

Big oil cashes in on Iraq slaughter

By Bill Van Auken
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Four major US, British and French oil companies are getting their hands on the petroleum reserves of Iraq for the first time in 36 years, based on no-bid contracts, the *New York Times* reported Thursday.

These deals reached with the US-backed regime in Baghdad have placed the five-year-old US war of aggression in the clearest possible perspective.

For the thousands of American families who have seen their sons and daughters killed in the Iraq war or return maimed or psychologically damaged, the knowledge that their sacrifices have opened up potentially huge new profit streams for Exxon-Mobil, Shell, British Petroleum and Total will provide cold comfort.

For the over one million Iraqis killed and the millions more turned into refugees or made homeless in their own land, an overriding justification for their suffering has now been laid bare. It was to further enrich the already obscenely wealthy corporate executives and major shareholders of Big Oil.

As the *New York Times* reported Thursday: “The deals, expected to be announced on June 30, will lay the foundation for the first commercial work for the major companies in Iraq since the American invasion, and open a new and potentially lucrative country for their operations.”

The *Times* acknowledged that “The no-bid contracts are unusual for the industry, and the offers prevailed over others by more than 40 companies, including companies in Russia, China and India.”

No-bid deals in the oil sector are not only “unusual,” under conditions in which oil demand is at an all-time high crude is selling for nearly \$140 a barrel and energy-producing countries around the world—Russia, Kazakhstan, Venezuela, Bolivia and others—are exerting a tighter national grip over their reserves. Such contracts cannot be explained outside of their being negotiated at the point of a gun.

The deals have been structured as “service agreements” in order to circumvent restrictions that would have ensued under Iraq’s draft oil law, which the Iraqi parliament has proven unable to pass because of both nationalist opposition to foreign exploitation of the country’s reserves and disputes between the federal government and Iraqi regional entities over control of the oil fields.

In reality, however, the two-year deals provide for payment to foreign companies in oil, opening up the possibility of substantial profits. Moreover, as one oil expert commented, they provide the “foothold” for the four major Western companies, paving the way to far more intensive exploitation.

A total of 46 companies, including Lukoil of Russia, China National, India’s major oil company and others had

memorandums of understanding with the Iraqi Oil Ministry, according to the *Times*.

Yet none of them were allowed to bid for contracts. Instead, the deals are being handed over without any competition to Exxon-Mobil, Shell, Total and British Petroleum.

The *Times* comments, “While the current contracts are unrelated to the companies’ previous work in Iraq, in a twist of corporate history for some of the world’s largest companies, all four oil majors that had lost their concessions in Iraq are now back.”

In a similar vein, US Secretary of State Condoleezza Rice told Fox News: “The United States government has stayed out of the matter of awarding the Iraqi oil contracts. It’s a private sector matter.” However Rice, a former director of Chevron, which is participating in one of the contracts in a consortium with Total, acknowledged that with the new deals “it’s starting to get interesting in Iraq.”

This is all nonsense and lies. The new contracts have everything to do with the role played by these companies decades ago and their determination to wrest back the control they exercised before Iraq nationalized its oil industry and ejected the US and British oil giants in 1972, a move that ushered in a wave of nationalizations throughout the oil-producing countries.

Before then, the Iraq Petroleum Company was dominated by the US and British companies, which controlled three-quarters of the country’s oil production.

Moreover, the US government has worked over decades to re-impose American domination over Iraq, which has the second largest proven oil reserves—115 billion barrels—and the largest unexplored reserves of any country in the world.

The disingenuous explanation given by the US-dominated Iraqi regime—and echoed by the *Times*—for the supposedly serendipitous return to dominance of the very companies that controlled the country’s oil production 36 years ago is that “they had been advising the ministry without charge.”

Yet, as the *Times* article notes, Russia’s Lukoil, which had been training Iraqi oil engineers free of charge, is being thrown out of an oilfield where it held a previously signed contract, in order to make way for Chevron and Total.

The reality is that these contracts are the direct product of armed aggression. In the wake of the invasion, US troops seized control of the oilfields and secured the Oil Ministry in Baghdad, even as it left every other governmental and cultural institution to the mercy of the looters. It then selected Phillip Carroll, the former president of Shell Oil, to head up an “advisory board” to assume control over the ministry.

As the *Times* delicately notes: “It is not clear what role the

United States played in awarding the contracts; there are still American advisers to Iraq's Oil Ministry."

The drive by the US government and the oil monopolies to regain their control over Iraq's oil wealth began well before the Bush administration launched its unprovoked war in March 2003 and constitutes a bipartisan policy that has been pursued by Democratic and Republican administrations alike.

In the wake of the dissolution of the Soviet Union in 1991, the conditions emerged for US imperialism to pursue this strategic aim with continuously escalating violence and aggression.

After Iraq's infrastructure was shattered in the Persian Gulf War of 1991, the Clinton administration campaigned for punishing United Nations sanctions that choked off essential food and medical supplies and resulted in the loss of hundreds of thousands of additional lives.

The critical strategic aim of these sanctions was to block the resumption of oil production and prevent the realization of contracts signed between the government of Saddam Hussein and foreign rivals of the big US and British companies, particularly Russian and Chinese producers as well as France's Total.

This was combined with stepped-up military attacks, as the Clinton administration hammered Iraq with cruise missiles in a series of strikes dubbed Operation Phoenix Scorpion, Operation Desert Thunder and Operation Desert Fox, all preludes to the ultimate invasion.

At the same time, Clinton signed into law the "Iraq Liberation Act of 1998," leveling the charges of "weapons of mass destruction" that would be used to justify war less than three years later and declaring that US policy was "to support efforts to remove the regime headed by Saddam Hussein from power in Iraq."

With the installation of the Bush administration, preparations for the armed takeover of Iraq began in earnest. Documents released under the Freedom of Information Act from a national energy task force chaired by Vice President Dick Cheney in early 2001 included a map of Iraq's oilfields and a list of "foreign suitors for Iraqi oilfield contracts."

The imposition of the contracts for the four big oil firms has confirmed what the Iraq war was about from its conception—well before the September 11, 2001 attacks. The false claims about "weapons of mass destruction" and the invention of ties between Baghdad and Al Qaeda were pretexts for a war aimed at re-establishing semi-colonial control over Iraq and its oil wealth, thereby furthering the US drive for global hegemony.

What is involved is a conspiracy by the government and powerful corporations to foist a war of aggression onto the American people.

Far from provoking outrage or the calls for investigations, however, news of the oil contracts has been met with a deafening silence from the mass media and the political establishment alike. The same television news outlets that trumpeted the Bush administration's lies about WMD and terrorism passed over the oil deals without a mention.

There is ample evidence that furthering the interests of the oil conglomerates and American imperialism as a whole by continuing the war and occupation in Iraq remains a consensus

policy supported by Democrats and Republicans alike.

On the same day that news of the oil contracts broke, the Democratic leadership of the House moved to approve another \$165 billion Iraq war funding package, bringing the total amount legislated by Congress to continue a war that is opposed by the overwhelming majority of the American people to over \$600 billion.

The 2008 presidential election contest has been presented by the media and the two presidential candidates—Democrat Barack Obama and Republican John McCain—as a choice between a US withdrawal from Iraq or continuing the war until victory.

Yet, the ongoing negotiations over a "Status of Force Agreement," or SOFA, providing for the long-term presence of US occupation troops in the country has pointed to an underlying agreement on Washington's future course.

Iraq's Foreign Minister Hoshiyar Zebari, in Washington for the talks on the SOFA, held discussions this week with both McCain and Obama on future US policy in the country.

The *Washington Post* quoted Zebari Wednesday as saying that Obama had assured him that a Democratic administration would "not take any irresponsible, reckless, sudden decisions or actions." Obama explained, he said, that he "wants redeployment," but that he "is not interested to pull all troops out. He wants a residual force" in Iraq to carry out anti-terrorist operations, protect US facilities and train Iraqi security forces.

According to the *Post* the Iraqi foreign minister concluded that "there was 'not too much difference' between Obama's position and that of the presumptive Republican nominee..."

In other words, both candidates are determined to continue shedding blood—Iraqi and US alike—to advance the cause of securing Iraq's oil reserves for Exxon-Mobil and the other energy corporations and to create a base of operations for new and even bloodier wars of aggression in the region, including against Iran.

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