

A KURDISH CASABLANCA

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A Mossad agent drinks coffee in one corner of the cafe, making small talk with Iranian Revolutionary Guard Corps members the next table over. American soldiers, meanwhile, play cards with Turkish intelligence officers. Two Iraqi security officials walk over, one comments on the Americans' dwindling poker chips, then both sit down to watch how the hand plays out. This is the Iraqi Kurdish capital of Erbil, and this is precisely how the Iraqi Kurds want it to be.

The scene described above has not happened yet, but it will if the KRG has its way. The Kurdistan Regional Government (KRG) is in the process of diversifying its diplomatic relations. Like any small power, balancing the interests of larger countries allows the KRG to avoid becoming beholden to any particular one. Given its geographical and geopolitical significance, as well as its relative stability, the KRG has found itself being courted by a number of potentially powerful friends.

Iraqi Kurdistan was totally dependent on Baghdad until Washington opened an opportunity for autonomy after the First Gulf War. Since then, Erbil has sought to deepen ties with its neighbors. It first turned to Ankara as an energy partner, overcoming previously troubled relations. Now, it looks to Tehran as a regional ally.

The collective effect of such diplomatic diversification may someday turn Iraqi Kurdistan into a neutral zone where great powers can rub shoulders and collect useful intelligence from friends and foes alike. Erbil aims to be like Casablanca during World War II as portrayed in the silver screen classic, where the Allies and the Axis temporarily put aside war for tableside diplomacy and espionage. Iraqi Kurdistan could be a nexus of communication and an informal hub of coexistence, where Middle Eastern and world powers can meet each other, despite whatever tensions wrack the region.

A WEAKENED BAGHDAD AND A BURGEONING ENERGY PARTNERSHIP

The KRG has traditionally suffered from overdependence on Baghdad. This changed in the wake of the First Gulf War, when US-led forces provided the Kurds with a no-fly zone that nourished an opportunity for budding Iraqi Kurdish autonomy. Despite subsequent headway on the Kurds' sovereignty project, the KRG has never fully been able to extricate itself from Baghdad's authority. Iraqi Kurdistan's lingering dependency was demonstrated last year by the standoff between Erbil and Baghdad over attempts by the KRG to export oil independently. Baghdad cut off its portion of the federal budget in response, and the KRG experienced extreme financial hardship.

Although still dependent on Iraq's federal government, Erbil's leverage over Baghdad is growing. In recent years, Iraqi Kurdistan has courted Turkey as a foreign benefactor. Ankara, which is advancing its own domestic Kurdish rapprochement and is always searching for new suppliers of fuel, has deepened energy cooperation with Erbil. Turkish businesses have also made great inroads into Iraqi Kurdistan in sectors beyond just energy, including in heavy industry, logistics, and agriculture.

As a result of forging this relationship with Turkey, Iraqi Kurdistan was able to build its own pipeline network and export oil independently last year. Export capacity is still limited, and international oil companies still fear Baghdad's wrath. For these reasons, Baghdad was able to punish Erbil and bring it to heel. In the long term, though, Baghdad may not be able to exert such pressure. As more oil export infrastructure is built and as more companies are willing to alienate Baghdad, Iraqi Kurdistan may become so self-sustaining that it won't fear being cut from the federal budget. Baghdad would be forced to acquiesce to Iraqi Kurdistan's bid for autonomy.

Turkey is providing the KRG with the chance to develop in this direction and to escape Baghdad's control. However, Erbil may simply be trading one dependency for another. Nearly all Iraqi Kurdish oil exports must now pass through Turkey. Although Ankara is friendly to the KRG at the moment, there is no guarantee that it will continue to be so. Much of Turkey's last century was dominated by the persecution of Kurds, and a reemergence of Turkish-Kurdish tensions could threaten the partnership between Ankara and Erbil. If the relationship falls apart, Iraqi Kurdistan will be left landlocked and financially stranded.

TEHRAN STEPS IN

It is in this context that the KRG has begun developing its relations with Iran. In February, Iran's former minister of petroleum Rostam Ghasemi visited Erbil. He spoke with KRG officials about the purchase of crude oil from the KRG and the construction of a railway line linking Iran to Iraqi Kurdistan. In March, local media reported on two events that indicate the extent to which Iraqi Kurdish authorities may be under Tehran's sway. First, Iraqi Kurdish authorities extradited a prisoner to Iran who had been accused of killing an Iranian security agent. Second, Iranian Kurds who have sought refuge from Tehran in Iraqi Kurdistan allegedly faced harassment from KRG authorities.

To be fair, Iran has maintained a significant presence in Iraqi Kurdistan for some time. Iran has traditionally been a conduit for tanker trucks carrying Kurdish oil further east, and Iranian goods are widely available in Iraqi Kurdistan. Tehran's presence is particularly influential in the south, where Tehran has traditionally enjoyed strong relations with the Patriotic Union of Kurdistan political party. In 2013, PUK officials were invited to Tehran to discuss the results of the KRG's recent elections. Iran has not maintained such close relations with the KRG's ruling party, the Kurdistan Democratic Party.

Two factors have recently boosted Iran's influence in Iraqi Kurdistan. First, in the face of the Islamic State threat, Turkey did not overtly support Iraqi Kurdistan because it feared retribution from the terrorist group. It also feared angering Baghdad. Iran, on the other hand, was quick to offer assistance. This made Iraqi Kurds, including the KDP, realize that they must not be overly dependent on Ankara.

Second, as hopes increase for a successful Iranian nuclear agreement, the likelihood grows that sanctions on Iran will finally be removed. Iranian businesses are preparing for this potential opening by developing their presence in proxy markets where they already have a foothold and where they can access international businesses. Iraqi Kurdistan is such a market.

MAINTAINING A DISTINCT IDENTITY

Western powers are concerned about Iran's increasing presence in Iraq. In Washington, a concerted message is now coming from all sides of foreign policy circles: Iran's growing regional hegemony is a threat that may be greater than even that of the Islamic State. Critics of Iran argue that it intends to turn its neighbors into proxies through which it will project power that destabilizes the region. They fear that Tehran is building a Shia crescent spreading westward from Iran through Iraq, Syria, and Lebanon, and even recently stretching as far as to Yemen.

The anxiety that the KRG will become an Iranian pawn, however, is ill-founded. Although Iraqi Kurds are reaching out to Iranians and are inviting their investments, Erbil's overtures to Tehran are part of a greater strategy of diplomatic diversification. In fact, Erbil's outreach will benefit Washington. As the KRG becomes a stable place in an unstable neighborhood, the United States will likely gain an important headquarters for intelligence operations there.

Erbil plans to maintain a distinct identity from its great neighbors, while balancing cooperative relations with each. The strategy is best illustrated in the words of the 17th century Kurdish writer, Ahmad Khani:

Look, from the Arabs to the Georgians,
The Kurds have become like towers.
The Turks and Persians are surrounded by them.
The Kurds are on all four corners.

Iraqi Kurdistan is inseparably linked to the countries surrounding it, as it has been for centuries. Kurds have frequently been subsumed by neighboring powers, previously in the borderlands between the Ottoman and Safavid empires, and now between Turkey, Iraq, Iran, and Syria. However, Kurds are also a distinct people. Erbil intends to pursue a foreign policy strategy that embraces both of these aspects. It wants to maintain relations with regional powers, but not to succumb to them. Baghdad, Ankara, and Tehran know this, even if it is not so apparent in the West. Erbil aims to become a neutral zone with diversified relations, a neutral zone where powers can mingle unhindered, a Casablanca of Kurdistan.