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Context and Scenarios after the Referendum on Iraqi Kurdistan's Independence

Patrycja Sasnal

Regardless of whether the referendum on Iraqi Kurdistan's independence takes place as planned on 25 September, its result is known: most Iraqi Kurds will vote in favour of independence. Depending on how the Kurdistan Regional Government (KRG) uses the result, a negative scenario—the outbreak of violence and further disintegration of Iraq—is still more probable than a positive one that would lead to incremental, peaceful negotiations with the central authorities in Baghdad on greater Kurdish independence. The pressure from regional allies of the Kurds, the U.S., EU, and the UN, seems to be intense enough to stop the Iraqi Kurds from unilaterally declaring independence even if they go ahead with the referendum.

The independence of the Kurds (more than 30 million people, mainly in Turkey, Iran, Iraq, and Syria) has been a historical goal of the nation. In the past three decades, Iraqi Kurds (of which there are more than 5 million), with their regional autonomy, have been the closest to achieving it. However, a decision by Masoud Barzani, president of the KRG and the leader of the Kurdistan Democratic Party (KDP), has raised concerns in the Kurdistan Region and opposition from Iraq's central authorities, neighbouring countries, and Kurdish allies Turkey, Iran, and the U.S.

Internal and International Context of the Referendum. In its current form, Iraqi Kurdistan became autonomous in 1992 following the American intervention in Kuwait and Iraq in 1991. After the U.S. invasion of Iraq in 2003, the status of the Kurdistan region was confirmed in the 2005 Iraqi constitution, which gave Iraq a federal system. In the first nonbinding referendum conducted alongside the 2005 parliamentary elections, almost 99% of Kurds voted in favour of independence in the future. The period between 2006 and 2014 was marred by worsening relations between the KRG capital in Erbil and the Iraqi government of Nouri al-Maliki. In June 2014, the terrorist organisation under the name "Islamic State" (IS) seized control of the second biggest Iraqi city, Mosul, just 80 km from Erbil.¹ The Iraqi army deserted northern Iraq and the Kurdish army (the Peshmerga) took hold of Kirkuk and other disputed territories outside of the constitutional borders of the Kurdistan region. In July that year, Barzani called for an electoral commission to be formed to prepare a referendum on the region's independence, citing the central authorities' weakness. Maliki's successor, Haider al-Abadi, eased the anti-Kurdish rhetoric of his predecessor, but faced with a growing risk of Iraq's disintegration, acted against Kurdish independence.

Internally, KDP's opponents (mainly the Patriotic Union of Kurdistan, or PUK, and the Gorran Movement) would accuse Barzani of using the independence issue to divert attention from the economic and political problems of the Kurdistan region. Since 2014, the region has been in an economic crisis caused by low oil prices and subsequently growing debt. It is estimated that more than half of the region's population works in the public sphere, but their salaries have been recently cut by over 50% and are months overdue. From

¹ P. Sasnal, "Make or Break: Scenarios for the Future of Iraq," *PISM Bulletin*, no. 89 (684), 24 June 2014.

October 2015 to August 2017, the regional parliament had not reconvened—it could not have prolonged Barzani's term in office, which invited accusations of illegality. KDP's rivals cannot openly call for a boycott of the referendum, much less for a "no" vote, but they see the referendum partly as a political game aimed at keeping KDP in power.

There are three problematic issues in the region's relations with the central government in Baghdad: Kurdistan's share of the federal budget, its production and sale of hydrocarbon resources, and the status of disputed territories (defined by Art. 140 of the constitution, lands that had been Arabised under Ba'ath party rule, including oil-rich Kirkuk, in 2014 were seized by the Peshmerga but are inhabited half by the Kurds and half by Turkmen, Arab and other minorities). According to the constitution, the central government is to administer the sales of Iraqi oil, while redistributing a share of the revenues to the provinces, including 17% to the Kurdish region. Iraqi Kurdistan, together with Kirkuk, is home to some 40% of Iraqi oil, which the Kurds have been distributing via Turkey without Baghdad's involvement. At least since 2012, the KRG has conducted an independent energy policy, i.e., in the first half of 2017, it signed a series of deals with Rosneft on the exploration, production, and delivery of hydrocarbons, as well as Russian investments in the region. In 2014, the central government decided to reduce the Kurdish share in the budget, which the KRG declared was unconstitutional. According to the KRG, the Iraqi government also violated the constitution by failing to hold a referendum in the disputed territories. Hence, the Kurdish referendum would also include them.

By calling for the referendum, Barzani was counting on international support. IS taking over a third of Iraqi territory in 2014, the Iraqi army's weakness, and the Peshmerga's demonstration of power and efficiency invited such calculations. Eventually, though, only Israel supported the idea of a referendum, while the Kurd's neighbours and main allies—Turkey, Iran, and the U.S.—openly voiced their opposition. Should Iraqi Kurdistan declare independence, Turkey, the top economic partner of the KRG, would lose direct political and economic leverage over Baghdad and an independent Kurdistan would be a dangerous precedent that could motivate Turkish Kurds (15–20 million people) to do the same. Iran is worried for the same reason—some 6–8 million Kurds live in Iran, while Iranian Kurdish political dissidents are known to have found refuge in Iraqi Kurdistan. The Kurdish referendum could encourage separationist sentiments in Sunni provinces bordering Syria, which would endanger Iranian plans to keep an easily accessed corridor to Syria, Lebanon, and the Mediterranean. The Americans and Europeans are concerned that the referendum would obstruct the anti-IS campaign and sharpen intra-Iraqi divisions, leading to deeper destabilisation of an already conflict-ridden region. Russia does not have a clear position on the referendum.

Three Scenarios and Recommendations. If the referendum does take place despite international pressure, its consequences will mostly depend on how the KRG uses it. From the point of view of the EU's interests and the stability of the region, the worst scenario would entail a unilateral declaration of independence of Iraqi Kurdistan, including the disputed territories. Iraq's central government might then respond with military intervention, while the probability that Hashd ash-Shaabi (in English, the Popular Mobilisation Forces, or PMU, is an umbrella organisation of a couple dozen, mostly Shia militias, but also includes Sunni and Yazidi fighters) clashing with the Peshmerga would also rise. Turkey and Iran could impose sanctions on the Iraqi Kurdistan or even intervene militarily. The Anti-IS campaign would wane and the risk of further disintegration of Iraq soar.

According to a positive but unlikely scenario, Barzani would refrain from declaring independence while offering Baghdad negotiations on a new model of systemic dependence, such as a confederation, which would leave the disputed territories outside Kurdistan. The KRG would then sovereignly administer the hydrocarbon resources. Such a scenario would minimise the risk of Iraq breaking up, placating the Iraqi government, Turkey, Iran, and the U.S. If the Kurds do not give up the disputed territories, the proposal would be rejected by Baghdad.

The most probable scenario to unfold after the referendum is an in-between one. The KRG would not immediately declare independence but would use it as an additional pressure tool to get concessions from Baghdad in all three problematic bilateral issues. This scenario would de facto mean a continuation of the status quo ante, differing from the current situation in that the KRG could blackmail Baghdad with an independence declaration every time bilateral relations deteriorate. In a different version of the in-between scenario, Barzani could offer Baghdad negotiations on full independence of Iraqi Kurdistan, but the chances that the central government would enter them are remote.

If the referendum takes place, the EU, including Poland, while supporting the aspirations to independence of the Kurdish people, should prevent a unilateral declaration of independence—one that is not negotiated with the central government. If, following the referendum, the UN renews its offer to mediate between Erbil and Baghdad, the EU should support it constructively, for example, with investment packages. Such European support could meet with a positive reception among young Kurds, who are more concerned with their standard of living than the injustice suffered by older Kurdish generations from Saddam Hussain, whom they no longer remember.