

Once Again, Turkey Violates the Pipeline Agreement

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Turkish media has recently published what might indicate to a new breach by Turkey of the Kirkuk-Ceyhan crude oil pipeline agreement.⁽¹⁾

Briefly, the new violation relates to Turkey extending an oil pipeline from “Gabar” oilfield and connecting it to the Iraqi Kirkuk-Ceyhan oil pipeline-KCOP, so that oil produced from the aforementioned field and from the “Kandil” region/area would be transported to the “Idle” site, and from there to “Dört Yol and Ceyhan.” Currently, 50 thousand barrels per day are transported by a fleet of 225 trucks, while the 37 km pipeline from “Gabar” oilfield to the connecting point with KCOP is almost half finish, as Turkey aims for producing one million barrels per day from that region.

Below is what I consider appropriate and important regarding this matter.

First: The above information is derived from statements reportedly made by the Turkish Minister of Energy and Natural Resources, Alparslan Bayraktar, during his visits accompanied by senior officials to the region and to the said oilfield. That is, they are official statements and relate to actual government actions, not just press news or speculations.

It is vital to assert at this juncture, there is, in my opinion, absolutely no objection to Turkey developing its oil and gas fields and laying the necessary pipelines throughout its territory, as this is its absolute unquestionable sovereign right.

Second: The essence of the potential violation of KCOP agreement is the Turkish formal action to connect Gabar oil pipeline to the Iraqi Kirkuk-Ceyhan oil pipeline in a way that it is not permissible for Turkey to do so under the terms of the “Amendment to the Transport Agreement via the Iraqi-Turkish Line System” of 1973 and its latest amendments, which is valid since 2010.⁽²⁾ To verify the possibility of this violation occurring or not, it is necessary to review the text of the above agreement, especially what was stated exclusively in Article (2.4). The Article reads, “The pipeline system, tanks and other facilities affiliated with the Iraqi-Turkish pipeline shall be designated

exclusively for transporting and loading crude oil coming from Iraq. However, for a certain period of time, in the event that there is a large volume of idle capacity in the system, the two sides meet to verify and agree on the possibility of allocating part of the storage capacity or the use of the berths by Potash Company to a third party who is not a party to this amendment, provided that this allocation does not affect the proper operation of the system and does not limit in any way the right of the Iraqi side to use the entire capacity of the system to transport crude oil coming from Iraq.”

By using text analysis methodology, the following can be asserted:

- 1- Nothing was stated at all in this agreement that allows Turkey to connect Gabar oil pipeline to the Iraqi Kirkuk-Ceyhan oil pipeline.
- 2- The maximum that the KCOP Agreement allows is to allocate part of the storage capacity or use the berths only.
- 3- This permission is limited to a specific period of time, not permanent or continuous.
- 4- The requirement that there be a large volume of idle capacity for the system in storage or use of berths.
- 5- The condition of the two sides meeting to verify and agree on the possibility of allocating part of the storage capacity or using the docks - that is, the condition of bilateral verification and agreement and not unilateral action by the Turkish side.
- 6- Allowing the allocation of part of the storage capacity or the use of berths, providing that does not affect the proper operation of the system.
- 7- Allocating part of the storage capacity or the use of the docks should not undermine in any way the rights of the Iraqi side.

I believe that the Iraqi Ministry of Oil must state clearly and fully its position on what was mentioned above, specifically answering the following questions: Is the Ministry aware of this matter? What measures it has taken or will take to address this serious violation?

Third: In this regard, it is necessary to refer to the arbitration verdict of the Paris International Chamber of Commerce-ICC, March 2023, regarding the Iraqi government’s lawsuit against Turkey due to the latter’s violation of the pipeline agreement. ⁽³⁾

It is worth noting that pumping oil into the pipeline stopped immediately after ICC verdict, and has not been resumed to date, despite related talks and negotiations between the two countries.

The Ministry of Oil did not mention any actual measures it has taken to safeguard Iraq's rights and interest stipulated in the above ICC arbitration decision. Therefore, it is important for the Ministry to issue an accurate full statement highlighting the latest developments in the matter and the extent to which Turkey is complying with its obligations under the arbitration decision.

Fourth: Article (11) of the Amendment to the pipeline agreement signed in 2010 indicates that the amendment will be effective for a period of 15 years and offers three options or possibilities:

First - Negotiations between the two sides on the terms of the agreement should start two years prior to the end of amendment validity period, upon request from either side.

Second - Extending the amendment for an additional five years in the event that there is no need for a new amendment/agreement.

Third – Submitting a written communication requesting termination from one side to the other, one year before the expiration date of the 2010 Amendment.

Time is running out, the two sides have to agree on either of the first two options, or either of them pursue option three. Personally, I think first option might be the preferred one by both sides; the implications of ICC verdict make option two a uncertainty and vulnerability, while option three is actually means “lose-lose” for both side, which both side cannot afford to pursue.

Thus, I think it is important and necessary for the Ministry of Oil to state its position on the status of the Kirkuk-Ceyhan oil pipeline agreement, the preferable option and its related preparation.

Fifth: Former Oil Minister, Thamir Abbas Al-Ghadban (2019) previously mentioned that the discussions with his Turkish counterpart were useful and constructive as the two sides reviewed topics, files and projects of common interest, including the new Iraqi oil export pipeline system project (Kirkuk - Ceyhan), which he said then , “[it] has reached an advanced stage of technical

preparation and bid discussion, and it is part of the planned projects for next year.”⁽⁴⁾

I believe that the Ministry of Oil should update the information regarding this new pipeline and the latest development relating to it, if any, and the extent of its connection to the “Development Road” project, prioritised by the current Al-Sudani government, or the Ministry’s plan to implement the (Haditha-IT1A) pipeline to Ceyhan- Turkey, which was referred to very briefly in a recent Ministry’s statement.⁽⁵⁾

Norway,

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Notes

(1) <https://gazetememur.com/home/PartialPage?name=haber&id=276a92a1-4bfe-4a54-a0b6-ef81a5bbd080&page=https://gazetememur.com/gundem/gabar-icin-36-km-hattin-yarisi-dosendi,GHXgwET8j0mufphNOUvdIQ>

I am grateful to James Colgan, a UK resident who has been for many years interested in oil matters particularly in KR in Iraq, for information he kindly provides on this matter.

(2) Arabic text of the Amendment attached to the Ministry of Oil/ Legal Directorate formal letter No. 3280 dated 7 February 2011.

(3) I have previously addressed ICC verdict:

ICC Awards, FSC Decisions and The Three-Years State Budget

<https://www.iraq-businessnews.com/2023/05/29/icc-awards-fsc-decisions-and-the-three-years-state-budget/?swcfpc=1>

قرار التحكيم الدولي المتعلق باتفاقية أنبوب النفط بين العراق وتركيا تحليل وتقييم ومقترحات

<https://www.mushtarek.org/groups/6135da07aac957001377773e/posts/post/646d0f04d73eb199b4402e78>

<http://www.tellskuf.com/index.php/mq/109285-yr24.html>

<https://akhbaar.org/home/2023/5/301036.html>

(4) <https://oil.gov.iq/index.php?name=News&file=article&sid=2403>

(5) <https://oil.gov.iq/?article=2144>

(6) The Arabic version of this article was circulated widely within my network of contacts and reposted by many debating groups and websites such as,

<https://www.sahat-altahreer.com/author/62/>

<http://www.albilad.net/>

<http://www.tellskuf.com/index.php/mq/115087-rn221.html>
<http://www.al-nnas.com/ARTICLE/AMJyad/index.htm>