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Pertikaian Undang-Undang Antara Iraq dan Turki Berkenaan dengan Ladang Minyak KRG dan Implikasi Keputusan Mahkamah ICC ke Mereka.

Bamo Mohammed Karim* and Peshraw Hamajan Aziz**

Abstract

This paper aims to analyze the dispute that arose between the KRG and Iraq on the one hand, and between Iraq and Turkey on the other, over the export of the KRG’s crude oil via the Turkish Ceyhan terminal. Through a comprehensive evaluation of the dispute's origins, this study critically examines the relevant constitutional texts and the factors that led to this disagreement developing into an international conflict between Turkey and Iraq. The paper also examines the repercussions of the International Chamber of Commerce Arbitration Court ruling (ICC Court’s ruling) in Paris on the issue. A qualitative research methodology was carefully used, including an analysis of the implications of the ICC Court’s decision, to achieve the study's main goal. Ultimately, in contrast to some observers who viewed the repercussions ICC Court's ruling as a major victory for the Iraqi federal government. This article posits that Iraq's victory is unthinkable due to the more complex tripartite relationship between the parties to the dispute, as

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well as several bilaterally complex issues between Turkey and Iraq. Furthermore, it is predicted that these repercussions will endanger Iraq if this dispute is not settled amicably.

Keywords: KRG, Iraq, Turkey, Crude Oil Pipeline, Legal Disputes, Agreement, Implications.

Introduction

The conflict between the Iraqi Federal Government (IFG) and the Kurdistan Region (KRG) stemmed from ambiguity in constitutional texts regarding the authority of regions and governorates in managing,
extracting, and exporting oil and gas. The Iraqi constitution did not accurately formulate this issue, leading to vague wording and disagreement between the two governments\(^1\). The IFG believed it had the authority to manage oil policy and oil fields produced in the KRG, and that exporting oil outside Iraq and selling it was within its exclusive jurisdiction. The KRG, on the other hand, believed it had the authority to manage and produce oil fields and conclude contracts with foreign companies to export oil outside the region without IFG’s approval. This disagreement led to the KRG concluding some contracts to produce and export oil fields abroad through joint pipelines between Iraq and Turkey\(^2\). Therefore, it is crucial to present all constitutional articles related to these disputes and express a sound opinion on them.

Constitutional Disputes on the Production and Export Oil of KRG

The dispute over the management and export of oil fields in the Kurdistan Region is rooted in the constitutional articles that define the exclusive and shared authorities of the federal government and the Kurdistan Regional Government (KRG). Article 110 of the Iraqi Constitution of 2005 defines the federal government’s exclusive authorities in nine paragraphs, including formulating foreign policy and diplomatic representation; negotiating, signing, and ratifying international treaties and agreements; negotiating, signing, and ratifying debt policies and formulating foreign sovereign economic and trade policy. Moreover, formulated fiscal and customs policy; issued currency; regulated commercial policy across regional and governorate boundaries in Iraq; drew up the national budget of the State; formulated monetary policy; and established and administered a central bank\(^3\). Furthermore, based on the text of Article 111, it can be seen that ownership of oil and gas belongs to all the Iraqi people in the country.

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\(^2\) Iraqi Studies Unit, "Rearranging papers and relations, the repercussions of the international arbitration decision illegalizing the export of oil from the Kurdistan region of Iraq." *Emirates Policy Center*, March 30, 2023, https://epc.ae/ar/details/scenario/tadaeiat-qarar-altahkim-alduwali-bieadam-qanuniat-tasdir-naft-iqlim-kurdistan-abr-turkia.

\(^3\) The Iraqi Republic Constitution of 2005, art. 110.
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without exception⁴. In addition, Article 112 of the Constitution stipulates that “First, the federal government, with the producing governorates and regional governments, shall undertake the management of oil and gas extracted from present fields, provided that it fairly distributes its revenues in proportion to the population distribution in all parts of the country, specifying an allotment for a specified period for the damaged regions which were unjustly deprived of them by the former regime, and the regions that were damaged afterward in a way that ensures balanced development in different areas of the country, and this shall be regulated by law. Second, the federal government, with the producing regional and governorate governments, shall together formulate the necessary strategic policies to develop the oil and gas wealth in a way that achieves the highest benefit to the Iraqi people using the most advanced techniques of the market principles and encouraging investment.”⁵ Article 114 of the Iraqi Constitution outlines shared authorities and competencies between the federal government and regions, covering customs management, electrical energy regulation, environmental protection, development policies, public health, education, and water resources policy⁶. From the aforementioned Articles, it can be said that Article 110 of the Iraqi Constitution outlines the federal government’s exclusive authorities in nine paragraphs, while Article 114 outlines shared authorities between the federal government and regions in seven paragraphs.

Over and above, the Iraqi Federal Constitution addresses other authorities in Article 112 but does not explicitly classify them among the exclusive powers of the federal government or joint authorities. It also stipulates that in Article 115 anything not mentioned in the exclusive powers of federal authorities falls under the jurisdiction of regions and governorates⁷. Additionally, Article 112 of the 2005 Iraqi Constitution caused significant friction between the federal government and the Kurdistan Regional Government (KRG) due to its phrase “current fields” which some researchers deem that, excluded future oil and gas fields that

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⁵ The Iraqi Republic Constitution of 2005, art. 112.
may be discovered after the constitution was established. Along with the dilemma, the Iraqi constitution in 2005 faced numerous shortcomings and contradictions, including the Kurdistan region’s share of the state budget and disputed territories between the federal authority and the Kurdistan region, leading to repeated legal and political crises between them. However, in recent years, a problem in interpreting and applying the provisions of the Iraqi Constitution regarding the production and management of oil and gas fields between the federal authority and the KRG has exacerbated the situation and caused a trust crisis between them.

Along with that, Article 121 of the Iraqi Constitution grants regional authorities the power to enact legislation in all matters, except those of the exclusive jurisdiction of federal authorities. If there is a conflict between federal law and regional law regarding an issue not falling under the federal authority’s exclusive jurisdiction, regional law will prevail or take precedence. Accordingly, the Kurdistan legislator enacted Kurdistan Oil and Gas Legislation No. 22 of 2007. This legislation supervises oil and gas operations in the Kurdistan Region, disregarding federal government legal and constitutional articles. As a result, The KRG exports oil produced in its territory independently, concluding over 50 contracts in the name of production-sharing agreements with foreign oil companies, who export oil directly via joint pipelines between Iraq and Turkey.

The federal authority in Baghdad deemed oil and energy production in the KRG illegal, fearing it could lead to KRG independence and the disintegration of the country and the federal system. This increased tension between the tripartite relationship of the KRG, the Iraqi federal government, and the Turkish state. In 2014, Due to this...
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circumstance, the federal government cut financial payments to the KRG, causing a difficult economic situation for the KRG and the ongoing tension remains unresolved.

Transforming the Constitutional Dispute into an International Dispute

Due to the inability to find a radical and constitutional solution, the federal government took another path to resolve this dispute, which is through the International Chamber of Commerce Arbitration Court (ICC Court), based on the pipeline agreements concluded between Iraq and Turkey in 1973, 1976, 1985 and 2010. From the Turkish State’s point of view, these agreements have allowed the Kurdistan Region of Iraq (KRI) to export and sell its crude oil independently without consent from the Iraqi Ministry of Oil. Nonetheless, the State of Iraq deemed this matter as contrary to the aforementioned agreements, so the Iraqi Oil Ministry brought a lawsuit against the Turkish government before the ICC Court in 2014. This makes it imperative for us to research each of the four pipeline agreements concluded between Iraq and Turkey.

The 1973 Agreement

In the 1970s, Turkey faced an oil crisis due to limited oil availability, leading to a shift in its foreign policy toward Middle Eastern countries, particularly Iraq was seen as the best option to provide oil. In the meanwhile, the Iraqi government needed support from Turkey to pressure Iran against Kurdish revolutionary movements in northern Iraq and also needed larger water flows to Iraq through the Euphrates River. This led to the Crude Oil Pipeline Agreement between the Government of the Iraqi Republic and the Government of the Turkish Republic on


November 11, 1973\textsuperscript{17}. The Republic of Turkey and the Republic of Iraq have signed a 24-article agreement for the transit of crude oil from Iraq to the Mediterranean Sea via pipelines within Turkish territory whether for Turkish consumption or export. The Iraqi and Turkish governments have agreed to establish a crude oil project within their territories. The agreement set the "remuneration" pay for transporting each barrel of crude oil at US$ 0.35. The Iraqi side would export ten to fifteen million metric tons annually to the Turkish side only, while the Turkish side must ensure it does not load or export crude oil in its territory unless demanded by the Iraqi side. The International Court of Justice has been appointed to settle disputes between the two countries. The agreement was concluded twenty years after it entered into force\textsuperscript{18}.

**The 1976 Protocol**

Despite the existence of the 1973 agreement, the crude oil was not transferred from Iraq to the Turkish Ceyhan terminal until 1977\textsuperscript{19} following a protocol signed in 1976 known as the Crude Oil Pipeline Protocol Between the Government of the Turkish Republic and The Government of the Iraqi Republic 1976, which consists of 16 articles and it is an integral part of the 1973 agreement confirms the 1973 agreement's articles, so the duration of this Protocol is the same as the 1973 Agreement, and the 1973 Agreement is considered in the event of a conflict. likewise, requiring the Turkish government to follow Iraqi instructions on crude oil movement\textsuperscript{20}. Indeed, no radical changes were made to this protocol except for details and regulations on project operation, measuring crude oil procedures, and determining lost crude oil quantities due to evaporation, spillage, or leakage.

**The 1985 Addendum**

In 1985, the Iraqi and Turkish governments added an Addendum to the 1973 Agreement, consisting of 10 articles that aimed to enhance

\begin{footnotesize}
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\item\textsuperscript{18} The Crude Oil Pipeline Agreement between the Government of the Republic of Iraq and the Government of the Republic of Turkey on November 11, 1973
\item\textsuperscript{19} Halil TOKUŞ, *Ibid.* 64.
\item\textsuperscript{20} 1976 Crude Oil Pipeline Protocol Between the Government of the Turkish Republic and The Government of the Iraqi Republic.
\end{itemize}
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The economy and increase production capacity from 46.5 million metric tons to 70.9 million metric tons through the construction of a second crude oil pipeline. The Iraqi government pledged to expand and sell at least 35 million metric tons of crude oil annually to the Turkish side only. The remuneration for transporting each barrel of crude oil ranged from 75 US cents for 35 million metric tons to 43 US cents for 70.9 million metric tons. The 1973 Agreement’s provisions remained in force unless their provisions conflicted with this Addendum. The duration of the 1973 Agreement was extended for 20 years starting from the successful trial operation of the expanded system in a pipeline between the two sides. The Addendum also extended the 1973 agreement’s duration for 20 years, from 1985 until approximately after 2005. The two sides remain committed to the provisions of the 1973 Agreement and related protocols and agreements, including Turkey’s commitment not to transport and load crude oil from Iraq except under Iraqi instructions.

The 2010 Amendment

Following the overthrow of the Iraqi government in 2003 and the subsequent transformation of the country into a federal state, Iraq’s federal government renewed and extended the 1973 agreement with Turkey, leading to an agreement in 2010, in the name of the Amendment to the Crude Oil Pipeline Agreement Dated 27 August 1973 and Subsequent Relevant Agreements, Protocol, Minutes of Meetings, and Addendums Between the Government of the Republic of Iraq and the Government of the Republic of Turkey.

The amendment outlines a commitment between Turkey and Iraq to assign a pipeline system exclusively for transporting and loading crude oil from Iraq. The production capacity is set at 70.9 million metric tons per year (MTA), with a guaranteed minimum of 22 million MTA for Turkey in 2010 and 35 million MTA for the year 2013 and beyond. The minimum transportation remuneration is 0.90 US dollars per barrel for quantities reaching 70.9 MTA, and 1.18 US dollars for those exceeding 22

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21 1985 Addendum to the Crude Oil Pipeline Agreement of 27 August 1973 Between the Government of the Iraqi Republic and the Government of the Turkish Republic.
22 Nagham Saleh, Ibid. 49.
MTA. This amendment was in effect for 15 years after entry into force, if neither party ends it, it will be considered extended for an additional 5 years. Besides, the International Chamber of Commerce’s arbitration court replaced the International Court of Justice’s arbitration. As a result, the aforementioned court rendered a decision in this dispute, which we will address in more detail later. The previous 1973 agreement and all relevant protocols and addendums remain in force, except for those amended by this amendment.

The International Chamber of Commerce Arbitration Court Ruling

The Paris-based International Court of Justice (ICC) has declared that Turkey’s authorization to export and load Kurdistan Regional Government (KRG) oil is unlawful. This decision follows a nine-year legal process, starting with the Iraqi government’s lawsuit against Turkey in 2014. This stopped the daily flow of approximately 450,000 barrels of crude oil from the KRG through Turkish territory and onto the Mediterranean Sea port of Ceyhan. The ICC Court based its decision on the main axis, which is that Turkey violated its obligations by loading and exporting oil in the KRG without permission from Iraq’s Oil Marketing Company (SOMO). Although the Iraqi government claimed that the joint pipeline was set exclusively for oil coming from Iraq under the 1973 agreement, the ICC arbitration court rejected this claim, stating that “oil coming from Iraq” also includes oil pumped by the KRG. From this Iraqi Government’s Claim in the complaint, it can be noted that the Iraqi Federal Government did not see the KRG as a region of Iraq, but instead

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23 2010 Amendment to the Crude Oil Pipeline Agreement Dated 27 August 1973 and Subsequent Relevant Agreements, Protocol, Minutes of Meetings, and Addendums Between the Government of the Republic of Iraq and the Government of the Republic of Turkey, art. 2-4.
24 2010 Amendment to the Crude Oil Pipeline Agreement Dated 27 August 1973 and Subsequent Relevant Agreements, Protocol, Minutes of Meetings, and Addendums Between the Government of the Republic of Iraq and the Government of the Republic of Turkey, art. 10-11.
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as another state, this was one of the main trouble and complications among the Iraqi Federal Government and the KRG, which they were not able to treat each other as a single state, but have always treated each other as two different and opposing states. Undoubtedly, the ICC court’s ruling on the Iraq-Turkey pipeline agreement is considered precise, accurate, and reliable, as the aforementioned agreements stipulate that the Turkish side must follow the Iraqi Federal Government Ministry of Oil’s instructions for oil transportation and export, so loading and exporting oil based on the other side's instructions violates the ITP Agreement between the two governments.

Noteworthy, the Federal Supreme Court in Iraq is a constitutional institution, responsible for monitoring the constitutionality of laws, interpreting constitutional texts, resolving disputes between federal authorities and regions, and its decisions are final and binding under Article 94 of the Iraqi Constitution. In February 2022, the court canceled the Kurdistan Regional Government’s Oil and Gas Law No. 22 of 2007 due to its unconstitutionality and violation of the Articles (110, 111, 112, 115, 121, and 130) of the Iraqi Constitution. The court also obligated the KRG Ministry of Natural Resources to hand over oil production to the Iraqi Federal Ministry of Oil. It granted the Federal Government the right to nullify the KRG oil contracts with foreign companies.

It can be said that the Supreme Court’s decision to declare the KRG’s Oil and Gas Law No. 22 of 2007 unconstitutional and to cancel it was correct, since all of the texts in a law are related to one another and cannot be understood by relying solely on one while ignoring the others, understanding a law requires reading all of the Articles and considering all of its clauses. However, the KRG relied on the first paragraph of Article 112 of the Iraqi Constitution especially on the phrase “current fields” therein, distinguishing it from “future fields” as stated in paragraphs 16 and 17 of Article 1 of the KRG Oil and Gas Law, and thus it interpreted the current fields at the oil fields that had commercial production before August 15, 2005, that is, before the issuance of the current Iraqi constitution and defined the future field is the oil fields that did not have commercial production before August 15, 2005, and includes all fields.

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that were discovered after this date\textsuperscript{28}. However, the Kurdistan legislator neglected a second paragraph of the aforementioned Article 112, which stipulated that the federal government and the regional governments shall together draw up the strategic policies necessary to develop the oil and gas wealth in a way that achieves the highest benefit for the Iraqi people. Upon careful consideration and looking carefully, it is evident from this paragraph that "drew the necessary strategic policies by both sides" came in an absolute manner. Accordingly, this "strategic policy" includes all operations related to oil production and exportation in all oil fields, whether they are currently underway or will be in the future.

Moreover, Article 110 of the Iraqi Constitution grants the federal government a set of exclusive authorities that conflict with selling the Kurdistan region’s oil to foreign companies independently, most of these exclusive authorities are concluding and drawing up sovereign foreign economic and trade policy, international treaties and agreements, drawing up financial and customs policy, regulating trade policy across the borders of regions and governorates in Iraq, and setting the state’s general budget. Based on all the expressions used in Article 110, it becomes clear to us that the issue of foreign trade across borders is within the exclusive jurisdiction of the federal government. Therefore, the KRG cannot sell its oil to foreign countries independently. More than that, Article 111 of the Iraqi Constitution specified unequivocally that “oil and gas are the property of all the Iraqi people in all regions and governorates.\textsuperscript{29}.” Thus, it is not possible to exclude the federal authority from ownership of oil, regardless of its place of production, and oil-producing regions cannot monopolize their oil alone just because it is located in their region. At the same time, the Iraqi federal government is not allowed to cut the budget of any region, even if it lacks oil however, it did so against the KRG.

Based on what was given, the production and management of oil and gas in the Kurdistan Region are joint responsibilities of the KRG and the federal government while exporting and selling the resource falls under the federal government’s jurisdiction. Meanwhile, the KRG is entitled to its fair share of the federal general budget and may not be cut for any reason. Finally, despite this, the International Arbitration Court

\textsuperscript{28} The Kurdistan Regional Government’s Oil and Gas Act No. (22) of 2007, art. 1.

\textsuperscript{29} The Iraqi Republic Constitution of 2005, art. 111.
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and the Federal Supreme Court completed their mission when they rendered decisions to settle the legal dispute over the KRG’s oil. However, the decision's background has implications for all parties involved, which are covered in detail in the chapter that follows.

Implications of the ICC Court’s Ruling for the Parties of the Issue

The ICC court’s ruling has induced a new legal, economic, and political situation between the federal government and the KRG in Iraq, and also has impacted the relationship between the Iraqi Republic Government and the Turkish Republic Government, so this chapter evaluates the current effects and the repercussions that could arise in the future.

Repercussions of the ICC Court’s Ruling on the KRG

The ICC Court’s ruling on March 25, 2023, officially ended the KRG's autonomous oil export via the Iraqi-Turkish pipeline to the Ceyhan terminal. This meant that the KRG could not sell oil independently without Baghdad's permission and to re-export, a new agreement between the Iraqi and Turkish governments is needed. This decision led to the cessation of about 400,000 KRG barrels of oil per day through the Turkish Ceyhan terminal, causing a daily loss of about $30 million for the KRG, which consists of 80 percent of its budget. This revenue income is considered the backbone of the KRG’s economy which it relied on, which caused severe financial difficulties for the residents of the KRG. Resultantly, the KRG was unable to regularly pay the salaries of its public sector employees.

Besides, it suspended all the KRG’s oil contracts with oil companies operating in its territory, including approximately fifty production-sharing contracts that were secretly concluded with foreign companies, which neither KRG Parliament members nor the federal government in Iraq were aware of until they were public in 2011. Examples of these companies such as Norwegian company DNO, Genel Energy, Canada-based Forza Petroleum, Gulf Keystone Petroleum, and Dallas-based HKN Energy. The suspension of companies operating in the production and sale of oil led to the accumulation of debts on the KRG, major financial losses, and a severe financial crisis.

Despite this, the economic crisis in the KRG has led to widespread protests and rallies, particularly among teachers and public sector employees. The main reason for these protests is that teachers and other workers are not receiving their monthly salaries regularly, and they are also experiencing deductions and delays in their pay. The intensity of the demonstrations has escalated, with employees demanding that the Iraqi government transfer their legitimate salaries to the Iraqi federal government, return their compulsorily saved salaries, and grant suspended bonuses and promotions for many years. This has led to a general strike from official working hours at many schools in the KRG.

Additionally, the representatives of teachers and employees in the Kurdistan region filed complaints or brought lawsuits to the Federal High Court in Baghdad to obtain and restore their legitimate rights. In reality, the protests, demonstrations, and then the resorted of the public sector employee classes in the KRG to the Iraqi federal government and the Federal Supreme Court to claim their rights, have a disastrous effect on the KRG’s legal entity, which reached it after a long bloody conflict between the Kurds and the Iraqi government until the aftermath of the Gulf War, the Kurds upraised against Saddam Hussein’s regime in 1991, established effective self-rule, and then, after the US-led invasion in

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2003, the autonomous Kurdish region in northern Iraq officially became part of the Iraqi federal government in 2005 and turned into the KRG, that numerous scholars refer to the "KRG" as a de facto state or quasi-state due to its autonomous institutions, security forces, and excellent trade and diplomatic ties with other countries. However, the resort of Kurdish employees to the Iraqi government signifies a sharp decline in confidence in the KRG’s institutions as well as a lack of faith in judicial and social justice within the Kurdistan region. Based on these complaints, the Federal Supreme Court decided on February 21, 2024, to oblige the federal government and the KRG to localize the salaries of Kurdistan Regional employees and pay their salaries directly to the federal government banks. This decision has a terrible impact on the KRG as a powerful and legal entity because the KRG’s employees see that the federal government is more guaranteed than the KRG to receive their dues, the affairs of the KRG’s employees are managed and controlled by the Federal government directly instead of the KRG. In addition, if the Kurdistan region does not comply with this decision, it will be considered a violation of the Constitution, and the federal government can take punitive measures against the KRG’s officials.

Before the Iraqi Federal Supreme Court issued its decision on the salaries of regional employees, the KRG initiated negotiations with the Federal Government of Iraq to address the economic crisis and impasse caused by the ICC Court’s ruling. As a result of the negotiations, the Federal General Budget Law of the Republic of Iraq for the fiscal years (2023, 2024, 2025) was enacted. In a nutshell, this law requires the settlement of financial disputes and dues between the federal government and the KRG from 2004 to 2022. The KRG is obligated to ship at least 400,000 barrels of crude oil produced from the region to the Oil Marketing Company (SOMO) in the Turkish Ceyhan terminal, with SOMO responsible for exporting these quantities at the same prices and mechanism sales approved by it. If the KRG cannot export these quantities, it must deliver 400,000 barrels of crude oil per day to the federal government for local use. Moreover, the KRG must hand over its

non-oil revenues to the government treasury. If the KRG implements these obligations, the Federal Government's Ministry of Finance is committed to financing the Kurdistan Region’s dues. It is abundantly evident from the 2023 Federal General Budget Law that the KRG was compelled to submit to and obey the Federal Government since rather than selling its oil independently, it admitted to selling it through the SOMO company or turning over its oil production to the Federal Government. This made the Foreign companies operating in the Kurdistan region’s oil fields face uncertainty in their operations, to resume their operations they must work with SOMO, which is the official representative of the Federal Government's Ministry of Oil, under its conditions, rather than the agreement with the KRG. Furthermore, the KRG has implicitly recognized the unconstitutionality of Oil and Gas Law No. 22 of 2007, in exchange for receiving funding from the federal government budget.

This analysis presented is evidence that the ICC Court’s ruling has placed the KRG in an extremely challenging situation, requiring it to become subject to the law and decisions of the Iraqi Federal government, which the KRG has never been since 2003. On the other hand, the Iraqi General Budget Law 2023, which was controversial, has made it difficult for the KRG and the federal government to solve their financial disputes, so this law required both sides to settle their disputes from 2004 to 2022, and required the KRG to hand over its oil production and non-oil revenues to the federal government. This matter is challenging to resolve as it has not been resolved since 2004, and it will likely remain controversial for a long time. This makes the KRG will face even more challenges, due to Baghdad's desire to strengthen its powers and to more weakening of the KRG's influence. Additionally, the KRG will not be able to sell its oil independently until it can provide sufficient revenues for employee salaries and provide adequate services to its citizens.

Implications for the Iraqi Federal Government

Undoubtedly, The ICC Court’s decision strengthened the Iraqi federal government’s legal and political position especially towards the KRG, because the KRG lost the option of financial independence to sell its

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oil independently without Baghdad’s permission, this would plunge the KRG into a crippling financial crisis, and it was left with only one option which was the KRG had to make numerous concessions to the federal government and accept its decision and conditions. This effectively aborted the Kurdish people’s dream of secession from Iraq and building an independent state in the KRI, as the KRG held an independence referendum in September 2017, with roughly 93% of Iraqi Kurds voting in favor of seceding from Iraq and establishing a Kurdish state. Undoubtedly, selling oil independently and financial self-sufficiency helped hold the KRG’s referendum, despite the cut of its share budget from the Iraqi federal government. Along with that, the KRG is surrounded by Iraq, Turkey, Iran, and Syria, which have previously announced a strict stance against Kurdish separatism within their territories in Iraq, because they thought that the establishment of a Kurdish state in Iraq would lead to threats to the territorial integrity of these countries. Indeed, this regional support from these countries has given the Baghdad government additional strength over the KRG. As a result, no neighboring countries are willing to export and sell the KRG’s oil independently, fearing that the KRG’s financial independence could aid it in secession from Iraq.

The federal government is well aware that the KRG cannot rescue itself from the current financial crisis, so the KRG has no choice but to remain with the Baghdad government like other Iraqi provinces. Therefore, the Baghdad government imposes all its conditions on the KRG through its laws and forces it to accept them. The most prominent instance is the General Budget Law for the year 2023, in which the KRG was forced to hand over its oil, customs, and non-oil revenues to the federal government so that the KRG could obtain its share of the Federal government’s budget. Thus, the Baghdad government may use this financial crisis for more concessions to the KRG. All of these are considered the success of the Iraqi federal government and the continuing weakness of the KRG, which it will face, whereby the federal

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government will be able to put pressure on the KRG at any moment going forward if will raise conflicts between them.

**Implications of the ICC Court’s Ruling regarding Iraq’s relationship with Turkey**

The ICC Court ruling halted Turkey’s legal authorization to export KRG oil via the Iraqi-Turkish pipeline without Baghdad’s consent and obligated it to pay $1.5 billion to Iraq\(^4\). Even though it appeared that the ruling favored Iraq, as far as reality goes Turkey did not lose this dispute, so if they are not able to reach a new agreement and affable relations, this ruling would produce many long-term economic, security, and political ramifications including:

The Iraqi government has been losing over a billion dollars a month due to the suspension of oil flows from the KRG through the Turkish Ceyhan terminal, although the Iraqi federal government is legally required to provide the KRG’s share of the state’s general budget\(^4\). The best evidence of Iraq’s economic loss is that after the ICC Court’s ruling, the Iraqi government began visiting Turkey to resume oil production from the KRG’s fields and re-export them. However, Turkey placed several conditions on the Iraqi side, including a waiver or giving up the Iraqi government for compensation imposed on the Turkish government. Also, Turkey sells the oil exported from the KRG at the previous price of over 20 dollars per barrel, 13 dollars for production, and $7 for transport, and the Iraqi government stopped implementing the clearing agreement between Iranian gas and Iraqi oil. Accordingly, the Iraqi side will export approximately 200,000 barrels of crude oil daily in the KRG fields to Iran in exchange for Iranian gas\(^5\). Although they failed to reach a consensus on resuming KRG’s crude oil, it is evident that Turkey has imposed these conditions for several reasons, which are outlined in the following summary.

\(^4\) Iraqi Studies Unit, Ibid.
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Despite that, Iraq and Turkey have common interests, their relations have not been well particularly since 2010, due to several factors such as water issues, PKK issues in Iraq, energy and oil export issues, and Turkey's fears about Iran's policy to control or monopolize Iraq. These issues have contributed to increased tension between the two countries. It is obvious from the preceding that the relationship between Turkey and Iraq is most complex, with Turkey's proximity to Iraq making it a significant player in Iraq's security and stability. This proximity allows Turkey to encroach on Iraqi territory and sovereignty due to the PKK issue and its presence in Iraq. Turkey also has excuses to use the Turkmen population in Kirkuk to retain Kirkuk, justifying its interference in Iraqi internal affairs. Besides, Turkey controls all waterways that feed into the Tigris and Euphrates rivers in Iraq, causing decreasing water levels that negatively impact the country’s economy, agricultural production, and food security.

Furthermore, the KRG’s reality changed after the declaration of northern Iraq at the 36th parallel as a prohibited area for the Iraqi army, then the establishment of a federal state for Iraq and its legitimate approval of KRG under the 2005 Iraqi constitution. The KRG is a significant source of instability and tension for the Turkish government, as it is feared to lead to a Kurdish state and encourage Turkish Kurds to secede from Turkey, posing a threat to Turkish national security and stability. The best evidence of this is Turkey's reaction to the 2017 referendum in Kurdistan on independence from Iraq which Turkey condemned and viewed as unlawful and as a threat to Turkish national security. Simultaneously, at present, the reality of the KRG provides golden opportunities for the Turkish government in several aspects, including economic interests, as many Turkish companies export Turkish goods from the KRG to Iraq, making it one of the largest markets for Turkish exports. Additionally, Turkish oil companies produce and export the KRG's oil through its territory. The Kurdistan region’s current reality also quenches Turkey’s fear of imposing Iranian hegemony in

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46 Sahar Tarawneh, “The Impact of Israeli Support for the Referendum on Kurdistan’s Secession from Iraq on Turkish-Israeli Relations,” Dirasat Humanities and Social Sciences 46, no. 2 (2019): 397-398.
Iraq, especially in the KRG. Therefore, the Iraqi federal government cannot impose its will on the KRG practically, allowing the Turkish government to use the KRG against the Iraqi central government and Iran’s growing influence and impose its power.

Furthermore, according to the 2010 amendment, the pipeline agreement between Iraq and Turkey was extended for 15 years\(^{47}\) that is until about 2005. Accordingly, the Turkish government has the authority to terminate it in the following year. If it is done, The Iraqi federal government cannot take legal action in an international arbitration forum and has no control over the territories governed by the KRG so it is powerless to stop the production and export of the KRG’s crude oil via the Turkish pipeline. Noteworthy, Turkey enjoys close and deep ties with the Sunni political elites in Iraq, it can leverage this relationship to its advantage against the Shiite-controlled current Iraqi government.

Based on the foregoing analysis, it can be concluded that the Iraqi federal government did not view as a victory by the ICC Court’s ruling, because the unresolved issues between Turkey and Iraq are perceived as the means that the Turkish state uses to exert pressure and impose its hegemony on Iraq to gain political and economic advantages. Accordingly, the real success for Iraq is its ability to reach a new understanding and resolution with the Turkish state. If not, these disputes frequently result in more political unrest as opposed to building amicable and cooperative relations in the areas of politics, economy, and humanitarianism.

**Conclusions**

As we argued in the first half of the paper, the poorly drafting of the constitutional provisions and their inconsistency in tandem with one another, particularly the ones regulating exclusive and shared powers between the federal government and the KRG, has not only affected the growth of disagreement and disputes, but it also effectively contributed to foster mistrust between them. As a result, the KRG began to export, and sell its oil Independent contrary to the received constitutional

\(^{47}\) 2010 Amendment to the Crude Oil Pipeline Agreement Dated 27 August 1973 and Subsequent Relevant Agreements, Protocol, Minutes of Meetings, and Addendums Between the Government of the Republic of Iraq and the Government of the Republic of Turkey, art. 11.
provisions in this regard, contrasting with the federal government cut off the KRG's share of the Iraqi state budget. This made that they dealt as two distinct and at odds states rather than as one state based on mutual cooperation.

However, the ICC Court’s ruling in Paris on March 25, 2023, led to the KRG being subject to the Iraqi Federal Supreme Court’s decisions, the constitutional provisions, and the Iraqi Federal Government’s laws regarding the process of exporting and selling oil. Thus, the KRG acknowledged to hand over the task of marketing its oil to the Iraqi Federal Government Oil Marketing Company (SOMO), to obtain its share of the Federal Government’s budget. This is considered an implicit admission that marketing its oil independently was unconstitutional, thus the KRG’s oil and gas law was also unconstitutional. As we previously argued and supported both the KRG’s Oil and Gas Law No. 22 of 2007, and the export and sale of its oil independently are unconstitutional. In addition, The ICC Court’s ruling and the Iraqi Federal Supreme Court’s decision led to putting an end to the Kurdish region’s hopes for economic independence through autonomous oil exports without its return to Baghdad. One could say, that this effectively aborted the dream of the Kurdish political elite to establish an autonomous Kurdish state. Furthermore, this led to the oppressive economic crisis, the KRG's inability to regularly pay employee salaries, and protests and demonstrations directed towards the KRG. Even worse, the drafting and enactment of ordinary laws governing relations between the two governments such as the Iraqi General Budget Law of 2023 is more contentious and controversial, did not seek to reconcile or resolve their differences, rather it is more likely to be unimplemented, this leads to a prolongation of the disagreements and disputes between them, instead of reaching to a national collaboration, it will prolong the agony of the populace and undermine the strength of the Iraqi federal state at the international level or, at least continued to interfere by other regional countries in Iraq’s affairs.

To prevent these crises, we therefore suggest establishing effective legal mechanisms that will aid in the swift resolution of conflicts between the federal government and the Kurdistan region, aid in reestablishing mutual trust and cooperation between them, also fairly protect the rights of the both sides and all Iraqi people, which is something the nation deeply needs to prevent crises. To achieve this, we
demand that the federal and Kurdistan regional governments and all political forces adhere to the constitutional and legal texts, combine their efforts, and coordinate jointly in building a strong civil state that will provide services, prosperity, and social justice to its people. This is the real thing that the Iraqi people want, and the real victory for Iraq as a strong modern federal state.

As we covered earlier in the second section of the paper, the ICC Court decided that Turkey had broken the 1973 pipeline agreement between Iraq and Turkey. As a result, Turkey was obligated to pay compensation of Iraq approximately $1.5 billion for exporting KRG’s oil through the Turkish Ceyhan station between 2014 and 2018, without the instructions of the Iraqi Federal Government’s Ministry of Oil. However, in all honesty, this ruling cannot be seen as a win for Iraq against the Turkish side. Since, despite this, the Iraqi government lost roughly a billion dollars monthly in revenue due to the suspension of oil exports of the KRG, there are many bilateral issues between them make the Iraqi federal government unable to impose its desire and requests on The Ankara government, including the water supply that flows from Turkey to the Tigris and Euphrates rivers in Iraq which is an essential source for the recovery of Iraqi territory, the country’s agricultural and tourism industries, among others. Likewise, security and good-neighborly issues, such as the issue of the Kurdistan Workers’ Party, the KRG, Kirkuk, and Iraqi Sunnis. All of this is thought to be a tool for pressure that Turkey can use in the event that a new deal with Iraq cannot be reached. Unquestionably, these issues resulted in political, security, and economic risks and repercussions for Iraq. We therefore, recommend and hope that the federal government of Iraq will make every effort to negotiate a new agreement with the Turkish government that would allow oil exports to resume through their shared pipeline to the Turkish Ceyhan terminal, which provides economic cooperation and long-term reconciliation for the both countries, and this would truly be successful for Iraq and then Turkey.
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