

U.S. LABOR AGAINST THE WAR



FACTS ABOUT THE MADE-IN-USA IRAQI OIL (THEFT) LAW

The U.S. government and the International Monetary Fund are pressing the Iraqi government to adopt a new hydrocarbon (oil) law that would open Iraq's oil industry to foreign investment and control. This is being presented as a measure to assure that oil revenues are equitably shared by all areas of Iraq. But in fact this law has nothing to do with establishing fairness.

- The law will open a huge portion of Iraq's massive oil reserves to bidding by foreign corporations for contracts to explore, develop, extract and ship oil. All as yet undeveloped and undiscovered oil will be subject to bidding.
- Only 27 of 78 known oil fields would remain under the control of the Iraqi National Oil Company. Recent estimates have increased the size of Iraq's reserves, placing Iraq as second only to Saudi Arabia in the amount of oil potentially available.
- Iraq's oil is among the cheapest in the world to extract at about \$2 per barrel. Given the current and predictable future price of oil on the world market, this makes Iraq's reserves the most valuable and profitable in the world to whoever controls them.
- The contracts contemplated by the proposed oil law would run for as long as 30 years, during which time the contract holder would have exclusive control.
- The law sets no minimum requirement on the successful bidder hiring Iraqis, partnering with or purchasing from Iraqi companies, transferring new technologies to Iraq, or reinvesting any of the considerable profits in Iraq. 100% of all profits can be repatriated.
- The only royalty required under the law is 12.5% payment to the government by the contract holder. Anything above that must be negotiated in the contract as a form of "production-sharing." Given that these negotiations will be done under conditions of occupation, oil corporations have a distinct advantage in setting terms for the division of revenues.
- And if that were not enough, any disputes arising during the term of the contract would likely not be subject to review or resolution in the Iraqi courts. Instead they would be submitted to unaccountable international arbitration tribunals.
- There is no precedent anywhere among the major oil producers of the Middle East for such production-sharing arrangements.
- Taken together, these terms make a mockery of any real Iraqi sovereignty.
- Were this law to be adopted as proposed, it would constitute "mission accomplished" for international oil interests that have been drooling at the prospect of getting access to Iraq's riches.
- Major provisions of the law were first proposed by Houston-based oil interests prior to the invasion. The draft of the law was provided to international oil company executives and the IMF for review even before it was made available to Iraqi parliamentarians. It was not circulated for review and discussion in Iraq until after it was leaked early this year.
- The IMF has informed the Iraqi government that unless it adopts this law, it will not receive debt relief and future funding which Iraq will require to put its economy back together could be affected.
- At the time of the invasion, the U.S. ordered its military to protect and defend Iraq's oil assets while it permitted wholesale looting of Iraq's antiquities. This oil law represents a second looting of Iraq – one that will continue for a generation or longer.
- In more than 40 articles and thirty pages of text, there is only one sentence in the law that even addresses equitable distribution of oil revenues. It will apply only AFTER foreign contract holders take their cut.

For more about the Oil Law and U.S. corporate designs on Iraq, visit www.uslaboragainstar.org.

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