http://truth-out.org/archive/component/k2/item/89987:oil-companies-dishonor-our-troops-and-undermine-our-security

Oil Companies Dishonor Our Troops and Undermine Our Security

Wednesday, 09 June 2010 11:50 *By TJ Buonomo, t r u t h o u t | Op-Ed | name.*

(Photo: YourLocalDave / Flickr)

Since 2003, more than 4,300 American troops and perhaps hundreds of thousands of Iraqis have become casualties of a war full of contradictions. One of the most fundamental of these is embodied in U.S. assurances to the Iraqi and American publics that Iraq will be a fully sovereign country upon the United States' military withdrawal at the end of 2011. The lobbying activities of U.S. oil executives and their political allies suggest efforts to perpetuate a more dependent relationship. Since 2003, these lobbyists and embassy officials have pressured Iraqi officials to open the country's oil industry to foreign control. This behind-the-scenes intrigue has fueled the insurgency by substantiating Iraqi suspicions of American motives, resulting in an increase in casualties on all sides.

Chevron, ConocoPhillips, ExxonMobil and other oil companies colluded under the umbrella of the International Tax and Investment Centre (ITIC) to press for fundamental changes in Iraqi law that would enable officials to sign Production Sharing Agreements with foreign investors. The details were outlined in a document released in 2004 titled "Petroleum and Iraq's Future: Fiscal Options and Challenges." The authors state pointedly on page three of the report that, "The most appropriate legal and fiscal form for the facilitation of FDI longer-term development of Iraq's petroleum industry will be a Production Sharing Agreement (PSA)."

PSA's would give foreign oil companies control over the production rates of Iraq's oil fields, resulting in a loss of control over revenue streams critical for national development. Over 90% of Iraq's national budget is dependent on oil exports. This legal opening could therefore eventually result in a de facto concession of Iraqi national sovereignty and all of the political instability and violence that would accompany it.

These political manoeuvres, actively supported at the highest levels of the Bush administration, motivated the Iraqi insurgency to continue fighting out of fear of their country reverting back to foreign economic and political control hidden behind the façade of democratic elections. The Bush administration held the position that Iraqi legislative and regulatory reforms were critical to attracting foreign technical expertise and an increase in reconstruction revenue to the government.

Though this argument was valid, it did not necessarily follow that the Iraqi government would need to pass the Oil Law being promoted by ITIC. If passed, this law would concentrate decision-making power over contracts in the hands of the Executive branch with no oversight from the Iraqi parliament. To the extent that Iraqi officials acquiesced to U.S. demands on this issue, their legitimacy in the eyes of Iraqi insurgents was diminished, neutralizing U.S. military efforts to convince them to lay down their arms and enter the political process.

Oil companies represented by ITIC attempted to convince Iraqi political leaders that they would be unable to attract the foreign expertise and capital needed to revive Iraq's oil industry without acquiescing to PSAs. In June 2009 these officials proved them wrong by securing a service contract with BP and CNPC that required the companies to achieve a pre-determined production level target rather than cede control to them. Observers attribute CNPC's move as the catalyst for a second round of contracts on similar terms. Questions remain regarding the legality of these contracts but the oil companies' bluff has been called.

On May 25, I confronted a representative of Chevron at its headquarters in Houston, one day prior to the company's annual shareholder meeting. I asked him whether he thought it was appropriate for Chevron to have engaged in the above-described lobbying activities while Iraq remained under U.S. military occupation. He responded that Chevron has always supported the troops. Does it? Not when the company undermines their mission. Not when it exploits the economic and security situation in Iraq by attempting to gain control of Iraq's oil fields. It is not difficult to understand the animosity felt by many in the Arab-Muslim world toward the U.S. in light of these activities.

It may take several decades for us to end our dependence on oil but we can accelerate the transition by educating the American public on how our nation's dependence on multinationals such as Chevron undermines our security, our liberty and our image abroad. Public demand is the motivating force behind the policy changes necessary to attract sustained private capital to renewable, democratized energy. The more Americans learn how the behavior of these companies affects our families and our national security, the faster we will be able to make that transition, propelled by a political will that tolerates no pretexts for inaction by beholden politicians. For more information: http://truecostofchevron.com/iraq.html

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http://www.theguardian.com/business/2007/mar/04/oilandpetrol.iraq

Britain led rush for black gold in Iraq

The Foreign Office took pains to help UK oil giants influence Iraq's laws, writes Heather Stewart   Heather Stewart

Sunday 4 March 2007 02.22 GMT

Iraq's huge oil reserves sparked a rush for black gold among foreign powers almost as soon as they were discovered a century ago. Today, nearly four years after the tanks rolled into Baghdad, the question of who should control Iraq's resources is at the heart of efforts to stabilise the country.

Oil production is running at about 2m barrels per day - lower than under the strict oil-for-food regime before 2003. Britain has greeted the country's new oil law, agreed by the Iraqi cabinet after furious debate, as a step toward unifying Iraq and kick-starting its economy. But the law's references to long-term contracts of close to 40 years with oil companies have provoked anger among campaigners and Iraqi trade unions, who argue it will effectively hand control of the country's oil to powerful multinationals. Investigations carried out for People and Power, a documentary to be aired this week on the al-Jazeera English channel, have uncovered the extent of Britain's involvement in ensuring the oil giants' interests have been represented to the Iraqi government at the highest level throughout the last four years.

Within months of the invasion a Washington-based lobby group called the **International Tax and Investment Centre (Itic),** which campaigns for business-friendly legislation, gathered financial contributions from oil companies including BP and Shell for a special 'Iraq project'. In autumn 2004 it delivered a report, Petroleum and Iraq's Future: Fiscal Options and Challenges. It concluded that Iraq needed 'aggressive' expansion of oil output, mostly driven by foreign investment and using 'production sharing agreements' giving oil companies exclusive rights to exploit a field in exchange for a share of the profit.

Itic claims that the British ambassador in Baghdad formally handed over its report to the Iraqi finance minister - and that embassy staff helped to identify key Iraqi ministers, who were invited by Itic to a Beirut conference with the oil companies in January 2005. The Foreign Office also had a draft 'code of conduct' for Iraq's oil industry drawn up by a consultant who previously worked for BP. Whitehall officials describe their role in the drafting of the oil law as a 'watching brief', and claim Itic is 'embroidering' the embassy's involvement, but al-Jazeera's investigations suggest the government has been far more engaged, even commenting on successive drafts.

Iraq's oil industry has been squeezed by years of sanctions and conflict: workers have had little training, pipes are rusty. But there is no shortage of cash. The Americans have thrown billions of dollars at the country, and oil has continued to flow. High crude prices have helped boost revenues, and last year the government only spent around a fifth of its investment budget and was left with a large surplus. Iraq was also given a generous debt relief deal by the Paris Club of creditor countries, under pressure from the US. It still owes about $100bn, mostly to Gulf states - about half to Saudi Arabia. Much of this may yet be written off, depending on how Iraq's government manages to cement relations with its neighbours. Without any pressing need for cash, observers are urging Iraq to delay final decisions on how to run its oil industry. With coalition forces still on the ground, and bombs exploding almost every day, there are fears that the country is in a weak bargaining position.

'Deals negotiated while the institutions of state are new, and weakened by the violence and political divisions in Iraq, are likely to result in unfair terms for the Iraqis - terms which would persist long after the situation improves,' says Greg Muttit of oil campaign group Platform. Most of Iraq's resource-rich Gulf neighbours, including Kuwait and Saudi Arabia, have nationalised oil sectors. Much depends on how oil revenue is distributed - left ambiguous in the new law. Iraq's provinces, such as relatively peaceful Kurdistan, which has already signed some extraction contracts with Norwegian companies, are keen to reap the benefits of what they see as their own resources. Unless these issues can be settled the political pact between Iraq's regions and its sects risks collapse.

Iraq's Council of Representatives recently passed its first democratic budget, with revenue forecast at $33bn. Some reconstruction projects are under way. The government has declared 2007 'the year of budget execution', but with the security situation still perilous and little government infrastructure, militias are taking over delivery of local services, and Baghdad may struggle to convince people it is serving their interests.

Britain has spent more than $1bn on reconstruction in Iraq since 2003. There are officials from the UK's Department for International Development in both Baghdad and Basra. They have helped the regional government in Basra to prepare wish-lists of public reconstruction projects, make bids to Baghdad for resources, and ensure the money gets spent. They hold workshops and training sessions, and help with what they call 'capacity-building'.

Advising Baghdad on how to attract foreign investment may seem like innocuous 'nation-building'; but the implementation of the oil law will be critical to securing political stability - and that means the benefits of Iraq's extraordinary endowment of natural resources will have to filter all the way down to ordinary Iraqis.

http://www.theguardian.com/business/2007/may/15/oil.iraq

Iraq's oil wealth is being stolen
Tuesday 15 May 2007 23.47 BST

The war in Iraq has brought enormous suffering to the Iraqi people, with an estimated 655,000 Iraqis killed and millions more displaced. Even so, some companies - such as Shell - are hoping to profit from this suffering. Indeed, since March 2003, Shell has been working closely with the occupying powers to create a framework that will allow multinational companies to take control of Iraq's oil. Thus, for example, British officials advised the International Tax and Investment Centre - a lobby group working on behalf of BP, Shell, ExxonMobil, Chevron, Total and ENI - on their strategy for influencing the Iraqi government, formally sent ITIC's document to the Iraqi finance minister, and helped arrange a meeting at which Shell managers met ministers and officials.
Needless to say, Shell had little difficulty in persuading the two governments of this approach. There has long been a revolving door between Shell and the Foreign Office. Four of the last five permanent heads of the Foreign Office have gone on to become directors of oil and gas companies - two of them at Shell.
The result of this lobbying is the draft oil law before the Iraqi parliament. This could result in multinational oil companies controlling and profiting from most of the country's oilfields for up to 20 years. The first draft was written in July 2006 and was seen by Shell and other oil companies within two weeks. Members of the Iraqi parliament did not see it until eight months later, while Iraqi civil society was excluded together.
Iraq's future is being stolen. Today, as Shell holds its AGM in London and the Netherlands, action should be taken to stop this theft.
Jonathan Stevenson
Hands Off Iraqi Oil

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http://www.historycommons.org/context.jsp?item=ITICGetsMoneyFromOilCos

Context of 'Summer 2003: Lobby Group Solicits Money from Oil Companies to Help Shape Iraq Oil Policy'
This is a scalable context timeline. It contains events related to the event **Summer 2003: Lobby Group Solicits Money from Oil Companies to Help Shape Iraq Oil Policy**. You can narrow or broaden the context of this timeline by adjusting the zoom level. The lower the scale, the more relevant the items on average will be, while the higher the scale, the less relevant the items, on average, will be.
Summer 2003: Lobby Group Solicits Money from Oil Companies to Help Shape Iraq Oil Policy
Within months of the invasion of Iraq, the International Tax and Investment Centre, a Washington-based lobby group for the oil industry, solicits financial contributions from oil companies, including BP and Shell, for a special "Iraq project." [OBSERVER, 3/4/2007] Entity Tags: International Tax and Investment Centre Timeline Tags: Iraq under US Occupation
December 2003-May 2004: Oil Lobby Group Refers to Its Iraq Project as a Potential 'Beachhead' for 'Expansion in the Middle East' The International Tax & Investment Centre (ITIC), a corporate lobby group that advocates for pro-business investment and tax reform, has a series of board of directors' and sponsors' meetings on the theme "Strategic Questions For Our Future." **A paper summarizing the views expressed during those meetings says that the ITIC's work in Iraq "should be continued and considered as a 'beachhead' for possible further expansion in the Middle East." Included in the group's board of directors are** representatives from Shell, BP, ConocoPhillips, ExxonMobil, and ChevronTexaco. [INTERNATIONAL TAX & INVESTMENT CENTRE, N.D. ; MUTTITT, 2005] **Entity Tags:** International Tax and Investment Centre, Royal Dutch/Shell, Chevron, British Petroleum, ConocoPhillips, ExxonMobil

Timeline Tags: Iraq under US Occupation
Autumn 2004: Oil Lobby Group Calls for Use of Production Sharing Agreements in Iraq

The International Tax & Investment Centre (ITIC), a corporate lobby group that advocates for pro-business investment and tax reform, issues a major report titled *Petroleum and Iraq's Future: Fiscal Options and Challenges*, expressing the view that Iraq's relationships with oil companies should be managed through the use of production sharing agreements (PSAs). The paper calls PSAs the "simplest and most attractive regulatory… framework." It says this view is supported by "international experience and regional preferences," though critics of PSAs will note that PSAs are not in fact popular among the major oil producing countries of the Middle East. "It is difficult to overstate how radical a departure PSAs would be from normal practice, both in Iraq and in other comparable countries of the region," says Greg Muttitt of PLATFORM, a British oil industry watchdog group. "Iraq's oil industry has been in public hands since 1972; prior to that the rights to develop oil in 99.5 percent of the country had also been publicly held since 1961. In Iraq's neighbors Kuwait, Iran, and Saudi Arabia, foreign control over oil development is ruled out by constitution or by national law. These countries together with Iraq are the world's top four countries in terms of oil reserves, with 51 percent of the world total between them." The ITIC report also argues that foreign investment in Iraq's oil sector will help "kick start" Iraq's economy and free up funds for other programs. [MUTTITT, 2005]
Entity Tags: International Tax and Investment Centre
Timeline Tags: Iraq under US Occupation

January 2005: Oil Lobby Report Given to Iraqi Finance Minister

At a conference with oil companies in Beirut, the British ambassador in Baghdad gives the Iraqi finance minister a report (see Autumn 2004) authored by the International Tax and Investment Centre, a Washington-based oil industry lobby. The report, which contains recommendations for a new Iraqi oil policy, expresses the view that Iraq's relationships with oil companies should be governed through the use of production sharing agreements (PSAs). [OBSERVER, 3/4/2007]
Timeline Tags: Iraq under US Occupation

http://www.waronwant.org/attachments/Crude%20Designs.pdf

THE VOICE OF BIG OIL

The most detailed expression of what the oil companies are seeking in Iraq has been made by the International Tax & Investment Centre (ITIC), a corporate lobby group pushing for pro-business investment and tax reform.

Almost all of ITIC's 110 listed sponsors are large corporations, with roughly a quarter of these in the oil sector. ITIC's Board of Directors contains representatives from Shell, BP, ConocoPhillips, ExxonMobil and ChevronTexaco. Since its launch in 1993, ITIC has primarily focused on the former Soviet Union, but more recently, it has expanded its work to include Iraq. Its 2004 strategy review concluded that this project "should be continued and considered as a "beachhead" for possible further expansion in the Middle East."[28]

In autumn 2004 ITIC issued a major report entitled *Petroleum and Iraq's Future: Fiscal Options and Challenges*, which includes the following key recommendations:

In autumn 2004 ITIC issued a major report entitled *Petroleum and Iraq's Future: Fiscal Options and Challenges*, which includes the following key recommendations:

- *"The most appropriate legal and fiscal form for the facilitation of [Foreign Direct Investment] longer-term development of Iraq's petroleum industry will be a production sharing agreement (PSA)."*[29]
- Foreign Direct Investment, by ITIC members and other multinational oil companies, would *"effectively "kick start" the [Iraqi] economy and avoid the government diverting spending to oil development that is sorely needed for other programmes."*[30]

PSAs are lauded as providing the "simplest and most attractive regulatory ... framework" which the ITIC claims are now the "norm in most countries outside the OECD."[31] Having reviewed the various options, with due consideration to "international experience and regional preferences", the ITIC concludes that the alternative models are far inferior to PSAs.

further 35 or more later, and especially other fields yet to be discovered (recall that Iraq's undiscovered reserves may be as large or even double the known reserves), the full cost of the PSA policy could be considerably greater.

We have been deliberately conservative with our assumptions. Our assumptions and methodology are outlined in Appendix 4.

Both the corporate lobby group ITIC (see section 3) and the British Foreign Office have argued that foreign investment can free up Iraqi government budgets for other priority areas of spending, to the tune of around $2.5 billion a year.[61] Although technically true, this is deeply misleading – as the investment now would be offset by the loss of revenues later.

Amazingly, in ITIC's report advocating the use of PSAs, the economic impact is only examined up to 2010[62] – ignoring the fact that any foreign investment must be repaid.[e] It is as if one took out a bank loan but only considered the economic impact prior to paying it back!

there is greater competition among oil-producing countries than among private companies:

> *"Although Iraq's potential petroleum wealth is enormous, the government still faces competition from other countries offering petroleum rights to investors. ... Investors, too, are competing for access to attractive petroleum deposits but competition among them may be limited if the project in question requires scarce expertise or depth of financial resources."*[69]

Thus one of ITIC's key recommendations is that Iraq "offer to companies profit potential consistent with the risk they bear".[70]

Their argument that countries, not companies, must compete is especially perverse given the high oil price, and the wide recognition of supply constraint: that there is a shortage of access to reserves, not of access to capital.

Indeed, precisely this point is being pushed by the oil companies and their governments. The corporate lobby group ITIC attempts to invert conventional economic logic, by implying that