



The Effect of Policymaking Improvement in the Energy Field on the Security of Iraq

Nadhmi Khedairi; Kasim Taqi al-Sahlani

Faculty of Political Science, Al-Mustansiriya University, Iraq

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Abstract

Energy plays an underlying role in the life of industrial economics of societies. This means that whenever energy is available sufficiently and timely, economic development will also be possible. Moreover, foreign and international policies can be shaped by various factors and have different orientations in relation to these factors. One of the requirements for growth and development in the country is the adoption of appropriate policy and diplomacy to ensure energy security. To the awareness of each other energy security policy, countries can follow cooperative relations and participation by adopting appropriate policy and sophisticated diplomacy, which will result in more profits. The important point is that the regional developments have a significant impact on energy and its security, including sanctions. The current study, using descriptive-analytical method, attempts to investigate the impact of policy improvement in the energy field on the security of Iraq.

Keywords: *Security; Energy; Policy; Energy Sanction; Energy Diplomacy*

Introduction

Nowadays, energy is one of the major issues in the global economy. In this discussion, the centers of production, consumption and also energy transmission routes have a particular importance. Hence, regional and international countries with energy reserves have suitable routes for energy transit with the potential power, as well as the security of supply, demand and transfer of energy has a vital importance in the international level (Gart, 1992).

Policymaking is a term tied up with regime, government, society and its public issues and is associated with government action in the proper administration of public affairs. One of the main goals of the country in recent years is a desirable policy making on resources and energy in order to provide national interests. Of course, any kind of policy making at the time of implementation due to some problems and obstacles, such as economical, structural or technical issues, can make it difficult for us to achieve the optimal macro-objectives of the country, and consequently the results of the action will have differences with predetermined objectives. Growing consumption of natural resources will have consequences, including climate change, the loss of natural diversity and so on, which in turn can endanger the security of all countries in the world. Therefore, natural safety means the existence of

sufficient supply, reliability, viable financing and sustainable natural resources to the global economy. These developments place Iraq in the more sensitive position as one of the main suppliers of natural resources to the world, so that requires shaping and responding to emerging challenges in natural resources in a strategic changing space (Badawi & Makdisi, 2007).

Security

Security has been meant as being safe, getting safe, being in peace without fearing. Security is the most urgent need of human's basic requirements and being born with human, so achievement of the security as the most important goal in policy making and programming of different societies is fully emphasized. In the other words, security is a great blessing that is vitally important for every individual and society. The existence philosophy in governments is the security of nations. If security assumed as mystery and ambiguity, undoubtedly it is a violation of intention, because policy-making and planning for ambiguity is practically impossible and cannot be relevant to any government (Weisbrod, 2002).

It should be said that, in this field as in many other fields of human and social sciences, there is no consensus and the concepts do not have any specific meaning and definite limitation. In the culture of international relations, it is said as the following: "National security is a state in which for a nation there is no threat of losing all or part of its population, property or land" (Crépeau & Jimenez, 2004).

Defining and explaining national values and prioritizing them is one of the challenges of policy-makers in the national security field. Therefore, it is almost impossible to discuss national security without identifying national values and prioritizing them. Different countries, considering the culture and ideology of their agreeable government, choose different values as their axial values, which are sometimes in conflict with each other in the idea of protection of universal environment, and in some cases, in religious and faithfulness values. Indeed, national security means protecting and safeguarding the security of the values of a nation, and this concept is closely related to the interests and goals of nations.

Policy Making

Policymaking focuses on the fair distribution of social facilities. The ultimate goal of policy-making is to advance the community affairs. In general, society, along with a sense of calmness, moves towards predetermined goals. The role of policy-making is to gain support of public opinion and turn the political analysis of people to the political advice for the government. Policymaking helps the community and politicians to be the link between society and power, comprehending this link helps policy makers to write better and more effective recommendations (McConnell, 2010).

Most countries, including Iraq, have accepted environmental commitments and are trying to align their policies with these commitments. One of the most important environmental commitments is the Convention on Climate Change and the Kyoto Protocol. In Iraq, energy policies in line with the objectives of this Convention and Protocol mostly have been proposed in the form of five-year development plans (Alizadeh et al., 2014).

Energy Security

Energy security is one of the most important issues in the field of international relations. The goal of energy security is to achieve three goals. First, attainability of resources without threatening and existence of routes to safely transfer. Second, easy and multiple access to resources and third, exchanging of energy from areas where there is a permanent stability and lack of alterations in their governments for a long time. Energy is a strategic commodity whose security has a fundamental role in the international security and the global economy. Energy security is being known as the assuring ability of energy's future

needs, both in the domain of using domestic resources within the framework of economic criteria and in the strategic reserves as well as in the external domains in the form of access to stable supply bases. Countries' presumption of energy security depends on a variety of factors, including geographical location, available resources, developmental level and governmental system. For some countries, energy security means producing more energy inside the country and less reliance on foreign resources. For others, this can mean the creation of a political and economic interdependence with producer countries that are not so willing to communicate to them. Despite of the semantic energy security diversity by countries, there are certain global principles that govern on the energy security strategy of most countries. Winston Churchill first introduced these principles in 1913, titled "Security and assurance of reliance on oil is in diversity and also is only diversity" (Loft & Corin, 2009).

It seems that as global energy demand grows due to the emergence of new economic powers, especially in the Asian continent and the limited availability of fossil fuels, the interpretation of countries, especially energy consumers from the term diversity in energy supply, especially geographic diversity, has been expanded to new energy resources. In other words, consumers seek to diversify their energy needs by importing alternative fuels such as nuclear energy and renewable energy in their energy basket, in order to reduce the harmful effects of hydrocarbon resource dependence (Luciani, 2016). The ascension and decline of global powers are closely linked to their control over energy resources and the regulation of consumption relations and their transfer. From the point of view of some of the leaders and writers in the United States, energy security is synonym of "energy independence" and nowadays in political discourse, these two terms are used instead of each other while this view is not well supported. The energy security of countries over the next decades is deeply dependent on crude oil and consequently, dependent on safe international energy trade. Since as compared to other carriers, natural gas is cleaner and more friendly to the environment and has high thermal value as well as to diversify energy sources and reducing dependence on crude oil, it has been taken into consideration (Şen & Babalı, 2007). Energy security depends on a variety of issues from the simplicity or complexity of discovering a source in the producing countries. Especially, to instability and insurrection or relaxation and development in oil-rich countries, transportation by pipelines or ships, piracy or terrorist attack on infrastructures and pipelines, shortage of supply and rising of demand and crude oil pricing, all together are debatable and arguable in energy security. Two categories of energy security indicators can be distinguished, some of them are simple indicators, and some other is cumulative indicators (Milburn, 1998).

Energy Diplomacy of Iraq

Oil and gas producing countries, because of their dependence on energy revenues, focus their priority of energy policy to secure demand and invest in the oil and gas industry and also secure sale of their own energy. In contrast to them, energy-consuming and energy-seeking countries consider the security of supply and easy access and lower price of fossil fuels (oil and gas). Finally, according to the above factors, it can be said that energy diplomacy will be different depending on manufacturer and consumer (Devlin, 1992).

Energy diplomacy refers to the set of behaviors and interactions that a country, in its interaction with world countries, uses these behaviors in the energy field at least for two purposes. In other words, energy diplomacy is a set of behaviors and interactions that a country has with the international community to advance at least two of its goals. One of these two goals returns to energy field and the other to the area of national security or national interests (Adeli, 2010). Energy diplomacy is based on proactive diplomacy, and requires interacting with other actors for setting agenda, is the definition of a new game in the field of energy security and codification of global behavioral policies in energy section. For the reason that today's diplomacy has been changed from the security-political state to the economic-political diplomacy so there is more emphasis on coordination and purposefulness of the diplomatic and economic system because it increases the competitive power of economy, validity coefficient and security of countries (Şen & Babalı, 2007).

If compilation of Iraqi Energy Diplomacy creates a good connection to development on one hand, and the foreign policy as a platform for more influence on the other hand. It has a vital importance for achieving twenty- year perspective. Twenty- year perspective document of Iraq has determined country's great orientation for two next decades on the path to the development of extraversion based on constructive interaction with the world. This implies the necessity of Iraq's contribution and interaction in the world affairs with the motivation of using foreign capabilities for development, eliminating international barriers and threats and most importantly, presenting an image of Iraq as an international opportunity. Meanwhile, Iraq's energy and security are the main center and concept of energy diplomacy. If they are linked to development foreign-oriented policies, they can become one of the most important means of linking Iraq to the powers and developing countries especially in Asia and Europe, and effectively help to fulfill the requirements of perspective document and country development. It is essential to note that the establishment of energy links to the important countries in addition to the economic interests will have significant security benefits for Iraq, because partly it relates these countries to Iraq for providing a strategic commodity (Badawi & Makdisi, 2007).

The geographical location of Iraq makes it possible to play the role of interface and carrier of oil and gas in the region to the outside of the region or among the countries of the region, through pipeline networks. Of course, Iraq's technological weakness in the oil industry has weakened this country in the production from common oil fields, which can have a negative impact on Iraq's energy diplomacy process (Gurr, 2000).

Energy Sector Challenges

Iraq's energy endowment, despite being the cash cow for financing the economy, is also the country's Achilles' heel. It contributes 60 percent of GDP, 99 percent of export revenues, and more than 90 percent of the government's fiscal budget. This vulnerability has been exacerbated by the recent oil price collapse. Iraq's 2020 draft budget revenues are based on a price of \$56 per exported barrel with a planned deficit of 30 percent. As a price war intensifies in the oil market, the country may find itself incapable of sustaining public payroll and spending at \$30 per barrel. For the last five years, Iraq has been running deficits with operating expenditures making up 75 percent of total expenses. As a result, the country may need to adopt harsh austerity measures to compensate (Lee, 1999).

Since 2003, when the Saddam Hussein regime fell, officials have failed to produce a national strategy to diversify Iraq's economy away from oil or support the growth of the private sector. Furthermore, the cumulative effect of years of war, sanctions, terrorism, and mismanagement has made Iraq a net importer of refined petroleum products and natural gas. The latter has become a point of contention with the United States, as Iran enjoys a first-mover advantage by exporting up to 1,200 million standard cubic feet of natural gas per day (scf/d). Additionally, Iran provides around 1,200 megawatts (MW) of electricity during the hot summer months, when the demand for power peaks. While unprecedented strides were made last year, with Basra and other southern provinces being provided with an average of nearly 24 hours of power a day, the electricity sector still suffers from a supply-to-peak-demand deficit of 6,000 MW in the summer, according to analysis from the Iraq Energy Institute (IEI).

Iraq's problem is a classic case of a poorly coordinated, bloated public sector. This is not due to a lack of strategic planning, however. In 2012, the Iraq Integrated National Energy Strategy, developed in conjunction with the World Bank, called for the simultaneous development of natural gas infrastructure by the Ministry of Oil and the addition of gas-fired power capacity by the Ministry of Electricity. The plan's target was for all gas production to be captured, processed, and made available for transport to end users by 2015 (Luciani, 2019).

While almost 60 percent of the country's power plants are gas powered by design, only 30 percent of that capacity operates on gas volumes fulfilled domestically, according to IEI. Non-incentivizing contracts awarded to international investors, delayed project financing, and bureaucracy at the Ministry of Oil have led to more than half of the raw gas produced being flared, according to an IEI report. Iraq's raw gas production is estimated at 2,875 million scf/d, of which 1,594 million scf/d is being flared. This represents an estimated economic loss of \$3.5 billion annually, according to IEI — not to mention the adverse environmental and climate consequences. Iraq is the second largest gas flaring country in the world after Russia. Only around 1,165 million scf/d, or 40 percent, of associated gas — gas that is produced as a byproduct of crude oil production— is being utilized.

To compensate, natural gas is imported from neighboring Iran. In total, Iranian-sourced gas and electricity constitute about 4,000 MW, or 20 percent, of Iraq's 19,500-MW peak summer production capacity. While significant and essential, supply from Iran has been intermittent at times, especially in winter, due to peak demand for heating in Iran itself (Gart, 1992).

Measures for Self-Sufficiency

In 2018, the United States government imposed sanctions on Iranian energy exports. Given Iraq's sensitive situation, sanction waivers were issued by the State Department with the understanding that Baghdad would meet its short-term energy needs while taking steps to reduce dependence on Iranian imports.

Since the end of 2018, Iraq has taken measures to increase gas capturing by Basra Gas Company and at the nationally operated Halfaya, Nasiriya, and Gharraf oil fields, by an additional 900 million scf/d. The Ministry of Electricity added 3,500 MW of power in 2019 with another 4,000 MW scheduled to enter operation in 2020, subject to Baghdad meeting its financial commitments to contracts signed with multinational companies, like Siemens and GE — a task that is becoming increasingly difficult with the delay in passing the draft budget law (Minister & Rabin, 1994).

In September 2019, Iraq signed an interconnectivity framework agreement with the Gulf Cooperation Council Interconnection Authority with the initial goal of supplying 500 MW of power from Kuwait to Basra. Aiming to both diversify power imports and create a regional utility market, Iraq is negotiating similar frameworks with Jordan and Turkey.

The boldest actions came in January as the Energy Ministerial Council approved the long-delayed fifth bidding round contracts for oil and gas fields bordering Iran and Kuwait. In three years, these fields are expected to be capable of producing 750 million scf/d, which is equivalent to Iran's current gas supply to Baghdad via Diyala. Also, long-awaited fast-track associated gas capture and pipeline network projects could deliver around 500 million scf/d from the south to the north. This infrastructure will benefit new-generation, natural-gas-powered projects, replacing the 25 percent of electricity generation capacity lost to ISIS. The government will seek to finance these infrastructure projects in 12 months (Katzenstein, 1996).

In addition, the federal government will also begin negotiations with gas developers in the Kurdistan Region of Iraq (KRI), where as much as 300 million scf/d of surplus gas can potentially be secured from the Khor Mor gas field in one year. Building on the positive political climate between Baghdad and Erbil, the integration of the KRI and national power grids is a prospect under consideration as well. This climate had been built on the soft approach of outgoing Prime Minister Adel Abdul-Mahdi with Erbil. While the prospects of new government formation are still unclear, it is unlikely that these plans will change in the short to medium term, as Baghdad needs to continue on built momentum toward securing another waiver.

Negotiations are also ongoing with Honeywell and Bechtel for the development of the Ratawi gas hub, a multi-stage major gas processing complex, with the first stage expected to provide 300 million scf/d. In the mid to long term, Iraq needs to refocus on the non-associated gas fields of Mansouriya and Akkas in the Diyala and Anbar provinces, which can produce an estimated 620 million scf/d once developed. All in all, and if not hindered, Iraq is steadily moving toward establishing a gas production capacity of at least 2,800 million scf/d in 36 months' time (Ruys, 2008).

Conclusion

For an inclusive policy-making in energy section, it is necessary to compile the comprehensive energy law within the framework of headings, which can cover various dimensions of energy. The law should be so arranged that it can facilitate the use of economic tools or market-based tools to affect economic resources effectively, efficiently, and meanwhile, provide a background for achieving the goals of the energy sector. In this law, the use of legal tools such as taxes, impunities, subsidies and so on should be determined and the reforming process of energy sector construction should be placed in a transparent route. Static and dynamic economic tools (including pollution cost, the share of generations, and the way of moving from renewable energies to non-renewable energies will be clear and transparent. The law should be able to create a situation in which the government will gain more flexibility over the time and moves towards market rules, so over time, the price should be considered actually as a true sign for the public sector as well as for the private sector. In the law, criteria and basic principles must be clear and precise. In fact, these criteria and principles show the boundaries that the government cannot relinquish them. In any case, the law should be able to determine the time limits on which these types of policies can be used. A similar situation regarding regional policies should exist in the law. Wherever reforms are to be made using similar actions, the law should be able to provide an accurate picture of the situation and reflect the transformation process. In the energy law, the admission scope of laws and international frameworks and the reasons of this admission must be determined. In the cases, which the energy laws are internationally enacted to obey them there is obligatory for different countries, for example, in the carbon taxes. The law should be able to determine its status and clearly indicate the implementation methods for the criteria and principles of the law. Briefly, for legislation in the energy sector, it is also necessary to create a frame that covers all of the above-mentioned fields.

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