much more nationalistic in their approach. They have not gone through the same trials as their fathers, and their Iraqi colleagues complain that they are less appreciative of the geopolitical dangers surrounding

them. They risk overplaying their hand and potentially inviting regional interference by being too aggressive in their rhetoric or demands.<sup>108</sup> While they may be better able to work cooperatively, they do not yet have the stature, political weight, or relationships with other Iraqi leaders as Barzani or Talabani.

A change to the young guard may be able to stem the ossification of KRG politics, but Kurdistan's challenges not only affect internal stability, but hinder its ability to deal with outside threats. The United States has long maintained that Iraq's Kurds are democratic partners in peace and have remained uncritical of the internal workings of the KRG. But if internal problems remain, the United States will become less supportive, especially when considering the regional dynamics at play.

Conservative commentators have argued that Iraqi Kurdistan has outlived its usefulness as an ally of the United States. The KRG's lack of progress regarding internal governance reform, its tolerance of PKK rebels, its increasingly nationalist rhetoric, and its frequent butting of heads with Baghdad have negatively affected U.S. political goals in Iraq and the region.<sup>109</sup> Most especially, Kurdistan deliberate separation from Baghdad is jeopardizing the United States' long-term goal of a reconciled, unified Iraq.

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<sup>108</sup> Author's interview with Iraqi political advisor, Washington, D.C., November 2005.

<sup>109</sup> See for instance, Michael Rubin, "Is Iraqi Kurdistan a Good Ally?" AEI Online's *Middle Eastern Outlook*, January 7, 2008, available at [http://www.aei.org/publications/filter.all.pubID.27327/pub\\_detail.asp](http://www.aei.org/publications/filter.all.pubID.27327/pub_detail.asp).

## TURKEY AND THE KRG: MENDING FENCES

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During the months of September and October 2007, the Kurdish Worker's Party (the PKK) killed 40 Turkish soldiers along the Iraqi-Turkish border. This was hardly the first such killing—over the years, the PKK has killed tens of thousands of people. Nor was it the first incident that Ankara believed to have been inspired and initiated by PKK elements in Iraqi Kurdistan. But it was the proverbial straw that broke the camel's back.

Consequently, on October 17, 2007, the Turkish government obtained parliamentary approval for a major incursion into northern Iraq against the PKK. After a number of cross-border raids, the Turkish military stepped up their attacks when eight Turkish soldiers were captured by PKK rebels. On November 13, Turkish helicopter gunships began attacks on Kurdish villages across the border, leading many to believe the region was poised for another front in the Iraq war.

Luckily for all involved, the conflict lowered from a boil to a simmer through a felicitous confluence of U.S. intervention, Turkish restraint, and Kurdish cooperation. Because of Turkish Prime Minister Recep Tayyip Erdogan and his Justice and Development Party's (AKP) cultivation of Turkey's

Kurds as political constituents, Turkey has been less inclined to succumb to the usual knee-jerk reaction against the PKK and the Kurdish question more generally.<sup>110</sup> However, the entire episode revealed Turkey's uneasiness and the seriousness with which it takes not only with the PKK presence in northern Iraq, but the extent of Kurdish autonomy.

The Turkish parliament's approval of the incursion into northern Iraq was more than an approval to dislodge PKK insurgents in the Qandil Mountains (the main stronghold of PKK fighters in northern Iraq). It was also a signal of Turkey's growing anxiety over Iraqi Kurdish gains and what these gains would mean for the identity and territorial integrity of Turkey. These fears are not unfounded—PKK rebels openly and often refer to Iraqi Kurdistan and associate their struggle with that success. One PKK rebel interviewed by a BBC journalist stated, "We have a right to be free like the Kurds of Iraq who for 50 years stood against Saddam's regime and the previous regimes. We also want freedom."<sup>111</sup>

A great deal of Turkey's domestic and foreign policy has been hostage to the Kurdish question: Where do Turkey's minority Kurds belong in a

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<sup>110</sup> Sabrina Tavernise, "Turkey Set to Invest Billions in Better Relations With Kurds," *New York Times*, March 12, 2008.

<sup>111</sup> Crispin Thorold, "Mountain Meeting with the PKK," BBC News, October 27, 2007.



state and society that has been defined as exclusively ethnic Turkish and has historically avoided acknowledging the existence of a Kurdish identity? How do the Kurds obtain their own state without diminishing Turkey? The anxiety surrounding these questions—and over the fact that after many decades of forced assimilation, Kurdish identity has not been erased but has grown—has only increased with a rising Kurdistan in Iraq.

## THE PKK

The Kurdish question dates back to modern Turkey's founding. When Turkey was consolidated out of the remains of the Ottoman Empire the Kurds were unable to form their own state, and instead forcibly assimilated into Kamal Atatürk's vision of a single Turkish identity.<sup>112</sup> Kurdish language and cultural expressions, such as music, dress, associations, and newspapers, were banned. In fact, the very concept of Kurdish identity, let alone nationality, was not recognized in Turkey until 1991. The suppression of Kurdish identity led to the formation in 1978 of the *Partia Karkaren Kurdistan*, or the Kurdistan Workers Party—a Kurdish separatist movement better known as the PKK.<sup>113</sup>

Turkey's existential fears became more pronounced when Iraq's Kurds were able to achieve what the PKK's guerilla war that has so far claimed over 30,000 lives had failed to do—create an autonomous Kurdish region. Given a bullish Iraqi Kurdistan and an inspired and resurgent PKK, the Turks could not help but link their own insecurities to the rise of the KRG.

The immediate justification for Turkey's 2007 military incursions was the increased activity of the PKK, based on what Turkey believed to be Iraqi Kurdish support and inspiration. According to Turkish reports, the PKK carried out 442 attacks against Turkey from northern Iraq in 2007, a 65 percent increase over 2006.<sup>114</sup> Also, according to Turkish authorities, PKK raids from northern Iraq killed over forty people in the month of October 2007 alone—the deadliest month of that year.<sup>115</sup> Many reports corroborate the claim that the PKK has been receiving financial and logistical support from other Kurdish insurgents in northern Iraq.

Most troubling for Turkey is the fact that the PKK has resurrected the tactic of suicide bombings in Turkish cities, instead of solely targeting Turkish soldiers in rural villages along the border. In April 2007, the PKK ominously posted a warning on its website days before a suicide attack saying that Turkey's economic infrastructure and government officials would be targeted by “martyrs.” The posting stated: “Turkey is trying to bring the southern forces and public into an attack position against the PKK by sending bombs to the South. One should not be surprised when similar bombs explode in the heart of Ankara.”<sup>116</sup>

Sure enough, on May 22, 2007 a suicide bomb ripped through Ankara's business center. Though the attack did not appear to originate out of northern Iraq, some speculate it may have been done in order to divert Turkish military resources away from the Iraqi-Turkish border. Either way, in the minds of Turkish officials and public

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<sup>112</sup> Treaty of Sevres, 1920, *The Treaties of Peace 1919-1923, Vol. II*, Carnegie Endowment for International Peace, New York, 1924. With over 25–30 million people living in the same geographic area for thousands of years, the Kurds are one of the largest ethnic group in the world without a state to call their own. While there are Kurds living in Syria, Iraq, and Iran, more than half the world's Kurds live in Turkey and make up an estimated 20 percent of Turkey's population. The majority of Turkey's Kurds live in Turkey's southeast provinces, abutting Iraq's northern Kurdish territory.

<sup>113</sup> Lydia Khalil, “Turkey and the PKK,” *Countering Terrorism and Insurgency in the 21<sup>st</sup> Century, Volume III*, ed. James Forrest (Westport, Conn: Praeger, 2007).

<sup>114</sup> “Difficulty of the Southeast,” *Milliyet* (Turkey), June 29, 2007.

<sup>115</sup> “Hiding in Rugged Terrain,” graphic, *New York Times*, October 28, 2007, available at <[http://www.nytimes.com/imagepages/2007/10/28/world/20071029\\_KURDS\\_GRAPHIC.html](http://www.nytimes.com/imagepages/2007/10/28/world/20071029_KURDS_GRAPHIC.html)>.

<sup>116</sup> “The Bomb That Explodes in Maxmur Also Explodes in Ankara,” *abdullahocalan.net*, May 14, 2007.

opinion, the suicide attack was the result of northern Iraq's lax attitude towards its brother Kurds in the PKK and the United States' unwillingness to pressure the KRG. An editorial in one of Turkey's newspapers, *Milliyet*, stated: "Almost all these explosives are coming into Turkey through northern Iraq. The U.S. government is responsible for our country being hit by this terror calamity by standing idle in the face of PKK activities in northern Iraq."<sup>117</sup>

Accusations of Iraqi Kurdish collusion with the PKK is supported by the fact that Osman Ocalan, the leader of the PKK from 1999 to 2004 and brother of PKK founder Abdullah Ocalan, was known to move freely about Irbil, the KRG's capital and a city dominated by Massoud Barzani's Kurdistan Democratic Party. Though Osman Ocalan split from the PKK and formed his own party, the Kurdistan Democratic Alternative Movement, he still seems to know quite a bit about PKK movements and operations. In an interview with *Asharq al Awsat*, Ocalan said, "The PKK has 7,000 fighters.... Of those, 3,000 fighters are now present in Turkish territory and a similar number is present in Iraqi territory. They are divided among Iraqi, Iranian and Turkish territory but not in constant numbers for their numbers vary according to military movements in the three states."<sup>118</sup>

Ocalan has echoed the pronouncements of KRG officials who say that they cannot forcibly dislodge PKK fighters in northern Iraq's mountains: "They have done what they can through appeals and are ready to mediate a political solution; Turkey's military strategy will do no good." Of the roughly 3,000 PKK fighters in northern Iraq, Ocalan states that about 500 remain in the Qandil Mountains

after KRG officials called on PKK fighters to leave. Though they claim they have dispersed, the majority of the PKK's leadership remains in the Qandil area.<sup>119</sup> But Ocalan's presence in the KRG is unsettling enough to the Turks and adds to their rationale for military action.

For their part, KRG leadership believes that Turkey's use of force was less about hamstringing the PKK and more about sending a message to Iraq's Kurds that they had best not declare independence. Kurdish leaders have repeatedly stated that they cannot go after PKK fighters holed up in the Kurdish mountains and that the only solution is a political one. Moreover, the Kurds believe that the Turks understand this to be true. Consequently, in their minds, Ankara knew that they had no ability to neutralize the PKK and therefore the incursion had to be a political signal to them about secession.

Leaders in the KRG have outlined a myriad of other reasons why they cannot do more regarding the PKK. Arguing that the PKK are "not like sheep to be herded," Kurdish officials claim they have little leverage over their activities and that if the Turkish military, with its vast military apparatus, has not been able to get the PKK under control, how could they expect the peshmerga, with their limited resources, to do so?<sup>120</sup> They further argue that even if they did have the resources, they could not hand over their brother Kurds for fear that their constituents would turn against them. In short, while Iraq's Kurds may not agree with the PKK's methods, they sympathize with their struggle.

As a result, Iraq's Kurdish leadership has employed a hedging strategy. Both Barzani and Talabani

<sup>117</sup> "We Will Not Fall Hostage to Terror," *Milliyet* (Turkey), May 24, 2007.

<sup>118</sup> Hiva Aziz, "The Brother of Arrested PKK Leader Talks to Al Sharq al Awsat from Iraqi Kurdistan," *Asharq al Awsat*, November 22, 2007.

<sup>119</sup> Ibid.

<sup>120</sup> Interview with KDP politburo member Mohamed Mala Qadir in "Member of the KDP Political Bureau: European and U.S. Pressure has Eased Turkey's Hostility," *Aso* (Iraq-KRG), November 15, 2007.

have seesawed between conciliatory remarks of cooperation with Turkey and threats against it, should it dare carry out a large-scale incursion into KRG territory. Talabani, in an attempt to one-up Barzani after Barzani had promised to meddle in Turkey's Kurdish city of Diyarbikar should the Turks set foot in Kirkuk, said, "We will not hand over any Kurdish men to Turkey. We will not even hand over a Kurdish cat."<sup>121</sup>

The Kurdish leadership could probably do more to flush out the PKK from the Qandil Mountains but have chosen to do so only selectively. The Kurdish leadership waited for just the right moment to do more—the spring of 2008—when it looked like Turkey and Iran would come together to flush out PKK and PJAK. Having strong memories of Turkish-Iranian meddling in Iraqi Kurdistan, the Kurdish leadership, aided by strong arm twisting by the United States, initiated a high-level delegation to Turkey attended by both Talabani and Barzani. Likewise, Turkish president Abdullah Gul paid a visit to Iraq during which statements from both sides indicated political cooperation was possible. A more conciliatory Talabani stated, "Either they [the PKK] will lay down arms or they will leave our territory."<sup>122</sup>

## THE KURDISH-TURKISH ECONOMIC RELATIONSHIP

However, while the military conflict simmered over the PKK, Kurdish officials have publicly welcomed, and privately facilitated, Turkish investment in the KRG. Turkey is currently the KRG's leading trading partner, with 80 percent of all for-

eign investment in the KRG coming from Turkey. This economic connection has served to assuage the troubled political relationship between Turkey and the KRG. Without it, the Kurds would be doomed to face an overall Turkish policy based solely on the interests of Turkey's security establishment. But, can economics trump a decades-long security problem?

From foodstuffs to oil exploration, Turkey is heavily involved in the Kurdish economy. By 2007, twelve hundred 1,200 to be operating in northern Iraq, employing 14,000 expatriate Turks.<sup>123</sup> All together, Turkish companies have invested \$5 billion in Kurdistan and the KRG economy is heavily dependent on Turkish imports. The Kurdish government also depends on revenue gained through tariffs on imported Turkish goods that pass through the Habur border crossing.<sup>124</sup>

Turkish companies are especially active in the KRG construction boom, with many residential and commercial complexes in Irbil and elsewhere built by Turkish firms. It is reported that altogether, Turkish companies have secured \$2 billion worth of construction contracts in the KRG.<sup>125</sup> Even the airport in Sulaymaniyah was built by a Turkish firm.<sup>126</sup> What is striking is that many of the Turkish investment projects in Kurdistan are in partnership with the KRG. These joint investments between Turkish companies and the KRG government, rather than with private individuals, have created a situation in which Turkish business profits are directly tied to the stability of the regional government.<sup>127</sup>

<sup>121</sup> "Barzani confirms that they have the right to defend Kurdistan; Talabani to Turkey: We will not even hand over a Kurdish cat," *Asharq al Ausat*, October 22, 2007.

<sup>122</sup> Anthony Shadid and K.I. Ibrahim, "Turkish President Visits Iraq as Bombings Kill 34," *Washington Post*, March 24, 2009.

<sup>123</sup> Gareth Jenkins, "Political Tensions Hit Turkish Economic Ties with Northern Iraq," Jamestown Foundation *Eurasia Daily Monitor* 4, issue 170 (September 14, 2007).

<sup>124</sup> Patrick Cockburn, "Turkey Imposes Sanctions on Iraqi Kurdistan in Bid to Halt PKK," *The Independent*, November 2, 2007.

<sup>125</sup> Gareth Jenkins, "Political Tensions Hit Turkish Economic Ties with Northern Iraq."

<sup>126</sup> Tania Goudsouzian, "Invasion or Not, Business as Usual in Kurdistan," *Soma Digest*, issue 31, October 25, 2007.

<sup>127</sup> Richard A. Opiel, "Turkish Bred Prosperity Makes War Less Likely," *New York Times*, November 7, 2007.

The Kurds have also encouraged Turkish companies to participate in the development of the region's oil industry. In 2004, the Kurds signed a deal with a division of Turkey's Curkorova Group to begin oil exploration. Drilling began in May 2006 in Taq Taq, south of Sulaymaniyah, by TTopco—a joint venture between Genel Enerji, a Turkish subsidiary of Curkorova, and the Swiss-Canadian company Addax.<sup>128</sup> The joint venture is spending \$90 million a year on oil exploration and is expected to invest \$1 billion to develop Taq Taq and the adjacent Kewa Chirmila field.<sup>129</sup> The oil reserves in Taq Taq are estimated to be 1.2 billion barrels, enough to keep the Turkish joint venture operating in Kurdistan for some time.<sup>130</sup>

The strategy of economic engagement seemed to have been working until the summer of 2007, when the PKK stepped up their attacks. During that period the Turkish government threatened sanctions against the KRG and closed off its airspace to Iraq. As a result, trade between the two sides diminished and shipments through the Habur crossing were halved. Additionally, many Turkish companies decided to send their employees home and backed out of their winning bids to operate in the KRG—their response to the Kurdish boycott of Turkish goods (enacted after Turkey's military incursions into Iraqi Kurdish territory) and insecurity due to the military operations. Turkish businessmen also complained that they are starting to be

excluded from contracts awarded by the Kurdish authorities, in sharp contrast to the KRG's previous practices.<sup>131</sup> Fortunately, since the diplomatic initiatives of 2008, Turkish-KRG trade has rebounded. Trade across the border continues as before and flights are now routine between Turkey and Kurdistan. Turkish leaders did not want to threaten the prospects of long-term Turkish businesses in the KRG. Turkey was also pushed to reconstitute economic relations because bilateral trade has bolstered the local economy of southeastern Anatolia, a Turkish-Kurdish region that has been the most underdeveloped area of Turkey and a traditional recruiting ground for indigenous violent militant groups.<sup>132</sup>

But neither does Turkey want to make KRG too strong and too economically viable that it could slip from Iraq's territorial grip. Nor does it want the connections between southeastern Turkey and northern Iraq to solidify, so the threat of future military actions still hangs over the relationship. The greatest question is whether Turkey's internal political disputes or the potential for major violence by the PKK might drive Ankara to mount renewed incursions into the KRG, despite the fact it would harm economic opportunities and stability in the border region. It is too early to tell whether a relationship between Iraqi Kurds and Turks will ultimately be based on economic ties or historic suspicions fueled by security concerns.

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<sup>128</sup> Christopher Helman, "Trouble is My Business," *Forbes*, October 15, 2007.

<sup>129</sup> *Ibid.*

<sup>130</sup> "Kurdistan's Gushing Crude Spawns Conflict," *Environment News Service*, September 12, 2007.

<sup>131</sup> Gareth Jenkins, "Political Tensions Hit Turkish Economic Ties with Northern Iraq."

<sup>132</sup> *Ibid.*

## KRG: LOOKING IN A DIFFERENT DIRECTION

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Why is it that despite the Kurds' continual assurances that they have no plans to secede, other Iraqis and many in the region still insist that that is precisely their intention? The Kurds say it is based on paranoia and historical grievance, but it could also be rooted in the many small actions taken by the KRG that have the cumulative effect of fueling the rumors and speculations regarding Kurdish secession.

While Kurdish leaders work closely with Baghdad, everyday Kurdish citizens are largely removed from the rest of Iraq. There is an entire generation of Kurds who have not lived under Iraqi rule. They can hardly speak passable, if any, Arabic and in all respects view themselves as separate from Iraqi Arabs and as not truly Iraqi. Kurdish nationalism has only grown since the 2003 invasion and the military interference of Turkey in 2007.

The Kurdish leadership has not taken any steps to address this separation and, in fact, has taken actions that have widened the breach. While they do not specifically pursue any secessionist policies, Kurdish leadership has taken a largely “come what may” approach to these developments. Admitting that it is every Kurd's dream to live in an independent, sovereign state, the Kurdish leadership views these long-term trends as inevitable and something that may lead them to their ultimate goal. In the short-term, however, it has troubled their relationship with their wary neighbors.

In truth, Kurdish leaders have not been as *laissez-faire* with nationalist sentiment as they make themselves out to be. They have put into place concrete policies that have exacerbated divisions between the KRG and the rest of Iraq. For example, the KRG, citing security concerns, requires visas for entry into Kurdish-controlled territory for non-Kurds, even if they are Iraqi. In addition, the Kurds maintain separate and robust offices of foreign representation and, as discussed, have signed independent trade deals and foreign oil contracts. The KRG is also contemplating writing a regional Constitution. While this is not a major issue in and of itself, given the circumstances and continued angst over the current national constitutional revisions, it is a controversial measure. The KRG, also as mentioned, resisted participating in the January elections along with the rest of the country, only recently setting a tentative date in July 2009 to hold regional elections.

The Kurdish leadership has attempted to cultivate and harness the power of growing Kurdish nationalism to their advantage, using it to drive attention away from internal problems and shore up support for the two main Kurdish parties. It has also sought to use the rising nationalism as leverage in national, regional, and international negotiations. But as Michael Rubin has noted: “Demagoguery may make good politics and may distract from issues of corruption and accountability that Barzani wishes

to avoid, but incitement backfires. The Kurdish language broadcasts that the ruling parties control often inflame nationalist sentiment. By dedicating twenty-five minutes of a thirty minute newscast to popular demands for independence—for example interviewing school children and having them recite nationalist demands—Barzani brings himself and his region closer to conflict with his neighbors. The State Department ignored similar incitement in the early years of the Palestinian Authority only to have that entity disintegrate into chaos; it should not make the same mistake with what, for all practical purposes, is the Kurdistan Authority.”<sup>133</sup>

### MOVING FORWARD

While the Kurds have achieved much, continued Kurdish achievements should not be taken for granted. Kurdish citizens have demonstrated the potential to vent frustration through violence, fueling internal instability. Furthermore, the KRG’s relative security would be threatened should Turkey’s suspicions morph into aggression or should conflicts over oil escalate to violence. The future of Kirkuk is precarious and the road towards a resolution is fraught with difficulties, threatening

to explode like hidden IEDs. Overflowing Kurdish nationalism could spark separatist actions.

The KRG is battling Baghdad on many fronts. Their battles have moved from policy squabbles to more fundamental issues over governance and the region’s relationship with the national government. Other Iraqi political leaders, particularly those in the nationalist bloc, are clearly suspicious of Kurdish secessionism and resentful of Kurdish gains. The Kurds on the other hand still fear a return to a strongman government that will repress them, as did Saddam.<sup>134</sup>

The three very critical political security issues discussed in the paper—the final status of Kirkuk, a resolution on the oil controversy, and staving off regional conflict—require that the Kurdish leadership not only deal with their internal issues, outlined above, but review and revise their actions. They must formulate a comprehensive strategy that takes into account their own objectives while accounting for related issues. In the meantime, the United States must come to terms with what is really going on inside the KRG, instead of turning a blind eye as it has done in the past.

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<sup>133</sup> Michael Rubin, “Is Iraqi Kurdistan a Good Ally?”

<sup>134</sup> Naseer Al-Ily and Hewa Aziz, “The Baghdad-Arbil Crisis Escalates,” *Asharq Alwasat*, September 11, 2008.

## RECOMMENDATIONS FOR U.S. POLICY

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There is little doubt, at least in the short term that the “surge” has contributed to greater security and stability in Iraq. The hope was that Iraqi players would take advantage of the respite in violence to settle important political and constitutional issues. There was a great deal of optimism when the Iraqi parliament was able to agree on a provincial powers law, a budget, and amnesty and reconciliation initiatives. However, this optimism surrounding early political progress after the surge is diminishing as resolutions on several key issues have stalled—partly, but not solely, a result of Kurdish intractability. Iraq has come to a point where it must reach a resolution on key governance principles: whether to consolidate federalism or revert to Iraq’s centralist tendencies, whether to accept constitutional changes, and how to integrate marginalized and formerly violent actors into a unified and inclusive Iraq. The actions of the Kurds will largely determine how many of the political dynamics play out in Iraq.

The Obama Administration was elected with a strong mandate to end the United States’ involvement in the Iraq war. President Obama announced in a recent speech at Camp Lejeune that all U.S.

troops, except a residual support force of 50,000 would depart Iraq as per the recently negotiated Security Agreement.<sup>135</sup> Iraq, too, is growing increasingly independent and less tolerant of U.S. interference.<sup>136</sup> This will constrain the ability of the United States to influence Iraqi politics.

Yet, within these confines, the United States still must do what it can to consolidate Iraq’s security gains and mediate political solutions. The U.S. must promote peaceful and workable solutions that will also further U.S. strategic interests. This will require a deep and detailed knowledge of emerging Iraqi politics.

The following are a set of recommendations for the Obama Administration, and future administrations, which may help in maintaining Kurdish progress and contribute to a resolution of the difficult issues facing Iraq and the region:

### **Encourage Greater Internal Reform in the KRG:**

It seems unfathomable that while the rest of Iraq is moving toward greater political participation, the KRG—touted as the early democratic example for Iraq—is solidifying rigid political systems that

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<sup>135</sup> The White House, “Remarks of President Barack Obama – Responsibly Ending the War in Iraq,” February 27, 2009, available at <[http://www.whitehouse.gov/the\\_press\\_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/](http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/)>.

<sup>136</sup> Lydia Khalil, “Nobody’s Client: The Reawakening of Iraqi Sovereignty,” Lowy Institute Analysis, March 2009, available at <<http://www.loyyinstitute.com/Publication.asp?pid=992>>.

will perpetuate the KRG as “Barzani-stan” and “Talabani-stan.” The KRG can only be considered a success if there is genuine democracy, or at least progression toward genuine democracy.

While Kurdish leaders deserve credit for Kurdistan’s accomplishments in such a volatile and violent region, they cannot be allowed to rest on their past accomplishments; they must now take the next steps and broaden political participation. Therefore, when U.S. officials meet with Kurdish leaders they must discuss the need for greater political and civil freedoms. Public and international pressure on the democratization front could do more to change the current undemocratic, and potentially destabilizing, trajectory of Kurdish politics. Public and international opinion of the KRG and Iraqi Kurds is clearly important to Kurdish leaders for a number of reasons; chief among them is the attraction of foreign investment to spur the economy and to assuage long-term concerns of Kurdish secessionist ambitions.

**Force Important Tradeoffs:** There are two unresolved matters that are clearly very important to the Kurdish leadership and whose resolution will go a long way toward stabilizing Iraq—oil legislation, particularly the status of oil exploration contracts already underway in the KRG, and the final status of Kirkuk. In the eyes of the Kurdish leadership, both are vital to the autonomy and development of the KRG, and as a result, they have been maximalist on both counts. But the United States and the international community has watched as the Kurds have pushed hard on both fronts, stalling national political progress in the process. The Kurds have not been pressured enough to make important tradeoffs.

The Kurds threaten to boycott the Iraqi government each time they are backed into a political corner. Barzani has threatened this on a number of occasions; the last time was when the Kurds and Maliki government clashed over the peshmerga presence in Khanaqin. The United States has often chosen to believe this threat, particularly the early instances when Kurdish cooperation was essential to advancing the United States’ political transition plans for Iraq. But the Kurds have threatened this one too many times without acting on it. The truth is that the Kurds have no real interest in leaving the Iraqi government; on the contrary, it is a major source of their power and leverage. The U.S. administration must realize this and not let the threat of a Kurdish boycott prevent them from pressing the Kurds to make important concession.

One possible tradeoff could play out as follows: In exchange for renouncing their exclusive claims on Kirkuk, the Kurds would receive a guarantee that they could control the majority of the revenue from newly found oil resources from within their current territories.<sup>137</sup> This is only one formulation meant to illustrate a larger point: tradeoffs could be presented in a number of permutations and the United States should force the Kurds and other Iraqi interest groups to make important concessions so that Iraq can capitalize on the relative stability initiated by the surge.

Given the United States’ desire to disengage from Iraq and address other national security issues it deems more urgent, a U.S.-led mediation effort is unlikely. Consequently the United States should continue its support of the United Nations Assistance Mission for Iraq (UNAMI), and use tier-two efforts to move forward the process and pressure all sides towards compromise.

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<sup>137</sup> The International Crisis Group has articulated a version of this tradeoff in “Oil for Soil: Towards a Grand Bargain on Iraq and the Kurds,” International Crisis Group Middle East Report No. 80, October 28, 2008.



**Support the UNAMI Process:** Conventional wisdom states that violence will increase in Kirkuk if a resolution is not reached soon. However, there is an equal likelihood of violence if a resolution on Kirkuk is forced *too* soon. All sides in the conflict want to see an early resolution in their favor and are complaining of the lack of progress from U.N. Special Envoy Staffan de Mistura and his team. However, forcing an early resolution is dangerous given the stakes and high emotions of all involved.

De Mistura has recognized both the dangers of ignoring Kirkuk and the difficulty in arriving at a solution that all of the groups will find just and equitable. Consequently, he has moved deliberately and slowly in the hope that the process will not come to a head until the situation throughout the country is more stable. This stability will be necessary to absorb the inevitable shock waves that will roil the country when the matter is finally resolved and one or more sides believe they have been deprived of their God-given rights. The “go it slow” strategy will also allow Iraqi politics to take its course and come to a resolution on these issues through their own processes.

The United States should continue to support the UNAMI approach, which has focused first on resolving other, lower-stake and lower-profile provinces that can serve as test cases. However, the United States could also do more to facilitate direct negotiations between Kirkuk stakeholders through U.N. auspices.<sup>138</sup>

**Let Iraqi Politics Take Its Course:** Though people often focus on U.S. missteps in Iraq, the United States has had success in expanding political participation and encouraging Iraqi electoral politics. Party-building efforts, democracy

promotion, and a Sunni engagement strategy have finally bore fruit after the wave of sectarian violence has passed. As a result of this and despite its many troubles, Iraq has one of the region’s most robust and authentic forms of democracy, evidenced by the recent provincial elections.

The United States was criticized for focusing its efforts on bolstering the Kurds and ISCI, two political forces that had long-standing ties with the United States when they were both in exile politics. Many claimed it was their relationship with the United States that placed them in power positions in the U.S.-appointed interim government and after the 2005 elections. While this may be so, it was the United States’ democracy-promotion policy that eventually gave rise to opposition forces like the July 22nd movement (the cross-sectarian group that strongly supported centralism) that strengthened Maliki’s position in office. These forces have now emerged to challenge the Kurdish and ISCI position of decentralization and federalism. Now that the United States’ policies have led to the opening of political space to accommodate all of Iraq’s interests, it should stand back and let the process play out.

**Encourage KRG-Turkish Trade:** The Kurdish-Turkish relationship has been partially transformed by business and trade, with a large segment of the KRG economy bolstered by Turkish investment and potential energy export. It is in everyone’s interest to see this relationship continue to develop. Turkish business interests in Iraqi Kurdistan were a key reason Ankara did not escalate its incursion in 2007.

The United States should begin thinking of ways to initiate either official or tier-two level mecha-

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<sup>138</sup> An International Crisis Group report makes a similar point: “Judging from the polarized climate, there can be no doubt that a peaceful solution to the Kirkuk question can only be achieved through direct negotiations between the primary stakeholders and consensus building between key players at the national and international levels.” “Iraq and the Kurds: Resolving the Kirkuk Crisis,” International Crisis Group Middle East Report No. 64, April 19, 2007.

nisms to encourage trade and business ties between Turkey and the KRG. Instead of appointing special envoys to manage the PKK issue, as the United States did with the 2006 appointment of General Joseph Ralston as U.S. Special Envoy for Countering the Kurdistan Workers Party, the United States would do better appointing someone to encourage future economic ties and trade infrastructure.<sup>139</sup>

**Sharpen Diplomatic Tools:** Since the Security Agreement imposed a three-year deadline on the presence of U.S. troops in Iraq, mandating that they withdraw before 2011, the United States can no longer rely on the military to execute its policies in Iraq. Up until now, the U.S. military has been the main innovator and driver of U.S. policies in the country. While the United States has had extremely capable ambassadors serving in Iraq, particularly the recent outgoing ambassador, Ryan Crocker, it has been military strategy, institutions and resources that have driven Iraq policy to date.

The United States' Iraq policy in the past five years was part of a larger trend to militarize foreign policy. In his remarks to U.S. marines at Camp Lejeune,

President Obama stated, "The drawdown of our military should send a clear signal that Iraq's future is now its own responsibility.... Iraq is a sovereign country with legitimate institutions; America cannot—and should not—take their place. However, a strong political, diplomatic, and civilian effort on our part can advance progress and help lay a foundation for lasting peace and security."<sup>140</sup>

But a return to normal diplomatic relations with Iraq requires a deep and detailed knowledge of emerging Iraqi politics. The Iraqi political landscape is getting more complex and the United States needs to make sure that it fully grasps the Iraqi political picture. Because U.S. policy will no longer be bolstered by a substantial military presence in the country, the United States needs to step up its political skills and sharpen its diplomatic tools.

Though it will be Iraqi drivers and interests that will ultimately resolve the Arab-Kurdish disputes, that does not mean the United States cannot use diplomatic means to bring about resolutions that would further U.S. interests in the region.

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<sup>139</sup> Henri J. Barkey argues that "Turkish interest in northern Iraqi oil and gas exports is very real, primarily because Turkey is expected to have unmet domestic energy needs beginning in 2011. Deepening commercial links by investing in infrastructure, such as pipelines, would solidify the relationship." Henri J. Barkey, "Preventing Conflict Over Kurdistan," Carnegie Endowment for International Peace, 2009, available at <[http://carnegieendowment.org/files/preventing\\_conflict\\_kurdistan.pdf](http://carnegieendowment.org/files/preventing_conflict_kurdistan.pdf)>.

<sup>140</sup> Remarks of President Barack Obama, as prepared for delivery, "Responsibly ending the war in Iraq," Camp Lejeune, North Carolina, February 27, 2009, available at <[http://www.whitehouse.gov/the\\_press\\_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/](http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/)>.

## THE SABAN CENTER FOR MIDDLE EAST POLICY

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The Saban Center for Middle East Policy was established on May 13, 2002 with an inaugural address by His Majesty King Abdullah II of Jordan. The creation of the Saban Center reflects the Brookings Institution's commitment to expand dramatically its research and analysis of Middle East policy issues at a time when the region has come to dominate the U.S. foreign policy agenda.

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specialist on political reform in the Arab world who directs the Project on Middle East Democracy and Development; Bruce Riedel, who served as a senior advisor to three Presidents on the Middle East and South Asia at the National Security Council during a twenty-nine year career in the CIA, a specialist on counterterrorism; Suzanne Maloney, a former senior State Department official who focuses on Iran and economic development; Stephen R. Grand, Fellow and Director of the Project on U.S. Relations with the Islamic World; Hady Amr, Fellow and Director of the Brookings Doha Center; Shibley Telhami, who holds the Sadat Chair at the University of Maryland; and Daniel L. Byman, a Middle East terrorism expert from Georgetown University. The center is located in the Foreign Policy Program at Brookings, led by Brookings Vice President Carlos Pascual.

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