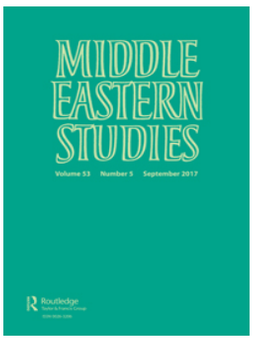

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A crude marriage: Iraq, Turkey, and the Kirkuk–Ceyhan oil pipeline

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On 1 July 1974, Iraqi Deputy President Saddam Hussein flew to Ankara airport, where he met with Turkish Prime Minister Bülent Ecevit to discuss a host of issues. Hussein wanted Turkey to pressure Iran to withdraw its support from the Kurdish uprising in northern Iraq and to release greater flows of water from the Euphrates downstream to Iraq. Ecevit, for his part, was also eager for Iraqi diplomatic support regarding a new crisis with Greece over Cyprus and for Iraq to send greater flows of oil to Turkey. The two leaders emerged from the meeting having reached agreement on all fronts, including commitments by Iraq to increase its oil sales to Turkey and for the two countries to construct a 500,000 barrels per day (bpd) oil pipeline from the northern Iraqi oilfield at Kirkuk to the Turkish Mediterranean coast at Ceyhan.[1] Construction of the pipeline began in 1975, and the first oil flowed from Iraq to Turkey in 1977. From 1978–1990 to 1996–2003, the Kirkuk–Ceyhan Pipeline was an anchor for an energy partnership between Iraq and Turkey that has commercially and strategically benefitted both countries.

Given the central role that oil plays in Turkey's relations with Iraq and now with the autonomous Kurdish Region of Iraq (KRI) since 2011, it is surprising that there is no analysis of the history of the Kirkuk–Ceyhan Pipeline, particularly about its origins from 1965 to 1974. Most analyses of Iraqi–Turkish relations in the 1960s and 1970s refer to oil and the pipeline only in passing.[2] Alon Liel, a former Israeli *chargé d'affaires* in Turkey, provides the lone exception. Liel describes how the Arab oil embargo drove Turkey to embrace its oil-rich neighbours, including Iran, Libya, and Iraq, in the 1970s in order to secure its oil supplies and, possibly, reduce its overall oil bill through preferential contracts and barter agreements. He goes on to describe how, while Iran and Iraq were at war in the 1980s, it was the oil-producing countries that sought closer ties with Turkey so that it would provide credit and buy oil. Liel does not, however, explain why Iraq and Turkey decided to build the pipeline in the first place, except to say that Turkey's frustration with the West after the 1964 Cyprus Crisis led it to seek alliances with the Arab world.[3]

Geopolitics played a role in strengthening Iraqi–Turkish bilateral oil relations and building the Kirkuk–Ceyhan Pipeline. Iraq's support for Turkey during the 1974 Cyprus Crisis, Turkey's diplomatic support for the Arabs during the June 1967 War and October 1973 War, and the two countries' common interest in suppressing the aspirations of their respective Kurdish populations helped Baghdad and Ankara overcome historical mistrust to build a pipeline that served Iraq and Turkey's commercial and strategic interests. The

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Kirkuk–Ceyhan Pipeline enhanced Iraq's security of oil demand by diversifying its export routes and increasing its ability to supply European markets, while for Turkey, the pipeline provided it oil-supply security, gave it access to direct imports from Iraq, and reduced its outlay of foreign currency by earning transit fees on the oil that was transhipped from Ceyhan.

The Kirkuk–Ceyhan Pipeline was also significant because it was constructed independent of 'the majors' – the American, British, French, and Dutch oil companies that held the vast majority of concessions in the Middle East until the 1970s. The limits of relying on the majors became clear to both Iraq and Turkey as early as the Suez Crisis in 1956, when Iraq's oil exports to the Mediterranean were cut and Turkey suffered a brief supply shortage. Iraq's attempts to nationalize its oil industry, however, were constrained by the oversupply on the world market, a lesson revealed during the Iranian nationalization from 1951 to 1954. Turkey's interests in maintaining ties with the majors were political and economic: Turkey was a Western client state that had its own concerns about Soviet encroachment, and the majors had begun prospecting for oil on Turkish soil in 1954. Yet, after Turkey felt abandoned by the West during the 1964 Cyprus Crisis and the promise of significant oil discoveries waned in the middle of the 1960s, Turkey actively sought greater economic ties with Iraq in 1965.

Ankara's search for new oil supplies independent of the majors and Baghdad's desire to find consuming markets independent of the majors propelled the two governments to reach their first trade agreement in November 1965 and their first oil sale agreement in December 1967. As demand caught up with supply in the world oil market in the early 1970s, Iraq took the fateful step of nationalizing its oil industry in 1972. Nationalization provided the framework for a large, bilateral oil-supply deal between Iraq and Turkey, which was signed alongside the agreement to build the Kirkuk–Ceyhan Pipeline in May 1973, the details of which were finalized in August 1973. The Arab oil embargo from October 1973 to March 1974, however, caused the price of oil to quadruple, sparked heated negotiations about how much Turkey would pay for each barrel of oil that it lifted from the future pipeline and postponed the project until July 1974. By examining the documentary record of the American, British, French, and Turkish governments and the oil companies British Petroleum and the Ente Nazionale Idrocarburi (ENI), this article seeks to fill a gap in our understanding of the history of Iraqi–Turkish relations and Middle East oil in the 1960s and the first half of the 1970s by explaining the origins of the Kirkuk–Ceyhan Pipeline.

This article also seeks to add to our collective understanding of why transnational oil pipelines in the Middle East succeed or fail.[4] Transnational pipelines in the Arab world generally have had a poor performance record, as mistrust based on sectarian, ethnic, and political–historical differences constrains the routes that they can take. The pipelines that were built from Iraq and Saudi Arabia between 1934 and 1950 by the majors with the support of the British, French and American governments were closed by the late 1970s due to sabotage and closures by oil-transit countries and non-state actors. Only one other transnational pipeline system has been built in the region – the Iraqi Pipelines through Saudi Arabia (IPSA) in 1985 and 1989, which pumped Iraqi oil through Saudi Arabia to the Red Sea – but Saudi Arabia closed IPSA after Iraq invaded Kuwait in 1990, converting the pipeline to transport Saudi natural gas.

The Kirkuk–Ceyhan Pipeline was therefore unique in its success from 1977 to 2003, with the pipeline's only closure coming from 1991 to 1996, when Turkey participated in the United Nations' sanctions imposed on Iraq. This successful performance record was due to a number of factors, but none was more important than Turkey's characteristics, and strength, really, as an energy-transit country. Paul Stevens identifies six principles that can help make a transit country less likely to cut off the flow of oil from a producing country, three of which apply to Iraq and Turkey: (1) developing mutual dependence between the transit country and producing country on the flow of oil through the pipeline, (2) the transit country consuming oil from the pipeline, and (3) the transit country seeking foreign direct investment (FDI), which makes the transit country unlikely to close the pipeline and risk its chances of attracting future FDI.[5]

There are three additional reasons why Turkey has been and will likely continue to be a successful energy-transit country. First, its security forces can guard a pipeline and, even if groups opposed to the government, such as the Kurdistan Workers' Party (PKK), either sabotage or damage pipelines, repairs can be made expediently, and pipelines can restart in a matter of days. Turkey has the largest military in the Middle East and has demonstrated willingness to employ force when its interests are threatened. Second, Turkey has no meaningful oil of its own and its growing economy – also the largest in the Middle East – makes it eager to secure its demand for oil and gas. Turkey is therefore likely to defend a pipeline and ensure its operation given its economic dependency on consuming flows through it. Finally, as a non-Arab country, Turkey can avoid the vicissitudes of intra-Arab politics that have plagued previous transnational pipelines in the region.

After 2003, the Kirkuk–Ceyhan Pipeline fell slowly into disuse, as non-state Sunni actors sabotaged it in north-western Iraq hundreds of times. Yet, after several multinational companies won concessions in the KRI in 2011, a new version of the pipeline was completed in 2013 that carries Kirkuk oil to the Turkish border, where it connects to the original Kirkuk–Ceyhan Pipeline. KRI security forces have assured the flow of oil inside Iraq since 2013, but the outbreak of conflict between Turkish security forces and the PKK in 2015 has led to occasional stoppages, most notably in March 2016. Despite such problems, the history of the original Kirkuk–Ceyhan Pipeline from 1978 to 2003, as well as the fact that an oil-supply agreement has existed between Iraq and Turkey for nearly 50 years, reveals that this new version of the pipeline will succeed in the long term. Land-locked, northern Iraqi oil depends on transit pipelines to the Mediterranean for delivering its exports to Europe, and Turkey offers the best and only solution.

Under the Western oil umbrella, 1925–1964

The history of the origins of the Kirkuk–Ceyhan Pipeline is mostly a story of how Iraq and Turkey gained independence over decisions surrounding their national oil industries. The Iraqi government's frustration with how the Iraq Petroleum Company (IPC) managed the country's oil production and exports began almost immediately after the consortium was formed in the 1920s.[6] The majors held concessions in other Middle East oil-producing countries, including Iran and Saudi Arabia, where they were either larger in terms of their total reserves or strategically more important. As a result, Iraq became a swing producer for the world oil market. When the market was oversupplied, the majors intentionally retarded oil production in Iraq to suppress exports and keep prices high.[7] Since Iraq had

minimal storage facilities and depended on the 80,000-bpd IPC Pipelines built in 1934 to export land-locked Kirkuk oil through Syria and Lebanon, as well as Jordan and Palestine, to the eastern Mediterranean, pipeline problems provided the IPC with a useful excuse to limit Iraqi exports when the world oil market was oversupplied, as it was prior to the Second World War and again from the late 1950s to the early 1970s. The IPC could also defer the blame from Iraq for lower oil revenues to problems exogenous to the IPC's operations in the country, namely Syrian intransigence.[8]

When the world oil market was undersupplied, however, the IPC expanded Iraq's capacity to produce and export oil. For instance, the consortium began building 16-inch pipelines parallel to the IPC Pipelines to Tripoli and Haifa in 1946, when Western Europe was desperate for Middle East oil to rebuild its war-torn economies. The pipeline to Haifa was completed from Kirkuk to the Jordanian–Palestinian border, but Iraq halted the flow of oil after the establishment of Israel in May 1948. To make up for the loss, the IPC completed a 30-inch pipeline from Kirkuk to Banias on the Syrian Mediterranean coast in 1952, bringing the total capacity of the pipelines from Kirkuk to 320,000 bpd. At the same time, higher quality oil which had been discovered in southern Iraq in 1938 began to receive more development. The IPC's sister company, the Basra Petroleum Company, completed a pipeline from Basra to Fao on the Persian Gulf in 1951 to begin exports of 160,000 bpd by 1955.[9] From 1949 to 1955, Iraqi oil production grew from 90,000 to 697,000 bpd.[10]

A pipeline to the Turkish coast would have provided a more diversified set of options, and thus greater security, for exporting land-locked Kirkuk oil, but was not in the economic and political interests of the IPC. Such a pipeline would have made it more difficult to suppress exports if world markets were oversupplied, but more importantly, it was far cheaper for the IPC to increase the capacity of the existing IPC Pipelines or build pipelines parallel to the existing IPC Pipelines, as the cost for devising and securing these routes had already been sunk, than to construct an entirely new pipeline system through Turkey. The politics of a pipeline through Turkey were even less attractive because of historical Turk–Arab antipathy, as well as the Syrian–Turkish dispute over ownership of the Hatay province. For instance, the Gulf of Iskenderun was ideal for loading seaborne tankers and was considered in 1930 as a terminus for the original IPC Pipelines, but the Hatay dispute made this option untenable. US officials worried that exporting Arab oil from Iraq through non-Arab Turkey might aggravate Arab–Turkish antipathy, turn Arab public opinion against Western oil companies, and endanger concessions in Iraq and elsewhere in the Arab world.[11] Arab–Turkish antipathy grew more acute after Turkey annexed Hatay in 1938.

Yet, the politics of the Cold War and the rise of pan-Arab nationalism led by Egypt's Gamal Abdel Nasser in the 1950s endangered the flow of Middle East oil to Europe, including Kirkuk oil through Syria, and caused Western governments to reconsider building a pipeline through Turkey. In order to block Soviet influence in Europe and the Middle East and Stalin's threats against the Turkish Straits, the United States began to send military and economic aid to Turkey in 1947; Turkey became a member of the North Atlantic Treaty Organization (NATO) in 1952. The United States and Britain also fostered security alliances with Iran, Iraq, Pakistan, and Turkey. In 1955, Iraq and Turkey agreed to a military alliance known as the Baghdad Pact; Britain, Pakistan, and Iran joined later that year, and the United States acted in an advisory role. The Baghdad Pact stirred political opposition from the Arab states led by Egypt and Syria, through whose oil-transit routes – the Suez

Canal; the IPC Pipelines; and the Trans-Arabian Pipeline (TAPLINE), an oil pipeline from eastern Saudi Arabia to the eastern Mediterranean through Jordan, Syria, and Lebanon – flowed the majority of Middle East oil destined for Europe. Two-thirds of Europe's oil imports passed through the Suez Canal alone.[12]

In early 1956, Western oil companies actively considered building a pipeline through Turkey as an alternative,[13] and Nasser's nationalization of the Suez Canal Company in July 1956 leant further urgency to the idea.[14] Turkey advocated for the project as a way to elevate the 'significance of the Iskenderun area, and make the United States more conscious of the need for the stability and security of Cyprus'.[15] Cyprus, after all, stood at the mouth of the Gulf of Iskenderun, the gateway for Turkey's oil imports and for exporting its hoped-for domestic production. US Embassy officials in Damascus and Baghdad, however, recommended proceeding with the scheme with caution, as a pipeline through Turkey would be perceived 'as a possible Baghdad Pact project', and might prompt Syria to close [the IPC Pipelines and TAPLINE].[16] The tripartite British–French–Israeli invasion of Egypt in October 1956 actualized such fears, as Egypt blocked the Suez Canal and Syria closed the IPC Pipelines, but not TAPLINE. Meeting in March 1957 in Bermuda, the British, American, French, Dutch, Iraqi, and Turkish governments agreed to construct the Middle East Trunk Pipeline Company (METLINE), a 1.2-million bpd pipeline system to transport oil from Iran, Iraq, Kuwait, and Saudi Arabia to Turkey.[17]

Yet, support for METLINE evaporated after the crisis ended and the Suez Canal and IPC Pipelines reopened in April 1957, making a pipeline through Turkey redundant. The British and American governments as well as the major oil company, moreover, preferred seaborne tankers to pipelines for transporting Persian Gulf oil. Even if tankers were more expensive on a per-barrel basis than pipelines, they offered greater security and flexibility in crisis situations. During the Suez Crisis, British companies' British Petroleum (BP) and Shell, in fact, built up their fleets of 65,000-deadweight ton (dwt) tankers to carry Persian Gulf oil around Africa.[18] A joint British–American report on oil transportation strategy confirmed this preference in 1958: 'the construction of additional trunk line pipeline capacity from the Persian Gulf to the eastern Mediterranean should be discouraged'.[19]

Arab antipathy to a project that would send Iraq's oil through non-Arab Turkey had been another factor that made it unviable.[20] US President Eisenhower withdrew support out of concern that the pipeline might compete against the IPC Pipelines and TAPLINE and undermine economic development in Lebanon, Syria, and Jordan.[21] Given that the construction of such a new pipeline system through Turkey would have been a massive investment of time and money, the pipeline scheme was mainly designed as a way to allay the concerns of Western European allies and customers about the security of its oil supplies in the Middle East. In 1958, Charles Lockett of Jersey Standard told the American consul in Syria that METLINE 'had been primarily designed for propaganda purposes'.[22]

Iraq suffered greatly as a result of the Suez Crisis, which revealed the country's dependence on the IPC and the Western oil umbrella. The six-month closure of the IPC Pipelines dramatically curtailed oil exports; while the country earned $206 million from oil in 1955, it only earned $193 million in 1956 and $144 million in 1957.[23] Although the July 1958 Revolution in Iraq that brought General Abd al-Karim Qasim to power ended the Baghdad Pact, the IPC remained in control of Iraq's oil. Qasim pressed the consortium for higher exports, royalties, production, and tax rates on the oil that it was producing, as well as for the company to relinquish some of its concession for Iraq to develop independently, but

the consortium had little incentive to accede to his demands. A glut of new oil supplies from Iran, Iraq, Kuwait, Saudi Arabia, the Soviet Union, Venezuela, Algeria, and Libya came onto the market in the late 1950s and 1960s and created a buyer's market, in which oil prices remained low. Middle East oil-producing countries were reluctant to nationalize their oil industries and risk not having markets into which they could sell their oil.[24] Fed up with the IPC's inaction, Qasim unilaterally took away 99.5 per cent of the IPC's concession area in December 1961, including the major southern oilfields, but the northern oilfields remained under IPC control.[25] He was killed in a coup in 1963.

Turkey's evolution into an oil-transit state par excellence, 1964–1970

The Suez Crisis revealed the dependence of Iraq and Turkey on the Western oil umbrella for security of oil demand and supply, respectively, but Turkey suffered far less than Iraq during the crisis, only enduring small supply shortages in November 1956.[26] Turkey remained a staunch Western client, and, in 1959, Ankara became the new headquarters for the Central Treaty Organization (CENTO) – essentially a renamed Baghdad Pact without Iraq. Turkey also continued to believe that it would produce major domestic supplies of oil of its own. Since 1954, when Turkey denationalized its oil industry, a handful of mostly American companies, including SOCONY, Esso-Standard of Turkey (an affiliate of Jersey Standard), and Shell, had been exploring for oil in the south-eastern part of the country.[27] During the Suez Crisis, the Western majors pledged to build two new, 65,000-bpd oil refineries, the Aksoy Holding A.Ş. (ATAŞ) refinery in Mersin near the Gulf of Iskenderun and Istanbul Oil Refinery Corp. (IPRAŞ) refinery in Izmit near Istanbul, which came online in August 1961 and May 1962, respectively.[28]

By the middle of the 1960s, however, Turkey altered its strategy for securing oil supplies by forging independent oil-supply agreements with its oil-rich neighbours. The primary impetus for this change was twofold. First, it was becoming evident that Turkey would not be able to produce enough oil domestically to meet the demands of its economy. Western oil companies were already leaving the country citing high expenses and dry holes. Official estimates of reserves were 2.4 billion barrels, but recoverable reserves 400 million barrels.[29] Second, Turkey began to distance itself from its fealty to the United States, which Turkey felt had favoured Greece during the 1964 crisis over Cyprus. The Johnson Letter warning Turkey to consult with the United States before taking any action in Cyprus caused anti-American sentiment to rise,[30] and British and American oil companies became political targets in the 1965 parliamentary elections.[31]

Turkey also began seeking closer economic ties with Iraq. The Iraq National Oil Company (INOC) had been created in 1964 to develop the concessions that were nationalized in 1961, and Turkey was an ideal customer for INOC to sell oil independently. Conversely, only seven per cent of Turkish trade was being conducted with the Middle East, and Iraq provided a massive new market for Turkish goods. In early 1965, Turkey sent a mission to Baghdad to initiate contacts for economic exchange and, in August 1965, the two countries signed a commercial treaty. A formal trade agreement was then signed in November 1965, and ratified in January 1966. In February 1966, the Iraqi Foreign Minister, Adnan El Pachachi, visited Ankara and Istanbul to further discuss trade relations.[32]

Two crises, one cutting off Iraqi oil exports and the other blocking Turkish oil imports, galvanized Iraqi–Turkish oil ties and sowed the seeds of the Kirkuk–Ceyhan Pipeline. In

February 1966, a new Baᶜth government come to power in Damascus that was ideologically opposed to its counterpart in Baghdad. From December 1966 to March 1967, Syria deliberately closed the IPC Pipelines and caused Iraq to lose roughly 70 per cent of its total government revenues, while the IPC did little to solve the problem.[33] The episode convinced Iraq that it had to diversify its options for exporting northern oil away from Syria. In February 1967, Iraqi President Abdul Rahman Arif came to Turkey, the first visit of an Iraqi President since the July 1958 Revolution, and forged a verbal agreement to construct an oil pipeline from Kirkuk to south-eastern Turkey.[34] Turkey had completed its own oil pipeline in January 1967 from the now underperforming oilfields around Batman in south-eastern Turkey to Iskenderun on the Mediterranean coast. A pipeline from Iraq could easily feed into it.

Then, a few months later, the June 1967 War and attendant Arab oil embargo, which included the closure of the Suez Canal, IPC Pipelines, and TAPLINE, created a supply crisis for Turkey in June. Thanks to Turkish diplomatic support for the Arabs, the embargo was lifted for Turkey, as well as France and Spain, in late June, but the shortages made Turkey determined to have a pipeline directly from Iraq in the case of future closures due to problems in the Middle East.[35] From 3 to 6 July, a delegation from Türkiye Petrolleri Anonim Ortaklığı (The Turkish Petroleum Corporation, TPAO) visited Baghdad to request that Iraqi oil be shipped by rail and persuade Iraq to build a pipeline from Mosul, which was still under INOC control, to the newly completed Batman refinery in south-eastern Turkey.[36] Given the legal situation of the Mosul oilfields, the pipeline was a non-starter.[37] The Mosul oilfields, moreover, had far fewer reserves than Kirkuk, and a pipeline from Mosul alone would not have been worth the investment for Iraq or Turkey. Still, these early discussions and the experience during the June 1967 War demonstrate the roots of an eventual pipeline: Turkey's desire for greater oil security through Iraqi imports. The IPC Pipelines reopened in September 1967, but the Suez Canal remained closed indefinitely.

The closure of the Suez Canal prompted Western governments and oil companies again to embrace using seaborne tankers to carry oil around the Cape of Good Hope. Advancements in the technology of shipbuilding meant that ships larger than 250,000 dwt, known as supertankers, now made the trip economical to the large ports in north-western Europe.[38] Yet, Turkey, and other Mediterranean oil-consuming countries, could not receive supertankers, as their ports were too small and shallow. Iraq, for its part, also could not tap into the economies of scale of using supertankers because the Khor al-Amaya export terminal in Fao, which had been constructed in 1958, could not load ships larger than 150,000 dwt. Iraq's strip of coastline on the Persian Gulf, moreover, was swampy, marshy, and only 36 kilometres long, which made the construction of additional export capacity a more challenging and expensive proposition.[39] In light of these constraints, Baghdad remained dependent on transporting the majority of its exports through the Syrian-controlled IPC Pipelines.

In late December 1967, Iraq and Turkey reached a series of agreements that bolstered their energy ties. INOC and TPAO established a joint oil exploration venture in northern Iraq, and TPAO agreed to purchase oil and natural gas from INOC for the next five years, including roughly 1.3 million barrels of petroleum products (fuel oil and naphtha) and 2.6 million barrels in 1968. Annual negotiations would determine future purchase levels.[40] US Ambassador to Turkey Parker T. Hart wrote:

> Turkey's seeking of a joint exploration arrangement with INOC fits the post-June 1967 war and post-Suez Canal closure pattern, and temporary interruption of pipeline deliveries of crude oil to the Eastern Mediterranean. Turkey is seeking more secure and reliable sources of crude petroleum than those dependent upon the vagaries of Arab world politics, and also appears to be well aware of the fact that it is unlikely it will be able to produce its own needs.[41]

In March 1968, Iraq began sending oil to Turkey by rail, for which it charged the low price of $1 per metric ton (mt).[42] Turkey's shift to importing oil from the Persian Gulf to imports from the eastern Mediterranean reduced the country's expenditures for the transportation component of importing oil from $5.2 million in 1965 to $1.3 million in 1968, a massive reduction in the outlay of foreign currency.[43] By 1970, Turkey received roughly 75 per cent of its oil imports from Iraq, with the remaining 25 per cent coming from Saudi Arabia and Libya.[44]

After the December 1967 oil sale agreement, however, Iraqi–Turkish energy relations stalled because of instability in both countries. The Baʿthists came to power in Iraq in 1968 and coup attempts in 1969 and 1970 against the government made Turkey reluctant to engage in a pipeline project. Turkey was also more interested in building an oil pipeline from Iran during this period that never materialized.[45] Iraq had its own misgivings about Turkey's stability; for instance, when Turkey's Prime Minister Suleiman Demirel was forced to resign in February 1970, Iraq called off discussions about the pipeline.[46] Iraq approached Turkey again in January 1971, and INOC and TPAO agreed to ratify a January 1970 protocol to sell natural gas to Turkey and endeavour to construct an oil pipeline, but the March 1971 military coup in Turkey ended these talks.[47] Even if Iraq and Turkey had been stable and engaged in building a pipeline, final decisions about transporting Kirkuk oil were mute unless the IPC acquiesced.

Nevertheless, Turkey had evolved from a stout Western client that did not take its own steps to secure its oil supplies because it believed that it had enough oil domestically to meet its own needs into an oil-transit country par excellence that sought to secure access to affordable oil supplies from Iraq and other oil-rich neighbours.[48] Turkey's experience of having its oil imports severed during the June 1967 War, moreover, reminded it of its earlier deprivation during the Suez Crisis and reinforced how its oil supply security depended on the Western oil umbrella. Iraq, on the other hand, saw in Turkey a direct and growing market for its oil. Moreover, Turkey was a regional military power that could provide security for a pipeline through its territory, and assure Iraq's exports to the Mediterranean.

An Italian wedding, 1970–1973

In the early 1970s, the majors began to lose their grip over Middle East oil, as the two-decades-long buyer's market in oil began to recede, and resource nationalism came to the fore. In September 1970, Libya's new leader, Muammar Qaddafi, won higher tax rates and prices from the international oil companies operating in Libya by threatening to nationalize their concessions. Qaddafi's victory was aided by Syria's intentional closure of TAPLINE from May 1970 to January 1971, which cut off the flow of Saudi oil, tightened world oil supplies, and put additional pressure on the companies. The Libyan challenge also encouraged others to seek better terms, which the Persian Gulf oil-producing countries succeeded in doing with the Tehran

Agreement in February 1971. The Mediterranean oil-producing countries then eclipsed the Tehran Agreement with the Tripoli Agreement in April 1971; the posted price of Mediterranean oil rising by 90 cents per barrel and the tax rate increasing to 60 per cent, which was 5 per cent higher than in the Persian Gulf. The higher tax rate for Mediterranean oil was justifiable because this oil was closer to Europe, incurred less cost to transport, and was of greater strategic value to Europe's oil security.

The higher tax rate under the Tripoli Agreement and the higher transit fees that Syria won from the IPC in July 1971 – the Syrians had used its closure of TAPLINE and the higher transit fees it won there to demand the same from the IPC – made it uneconomic for the IPC to export Iraqi oil from the eastern Mediterranean. Syria's closure of TAPLINE, moreover, had produced a surge in shipbuilding so that by the middle of 1971, there was a glut of available tankers, and rates to hire plummeted.[49] Losing money on exports from Banias and Tripoli, the IPC member companies intentionally reduced liftings in April 1972 in favour of lifting more oil from Iran and Saudi Arabia. This proved the last straw for Iraq, which nationalized the IPC's concessions on 1 June 1972.[50] Nationalization freed Iraq to pursue an export strategy for Kirkuk oil but it first had to reach a settlement agreement with the IPC.

Iraq's nationalization presented an opportunity for Turkey, whose oil import bill had risen as a result of the Tripoli Agreement, to forge an independent supply agreement with Iraq, possibly at a discounted rate. Turkey declared support for Iraq's nationalization in early June, immediately took on tanker-loads of Iraqi oil from spot markets, and declared its readiness to buy roughly 100,000 bpd of Iraqi oil.[51] In July 1972, a TPAO delegation went to Baghdad, and a proposal for an oil pipeline from Kirkuk to Iskenderun emerged. TPAO agreed to buy an additional 500,000 tons of crude for 1972 and signed a decree stating that its future imports from Iraq should be covered within the framework of a pipeline agreement.[52] Turkish Foreign Minister Haluk Bayulken then visited Iraq in early September 1972, and the two governments committed to signing a new oil supply contract, building an oil pipeline, and finding a solution to Iraq's desire that Turkey let more water flow through the Euphrates River. Twelve days later, the Iraqi President Al-Bakr visited Ankara, where he and Turkish President Cevdet Sunay publicized their joint intentions to build the pipeline. Privately, Turkey held misgivings about paying fair market prices for Iraqi oil and awaited the outcome of Iraq's settlement negotiations with the IPC.[53]

The Italian oil company Ente Nazionale Idrocarburi (ENI) also played a behind-the-scenes role in facilitating Iraq's and Turkey's budding oil relationship, as it was eager to explore and produce oil in Iraq that could be transported by pipeline through Turkey and exported to Italy or other Mediterranean destinations. Since the Suez Crisis, ENI had tried to gain concessions in the Middle East and at times succeeded by offering better terms than the majors, most notably in Iran in 1957. In the 1960s, ENI began to encourage Snam Progetti, its subsidiary specializing in midstream and downstream infrastructure, to win contracts to build new Middle East pipelines, which in turn would help the parent company gain new exploration and production (E&P) opportunities. ENI won its first E&P contract in Syria in 1966 and then Snam Progetti won a contract to build a pipeline from the oilfields near Karatchouk to the Syrian Mediterranean coast at Tartous, but this pipeline never came to fruition.[54]

Yet, Iraq was a far bigger prize than Syria. Italy's diplomatic support for the Arabs during the June 1967 War had produced an agreement between ENI and Hispanoil (Spain) to develop the North Rumaila oilfield in southern Iraq with INOC, but INOC entered into

agreements with French and Soviet firms instead in early 1968.[55] Undeterred, ENI offered assistance to Iraq in 1969 when the latter expressed interest in building a pipeline from North Rumaila to Syria. Snam Progetti completed a feasibility study, and ENI solicited members for a consortium to finance and construct it, including Thyssen (West Germany), SOCEA (France), Saipem (Italy), Montubi (Italy), and Technoexpert (the Soviet Union).[56] Iraq's interest in building a new pipeline to Syria was suspect given its ideological rivalry with Syria, which is likely why it reached out to Turkey again in January 1971 about building an oil or natural gas pipeline. In early March 1971, a consortium of Italian companies – ENI, FIAT, and FINSIDER – approached the Turkish government about constructing either a natural gas or oil pipeline between Kirkuk and Iskenderun.[57] The military coup in Turkey in late March ended this round of talks.

Iraq's long-standing frustration with the IPC put Italian ENI in a strong position to gain access to future production agreements. In March 1972 while the IPC had been reducing exports of Kirkuk oil from the Mediterranean, ENI agreed to buy roughly 400,000 bpd of INOC oil from North Rumaila over ten years in exchange for capital equipment and services.[58] The following month, Turkish officials told the Italian Ambassador to Turkey Pierluigi Alvera that they wanted a pipeline from Iraq, but only if the pipeline had a minimum capacity of roughly 600,000 bpd.[59] After Iraq's nationalization in June 1972, INOC President Saᶜdun Hammadi met with the Italian Minister of Foreign Trade Camillo Ripamonti in Rome to finalize the March 1972 agreement. At the meeting, ENI expressed its desire to buy 400,000 bpd of Iraqi oil from the eastern Mediterranean until the end of 1973 and to build both a deep-sea terminal on Iraq's Persian Gulf coast and the North-South Pipeline.[60] INOC's Vice President Al Sayab then visited Rome from 17 to 20 July for more discussions with ENI officials about these projects and the Kirkuk–Iskenderun Pipeline.[61] On 1 August 1972, INOC and TPAO requested that Snam Progetti conduct a feasibility study for a 500,000-bpd pipeline from Kirkuk to Iskenderun.[62] To build goodwill, ENI paid 50 per cent of the cost of the study.[63] The company further fortified its position in Turkey in November 1972 by buying a 40 per cent stake in TUMAŞ, a Turkish consulting and engineering company, which was 60 per cent state-owned, making ENI and TPAO business partners. In December 1972, Snam Progetti's contract for the feasibility study was made public.[64]

In addition to Italy, the Soviet Union and France were longer partners in creating a viable market of buyers for Iraqi oil shipped by pipeline to Turkey's Mediterranean coast. In April 1972, Iraq had signed a Treaty of Friendship and Cooperation with the Soviet Union. The treaty held only symbolic value for the Soviets, who had plenty of oil of their own, and were uninterested in depleting foreign currency holdings by purchasing Iraqi oil in dollars.[65] Iraqi oil could, however, be sold into the Communist Bloc in Eastern Europe and ties with the Soviet Union enabled these commercial connections. Soviet ties also helped Iraq double the size of its armed forces between 1972 and 1975.[66] France also became a major player in Iraq after nationalization. Saddam Hussein visited Paris in June 1972 and signed a 10-year agreement whereby France would buy Iraqi crude at reduced prices in exchange for arms sales and technological development.[67] Iraq reached a settlement agreement with the IPC in February 1973, and foreign oil companies began to return to Iraq to explore and produce oil. These deals created a new customer base into which Iraqi oil could be sold.

On 1 May 1973, INOC and TPAO signed a protocol to build the 40-inch, 500,000-bpd Kirkuk–Ceyhan Pipeline. The twenty-year agreement stipulated that Iraq would pay Turkey

35 cents for every barrel of oil that transited through Turkey to world markets.[68] From 10 to 16 August, Turkish and Iraqi officials met in Baghdad to finalize further details. The pipeline would be completed in 1976, and its capacity would be gradually increased to 600,000 bpd in 1980 and to 700,000 bpd after 1983. Turkey would be entitled to lift 200,000 bpd for domestic consumption at a discounted price of $2.80 per barrel; in 1980, Turkey would be entitled to lift 240,000 bpd and then 280,000 bpd after 1983. On 27 August, the Turkish and Iraqi Foreign Ministers signed the pipeline's formal agreement in Ankara. Twelve international construction firms and fifteen pipe manufacturers bid for contracts, including American, British, French, Italian, Japanese, and West German companies. Construction was slated to begin in the spring of 1974.[69]

Oil mixes with water, 1973–1980

The October 1973 War and attendant embargo by the Organization of Arab Petroleum Exporting Countries (OAPEC) from October 1973 to March 1974 initially complicated the August 1973 agreement to build the Kirkuk–Ceyhan Pipeline. The embargo caused the price of Arabian Light oil to rise from $3.29 per barrel on average in 1973 to $11.58 in 1974. As its oil bill spiralled upwards, Turkey requested a reduced price for the oil that it imported from Iraq. Turkey did not expect the $2.80-per-barrel price that it had agreed in August 1973, but also could not accept the above-market price of $17 per barrel that Iraq requested, and believed that its friendliness towards Iraq should entitle it to a discounted price.[70] In January 1974, a new coalition government in Turkey between Bulent Ecevit's ruling Republican People's Party and Necmettin Erbakan's National Salvation Party delayed the August 1973 agreement. Erbakan believed that his Islamist politics would help Turkey win supply contracts at reduced prices from Persian Gulf oil-producing countries, but trips to Iraq, Kuwait, and Saudi Arabia yielded no results.[71] Turkey had another problem: Ecevit's own deputies opposed the pipeline, worrying that Turkey should not become dependent on Iraqi oil and arguing that the 35 cents-per-barrel transit fee to be paid to Turkey was too low. In March 1974, Turkey requested an additional four months to ratify the August 1973 agreement.[72]

Eager to accrue revenues from its long-underperforming oil industry and with oil prices now sky-high, Iraq was in no mood to give Turkey a discount. Nor did it participate in the embargo, except to take the symbolic step of nationalizing the minor shares of US companies Exxon and Mobil in the Basra Petroleum Company and banning Iraqi oil shipments to the United States. Iraq even gained market share in Europe by increasing exports during the embargo, upheld its existing contract with the American division of the British company Brown and Root to build a new deepwater terminal at Fao in southern Iraq that could load supertankers, and awarded the contract to build an internal Iraqi pipeline from Kirkuk to Basra, the North–South Pipeline, to an ENI-led consortium.[73]

Yet, the geopolitics of oil, water, and the Kurds made patent the strategic benefit for Iraq to diversify away from dependence on the IPC Pipelines through Syria by building the Kirkuk–Ceyhan Pipeline. The rivalry of the two Baʿthist regimes had interrupted the flow of oil through the IPC Pipelines since 1966, but the October 1973 War threatened to render the pipelines inoperable. Israeli strikes had destroyed the Banias tank farm, damaged the Homs and Tartous refineries, and severely reduced IPC liftings.[74] There was even fear that Israel would invade Syria and cut off the flow of Iraqi oil altogether.[75] The closure

of the Suez Canal also continued to constrain Iraq's ability to export oil from its southern oilfields around Basra. Iraq's southern Iraqi export terminals could not accommodate supertankers, which were the primary means for Persian Gulf oil to reach north-western Europe by circumnavigating the Cape of Good Hope in Africa. Iraq's terminals could only handle normal-sized tankers (less than 150,000 dwt), which were uncompetitive via the Cape route.

Water was another critical issue for Iraq, which along with Syria experienced acute drought in 1974, and looked to Turkey to release more water from the Euphrates. Turkey for its part was not releasing the normal flow of water down the Euphrates because the new hydroelectric dam at Keban was set to come online in June 1974, and it needed a full reservoir behind the dam to generate energy. Turkish press reports, however, hinted that Turkey was storing the water to strengthen its hand in its negotiations with Iraq over oil, a view corroborated by an American embassy official to the British embassy.[76]

Finally, Iraq came under further pressure in March 1974, when the Iraqi Kurds, backed by the United States and Iran, launched an uprising against Baghdad. Iraq responded by blockading Barzani's territory and cancelling all Western bids for oil contracts, including the contract for the deepwater terminal at Fao.[77] Turkey was loathe to see the emergence of an autonomous Kurdish region in Iraq given its own restive Kurdish population, and worked in concert with Iraq by holding military exercises along the border with Iraq and closing the border itself.[78]

Meanwhile, high prices continued to drain Turkey's foreign currency reserves, as it had failed to secure cheaper alternative sources of oil supplies. Under immense financial pressure, the Turkish Foreign Relations Committee approved the bill for the Kirkuk–Ceyhan Pipeline on 19 June, with Parliament expected to ratify it by 13 July. Between March and June 1974, Turkey's costs for the pipeline had risen by $40 million.[79] Iraq had, during the spring of 1974, sold some oil to Turkey at a discount from the official Organization of the Petroleum Exporting Countries (OPEC) price, which built goodwill between the two partners. Iraq continued to sell oil to Turkey at prices lower than official OPEC prices until 1975, when the Turkish energy minister revealed these discounts to the public. Iraq was forced to demand OPEC prices in 1976, when the two countries reached their oil sales agreement for the year.[80]

Another crisis with Greece over Cyprus and the Aegean had also helped to bring Iraq and Turkey together, as Turkey sought to build stronger ties with countries outside of the West and the NATO alliance. In January 1974, Greece had claimed ownership over the oilfields that had been discovered off the island of Thasos.[81] Greece's claim to Aegean oil reignited Turkey's memories of losing Mosul oil in the 1920s, which it blamed on the West and cited as the cause of its economic and political problems in the 1960s and early 1970s.[82] In May 1974, Turkey deployed a seismic ship to the contested areas and granted exploration licenses for them.[83] Greek–Turkish tensions over maritime borders and oil exploration rights helped trigger the rise in tensions over Cyprus.

Saddam Hussein's visit to Ankara on 1 July 1974 occurred in the midst of this crisis, but would have likely occurred without Turkey's newest tensions with Greece. The meeting yielded a pledge from both Hussein and Ecevit to take all possible steps to realize the Kirkuk–Ceyhan Pipeline, and from Turkey to release more water from the Euphrates and to increase pressure on Iran to halt its support for the Kurds. The Turkish Prime Minister promised to press for the ratification of the bill in Parliament, to release more water into

the Euphrates, and to pressure Iran on its support for the Kurdish uprising.[84] According to Liel, Ecevit also requested that Iraq open a line of credit to pay for oil, and Hussein agreed to sell roughly 100,000 bpd on credit and to loan Turkey money to pay for its portion of the pipeline.[85] In a speech on July 3, Ecevit delivered a major address on foreign policy, highlighting Turkey's desire for better relations with the Arab world, especially Syria and Iraq.[86] Iraq, for its part, expressed solidarity with Turkey during the crisis.[87] On 15 July, the ruling junta in Athens directed a coup against the Greek Cypriot President, Makarios III, after which Ecevit appealed to the British to guarantee the neutral status of the island and allow Turkey to use the CENTO military base there. The British refused. Turkey invaded on 20 July, precipitating the fall of the junta and ending CENTO.

The role of oil in Turkey's calculations regarding Cyprus is forgotten amidst the forces of politics and nationalism in discussion about Greek-Turkish competition over Cyprus.[88] Since the 1950s, Turkey had been exploring for oil in the southeast and the Adana–Mersin–Iskenderun area, including the Bay of Iskenderun, had become the nexus of Turkey's oil exports, refining, and imports, as well as the terminus of the Batman–Iskenderun pipeline in 1967. Cyprus, perched less than 80 kilometres from the Turkish coast, guarded this nexus. If a non-Turkish power controlled the island, it could easily threaten Turkey's oil security, in the case of war. Turkey's invasion was intended to protect the Turkish Cypriot population and its claim to the island, but it was also to secure its oil installations in Adana, Mersin and Iskenderun, which were set to increase in importance with the agreement to build the Kirkuk–Ceyhan Pipeline.

The Kirkuk–Ceyhan Pipeline progressed rapidly after Turkey's invasion of Cyprus. On 22 July 1974, the Turkish Parliament ratified the pipeline bill and passed legislation in August establishing the Petroleum Pipeline Corporation (BOTAŞ) to oversee the construction of Turkey's section.[89] After a new round of bidding in September, the West German group Mannesmann-Thyssen submitted the lowest bid at $279 million and won the contract to build the Turkish section of the pipeline. ENI was disappointed. After the August 1973 agreement to build the pipeline, ENI, FIAT, and FINSIDER had written to the Italian Ministry of Foreign Trade to request a soft loan from the Italian government to cover the Turkish section of the pipeline, which might help them win the contract to build the pipeline.[90] The company had also received private assurances from Demirel that it would win the contract and had expanded its barter agreement with INOC in January 1974. The change of government to Ecevit and the fact that its bid of $293 million for the Turkish section of the pipeline was $14 million higher than Mannesmann's were the determining factors.[91]

In October 1974, INOC and TPAO held meetings to coordinate the necessary supplies of pipe and other equipment, and in November, Iraq awarded a $135.2-million contract for its section of the pipeline to Mannesmann and signed an additional $67.7-million contract to purchase steel pipe from a Japanese consortium.[92] Iraq and Turkey had agreed that the same contractor would build both sections, with Iraq deferring to Turkey's choice. In December 1974, BOTAS announced the following major contracts: a $300-million contract with Mannesmann to undertake construction work and supply 135,000 mt of steel pipe, pumps, transformers, and telescopic-control devices; a $35.7-million contract with the Amsterdamische Balaster (Netherlands), Royal Netherlands Harbourwork (Netherlands), and Tekfen (Turkey) for the off-shore loading terminal; and a $17.9-million contract with Tekfen and Constructions Métalliques de Provence (France) for storage tanks.[93] The

international group of contractors heralded the demise of Anglo-American control over Middle East oil.

Construction began in April 1975.[94] Iraq completed its section in September 1976, and Turkey finished its in December 1976. Iraq inaugurated the pipeline in January 1977 and announced that it would be fully operational by March 1977.[95] Turkey launched another round of negotiations with Iraq to lower the price for the oil it lifted but accepted the OPEC price of $13.55/barrel in late May.[96] As a result of these delays, only 160,000 bpd of oil transited the pipeline in 1977 rather than the proposed 500,000 bpd. The pipeline hit another snag in December 1977, when Iraq stopped pumping oil altogether because Turkey could not pay its $230-million oil bill and was not releasing enough water into the Euphrates. The impasses lasted until August 1978, when Iraq and Turkey reached a new agreement whereby Turkey would send agricultural and industrial commodities, the most important of which was wheat, to repay its outstanding debt, and would release more water into the Euphrates. A mixture of barter and cash payments would finance Turkey's future purchases of Iraqi oil. In fact, Turkey signed similar barters deals in 1978 with Iran and Libya.[97]

The period from 1973 to 1978 was characterized by Iraqi–Turkish agreement that a pipeline should be built and Iraq should sell oil to Turkey. This was the heart of the two countries' rapprochement and the core of their bilateral relationship, but the terms of the relationship, which is to say the price that Turkey paid for oil it lifted and transited, were still being worked out. Turkey's financial troubles in paying for oil gave Iraq the upper hand in resisting Turkey's calls for a discounted price, even though Iraq actually provided these in 1974 and 1975. The barter agreements from 1978 were essential to maintaining the core of the Baghdad–Ankara oil connection and keeping Turkey as a solvent buyer of Iraqi oil. This happened just in time, as oil prices skyrocketed once again as a result of the Iranian Revolution and forced Turkey to outlay high percentages of its foreign currency reserves to purchase oil. In 1979, Turkey spent 100 per cent of its foreign export earnings on oil.[98]

The Ankara–Baghdad oil connection, 1980–2011

Turkey's oil position and the performance of the Kirkuk–Ceyhan Pipeline improved dramatically after 1980 due to the drop in the price of oil and the dynamics of the Iran–Iraq War. Though the war initially caused further upward pressure on oil prices, which prompted another period of financial and oil supply crises for Turkey in late 1980 and early 1981, prices began a slow and steady descent from 1981 until they hit a nadir in 1986.[99] Low prices largely remained in place through the rest of the decade and throughout the 1990s.

Low prices were a boon to Turkey's economy, not only relieving its foreign currency deficits by reducing the amount that it paid for oil, but also energizing its industrial production, which in turn boosted Turkey's exports. Previously, Iraq and Iran, and even Libya, held the upper hand financially and provided loans and barter arrangements to Turkey; now, Iraq and Iran each wanted to sell their oil to Turkey, as Turkish oil demand was growing, as were imports of Turkish goods to both countries. Turkey's shift from import-substitution to export-led growth in the 1980s turned around the country's economic fortunes.[100] Yet, the 1978 barter agreements with Iran, Libya, and Iraq presaged this economic turn, and low oil prices helped sustain it. During the 1970s, Turkey accumulated a

debt of oil payments to Iran, Iraq, and Libya of roughly $2 billion, but by the end of the 1980s, these three countries cumulatively owed Turkey nearly $5 billion.[101] The only negative consequence of Turkey's economic growth was that it increased the country's overall demand for oil.

The Iran–Iraq War also made Turkey the object of competition between Iraq and Iran; each wanted to secure Turkey as an export market for its oil. Both the IPC Pipelines had closed in 1976, but Iraq and Syria agreed to reopen the IPC Pipeline to Banias in 1979. This arrangement only lasted until 1982, when Iran and Syria entered into a diplomatic alliance.[102] More damagingly for Iraq's oil exports was that the Iranian navy was blockading Iraqi tankers from exporting Iraqi oil from the Persian Gulf. The Kirkuk–Ceyhan Pipeline, therefore, became Iraq's sole export route from 1982 until the construction of the IPSA pipeline through Saudi Arabia in 1985.[103]

Iraq's dependence on Turkey prompted it to invest in expanding the capacity of the Kirkuk–Ceyhan Pipeline and, in October 1984, Iraq and Turkey hired Saipem and Kutlutaş (Turkey) and Tekfen (Turkey) to build a 500,000-bpd, 46-inch parallel pipeline, which would increase overall capacity to 1 million bpd. An official agreement was signed in November 1985, and construction was completed in July 1987.[104] In March 1987, Iraq and Turkey began to discuss how to increase the system by a further 500,000 bpd by adding an additional line from Ain Zalah in Iraq to Batman in Turkey. This project was never implemented, but in 1988, the two countries expanded the capacity of the second parallel line to 1 million bpd, by adding extra pumping stations.[105] At a total capacity of 1.5 million bpd, the Kirkuk–Ceyhan Pipeline became the largest pipeline system in the Middle East (see Figure 1). In late 1988, flows reached levels of 1.7 bpd, exceeding its nameplate capacity.[106] From 1968 to 1990, Iraq was Turkey's largest supplier of crude oil except from 1971 to 1974 (Saudi Arabia), 1978 (Iran), and 1983 to 1985 (Iran).[107]

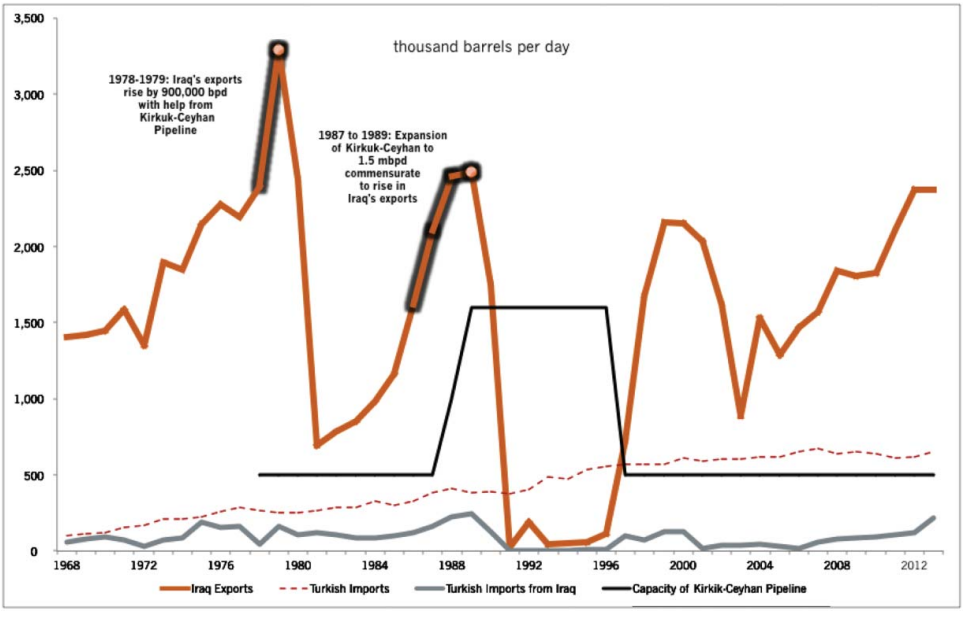

Figure 1. Iraqi oil exports and the Kirkuk-Ceyhan Pipeline, 1968–2013.[108]

Instability in Iraq undermined the Baghdad–Ankara oil connection after 1990. Turkey closed the pipeline in 1991 following Saddam Hussein's invasion of Kuwait, and it remained closed until 1996, as part of United Nations sanctions against Iraq. From 1996 to 2000, Iraqi oil flows recovered but never reached the level that they did prior to 1990. During the war, the Western coalition destroyed the IT2-A pumping station north of Baiji, which rendered the system capable only of pumping 1.18 mbpd. Tekfen was again hired, this time to reconstruct the station, but repairs were to be completed in early 2003. Even if the system had been at full capacity, actual flows through the pipeline averaged 600,000–650,000 bpd in 2002.[109]

The US-led invasion of Iraq in 2003 then not only launched another cycle of destruction to Iraq's oil infrastructure but also sounded the death knell for the section of the Kirkuk–Ceyhan Pipeline inside Iraq along its originally constructed path. Saddam had paid Sunni tribal leaders in Anbar province to protect the Kirkuk–Ceyhan Pipeline in Iraqi territory, but Sunni groups opposed to US forces of the Shia-led government in Baghdad sabotaged the pipeline hundreds of times from 2003.[110] The section of the pipeline inside Iraq is now inoperable.

The Ankara–Erbil energy connection, 2011–2016

The presence of oil in a country is linked to a greater propensity for civil war.[111] Oil has been a source of tension between Iraq's Kurds and the government in Baghdad. Saddam Hussein's desire to retain the KRI's oil resources as part of the Iraqi state also drove him to repress Kurdish aspirations for autonomy. Oil rents from the KRI gave him the financial resources to maintain this policy of repression, as well as to prosecute a more militaristic foreign policy.[112]

The Kurds in Iraq and Turkey both began organizing themselves politically after the Second World War, but the politics of the Cold War constrained their aspirations for autonomy. US-led alliance building in the northern tier states (Iraq, Iran, and Turkey), which was designed to contain the Soviet Union, meant that Kurdish aspirations were of secondary or tertiary importance to the powers. The first time that the United States backed the Iraqi Kurds against Baghdad was in 1974, but this support evaporated as quickly as it was given. For the most part, Turkey sought to divert international attention from its own Kurdish problem and emphasize its role as a Western ally in the Cold War.[113]

The Kirkuk–Ceyhan Pipeline played a small but meaningful role in militarizing Kurdish aspirations for autonomy. Before the pipeline was built, the grievances of Iraqi Kurds were solely directed at Baghdad, and Turkish Kurds at Ankara, but the pipeline united the two central governments. Oil produced in land that was predominantly Kurdish was now transited through land that was predominantly Kurdish, without the people living in these areas receiving direct financial benefit from these activities. Iraqi officials had wanted the pipeline to run from Kirkuk to Haditha and turn west to the Syrian border to reduce its vulnerability to attacks from Iraqi Kurds,[114] but practicality and cost dictated that the pipeline take a more direct route through Kurdish areas, from Bayji to the Turkish border.[115] Whether a coincidence or not, the commissioning of the pipeline in 1977 directly coincided with the birth of the PKK in Turkey and the adoption of a document, The Path of the Kurdish Revolution, which depicted the Kurdish-populated areas as a Turkish colony.[116] The PKK first sabotaged the pipeline in July 1977 and again in October 1978, both times

near Mardin in south-eastern Turkey.[117] Sabotage against the pipeline occurred regularly during the 1980s, but rarely resulted in long-term disruptions of the pipeline, as the Iraqi and Turkish security forces could ensure that repairs be made. The overwhelming incidents of sabotage during the 1980s and 1990s occurred on the Turkish section by the PKK, whereas in the 2000s, Sunni groups in Iraq attacked the pipeline.

A change in the strategy of the major international oil companies has now altered the history of Iraq, Kurdish aspirations for autonomy, and the landscape for transporting oil from northern Iraq. Baghdad and Erbil continuously failed after 2003 to reach an agreement on a hydrocarbon law, which prompted Erbil to formulate its own in 2007. Then, from 2011 to 2012, Exxon-Mobil (US), Total (France), Gazprom Neft (Russia), Chevron (US), and TAQA (Abu Dhabi) signed production-sharing contracts for exploratory blocks in the KRI. These contracts signalled that Erbil had wrested de facto control over the northern Iraqi oilfields from Baghdad and, by 2013, Erbil completed construction of a new pipeline that runs from Khurmala at the head of the Kirkuk oilfield to the Turkish border, where it links up with the Turkish section of the original Kirkuk–Ceyhan system.

The Khurmala–Ceyhan Pipeline traverses territory that is Kurdish-dominated and so will not be susceptible to sabotage in the way that the original Kirkuk–Ceyhan Pipeline was. The Khurmala–Ceyhan Pipeline handles 450,000 bpd, but additional pumping stations, set to be operational by the end of the second quarter of 2015, will increase the volume to 700,000 bpd.[118] In 2014, during the incursion into Iraq of the self-proclaimed Islamic State, the security forces of the Kurdistan Regional Government (KRG) consolidated control over additional oilfields, including Bai Hassan and Avana dome (Kirkuk), as Iraq's security forces fled.[119] By 2015, Iraqi Kurdistan supplied 45.6 per cent of total oil imports to Turkey.[120]

The Erbil–Ankara connection has now supplanted the Baghdad–Ankara connection, and extends beyond oil. Iraq has become Turkey's second largest export market since 2010, with the majority of goods going to the KRI.[121] In 2013, Turkey signed an agreement to buy 4 billion cubic meters (bcm) of natural gas from the KRI beginning in late 2016, going up to 10 bcm by 2020, with an option to increase to 20 bcm later, and to be delivered by a new, 20-bcm natural gas pipeline to the Turkish border.[122]

The central reason for the past success of the Kirkuk–Ceyhan Pipeline, the current success of the Khurmala–Ceyhan oil pipeline, as well as future gas pipelines from the KRI through Turkey, is that Turkey has always been an excellent transit state that has been eager to cultivate the Anatolian landmass as an energy corridor. Transnational oil pipelines require enormous capital expenditure and complicated legal agreements between participating countries. Once built, changes in the global oil market or geopolitics can render them uneconomic or inoperable. Geopolitics can constrain routes for pipelines. Yet, above all, they require strong and reliable transit states that have the strategic and commercial interests in keeping them in operation. Oil and gas pipelines from the KRI reduce Turkey's overall energy bill, as transportation costs are relatively lower than from other sources on the world market, and Turkey earns fees for the energy it transits. Strategically, in the case of an oil-supply crisis, the proximity of KRI oil provides greater energy security for Turkey. The obvious risk for the KRG is its dependence on Turkey, but other options for the KRI to export through Syria, Iran, or even Iraq are both more expensive and pose greater political risk when one examines the historical record. Most importantly for the KRI, its most accessible and closest markets are Turkey and Europe.

The Kirkuk–Ceyhan Pipeline was the first transnational pipeline that was conceptualized, constructed, financed, and operated by sovereign Middle East countries rather than Western oil companies. Turkey was able to stay out of the politics of the Arab world, both the inter-Arab politics and the Arab–Israeli conflict, which were the underlying causes of pipeline closures and disruptions by oil-transit states and non-state actors from the 1950s to the 1980s. Oil, in fact, has helped Turkey cultivate new ties based on common strategic and commercial interests with Arab countries, most notably Iraq. Now, similar energy ties are bringing together Turks and Kurds and have the potential to bring together other historical enemies across the region.

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Notes

1. Ceyhan is located in the Gulf of Iskenderun, which straddles today's Turkish provinces of Adana and Hatay, and is home to oil export terminals that can load seaborne oil tankers that are as large as 300,000 deadweight metric tons (dwt) and can ship Iraqi oil all over the world. Most sources refer to the terminus of the pipeline as Ceyhan, but others say Yumurtalık or Iskenderun, all of which are on the Gulf of Iskenderun. All measurements that were given as metric tons per year were converted to barrels per day for ease of comparison by using CME Group's calculator, available at http://www.cmegroup.com/tools-information/calc_crude.html.
2. M. Daoudy, 'Eau et pouvoir: la relation stratégique Irak/Turquie', *Géostratégiques* Vol.7 (April 2005), p.103; P. Robins, *Turkey and the Middle East* (London: Royal Institute of International Affairs, 1991), p.100; H.F. Barkey, 'Turkey and Iraq: The Making of a Partnership', *Turkish Studies* Vol.12, No.4 (December 2011), pp.663–74; W.M. Hale, *Turkey, the US and Iraq* (London: Saqi, 2007); and A. Sever, ''Power Led' Outside Intervention in Kurdish Politics in Iraq and Turkey in the Early 1970s', *Middle Eastern Studies* Vol.49, No.2 (2013), pp.263–79. Sever describes how the Kurdish dispute in Iraq brought Turkey and Iraq closer, but makes only a cursory mention of oil on p.275: '…being one of the countries badly affected by the 1973 oil crisis, it was imperative [that Turkey] be on good terms with Arab countries like Iraq. In the first half of the 1970s, Turkey signed important oil transportation treaties with Iraq'.
3. A. Liel, *Turkey in the Middle East: Oil, Islam, and Politics* (Boulder, CO: Lynne Rienner, 2001), pp.3–6.
4. P. Stevens, 'Pipelines or Pipe Dreams? Lessons from the History of Arab Transit Pipelines', *Middle East Journal* Vol.54, No.2 (Spring 2000), pp.224–41.
5. P. Stevens, 'Transit Troubles: Pipelines as a Source of Conflict', A Chatham House Report (Chatham House, 2009). The other three criteria, which do not apply to the Iraq–Turkey case, are: (1) the threat of invasion from the oil-producing country, (2) finding a common jurisdiction

between the transit country and producing country, and (3) the existence of alternative routes or methods of exports for the producing country. Northern Iraqi oil technically had other export routes, but they were not viable.

6. After the First World War, the Turkish Petroleum Company, a consortium of British, French, and Dutch companies, gained the concession to Iraq's oil, but it was reorganized in 1928 to include American companies and renamed the IPC in 1929. La Compagnie Française des Pétroles (CFP, later Total), Royal Dutch/Shell (Shell), and Anglo-Persian (later BP) each held a 23.75 per cent share; an American consortium, including Jersey Standard (later Exxon), the Standard Oil Company of New York (SOCONY, later Mobil), Gulf Oil, Atlantic Refining (later Arco), and the Pan-American Petroleum and Transport Company also held 23.75 per cent; and Calouste Gulbenkian, an independent businessman, held the remaining 5 per cent.
7. E. Penrose and E.F. Penrose, *Iraq: International Relations and National Development* (Boulder, CO: Westview Press, 1978), pp.72–4, 137–44; and T. Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (London: Verso, 2011); and J.M. Blair, *Control of Oil* (London: Macmillan, 1976).
8. Before the postwar period, Iraqi production only exceeded 80,000 bpd from 1936 to 1939, reaching a high of 92,400 in 1937. Any amount of oil production over the 80,000-bpd threshold was transported by rail or truck, which was more expensive than pipeline. Delays in construction pushed the completion of the IPC Pipelines to 1934 and other problems hindered performance in the 1930s. See W. Adams, J.W. Brock, and J.M. Blair, 'Retarding the Development of Iraq's Oil Resources: An Episode in Oleaginous Diplomacy, 1927–1939', *Journal of Economic Issues*, Vol.27, No.1 (1993); E.P. Fitzgerald, 'Business Diplomacy: Walter Teagle, Jersey Standard, and the Anglo-French Pipeline Conflict in the Middle East, 1930–1931', *Business History Review* Vol.67, No.2 (1993); and Penrose and Penrose, *Iraq*, p.73.
9. Penrose and Penrose, *Iraq*, p.148.
10. OPEC, *Annual Statistical Bulletin*, 2004. The bulk of the increase came from 180,000 bpd in 1951 to 581,000 bpd in 1953, during the British boycott of Iranian oil.
11. U.S. Department of State, National Archives and Records Administration, Record Group 59, Central Decimal Files (hereafter cited as DSCF), 890G.6363, T84/404, 20 February 1930, Paris to State, French Viewpoint as to Direction and Terminus of Proposed Pipeline for Transport of Mesopotamian Oil. The US Vice Consul in Paris, David H. Slawson wrote: 'the harbour at Alexandretta would lend itself admirably to the installation of a petroleum port'.
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