

Mythologizing Iraq's Oil

By *Gholamhossein Hassantash**

Based on a foregone conclusion that the present regime in Iraq will soon be ousted, some corners have been busy mythologizing about the oil reserves of Iraq. This is quite reminiscent of a similar move about the oil and gas resources of the Central Asian region, following the disintegration of the Soviet Union.

Then, the U.S. Administration, and some others, needed a pretext to consolidate their influence in the newly created independent States, while the White Bear was licking its wounds.

The subject had to be attractive enough to ensure a quick presence of the Western investors in the region. The issue of oil and gas resources was a suitable one. The mere presence of wealthy oil companies would pave the way for others to follow suit.

Astonishing stories were created in support of that policy. Some of the States started being called new Kuwaits and the like.

The gold rush of a different scale was underway! Soon quite a few Western oil company were busy exploring the area for, supposedly, gigantic oil and gas reserves. As the dust settled, gradually everyone realized that the reality was quite another thing. There were oil and gas all right, but very much less than expected.

Those mythologizing publicities, nevertheless, served their purpose. The Western oil companies, particularly the American ones, managed to exploit them to their own ends. Following a relatively long period of stagnation in their bulky activities, those oil companies utilized the break to sign production-sharing contracts in the already mythologized resources. And even before doing anything on the ground, they managed to increase the value of their shares in the market, making huge profits.

Now seemingly the same scenario is being rewritten for Iraq. No doubt Iraq possesses considerable hydrocarbon resources, especially crude oil, and it is not at all intended here to undermine that. However, there has to be a line drawn between reality and legend.

Iraq joined the oil producing States in 1927. Based on the annual statistics made available by OPEC, Iraq reportedly owned 65 billion barrels of crude oil during 1983–1985 period. But it must not be forgotten that following the third oil shock and the ensuing rivalry amongst OPEC members over their market shares during 1985 to 1986, the criterion adopted for everyone's quota was the quantity of their respective reserves. That is when, Iraq's reserves were suddenly reported to have reached 100 billion barrels! Interestingly enough, this figure kept being repeated until 1995 when it, once again suddenly, changed to 112 billion barrels! Strangely enough, during the entire period when Iraq's reserves were reported to have nearly doubled the country was either totally entangled in war or was being penalized through the UN Security Council Sanctions! Natu-

rally, the possibilities of any significant exploration being carried out were hardly there for Iraq.

The registered statistics for Iraqi oil production, available quite regularly ever since OPEC was established (1960), indicate that the country has used up at least 23 billion barrels of its reserves. If the volumes used during the period of 1927-1960 are also taken into account, then the total figure could well be 25 billion barrels.

The highest registered level of production of oil in Iraq is of that of 1997 when it was just about 3.5 million barrels a day. In that particular year, taking advantage of the absence of Iranian crude (because of the revolution), Iraq managed to increase its production, but could not continue producing at that level for long. Apart from that exceptional year, Iraq's maximum registered production level has not surpassed 2.6 million barrels a day.

The oil produced by Iraq in the past 20 years (after attacking Iran) has been at the cost of exerting much pressure on its oil wells, which have obviously been harmful. Hence, to produce any valid estimation of the remaining recoverable oil reserves of the country requires time to carry out a close examination of the actual situation of its reservoirs. Other than that, all claims and counter-claims have no scientific value and are only at the service of certain politico-economic ends and, therefore, not credible.

Perhaps, it is for the same reason that oil constitutes the most urgent part of the agenda in the negotiations of the American officials with the Iraqi regime's opposition. Their joint effort is concentrated on finding oil-informed refugees from inside Iraq so as to get access to up-to-date and precise information on their oil industry's status.

There are already billions of dollars worth of oil contracts Iraq has signed with French and Russian companies, the execution of which are pending the return of normalcy to Iraq's relation with a U.S. influenced Security Council.

Is it a pure coincidence that just a while ago some members of the opposition group had openly said that they would not necessarily remain committed to those existing contracts? In case they take over, in the reassessment of those signed agreements, will there be room for competition, particularly for American oil companies?

Apparently, the mythologizing efforts have some other short and mid-term purposes too. Under the prevailing tense circumstances, the launching of an American led military offensive on Iraq will actually drive the oil price soaring. The policy of depicting a legendary prospect for Iraq's oil future (after Saddam falls), is aimed at offsetting that price course.

Such publicities have other benefits also. Competition on investment, particularly for the Persian Gulf oil industries, will be stiffer in favor of the investors. Additionally such war of nerves can be manipulated to gain political points. Saudi Arabia can come under pressure with the image of a new potential oil rival at its boarder.

The irony being that the Iraqi officials play the same tune, naturally for a different, but, unknown reason. The future will tell.

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