

Survival Strategies and Diplomatic Tools: The Kurdistan Region's Foreign Policy Outlook

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ABSTRACT

The Kurds were late to the idea of nationalism in the 20th century, and when the borders were drawn in the region they became the largest stateless nation in the world, divided mainly between Turkey, Iran, Iraq and Syria. In an unlikely period when hope was fading, a Kurdistan regional government in Iraq was born as the former Iraqi regime was weakened after the first Gulf War and the subsequent no-fly zone. Two decades on, the region has become more assertive and been making many new friends, largely because of its newfound wealth, its influence in post-Saddam Iraq, and its stability when compared with the rest of Iraq. Oil has been a curse for the Kurds and Iraq as a whole, but now the Kurds appear to have found a way to use its resources for economic development, ensuring that the Kurdistan region remains stable and can establish itself as a self-governing and influential entity.

After the uprising in 1991, and the establishment of a semi-autonomous entity in Iraqi Kurdistan, the Kurdish leaders realized that unless they create alliances with neighboring countries, their control over the region would be short lived and their fate would be similar to other previous—and failed—attempts at establishing a Kurdish entity. Because the Kurdistan region is landlocked and its neighbors have never wanted to see an independent Kurdish entity in the region, diplomacy is vital for survival. Moreover, the fact that the Kurdistan economy is one of the fastest growing economies in the region, and that it has managed to conduct elections, and ensure a peaceful transfer of power and a relatively stable environment is a testament to the level of success it has achieved in this area.

The Kurdish rebels who took power in 1991 had no experience of running a country, or even behaving like states-

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men, but they had fought many wars and made many alliances during their struggle. These dealings had been mainly with neighboring countries, which

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gave them an in-depth understanding of regional dynamics and the nature of the ideologies and individuals running the states in the region. Due to historical factors, the Kurds are largely suspicious about neighboring countries' motives, and although the political classes can overcome their prejudices (which had been formed for good reasons), the public has nonetheless not been convinced by the friendly or diplomatic approach

towards its historically hostile neighbors that has been taken by the Kurdistan Regional Government (KRG).

Despite the de facto state having experienced many political and social crises in relations with its neighboring countries in the past 21 years, the KRG has managed to survive and consolidate its sovereignty. Therefore the Kurdish survival strategy can be seen as a success story. This study argues that the KRG's achievements in protecting its autonomy and sovereignty has been the product of mature and intelligent foreign policy decisions made by the region's political actors. The KRG's foreign policy in this period has concentrated on enhancing economic diplomacy, developing a strong national security agenda, opening up the region for investors, and taking optimum advantage of its abundant natural resources and using them as a tool for diplomacy and as a way of applying leverage on neighboring countries which have historically been hostile to the Kurds. Therefore, the KRG has effectively used its strategic location and natural resources in order to shape its relations with neighboring countries to its benefit.

This article will examine how the KRG's relations with its neighboring countries have changed. In the first part I will analyze the important role economic development, particularly hydrocarbon development, plays in the KRG's relations with other actors. Then I will examine how the KRG ensures security within its borders, an important consideration in attracting investment. In the second part of the article, I will examine case studies of the KRG's relations with five regional and international players—Turkey, Iran, Syria, the Iraqi government in Baghdad, and the United States—to see what considerations have played in transforming their relations with the KRG. Finally, I will conclude by discussing the future implications of the KRG's foreign policy strategy.

The KRG's Foreign Policy Tools

Economic Diplomacy and the Use of Oil and Gas as a Tool

The KRG has been trying to create an environment conducive for investment and lay the foundations for a stable policy environment.¹ Trying to attract foreign investment, the KRG's aim has always been to create strong bilateral relations and to strengthen multilateral partnerships with neighboring countries. After many years of war and brutal suppression by previous dictators in Iraq, the Kurdistan region has very little to offer in terms of goods or industry but it does have abundant oil, gas and other valuable minerals. Therefore, adopting investor-friendly policies to attract the experience and skills needed, as well as looking outward, has made the Kurdistan region an attractive place for investment and earned it many friends around the world. In 2011 alone, 430 foreign companies registered in the Kurdistan region, an increase of 30 percent year on year. Moreover, according to statistics released by the Kurdistan regional investment board, the region has attracted US\$16.2 billion in investment in the past five years.

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Trade has been thriving, but the trade balance is largely tipped in favor of Turkey and Iran. However, by strengthening economic ties with these countries, the Kurdistan region intends to develop soft power in the region and to turn its traditionally hostile adversaries into its friends. For example, Turkish companies are thought to make up 55 percent of all the foreign companies operating in the Kurdistan region, and annual trade is reported to be around US\$4 billion. In May of this year, Taner Yıldız, Turkey's energy minister, at a major energy conference in Erbil spoke about the vital trade partnership between Turkey and the Kurdistan region, which he said it accounts for some 70 percent of the US\$11 billion that Turkey trades annually with Iraq.²

In terms of economic development, the oil and gas sector is one of the most important in the Kurdistan region. In the early 1990s, the Kurdish leadership did not initially realize the level of hydrocarbon reserves that they were sitting on and their potential importance in conducting diplomacy. In addition, because the Kurds were never in control of their natural resources at that time, except for meeting the energy requirements of their domestic market, the leadership did not comprehend the importance of its hydrocarbon reserves to its neighbors. At that

time, most of the known oil fields were in south and central Iraq, and none were in the Kurdish areas, except for around Kirkuk and other places in the so-called disputed territories, as defined by Article 140 of the Iraqi Constitution,³ areas Saddam Hussein made sure that the Kurds did not control precisely because of their energy resources. Furthermore, all the refining capacity and large power plants were located in other parts of Iraq.

There are, however, substantial hydrocarbon reserves in the Kurdistan region. In a recent report by the US Geological Survey,⁴ the Kurdistan region could hold over 45 billion barrels of oil and it has an estimated 60 tcf (trillion cubic feet) of gas reserves, which would place the Kurdistan region in the world's

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top ten countries with the largest hydrocarbon reserves, ahead of Libya. Despite these reserves, a shortage of fuel, and a lack of funds and technical abilities, as well as domestic turmoil and regional meddling by other countries, meant that it was difficult for the KRG to explore and develop oil and gas in the region through the

1990s. This continued until the fall of Saddam due to sanctions and other restrictions by neighboring countries. Therefore, apart from a few small-scale operations, the oil stayed in the ground and the Kurdish region was entirely reliant on aid and the Oil for Food program, and there was only limited trade with neighboring countries.

However, when the Baath regime finally fell and Iraq was liberated in 2003, and with skyrocketing price of oil in the last two decades plus the realization of the scale of reserves in the Kurdistan region, the KRG started to realize the political and economic power that its hydrocarbon reserves gave. Unfortunately, disputes over who has the power and who benefits from development, the federal government in Baghdad or the KRG in Erbil, have led to many problems in development.

As of writing, there is no federal hydrocarbon law. In 2006/07 the federal Iraqi government attempted to introduce a hydrocarbon law to regulate the sector and decide who has the right to do what, and the extent to which federal laws would apply in the Kurdistan region. However, the federal oil and gas law is still in its draft form, and, despite two previous versions and numerous amendments, it has yet to be passed by the parliament. This is largely because of disagreements on the power of granting contracts, and the fate of existing oil contracts, known as PSCs (production sharing contracts), granted by the KRG which are contested by the federal authorities. As a result of this failure, the Iraqi govern-

ment has decided to black-list companies who enter into a PSC with the KRG. This disagreement has since paralyzed relations between Baghdad and Erbil, and there is no end in sight yet to the dispute.

Even while the squabbling continues in Baghdad, the Kurdistan region has consolidated its oil industry and attracted more and more international oil companies. The KRG signed its first exploration contract with DNO International in 2004.⁵ Other intrepid investors and oil companies were quick to react to the relatively generous terms offered by the KRG. By 2007, the number of companies increased greatly and large numbers of exploration blocks were awarded to oil companies that dared to enter the Kurdistan region, and there have been 48 contracts signed by 32 companies up to now.⁶ Although the early players were largely small companies and smaller operations, the super-majors have started to show interest. In December 2011, ExxonMobil, the largest publicly traded company in the world, became the first major oil company to make a move into the Kurdistan region when it acquired six exploration blocks. The entry of ExxonMobil was a huge vote of confidence in the KRG, reassuring investors and other oil companies that doing business in Kurdistan is feasible, and with having Exxon on the ground, the political risk is largely reduced.

Baghdad initially reacted to the entry of Exxon into the Kurdistan region by saying that it will exclude Exxon from hydrocarbon development in the south. However, it soon discovered that there were no legal basis to terminate Exxon's contract for the West-Qurna 1, which is currently producing 400,000 barrels of oil per day and Exxon expects to develop production further. Nevertheless, Iraq dished out less severe punishment on Exxon by excluding the company from entering the fourth oil and gas auction round, which Exxon was not keen on entering in the first place, and Exxon lost the leading role it had in the development and running of water desalination plants serving the south of Iraq.

As more and more oil has been discovered in the Kurdistan region, the region now has the potential to become an important and reliable source of energy, a fact not overlooked by the US and Turkey, and which could lead to economic development in the region. The KRG has been doing its utmost to use this new-found wealth to its advantage and to form alliances and lobby politicians at home and, even more importantly, abroad. Oil and gas will play a leading role in the KRG's economic and foreign policies. For example, oil has already been used to form alliances with Turkey, as will be discussed below.⁷

The Kurdistan Region has had the dilemma of exporting or selling the oil from the beginning of the discoveries. Baghdad refuses to pay the cost of exploration and the KRG halting production. However, the KRG is slowly making progress by forging alliances especially with Turkey that will enable it to sell the oil. Turkey is only too willing to participate not only because of the leverage

it will have on the Kurdistan Region, being the only viable route, but also with being the main or largest trading partner. The richer the Kurdistan Region is, the better the business is for Turkish companies.

Baghdad maintains that it has the sole right to negotiate contracts and export oil and gas. However, the large untapped oil and gas reserves in Kurdistan Region and Turkey's increasing demand for energy render the possibility of the KRG making a unilateral deal for selling oil and gas inevitable. Although any such deal threatens to worsen already strained relations between Ankara and Baghdad, and Erbil and Baghdad, a deal for oil and gas pipelines was announced in May 2012⁸ that has yet to be put into ink. The Kurdish Region is hoping and appears to have succeeded in convincing Turkey that forging an energy pact with the KRG outweighs Turkey's traditional resistance to any measures that would give the Kurdish Region even more power than it has already acquired.

Security and Stability

The Kurdistan region has in recent times been called "the other Iraq"⁹ and security has been one of the main priorities of the KRG. Striving to attract foreign investment, the authorities understand the importance of stability. While the rest of Iraq has been, and is still in large parts of the country, plagued by violence and disorder, the Kurdistan region has been stable and secure. The Kurdistan region has been making progress in turning its irregular Peshmerga forces into a regular army. While progress has been slow, it has accelerated since Iraq appears to be destabilizing following a race for power with the US army's withdrawal in December 2011.

The Kurdistan region still has two main political parties, both of which have armed forces, known as the Peshmerga, that are loyal to the political parties. The setup goes back to the days when the PUK (the Patriotic Union of Kurdistan) and the KDP (the Kurdistan Democratic Party) were fighting Saddam Hussein's brutal regime in the mountains. In 1991, both parties reinforced their Peshmerga forces and their numbers are now in the tens of thousands. Since the fall of Saddam, efforts have been made to unify the Peshmerga forces to allow them to be recognized as the Kurdistan region's army and to turn

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it into a national force.¹⁰ The KRG's plans appear to be that once the militia becomes a regular army, it will be enabled to arm it. As the KRG is a small player in the region compared with its larger and more powerful neighbors, it knows that it cannot become a match for the respective armies, but by having



Photo: REUTERS/POOL New

Kurdish President Barzani and Iraqi President Talabani open ceremonial valve during event to mark start of oil exports in Arbil.

the ability to have high-tech military equipment it can at least deter its neighbors from violating its borders and thereby helping to preserve the stability of the KRG. There are no indications that the KRG will be armed any time soon with heavy weaponry because it is not a sovereign entity, and having a border with a NATO member like Turkey would even make it more difficult to accomplish any such undertaking as Turkey would have a say in the matter. Furthermore the arming of the Peshmerga may be seen by Iran as a provocation, and while Tehran's nuclear ambitions are still on the table, this could potentially exacerbate the situation.

The Kurdistan region has had its fair share of uncertainty and infighting among different factions since its inception, and bitter lessons have been learnt from this. The region has not been immune to other forces such as Islamic extremism, either, which had largely been outside of the political sphere until the fall of Saddam Hussein. When the extremist elements were driven out with US-Kurdish military cooperation, softer Islamist parties, such as the Islamic Union of Kurdistan and the Islamic Movement, have been incorporated into the political system in the Kurdistan region.

There are also Kurdish nationalist parties who fight with Iran, Turkey and Syria. They have been taking shelter in the rugged mountains of Qandil in Kurdistan, and the Kurdish authorities have been unable to effectively deal with

them. Although groups such as the PKK (the Kurdistan Workers' Party) and other affiliates are seen as destabilizing elements in the region, there is no political

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appetite by the KRG to confront them militarily.¹¹ This is in good part due to the fact that the Kurdish public would never accept military action against the PKK, which is regarded as a patriotic movement. The Kurd-

ish public has a very different view of the PKK from Turkey, the EU and the US, all of whom now consider the PKK to be a terrorist organization.¹² Regardless of such nationalist parties, the KRG will continue to work for stability in the Kurdistan region in order to allow for increased investment from neighboring countries to bolster its soft power in the region.

The KRG's Survival Strategies and Relations with Important Players

Relations with Turkey

The Kurds in Iraq understand that through extensive trade and investment, Turkey, or its ruling Justice and Development Party (the AKP), is pursuing a multifaceted approach towards transforming its relations with the Kurds in the Kurdistan region and in southeast Turkey. The KRG aims to become an asset, both politically and economically, to Turkey rather than a liability. They also hope that Turkey will see the rationality of embracing the KRG, as otherwise the Kurdish region could be used by other powers in the region to the detriment of Turkish interests.

When the Turkish parliament decided in 2003 to vote against the US's proposal to use Turkey as a path for the invasion of Iraq, the KRG automatically became an indispensable US ally. Ever since, the Kurdish region's importance has increased, but at the same time the Kurds have realized that Turkey would be a more important ally than the US, and hence the KRG has chosen to forge good relations with Turkey, a relationship that has also been encouraged by the US. Erbil's intention has been to use its shared cultural and religious heritages and economics, primarily in the hydrocarbon sector, to exercise a degree of influence over Turkey by enticing Turkey with commercial interests.

The Kurdish leadership has also been in tune with the Turkish government in using cultural closeness and a shared religious heritage in order to cultivate an understanding between the two sides. Apart from the close trade ties, its long border and close cultural proximity, there is the religious dimension, too, as Kurds and Turks are both largely Sunni Muslims. Although not very relevant in the past, the emerging regional "sectarian cold war"¹³ makes the differences

more relevant because Iraq has a largely Shiite population and Kurdistan is sandwiched between Shiite Iran and pro-Iranian regime in Syria. Moreover, the differences between Iran and Turkey, be they sectarian or strategic, are playing out in the region and the Kurdistan region is literally in the middle of this.

The private sector has been used to build alliances and common interests between Turkish and Kurdish businesses, and today the relationship between Turkey and the KRG has developed beyond anyone's imagination, reaching its peak last year when Turkey's prime minister, Recep Tayyip Erdoğan, inaugurated the Erbil international airport during a visit to the Kurdistan region. Moreover, the relationship appears to have developed even more when in May of this year it was announced that new oil and gas pipelines going through Turkey directly from the Kurdistan region would be developed, in spite of Baghdad's vehement opposition to the project.¹⁴

The energy trade is an important element in the relationship. Turkey is the 16th largest economy in the world and is already eyeing a spot in the top ten. Economic growth requires energy, and Turkey imports most of its energy needs, making it largely reliant on gas imports by pipelines from Russia, Azerbaijan and Iran, paying border prices higher than some of its European counterparts. Moreover Turkish gas demand is set to double by 2023 and the need for diversification and new suppliers is apparent. The Kurdistan region has stepped up to the plate and made it clear that it can fill the gap, hopeful that by providing energy security and diversification to Turkey they would receive more political recognition and achieve greater cooperation between the two sides. The Kurdistan region sees itself as provider of the energy to fuel the Turkish economy, which would make the entire region more self-sufficient and assertive. Turkish companies such as Genel Energy have been at the forefront of this new-found oil and gas and are some of the largest investors in the Kurdistan region with ambitious plans.

While the bargain with Turkey of agreeing to let the Kurdistan region export hydrocarbons in return for increasing Turkey's energy security and its getting of favorable terms looks straightforward, there are many complications, largely due to historic factors and public perception. The ongoing Kurdish question in Turkey is one of the main barriers in further developing the relationship. On the one hand, the Turkish establishment largely denies the identity-based political rights of the Kurds, while on the other hand, the Kurdish public is skeptical of the intentions and motives of any Turkish government.

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The PKK is one of the most important issues in relations between the two sides. On the Turkish side, the PKK is a huge problem for the Turkish government and the military. Yet seen through Kurdish eyes, the PKK can be used as leverage

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and a bargaining chip, as has been done successfully in the past. Turkey wants the PKK to be disarmed and it has been pressuring the KRG to drive them out of the Kurdistan region using military force. However, due to Kurdish public sensitivities, the KRG has been reluctant to use force and

would possibly not do so. Having the PKK in Kurdistan has not been entirely detrimental to the KRG, even though from a Turkish prospective it may seem otherwise.

The KRG is banking on the idea that it has a solution: persuading the PKK to lay down their arms in return for the Turkish government granting more political rights and autonomy for the Kurdish population in Turkey. The KRG also believes that Turkey has limited or no other options but to use the Kurds in Iraq to peacefully solve the long-standing issue of the Kurdish population in Turkey. At the same time, the KRG realizes the importance of energy to Turkey and hopes that Turkey's economic interest will override its frivolous stance on the Kurdish problem.

While the KRG is upbeat about the prospect of a Kurdish-Turkish partnership, they are aware that Turkey, like any other country, has its internal politics to deal with and it cannot depend or bank on Turkey to be the only option. Furthermore, the KRG knows that limiting its option to only Turkey would limit its clout and shift the balance of power too much towards Turkey. Therefore, the KRG is keeping its options open with Iran, Baghdad, the US, and to an extent Syria. Needless to say, the KRG knows that Turkey is possibly the only reliable, or perhaps the most reliable, neighbor it has and if the outstanding issues, which all culminate in the Kurdish question in Turkey, can be resolved, the partnership could work. The Kurdish region is therefore hoping and appears to have succeeded in convincing Turkey that forging an energy pact with the KRG outweighs Turkey's traditional resistance to any measures that would give the Kurdish region even more power than it has already acquired.

Relations with Iran

Without going into too much background, it suffices to say that Kurds' relations with Iran have had their ups and downs. Although ever since the clerics took power in Iran there has been a great deal of antipathy directed towards the

Kurdish populace, relations between Iran and the then Kurdish rebels in Iraq have improved, and Iran has supported the Kurdish struggle, especially during the eight-year Iraq-Iran War. However, even under the Shah in Iran, relations with the Kurds of Iraq were off and on, as well. The Kurdistan region's relations with Iran can be described as complex to say the least, as there are many dimensions to this relationship. One of the reasons why relations with Iran has been maintained and improved over the years is that the same Kurdish leaders who took refuge in Iran during the guerrilla warfare waged on Saddam grew to understand Iran and how the country ticks. During the Iraq-Iran War in the 1980s the Kurdish parties were supported, armed and given access to Iranian territory. While weakened by the war, Saddam remained in power throughout the 1990s, and Iran continued to support the Kurds to maintain its leverage, and through them to balance other forces in the region, particularly Turkey. The PUK has historically enjoyed better relations with Iran, while the KDP was and is more inclined towards Turkey. This alliance with Iran for survival in the pre-1991 Gulf War was a factor in the internal conflict between the two main political parties in the Kurdistan region in the mid 1990s.

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Since 2003, the KRG has put its house in order, and both dominant political parties now seek to ensure that relations with Iran are for the national interest. The KRG has also realized that trade and cooperation is the way forward with its neighbors, as opposed to the populist rhetoric and provocations used previously. Iran is the second largest exporter of goods to Kurdistan, and trade between the two is growing despite Iran not being the partner of choice for the KRG.

The Kurdish policy of open borders has been pivotal in keeping Iran at bay and removing extremist Islamic terrorist groups like Ansar al-Islam, who were flushed out of the Kurdistan region in 2003. Although Iran capitalized on the activities of the Kurdish nationalist movement PJAK and has shelled Kurdish territories, killing and injuring Kurdish citizens, political relations and trade between Iran and the KRG have remained largely unaffected. While trade with the Kurdistan region is important to Iran, strategic influence and leverage in the region and Iraq in general is more important largely because of its struggle with Turkey for regional supremacy, not to mention religious ideology.

Kurdish-Iranian relations are set to continue on the same path. However, the future of Syria and competition for supplying gas to Turkey and onto Europe could strain this relationship. So far there have been no overt signs of this, but

some have argued that the hostility towards the KRG coming from Baghdad may be due to Iranian influence. In addition, Iran has a long-term gas-supply contract with Turkey under which Turkey pays above the market price for gas.

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With the recent development of possible direct sales of Kurdish gas to Turkey, Iran could get upset that the KRG has shown that it is willing to make favorable concessions to Turkey, which could eventually lead to Turkey not renewing the Iranian contract,

or put Turkey in a much better bargaining position to demand lower tariffs when its deal with Iran expires in 2021. The KRG realizes that it has an opportunity to exploit this while Iran is under sanctions and being prevented from selling oil and regional countries are pressured by the US to boycott Iranian gas. At the same time, the KRG realizes that trying to dent Iran's position as a major energy exporter could lead to a breakdown of relations leading to instability as Iran has influence on various Islamic groups in Kurdistan, not to mention Baghdad.

Sectarian issues could also prove problematic in Iranian-Kurdish relations. Although the Kurdistan region and the parties in power are largely secular, a regional power struggle between the various neighboring nations is making sectarian differences relevant. Since 2003, the sectarian issue has become politicized as Iraq is now run by a Shiite majority government. And in Syria, the Shiite minority has been coming under pressure to give up power, while regional powers are increasingly wary of Iran's growing influence in the region since the fall of Saddam. The implication for the traditional Kurdish political parties could be that in the medium and long term, sectarian tensions could eat into their support base and galvanize support for Islamic parties. Although a division on sectarian lines is unlikely in the Kurdistan region, given Iran's clear support for certain Islamic groups sectarian tensions could lead to other regional players supporting other Islamic parties, leading to a charged political atmosphere and contributing to instability of the Kurdish region.

Relations with Syria

Kurdish relations with Syria go back to the days of Hafiz al Assad in Syria. When Syrian relations went sour under Saddam, Kurdish Peshmerga fighters and political dissidents were given refuge in Syria. While it is true that Syria has its own internal issues with its Kurdish population, and has been responsible for crimes against them, relations had remained fairly good until the start of the so-called Arab Spring and the current unrest in the country isolated the current regime.

Kurdish policy has so far been to stay neutral as the leadership realizes the potential explosive nature of the situation in Syria and does not underestimate the ability of the Syrian regime to destabilize the Kurdistan region. Despite rhetoric from President Barzani, and his holding of a meeting for the Kurdish opposition groups in Syria, not much has changed as the KRG has adopted a wait-and-see policy.¹⁵

The Kurdish public expects more from its government, but the KRG understands the problem of being seen to try to engineer a similar autonomous Kurdish region in Syria. Although that would be a favorable outcome for the KRG, were the KRG be seen to be instigating such an outcome, or even facilitating it, other regional allies would not react kindly. Therefore, the KRG has so far remained neutral and will be unlikely to make any moves until the future of Syrian regime becomes clearer and other more powerful neighbors decide on the future for the country.

Relations with Baghdad

The Kurds in Iraq have been at the vanguard of Iraqi politics since 2003 and they have taken an active part in the government. In the early days, the Kurds were known as kingmakers, and the current government would have not been formed if it were not for the backing of the Kurds. The KRG's relations with Baghdad revolve around ensuring that the Kurdistan region retains its autonomy, including in oil and gas development, and that the Kurds are not seen as the ones who cause the breakdown of the Iraqi state.

The KRG's strategy in Iraq has been to keep Baghdad as weak as possible, and they have skillfully managed to keep Arab Iraq fragile and its government dysfunctional.

This strategy has meant that the Kurds try to ensure that the government of national unity contains unlikely allies, and therefore suspicion and mistrust is rife. Iraq's politics is still divided along ethno-sectarian lines and hostility between the Shiite Dawa party, represented by current Prime Minister Nouri al Maliki, and the Sunni Arab dominated Iraqiya bloc. However, Baghdad has historically always tried to centralize power, as is the case under al Maliki. The KRG naturally seeks more decentralization of power towards confederation. The dispute can be seen in the battle for controlling the oil and gas.

With the benefit of hindsight, the Kurds appear to regret trusting al Maliki as he has reneged on all the promises, such as the Erbil Agreement, which he un-

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dertook prior to forming the current government. Furthermore, other decisions which have worked against the Kurds included the agreement to reduce the number of constituencies, which led to fewer Kurdish MPs in the Iraqi assembly, and hence the inability of the Kurds to easily oust the current prime minister. The KRG knew the dangers but they were coerced by the US. The United States made various assurances, which it is no longer in a position to fulfill. Accepting this has now come back to haunt the KRG, as during the last few weeks it has become apparent that the power of their vote is no longer large enough to enable them to have a bigger say in removing the Iraqi prime minister.

The KRG has ambitions beyond staying within Iraq, but it does not want to be the ones accused of dividing the country. Therefore, it is happy to stay within the Iraq framework and receive its 17 percent share of the federal budget.

The KRG has not forgotten its past dealings with the US, because since the conception of Iraq the US has betrayed the Kurds on a number of occasions, some within recent history

Meanwhile the KRG leadership works for more self-governance under a pragmatic wait-and-see policy. There have been many statements and hints by Kurdish politicians, including by President Masoud Barzani, about Kurdish independence; however, the economic and political reality of Kurdistan is not conducive for such a step and the KRG knows

it. The ambition of independence is undeniable; therefore, when the time comes and the conditions are right, and as and when Iraq disintegrates, then the Kurds will have good excuse for secession.

Relations with the United States

The US has been supporting the KRG in order to maintain the political unity of Iraq, although on the face of it this position is contradictory. On the one hand, the US has been supportive of maintaining a more assertive Kurdistan region, while on the other hand they have called for the unity of Iraq. Hydrocarbon development and economic growth also play a role in US-KRG relations.

The KRG has not forgotten its past dealings with the US, because since the conception of Iraq the US has betrayed the Kurds on a number of occasions, some within recent history. In the 1970s the US covertly supported the Kurds against the then Iraqi government, leading the Kurds to believe that Washington was supporting the Kurdish right of self-determination. But as it later became apparent, the US had no intention of supporting a Kurdish state, and 1991¹⁶ is still fresh in the Kurds' memory. Only recently, the US was once again about to sacrifice the Kurds for the sake of stability and unity of the region, as was

recommended in the Baker and Hamilton report,¹⁷ but the White House did not take up the recommendations set out in the report.

The Kurdish leadership is very mindful of the fact that the US has more important allies in the region, namely Turkey. The Kurds also realize the US's conundrum over Iran and are keen on playing a vital role on that issue. The US does not want to see an Iraq influenced solely by Shiite Iran, and it did not topple Saddam in the first Gulf War in 1991 exactly for that reason. Nevertheless, since 2003 the Shiites have dominated the Iraqi government and are set to continue to do so. Furthermore, while in opposition to Saddam, the majority of the Shiite leadership was harbored by Iran and all have established strong ties with Iran. This is playing out in Iraqi politics since the withdrawal of US troops last year, making clear who has the most clout in Iraq.

The KRG's policy and decision makers recognize the importance given by the US in keeping Iranian influence at bay in the region. The Kurds have therefore aligned themselves with this policy, while at the same time making sure not to provoke Iran. The US has repeatedly made it known that it considers the KRG to be a little too close to Iran, but the KRG has maintained its line, saying that Iran is not a partner of choice but they do live next door to each other.

The US-Kurdish relationship entered a new phase following the US withdrawal from Iraq. The Iraqi prime minister has moved swiftly to neutralize his opponents, mainly Sunni figures within the government, which many see as an attempt to consolidate power. At the same time as the US's influence is waning in Iraq, Iranian clout is growing. The obvious allies for the US in Iraq now are the Kurds, largely because during the time when the US troops were on the ground they did not make many friends, and for an Iraqi politician it is not a good idea to be seen as close to the US. While discussions about the US's troop withdrawal were ongoing, and disagreements about US trainers who were supposed to train the Iraqi army became apparent, ExxonMobil signed its oil deal with the KRG in defiance of Baghdad. Although it is unclear as to whom or what the factors were, in other words if it was mainly commercial or whether the deal had a political message, the timing of the deal and the known closeness of the Exxon cooperation to the US State Department was noted. By signing a number of deals, Exxon or the State Department has sent a very clear message to the Iraqi government and the Iranians that although the US's influence may be on the way down in Iraq, there are other allies in Iraq that the US could turn to.

The Iraqi Kurds have overcome their troubled history with their neighbors because they have accepted that Turkey and Iran are larger political players in the region than they are

With the Kurdistan region's importance growing, both strategically and economically, the US is considering its options with the KRG and at the moment it does not have a clear strategy. The KRG's leadership considers the US a strong ally but they are not burning their bridges with others in the region, especially with Iran, as experience tells them that they cannot fully trust the US. However, the partner of choice for the KRG is the US, and the KRG is making extra efforts to become an indispensable partner. KRG President Masoud Barzani's recent visit to the White House and the wording of the statement reaffirming the US's "continued commitment to the historic relationship with the people and government of the Kurdistan Region" are a telling sign that US-Kurdish relations are getting stronger and the risk of the Kurds being sidelined once again is increasingly less likely.¹⁸

Conclusion

The Iraqi Kurds have overcome their troubled history with their neighbors because they have accepted that Turkey and Iran are larger political players in the region than they are, and they have thus allowed them to play a role in the Kurdistan region. While Iraqi Kurds sympathize with the plight of fellow Kurds in Turkey, Iran and Syria, because of the pragmatic approach adopted by the KRG, they still manage to find enough similarities and interests to overcome any remorse involved with holding hands with the oppressor of Kurds elsewhere in the region.

Economic ties have been growing and are accelerating. The KRG is aware of Turkey's ambition to become a key player in the region and of Iran's desire to prevent Ankara's dominance. However, the KRG is giving Turkey the benefit of the doubt by treating Ankara's (and the AKP's in particular) intentions as not merely interest in regional and Turkish dominance, but are also in pursuit of economic interdependence and stability with its partners such as through investment in the Kurdistan region. In return, the Kurds hope that they could benefit by becoming a solid economic partner with Turkey and a political ally, which Turkey would depend upon for solving its internal Kurdish issues, leading to normalization within its own borders.

The Kurds remain influential in Iraq, and by increasing Ankara's influence over the KRG, Turkey hopes to convert this into increased influence over Baghdad. Turkey views Shiite Iran's influence in Iraq and the region as ominous, and the Kurds consider themselves to be a key component of Turkey's policy in the region to maintain a strategic leverage as the US's influence in Iraq diminishes. Therefore, the KRG wants to give Turkey the option of using them to increase their influence in Iraq and understands that Turkey seeks similar influence to

that which Iran has fostered over the Shiites in Iraq. Moreover, Turkey's new relationship in the region has led to the unlikely alliance of Sunnis and Turkmen from the north of Iraq, an alliance brought about by Turkey. The Kurdistan region has also become a target for Saudi Arabia and the largely Sunni-dominated Gulf States to try to gain influence in Iraq and to counter al Maliki's Shiite dominated government, and have so far played their hands rather skillfully. Therefore, the KRG has accepted Turkey as a key player in the region, and is willing to treat Turkey as an older brother, but the KRG is also making sure that its dependence on Turkey won't turn it into a vassal state, and that Iran and Iraq remain part of the picture.

Staying on the Iraqi framework, having Turkey as an ally gives the KRG a greater influence on what goes on in the region than it would otherwise have. The Kurdish leadership is keen to maintain good relations with Iran and to stay part of Iraq, and not to be seen as the ones that break the country apart. Furthermore, the KRG, by controlling its oil and gas, is making sure it becomes strategically important to Turkey and the US, not to mention the potential of becoming a supplier to the EU, which would bring the Kurds much closer to Europe.

An independent Kurdistan has been described as a poetic dream by many politicians, but the desire to have a homeland is real, and the younger generation of Kurds born in the Kurdistan region knows no difference as they have grown up under a Kurdish government, albeit not sovereign. However, the current Kurdish leadership has learned bitter lessons from the past and it is playing its cards very cautiously, and unless they can make a Kurdish state palatable for the main two regional powers of Iran and Turkey, they will not risk losing what is already in hand.

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