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## EU affirms authority of Iraq's central government over oil, gas exports

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**LOS ANGELES, May 27** – The European Union's Energy Commissioner Guenther Oettinger and Hussain al-Shahristani, Iraq's deputy prime minister for energy, signed a joint declaration on an enhanced strategic energy partnership and gas delivery for Europe via the Southern Corridor.

However, in coming to this agreement with Iraq, the EU apparently affirmed Baghdad's authority over all oil and gas export contracts from the Middle Eastern country—including those with Kurdistan.

"We acknowledge that all entities party to the Southern Corridor project must observe Iraqi laws pertaining to gas production and export from Iraq," the two sides said in their joint declaration.

But the two sides added oil into their agreement, a matter that may be of concern to the Kurdistan Regional Government (KRG) as well as international oil companies operating in the Kurdish region of the country.

"This [agreement] includes abiding by relevant legislation on any contract for export from, or development of, oil and gas fields in Iraq approved by the Federal Iraqi Government," said the document signed by Shahristani and Oettinger.

Baghdad has long been at odds with the KRG for contracts signed with international oil companies, claiming that the contracts are not in accord with Iraq's federal laws.

The feud between Baghdad and the KRG began in October 2009 when exports from two fields—Taq Taq and Tawke—started but were suddenly halted when the central government refused to pay oil companies operating the two fields, including Norway's DNO and Turkey's Genel Enerji.

Shahristani, who oversees energy for the government, in February said Kurdistan's production-sharing contracts with international oil companies must be turned into service contracts in order to be approved by the central government.

"All the contracts we [central government] have signed were service contracts, and we expect that all these [Kurdish PSCs] should be amended to be service contracts in order to be approved," Shahristani said (OGJ, Feb. 21, 2011).

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