

Issam Al-Chalabi's 50 Years in the World of Oil*

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A number of Iraq's oil professionals and technocrats have authored books documenting their own experience during the period of their time in the Iraqi petroleum sector. In addition to providing invaluable first-person anecdotes and empirical evidence these works have also delivered to the reader their considered views on – and interpretations of – the course of events and developments that took place across these varied timeframes. Notable examples include Abdullah Ismael's *Iraq's Oil Negotiations, 1952-1968* (1989) that documented and shed new light on the details of more than fifteen years of negotiations between various Iraqi governments and the foreign oil companies that were then controlling oil production in the country. Ismael was the acting deputy for the Ministry of Oil and the rapporteur for the Iraqi side during these long and often contentious negotiations. Thus, his book has been considered as a highly valuable first-hand source that informs our understanding of the political economy of the relationship between the host government and foreign oil companies across the concession era. Similarly, Ghanim Anaz's *Iraq's Oil and Gas Industries in the Twentieth Century* (2012) provides an account of the difficult relationship between the Iraqi government and the Iraq Petroleum Company (IPC), informed by his employment at the IPC over that period. In an even more personal testimony, Jabbar Allibi's *Standing in the Storm: the challenges of difficult times* provides a detailed account of his work and experience in Iraq's southern oilfields from 1972 through his retirement as an advisor at Iraq's Ministry of Oil in 2009.¹ Saadallah al-Fathi, a recognised downstream engineer and accomplished professional, published his *From the Refining Tower: More than memoirs, less than history* (2014), which proved to be an interesting, engaging and enjoyable book to read. Al-Fathi provides the story of his life from early childhood until the publication of the book and the volume is recommended for those who want to know more about development in the Iraqi refining sub-sector as he details many such projects.

One-fifth of al-Fathi's book of 480-pages covers his youth and the years prior to his joining Iraq's Ministry of Oil, while the remainder provides a detailed memoir of his

experience, particularly during the Iran-Iraq war and the damages inflicted on the refining sector and a variety of important projects in that era. He also provides insights from the point of his joining OPEC, where he served as Director of Energy Studies from May 1986 until his return to Iraq in July 1994. On 21 April 2002 al-Fathi retired, facing the emotions attendant to saying goodbye to his active leadership in the sector and a great many friends, colleagues and staff following some thirty-nine years. As a testimony to the value of Fathi's book, it has, in addition to the author's introduction, three forwards written by well-known and respected oil professionals: Mishall Hmudat, Issam al-Chalabi and Dr. Falih al-Khyat. Though I fully concur with what Mishall Hmudat wrote in his forward to the book, where he argued that al-Fathi's work was 'more historical than analytical' as a study, I am nevertheless of the opinion that the book provides a good reading of the development of the downstream sector in Iraq as well as a significant amount of inside information rarely accessible to the public.

While clearly joining this long line of predecessors, Issam Al-Chalabi's recently published *50 Years in the World of Oil: memoirs and autobiography* (2019) is in a class of its own for many reasons. Al-Chalabi is a well-known and respected oil professional with more than twenty years in leadership positions within Iraq's petroleum sector. From the then powerful 'Follow-up Committee for Oil Affairs and Agreements Implementation' until he was removed from the post of Minister at 47 years of age, al-Chalabi has established himself as a sage voice, one who faced retirement with much still left to offer his country. *50 Years in the World of Oil* provides interesting insights and inside information, allowing the reader to see how important issues were debated and decided upon by the top political circle under the Ba'ath regime of Saddam Hussein. A wealth of data, information and documents that add value to the narratives of the book are provided in support of al-Chalabi's writing. In this way, the book is unique in its coverage, constituting a valuable addition to the library of the Iraqi petroleum sector and a must-read reference on the development of the sector during this period of Iraqi history.

My relationship with Issam began in 1981 and went through three different phases: the first was a brief 'boss-staffer' relationship when he became INOC Deputy President in July 1981 while I was with INOC's Economic Studies of the Reservoirs and Field Development. That short period witnessed the beginning of INOC downsizing with the abolishment of the Economic Studies department; I was thereafter transferred to INOC's Economic Advisor Bureau, before in January 1982, transferring to the Council of Ministers- External Economic

Relations Committee (EERC), which inherited and replaced the 'Follow-up Committee'. The second phase of our relationship lasted between January 1982 and July 1988, when I left Iraq for the United States on a Fulbright-Fletcher visiting scholarship. During that phase, I was representing EERC on teams for many major oil projects, such as the second expansion of the Iraq-Turkey Pipeline, the second phase of Iraq's pipeline across Saudi Arabia (IPSA2), and the lubricant plant in Baiji's refining complex among other projects executed by the State Company for Oil Projects (SCOP). He and I also participated, through official delegations, in many bilateral economic cooperation committee meetings with representatives from Italy, France, the former Yugoslavia as well as the former Soviet Union, often focussing on project financing and debt rescheduling. The third phase began while when we both joined the Iraqi diaspora, with Issam residing in Amman, Jordan while I settled in Norway. During this third phase our cooperation and contacts came to be focused on addressing various aspects of Iraq's petroleum sector. We have met on many occasions, joined coordinated efforts on specific issues such as INOC law, oil and gas law, bid rounds among others as Iraq transitioned from the Ba'th regime to a post-Saddam state apparatus. Hence, reading *50 Years in the World of Oil* brought back vivid memories, both good and bad, pleasant and sad, of what the petroleum sector and those who worked in it, had gone through.²

It is rather difficult to review books comprised of autobiography and personal testimonies as they usually represent views on and accounts of events from the perspective of the witness over their long professional life. The difficulty becomes more acute, particularly when such views are about who said or did what, why and under what circumstances. There is a problem of verification, especially in the absence of formal records, as such events occurred inside the corridors of power under a ruthless dictatorial régime. Challabi has highlighted these difficulties well, successfully providing explanations and whatever available materials he can to document the course of events, he nonetheless has had to rely primarily on his memory, as he notes in the book. Since this important book is written in Arabic and faces limited circulation for purchase outside bookshops in Jordan and Lebanon, it becomes necessary to provide here a brief overview of the book's structure and its contents for the reader of this journal prior to providing a few analytical remarks.

Structurally, *50 Years in the World of Oil* comprises introductory items, eighteen chapters, a final word, as well as annexes and lists of references in both Arabic and English. Moreover, there are tables, maps, illustrative figures, copies of 'official communications and

orders', texts of relevant laws, newspaper clippings and scanned copies of articles, formal statements and many photos. The brief introduction expresses the author's attempt to write the book as early as the end of 1990, when it was blocked from publication for not receiving an authorization from the 'Presidency Office' (Chalabi 11). When Chalabi followed-up on his request, he received clear warning and an implicit threat, 'It is better for him to forget the matter' (Chalabi 582)!! That probably explains, and justifiably so, why the book was not published until some twenty-eight years later. This is why, in April 2018, the author decided to return to the writing of the book, depending on his memory and by reviewing what was available at his disposal of various materials. *50 Years in the World of Oil* was completed by the end of 2018 and published in Arabic in early 2019. The book's size and inclusion of such detailed content as well as documents belies this short period and indicates the work Chalabi had completed decades earlier.

The first chapter covers two topics: the historical development of the discovery of petroleum from as far in the past as Iraq's antiquity, through the colonial competition to control Iraqi oil, before Chalabi turns to a thorough examination of the development of modern Iraq's oil reserves (Chalabi 19-98). Chalabi provides a comparative context alongside this examination, noting contemporaneous developments in the region and internationally. The annex to the chapter provides data on drilling activities and their cost from 1927 to 1987; exploration activities across 1947-1960 and then 1971-1989; and major fields discovered between 1968 and 1988, including year of discovery, name and numbers of the 'main reservoirs' in each field. This is very useful information aiming, obviously, to help provide comparison between the two eras: the foreign oil companies' concession era and that of INOC. In chapter two, Chalabi addresses pipeline networks and the politics surrounding their development and construction (Chalabi 99-170). Again, he provides a brief history of Iraq's pipelines since the discovery of oil in Kirkuk in 1927, with considerable detail of Iraq's attempts – as a semi-landlocked country – to diversify oil export outlets since the early 1980s. He provides details and inside information on various pipeline projects, the politics behind them, details of their execution, negotiations and bilateral agreements with the concerned transit countries, options that were under considerations and many more related matters. It was of interest to know that Iraq considered a pipeline through the Arabian Gulf to the shores of Oman, though financial cost and geopolitical considerations discounted this option (Chalabi 118).³ At the end of the chapter the author endorsed the Iraqi-Jordanian pipeline that

has been stranded since the mid-1980s, proposing for its capacity to be increased to 2mbd. However, he did not present a calculated economic argument in support of his call.

Oil production and export development are covered in chapter three (Chalabi 173-221). Here, Chalabi asserts that oil production increased from 1.5mbd in 1968 to 3.4mbd in July 1990. From what was contained within this chapter, these achievements could be attributed to three interrelated factors: oil nationalization, INOC's effects and national efforts – or direct investment with specified cooperation with non-concession International Oil Companies (IOCs). Moreover, the ministry presented a seven-point plan to reach production capacity of 6mbd by 1995 (Chalabi 186-193). Interesting to note a risky January 1990 personal encounter between the author and Saddam Hussain occurred, resulting in the Iraqi dictator telling Chalabi of his demand to increase Iraqi production capacity to 10 million barrel daily-mbd (Chalabi 180) and how he, the Minister, sailed through that awkward situation rather safely!! That being said, Chalabi did not name this small and supposedly not well-known oil company, information that would have been of invaluable benefit to his reader. In particular, this would impact our perception had the chairman he names stood behind the idea of 10mbd as well as whether that same company remained active in 2018 during the fifth bid round (Chalabi 184). Chalabi devotes enough space to address, with some repetition, the relationship between Iraq and IOCs at different phases over the 1921-2018 period, focusing in particular on the post-2003 period and the five bid rounds (Chalabi 225-266).

INOC has an important and special status in the history of Iraqi petroleum development, as well as the country's economy and politics, particularly due to its role and achievements since its formal establishment in 1964. In *50 Years in the World of Oil* the author addressed INOC over this long history and in the fifth chapter he provides narratives regarding the demise of INOC beginning in 1987. As early as Saddam Hussain's 6 April 1987 visit to the Ministry of Oil, only a few short days after al-Chalabi's ascendance to the helm of the Ministry, the Iraqi dictator asserted the idea of abolishing INOC. Then, in yet another risky encounter with Saddam, Chalabi proposed the 'merger' of INOC within the structure of the Ministry rather than seeing it abolished altogether. This compromise was accepted (Chalabi 275). A more detailed examination of the merger is illustrated in chapter six (Chalabi 303-333). What should be mentioned at this juncture is that 'Decision 267' of 26 April 1987 asserts that the 'Merger of INOC Headquarters' (Article first-1) refers to the 'abolished' INCO (Article third-1).⁴ This creates the appearance of a case of legal ambiguity

that could be interpreted in many different ways with contrasting implications. Surprisingly, the INOC chapter in the book makes no reference to the appeal before the Federal High Court against reinstating INOC by Law nr. 4 of 2018 (Chalabi 269-299), though al-Chalabi is certainly one of the strong supporters of that appeal.⁵ Moreover, the chapter seventeen which examines the post-Ba'th regime period and development of the new Oil and Gas Law, does not address INOC either, though it occupies significant space in that law. The chapter on the Kurdistan Regional Government's (KRG) approach and efforts in the oil sector is rather brief, though it provides data on the main producing fields, production, reserves and involved IOCs through production sharing contracts (Chalabi 337-352). However, I believe the chapter requires updating as the landscape in 2018 is rather different from a decade ago when this chapter was penned, with newcomers replacing many departing actors with early hopes and ambitions un-realised.

Chalabi had an important role in Iraq's external petroleum and economic relationship through OPEC (examined in chapter 8) as well as on the bilateral level with many countries, which he details through specific chapters: Kuwait (chapter 10), Iran (chapter 11) and with Jordan, Syria, Turkey, Yemen, Indonesia and the United States (chapter 12). In these chapters, Chalabi reveals some important information, provides considered remarks and notes events and meetings he experienced during his ministerial term, particularly prior to the invasion of Kuwait on 2 August 1990. Matters relating to the petroleum processing industry, mainly associated gas utilization and the refining sub-sector, were addressed in chapters 9 and 15 respectively. Due to executing many projects, notably the north and south gas projects and their related operations, Iraq utilized more than ninety-five per cent of the associated gas prior to the devastating invasion of Kuwait (Chalabi 394). Similarly, refining capacity increased gradually, though fifty per cent of total refined products was fuel oil and due to misalignment between supply and demand, Iraq was compelled to import petroleum product to the tune of \$35.6 billion during the period between 2003 and the end of 2016 (Chalabi 598).

The author provides data and an estimation of oil production, exports and earnings from 1927 through 2018 in chapter 16. The remaining chapters (13, 14 and 18) saw Chalabi assess his own performance and achievements, while also addressing personal matters. The most painful part must have been what was discussed in chapter 14, where he was admitted to the hospital for treatment arising from exhaustion. In spite of his health, he was directed to attend a 29 October 1990 meeting chaired by Saddam Hussain, following which he was dismissed as minister at the age of forty-seven (Chalabi 562-566). 50 Years in the World of

Oil description of that meeting, which Chalabi characterized as a ‘trial’, conveys that he believes he was unjustifiably dismissed, with the narrative provided reading as a dramatic plot between others looking to usurp his ministerial authority. Such a reading is buttressed by the unfair treatment he received following his dismissal, leading to his decision to depart Iraq. In looking back, one might suggest that he was lucky to leave alive.

This excellent comprehensive work was, as mentioned earlier, completed in a rather short period, relying primarily on the memory of the author. Considering the length of the period covered, the volume of writing provided, as well as the personal and policy details and data provided, *50 Years in the World of Oil* is bound to have some shortcomings regarding methodology, format and style as well as Chalabi’s personal perspective on substantive matters that other participants may have seen differently. There are a number of errors included in the printed version, including some names and dates need rechecking. The tables of data included would be more useful if they had uniform descriptive titles, units of measurement and followed a unified format and most of the scanned copies are rather difficult, if not impossible, to read. Moreover, referencing should be made consistent with the included bibliography and be as comprehensive as possible in the information provided. Finally, the sequence of the chapters could be redone to reflect a more logical flow of issues examined.

On substantive matters there are a small number of inaccuracies (see especially 238 and 265) that need checking, updating and correction; a degree of selectivity in coverage (especially regarding the INOC ‘merger’ and information on the ill-fated proposal of 1964/65 to establish a ‘Baghdad Oil Company’ (Chalabi 270-71 and 304); a very questionable comparison with implicit similarity and effects that the author tried to draw regarding ‘reserves depletion’ that resulted from production sharing agreements by the U.S.-based Hunt oil company in Yemen where the author surmises that a similar outcome will befall the service contracts of the Iraqi bid rounds in southern Iraq (Chalabi 518)! All the above remarks are easy to address if and when the author decides to produce a second edition of the book.

Chalabi has, undoubtedly, made a serious and worthy contribution to the study of the Iraqi petroleum sector and the policy process by authoring this impressive book. It is enjoyable to read, rich in data, documents and information and, surely, serves as an excellent reference on an extraordinary era in the history of the petroleum sector as well as that of modern Iraq.

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¹ See: Ahmed Mousa Jiyad. (2011) 'Global, national and local perspectives on Iraqi oil', in *International Journal of Contemporary Iraqi Studies*, 5 (1), p 152-159. The moderately favourable impression the book left of Allibi and his policy recommendations were quickly swept away due to the failure of his subsequent policies, destructive practices as well as significant question with regard his personal integrity during his term 2016-2018 term as Iraq's Minister of Oil.

² I am very grateful to Issam for sending me a copy of his book and for the *Journal of Contemporary Iraq & the Arab World* for accepting my suggestion for it to be reviewed. My sincere thanks go also to Tariq Shafiq, who brought the book from Amman to London before posting it to me, for his invaluable and refreshing information as well as providing some pages from the Ismael and Anaz books referred to above.

I am deeply thankful to both Professor Tareq Ismael for his invaluable suggestions and comments on this review article and to the editorial assistant for excellent editing of the text.

³ An Iraqi oil professional, Hamza Al-Jawahiri, circulated his article a couple years ago claiming similar route as his new idea!!

⁴ Decision 267 became effective upon its publication within the official Gazette, Al-Waqae Al-Iraqiya الوقائع العراقية, nr. 3149, 5 November 1987.

⁵ See the memo by Iraqi oil experts in support of the appeal against INOC law <http://www.akhbaar.org/home/2018/6/244870.html> posted on 2 June 2018, accessed 8 March 2019.

*A slightly revised version of this Book Review Article was published on the Journal of Contemporary Iraq & the Arab World, Volume 13 Number 2 & 3, pp. 289-294, Intellect Limited, https://doi.org/10.1386/jciaw_00013_5