

Targeting U.S. Oil Companies and their Political Allies

Iraq Veterans Against the War 2010
National Convention

Historical Background on the Oil Industry in Iraq

- 1918: British complete conquest of the territory formerly under control of the Ottoman Empire (subsequently called 'Iraq').
- 1920: Major uprising spurred British authorities to devise a way to rule the country in a more discreet, cost-effective manner. Solution: withdraw the vast majority of military forces from Iraq and establish an Iraqi monarchy with a British shadow government pulling the strings from behind the scenes.
- 1920-1958: British effectively controlled Iraq's military and dictated its foreign and economic policies.

Historical Background on the Oil Industry in Iraq

- 1958: British-controlled monarchy overthrown by Iraqi military officers
- One of the major causes of Iraqi resentment toward the British was their control of the country's oil resources, which hindered Iraq's economic and social development
- 1972: Iraqi government nationalizes the country's oil, provoking the ire of foreign investors and their respective governments. The move was universally popular among Iraqis and the successful development of an oil industry independent of foreign control has been a deep source of national pride ever since.

Oil Industry Activity in Post-Invasion Iraq

- Iraqi oil industry remained under national control and was almost entirely barred from foreign investment until overthrow of Saddam Hussein
- Economic difficulties, combined with pressure from the U.S. government, have compelled Iraqi officials to revisit their predecessors' historic move toward national self-determination.
- Ongoing debates over a national oil law and related negotiations with international oil companies have drawn in members of the Iraqi parliament, oil company managers and union leaders, and militants, all of whom share an interest in preserving Iraq's hard-won national sovereignty.

Oil Industry Activity in Post-Invasion Iraq

- A devolution back to foreign economic control will derail democratic evolution, very likely leading to a repeat of the country's history of political instability and brutal governance.
- Iraq's sovereignty is key to its stability and America's security. A proactive citizen approach to relations between American oil companies and Iraq- and in particular the role of our government in this area- is essential to ensuring that the sacrifices of our troops and the Iraqi people are honored.

Present Situation: What American Companies Have Contracts in Iraq

- ExxonMobil (HQ Irving, TX): secured 60% stake in West Qurna 1 technical service contract (TSC) December 2009
- Occidental (HQ Los Angeles, CA): secured 23% stake in Zubair TSC December 2009
- ConocoPhillips (HQ Houston, TX): secured 20% stake in Russian company Lukoil, which is participant in West Qurna 2 TSC as of December 2009
- Current TSCs have pre-established target production levels that companies are contractually obligated to meet by a specific period of time
- Long term goal of oil companies: gain control of Iraq's oil fields through the mechanism of Production Sharing Agreements (PSAs), which allow private control of production levels
- Oil companies and U.S. government are pushing for an national oil law that would concentrate decision-making power over contracts in the Iraqi executive branch, enabling foreign interests to more easily secure control over oil fields

Governmental Entities with an Influence Over Oil Industry Investment in Iraq

- Executive Branch
 - [State Department](#): facilitates opening of foreign markets for U.S. businesses by reporting on and negotiating with foreign officials on their countries' openness to American investment
 - [Commerce Department](#): provides reports on country investment climates (legal and regulatory frameworks, levels of corruption, etc.) as well as business opportunities and contacts to U.S. companies
 - [Export-Import Bank](#): "Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets via export credit insurance, loan guarantees and direct loans (buyer financing); Ex-Im Bank assumes credit and country risks that the private sector is unable or unwilling to accept; attempts to level playing field for U.S. exporters by matching the financing that other governments provide to their exporters."
 - [Overseas Private Investment Corporation \(OPIC\)](#): supports U.S. foreign policy goals by providing political risk insurance to U.S. businesses in emerging markets; claims to "promote U.S. best practices by requiring projects to adhere to international standards on the environment and worker and human rights"- a potential point of political leverage

Governmental Entities with an Influence Over Oil Industry Investment in Iraq

Legislative Branch

- [House Foreign Affairs Committee](#): oversees operations of State Department and other Executive agencies and multilateral institutions with foreign affairs role
 - [Subcommittee on the Middle East and South Asia](#)
 - [Subcommittee on International Organizations, Human Rights and Oversight](#)
- [Senate Foreign Relations Committee](#): oversees operations of State Department and other Executive agencies and multilateral institutions with foreign affairs role
 - Subcommittee on Near Eastern and South and Central Asian Affairs
 - Subcommittee on International Operations and Organizations, Human Rights, Democracy, and Global Women's Issues

Governmental Entities with an Influence Over Oil Industry Investment in Iraq

Multilateral Agencies

- [The IMF](#): monitors compliance with economic, monetary and fiscal benchmarks, including opening of Iraqi oil industry to private investors, in exchange for debt relief
- [World Bank](#): provides loans in exchange for compliance with economic, monetary and fiscal benchmarks

IVAW Campaign in Support of Iraqi Labor Rights and Sovereignty

- IVAW's FOIA Request to the State Department
 - Exploring legal options including litigation in pursuit of documents requested over 16 months ago (March 2009)
- International Labour Conference in Erbil: March 2009
 - Building labor solidarity campaign in support of Iraqi oil unions and wider union movement in Iraq
 - Iraqi unions are denied the right to organize and collectively bargain; union bank accounts have been frozen, assets seized, union leaders transferred from positions in retaliation for organizing; prohibited from traveling outside country without authorization from Iraqi government

IVAW Campaign in Support of Iraqi Labor Rights and Sovereignty

- Two prominent union leaders in oil sector currently facing criminal charges and up to three years in prison for organizing in opposition to oil law U.S. government has been promoting
- Working with U.S. Labor Against the War (USLAW) to build union and congressional support for labor rights and press State Department to express public support for adherence to [International Labour Organization](#) (ILO) standards
- Long term support strategy could include pressing for limitations on trade, investment, and U.S. government political insurance for private investors if Iraqi government continues to violate labor rights
- Critical Needs: translators, media outreach specialists, legislator outreach specialists, investigative journalists, event organizers, fundraisers

Contact

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Resources for Further Reading

- [CSDI Brief Introduction to Iraq: 1918-2009](#)
- [CSDI Reading List](#)
- [U.S. Labor Against the War \(USLAW\)](#)
- [Solidarity Center](#)
- [Gallu, Joshua. "Will Iraq's Oil Blessing Become a Curse?" Spiegel; 22 December 2006.](#)
- [U.S. State Department Human Rights Reports Archive](#)
- [IVAW Advisory Committee Member Antonia Juhasz's Archive of Publications on the Oil Industry in Iraq](#)
- [Crude Designs](#)
- [Oil Change International](#)
- [CSIS Report: Iraq and the United States: Creating a Strategic Partnership \(June 24, 2010\)](#)