Kurdistan Regional Government
Representation in the United States

Reopening the ITP: A Path to Economic Stability & Regional Prosperity

Background

The Iraq-Türkiye Pipeline (ITP) is a critical infrastructure project that supports energy exports from the Kurdistan Region and Iraq to the international market via Turkey. Before its closure in 2023, the Kurdistan Regional Government (KRG) was exporting 450,000 barrels of crude oil per day through the ITP, contributing approximately 0.5% of the global oil supply.

The Issue

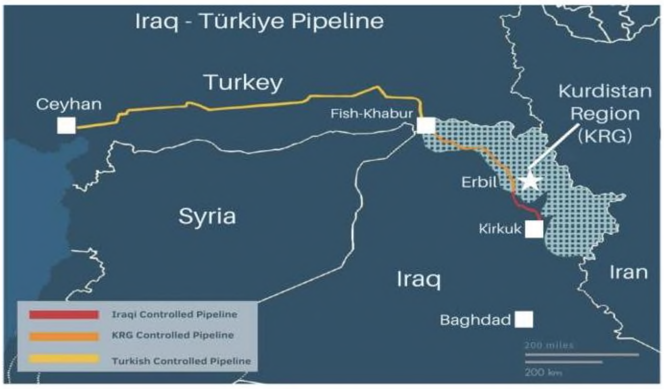
On March 25, 2023, the pipeline was shut down following a ruling by the International Chamber of Commerce's Court of Arbitration, which found that Turkey had transported oil from the Kurdistan Region without approval from Baghdad.

Under Iraq's 2006 Constitution, the Kurdistan Region is expressly recognized as semi-autonomous, with the exclusive right to manage its own oil resources. For more than a decade, the Kurdistan Region has exported oil, exceeding 450,000 barrels per day, until exports were suspended in 2023.

In fact, more than **40 international oil companies** – including several American companies – have production sharing agreements with the KRG, in reliance on the well-recognized authorities provided to it under the Iraq Constitution. Moreover, the US Government, through the Development Finance Corporation (DFC), has helped underwrite large investments by the U.S. private sector in the Kurdistan Region's oil and gas sector.

Impact of Suspension of Oil Exports:

- **Cripples the Economy:** The shutdown has crippled the Kurdistan Region's economy, cutting off vital oil exports and draining revenue streams. The region faces mounting financial losses, already estimated at **over $20 billion USD**, and rising. A stable oil and gas industry in the region could attract additional foreign investment, contributing to Iraq's economic development and energy independence.



- **Damage to U.S. National Interests:** The removal of 450,000 barrels per day from the market has undercut U.S. efforts to stabilize global oil prices, especially as sanctions on Russian oil strain supply chains. Worse, some oil still being produced is reportedly flowing into Iran via black market channels at below-market prices, further eroding regional stability and undermining U.S. objectives.

- **Political Fallout:** The pipeline closure has deepened the rift between Baghdad and Erbil, weakening the Kurdistan Region's autonomy. Certain factions in Baghdad have seized the opportunity to starve the region of crucial revenues, further destabilizing Iraq's internal dynamics.

Crucial Next Steps

The KRG is urging the prompt reopening of the ITP in collaboration with international oil companies operating in the region. Despite making significant legal and technical concessions to Baghdad, negotiations have yet to produce a meaningful agreement.

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