

SOMOs Leadership, 50 Years On
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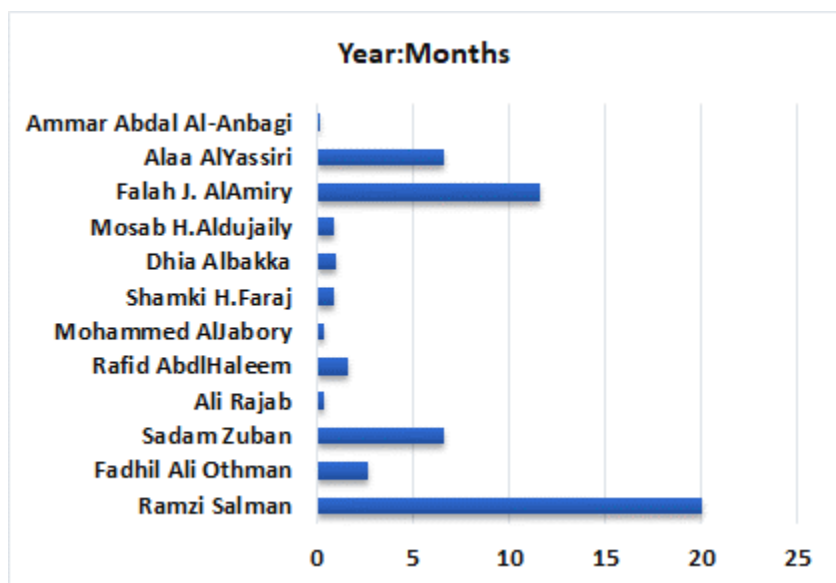
The recent appointment of Ammar Al-Anbagi as the new, a twelfth in a row, director general of SOMO, might be an opportunity to review the path of leadership of this very important entity in the petroleum sector and, indeed, for the entire economy of Iraq.

I have known most of SOMOs DGs since early seventies of the last century during either our postgraduate studies in the UK with scholarships from the Ministry of Oil financed by agreements with IOCs prior to mid-seventies oil nationalisation, or during my work with Ministry or INOC or the Council of Ministers before leaving the country in July 1988, or during the exile since then.

Ammar is the twelfth DG since my colleague Ramzi Salman assumed the directorship in 1972 and hold it for twenty years.

During these years the service duration of DGs varies between as short as four months and as long as twenty years. Prior to 2003 invasion, SOMOs leadership was characterised with relative stability, while the immediate aftermath of invasion witnessed frequent changes and instability, before returned to another phase of relative stability since mid-2006.

The following chart, compiled from and based on my database, exhibits SOMOs leadership by name and duration of their term, listed from recent appointment down to the first, during the last fifty years of ups and downs with most daring challenges that faced the country.



A few quick remarks are worthy of making at this occasion.

- 1- All DGs, except Falah Al-Amiry, have had many years of experience within the Iraqi petroleum sector before assuming their leadership of SOMO.
- 2- Prior to 2003 invasion, SOMO was the most secretive entity within the petroleum sector and was directly connected to highest political and authority structures through, first Follow-up and Agreement Execution Committee / Revolution Command Council, then through the Republic Presidency Office, though it was within MoO structure.
- 3- Prior to 2003 invasion, there were only five DGs with Ramzi Salman serving terms from 1972 to March 1991 as the longest DG, who had consolidated SOMO's structure and status. The terms of other four DGs ranging from only 4 months (Ali Rajab) to six years and a half (Sadam Zuban).
- 4- SOMO' leadership witnessed frequent changes immediately after 2003 invasion with four DGs within less than three years in total, reflecting the chaos that dominates due to invasion and causing organisation instability.
- 5- In March 2006, Dr. Falah Al-Ameri was appointed and his term, the second longest ever, ended in September 2017. During his term, the petroleum sector and, consequently, Iraq, witnessed many serious challenges and crucial developments: two oil price collapses, in 2008 and 2014; Daesh and its devastating consequences from mid-June 2014 onwards; the unwise decision to nominate SOMO as the "State Partner" in Al-Ahdab and Rumaila oilfields upstream service contracts; the commencement of limited spot offering through Dubai Auction in April 2017; OPEC+ implication for Iraq; unrealistic proposal for transforming SOMO from oil "marketing" to oil "trading" company; opportune expanding towards East Asian markets; forming temporary, but problematic, partnerships with a Russian company, "Litaso" and a Chinese company, "ZhenHua", and immaturely considering oil price hedging, among others.
- 6- Alaa Al-Yassiri term lasted six years and a half, characterised with, mostly, business as usual, except ignoring the idea of converting SOMO from "marketing" to "trading" company and oil price hedging.
- 7- Now, SOMO provides more data than before, particularly in contrast to the firm secrecy of pre-2003, but still more transparency and openness are needed on time and regularly. These includes monthly oil lifting, in volume and price, by IOBs, monthly market destinations, monthly or quarterly oil lifting pursuant to upstream development service contracts, and ministerial meetings regarding export oil prices, among others. Also, SOMO needs to be proactive and should state its position on various projects that have direct implications for the country' oil export outlets, such as pipelines, since it is the only entity that have direct and first-hand knowledge and professional expertise with regards to comparative transport cost to various market destination, price differentials and competitive market shares; all such matters impact the economic feasibility of any project to expand oil exports.
- 8- Due to domestic politics, personal vendetta or legal integrity premises, many accusations of corruption and financial irregularity were raised regarding SOMO, as entity, and some directed against both Al-Ameri and Al-Yassiri, with some even requested their removal from SOMO.

A few cases are referred to here: SOMO itself confirmed, in February 2013, that one of its senior staff was leaking, for a long period, information on prices to foreign

companies, and request the Ministry to take, a rather mild action, against him! A more serious case worth mentioning related to legal action taken by the Parliamentarian Uday Awad, resulted in Basra Appeal Court issuing an arrest order against Al-Yassiri, in October 2019, but, apparently, the arrest was not made.

- 9- Ironically, the former Minister of Oil Jabbar Luaiabi considered in an official meeting of the Ministry Advisory Commission- *Hayaat Al-Ray*, in 12 June 2017, SOMO among seven state-owned companies associated with the ministry as “loss making companies”, and gave them six month to improve their fiscal balances; by September that year Al-Ameri was removed. A company that generates almost all of Iraq’s foreign exchange was accused of making losses; is there any other manifestation of ignorance and absurdity better than this??!!!
- 10- On the legal and ministry structure levels, SOMO is the only legal sovereign entity in charge of oil exports in the country; this monopoly goes back to MoO Law 101 of 1976 and Decision 272 of 1987. SOMO was, and still is, an issue of whether to include or exclude it from INOC Law, as the said law has been in limbo since the Federal High Court revoked many of its main articles since January 2019.

I had previously addressed SOMO’ issues in a few articles written in Arabic, English and were circulated widely and accessible, as listed below. Also, I keep watching its affairs closely and have direct line of communication with SOMO and am very keen to maintain and enhance the contact.

Norway
12 March 2023

SOMO Reveals More Important Data on its Marketing Activities, posted on IBN, 22 July 2019 <http://www.iraq-businessnews.com/2019/07/22/somo-reveals-more-important-data/>

"سومو" تكشف بيانات اضافية مهمة عن أنشطتها التسويقية
<https://www.akhbaar.org/home/2019/7/260413.html> posted on 23 July 2019

SOMO Discloses Data on its Spot Sales, posted on IBN10 July 2019
<http://www.iraq-businessnews.com/2019/07/10/somo-discloses-data-on-its-spot-sales/>

"سومو" وبيانات المبيعات الفورية: متابعة وتقييم واقتراح
<https://www.akhbaar.org/home/2019/7/259802.html> posted on 6 July 2019

SOMO Does Not Work This Way. Posted on 16 August 2018 <http://www.iraq-businessnews.com/2018/08/13/somo-does-not-work-this-way/>

سومو وضرورة التحرك للتحقق والتحقق

<http://www.akhbaar.org/home/2018/11/251035.html> posted on 11 Nov 2018

Reforming and Transforming SOMO- A Follow Up, posted on IBN on 13 Dec 2017 <http://www.iraq-businessnews.com/2017/12/13/reforming-and-transforming-somo/> and on Al-Akhbaar 13 Dec 2017 <http://www.akhbaar.org/home/2017/12/238018.html>

Debating SOMO' Transformation. The English text posted on IBN and AlKhbaar on 5 Sept 2017 <http://www.iraq-businessnews.com/2017/09/05/expert-blog-debating-somo-transformation/> ; <http://www.akhbaar.org/home/2017/9/233074.html> and the Arabic text on <http://www.akhbaar.org/home/2017/9/233297.html>