

WORLD ECONOMY AND INTERNATIONAL COOPERATION

Vestnik MIRBIS ISSN 2411-5703 <http://journal-mirbis.ru/>

№ 4 (20) 2019, DOI: 10.25634/MIRBIS.2019.4

For citation: Bahzad T. S., Daner M. A., Murtuzalieva S. Yu. The economic relations of Kurdistan Region (KRG) with Turkey and Russia // Vestnik MIRBIS. 2019. № 4 (20). С. 40–53. DOI: 10.25634/MIRBIS.2019.4.5

Receipt date 01.11.2019 г.

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THE ECONOMIC RELATIONS OF KURDISTAN REGION (KRG) WITH TURKEY AND RUSSIA

Abstract. The primary goal of that paper is to look into economic and political situation of Iraqi Kurdistan in context of its relations with Turkey and Russia. Turkey, which had once spearheaded opposition to the Kurdistan Regional Government (KRG), is implementing a 180-degree turn in its policy toward the KRG. It is developing close economic and political ties with the KRG. On the economic and natural resource fronts, Turkey is by far the most prosperous and industrialized of all of Iraq's neighbors. It offers transit routes to and from Western markets, as well as an exit to the Mediterranean for Iraqi hydrocarbons. Indeed, the Kurdistan Region is a major market for Turkish exports and industry is the gate for Iraqi government regarding Turkish exports and imports.

The current geopolitical interests of the Russian Federation in the Middle East are now being considered in the context of the Kremlin's attempts to change its foreign policy and foreign economic positions not only in the Middle East and strengthening the positions and the vigilant and economic role of Kurds in the Middle East, especially also in the world, requires Russia to intensify Russian-Kurdish interaction. In the global energy market that poses a threat to the security interests and geo-economics of Russia. The fight against terrorism and playing a role in global energy are a key area for possible cooperation between two parties. Moscow is ready to cooperate with these issues and expand cooperation with (KRG). In the Kurdistan Region of Iraq (KRI), economic development and infrastructure recovery extended at a great pace over the last decade. In order to achieve the aim, authors firstly adequate explained to research below a brief history of the Kurdistan and political relations with two sample countries. Next, it presents underlying economic relations of (KRG) with these countries in recent years.

In this article, the authors argue that ensuring the cooperation and good political relations between Turkey and Russia also ensuring their mutual economic benefits with Kurdistan will guarantee: (a) changes in power relations of the Kurdistan Region with Iraqi government and own achievements in self-governance, (b) solve the problem of difficult circumstances accompanying the region's oil export and as a result making economic and national security of Kurdistan, (c) benefits and long contracts of the two countries with (KRG) will help to solve political crisis of the Region with other neighbor countries especially Russian factor to solve unexpected tensions between Kurdistan and Turkey regarding Kurdistan's independence.

Key words: Kurdistan Regional Government, Russia, Turkey, Economic situation, Political situation.

JEL: F52, F55

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Introduction

Kurds are the largest stateless minority in the world, with an estimated 30 million Kurds in a geographic area encompassing territories in Turkey, Iraq, Iran, Syria, and Armenia. They comprise 18% of the population in Turkey and 15-20% in Iraq, and are the third largest ethnic group in the region after the Arabs and Persians [Galloway, 1958]. According to The Kurdish people is a distinct one in the Middle East, it is the fourth largest ethnic group with an estimated population of 40-45 million and are divided between Iraq (7 million), Iran, Turkey and Syria. Their history dates before the existence of the Sumerians,

Medes, Ayyubids, Safavids and Ottomans. The modern history of the Kurdish people has for the past 100 years been centered on four main themes; betrayal, abuse, war, and the struggle for national liberation [Phillips, 2012]. The Kurdistan Regional Government (KRG) was formed in 1992 by the Kurdistan National Assembly, the first democratically elected parliament in Kurdistan (and in Iraq) following the no-fly zone designed to protect the Kurdistan Region from the violence of Iraq's former Ba'ath regime. The KRG developed experience and expertise throughout successive cabinets, especially after the fall of the former regime in 2003. These included the construc-



tion of international airports, proactive oil and gas policy, reconstruction of the Region's infrastructure, the promotion of relations with members of the international community, and greater funding for social and economic projects within the Region⁴.

Engaging actively with the main regional players on a number of issues, including security and economy is not new for the KRG. By and large, the KRG has attempted to circumvent Baghdad by building strong ties with Turkey and in the recent years have long-term contracts with Russian's big energy companies. The result is that Turkey is the biggest trading partner for the Kurdistan Region [Denise, 2016]. The Region is currently exporting almost all of its oil, around 600.000 bpd, via the Turkish port of Ceyhan and the KRG ranks third as Turkey's export destination and this number will increase by the function of Russian companies [Cagaptay, Fidan & Sacikara, 2015]. In addition, in 2013, approximately 1,500 Turkish companies were operating in the Region, which translated into 65% of all foreign business operating in Kurdistan⁵.

In the security sector, Turkey has been collaborating with the KRG on training Kurdish Peshmerga and Sunni Arab forces for the liberation of Mosul. Towards that end, a number of Turkish troops are stationed in Bashiqa camp, in the Ninawa plains, with the KRG's consent [Kalin & Coskun, 2015]. Reflecting on the multifaceted relationship between Turkey and the KRG, the KRG Prime Minister, Nerchivan Barzani, stated that "our relationship with Turkey has reached a strategic level, and it is mutually beneficial" [MERI., 2018]. Similarly, the Turkish Prime Minister, Ahmet Davutoglu, described the relationship "as strategic and most significant"⁶. In the context of the KRI's economic crisis, Turkey has provided the KRG with around 700 million dollars in emergency loans since February 2015. As discussed previously, the financial needs of the KRI supersede this amount by far. And as the economic crisis persists and deepens, the KRG will need even more money to stabilize its

macro-economic environment [MERI., 2018].

KRG Macroeconomic View and 2014 Crisis

Kurdistan Region of Iraq (KRI), is a semi autonomous government established in the northern provinces of Iraqi federal, with area of 40,643 sq.km and population of 5.1 million (2012 estimated). KRI owns huge oil reserves (45 billion barrel of oil and about 6 trillion cubic meter of natural gas), that is about 1/3 of Iraq reserves and accessing what the Libya has. KRI is one of 10 richest areas around the world where it's indicator of oil reserves per population is more than 8,800 barrels of oil, more than double of Iraq's and even more than Saudi Arabia's, hence the KRI was named by financial times as "an Ocean of reserves waiting to be tapped".

According to the World Bank's description, "a stable macroeconomic environment enhances prospects for growth and improved living standards, and besides the ultimate goal of macroeconomics is to avoid uncertainty and risk in economic decision making"⁷. In general, macroeconomic policies include taxes, government spending and borrowing, exchange rate determinants, and monetary and credit rules. Dealing with the concept of macroeconomics in Iraqi Kurdistan is a complex issue which has direct influence on the economic growth of the region. The efficiency of macroeconomics in Kurdistan led to rapid economic growth since 2003, which resulted in economic stability, reduced poverty, and improved living standards. It is pointed out that the critical concern in the KRG's macroeconomic measures is complete dependency on oil revenues, and the distribution of wealth, which triggered drawbacks in economic growth rather than a healthy progress for the region. The KRG receives the annual budget from the federal government at the end of every financial year, and the budget for the next year is prepared and approved by the Iraqi Council of Ministries. Continued economic development in the Kurdistan Region is stressed in the recent "regional development strategy for 2012–2016", in which the 2003–2008 national income increased from IQD 4,373 billion to IQD 35,665 billion, an average growth rate of 46.6% at current prices. In the same period, GDP increased from IQD 2,419 billion to IQD 24,725 billion, an average growth rate of 68.9%. The per capita GDP income increased from IQD 0.524 million to IQD 4,754 million, representing an average growth rate of 64.3%. The strategic plan for economic development applies a multidimensional approach with focus on all

4 Regional Development Strategy for Kurdistan Region, 2012–2016. Kurdistan Regional Government, Ministry of Planning-Erbil-Kurdistan Region-Iraq, 2018. [WWW document]. Available at <http://cabinet.gov.krd/p/p.aspx?l=12&p=224>

5 Invest in Group, Determined to Grow: Economy. Invest in Group, October 2013. [WWW document]. Available at <http://investingroup.org/review/236/determined-to-grow-economy-kurdistan/>, accessed 1 April 2018.

6 Prime Minister Barzani and Turkish Prime Minister discuss bilateral relations. Kurdistan Regional Government, 27 December 2015. [WWW document]. Available at <http://cabinet.gov.krd/a/d.aspx?s=040000&l=12&a=54081>, accessed 1 April 2018

7 Macroeconomic Policy. World Bank Group, December 22, 2014. [WWW document]. Available at <https://www.worldbank.org/en/topic/macroeconomics/brief/macroeconomic-policy>, accessed 1 April 2018.



factors of economy, as they are interrelated¹.

The same report analyzed the economic indicators, which show that based on the available data, in mid-2010, local and foreign investments amounted to about USD 12.491 million, while government investment in the 2004–2009 periods increased by 92.1%, with the government investment expenditures making 25% of the overall public spending in the same period². Macro-economics in the KRG is highly complex, fragile and burdened with conflicts. In this context, macroeconomics is the driver underlying the conflicts, since the distribution of the wealth of natural resources is contested.

The regional government is weak to overcome the current economic threats in the Kurdistan Region, because the budgetary issues of the Kurdistan Region have always been bargained on by the federal government [Collier & Hoeffler, 2004]. The financial crisis hit the Kurdistan Region hard, and the most severe phase of the crisis, which involved in the budget dispute with the federal government of Iraq was dragged for 2 years (2013–2014). Some are of the opinion that the key point is that “a fiscal hole is a fall in availability of budget revenue to fund spending”³. The current crisis was caused by an unexpected security- and instability-related tension that emerged from the Islamic State of Iraq and Syria (ISIS), and economic stability is very worrying, because the KRG’s economic ability is manipulated by the federal government, to a large extent.

Economic Resources of Kurdistan Region

In essence, the KRG economic sector is based on oil revenues which are generated since 2007 by the KRG government independently. “An estimated 45 bn barrels of oil reserves, up to 200TCF of natural gas reserves and relatively unexplored mineral deposits”⁴. The Kurdistan region’s energy-related revenues are still untapped, and this makes the Kurdistan region an attractive economic region for the global energy importers. “In 2011, GDP of KRG was over USD 23,6 billion, with a per capita income standing

at USD 4.452, and the growth rate being 12% in 2012, predicted to reach 8% in 2013”⁵. The economic sector of the Kurdistan Region is completely dependent on oil, and this is directly affected by the international oil companies in the region, which are the source of foreign direct investment. It is estimated that “almost 55% of all investment in Iraq is made in Kurdistan region” Despite of that KRG is only able to export almost 400,000 barrels pre-day, which is approximately 16% of the Iraq’s total exports [Frank, 2014].

Economic growth depends on oil revenues which is risky for a developing region like Kurdistan due to the security-related and political instability of Iraq and the Middle East. However, since the invasion, most foreign investors to invest in Kurdistan region rather than the other regions of Iraq. Economically, the KRG is a rich oil dependent region, the same as the federal government, approximately, 95% of the budget depends on oil, in which the revenues share of the oil is calculated and distributed according to the population of the regions, based on this calculation constitutionally, KRG has 17% of the oil share. The Kurdistan region was a hub of foreign investment in the region, with a very peculiar and impressive fast economic development since 2003. Notably, in 2007, 65% of foodstuffs in the Kurdistan Region was imported, and 35% was produced domestically”⁶.

Kurdistan Region’s oil and economic problems with Iraq

Since Iraq’s invasion by the United States, the relations between Baghdad and Erbil have changed, are more fragile than before and dispute resolution seems to be pending. The Kurdistan Regional Government adopted its own hydrocarbons law, the Oil and Gas Law of the Kurdistan Region in 2007. Prime Minister Nechirvan Barzani highlighted that this move is a “historic moment” and “together with the Iraqi Constitution, it will be the foundation of our economic development”⁷. However, the federal government proclaimed the oil export deals of the KRG to be illegal and unconstitutional. “In January

1 Regional Development Strategy for Kurdistan Region, 2012–2016. Kurdistan Regional Government, Ministry of Planning-Erbil-Kurdistan Region-Iraq, 2018. [WWW document]. Available at <http://cabinet.gov.krd/p/p.aspx?l=12&p=224>

2 Ibid.

3 Confronting Budget Deficits. International Monetary Fund, 1996. [WWW document]. Available at www.imf.org/external/pubs/ft/issues3/, accessed on 1 April, 2018.

4 Kurdistan Oil and Gas Law approved by Kurdistan Parliament. Kurdistan Regional Government, August 6, 2007. Available at <http://previous.cabinet.gov.krd/a/d.aspx?s=010000&l=12&a=19507>. Accessed on 1 April, 2018.

5 Overview: Kurdistan Region of Iraq economy. Invest in Group. Available at www.investingroup.org/publications/kurdistan/over-view/economy. Accessed on 2 April, 2018.

6 The Potential for Food Processing in Iraq. March 15, 2006. KRG. Ministry of Agriculture, Descriptive Survey, March 3, 2008. Text: www.trade.gov/static/iraq_foodprocessing.pdf.

7 Kurdistan Oil and Gas Law approved by Kurdistan Parliament. Kurdistan Regional Government, August 6, 2007. [WWW document]. Available at <http://previous.cabinet.gov.krd/a/d.aspx?s=010000&l=12&a=19507>. Accessed on 1 April, 2018.



2014, the KRG started to ship the oil independently to the Turkish port of Ceyhan" [Presthus, 2014]. Deputy Prime Minister for Energy, Hussein al-Shahrستاني, pointed out that "the central government had been entrusted with the wealth of the country and cannot remain silent when the Kurdistan Region's oil is being exported without its consent"⁸. In this respect, the Baghdad–Erbil relationship has a long history of mistrust, and besides, both sides officially blame each other for the ongoing dispute. 2014 was a year of economic crisis in the Kurdistan Region, and currently, the region faces economic difficulties, apparently rooted in the tension between Baghdad and Erbil. Since 2014 the federal government of Iraq has suspended the KRG budget, due to a disagreement between the parties over shares in the oil production in the Kurdistan Region. Basically, this directly affected public servants in the KRG, and jeopardized the KRG's economic stability. Economic downturn in the Kurdistan Region triggered different economic concerns, including unemployment especially in the private sector. "In 2014 in the region almost 100 thousand foreign and local workers have lost their jobs"⁹.

Major challenges for the Kurdistan Region's economy include the Syrian conflict and the emergence of ISIS in both Iraq and Syria. The biggest challenge the government of Kurdistan faces concerns addressing the economic problems, which affect the whole population of the region. The unemployment rates and demographic figures of Kurdistan region have changed. "The Kurdistan Region's population increased by 28 percent, and this strains the local economy, the host community and access to public services." The advance of the Islamic State of Iraq and Syria (ISIS), have forced many people to leave their cities and settle in the Kurdistan region. Since 2013 the number of internally displaced persons and external refugees has increased and the flow of refugees grew fast. According to a report "almost 95% of the refugees are hosted in Kurdistan region mainly in campuses in Erbil and Sulaimanyeh [Countries hosting., 2013]. Obviously, this has affected economic growth in the region and has put great pressure on public services and on the regional government

in general. The humanitarian crisis faced by the KRG had an adverse impact on economic performance, further increased by the drop in oil prices and the federal government's refusal to allocate the regional budget. The ISIS war cost the KRG a lot since early 2014. It is estimated that "the KRG has spent USD 70 million dollars Peshmerga's fight with ISIS, excluding the spending on weapons by the international community"¹⁰.

There is a significant need for the KRG to stabilize the economy, which is currently a serious challenge, since according to the World Bank's estimates "the stabilization cost for 2015 is estimated at USD 1.4 billion additional spending above the KRG budget"¹¹. Additionally, the lack of diversification in the economic sector and the heavy dependence on oil has made the economy of the Kurdistan region vulnerable to the recent crisis. The main concern is that the duration of the crisis in Iraq cannot be estimated. The federal government and the KRG decided to distribute the oil revenues as also stated in the federal constitution. The KRG should receive 17 percent of Iraq's national budget in monthly stipends. During the Maliki administration it received 12 percent, and in return "Erbil is to supply 250,000 barrels of oil per day, drawn from the Kurdistan region, to the central government 'for the purpose of export'". The KRG also exports 300,000 b/d drawn from northern fields near the city of Kirkuk to Turkey via a pipeline that runs through Kurdish areas." It is to be analyzed that the cooperation is affected by the unsolved dispute for years¹². Eventually, "Baghdad will release some funds – USD 500 million – and the KRG will give 150,000 barrels per day of oil to Baghdad", based on the mutual agreement between the KRG and the federal government. The scenario has changed with the new Prime Minister Abadi. In fact, the deal with Kurdistan is approaching a common interest compromise, although the parties still have a long way to go [Georgy & Coles, 2014].

8 Baghdad-Erbil oil dispute: agreeing to disagree, for now. Al Monitor, March 24, 2009. [WWW document]. Available at www.al-monitor.com/. Accessed on 2 April, 2018.

9 ISIS and Baghdad siege on Kurdistan hit the economy and drives 100 thousands into unemployment. Shafaq News, September 30, 2014. [WWW document]. Available at <https://www.english.shafaq.com/>. Accessed on April 20, 2016.

10 Ahmad Paiman Ramazan, Economic Hub "Kurdistan Region" During the 2014 Economic Crisis. [WWW document]. Available at <https://polgariszemle.hu>.

11 The Kurdistan Region of Iraq Needs an Estimated US\$1.4 billion this Year to Stabilize the Economy. The World Bank IBRD-IDA, February 12, 2015. [WWW document]. Available at www.worldbank.org. Accessed on 15 April, 2018.

12 Ahmad Paiman Ramazan, Economic Hub "Kurdistan Region" During the 2014 Economic Crisis. [WWW document]. Available at <https://polgariszemle.hu>.



KRG and Turkish geopolitical and economic relations as determinant of KRG economic security

In subject literature there are many definitions of economic security. Economic security is capability of economic system of the state (or many states) to make utilization of internal aspects of growth and interdependence to international economic correlation to let the state develop impregnable. Impregnable growth means condition, when it is the result of a proper use of internal aspects of growth and developmental correlation. On the basis of this definition Zenon Stachowiak standpoint came to exist that the economic security is condition of development of the state's economic system, which let it keep high efficiency of functioning – through adequate use of internal factors of growth – and ability to effectively oppose pressure from outside, that can lead to development disorders. Creation and maintaining of this security is limited, because of occurring in modern world economic dependency's and independencies' that reduce states sovereignty. In case of Kurdistan, one of these factors is energy resources that made positive impact on development of another factor, which are investments [Sosnowski, 2016].

For Iraqi Kurdistan economic security is the key role in realization of Kurds national interests – survival and aiming for independence. In order to make a proper assessment about state of economic security of Kurdistan region in Iraq, one must familiar himself with indicators of this security, which are f. ex. GDP, GDP per capita, or inflation. Official data on this topic is posted on Kurdistan Regional Government in Poland website¹. On this site we can learn, that Kurdish GDP was tripled from 2006, and in 2015 was at 25.5 billion dollars. Similar to GDP per capita, which had grown 1400% from 2003, and now it is on 7000 dollar level. Economic growth between 2015 and 2016 was at 8%, unemployment 10%, and inflation 6%. Value of foreign investments is 3 billion \$, and overall value in years 2006–2014 elevate to 41.4 billion \$. Investments projects are calculated to be about 2.3 billion \$. Labour force stand at 2.1 million people. In GDP of Kurdistan Region in 2013 consist [ibid.]: services: 30,1%; public services: 20,6%; agriculture: 17,5%; trading and transport: 13,5%; mining production: 9,4%; construction: 7,6%; banking and insurance: 1,3%. Also Key elements of Kurdish economy are oil and gas resources:

- reported oil reserves stands at 45 billion barrels;
- oil export in 2014 was above 34,5 million barrels;
- reported reserves of natural gas stands at 165 TFC (2015);
- Amount of Kurdish investments in energy sector: 20 billion \$.

Geopolitical impact of energy

Since Iraq and Turkey became divided, Turkey has demanded its share of Iraqi oil, particularly in Kirkuk and the Mosul area as per the Ankara agreement of 1926. When the Soviet Union collapsed and new states emerged in the Eurasia region, oil became part of Turkey's foreign policy decision-making and institutions, in the context of energy security and other strategic considerations.

This resulted in a national policy proposal incorporating the Caspian oil pipeline within the framework of Turkish foreign and security policy. Turkish energy security policy will have significant repercussions if converted into reality; possibly, it might reposition Turkey geopolitically. The emergence of Turkey as a significant transit country will arguably give it increased power on the international stage, and it could also mean that the country has more of a stake in geopolitical, regional changes, such as a future independent Kurdistan [Bryza, 2012]. Turkey therefore finds itself needing to play a future role regarding the securing of oil to the EU and the international market. For example, the outcome of the Blue Stream gas pipeline that runs from Russia to Turkey has shed light on potential future political games, as well as blackmail factors, with Turkey focused on two major tools regarding security policy that are central for any state: political and economic gain.

Economic growth and increased domestic demands for energy make Turkey vulnerable in terms of securing its supply. Despite strong objections from the USA and Baghdad, Turkish companies, individually or in partnership with international companies, have comprehensively invested politically and economically in Iraqi Kurdistan's oil sector. The role of energy as a significant factor in Turkey's comeback as a regional geopolitical power demonstrates its importance to the EU and world market [Babali, 2010]. Meanwhile, the Kurdistan region appears eager to play a parallel role by developing oil and gas policies in order to become a credible partner assisted by Turkey. As Turkey imports most of its gas from Russia, Iran and Azerbaijan, and is heavily dependent on them, new suppliers are also attractive if they manage to provide future reassurance. The Kurdis-

¹ Kurdish Regional Government in Poland, 2017. [WWW document]. Available at <http://cabinet.gov.krd/p/p.aspx?l=12&p=224>, accessed 1 April 2018.



tan Region appears less important than other neighboring states at this moment, but it may become a valuable strategic partner for Turkey both to ensure deep and solid political relations and also future mutual security issues [Sharif & Towfiq, 2015].

Political relationships between KRG and Turkey

In the aftermath of the 1990–91 Gulf War, Ankara shunned direct contact with the KRG, fearing it would strengthen the KRG’s drive for independence and lead to similar demands for greater autonomy and independence on the part of Turkey’s own Kurdish community. The Turkish military staunchly opposed formal contact with the KRG and the Turkish General Staff made little differentiation between the PKK and the KRG, an attitude shared by many high ranking officials. But Turkish policy began to shift in late 2008. In October of that year, Murat Özcelik, at the time Turkey’s special envoy to Iraq, and Ahmet Davutoğlu, then Erdoğan’s main foreign-policy adviser, met with Barzani in Baghdad. This was the first high-level contact between Turkish officials and Barzani in four years. The visit by Özcelik and Davutoğlu initiated a series of formal contacts with the KRG that has resulted in a significant improvement in relations between Ankara and Erbil, particularly in the energy field. In addition to a growing energy partnership – which remains most critical because of Turkish dependence on Russia and Iran – there is now a multidimensional relationship between Turkey and the KRG at the diplomatic, economic and cultural level. Turkey opened a consulate in Erbil in 2011 and Turkish trade with the region is booming. In May 2012, Turkey and the KRG cut a deal to build one gas and two oil pipelines directly from Kurdish-controlled northern Iraq to Turkey without the approval of Baghdad, taking the rapprochement started between the two in 2008 one step further.

These Kurdish pipelines will for the first time provide the Kurds direct access to world markets, bypassing the Baghdad-controlled Kirkuk-Ceyhan pipeline. Ankara and Erbil signed an additional multibillion energy deal in late 2013 and crude oil from Iraqi Kurdistan began filling the pipeline in late December².

The KRG’s economic future will depend heavily on its relationship with Turkey. Although the KRG is rich in oil and natural gas, it needs to be able to extract and transport it to Western markets. Oil pipelines from northern Iraq to Turkish ports on the Mediterranean provide the most efficient and cost-effective means to get Iraqi oil to Europe [Gonul, 2013]. In addition to economic benefits, there are clear geopolitical implications in Turkey’s rapprochement with the KRG. Through this energy partnership, Turkey has not only secured a low-cost supplier but has also created unprecedented level of cooperation against the PKK through economic interdependence [Omer & Gonul, 2014].

Economical relationships between KRG and Turkey

The key aspect of these economic relations, above all, is having many fuels in the region. Which harmonize well with Turkish plan to be an energy corridor to Europe [Kuropiewska-Korbut, 2014]. Average level of Turkish-Iraqi economic exchange in 2007 was at 3 billion \$, and in 2012 raised up to above 10 billion \$. About 70% of this amount was from exchange with KRG [Tocci, 2013]. Value of trades with each other was worth 7.7 billion \$, and import goods from Turkey is 80% of Kurdish market [Turunc, 2011]. Turkey began to be the biggest foreign business partner for Iraqi Kurds.

2 UPDATE 2-Kurdistan oil flow to Turkey begins, exports await Iraqi consent. Reuters, 02 Jan. 2014. [WWW document]. Available at <http://www.reuters.com/article/2014/01/02/turkey-iraqidUSL6NOKCOM220140102>.

Table 1. Turkish export to Iraq and Kurdish Region in Iraq

Year	Export to Iraq, \$	Estimated quota of KRG, %	Estimated export to KRG, \$
2007	2 844 767 091	50	1 422 383 546
2011	8 310 129 576	61	5 060 868 912
2013	11 948 905 271	67	8 029 664 342

Source: [Cagaptay et al., 2015].

For comparison, excluding oil and gas, value of Iraqi (with KRG) export to Turkey is low. In 2007 it has been 87 billion \$, and grown only to 153 billion \$ in 2014. According to ranking publicized by The Washington Institute for Near East Policy, KRG in 2013 became 3rd biggest outlet of Turkey [Cagaptay, Fidan & Sacikara, 2015]. Only export value to GB and Germany is higher. Iraq excluding KRG is just on 11 places. That makes Iraqi Kurdistan most important outlet in

the Middle East. Turkish investments are the key for this region. Turks invested into building new airports (Duhok, Erbil), administration buildings for Kurds, hospitals, hotels, housing development, factories, infrastructure, power plants and schools. More intensive economy relationships can also be seen in border traffic.

In 2006, 480 000 Turkish citizens went through Harbour Gate border crossing, and in 2013 this amount



raised to above 1 209 000. It is worth to notice, that in 2007 there wasn't any airport connections between Turkey and Iraqi Kurdistan. In year 2014 number of direct flight from Iraqi Kurdistan to Turkey stands at 78 per week. Turkey is also playing important role in relations between KRG and Baghdad. According to Iraqi constitution, money from selling oil and gas should go firstly to central government, and only later, 17% of this amount would go back to Iraqi Kurdistan. Baghdad used this as a instrument of political and economic pressure for Kurdistan region, and hence, could not fulfill the budget obligations. Kurdistan was trying to make Turkey help them with negotiations with Baghdad, to make them pay this 17% directly to KRG with excluding of Baghdad. This plan didn't work, so Kurdistan started to trade fuels with excluding of Baghdad. Initially no state, aside from Israel, didn't want to buy Kurdish resources in fear of protests from Baghdad, but situation changed now in favour for KRG. Now it is only a part of global market for oil and gas, and became economic independent from Baghdad [Zhdannikov, 2015].

Table 2. Oil and gas reserves of Kurdistan Region of Iraq

Confirmed reserves of oil	4 billion barrels
Estimated undocumented reserves of oil	45 billion barrels
Confirmed reserves of gas	~ 5753 km ³ (165 TCF)
Possible reserves of gas	~ 1020 km ³ (35.37-38 TCF)

Source: [Paasche, Mansurbeg, 2014].

On KRG territory there is searching for energy resources all the time, so data presented in table 2 can grow in time. This is a good news for Turkey, because this state is importing more than 90% of oil and gas, and in year 2011 their economy consumed above 700 000 barrels of oil daily [Paasche & Mansurbeg, 2014].

Presence of Turkish Companies in the KRG

The creation of a liberal business and investment climate aimed at the international private sector, coupled with the entrepreneurial spirit of the Turkish private sector and the normalization of relations between Ankara and Erbil, resulted in significant economic cooperation, unthinkable a decade ago [Aylin, 2008]. Furthermore, the close proximity of the KRI market, consumer demand for new goods, and the trans-border mercantile culture of companies in Turkey and the KRI contributed to the rapid expansion of economic interdependence between Ankara and Erbil [Olson, 2006; Barkey, 2005]. Due to the visa-free regime for Turkish citizens who wished to stay in the KRI for under 15 days, Turkish companies were able to send workers of all skill levels to the KRI without foreplanning, without completing any government paperwork, and at a relatively low

cost¹. Turkish companies that wanted their employees to stay in the KRI simply applied for either a short or long term residency permit. In 2010, an estimated 25,000 Turkish workers were operating in the KRI followed by approximately 30,000 Turkish citizens in 2012 [Fidan, 2016].

Table 3: Turkish Companies Operating in KRG

Year	N. of the companies
2009	485 companies
2010	730 companies
2012	1,023 companies
2013	1,500 companies

Source: [Fidan, 2016].

Turkish Construction Sector in the KRG

The Turkish construction sector was well positioned to win most bids, due to its depth of experience; proven track record of performance in Russia, Central Asia, the Middle East and North Africa; contiguous land borders with the KRG for low-cost transport of equipment and materials; availability of Turkish Kurds to act as intermediaries with Iraqi Kurds; and similar cultural values. According to a Finnish-Swiss report, approximately 75 to 80 percent of the construction projects were undertaken by Turkish companies². Over the last decade, the construction sector experienced above-average employment growth and a substantial share of employment, despite the limited amount of job opportunities offered by Turkish companies [Shatz et al., 2014]. According to Turkey's Trade Ministry, the Turkish-Iraqi trade relationship amounted to about 940 million dollars prior to the US-led invasion of Iraq in 2003 [Ayla Oğuş and Can Erbil, 2005]. With the end of the United Nations economic sanctions and Saddam Hussein's internal embargo, Turkish manufactures and exporters were able to capitalize on low-transportation costs to the KRG, increased stability, familiar cultural reference points, a growing commercial infrastructure, and the demand for reasonably priced high-quality goods by the burgeoning Kurdish middle-class. Turkish companies rapidly expanded their share of the market and supplied roughly 80 percent of

1 Nationalities requiring a visa to enter Kurdistan, Kurdistan Regional Government, Ministry of Interior, General Directorate of Citizenship. [WWW document]. Available at <http://erbilresidency.com/countries.php>.

2 Report on joint Finnish-Swiss fact-finding mission to Amman and the Kurdish Regional Government (KRG) area, Switzerland: State Secretariat for Migration (SEM), 10-22 May 2011. [WWW document]. Available at <http://www.refworld.org/docid/533a82c64.html>; Turkey: investing in Iraq, Oxford Business Group, 2012. [WWW document]. Available at http://www.oxfordbusinessgroup.com/economic_updates/turkey-investing-iraq.



Iraqi Kurdish consumer imports including furniture, food products, and textiles [Fidan, 2016].

Table 4: Turkish Exports to Iraq with Estimated Exports to KRG

Year	Exports to Iraq, \$	KRG's Est. Share, %	Est. Exports to KRG, \$
2007	2,844,767,091	50	1,422,383,546
2011	8,310,129,576	61	5,060,868,912
2013	11,948,905,271	67	8,029,664,342

Source: [Fidan, 2016].

KRG and Russian Federation economic relations as determinant of KRG economic security

Russia's cooperation with the Kurds of Iraq and Syria in the fight against ISIS has been widely publicized by the Western media. The Soviet Union played a vital role in preserving Kurdish culture. In the drive toward mass literacy, Kurds and Yazidis in Soviet Armenia learned their language in three alphabets – first Armenian, then Latin, and finally Cyrillic. Armenia became a major center for Kurdish-language publications, including the newspaper Riya Taze (New Path) and several children's books. The first Kurdish novel, written by Soviet Yazidi author Ereb Shamilov, was published in Yerevan in 1935. Kurdish-language broadcasts by Radio Yerevan began in 1955 and had a major impact on Kurds beyond the borders of the USSR. Kurds in neighboring countries, especially Turkey, picked up the Soviet transmissions and were delighted to hear their native language, which was heavily repressed elsewhere. The broadcasts were crucial for the development of Kurdish ethnic self-awareness, and the socialist message of the Soviet Union strongly resonated among many Kurds³.

On September 25, 2017, the Kurds of Iraq held a referendum on political independence from Baghdad, which 92.3% of the population supported. The result provoked an angry response from the Iraqi central government, supported by Turkey and Iran. The tension culminated in Baghdad's capture of the oil-rich city of Kirkuk. Russia was restrained in its reaction to the referendum. Although it "respected the national aspirations of the Kurds," it simultaneously encouraged dialogue between Erbil and Baghdad. Significantly, Russia was the only major power that did not call on the Iraqi Kurds to cancel the referendum. In addition to Moscow's historical ties to the Barzani clan, it is the top funder of Iraqi Kurdish gas and oil deals. Russia has emphasized that cooperation in the energy sphere remains unaffected by the

referendum. On October 18, Russian energy giant Rosneft signed an energy deal with Iraqi Kurdistan, reaffirming its commitment to the region⁴. The Deputy consul-general of the Russia Federation in the Kurdistan Region said Russia would respect the decision of the people of Kurdistan on independence. Evgeny Arzhantsev said that Russia has good relations with the Kurdistan Region, Russia wants to have "good and permanent political relationship with the leadership of Kurdistan," The deputy consul-general said that Russia is working to improve its military relations with the Kurdistan Region. Arzhantsev revealed that Russia delivered four shipments of military assistance to the Peshmerga forces, stating that twice the shipments were sent via Baghdad but the last two shipments were sent directly to the Kurdistan Region. Before the Russian military assistance to Peshmerga forces were sent via Baghdad but some of the weapons and ammunition were taken by the Iraqi government and the rest was sent to Kurdistan Region, Arzhantsev told Kurdistan24. "This means that we respect Peshmerga fighters who have a big burden on their shoulders to fight Daesh and we respect that Peshmerga forces are fighting on behalf of the world"⁵.

According to Reuters, "We are interested that the Kurdish people like any other nation on the planet can fulfill its hopes and aspirations," Foreign Minister Sergei Lavrov said in July. "We start from the fact that the legitimate aspirations of the Kurds, like other peoples, need to be fulfilled within the framework of existing international legal norms." But unlike other powers, Moscow has avoided giving a verdict on the legality or wisdom of holding the referendum itself. The Foreign Ministry in Moscow said it had nothing to add to Lavrov's comments on the matter from July [Zhdannikov, 2017]. Russian President Putin said. Russia is going to continue its cooperation with Iraq and Iraqi Kurdistan, he said. "Our companies, in-

3 Top Ten Origins: Russia's Relations with the Kurds. Current Events in Historical Perspective. Origins, 2018. [WWW document]. Available at <http://origins.osu.edu/connecting-history/top-ten-origins-russia-s-relations-kurds>.

4 Ibid.

5 Russia respects the decision of people of Kurdistan over independence. Kurdistan24.net, August 24-2016. [WWW document]. Available at <http://www.kurdistan24.net/en/interview/ca846290-2e60-428d-8088-631978d3e299/>.



cluding Rosneft, are working in Iraq and Iraqi Kurdistan in particular," the "We believe this cooperation will benefit Iraq at large and Iraqi Kurdistan, and the Russian economy," "We traditionally have very good and trust-based relations with Kurdistan and Kurds in general," Three Russian companies are working on Iraqi fields now - Lukoil, Gazprom Neft, and Bashneft¹.

KRG and Russian Federation Economic Relations

The authorities of Iraqi Kurdistan are determined to develop economic relations with Russia, Mahmood Mohammed, the official representative of the Kurdistan Democratic Party (KDP), "We consider that Russian firms have a better understanding of how to invest in our economy than companies from many other countries. That is why we are open for cooperation. There are no obstacles. Kurdistan wants to develop relations based on mutually beneficial cooperation with many countries, and Russia is one of these states"².

On 1 August 2014 Gazprom Neft has begun drilling an exploration well at the Shakal block in Kurdistan (Iraq) and is soon to commence drilling on a second exploration well. The project will study two oil reservoirs in the Shakal block including flow testing. Well testing will be completed by late 2014 / early 2015. Grey Wolf (Canada) has been appointed as contractor for the project based on the company's extensive experience in the region. The wells will have a depth of up to 3.5km. Earlier, 2D seismic surveys have been conducted covering an area of more than 1,000 linear kilometres at the Shakal block, where an exploration well has also been drilled. 3D seismic surveys covering 290 square kilometres have also been conducted since Gazprom Neft joined the project. Gazprom Neft is involved in three projects in Iraqi Kurdistan. In addition to its operations on the Shakal block, the company is conducting geological surveys of the Halabja block where it is planning 2D seismic surveys covering 1,000 linear kilometres in 2014, and drilling the block's first exploration well in 2015–2016. Gazprom Neft is also involved in the development of the Garmian block where the deposit is currently undergoing further exploration and

preparation for full scale development. The Kurdistan Regional Government (KRG) is currently considering the initial field development plan³.

Gazprom Neft is the only Russian company that is currently producing crude oil in the volatile Iraqi region of Kurdistan. In an interview with Nefte Compass, Sergei Petrov, general director of Gazprom Neft Middle East, explains why the company aims to expand its presence in the region and outlines how existing projects are progressing. When oil prices were high, companies invested in all regions, expanded their presence at very different markets. After the oil price collapse and disappointment in initial geological expectations, companies reconsidered efficiency indexes and reduced the least efficient projects. Gazprom Neft considers its assets portfolio in terms of its long-term economic efficiency. We are ready to expand, to look at new blocks. Gazprom Neft is in constant negotiations on the issue with the regional natural resources ministry, which offered us some 10 blocks for consideration. Having studied the available geological data, we chose the most promising license areas and are currently holding negotiations⁴.

Speaking about the development of Russia's economic influence in the Middle East after the Arab Spring, it should be noted that Gazprom Neft has recently been the operator of projects in Kurdistan. Economic penetration of Russia assumes reduction of positions of the Arabian countries in oil and gas branches. Russia received observer status with OPEC and participates in current forums of gas-exporting countries since 2008.

According to Reuters, Russian state oil giant Rosneft announced its latest investment, to help Iraqi Kurdistan develop its natural gas industry, for domestic supplies and eventual export. The full value of the deal has not been disclosed officially, but according to industry sources familiar with it, it is worth more than \$1 billion. It is Rosneft's third giant venture in the Kurdish region since February, transforming Moscow from an outsider with little profile in Kurdistan into the region's biggest source of cash. According to the industry sources, Rosneft's deals since it first arrived in Kurdistan last December are worth around \$4 billion in total. That exceeds the \$2 billion in financing the Kurdish region has previ-

1 Putin on Kurdistan's future: Iraqi sovereignty and laws must be respected, Russian Politics & Diplomacy. Tass, December 14, 2017. [WWW document]. Available at <http://tass.com/politics/981082>.

2 Iraqi Kurdistan Seeks to Develop Economic Ties With Russia – KDP. Sputniknews, 13.09.2017. [WWW document]. Available at <https://sputniknews.com/business/201709131057361454-iraq-kurds-ties-russia-party/>.

3 Gazprom Neft Sees Good Prospects in Kurdistan. Interview with general director of Gazprom Neft Middle East Sergei Petrov. Gazprom-neft.com, 28 September 2017. [WWW document]. Available at <http://www.gazprom-neft.com/press-center/lib/1159674/>

4 Ibid.



ously received for oil sales from international trading firms that pre-pay for its exports, and \$1.5 billion it has received from neighbor Turkey. It also marks a big change in focus for the Iraqi Kurds, who have had close ties with Washington since 1991 when the United States offered them protection from Saddam Hussein, the dictator later toppled by U.S. forces in 2003 [Zhdannikov, 2015].

Kurdistan has estimated recoverable reserves at 45 billion barrels of oil and 5.66 trillion cubic meters of gas, which could rise further with exploration. In February 2017, Rosneft ramped up its cooperation by agreeing to lend the semi-autonomous region \$1.2 billion, becoming the first big foreign oil company to publicly commit to pre-financing Kurdish exports. Kurdistan's minister of natural resources Ashti Hawrami called the deal a ground-breaker for the region that would help its economic independence – a crucial condition for seeking political independence. Russia became the Kurds' single biggest financier with its next deal in June this year to lend money and help search for more oil, bringing its total investments close to \$2.8 billion. This week's Russian pledge to invest more than \$1 billion in Kurdistan's gas infrastructure could help the region become a major gas exporter to Turkey and Europe one day, Rosneft says. The independence referendum won't be a problem. "Holding the referendum will not affect our work. We are doing business in an autonomous region in Iraq that has been recognized by law," Rosneft spokesman Mikhail Leontev said. "This place is run by Iraqi Kurdistan's nation and it is the people of Iraqi Kurdistan who live there. That is why we don't think we are embarking on an adventure" [ibid.]. According to Voanews.com Russian energy major Rosneft has agreed to take control of the main oil pipeline in Iraq's Kurdistan, further boosting its role as the main international investor in the semi-autonomous region. Rosneft said its share in the project may total as much as 60 percent, while the current pipeline operator KAR Group will retain 40 percent. And Rosneft's investment in the project was seen totaling about \$1.8 billion. Iraq, along with neighboring Iran and Turkey, has pledged to isolate Kurdistan in the wake of last referendum. That includes cutting off air and banking ties and reviving an old pipeline to Turkey to deprive Erbil of a big chunk of oil revenues. Rosneft will be investing in expanding Erbil's independent pipeline, which Baghdad has targeted, hoping to boost its capacity by a third to 950,000 barrels per day. That is the equivalent of about 1 percent of total global supply. With Rosneft acquiring 60 percent in the project. Rosneft has already agreed

to invest \$400 million in five oil blocks in Iraqi Kurdistan. It also had previously loaned Kurdistan \$1.2 billion, guaranteed by oil sales, and is seeking to help Erbil build two major oil and gas pipelines⁵.

Rosneft steps of deals with KRG

On 21 February 2017, Rosneft and the Kurdistan Regional Government of Iraq signed a Cooperation Agreement in the fields of upstream, infrastructure, logistics and trading. Pursuant to the Cooperation Agreement the parties signed a pre-financed Crude Oil Purchase and Sale Contract of Kurdistan Region Crude oil over the period 2017–2019. The purchaser of crude will be Rosneft's trading arm – Rosneft Trading SA⁶.

On 02 June 2017, Rosneft and the Kurdistan Regional Government, as part of the XXI St. Petersburg International Economic Forum, signed a series of agreements on widening their cooperation in exploration and production of hydrocarbons, commerce and logistics. The documents were signed ahead of the meeting between the President of the Russian Federation Vladimir Putin and the Prime Minister of Iraqi Kurdistan Nechirvan Barzani by Igor Sechin, Rosneft Chief Executive Officer, and Dr. Ashti Hawrami, Minister of Natural Resources for the Kurdistan Regional Government. The Parties signed an investment agreement under which they committed to develop cooperation in exploration and production, agreed on monetization of the export oil pipeline in Iraqi Kurdistan, as well as entered into a number of production sharing agreements. The agreement outlines the main terms of the project which provides for the establishment of a joint venture for implementation of the long-term contract related to infrastructure systems in Iraqi Kurdistan. Rosneft will get access to the major regional transportation system with the throughput capacity of 700 thousand bbl per day, which is planned to be expanded up to 1 mln bbl per day by the end of 2017. The signed documents strengthen cooperation between Rosneft and Iraqi Kurdistan, which started in February 2017 from signing a contract on purchase and sale of crude in 2017–2019. The new agreements will allow to talk about full entry of the Company in one of the most promising regions of the developing glob-

5 Russia to Control Iraq Kurdistan's Main Oil Pipeline. Voanews, Oct 20, 2017. [WWW document]. Available at https://www.voanews.com/search?search_api_fulltext=Russia+to+Control+Iraq+Kurdistan%E2%80%99s+Main+Oil+Pipeline&type=1&sort_by=publication_time.

6 Rosneft Board of Directors approves 2018-2019 plan of financial and economic activities. Rosneft, 18 December 2017. [WWW document]. Available at <https://www.rosneft.com/press/releases/item/189205/>.



al energy market with the expected recoverable reserves in the order of 45 billion bbl of oil and 5.66 trillion m³ of gas (according to the estimate of the Ministry of Natural Resources of Kurdistan Region)¹.

Also at 18 October 2017, Rosneft and the Government of the Kurdish Autonomous Region of Iraq signed the documents required to put into force Production Sharing Agreements (PSA) with respect to five production blocks located in the Kurdish Autonomous Region. The share of Rosneft Group Subsidiaries in PSA will be 80%, the amount of payments for the projects farm-in and geological information for each of five blocks ranges from 40 mln. USD to 110 mln. USD and may total to 400 mln.USD (incl. 200 mln.USD that can be compensated by oil produced from block), the heads of terms of the agreements and the basic principles of product distribution are similar to the PSA in Iraqi Kurdistan that were signed by other international oil and gas companies. The parties agreed to implement the geological exploration program and to start pilot production as early as in 2018. In case of success, in 2021 it is planned to start full-field development of the blocks. According to conservative estimates, the total recoverable oil reserves at five blocks may be about 670 million barrels. And at 19 October 2017 Rosneft and Kurdistan Regional Government are continuing to build on agreements they have reached previously. On the sidelines of the X Eurasian Economic Forum in Verona the parties have announced the start of joint implementation of an infrastructure project for the operation of the oil pipeline in the Kurdish Autonomous Region. Rosneft's share in the project may amount to 60%. The other project participant with 40% share will be KAR Group, who is the current pipeline operator.

In October, the Company and the Government of the Kurdish Autonomous Region of Iraq signed the documents required for the enactment of Production Sharing Agreements (PSA) for five production blocks with a conservative estimate of recoverable oil reserves of 670 mln bbl which are located in the Kurdish Autonomous Region. The key terms of the agreements and the basic principles of production distribution are similar to the PSA in Iraqi Kurdistan that were signed by other international oil and gas companies. On 18 December 2017, in the third quarter of the year, Rosneft successfully closed the deal to enter Essar Oil Ltd, one of the largest Refining, Commerce and Logistics companies operating in India, one of the world's fastest growing markets. The implementation of this project, as well as gaining an

¹ Ibid.

expanded access to substantial crude resources of the Kurdistan and Venezuela fields provided a stable basis for creating additional value through the integrated use of various oil baskets, crude and oil products trading².

Conclusion

Economic security of KRG is conditioned by many factors. Most important from all of them are relations with Turkey. This country is a window into the world and control movement of goods through its border. Because of geopolitical localization Iraqi Kurds are doomed of Turkish authorities' good will. Turkish policy makers for a long time was consider increasing sovereignty of Iraqi Kurdistan more as a vital threat despite its economic profits. It was based more on Turkish resentments than realistic calculation of profits and losses. Kurds must pursue to stabilize situation. Political freedom and economic growth is beneficial for local security environment. This is the only way to meet the goal, which is first of all – economical and political stability. Current humanitarian and economic crises need support from foreign countries. Both economy and administration of KRG wasn't prepared to manage in that highly complicated situation. Iraqi Kurdistan will not overcome instability without Turkish good will. It looks like seizing Kurds crises is within Turkish interests, because Iraqi Kurdistan instability can potentially generate threats for whole region, including Turkey. Kurdistan Region in Iraq is the most stabilized territory in that country. It can change without international support. Actions are needed to be taken to improve economic security and development of that Region. Kurdistan is trying to strengthen ties with world market and economies of other states. Time showed that Turkish investments was profitable for both parts, and helped to realize Turkish strategic goals (f. ex. diversification of suppliers of energy resources). Turkey is making a lot of chances to development of Iraqi Kurdistan, but at the same time Turkish economic influence can be consider as a threat.

Turkey by providing technical assistance to Iraqi Kurdistan to construct an autonomous pipeline to transport oil independently of Iraqi observation and intervention, strategically Turkey has become a serious actor that might at any time be able to influence the Iraqi Kurdistan Region. On the other hand, politically and strategically the independent pipeline

² Rosneft Board of Directors approves 2018-2019 plan of financial and economic activities. Rosneft, 18 December 2017. [WWW document]. Available at <https://www.rosneft.com/press/releases/item/189205/>.



puts the Kurdistan region in a great position in current regional changes. Economically, Turkey remains Kurdistan's main trade partner, and a large share of the Kurdistan Region imports originate from Turkey. From the Kurds' perspective, such close and integrated interaction has been a major factor in the development of political/strategic relations. In fact, a great political goal is to allow the Iraqi Kurdistan to transport its oil to international markets (mainly the EU) without international structure challenges. The dimensions of interdependence between Kurdistan and Ankara appear quite visible. Also, Kurdistan-Ankara cooperation on the subject entails mutual benefits that have propelled both actors into regional geopolitical positions. Ankara has attempted to harmonize its energy politics with the Kurdistan Region.

To date, Iraqi Kurdistan has played certain and important role in wars and the world energy market. The positions of the Kurdish elites and Russia are the closest to the fight against the ISIS. Partial coincidence of the positions of Moscow and the Kurds is possible by solving the Kurdish problem and the Iraqi settlement. At the beginning of the 21st century, especially after 2011, Russia emerged from political uncertainty and forms a fairly clear foreign policy strategy; its socio-economic and political situation has reached a new level. In this regard, the Russian influence on the foreign policy level has significantly increased. Political leaders of the leading countries of the world, as a rule, understand that they cannot do without constructive dialogue with Russia in order to realize their own national interests. The current geopolitical interests of the Russian Federation in the Middle East are now being considered in the context of the Kremlin's attempts to change its foreign policy and foreign economic positions not only in the Middle East but throughout the world, which, after the collapse of the Soviet Union of Risk, fell. In the 1990s, the geopolitical influence of the Russian Federation weakened in the Middle East also in the world in connection with what had happened after the collapse of the USSR. Strengthening the positions and the vigilant and economic role of Kurds in the Middle East, especially also in the world, requires Russia to intensify Russian-Kurdish interaction. From the perspective of the Kremlin, the Kurds are a moderate secular force, playing an increasing role in the fight against the ISIS, also in the global energy market that poses a threat to the security interests and geo-economics

of Russia. The fight against terrorism and playing a role in global energy are a key area for possible cooperation. Moscow is ready to cooperate with these issues and expand cooperation with all groups of Kurds in Iraq and Syria. Russia will understand and respect the Kurdish aspirations of the Russian Foreign Ministry said during the referendum on September 25, 2017. Thus, at the world level, one of the most important national interests of Russia is active and full participation in the formation of an effective system of international relations that meets its political economic and intellectual capabilities, military-political and foreign economic needs and potential. Kurdistan on the political map of the world occupies a key geopolitical and geostrategic position in the Middle East region. Determining its exact boundaries remains a complex issue to this day due to the absence of a Kurdish state. Kurdistan oil reserves are estimated at 45 to 50 billion barrels (sixth in the world), 60% of the stock of all Iraqi oil is in the territory of Kurdistan.

The West punishes Kurds for agreements with Rosneft and Gazprom, but the leadership of Kurdistan has made the right decision by signing agreements with Russian companies". Further economic cooperation with Russia should be developed, and in the future, if possible, Kurdish businessmen should invest in Russia, too. But anyway, it can be said that the prevailing circumstances in Kurdistan provide an opportunity for Russia to catch up on the Kurds. And with a reasonable approach, and the ability to balance Russian foreign policy, which will not damage Russia's relations with the countries of the region, and even vice versa. We note that this approach is very rational at this stage of the development of Russian-Kurdish relations. Former President Kurdistan M. Barzani once argued that there will be a serious reworking of relations with the United States. According to him, Russia's position was friendlier for Iraqi Kurds than Washington's position on the referendum and independence. Therefore, cooperation and co working of Turkey and Russia in the Middle East and especially in Kurdistan is very important for all parties. Today Kurdistan is not an independence state and could not discover and produce their natural resources, thus Russian companies as their possibility and experience to work on these resources also turkey as a corridor and his geopolitical position can be important to assist Kurdistan economically and as a result securing economic and political security.



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МИРОВАЯ ЭКОНОМИКА И МЕЖДУНАРОДНОЕ СОТРУДНИЧЕСТВО

Международный научно-практический журнал «Вестник МИРБИС» ISSN 2411-5703 <http://journal-mirbis.ru/>
№ 4 (20) 2019, DOI: 10.25634/MIRBIS.2019.4

Ссылка для цитирования: Bahzad T. S., Daner M. A., Murtuzaliev S. Yu. The economic relations of Kurdistan Region (KRG) with Turkey and Russia [Электронный ресурс] // Вестник МИРБИС. 2019. № 4 (20). С. 40–53. DOI: 10.25634/MIRBIS.2019.4.5

Дата поступления 01.11.2019 г.

УДК 339.97

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ЭКОНОМИЧЕСКИЕ ОТНОШЕНИЯ КУРДИСТАНА (КРГ) С ТУРЦИЕЙ И РОССИЕЙ

Аннотация. Основная цель этого документа — изучить экономическую и политическую ситуацию в иракском Курдистане в контексте его отношений с Турцией и Россией. Турция, которая когда-то возглавляла оппозицию региональному правительству Курдистана (КРГ), осуществляет поворот на 180 градусов в своей политике в отношении КРГ. Турция развивает тесные экономические и политические связи с КРГ. В мировой экономике Турция, безусловно, является наиболее процветающей и промышленно развитой из всех соседей Ирака. Турция обеспечивает транзитные маршруты на западные рынки и обратно, а также выход в Средиземное море для иракской нефти. Действительно, Курдистан является крупным рынком для турецкого экспорта.

Нынешние геополитические интересы Российской Федерации на Ближнем Востоке в настоящее время направлены на изменение внешнеполитической и внешнеэкономической позиции в регионе, предусматривает обеспечение безопасности и экономическое развитие курдов. В настоящее время происходит интенсификация российско-курдского взаимодействия. Борьба с терроризмом и участие в мировой энергетике являются ключевой областью возможного сотрудничества между двумя сторонами. Россия готова сотрудничать по этим вопросам и расширять сотрудничество с (КРГ). В течение последнего десятилетия в Курдистанском регионе Ирака (КРИ) экономическое развитие и восстановление инфраструктуры продвигается большими темпами. В статье рассматривается краткая история Курдистана и политических отношений с Россией и Турцией. Охарактеризованы экономические отношения (КРГ) с этими странами в последние годы.

В этой статье авторы утверждают, что обеспечение сотрудничества и хороших политических отношений между Турцией и Россией, а также обеспечение их взаимных экономических интересов в отношениях с Курдистаном будет гарантировать: а) изменения в отношениях Курдистана с иракским правительством и достижение мирного развития; б) решить проблему безопасности поставок нефти, как следствие, обеспечение экономической и национальной безопасности Курдистана; в) соглашения двух стран с (КРГ) помогут решить политический кризис в регионе, снять напряженность между Курдистаном и Турцией в отношении независимости Курдистана.

Ключевые слова: региональное правительство Курдистана, Россия, Турция, экономическая ситуация, политическая ситуация, экономическая безопасность.

JEL: F52, F55

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