Coordinating U.S. and Turkish Policy on Iraq

by Michael Knights

Feb 25, 2013

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Brief Analysis

Given their similar goals for Iraq, Washington and Ankara should pursue tighter strategic cooperation to reduce Baghdad-KRG tensions and maximize oil production.

As part of his first overseas trip as secretary of state, John Kerry will soon visit Turkey. Among other issues, the visit is a vital opportunity to better align U.S. and Turkish approaches to Iraq. Washington is concerned that Turkey's burgeoning relationship with the Kurdistan Regional Government (KRG) could spark open conflict between Baghdad and Erbil. Yet U.S. and Turkish objectives in Iraq are strikingly similar, providing fertile ground for strategic cooperation if both sides can look past their tactical disagreements and focus on their common aims.

BACKGROUND

For nearly four years after the 2003 invasion of Iraq, Washington was angry at Ankara for refusing to allow a second military front through Turkey. This rift healed by 2007, leading to a two-year period in which the United States prompted Ankara to play a highly productive role in bringing Iraqi factions together and building a new Turkish relationship with the KRG. Yet from late 2008 onward, Turkish engagement in Iraq began to divert from the U.S. game plan, spurring concerns in Washington. Since then, Ankara has progressively favored the KRG and Sunni Arab factions while fomenting a disastrous breakdown in relations with Prime Minister Nouri al-Maliki that persists today.

The irony of the current situation is that Washington and Ankara's goals for Iraq are almost identical. Both governments want to avoid a Baghdad-KRG military clash at all costs; they view Iraq's territorial integrity as a vital pillar of regional stability, particularly at a time of crises and tensions involving Syria and Iran. Both governments would also like to see more Iraqi oil flowing northward, away from Iran's Gulf coast and toward expanded export terminals on Turkey's Mediterranean coast. In their view, such a flow may help keep oil prices down and facilitate sanctions against Iran -- a belief supported by International Energy Agency projections that Iraq could be responsible for 45 percent of new global oil production this decade. Likewise, efforts to bring more Iraqi natural gas northward could contribute to "Southern Corridor" pipeline projects that would reduce Turkish and European dependence on Russian and Iranian gas. Washington and Ankara even formally agree on the preferred mechanism for exporting Iraqi hydrocarbons: namely, placing Baghdad's State Oil Marketing Organization in charge of sales, with revenues and cost recovery accruing to the KRG via the federal exchequer.

What then is there left to argue about? And how can the United States and Turkey align their policies to meet these mutual goals?

POINTS OF CONTENTION

In 2009-2010, Maliki's bid for a second term led U.S. and Turkish policy to part ways. Ankara openly opposed his reappointment, poisoning relations with him from the first day of his new term, while Washington adopted a more passive approach and continued to work with him as U.S. forces withdrew from Iraq. Ankara's attitude has only darkened since then, resulting in an intense war of words between Maliki and Turkish prime minister Recep Tayyip Erdogan since November 2011. In Turkey's eyes, Washington has failed to use its still-strong influence (in particular, its arms sales) to rein in Maliki's power-grabbing and sectarian excesses. And Washington views Ankara's feud with Maliki as unnecessary and counterproductive. There is much merit in both criticisms.

Turkey's solution to Iraq's ongoing political crisis is strong federalism, which includes interpreting the constitution in a way that favors the KRG and other provinces over the central government. Since writing off Maliki as an Iranian puppet in 2010, Ankara has undertaken extensive, direct interactions with Erbil, most notably when Foreign Minister Ahmet Davutoglu visited the KRG and the sensitive city of Kirkuk in May 2012 without informing Baghdad.

Turkey has also broadened its energy cooperation with Erbil since 2012, including deals to exchange KRG-produced crude for Turkish-refined products such as heating oil. Ankara's most likely next step is direct involvement in the KRG's upstream oil and gas sector, with a Turkish state-administered oil company investing in concessions within Iraqi Kurdistan -- a step previously taken by ExxonMobil, Chevron, and some fifty other companies in the past decade.

With Baghdad thundering that such deals are illegal and could spark armed action against the KRG, Washington has voiced strong concern about Turkey bypassing the central government. Thus far, Ankara has rejected these concerns based on its reading of the Iraqi constitution and the presence of numerous American oil companies in the KRG. Washington also fears that barter deals and Turkish investment in the KRG will lead to more extreme Turkish positions down the road, producing a slippery slope toward Kurdish independence and a state of permanent crisis between Baghdad and Erbil.

Specifically, U.S. concerns have focused on major Turkish-KRG pipeline proposals that would skirt federal Iraq, and the related decision to allow high-volume KRG oil exports independent of Baghdad, with at least some of the resulting revenue going directly to Erbil. Were such exports to grow beyond several hundred thousand barrels per day -- which would not be difficult technically -- the KRG would have the financial wherewithal to cut ties with Baghdad.

Washington may be exaggerating Turkey's intentions, however. When it comes to oil exports, Ankara appears committed to achieving a "win-win-win" scenario for Turkey, Baghdad, and the KRG. Many Turkish officials view well-regulated, small-volume barter deals and investment in the KRG oil sector as sitting below the threshold that would spark a war in northern Iraq or splinter the country. At the same time, Ankara is still palpably nervous about crossing Baghdad's true redlines: building Turkish-KRG pipelines and establishing high-volume KRG oil exports without federal approval. Crossing either of those lines could create a deep crisis with Washington as well as Baghdad. Even signing agreements to that effect is, in Washington's view, very unhelpful.

IMPLICATIONS FOR U.S. POLICY

Ankara and Washington are perceptive critics of each other's Iraq policies. In particular, the United States could have done more to rein in Maliki over the past few years, as shown by its successful mobilization of diplomatic clout to prevent him from using force against political rival Rafi al-Issawi in December 2012. Drawing encouragement from this success, Washington should do more to call Maliki on his continued authoritarian moves (e.g., his removal earlier this month of the heads of the Accountability and Justice Commission). It should also consider backing off a bit regarding Turkish investment in Kurdish oil concessions, recognizing when Baghdad is rattling its saber for effect, as it has done since ExxonMobil entered the KRG market nearly sixteen months ago.

In return for compromising on these issues, Washington would likely find a relieved and thankful partner in Turkey; it could then use this goodwill toward several ends. First, it could reinforce Ankara's well-founded hesitation about implementing direct pipeline deals with the KRG at this juncture. Second, it could encourage renewed Turkish efforts to get Iraq's factions, including the Kurds, behind a parliamentary push for federal oil and revenue-sharing legislation. The January 26 passage of a term-limit law by an opposition majority -- and subsequent efforts to prevent the Supreme Court from striking the bill down -- are encouraging signs that parliamentary consciousness is stirring in Iraq and may be salvageable. Reviving the debate over new hydrocarbons and revenue-sharing legislation could bring factions closer to a grand bargain on energy issues and greater fiscal decentralization. In short, if Washington and Turkey can see the forest for the trees, they will realize that their positions are not as far apart as they appear.

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