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**Managing oil in Kurdistan-Iraq: 1991-2003**

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*We have all waited a long time for this day. Over the decades, oil in the Kurdistan Region has been more of a curse than a blessing. The people of the Kurdistan Region have never benefited from our natural resources. Successive governments in Iraq have deliberately left our oil in the ground as an effort to keep our people poor and to deny our aspirations for a better way of life*

Nechirvan Barzani's statement on Oil and Gas Law of the Kurdistan Region

Prime Minister of Kurdistan Regional Government (KRG)

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**Introduction**

“Resource curse”, “Dutch disease” or “rentier state” are statements that refer to similar phenomenon: huge revenues obtained from natural resource sale paradoxically lead to

negative economic, political and social effects such as lack of economic development or a genuine democratic system. Therefore, the natural resource such as oil turns into a curse rather than a blessing. A bundle of studies that range from empirical (i.e. statistical) studies proving the phenomenon to ones providing detailed political analyses argue for a negative relationship between natural resource abundance and political and economic performance.

In the Kurdish case a different but related oil curse argument is made: the abundance of natural resources in Kurdistan such as oil, water and natural gas, has led foreign powers attempt to keep Kurdish region under control. This situation leaves no choice to the Kurdish people but to fight for their rights against these powers.

In this paper, I will examine how oil as a natural resource and technologies that allow its production, circulation and consumption as a market commodity make (Kurdish) state formation(s) in the Iraqi Kurdish context possible and impossible by allowing different agents to intervene in the politics of oil. I will present historical account of the oil smuggling of truck drivers, who take in extra diesel oil into their gasoline tanks to make extra money in carrying international humanitarian aid from Turkey to Iraq between 1991 and 2003.

### **Idea of the Oil Curse and Oil-Money**

Oil curse arguments rely on a basic premise: as a liquid commodity oil could easily be transported through pipelines or cargo ships and this enables governments of oil producing countries to sell their oil and enjoy huge oil sale revenues independently from any local or national dynamic. This premise leads to a quick equation of oil to money. The whole oil curse literature presumes flow of huge oil sale revenue and deals with effects of this oil money on political, economic and social structure.

Rather than quickly equating oil to money, I argue that one needs to closely analyze production, circulation and consumption processes of oil<sup>1</sup>. Oil as a market commodity requires to be discovered, extracted, refined and transported. These activities require mobilizations of certain sets of knowledge, technologies and legal regulations. Such mobilizations further require various different (global and local) agents/actors. Making those various different actors of oil production, circulation and consumption better visible contributes in explaining political and social transformation in oil producing countries such as Iraq (and Kurdistan-Iraq).

### ***De facto* Kurdistan**

Turkey was one of the leading trade partners of Iraq before Iraqi invasion of Kuwait. The trade capacity between two countries reached a significant level with the construction of E-24 land road (Silk Road-*Ipek Yolu*) as a part of the International E-90 road network and Habur (on the Turkish side)-Ibrahim Al-Khalil (on the Iraqi side) border gate in late 1970s. Economic and political relations between Turkey and Iraq were further developed with the opening of the Kirkuk-Yumurtalik oil pipeline in 1976.

On 2 August 1990, Iraqi troops invaded Kuwait. The United Nations Security Council (UNSC) quickly condemned the invasion. A comprehensive economic embargo was imposed on Iraq. The Iraqi Pipeline through Saudi Arabia (IPSA) and the Iraq-Turkey pipeline were closed by Saudi and Turkish authorities. A coalition of 35 states initiated an attack on the Iraqi forces. On 28 February 1991, Iraq signed a cease-fire agreement.

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1 By arguing for “mystification and fetishization of oil” and idea of oil-money, Michael Watts makes a similar point. Watts (1994) first articulated fetishization of oil (oil fetishism) under the framework of the commodity fetishism analysis but in his recent studies (Watts, 2007) he used the term in referring to a specific weakness of the rentier state arguments. His latter use of the oil fetishism is closer to my articulation of the term. See. Watts, M. J. (1994), “Oil as Money: the Devil’s Excrement and the Spectacle of Black Gold”, In *Money, Power and Space*, S. Corbridge, R. Martin and N. Thrift (Eds.), Oxford and Cambridge: Blackwell. Watts, M. (2007), *The Rule of Oil: Petro-Politics and The Anatomy of an Insurgency*, A paper delivered to the “Oil and Politics” Conference, Goldsmiths College, University of London, May10-11<sup>th</sup> 2007. I develop my specific emphasis on the production, circulation and consumption processes of oil in understanding state and market formations in Kurdistan-Iraq with the help of participators of the Political Economy of the Middle East Seminar that was led by Prof. Timothy Mitchell in Fall 2007 at New York University.

Following the defeat of the Iraqi army, two uprisings broke out one in the South and one in the North. However, the Iraqi army reacted harshly to the uprisings. Right after the counter-attack of the army in the North, around two million civilians began to flee towards Turkish and Iranian borders, in fear of chemical weapons that Iraqi forces had used against civilians before. To deal with that refugee crisis, the UNSC passed Resolution 688. Following the resolution, the US, the UK and France initiated a relief operation, allied forces were deployed, a safe haven zone was created in the north western part of the Iraqi Kurdistan and the UK, France, Russia and the US established a no-fly zone in the north of 36th parallel.

With the intervention of allied forces, Kurdish *peshmerges* started fighting to take control of regions that they had lost to the Iraqi army. They managed to take control of Dohuk, Arbil (Hêwler) and Sulaimania<sup>2</sup>. Finally, on 23 October 1991, the Iraqi government withdrew its civilian and military staff from regions that were controlled by Kurdish forces and imposed an economic embargo on the newly emerged entity, Kurdistan-Iraq.

I use the term Kurdistan-Iraq to refer to the region that has been governed by Kurdish political organizations since 1991. The term is first introduced by Robert Olson<sup>3</sup>.

### **Regime of International Humanitarian Aid**

The withdrawal of the Iraqi government has allowed Kurdish political organizations to govern the region, even though Kurdistan-Iraq had started suffering from a double embargo: the embargo imposed on Iraq since August 1990 by the UN, and the embargo imposed on Kurdistan-Iraq by the government since October 1991. The Kurdish political organizations faced serious difficulties in providing basic public services. Millions of civilians

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2 Schmidt, L. (1996) *Özgürlüğün Bedeli: Irak Kürt Bölgesinden Röportajlar (1991-93)*, (Trans. Z. Herkmen & S. Kaya), İstanbul: Belge Yayınları

3 Olson, R. (2004), *Turkey-Iran Relations, 1979-2004: Revolution, Ideology, War, Coups and Geopolitics* Costa Mesa, CA: Mazda Publishers

needed international humanitarian aid for their daily subsistence<sup>4</sup>. The peculiar development of international humanitarian aid regime in Kurdistan-Iraq has become the main dynamic of market and state formations in the region.

Establishment of the Kurdistan Regional Government (KRG) was declared on 4 July 1992. Yet, the KRG was not internationally recognized. Thus, neither UN institutions nor international aid NGOs formally worked with the KRG. International NGOs preferred to work with the newly established local (Kurdish) NGOs, such as the Kurdistan Reconstruction Organization (KRO), the Kurdish Relief Association (KRA), and the Kurdish Shelter and Reconstruction Organization (KSRO)<sup>5</sup>.

### **Rise of the wheeled oil pipeline**

The Iraq-Turkey pipeline was closed down just after invasion of Kuwait. Yet another kind of oil-export medium from Iraq to Turkey has reassembled: the wheeled oil pipeline. UNSC Resolution 687, following the cease-fire agreement of February 1991, modified economic embargo that was initially imposed on Iraq by allowing the export of basic human needs such as food and medicine, but also prohibiting Iraq from engaging in any oil import or export transactions. These basic human needs were imported to Kurdistan-Iraq by trucks and tractor-trailers by land routes between Turkey and Iraq, through the border gates of Habur and Ibrahim Al-Khalil. The wheeled oil pipeline was built by truck drivers who make some extra money by taking in extra diesel oil on the Iraqi side and selling their extra diesel oil in Turkey, although the UN regime of sanctions on Iraq banned such transactions. With consideration of the huge difference between the prices of diesel oil in Turkey and in Iraq, oil smuggling in gasoline tanks of trucks and tractor-trailers carrying foodstuffs and medicine cargos to Iraq became a very lucrative business.

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4 Sarah Graham-Brown states that international humanitarian aid efforts provided daily subsistence of 1.25 million of 3.5 million Iraqi Kurds in 1995. See. Graham-Brown, S. "Intervention, Sovereignty and Responsibility", *Middle East Report*, No. 193. (Mar.-Apr., 1995), pp. 2-12+32.

5 Graham-Brown, S. (1999), *Sanctioning Saddam: The Politics of Intervention in Iraq*, London, New York: I. B. Tauris Publishers.

Truckers had made money by taking in extra diesel oil into their gasoline tanks in 1980s, before the Gulf War, as well but the amount of the smuggled oil greatly increased (from 600 litres to several ten thousands litres) after 1991<sup>6</sup>. Moreover, in 1980s truckers still made money mainly from transportation service fee and they used smuggled oil in their other campaigns. Yet by 1991, truckers started making money mainly from oil smuggling rather than the transportation service fee. Increase in the smuggled oil and shift in the main money-generating activity define what I call the wheeled oil pipeline between Turkey and Iraq. A trucker mentioned that some truckers did not ask for transportation service fee from Turkish export dealers because truckers needed export cargo in order to pass the border gate; they could not pass it and bring in diesel oil without cargo<sup>7</sup>. Several truckers even paid to export dealers to carry their cargos. Another way for truckers was finding an NGO in Kurdistan-Iraq and arranging their own cargos and relief campaigns<sup>8</sup>.

The wheeled oil pipeline is composed of three things: gasoline tanks of trucks, E-24 land road including border gates and a business network of truckers and customs officers and oil dealers in both sides.

Truckers unloaded their cargos either just after passing the border in Zakho or in the region around Mosul that was controlled by the Iraqi central government. In coming back to Turkey, truckers bought diesel oil from sellers who line the road between Zakho and border checkpoint (Ibrahim Al-Khalil). Although there was a huge price difference in the price of oil between Kurdistan-Iraq and the rest of Iraq, truckers could still make a huge profit. A trucker could make 2,000 US dollars per trip to Iraq from Turkey in February 1992<sup>9</sup>.

The rise in refined oil import through the wheeled oil pipeline between Turkey and Iraq provided a substantial customs income for Kurdish political organizations in Kurdistan-Iraq. Kurdish authorities started taxing this smuggling. Authorities levied a certain amount of tax

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6 Interview with a former trucker in Silopi, Sirkak on July 1, 2008.

7 Interview with a former trucker in Silopi, Sirkak on June 24, 2008

8 Interview with a former trucker in Kiziltepe, Mardin on June 23, 2008

9 *The Globe and Mail* (Canada) 10 February 1992 'Kurdistan out of the ashes' by Paul Koring

(they call this tax *ceza*) per liter that truckers carry<sup>10</sup>; in 1992 the monthly revenue of the Kurdish authorities from the wheeled oil pipeline was estimated as two million US dollars<sup>11</sup>. In late 1990s, the customs revenue that Ibrahim Al-Khalil generates for Kurdish authorities was around one million US dollars in a day<sup>12</sup>. The number of trucks or tractor-trailers that pass the border per day was around 500 in July 1992, number of vehicles passing the border gate became more than 1,500 in late 1990s<sup>13</sup>.

In time, truck drivers started to replace their standard gasoline tanks with amplified ones to carry more oil per trip. A truck or tractor-trailer could initially carry 500 liters of oil per trip. However, during my fieldwork truckers that I interviewed mentioned that more than 20 thousands of diesel oil could be brought by bribing customs officers in the Habur gate. It was reported that 25,000 bpd (barrels per day) of refined oil were imported to Turkey through the wheeled oil pipeline<sup>14</sup>.

To prevent the rise of wheeled oil pipeline which would become the main income source of Kurdish authority in the north, the Iraqi government tightened its embargo and halted the supply of refined oil to the region on 15 July 1992, eleven days after the establishment of the KRG. Although the UN started buying refined oil from the government-controlled region and supplying it to the north, oil prices rocketed in Kurdistan-Iraq<sup>15</sup>. Oil scarcity and the oil price rise in Kurdistan-Iraq restricted the operation of the wheeled oil pipeline although truckers continued exchanging oil with foodstuffs in Mosul region. It also operated with oil smuggled from Iraqi government-controlled region to Kurdistan-Iraq by Kurdish and Arab smugglers.

Operations of the wheeled oil pipeline were further interrupted by Turkish authorities. During the 1990s, Turkey conducted a couple of military operations against Kurdistan-Iraq in order to

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10 Interview with a former trucker in Silopi, Sirnak on June 24, 2008

11 *The Guardian* (London) 24 August 1992 'Kurd border reopens to end blockade' by Jonathan Rugman.

12 Leezenberg, M. (2002), "Refugee Camp or Free Trade Zone? The Economy of Iraqi Kurdistan since 1991" In K. A. Mahdi (Ed.) *Iraq's Economic Predicament*, Lebanon: Ithaca Press.

13 *The Herald* (Glasgow) 30 July 1992 'Turkey's 'embargo busters' easing the pressure on Iraq' by Alistair Bell.

14 Leezenberg, 2002

15 As reported by Office of US Foreign Disaster Assistance (OFDA), in Iraqi Kurdistan, price of one liter petrol was 0.07 Iraqi Dinars before August 1991; it had raised to 8.0 Iraqi Dinars in October 1992 and the price of one liter petrol in the region was recorded as 35.0 Iraqi dinars in late 1995 (as cited in Leezenberg, 2002, p. 299).

destroy camps of the Kurdistan Worker's Party (PKK) in the region. Turkey claimed that the PKK obtained a significant income by racketeering truck drivers. Actually, one former trucker confirmed that sometimes PKK guerillas visited truck parking slots in the Iraqi-Kurdish side and asked for money but the trucker that I interviewed stated that the amount that PKK guerillas asked for is very low in comparison to taxes and bribes that they pay to Turkish and Kurdish customs officers. Yet, the PKK benefitted indirectly from the oil smuggling; mainly by receiving money from oil smugglers and dealers who support the organization and its struggle against Turkey.

Turkey has also accused the Iraqi Kurdish authorities of not taking action against the PKK. In fact, relations between the PKK and the Iraqi Kurdish groups, especially the KDP, have deteriorated since 1990 with PKK's attempts to widen its influence in the region at the expense of the leading Kurdish parties. The clash between the PKK and the KDP broke out in summer of 1992; the KDP imposed an embargo on PKK camps in Kurdistan-Iraq. In return, the PKK imposed two one-month long embargos (one is in August the other is in September 1992) on Iraqi Kurdistan by organizing and/or putting pressure on truckers to stop carrying foodstuffs and medicine to the region. PKK's embargo caused up to 300 percent price increases. In return to the PKK's embargo, Turkish authorities encouraged truckers to pass border by overlooking oil smuggling in order to undermine PKK's authority.

### **Kurdish Civil War**

The flow of goods and oil through the wheeled oil pipeline increased with the resumption of trade between Turkey and Iraq in late 1994<sup>16</sup>. However, Kurdistan-Iraq started suffering from another problem: the Kurdish civil war. An armed conflict broke out between the two leading Iraqi-Kurdish parties the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK) in May 1994.

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16 Graham-Brown, S. "Sanctioning Iraq: A Failed Policy", *Middle East Report*, No. 215. (Summer, 2000), pp. 8-13+35.

Conflict was ignited by a land dispute. Yet many observers and scholars<sup>17</sup> name the dispute over customs income between the KDP and the PUK as the main reason behind the civil war<sup>18</sup>. While the KDP controlled northwestern Kurdistan-Iraq including the Ibrahim Al-Khalil border gate, the PUK controlled southern and southeastern Kurdistan-Iraq, including the border gates between Iran and Iraq. The customs income that PUK forces obtained was less than the customs income that the wheeled oil pipeline provided to the KDP even though the trade between Kurdistan-Iraq and Iran included luxury goods such as alcohol and cigarettes.

Following the civil war, Kurdistan-Iraq was divided into two sub-regions; border checkpoints were established by each party to impose customs duty on flows of goods and oil from one sub-region to the other. There have been several peace talks between parties since July 1994. Finally, under the sponsorship of the US, KDP and PUK reached a definite agreement in September 1997.

The wheeled oil pipeline continued operating a kind of a refined-oil-market despite the Kurdish civil war. Refined oil exports to Turkey, the trade of luxury goods between the region and Iran, and international aid did not afford just one state-formation in Kurdistan-Iraq. The civil war led to two state-formations in KDP and PUK controlled sub-regions. Each party has organized itself as a governing agency, together with their subsidiary institutions such as *peshmerge* forces or local NGOs working with international NGOs. Besides the KDP and the PUK, the PKK obtained revenue from the wheeled oil pipeline and used this revenue in its struggle against Turkey and its own subsidiary institutions both in Turkey and Iraqi Kurdistan.

### **Restoration of the Turkish State on the Border**

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17 See. Gunter, M. (1999), *The Kurdish Predicament in Iraq: A Political Analysis*, New York: St. Martin's Press. al-Khafaji, I. "The Destruction of Iraqi Kurdistan", *Middle East Report*, No. 201. (Oct.-Dec., 1996), pp. 35-38+42. Lawrence, D. A. "Shaky De Facto Kurdistan", *Middle East Report*, No. 215. (Summer, 2000), pp. 24-26. Leezenberg, M. "Humanitarian Aid in Iraqi Kurdistan", *Centre d'Etudes Et De Recherches Internationales, Cahiers d'études sur la Méditerranée orientale et le monde turco-iranien* No. 29 (2000) <<http://www.ceri-sciencespo.com/publica/cemoti/textes29/leezenbe.pdf>>. and Leezenberg 2002.

18 Al-Khafaji (1996) reports that KDP refused to share US \$ 35 million of customs revenue from Ibrahim Al-Khalil border gate with PUK as a retaliation for PUK's confiscation of US \$ 19 million from Central Bank of Kurdistan in 1994. PUK rejected KDP's claims of corruption in the central bank.

Turkey, as an internationally recognized sovereign state, attempted to restore its own state-formation and simultaneously to undermine PKK's state-formations in both Turkey and Iraqi Kurdistan by enhancing its capacity to control border gate and the wheeled oil pipeline.

By summer of 1993, refined oil trade through Habur was restricted by Turkey. However, the wheeled oil pipeline had become an important way of obtaining subsistence for many people in southeastern Turkey, which has suffered from poverty and civil war. The trade route benefited not just truck drivers but owners of facilities in service areas throughout hundreds kilometers of E-24 road. Moreover, the wheeled oil pipeline rendered transportation of foodstuffs and medicine from Turkey to Iraq cheap and feasible. Continued export of basic consumer goods from Turkey to Iraq has helped regional industry to develop in southeastern Turkey.

With consideration of rising welfare level of people in the southeast, Turkey changed its policy on border trade. Rather than putting pressure on trade, it let it to flourish. The logic was simple. A flourishing economy could raise the welfare level of the region and hence undermine PKK's popular support. Turkish authorities legalized oil import by private gasoline tanks of trucks in September 1994 although a limit of 2,000 liters for each vehicle at one entrance was imposed. Even though whole oil import transaction was still forbidden under UN sanctions, Turkey regularized and hence legalized this transaction.

In the beginning of 1995, the government published a notice which limits oil import for trucks to 2,000 liters and for tractor-trailers to 3,000 liters. The notice prohibits nonstandard gasoline tanks and the export of sheet metal which is used in the production of amplified gasoline tanks from Turkey to Iraq<sup>19</sup>. In November 1997, the Turkish government further relaxed the limit on oil import; trucks were allowed to import 4,000 liters and tractor-trailers 8,000 liters.

In August 1997, the issue of the wheeled oil pipeline and its control at the expense of the PKK and Iraqi Kurdish groups were discussed at the National Security Council (NSC) (Milli

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<sup>19</sup> *Zaman* 18 January 1995 'Ucuz petrol bollasacak'

Güvenlik Kurulu - MGK)<sup>20</sup>. In the meeting, it was reported that 1.5 million tons of refined oil was exported through Habur in 1996, and the state lost one billion dollars tax revenue from unrecorded oil trade<sup>21</sup>. After discussion of how to put oil trade on the record and hence under control at NSC, the Turkish government published a new notice.

According to this notice, two oil tanks with a capacity of 15,000 tons were to be built in an area right after the border gate; all oil-carrying trucks and tractor-trailers were to evacuate diesel oil to these collector tanks; quality of diesel oil was to be tested; and finally collected refined oil were to be recorded, taxed and sold to private gas retailers throughout the country<sup>22</sup>. Before this regulation, refined oil coming from Iraq was carried and distributed to 'legal' private gas retailers throughout the country by 'illegal' private dealers, and the transaction was taxed by 'corrupted' Turkish customs officers and PKK besides the imposed customs duties of the Iraqi Kurdish authorities. Therefore, the Turkish state, by its new regulation, aimed to monopolize storage, taxation and distribution of refined oil export from Iraq at least in the territory under its own sovereignty. This monopolization was to be carried out by state-owned Turkish Petroleum International Company (TPIC). Collector tanks and the whole system of storage, taxation and distribution started to operate on 2 September 1999.

Later, limit on oil trade was further relaxed by Turkish authorities. Moreover, in order to prevent gun and drug smuggling within gasoline tanks of vehicles for which x-ray equipment is useless, truckers were obliged to have fiber-glass (transparent) gasoline tanks that were to be located in flat beds of vehicles.

Flow of oil through the wheeled oil pipeline continued to be interrupted several times due to Turkey's military operations on Kurdistan-Iraq against the PKK. Furthermore, although Saddam Hussein and his regime obtained currency from this business, the Iraqi central government occasionally blocked supply of refined oil to Kurdistan-Iraq such as the blockade

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20 National Security Council is a monthly meeting to which the president, the prime minister, concerned ministers, head of the general staff and commanding officers of the army attend. Council discusses issues concerning 'the national security' and make recommendations to the government. To what extent government should or must take these recommendations into consideration has always been under question.

21 *Hurriyet* 4 September 1997 'Irak motorini çeteye değil halka yarayacak' by Enis Berberoglu.

22 See. Berberoglu 1997.

from September 2001 to January 2002 or the one from April 2002 to May 2002. Subsequently, Turkey stopped the whole operation in August 2002 by restricting passes in the border gate as a precaution against a possible US attack on Iraq.

Even though the refined oil trade through trucks' gasoline tanks were not allowed under the UN sanctions on Iraq, the US and the UK overlooked the situation in order to appease Turkey, which had lost its number-two foreign trade partner, Iraq, with the sanctions<sup>23</sup>. Turkey also overlooked the rise of wheeled oil pipeline because it provided significant welfare for the population of southeast. Turkey could not keep Habur closed for long because further poverty as a result of Habur's closure helped PKK to recruit new members although the wheeled oil pipeline provided revenue for the PKK as well. Thus, Turkey somehow supported the wheeled oil pipeline at the expense of allowing state-formations of the KDP, the PUK and the PKK.

Following the Operation Iraqi Freedom that was launched on 20 March 2003, restrictions imposed on Iraq's crude oil export were lifted with UNSC Resolution 1483. Therefore, oil import and export by gasoline trucks, cargo ships and oil pipelines became possible. However, sabotages and thievery made oil pipelines useless. Furthermore, shortage of refined oil arose throughout Iraq during the war and it has not been resolved over time. In fact, the shortage of refined oil has become more and more acute. Reasons behind refined oil shortage in Iraq include lack of technicians, thievery, sabotages and unreliable power supply that negatively affect overall oil industry infrastructure. The short-term solution for the shortage is refined oil import from Turkey, Syria, Iran and Kuwait. Therefore, the flow of refined oil in the wheeled oil pipeline between Turkey and Iraq has resumed and has been reversed. By May 2003, gasoline tankers started carrying crude oil from Iraq to Turkey and refined oil from Turkey to Iraq. Vehicles carrying other stuff such as construction materials or food resumed transaction of taking in extra diesel oil before coming back to Turkey although the amount of oil allowed by Turkish state is 400 liters for trucks and 600 liters for tractor-trailers.

### **Conclusion: what can a wheeled oil pipeline do?**

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23 See. Lawrence, 2000.

The UN sanctions on Iraq and international humanitarian regime in Iraq make the wheeled oil pipeline possible by banning any oil trade transactions with Iraq and hence stopping the oil flow in the Iraq-Turkey pipeline and allowing only the export of basic human needs to Iraq through the Turkish-Iraqi border.

Besides sanctions and aid regime, the specificity of oil also makes the wheeled oil pipeline possible. The portability of refined oil as a profit-producing commodity through gasoline tanks and hence its ability to easily pass through customs walls lead to the formation of this peculiar oil pipeline.

The wheeled oil pipeline, in return, makes various state formations possible. It contributes to state formations in Kurdistan-Iraq by making truck driving a profitable occupation and hence rendering the flow of basic consuming goods to Iraq financially and physically feasible. The wheeled oil pipeline further provides direct and indirect taxation revenue to Turkish and Iraqi governments and to different Kurdish political organizations including the PKK for making their deployment of governing techniques possible. Through the wheeled oil pipeline each actor of different state-projects could intervene in other actors' state-formations. The wheeled oil pipeline became an area of struggle which simultaneously enables and disables counter state-projects in different extends.

To understand different state-formation projects in Kurdistan-Iraq one needs to account the wheeled oil pipeline. In order to answer the questions of who does benefit from this transaction and in what ways one can benefit, processes of oil production, circulation and consumption should closely be analyzed. As my account shows, such an analysis can indicate how different agents can be part of the overall oil business and how does such business require more complicated and local arrangements among those different agents.

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