

program (with certain amendments). Possibly in the hope of retrieving their contractual rights!

The figures quoted about the volume of oil reserves of Iraq are only fabrications of the dead regime of Baghdad. Arriving at reliable figures requires updated exploration and scientific reservoir engineering of the fields. That will take a few years. By then, the American oil companies will have benefited adequately from their activities in Iraq.

The future oil production trend of Iraq is unclear. For many years, the ousted regime produced oil in an unruly fashion and devoid of any standard of maintenance and in-time repairs of the oil producing wells. Not mentioning the hardships caused by the sanctions in acquiring the spares and equipments required for the task. Situation is no better now, as the result of the war.

The upstream sector is particularly deteriorated. Rehabilitation of the installations enabling Iraq to produce sustainable volumes of crude would require stable security and billions of dollars worth of investments. Obviously, developing additional production capacities would need further investments.

The domestic consumption of oil is another urgent issue. Iraqis have lived a poor life for many years and have lots of unsaturated needs. Parts of the products of the daily 420,000 barrels refining capacity of the country was being smuggled out to generate fund for the regime's goals. Now Iraqis will demand their rights of better living standard, this will add to the existing problematic issues. Based on available data (of 2000), Iraq's per-capita energy consumption is about 1/8th of that of America and less than 1/9th of the neighboring Kuwait. It is now up to the int'l community to help ensure that the energy consumption for Iraqi citizens becomes optimal.

Another yet important subject is the routes of oil exports from Iraq. Four known routes are as follows:

1) Albakr oil platform, in the Persian Gulf, is the main export terminal of Iraq. There are also some small facilities at Umm-Qasr, but not significant. Oil export jetties of Iraq are draft limited (max 1.2mbpd) and incapable of handling total export potentials of the country. Even these limited facilities were severely damaged in Saddam's wars against Iran and Kuwait and need to be reconstructed.

2) Oil export pipeline via the Saudi territory. This was used as the main export route during Iran-Iraq war. Saudis closed this after Kuwait was occupied by Saddam's forces in 1990. After the fall of Saddam, Saudi Arabia should have no valid reason to keep the route closed. But the pipeline joins the east-west oil pipeline built to carry Saudi's own crude oil. Is

there enough spare capacity in the line to carry Iraqi oil too? Also the technical condition of the line after more than ten years of closure can't be promising.

3) The crude oil pipeline from Kerkuk to the Mediterranean port Cyhan of Turkey, with a capacity of one mbpd, is the least problematic of them all. Turkey must be eager to reuse it too. The oil embargo of Iraq hampered the repayment of the Turkish investment for the construction of the line, supposed to be compensated for by the oil transit fee Turkey would collect. The governments in Ankara have always complained about the losses.

4) The crude pipeline from Iraq to the Mediterranean port of Banias of Syria is the last one. This is one of the oldest oil pipelines of the Middle- East. Indications are that the line is technically in very poor conditions and may not be repairable.

All in all, export of Iraq's oil will not be easy. Once a national government is established in Iraq and foreign interferences are stopped, there could be room for extensive regional energy collaborations among the three countries of Iran, Iraq and Syria. For instance, if the old Banias pipeline has to be replaced by a new one, Iran's participation in the plan for the purpose of transiting parts of Iranian crude to the Mediterranean Sea could make great economic sense. Other means of long-term cooperation, such as electric power exchange, swaps of oil products, building refineries and technology trades, can follow.

Iraq's membership status in OPEC is another hotly debated subject. Some feel that America may want Iraq out of OPEC. This could be the case only if the U.S is seen to be against OPEC in the first place. This may not be true at all. The oil market needs a regulatory body anyway. Without one, the global oil price fluctuations may not be controllable and could be detrimental to all. Then, America's interests may be better served by increasing its influence in OPEC's decisions through Iraq's continual presence in the organization. As it is, the U.S has used Iraq's oil production (through sanctions) as a secondary leverage to regulate the oil market to its advantage in the past ten years. Seemingly, Iraq's presence in OPEC would serve America's interests better.

Finally OPEC members are best advised to deal with Iraq's issue in a very intelligible way. In establishing production quotas, the past deprivations of the Iraqi people and their devastated economy should be given due attention by the member countries and no negative rivalry in production should be encouraged.



# Iraq, Oil and Opec

Upon completion of military operations in Iraq and the settlement of American forces there, the issue of Iraqi oil and its future has become a focal point of international observers. No doubt, the U.S Administration objectives in Iraq are, by no means, limited to its dominance over the oil resources of the Persian Gulf. Even then, in attaining other objectives of theirs, oil will remain a pivotal issue.

In the opinion of some observers, in recent decades, the U.S economy has been transformed into an economy dependent on Dominance. That is to say; that their economy is no longer capable of competing with its powerful rivals on an equal and just basis. Under the circumstances, prolongation of privileges, such as supremacy of the Dollar in the global economy, special arms markets and other unique services, is a must for the U.S economy. Along this line, maintaining preeminence over oil reserves, its major passages and monopolizing markets of oil-rich countries, have the greatest manipulating influence in achieving the said goals.

On the other hand, at the present pace, production of oil from the natural reserves of America will last no more than 10-12 years. Obviously the U.S officials can tafford to have a mere commercial view of those limited reserves. Particularly when their dwindling productions in the past years are, unavoidably, set to further exacerbate the situation. This will naturally increase, significantly, the American dependence on the import of crude oil and hence the need for well secured and controlled oil routes.

It is note worthy that, despite all the quandary in the U.S-Iraq relations, Iraq had been amongst the first five crude oil suppliers to the U.S market in the past years. The bush administration had refused to heed the Congressional demand to stop importing oil from Iraq even when the relations were at all time low.

Given the prevailing lackluster economy of the U.S, active presence of American oil companies in Iraq will be a great opportunity to shore up their business. Participation of such companies in Iraq's oil affairs, with exaggerated volumes of reserves, will predictably raise the value of their shares in the market.

However, there are problems too. Saddam's regime had signed billions of dollars worth of oil field development contracts, particularly, with Russian and French companies. Perhaps U.S-French strained relations were not entirely unrelated to America's attempt in dissuading Paris from demanding a revival of those contracts.

Dissuading the Russians remains to be seen. The UN sponsored food for oil program (effectively to control Saddam's regime), has no rationale for a post Saddam Iraq. The French and Russians were all for the continuation of the