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## The Future of the Kurdistan Region of Iraq: Mosul, Economic Crisis, and Self-Determination

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When the Islamic State (IS) occupied Mosul and attacked the Kurdistan Region, Kurdish forces developed a three-part strategy to halt their advance, roll them back, and ultimately defeat them. Through the efforts of Peshmerga units with the aid of U.S. and coalition forces, Kurdish forces are currently rolling back IS in Iraq and have reclaimed 27,000 square kilometers; 1,603 Peshmerga have been killed in this effort and over 8,000 have been wounded. The Peshmerga and the Security Council of the Kurdistan Region under the leadership of Mr. Barzani have played a crucial role in defeating IS. Just today, a terrorist network in Erbil was arrested. This is an ongoing battle, and achievements against IS to date are significant.

Mosul is the key to defeat and destroy IS. While Ramadi and Raqqa are important, Mosul is the proclaimed caliphate's largest city and capital, providing IS with a safe haven, revenue streams, and resources. Peshmerga forces control the northern, eastern, and western flanks around Mosul and require only one week's notice to launch operations. The Kurdistan Regional Government (KRG) maintains daily contacts with its Iraqi partners, and there is an agreement to use Makhmur as a launching pad for Mosul operations and incorporate Iraqi brigades. Makhmur provides crucial proximity to the al-Qayyarah area. Last week, Peshmerga forces with support from local tribal Arabs liberated two nearby strategic points, Kudu and Karmudi. This will help pave the way for the upcoming Mosul operation.

The Ramadi operation is still ongoing, and it requires the continued involvement of Iraqi security forces. While there are talks of positioning 4,500 of these troops in Makhmur, the key question for Mosul is the political side of the operation, which includes the post-liberation administration of Mosul and determining the role of Sunni fighters and Popular Mobilization Units. Moslawis need guarantees that the mistakes furthering sectarian conflict, such as what happened in the Tikrit and Dilawri operation, will not be repeated.

The IS presence in Mosul threatens all of Iraqi Kurdistan. At the same time, the economic crisis in Iraqi Kurdistan threatens the region's counter-IS efforts. Peshmerga forces have not been paid since September, and the KRG is unable to bear the financial costs of the war, including transportation, logistics, food, and medical services. Operations in Sinjar, for example, are funded by a wealthy individual in Dahuk, not the government. Boots on the ground are needed to retake Mosul, and Peshmerga forces are the most reliable in the region.

The KRG economic situation, however, hinders their capabilities. Kurdish representatives are in Washington seeking to coordinate emergency funds for the war against IS.

While acknowledging governance and economic mistakes, one can see that the economic situation was worsened by three main factors: the Iraqi government's February 2014 decision to cut Kurdistan's budget, the dramatic drop in oil prices, and the impact of accommodating 1.8 million internally displaced persons (IDPs) and refugees. If oil prices were \$67 per barrel, the government of Kurdistan would have \$1.3 billion in revenues a month, enough to cover its expenses. Additionally, while we receive some support for 300,000 refugees, there is little international support for IDPs, and this hurts local host communities. Among other complications, refugees and IDPs require medical services that are in high demand by wounded Peshmerga, forcing some soldiers to travel to Turkey for treatment.

For Kurdistan to face IS and other problems, we need support from our international partners. The ramifications of failed governance in Baghdad and Syria compound the costs of war for Kurdistan. If not for the Islamic State's offensives, including their conquest of Mosul, we would not face these costs. Peshmerga forces need food, fuel, and winter gear.

Kurdish leaders admit they have lacked strategic vision and strong governance institutions in the past. In the medium and long term, we are striving to build a stronger and more efficient economy and government. From 2009 to 2013, we experienced a peaceful and fruitful period after decades of neglect and damage inflicted by the Iraqi central government. Prior to Baghdad's budget cuts and the Islamic State's expansion, if Kurdistan were measured as an independent country, the Economist Intelligence Unit ranked it 115th out of 163 countries on the Global Peace Index. The rest of Iraq was ranked 160th. On the security and stability index, Iraqi Kurdistan ranked 83rd out of 181 countries, while the rest of Iraq ranked 177th. Out of 83 countries, Kurdistan ranked 55th and 57th on the political and business index, respectively. Out of 159 countries on the quality of life index, Kurdistan ranked 55th while the rest of Iraq ranked 134th. On the human development index, we ranked 76th out of 188.

Absent problems from IS and the economy, the KRG is learning from its past mistakes. Kurdistan is an economic and military actor, and it needs to be viewed by the international community as a partner. This partnership requires more support and business on all levels, so Kurdistan can become self-sufficient and a working entity in an unstable region. While it has made political and economic mistakes, it aspires to provide a regional model. In the medium and long term, we need U.S. support to strengthen our institutions. The KRG is approaching its American friends for assistance in the war against IS and is hopeful that a solution for the cost of the war will be found.

Our referendum goals are limited to Iraqi Kurdistan, and do not incorporate any pan-Kurdish aspirations for populations elsewhere. This is a national right being pursued in a peaceful and democratic way under the auspices of international law and the observation of international observers. Our political leadership lacks a mandate to work toward independence, but the referendum in the second half of 2016 will provide this mandate. The KRG does not attempt to dictate outcomes for Syrian or Turkish Kurds. While there is ideological disagreement with the Democratic Union Party (PYD) in Syria, we have worked for political progress, which is why the KRG worked for the Erbil 1, Erbil 2, and Dahuk agreements. Other Kurdish populations should pursue their own agendas. We have supported them politically and diplomatically, such as in Kobane. A referendum will show that the KRG can manage its own affairs. The KRG also encourages the Iranian government to dialogue with Erbil and support Kurdish communal rights in Iran.

Every Kurd and even every Iraqi has a story from between 1920 and 1991. All were victims, or were displaced, or lost loved ones. Under the Iraqi central government, Kurdistan lost 4,500 villages, was subject to chemical weapons attacks, and experienced the Barzani genocide. Prior to 1991, only 1 percent of Iraq's industry was located in Kurdistan, and there was only one university there.

Iraqi Kurds originally hoped that post-2003 Iraq would be based on power sharing, federalism, and constitutionalism, but federalism has failed. A new formula is needed. Iraqi Kurdistan has much in common with Baghdad; both need to fight IS together and jointly address other issues, including the economy, IDPs, and stabilization of post-IS areas. The KRG will not impose military status quos on disputed territories, and will not allow Peshmerga fighting IS to impose status quos. Nor will the KRG accept military status quos from Popular Mobilization Units. Iraqi Kurdistan can avoid conflict through continuous contact with Baghdad and neighboring countries, showing its contribution to regional stability.

The referendum is not solely a Kurdistan Democratic Party (KDP) issue, which is why President Barzani asked to meet all political parties. While there are significant political divisions in the Kurdistan Region, this referendum is part of a political reconciliation process to facilitate party related-processes in Kurdistan, and its final shape is not yet clear. The people of Kurdistan must decide the region's future. President Barzani's meetings with other political parties are delayed until further work on the referendum and presidency is completed.

Prior to implementing the referendum, the parliament will pass a law defining the referendum's parameters. Regarding former disputed territories that the KRG never considered separate from the Kurdistan Region, there will be either two simultaneous referendums or two separate referendums. These territories have been subject to Arabization.

It is clear from the region's borders that Sykes-Picot is over. These borders need to be redrawn based on the wishes of people in these areas. This has been discussed with Baghdad, and there are ongoing conversations. Kurdistan has much in common with Baghdad, and Kurdistan and Iraq will not be two completely separate entities. A new formula is needed to be peaceful and cooperative neighbors with common defense and economic policies.

The KRG has been involved in a long reconciliation process with Turkey, however Turkey has changed. The KRG is not a threat to Turkey and supports a peaceful solution to the Kurdish question in that country. It is in the KRG's interests to have a strong relationship with Ankara; likewise, the KRG can protect Turkey from Iraqi fragmentation. Turkey previously viewed the KRG through the lens of the Kurdistan Workers Party (PKK), which was incorrect. The KRG is a constructive partner. The century of denial of Kurds in Turkey is over. The KRG made clear that the PKK cannot achieve anything through military confrontation, and encourages both sides to pursue dialogue and a political solution. While the KRG was approached for joint operations against the PKK, it refused on the basis of the need for dialogue and understanding. On this basis, the KRG encouraged the Peoples' Democratic Party (HDP) to join the government and political process in Turkey. While hardliners in the PKK are not in accordance with these political processes, Turkey cannot exterminate the PKK through violence, and the PKK cannot destroy a NATO member. A thousand months of peaceful negotiations is better than violence. President Barzani has promised to play a role, but both sides must cooperate as well. The KRG will participate in any peace process, but will never participate in any attempted military solution to the Kurdish question in Turkey.

Refugees are a lingering question in Kurdistan. Multiculturalism is one of the KRG's great strengths; 96 percent of Iraq's 350,000 Christians have migrated to Kurdistan, and almost all Ramadi IDPs have moved to

Erbil. This proves Kurdistan's multiculturalism and tolerance. Students are learning Kurdish and integrating into society. Yet as long as IS stays in Mosul, Christians in Ninawa Valley cannot return because of its proximity to that city.

The KRG is in the middle of a learning process. Political divisions are part of the democratic process, and the current divisions did not lead to military confrontation. Security services did not become part of the process, even though some were killed, which demonstrates increasing political maturity. This is a big credit to current Kurdish leaders, including President Barzani. The KRG employs consensus democracy, not majority/minority democracy.

This is the weakest government in KRG history. There are two camps, and the main division is how the president is elected. The KDP wants the post to be elected by popular vote. Other parties want the parliament to elect the president. The KDP presented four options and offered to hold a popular referendum, host a constitutional meeting, and postpone it for the upcoming parliament so it can be discussed during the election campaign, but opposition parties refused, demanding either a president elected through parliament or a popularly elected president with no powers.

The referendum and the war against IS transcend political divisions. President Barzani is not running, but the war against IS demands leadership and continuity. The position of commander-in-chief cannot be vacated. Barzani offered to hold presidential elections or hand over power to a consensus candidate decided by all parties, but they repeatedly refused to negotiate.

A committee has been established by the KDP, the Patriotic Union of Kurdistan (PUK), and the Islamist Union to explore possibilities for the referendum, presidential election, and economy; however they have not agreed to meet with President Barzani. The referendum requires political consensus from all parties. Confederalism is one option, but it must be recognized by parliament. In the 2005 unofficial referendum, however, 99 percent voted for independence.

Iraqi Kurds cannot wait any longer. The United States must understand that the "one Iraq" policy is a failure. Iraq is under de facto partition, which is not caused by the KRG. Denying this situation does not improve it. We desire a strong, functioning Sunni neighbor. We welcome any support and consultation.

The most important KRG needs are short-term exigencies against IS. The Peshmerga cannot acquire tanks and antitank missiles. If the Peshmerga had only the weapons IS seized in Ramadi in May 2015, we could retake Mosul. Peshmerga are the only functioning ground forces clearing and holding territory. Yet they require \$300 million per month for salary and logistical operations against IS. The KRG is currently generating only \$500 million in total monthly revenue, so we need short-term emergency funds against IS. And while the PYD does not accept additional Kurdish forces in their areas, they will accept non-Kurdish forces.

Finally, in the medium and longer term, after stabilization efforts, stronger institutions are needed to support job creation. The private sector needs to be strengthened.

*This transcript was prepared by Patrick Schmidt.*