Facts and Stats: APIKUR Marks 1-year Anniversary of the Halt of Oil Exports Through the Iraq-Türkiye Pipeline

NEW YORK, UNITED STATES, March 25, 2024 /EINPresswire.com/ -- Key Points:

* The Iraq-Türkiye pipeline (ITP) has now been closed for one year
* The ITP closure impacts International Oil Companies (IOCs) in the Kurdistan Region of Iraq (KRI), blocking 450,000 barrels per day of crude oil exports
* Continued closure costs the Government of Iraq (GoI), Kurdistan Regional Government (KRG), IOCs, and the people of Iraq billions of dollars

As the 1-year mark for the halt of oil exports through ITP approaches, the Association of the Petroleum Industry of Kurdistan (APIKUR) provides an update on the reported status of the discussions around reopening the ITP, its efforts to restore full production and exports from Kurdistan, and the financial impacts on the Iraqi people and International Oil Companies (IOCs).

On March 25, 2023, oil exports through ITP were halted.

To date, neither APIKUR nor its members have seen any proposal from the GoI or KRG that would lead to a resumption of exports.

All eight APIKUR member companies remain committed to their contracts with the KRG and have been repeatedly assured by the KRG that the KRG, for its part, is fully committed to these contracts as well.

APIKUR continues to seek to engage with all relevant stakeholders to reach an agreement to resume exports via ITP.

"APIKUR remains focused on working with all stakeholders to restore full oil production and exports through the Iraq-Türkiye Pipeline," said Myles B. Caggins III, spokesman for APIKUR. "Each day the pipeline is closed, losses continue to mount and the people, economy, and investment reputation of Iraq suffers."

APIKUR's Assessment:

The GoI has not taken the required actions to reopen the ITP and enable oil exports from the Kurdistan Region of Iraq, despite Türkiye's announcement in October 2023 that the pipeline is operational and ready to export oil.

APIKUR notes that meetings were held in Baghdad on January 7-9, 2024, between representatives of the GoI, KRG, and IOCs — including representatives of several APIKUR member companies. Despite those meetings and the subsequent press on positive discussions between GoI and KRG, there has been no real progress to reopen the ITP.

APIKUR's efforts to resolve the impasse:

* Holding multiple meetings with the KRG and GoI officials in Baghdad, Erbil, and Dubai
* Consistently and openly communicating APIKUR members' conditions for restoring export production:
* Any addendums must be agreed between the GoI, KRG, and APIKUR member companies
*There must be payment surety for past and future oil exports
*Prospective oil sale payments to APIKUR member companies must be remitted directly to those companies
*The APIKUR member companies' current commercial terms and economic model must be maintained
* Launching a public awareness campaign across Arabic, Kurdish, and Western media outlets
* Independent of APIKUR, several individual IOCs have proposed solutions to the GoI and KRG

In addition, APIKUR has engaged home governments of member companies—with a particular focus on the United States government (USG)—due to its unique bilateral relationships with the GoI and KRG, including the $300 million direct investment by USG in the Kurdistan Region's energy sector.

APIKUR has conveyed to senior members of President Biden's administration and members of the U.S. Congress that the White House should not proceed with the planned visit of Iraqi Prime Minister Mohammad Shia Al-Sudani, on April 15, 2024, to Washington, DC unless:

* ITP is reopened and allows oil produced in the KRI to be exported to international markets
* IOCs (including APIKUR members) get surety of payment for past and future oil exports
* The GoI fully implements the Iraqi federal budget for the KRG

APIKUR summary of the ongoing impact of the ITP closure:

Financial Impact:

* Estimated revenue loss to Iraq of more than $11 billion, approximately $1 billion each month
* APIKUR understands that while ITP remains unused, Iraq accrues more than $800,000 in daily penalties for failure to meet contractual throughput quotas in the ITP agreement
* Debts of over $1 billion from the KRG to APIKUR member companies for oil produced between September 2022 and March 2023 remain unpaid
* More than $400 million in annual investments paused by APIKUR members
* IOC annual revenues reduced by nearly 60% as local sales have replaced exports to international markets
* Economic strangling of the KRI by GoI through blocking oil exports and non-implementation of budget transfers

Impact on Global Oil and Energy Markets:

*The halt of ITP exports puts pressure on a precariously balanced global energy market currently affected by Russian sanctions and shipping disruptions through the Red Sea
* Iraq continues to receive sanctions waivers to import electricity from Iran, instead of funding its own energy infrastructure through additional oil exports
* Since ITP closed, the U.S. has imported upwards of 250,000 bpd of oil and products from Southern Iraq, while the GoI prevents oil produced by U.S. companies in Kurdistan Region from being exported

Impact on Employment in Iraq's Kurdistan Region:

*APIKUR member companies have laid off hundreds of directly-hired personnel, including both expats and locally-hired staff
* The collapse in IOC investment has caused even greater staff reductions in oilfield-related service and products industries, including lodging and catering, maintenance, security, transportation, and construction companies
* The lack of oil revenue and budget transfers from the GoI to KRG has led to severe delays in payment of civil servant salaries, including teachers and health service workers

Reputational Impact:

* Placing the respect for contract sanctity in question risks a significant downturn in the desire for the global business community to invest in Iraq
* Budget law and oil export impasse has exposed intra-Iraq political rifts

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For more information, visit www.apikur.uk

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About Us:

APIKUR's objective and purpose is to promote the Kurdistan Region of Iraq as an attractive destination for international oil and gas companies, service providers and investors. In addition, APIKUR aims to advocate for and represent the common interests of its members, function as a joint and effective voice towards all relevant stakeholders whether in the KRI, or elsewhere, and provide a forum for its members to share appropriate public industry information and best practices. APIKUR is a Company Limited by Guarantee established under English Law.

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