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IRAQ: OIL RELATED INSTABILITY

GROWING TENSIONS: INTRA-SHI'ITE, BETWEEN SHI'ITE AND SUNNI, & BETWEEN ARABS & KURDS

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Will Kurdistan's Energy Wealth Lead to the Next Iraq War?: [Jay Newton-Small, *Time World*, Dec. 18, 2012](#)—Iraqi Prime Minister Nouri al-Maliki was infuriated when Kurdistan began inking its own oil contracts — including some in disputed areas — with Exxon, France's Total, Russia's Gazprom and Chervron.

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SADR AND MALIKI BATTLE OVER IRAQI OIL

Ali Abdel Sadah

[*Al-Monitor*, Jan 3, 2013](#)

At long last, the political rivalry between the Dawa Party — led by Prime Minister Nouri al-Maliki — and the Shiite leader Muqtada al-Sadr has been renewed. This comes against the backdrop of the prime minister rejecting a proposal made by Sadr's followers in parliament which called for the insertion of a

clause into the 2013 budget that would distribute a portion of the surplus from oil revenues as cash dividends to Iraqi citizens.

Baha al-Araji, head of the Sadr-affiliated Ahrar Bloc in parliament, was visibly upset at a news conference in early December 2012, due to the lawsuit Maliki won against the oil surplus dividends clause. That day he said, "Maliki is responsible for starving the Iraqis." He also expressed his support for the proposal of his leader, Muqtada al-Sadr, which included providing \$233 to every citizen and around 40,000 jobs for unemployed youth. Immediately following the decision, Sadr's supporters took to the streets protesting against Maliki in the capital city of Baghdad, as well as in Najaf — Sadr's stronghold — and cities in the central and southern Euphrates regions. The Sadrist chanted angrily condemning Maliki, saying that he is attacking their leader. Those scenes churned up old memories of the long quarrel that had formerly persisted between the two sides.

There are marked differences between the Dawa Party and the Sadrist Movement. The majority of Sadr's followers have considered Maliki an enemy ever since he led the 2008 Charge of the Knights, which was the harshest security crackdown the country had seen against the Mahdi Army — Sadr's armed wing — and killed hundreds of his followers and imprisoned many more. Ever since the clampdown, which took a heavy toll on the city of Basra, the relationship between the two sides has taken on a vengeful dimension.

The fierce competition for leadership of the Shiites brings an additional dimension to their rivalry. For whereas the Dawa Party has successfully remained in power and presents an institutionalized model of leadership, the Sadrist Movement continues to increase in influence due to the widespread support it enjoys among the poor, unemployed youth whose zealous opposition to Maliki grows increasingly radical....

The Sadrist public is preoccupied with the religious details concerning Shiite leadership and authority; meanwhile the political elite of the Sadrist Movement are still considering taking a swing at Maliki. The movement has demands it describes as final and necessary if the dispute with Maliki is to be resolved. It makes note of the dozens of Sadr's followers in government prisons, in addition to ambitious demands to gain access to sensitive positions in the security apparatus. Sadr still carries the bad memories of 2008 with him and strives to rein in Maliki, sooner or later.

Sadr has also been subjected to significant political shake-ups, which are almost to be expected given his broad base of supporters. One especially controversial shake-up occurred after the 2010 elections, when his Sadrist Movement granted Maliki voting powers in parliament in order to receive a comfortable majority with which to form a government....

Past volatility ensures that any alliance between Sadr and Maliki will always be shaky, but they have not permanently separated either. Ministers from the Sadrist Movement still work with Maliki. Both sides are motivated to bury the hatchet because of their entrenched historical interest to keep Shiites at the helm. Fears over the collapse of the Shiite alliance, which would benefit the Sunnis, trouble Sadr and Maliki equally. In fact, these fears among the Shiite leaders, as the sect which acquired power after Saddam Hussein, force Maliki and Sadr to — if only temporarily — put aside their differences and maintain unity among the Shiites, lest the Sunnis depose them.

But within this coalition there is still hitting below the belt, which has begun to take on a variety of shapes with the approaching provincial elections scheduled for April 2013. The latest manifestation of which was the controversy surrounding the oil surplus dividends. The row over the oil surplus dividends began back in September 2011, when Sadr told Maliki's government that he would postpone his followers' mass demonstration against the poor quality of utilities if Maliki promised to distribute 25% of the surplus revenues to Iraqis and to create at least 50,000 jobs for the unemployed.

In February 2012, Iraq's parliament approved the budget, worth about \$100 billion. Two days before the voting session, on Feb. 23, the Sadrist Movement said it would withdraw its vote unless the clause authorizing the dividends proposal was included. Over the past year, information has been scarce as to the size of the surplus. However, Araji related in his press conference that — according to Finance Minister Rafi al-Issawi — it is estimated to be around \$20 million.

Meanwhile, statistics concerning benefits for the retired and job opportunities for the youth are beginning to appear that reek of electoral pandering. The latter may be an attempt to prevent bringing real development to the service sectors. Iraqi civil society activists are finding that the rivalry between political forces impedes legislation that would pump money into Iraq's vital sectors upon which people's lives depend.

Study of the evolution of the story surrounding the dividends proposal leads one to conclude what Haider al-Abadi — a leader in the Dawa Party and head of the Finance Committee in parliament — concluded when he said that the distribution of dividends depends on the consent of the ministries of finance and planning. He made this statement to journalists in May, three months after the Sadrist Movement's announcement of the legislative approval of the proposal. Abadi had said, "There are those who want to advance special interests at the expense of citizens, manipulate the emotions of the masses, and character assassinate political figures for their own purposes." His message seemed to be directed at the Sadrists. With campaigning bound to start soon, the bitterness and scope of the rivalry within the alliance is plain to see.....

Ali Abdel Sadah, a writer and journalist from Baghdad, is a contributing writer for Al-Monitor's Iraq Pulse.

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WILL KURDISTAN'S ENERGY WEALTH LEAD TO THE NEXT IRAQ WAR?

Jay Newton-Small

Time World, Dec. 18, 2012

Playing tourists in one of the world's most dangerous cities is not how we imagined we'd end up spending Tuesday[Dec 11], but there we were atop Kirkuk's ancient citadel admiring – and mourning – the crumbling ruins of the five mosques that once occupied the plateau overlooking the contested city. "See, look," says Akam Omar Osman, pointing to the north. "You see how in Kurdish areas we pick up the trash, we have services. And then how in the south," he says, swinging around, "you have nothing." Osman is the translator provided by the Peshmerga Kurdish forces who brought us here.

The north does look to be relatively bustling, while storm clouds gather over the quieter southern areas of the city, filled with banks of trash. This pivotal oil city, home to Iraq's main pipeline and numerous refineries, is part of the disputed territories between Iraqi Kurdistan and the Iraqi central government. And Kirkuk is now on the frontlines of a two-week old military stand-off. After a December shootout between Iraqi police and Peshmerga in another disputed city, Tuz Khormato, left one dead and several injured, both the Peshmerga and the Iraqi Army have ringed Kirkuk.

But the tensions are far greater than just a single firefight. Baghdad recently created a new command overseeing security forces in the disputed areas, angering the country's ethnic Kurds. The Kurds were further incensed when Lt. Gen. Abdul-Amir al- Zaidi, who has been linked to Saddam Hussein's genocide of hundreds of thousands of Kurds in 1988's Anfal campaign, was placed in charge of the Iraqi forces at their doorstep.

Iraqi Prime Minister Nouri al-Maliki was infuriated when Kurdistan began inking its own oil contracts – including some in disputed areas — with Exxon, France’s Total, Russia’s Gazprom and Chervron. Not to mention a deal under way to build a pipeline between Turkey and Kurdistan, allowing the Kurds a route that did not have to cross the rest of Iraq to export the 45 million barrels believed to be beneath Kurdish lands. Maliki argues that the regional government doesn’t have the authority to sign such contracts.

On Tuesday morning in Erbil, Kurdistan’s capital, we met with the Minister for Peshmerga Sheikh Jafar Mustafa, before heading down to see what we thought were the front lines. “It is illegal for Baghdad to use the Iraqi Army to settle provincial disputes,” Jafar says. “They make the same words — use the same words — as Saddam.” ...

If it were to come down to violence, there’s a big question who’d win the fight. The Iraqi Army is better equipped, thanks to the Americans, but the Kurds have passion and knowledge of the treacherous mountains on their side. The ill-equipped Kurds, after all, succeeded in tormenting Saddam’s powerful army for decades. And it’s not clear how many Iraqi Army minority forces — Sunni and Turkmen — would want to fight their allies and friends. (The Iraqi army is predominantly Shi’a.)

About half way into the hour’s drive, Osman asks us if we’d like to see Kirkuk. Ivor doesn’t have a visa to enter Iraq – the Kurds grant Americans and Europeans instant 10-day visas upon arrival that are only good for their territory, whereas Iraq requires a lengthy application process accompanied by a certified HIV blood test – but Osman says that’s not a problem because Kirkuk is part of their territory, a point they’re clearly keen to highlight. As to our concerns about danger, he waves them away: “With us, you’re perfectly safe,” he says, pointing at his gun. “And, besides, it’s safe, you’ll see.” We probably wouldn’t have gone in if I hadn’t heard from Western diplomats the night before that they travel to Kirkuk all the time and the areas controlled by the Kurds are, indeed, quite safe.

Kurdistan is the safest part of Iraq these days. Travelers do not need to move in secured convoys or with bodyguards. Electricity, still unreliable to the south after more than \$20 billion in investment, is stable in Kurdistan. The economy is booming: cranes building 30-floor five-star hotels dot Erbil’s skyline, road and tunnel construction is everywhere and foreign business and tourism are flourishing. The Kurds have extended much of that stability to northern Kirkuk. The bazaar here is bustling. Every one I interview tells me they want to live in an independent Kurdistan, even the Arabs. “Barazani,” Hadji Subiq, 80, tells me with a toothless grin, referring to Kurdish President Massoud Barzani, “if he’s alive then we’re all alive. If he’s dead then we’re all dead.”

At first I think they’re only saying nice things about the Kurds given that I’m flanked by three heavily armed Peshmerga as I approach people. But soon, Osman and I sit down for a tea at a cafe and a crowd of 30 or more surrounds us, all eager to talk about how much they hate Maliki and love the Kurds.

By Thursday [Dec 13] the central government and the Kurdish regional authorities had come to an agreement to deescalate the troops, though no timetable for withdrawal was set and the two sides did not solve any of the underlying issues. In the meantime, tens of thousands of troops – by some estimates as many as 60,000 – are facing off in other locations, some as close as 100 meters to each other. “With two armed groups in close proximity, the danger is that accidents do happen and things blow and you get an inadvertent war,” says Harry Schute, a former U.S. Army colonel who led U.S. forces into Kurdistan in 2003 and has come back in his retirement to advise the Kurds on security.

Both sides have an incentive to find a solution. Maliki faces provincial elections in six months and a populace sick of sectarian violence, political saber-rattling and bureaucratic bumbling. And the Kurds place a high premium on stability. “We hope it doesn’t come to war, we know that there’s a lot to be

lost with this fight,” says Falah Mustafa Bakir, Kurdish minister of Foreign Relations. “Safety and security is essential to our growth, the growth that we want to continue and expand. Kurdistan is open for business.”

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IRAQ COULD DISSOLVE PARLIAMENT IN 48 HOURS, SOURCES SAY

Paul D. Shinkman

[US News](#), January 4, 2013

In a move that could draw Iraq back into the throws of religious infighting and potential civil war, the fledgling Baghdad government may be on the brink of dissolving parliament within days, a source tell U.S. News. Prime Minister Nouri al-Maliki, who leads the Shiite majority government, has used strong-arm tactics to marginalize opponents, mostly among minority Sunnis, says an official at private intelligence company Stratfor. These actions, along with some spill-over from the civil war in Syria, have lead to violent protests in Iraq in recent days.

The Iraq government may dissolve the parliament in as soon as 48 hours, according to Iraqi sources and media reported by Stratfor. This was first reported by Arabic news service Al Arabiya. "It seems like there is enough momentum built up now where the resolution may be in dissolving parliament and holding fresh elections," says Kamran Bokhari, vice president of Middle Eastern and South Asian Affairs for Stratfor.

Regional instability has contributed to the fragility of the Iraqi parliament, leading to deadly demonstrations in recent days. "[Al-Maliki] is seen by the Iranians and the Iraqi Shiite allies as jeopardizing their communal interests," he says. "Given the way things are heating up in Syria and the rise of Sunnis over there, I think the Sunnis in Iraq are being energized by the phenomenon across the border."

Dissolving the parliament before the next elections in early 2014 is further complicated by the absence of much of the presidency council, which would participate in the temporary caretaker government. Iraqi President Jalal Talabani is currently in Germany for treatment following a stroke, and one of the two vice presidents, Tariq al-Hashemi, is currently in exile following murder charges.

"Right now I doubt the Maliki government is easily accepting the idea there should be a caretaker government to come in in the interim and take over the elections," says Bokhari. "If that's the position of this government, and you return to sectarian fault lines, we could easily see this descending into violence if there is gridlock that continues for a long time."

He also points to al Qaida operatives in Syria trying to exploit the chaotic situation there. A new sectarian fight in Iraq might prove another "fertile ground for jihadists," Bokhari says. A State Department spokeswoman declined to comment on the reports. When asked about the protests in Iraq, State Department spokeswoman Victoria Nuland said Friday the U.S. ambassador meets weekly and sometimes daily with top Iraqi leaders.

"We have had contacts with the Iraq government," she said. "Our ambassador in Iraq has meetings with all the key leaders, encouraging them to work with each other, to settle issues that they have through dialogue, to protect and preserve the basic tenets of the Iraqi constitution."

Two Iraqi officials told Bloomberg Businessweek they did not call for dissolving the parliament, but did not deny that it could happen.

When asked if the prime minister's State of Law bloc had issued the statement, lawmaker and member of the bloc Khalid al-Asadi told Bloomberg, "It's not true. The State of Law didn't ask to dissolve the parliament," he said. "But when any party asks for dissolving the parliament and dissolve the government and call for early election, we will not stand against it."

Maliki senior aide Izzat al-Shahbender told Bloomberg "this was one of options we discussed in the National Iraqi Alliance, which we have raised long ago, but we didn't issue a statement."

ON TOPIC

Sadr Allies With Sunnis in Challenge to Maliki: Mushreq Abbas, *Al-Monitor*, Jan 6, 2013—No one in Iraq had ever imagined that a popular and political alliance would one day bring together Muqtada al-Sadr and the Sunni Arabs. The two parties participated in an excruciating civil war (2006-2008) that resulted in thousands of casualties on both sides.

The Redacted Iraqi Jews: Nabil Al-Hadairi, *Gatestone Institute*, Dec 27, 2012—The recent Conference of Religions and Sects in Sulaymaniyah, organized under the supervision of Iraq's president, Jalal Talabani, was an important milestone: The first such conference to take place in Iraq that seriously covered the defense of religions and sects after the collapse of the dictatorial regime of Saddam Hussein.

The Steep Price of American Disengagement: Max Boot, *Commentary*, Dec. 1, 2012—It is hardly surprising to read that the flow of Iranian arms continues to reach Syria via Iraqi airspace. Prime Minister Nouri al-Maliki had promised the Obama administration that he would inspect aircraft overflying his country, but his promise has proved hollow.

Both Sides Have Too Much to Lose in Arab-Kurd Rivalry: Ranj Alaaldin, *The National*, Dec 7, 2012—The threat of war is hanging over Iraq. In recent months, Arabs and Kurds have gone head to head over long-standing disputes centred on land, oil and power.

Iraq needs inclusive governance: Editorial, *Gulf News*, Dec 28, 2012—The sectarian drift of the Iraqi government, headed by Prime Minister Nouri Al Maliki, needs to be reversed. Al Maliki is a leading Shiite politician, but in his position as the head of a government, he needs to serve the entire Iraqi population and his government must work to be inclusive of all Iraqis.

Kurdistan's Vast Reserves Draw Oil Majors: Guy Chazan, *Financial Times*, Jan 7, 2013—For decades, the rugged hills of northern Iraq were the sole preserve of sheep herders and the Kurdish militia known as peshmerga. Now they play host to some of the largest oil and gas companies in the world, drawn by its estimated 45bn barrels of oil.

32 Pilgrims Are Killed by Bombings in Central Iraq: Yasir Ghazi & Christine Hauser, *New York Times*, Jan 3, 2013—Attackers killed at least 32 pilgrims in Iraq on Thursday, the police said, in what appeared to be a spate of sectarian-motivated violence as the country continued to struggle with a political crisis in its fractured government.

China's Oil Quest Comes to Iraq: J. Michael Cole, *The Diplomat*, Dec 2, 2012—A lot of attention has been paid in recent years to energy-hungry China's billion-dollar bids on oil fields in Canada and the Asian giant's reliance on oil from countries like Iran and Sudan to fuel its growing economy.

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