

THE KURDISTAN REGIONAL GOVERNMENT (KRG) - IRAQ OIL CONFLICT: NAVIGATING LEGAL PLURALISM IN CONFLICT RESOLUTION

Robby Panji Kusuma

Universitas Indonesia, Jakarta, Indonesia
robbypanjikusuma@outlook.com

Razzaqitaqwa Rivandha

Universitas Indonesia, Jakarta, Indonesia
rivandha@gmail.com

Anril H. Tehupelasury

Universitas Indonesia, Jakarta, Indonesia
amriltehu@gmail.com

INFO ARTIKEL

Article History

Received

21 December 2024

Revised

19 February 2025

Accepted

23 February 2025

Kata Kunci:

dialog politik; konflik minyak KRG-Irak; pembangunan ekonomi; pengelolaan sumber daya; tata kelola pemerintahan federal.

Kata kunci:

political dialogue; KRG-Iraq oil conflict; economic development; resource management; federal governance.

Abstrak

Penelitian ini bertujuan untuk mengkaji konflik minyak yang kompleks antara Pemerintah Daerah Kurdistan (PDK) dan Pemerintah Federal Irak, dengan menyoroti dimensi politik, ekonomi, dan sosialnya. Dengan menggunakan pendekatan multidisipliner, penelitian ini menerapkan analisis kualitatif berdasarkan kerangka hukum dan kebijakan untuk menilai dampak dari konflik ini. Temuan menunjukkan bahwa perselisihan ini tidak hanya sebatas perebutan kendali sumber daya, tetapi juga memengaruhi sistem pemerintahan federal, otonomi etnis, dan stabilitas nasional. Secara ekonomi, konflik ini menghambat pembangunan daerah dan mengancam perekonomian Irak yang sangat bergantung pada pendapatan minyak. Secara sosial, konflik ini memperburuk perpecahan etnis, sementara secara politik, konflik ini menantang interpretasi hukum terkait hak atas sumber daya dan pembagian pendapatan. Studi ini menyimpulkan bahwa penyelesaian konflik ini memerlukan reformasi kebijakan yang komprehensif, peningkatan transparansi, dan kerja sama internasional guna mewujudkan stabilitas dan pembangunan regional yang berkelanjutan.

Abstrak

This study aims to examine the complex oil dispute between the Kurdistan Regional Government (KRG) and the Federal Government of Iraq, highlighting its political, economic, and social dimensions. Using a multidisciplinary approach, this research employs qualitative analysis based on legal and policy frameworks to assess the implications of the conflict. The findings indicate that the dispute extends beyond resource control, affecting federal governance, ethnic autonomy, and national stability. Economically, it disrupts regional development and threatens Iraq's oil-dependent economy. Socially, it exacerbates ethnic divisions, while politically, it challenges legal interpretations of resource rights and revenue sharing. The study concludes that resolving this conflict requires comprehensive policy reforms, enhanced transparency, and international cooperation to foster sustainable regional stability and development.



INTRODUCTION

The KRG-Iraq Oil Conflict can be denoted as an armed conflict that plunges the Kurdistan Regional Government (KRG) of Northern Iraq versus the Federal Government of Iraq in Baghdad over the control and management of the oil resources within the region. This conflict has several notorious issues, including the autonomy rights of the Kurdistan region in managing their natural resources, the sharing of oil revenue with KRG by the central Iraqi government, and lastly, the administrative boundaries of these territories (World Bank, 2014). Relations with the central government had reached a breaking point, mainly when the KRG started selling oil directly through its pipeline, interpreted as a constitutional violation.

The conflict also hosts disputes over strategic, rich territorial ownership, such as the city of Kirkuk, which has been controversial between the KRG and the Iraqi government. Despite some involvement of international actors through mediation and negotiation, the need to resolve the conflict definitively has yet to be met. This conflict has significant political, economic, and social implications on either side of the divide, especially on the affected Iraqi society. In light of this, the sustainability of this conflict

takes centre stage in the preoccupation of the pursuit of stability in the region (Dickson, 2009).

Given its multifaceted implications, the KRG-Iraq oil conflict has tremendous importance, both regionally and globally, even on a political, economic, and perhaps social level. In summary, the struggle for control and management of one of the most important, if not the most important, resources in the world, oil, manifests itself in this conflict. The Kurdistan region has substantial oil reserves, and its export power directly affects Iraq's stability and prosperity. Politically, the conflict is, however, exposing the squabbles in administration and self-governance in the federal system of Iraq. It underlines the power and resources struggle from the central government in Baghdad to the semi-autonomous Kurdistan region and has implications for broader governance dynamics and decentralization in Iraq (Hasan & Perot, 2021).

Economically, this conflict directly affects the Kurdistan Region and Iraq in terms of development and revenues. Primary revenue earners for both parties are oil exports. In the case of any dispute over the sharing of revenues and control of oil infrastructure, this could mean real sabotage

of economic steadiness and thwarting investment and development efforts. Besides, the conflict brings uncertainty and volatility that affects the ability for foreign investment in the Iraqi oil sector, the most critical and central industry for the country's long-term development and diversification of economic growth.

Socially, the conflict further worsens the existing rivalries and divisions within Iraqi society, especially along ethnic lines and between sectarian groups. Disputed territories like Kirkuk were ethnically mixed and exposed to demographic engineering and physical displacements, raising ethno-sectarian tension. To that is added the lack of resolution to this conflict, causing insecurity and instability to persist and be felt by all the actors within the population, which in one way hinders reconciliation and social cohesion.

On an international level, the KRG-Iraq oil conflict implies regional stability and geopolitical dynamics. The importance lies in larger regional interests and alliances, which highlight the broader involvement of global players such as the United States and neighbouring countries. Besides, the potential turmoil in the oil supplies of Iraq, the world's leading oil-producing nation, can bring repercussions on the energy markets

and geopolitics across the globe, reflecting global energy security and economic stability.

The KRG-Iraq Oil Conflict is instead a textbook example of the thorny relationship of this political, economic, and social force between areas rich in resources. The conflict is incredibly significant, and the consequences are very far-reaching because they originate from disputes and control over the management of oil reserves in the Kurdistan part of Iraq. Politically, it points to governance and independence issues within the federal arrangement of Iraq and reflects broader political dynamics related to power and resource struggles between the central government and the semi-autonomous regions (Hanna, M, & A, 2014).

People from Kurdistan have been a significant minority of Iraq and have longed to be able to decide their self-determination in consideration of their different and distinct identities. The quest for autonomy was further fuelled by events after the First Gulf War in 1991, when the Kurdish region won de facto self-rule under the cover of Western coalition forces. Later, the leadership of KRG in 1992 would remain a milestone in the political history of the Kurds, providing bases for regional governance in an independent Iraq (World Bank, 2015).

However, many irritants remained in the relationship between the KRG and the central government in Baghdad, most of them being matters of the State - whether relating to territory and sharing of resources or questions of political power. It should be mentioned that the status of the oil-rich territories, like Kirkuk, was a point of contention in this conflict for both sides to share or dispose of these resources. Moreover, the downfall of Saddam Hussein in 2003 and the government change through the US invasion brought a new epoch of transition and instability, which complicated the dynamics between KRG and Baghdad (World Bank, 2015).

Attempts to appease Kurdish demands for autonomy in Iraq's post-Saddam constitution, promulgated in 2005, came with the recognition of the Kurdistan region's right to manage its natural resources, including oil. However, differences in the interpretation and implementation of constitutional provisions and issues related to sharing the revenue-sharing mechanisms continued to fuel tensions between the KRG and the central government.

Oil is a lifeline to the economy of Iraq, forming the largest sources of government revenues and foreign exchange earnings. Iraq

has some of the largest proven oil reserves in the world, primarily concentrated in its southern parts around Basra and the disputed territories, these being claimed both by Arabs and the city of Kirkuk by Kurds. The oil sector has always been and still is the most significant contributor to government revenue in Iraq, amounting to the lifeline of the country's economy.

Nonetheless, the massive dependence on oil exports from Iraq's economy would render it highly susceptible to the global dynamics in oil prices and markets. This means the country risks falling into economic instability and fiscal complications due to this dependence. Oil has a leading role in the economic development of Kurdistan but a little less than the rest of Iraq. After the KRG was established in the early 1990s, the region tried to develop its oil and gas sector to diversify its economy. The subsequent discovery of massive oil reserves within the area, notably Kirkuk, afforded it an opportunity for economic growth and development.

The KRG has viewed its oil resources as stimulating economic activity, encouraging investment, and boosting regional autonomy (Hasan, 2019). The region has entered into agreements with

international oil companies to develop oil fields and build the infrastructure for the production and export of oil. Conflicts between the KRG and the central government in Baghdad revolved around controlling the revenue and oil infrastructure and the legality to independently export oil, escalating the already existing broader KRG-Iraq Oil Conflict. Despite these challenges, oil remains a crucial driver of economic development and the political dynamics for Iraq and the Kurdistan region.

The sustainability of economic growth, together with a stabilized economy, lies in governance addressing issues with accountability, openness in oil resource management, and diversification of the economy to decrease overreliance on oil income. Further, the resolution of the KRG-Iraq Oil Conflict and the development of fair mechanisms for the sharing of revenues will provide the basis for increased levels of economic cooperation and regional integration for long-term benefits (Ipek, 2017).

The KRG-Iraq Oil Conflict involves a variety of local and international actors, each with their interests, goals, and influence on the conflict's dynamics. Inwardly, the principal actors revolve around the Kurdistan Regional Government (KRG) and the Federal

Government of Iraq in Baghdad, representing, in turn, the Kurdish region and the state of central Iraq. The KRG, led by other political parties, has always tried to enforce independence and control over their oil resources as one way of viewing oil as a means of economic development and regional empowerment. On the other hand, the Baghdad central government is out to maintain its sovereignty and territorial integrity over the wealth of Iraq's oil by consolidating its authority and control over the policy of oil and revenue distribution (Colgan, 2013).

Some of these are factions of political parties inside the Kurdistan Region, such as the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). These very political parties, which have their own power bases and support constituencies, fight to control critical resources and institutions in the region. Moreover, tribal leaders, local notables, and civil society groups play their role. This diversifies and represents the diversified interests and perspectives of Kurdish society.

On the external front, the KRG-Iraq oil conflict involves various international actors, neighbouring countries, global oil companies, and international organizations. Naturally, the neighbouring countries have

strategic interests regarding the stability and security of Iraq and the Kurdistan region, if not anything else, just for the flow of energy, protection of the borders, and ethnic and sectarian dynamics.

Turkey has always been at the front of developing energy ties with the KRG and has been among the countries most publicly encouraging of Kurdish ambitions, including exports via a significant transit route, even against the will of the central government in Baghdad. Equally, transnational global oil companies such as ExxonMobil, Chevron, and Total have all signed agreements with the KRG for oil field development and investments in infrastructure for oil production and export (Bromley, 2008).

Those firms often have to navigate treacherous political and legal terrains, finding an adequate balance between their commercial interests and the often-geopolitical considerations and regulatory minefields. International organizations and foreign governments like the United States, the United Nations, and the European Union have all been highly active in mediating and facilitating dialogue between KRG and Baghdad to reach a peace agreement. The actors have sought to promote political reconciliation, foster economic cooperation,

and, most importantly, address governance issues related to oil revenue sharing and transparency.

ANALYTICAL FRAMEWORK

Legal pluralism refers to the presence of multiple legal frameworks, such as state law, international law, customary law, religious law, and indigenous law, operating simultaneously within a society (Biryukov, 2024). Legal pluralism can manifest as either "strong" or "weak." Strong legal pluralism involves independent legal systems coexisting without a single overarching system, while weak legal pluralism involves multiple systems administered by the state (Neo, 2020). In this plurality, the myriads of principles, sources, mechanisms, and procedures for enforcing these legal orders could vary (Tamanaha, 2021).

Legal pluralism has historical roots dating back to the Medieval period and has evolved significantly, especially in postcolonial contexts (Benda-Beckmann, 2018). For example, while the former is usually codified and enforced by official institutions such as courts and law enforcement agencies at the state level, the latter may derive from customary or traditional law, with the enforcement

emanating from community norms, practices, and traditions enforced by community leaders or elders. Such an idea implies that people and communities may seek alternative, different recourse to legal systems based on the nature of the dispute, their cultural or religious beliefs, or the level of trust in formal state institutions. It further recognizes that such interaction between the legal traditions is likely to be dynamic and conflictual in a way that could also allow cooperation and hybridization. The concept challenges traditional monistic views of law, which focus on a single, centralized legal system (Humfress, 2023).

Legal pluralism raises some serious questions about justice, rights, and governance. Legal pluralism has significant implications for governance, especially in developing countries where non-state justice systems play a crucial role (Swenson, 2018). Questions beg on the compatibility and legitimacy that these diverse legal norms have about each other and the extent to which the plural legal systems advance or undermine equality and human rights, more so at looking particularly at the state institutions that play a role in the regulation and accommodation of these systems. In practice, legal pluralism manifests in diversified forms across societies and

contexts, from recognizing indigenous legal systems in national legal frameworks to accommodating religious laws within secular systems.

In respect of this, scholars and practitioners of Legal Pluralism suggest ways of respecting and accommodating the diversity of the legal systems, on the one hand, and ensuring, or if possible, improving, legal certainty, access to justice, and human rights, on the other (Griffiths, 2005).

In the global arena, legal pluralism helps understand the complex interactions between various legal and quasi-legal regimes, especially in the context of globalization and transnational interactions (Berman, 2020). Legal pluralism within the context of the KRG-Iraq Oil Conflict leads to constitutional vagueness in the control and management of oil resources. It reflects more than one legal system with competing claims to authority. The 2005 constitution of Iraq provides, apparently, self-governance of oil and gas resources for the Kurdistan region. However, the latter has been interpreted and implemented in a remarkably diverse legal way, meaning that their interpretation and implementation have only resulted in ambiguity and controversy between the KRG and the central government in Baghdad.

Moreover, legal pluralism does not prevent informal and customary legal practice from coexisting with formal state law. Legal pluralism is often criticized for its internal inconsistencies and the difficulty in distinguishing legal norms from other forms of social control (Sandberg, 2016). In the KRG case, resource management decisions and sharing revenues are sometimes followed by customary norms and practices, including those shaped by historical, cultural, and tribal factors. These are informal legal norms of a traditional nature that may be contradictory or harmonious to formal legal provisions. They further convolute the legal landscape in the country, hence aggravating ambiguity in governing oil resources.

The national constitutional ambiguity over the Petro-referendum in the KRG-Iraq reflects more significant legal pluralism and governance issues in multi-ethnic societies. All these bring ambiguities that can be resolved only by dialogue, negotiations, and compromise between KRG and Baghdad to elucidate on legal jurisdiction and make revenue-sharing mechanisms transparent and equal so that constitutional provisions and international law are followed. Moreover, it requires due recognition and accommodation of the diversity of legal traditions and norms

within the framework that holds the rule of law, accountability, and respect for human rights. Finally, this means that constitutional ambiguity must be resolved, as this is indispensable for stability, prosperity, and the rule of law in Iraq and the region of Kurdistan.

Further, constitutional ambiguity complicates the role of regional and other external actors in mediating and helping the peace process. In most cases, involvement by regional and other external actors is usually a reflection of different interests and alliances, which further complicates the process of finding a resolution and potentially raises tensions. Indeed, the clarity about the legal status of the Kurdish oil exports also serves to hamper international efforts in developing regulations and monitoring the flow of the oil, raising concerns over its possible cases of illicit trade, revenue diversion, and financing of the armed groups.

RESEARCH METHODS

This study employs a qualitative approach using legal and policy analysis methods to explore the oil conflict between the Kurdistan Regional Government (KRG) and the Federal Government of Iraq. The study aims to understand how legal pluralism

influences resource conflict resolution, as well as the political, economic, and social impacts it entails.

To achieve these objectives, this research adopts a document analysis method, involving a review of various relevant legal sources, policies, and regulations, including the 2005 Iraqi Constitution, bilateral agreements between the KRG and the central government, and rulings of the Iraqi Federal Supreme Court related to oil disputes. Additionally, energy policies implemented by both parties are analysed to identify differences in legal interpretations and their impact on oil resource governance in Iraq.

This study also includes secondary data analysis from reports by international organizations, academic journal articles, and publications discussing issues related to the oil conflict in Iraq. These sources provide insights into how the conflict dynamics have evolved over time and how political, economic, and social factors influence the proposed conflict resolution strategies.

In exploring the social and political dimensions of this conflict, the study employs a descriptive-analytical approach to assess the impact of the conflict on national stability and interethnic relations in Iraq. By integrating various legal and policy perspectives, this study seeks to identify the

key challenges in conflict resolution and formulate policy-based recommendations to enhance oil and gas sector governance in Iraq.

The qualitative approach and document analysis method were chosen because they provide a comprehensive understanding of the complexities within legal pluralism and governance frameworks. These methods allow for an in-depth examination of legal documents and policies, ensuring that the research captures the nuances of the oil conflict and its broader implications.

However, this study acknowledges certain limitations, including the potential biases inherent in secondary sources and restricted access to confidential government documents. The reliance on publicly available legal and policy texts may also limit the depth of analysis concerning ongoing political negotiations and informal agreements.

Additionally, if possible, expert interviews with legal scholars, policymakers, or regional analysts could provide further validation and enrich the study's findings. While this research primarily relies on document analysis, future studies could benefit from incorporating interviews or fieldwork to provide more direct insights into

the negotiation processes and policy implementation.

Furthermore, this study is framed within the theoretical perspectives of legal pluralism and resource conflict theory. These frameworks help to explain how competing legal interpretations and governance structures contribute to the persistence of conflicts over natural resources. The study employs these theories to contextualize findings and propose viable pathways for legal and policy reform.

This methodology enables the research to present a comprehensive analysis of the KRG-Iraq oil conflict by highlighting legal, policy, and multidimensional impacts. Consequently, this study can contribute to academic and policy debates regarding resource conflict resolution in a country with a complex federal governance system like Iraq.

RESULTS AND DISCUSSIONS

Dispute With Turkey

The dispute between Turkey and the KRG multifaceted, ranging from historical, political, economic, and security dimensions that hold, with its linkage to the wider oil conflict, adding yet one more complex layer. The core issue has remained the fact that

Turkey is highly sensitive to the potential adverse impact on the domestic Kurdish population, regional stability, and national security interests arising out of such autonomy and oil exports by the Kurds. Turkey has a very controversial relationship with their Kurdish population, with long-standing fears of separatism and irredentism. Ankara's fears rose even higher with the rise of a self-governing Kurdish entity in northern Iraq after the Gulf War of 1991. The establishment of Kurdish self-rule in Iraq may further stimulate the PKK in Turkey (World Bank, 2015).

Most prominently, Turkey has been one of the mainstay players in the KRG oil sector and served as a transit route for most Kurdish oil exports. Conversely, the unilateral nature of these exports would send signals to Baghdad about the need for coordination, affecting Turkey's relations and its ambition to become a regional energy hub. Turkey has sought a balance between its economic interests in Kurdish oil and its strategic partnership with Baghdad, often walking a fine line in its approach to the issue so as not to alienate either side.

The KRG's oil exports and its pursuit of energy deals with international oil companies, free from the dictates of

Baghdad, also raised alarms in Ankara concerning the region's destabilizing potential. Turkey considers these moves of the KRG as an open challenge to Iraq's territorial integrity and sovereignty. It fears that such aspirations of the Kurds for independence might further rattle the already unstable region (Siddiqui & Tippee, 2020).

Furthermore, the security issues are relevant when considering the KRG concerning oil and the whole conflict. Ankara has waged a military operation, inclusive of airstrikes and ground incursions, against the PKK holed up in northern Iraq as part of its crackdown efforts on Kurdish separatism and terrorism. The PKK bases in the bordering mountainous areas of Iraq and Turkey only add to the headache for Ankara's already strained security apparatus. This only underscores that the disputes in the region are interrelated.

On its own, Turkey multifariously plays a role as an external actor in the KRG-Iraq Oil Conflict, considering that it has significant influence over the dynamics of the conflict and its outcome by employing political, economic, and security means. Turkey has excellent power in geopolitics over the broader Middle East because of its strategic place and being a key regional

player, besides being a NATO member with Kurdish and energy geopolitics affairs.

Turkey's economic stakes in the Kurdistan Region's oil and gas run deep, and even more, it acts as a major transit for the transportation of Kurdish oil to the global market. The Kirkuk-Ceyhan pipeline, passing from the Iraqi province of oil-rich Kirkuk to Turkey's Mediterranean coast, has been one fundamental way for Kurdish oil exports to flow, bringing economic benefits to Ankara and encouraging its position as an energy transit centre. These financial relations with the Kurdistan region, on the other side, are also infused with delicate attention toward the one-sided character of oil exports from Kurdistan and its possible implications for both the territorial unity and stability of Iraq (O'Driscoll, 2017).

Moreover, its relations with the Kurdistan region frame it against broader regional dynamics and geopolitical consideration issues, including its rivalry with Iran and its alliance with the United States. The strategic partnership with Washington, more specifically within the folds of NATO and regional security cooperation, continues to define the approach in Kurdish affairs and the oil conflict as testimony to attempts by Ankara to have its

economic interests balanced out with strategic imperatives and security concerns.

Budgetary Reliance on Oil

Oil revenues fuel several flames of budgetary reliance in the KRG-Iraq Oil Conflict while further inflaming existing tensions that resolve much more complicated. Above all, oil revenue forms the primary source of income for the KRG and the Federal Government of Iraq; therefore, they highly depend on oil exports for sustainability. This creates an interdependent zero-sum in which the control of oil resources is directly equal to holding political power and economic leverage. Hence, both parties would need to show authority and work to maximize their share of the oil revenues (Jensen & Richter, 2016).

The budgetary reliance on oil further amplifies the competition and rivalry between KRG and Baghdad, notably concerning revenue-sharing arrangements and resource allocation. In many cases, these disputes are made worse by opaque accounting practices and lack of transparency, and therefore, quite often lead to allegations of corruption, mismanagement, and inequitable wealth distribution. This further eats into the trust and confidence

among the parties. Further, increased fiscal pressures resulting from global oil price volatility and market oscillations concerning fiscal deficits will heighten the scramble for resources and resulting tensions (Alkadiri, 2019).

Moreover, the country's budgetary dependence on oil revenues tends to create economic dependency and thus undermines other efforts intended to diversify the economy and achieve sustainable development. KRG and Baghdad need help to reduce their dependence on oil exports and strive to diversify the source of their revenues. However, the efforts to increase diversification towards agriculture, manufacturing, and services have been hampered by political instability, institutional weaknesses, and lack of investment.

This economic dependency would not only represent violence in a vicious circle but also undermine prospects for long-term stability and prosperity for Iraq and the Kurdistan Region. Further, the budgetary dependency on oil revenues worsens social inequalities and increases complaints by marginal communities, especially in places of rich resources like Kirkuk. Such imbalances, coupled with a somewhat biased arrangement of oil wealth and non-inclusive

development policies, impute to the discernment of resentment and alienation by populations devoid of voice and choice and, hence, constitute fertile ground for the recruitment of insurgent groups and the fuelling of ethno-sectarian tensions (Bromley, 2008).

The KRG-Iraq oil conflict has severe economic implications ranging from direct consequences with oil revenues to more macro-level effects on financial stability and investment and development within Iraq and the Kurdistan region. At the root of the matter is the control and management of the oil resources, which form the primary source of income for the KRG and the Federal Government of Iraq. These severe implications refer to the economic disputes over revenue-sharing arrangements, ownership of resources, and control of oil infrastructure, further exacerbating fiscal pressures and, therefore, hindering investment, perpetuating economic dependency (Anderson & Stansfield, 2018).

One of the immediate economic implications of the conflict is the disruption of oil exports and, therefore, revenue losses to both KRG and Baghdad. The legal battles, economic sanctions, and logistic nightmares have all contributed to the revenue loss and budget deficit for both parties, from one-

sided and missing nodes from the central government to export Kurdish oil. Furthermore, fiscal pressures grow even more from the uncertainties in the world oil price and other market fluctuations since these are the prime revenues for Iraq and the Kurdistan region (Bazoozbandi, 2016).

The economic impacts of the crisis cut across the oil sector into a broader spectrum related to macroeconomic stability and the investment climate in Iraq and the Kurdistan region. This has been hampered by the prolonged nature of conflict and the uncertainty that looms large on the distribution of oil revenues. At the same time, it impinges on much-needed foreign investment in the Iraqi economy, more so in other non-oil sectors like agriculture, manufacturing, and services. This lack of investment stifles economic diversification efforts and perpetuates economic dependency on oil. It also hampers long-term sustainable development initiatives. More so, the financial implication of the conflict worsens social disparities and fuels grievances within the marginalized communities, especially in resource-endowed areas of Kirkuk (Deeks, 2018).

An unequal distribution of oil wealth, and even an imperfect development policy that is not inclusive, breeds a feeling of

resentment and alienation in the deprived/disfranchised populations, whereby the insurgent groups may quickly find and recruit them. The conflict is broad-based, defined by the issues of regional economic integration and geopolitical dynamics in the Middle East. This external actor pool includes entities such as neighbouring countries or other international oil companies that operate within the area. All these reflect a broader set of interests and alliances in shaping economic ties, energy geopolitics, and security cooperation. The key to such development is resolving the conflict and establishing mechanisms to ensure stabilized, transparent, equitable sharing of oil revenues to promote further economic cooperation, regional integration, and the overarching goal for the mutual long-term prosperity of Iraq and the Kurdistan region.

Political Will to Pass a New National Hydrocarbon Law

In contemporary political terms, the landscape around the KRG-Iraq Oil Conflict is highly complicated, containing domestic and international competing interests, power dynamics, and historical grievances. The domestic front conflict is perennial tensions in and within the KRG with the Federal

Government of Iraq in Baghdad, mostly on governance, self-government, and resource control issues. The founding of the KRG after the Gulf War was a significant hallmark in the aspirations of the Kurds for self-determination; however, territorial boundaries and arrangements for resource oil, in addition to revenue sharing, continued to be points of political rivalry and mutual mistrust between the two (Carment & Samy, 2015).

The political landscape in the Kurdistan Region is palpable, characterized by fragmentation of space and a struggle for power and influence between competing factions and parties. The two most significant political forces are the KDP and PUK, both with their areas of influence and loyalty. The rivalry of the political parties, amongst some of the governance issues, corruption, and lack of openness, injects complexity into the efforts that are supposed to solve the conflict and build political stability within the region.

Moreover, it is a political environment where the surrounding neighbourhood and global power competition are interlinked to influence or represent their interests in Iraq and the Kurdistan region. Turkey, Iran, and Syria all have their own sets of concerns about Kurdish autonomy and separatism

touching the Kurdish populations living within their borders and thus keep a beady eye on developments in this conflict and move to further their interests. In the same way, the participation of international oil companies such as ExxonMobil, Chevron, and Total will cater to much broader economic and geopolitical interests as they are sailing over intricate legal, political, and security hazards within the region (Gunter, 2017).

The political landscape is interspersed with the presence of external actor such as the United States, the United Nations, and the European Union, taking on a plethora of roles from mediation and dialogue facilitation between the KRG and Baghdad to promoting political reconciliation and assisting in governance challenges linked to oil revenue-sharing and transparency. Nevertheless, different priorities, competing interests, and shifting alliances do not help the situation reach a durable settlement of the conflict and breed political stability in Iraq and the Kurdistan region.

The debate on whether to pass or remain unwilling to pass a new National Hydrocarbon Law of Iraq is symptomatic of the underlying deep political divisions, conflicting interests, and historical grievances on which the KRG-Iraq Oil

Conflict is built. In simple terms, the National Hydrocarbon Law would set a legal framework embracing governance and administration of oil revenues for its equitable distribution among the oil wealth holders in Iraq. It addresses critical revenue-sharing arrangements, resource ownership, and regulatory oversight issues. Efforts to pass a new law, however, have been stymied by political rivalries, and this is the most apparent sign of those vexed within the region: all [political] quarters, whether about federalism visions or the balance of power between the centre and the Kurdistan region (Harchaoui, 2022).

Several factors explain this need for more willingness to pass a new National Hydrocarbon Law. There is a significant conflict of interest between the KRG and the Federal Government of Iraq in Baghdad over who should control and manage the oil resources. The KRG views oil revenues as tools to gain more regional leverage, use the additional power to guarantee its constitutional rights, and further secure more autonomy and control over its oil wealth. On its part, Baghdad is hesitant to give the KRG too much power, fearing it compromises its sovereignty and territorial integrity.

In addition, a fractious Iraqi political landscape beset by political rivalries and

power struggles has further complicated efforts to pass a new hydrocarbon law. Meanwhile, sectarianism, corruption charges, and governance difficulties have all added to the pot of political deadlock in Baghdad, stopping any forward movement on the legislative front and toward consensus on significant issues.

Debates among political blocks and parties of the country, particularly on issues concerning federalism and decentralization, have become a hindrance to making legislation agreeable to all parties involved. Moreover, external factors, such as regional dynamics and international interests, play a big part in shaping the willingness to pass a new National Hydrocarbon Law. Neighbouring states, especially Turkey and Iran, equally have some private interest in the oil sector of Iraq and can try using legislative activity to gain such strategic results (Khedery, 2016).

Similarly, international oil companies that have injected considerable investments in Iraq's oil fields would have a case to lobby for the endowment of regulatory cushions that may protect their interests and guarantee profitability. Furthermore, such mistrust and lack of confidence between KRG and Baghdad disrupt possible negotiations and

compromises on some of the governance issues, such as oil. Matters related to historical injustices, in particular disputes over revenue sharing and ownership of resources, therefore, remain highly influential in fostering mistrust and suspicion on the way forward between the two sides toward an agreement that may be acceptable to both parties.

Incentives Towards a New Hydrocarbon Law

These possible incentives, which could encourage the passage of a new Hydrocarbon Law in Iraq, may be explored if mechanisms can be found that address all parties' core interests and concerns to foster consensus and cooperation. Such could be an incentive, including the promise of more revenue and economic benefits for the KRG and the federal government in Baghdad. A new Hydrocarbon Law that shall provide transparent and just revenue-sharing mechanisms and clear guidelines on managing resources and how to invest them could improve overall oil revenues, thus stimulating economic growth that benefits all. This may also be done through financial inducements, like increased budgetary provisions or revenue-sharing formulas that can encourage cooperation and compromise

among political factions in a bid to work on the new law as a guarantee toward benefiting economically and fiscally (Karadag, 2019).

The prospect of more international investment and economic integration was much more encouraging for the passage of the new Hydrocarbons Law. What is much more pertinent at this stage is that if there were precise and predictable regulations that guaranteed property rights and legal protection for investors, capital and expertise would flow into Iraq's oil sector from other countries. All this will boost job creation, infrastructure development, and technology transfer. The increased foreign investment would not only strengthen the economic prospects for Iraq but also enhance its geopolitical position and regional influence, thereby increasing the international interest of the oil companies and providing political actors with additional incentives to work towards consensus on oil governance issues (Fatah, 2020).

Further, tackling the broader political and security concerns by passing a new Hydrocarbon Law would incentivize cooperation and mitigate the conflict. One of the laws is the new one that would help build confidence and trust between KRG and Baghdad in avoiding confrontation and instability by establishing mechanisms for

conflict management, improving transparency and accountability in the administration of the oil revenues, and promoting governance structures that would ensure inclusivity. International support should encourage a conducive environment for negotiations and compromises through diplomatic pressure and incentives for compliance and cooperation, which would bring about the political leaders in Iraq and the region of Kurdistan to consider the passage of a new law as part of their broader peacebuilding and stability objectives.

The KRG-Iraq Oil Conflict has, in other words, meant that a solution to such a situation may be more closely related to establishing clear, legal, transparent, and accountable institutions, frameworks, and mechanisms that govern these oil resources and the arrangement of revenue sharing. First, it is the redressal of underlying grievances, establishment of confidence, and trust, and a way toward cooperation among all stakeholders to reduce the risk of confrontation and instability (O'Driscoll, 2017).

It looks at putting in place an all-encompassing legal framework for oil governance, among others enacting a new National Hydrocarbon Law that spells out the rights, responsibilities, and obligations of the

parties involved. The law should have clear procedures for licensing, exploration, and production, with revenue-sharing to manage the oil resources transparently and accountably, but also with fairness and equity. They should also have mechanisms, dispute resolution, and arbitration within the legal framework to resolve any conflict or grievance that may arise promptly and impartially to avoid provocation but favour dialogue and compromise (Tamanaha, 2021).

Transparency and accountability are vital elements of the remedy of the rule of law, and they help build trust and confidence among the stakeholders and reduce the risk associated with corruption and rent-seeking behaviour. Mechanisms should be established for public transparency in oil contracts, revenue flows, and expenditure decisions so citizens can effectively keep their government officers in check. Similarly to these many mechanisms, independent oversight bodies such as anti-corruption agencies and audit institutions would be established to re-emphasize the mechanisms of accountability that need more rigor and ensure observance of legal and regulatory standards.

This then sets the rule of law as the treatment with a focus on inclusive

governance structures, where all the stakeholders have meaningful participation in decision-making processes around oil governance. Engaging civil society organizations, community representatives, and marginalized groups in policy discussions and consultations promotes inclusivity and enhances the legitimacy and effectiveness of oil governance initiatives. Besides, ensuring gender equality and the participation of women in decision-making processes would ensure that diverse perspectives and priorities are considered; hence, much more sustainable and fair outcomes would be achieved.

The proposed rule of law approach to the KRG-Iraq Oil Conflict promises stabilized and predictable development in Iraq and the Kurdistan region. This encompasses viable development, economic growth, and political stability through the precise setting of legal frameworks, transparent mechanisms, and institutions that would govern the oil resources and, by extension, revenue-sharing arrangements (Anderson & Stansfield, 2018).

First, the recently adopted national hydrocarbon law fits within the coherent legal framework of petroleum governance that guarantees certainty and predictability to

investors and citizens. Clarity of the rules and regulations in the exploration, production, and distribution of its revenues reduces the element of uncertainty and, to that extent, the risks in disputes and conflicts. With time, these shall increase the confidence of the investors and stimulate domestic and foreign investments in the oil sector of Iraq. It further, therefore, provides opportunities for job creation, infrastructure development, and technology transfer in such host countries, thus driving economic growth and diversification.

Second, the rule of law approach is an inherent transparency and accountability mechanism, which enhances the effectiveness of governance while reducing the risk of corruption and rent-seeking behaviour. This will further legitimize the confidence and trust of the public in government institutions through the publication of oil contracts, revenue flows, expenditure decisions, enhancement of social cohesion, and political stability. Besides, the country has an agency for anti-corruption and an audit institution, both of which work independently to protect it from cases of abuse of power or mismanagement of public resources through court and administrative means, in addition to ensuring legal and regulatory compliance standards.

This would also bring about the responsibility of creating an enabling environment that promotes good governance concerning the rule of law and human rights, which are essential to sustainable stability and development

Third, it seeks to encourage inclusive governance structures that would enhance the effective participation of the larger populace in decision-making processes, which, on the other hand, would further increase social cohesiveness and substantially reduce the risk of marginalized and excluded from society. To ensure this, CSOs and community representatives of other excluded and marginalized groups will be supported in a manner where they become more involved in development policy dialogue and consultation mechanisms so that a sense of inclusiveness is achieved in the development planning and implementation process. Further, this will enhance the legitimacy and governance processes of initiatives that promote gender equality and the participation of women in decision-making, thus enabling them to even higher effectiveness of initiatives to be translated into development outcomes that are more sustainable and more equitable (Alkadiri, 2019).

CONCLUSION

The KRG-Iraq oil conflict is not merely a dispute over resource control, but a multidimensional issue deeply rooted in autonomy, resource governance, and historical grievances. The persistent ambiguity in constitutional interpretations and legal pluralism has prolonged tensions, making governance and resource management increasingly challenging. Moreover, economic interests and geopolitical dynamics have further complicated the situation, with heavy reliance on oil revenues exacerbating vulnerabilities and fuelling instability in both the Kurdistan region and Iraq as a whole. These dynamics illustrate that resolving the conflict requires more than just legal clarity – it demands a structural transformation in governance, economic policy, and regional cooperation.

A sustainable resolution must emphasize dialogue, institutional reforms, and economic diversification to reduce dependency on oil revenues. The rule of law presents a comprehensive framework for mitigating conflict, ensuring transparency, and establishing mechanisms for all-inclusive accountability and governance structures. Strengthening legal frameworks,

fostering transparency, and encouraging international cooperation will be crucial in mitigating future disputes. Ultimately, sustainable peace and development in Iraq and the Kurdistan region can only be achieved through the sustained engagement of all stakeholders, political will, and institutional capacity – ensuring that Iraq's federal structure can accommodate both national unity and regional autonomy in a balanced and equitable manner.

To achieve long-term stability, Iraq should prioritize legal reforms to clarify resource management and revenue-sharing mechanisms, ensuring fair and transparent governance. A constitutional review process involving all key stakeholders is essential to resolve legal ambiguities and establish a unified framework for oil governance. Strengthening institutions and fostering judicial independence will also be crucial in preventing future disputes.

Additionally, economic diversification is necessary to reduce Iraq's dependency on oil revenues. Investments in alternative sectors, such as renewable energy and technology, can create economic resilience and lessen regional tensions over resource control. International cooperation and diplomatic engagement should also be

leveraged to support Iraq's transition toward a more stable and diversified economy.

REFERENCES

- Alkadiri, R. (2019). Geopolitical implications of oil and gas development in the Kurdistan region of Iraq. *Energy Policy*(127), 123-134.
- Anderson, L., & Stansfield, G. (2018). The Implications of Elections for Federalism in Iraq: The 2018 Kurdistan Referendum. (94(6)), 1309-1328.
- Bazoobandi, S. (2016). Economic diversification in the GCC countries: Record and future trends in the Kurdistan Region. *Middle Eastern Studies*(52(4)), 610-624.
- Benda-Beckmann, K. &. (2018). Legal pluralism, social theory, and the state. *The Journal of Legal Pluralism and Unofficial Law*, 50, 255-274. doi:<https://doi.org/10.1080/07329113.2018.1532674>
- Berman, P. (2020). Understanding Global Legal Pluralism. Retrieved from <https://doi.org/10.1093/oxfordhb/9780197516744.013.16>
- Biryukov, S. (2024). Legal Pluralism As an Ideology and a Reality. *Journal of Russian Law*.
- Bromley, S. (2008). *Rethinking Middle East politics: State formation and development*. Polity Press.
- Carment, D., & Samy, Y. (2015). Managing Minority Aspirations: Oil and Political Mobilization in the Kurdistan Region of Iraq. *World Development*(76), 166-179.
- Colgan, J. D. (2013). Fueling the fire: Pathways from oil to war. *International Security*(38(2)), 147-180. Retrieved from https://doi.org/10.1162/ISEC_a_00135
- Deeks, A. (2018). Shared Sovereignty and Oil in Iraq. *Virginia Journal of International Law*(58(1)), 1-52.
- Dickson, D. M. (2009). *Priming the pump, Iraq seeks foreign investment to rebuild*. McClatchy - Tribune Business News.
- Fatah, H. A. (2020). The KRG's Oil Policy: Challenges and Opportunities for Energy Independence. *Middle East Journal*(74(2)), 233-251.
- Griffiths, J. (2005). What is Legal Pluralism? *Journal of Legal Pluralism and Unofficial Law*(24(1)), 1-55.
- Gunter, M. M. (2017). The Kurdish Question in Perspective. *World Affairs*(180(1)), 83-97.
- Hanna, G. F., S, H. M., & A, R.-C. J. (2014). Foreign direct investment in post-conflict countries: The case of Iraq's oil and electricity sectors. *International Journal of Energy Economics and Policy*(4(2)), 137-148.
- Harchaoui, J. (2022). Oil and Sovereignty: Petro-Politics and the Rise of Sub-State Actors in Iraq. *Journal of International Affairs*(75(1)), 145-160.
- Hasan, Q. M., & Perot, K. A. (2021). Production sharing contracts and

- rentiers: Reforming transparency gaps in Kurdistan's oil and gas contracts. *The Extractive Industries and Society*(8(2)). Retrieved from <https://doi.org/10.1016/j.exis.2021.100899>
- Humfress, C. (2023). Legal Pluralism's Other: Mythologizing Modern Law. *Law and History Review*, 42, 155-168. Retrieved from <https://doi.org/10.1017/S0738248023000172>
- Ipek, P. (2017). Oil and intra-state conflict in Iraq and Syria: Sub-state actors and challenges for Turkey's energy security. *Middle Eastern Studies*(53(3)), 406-419. Retrieved from <https://doi.org/10.1080/00263206.2016.1265511>
- Jensen, N., & Richter, B. K. (2016). Nation-building and Resource Management: The Economics of Oil in Iraq's Kurdish Region. *Journal of Development Economics*(118), 1-11.
- Karadag, R. (2019). Oil, Governance and the (Mis)Allocation of Talent in Developing Countries. *Journal of Comparative Economics*(47(1)), 88-106.
- Khedery, A. (2016). Iraq's Last Chance: Petroleum and the Middle East Reshuffle. *Middle East Quarterly*(23(3)), 29-38.
- Neo, J. (2020). State Legal Pluralism and Religious Courts. doi:<https://doi.org/10.1093/oxfordhb/9780197516744.013.8>
- O'Driscoll, D. (2017). The Sustainable Development of Oil and Gas in the Kurdistan Region of Iraq. *Sustainable Development Law & Policy*(18(1)), 24-31.
- Sandberg, R. (2016). The Failure of Legal Pluralism. *Ecclesiastical Law Journal*, l(18), 137 - 157. Retrieved from <https://doi.org/10.1017/S0956618X1600003X>
- Siddiqui, S., & Tippee, B. (2020). Geopolitical Dynamics of Oil and Gas Markets in the Middle East: Impacts on Investment and Supply. *Oil & Gas Journal*(118(5)), 54-59.
- Swenson, G. (2018). Legal pluralism in theory and practice. *International Studies Review*, 20, 438-462. Retrieved from <https://doi.org/10.1093/ISR/VIX060>
- Tamanaha, B. (2021). Legal Pluralism Explained. doi:<https://doi.org/10.1093/OSO/9780190861551.001.0001>
- World Bank. (2014). *Republic of Iraq public expenditure review: Toward more efficient spending for better service delivery*. Washington, DC: World Bank Studies. Retrieved from <https://doi.org/10.1596/978-1-4648-0294-2>,
- World Bank. (2015). *The Kurdistan Region of Iraq: Assessing the economic and*

*social impact of the Syrian conflict and
ISIS*. Washington, DC: World Bank.
Retrieved from
[https://doi.org/10.1596/978-1-4648-
0548-6](https://doi.org/10.1596/978-1-4648-0548-6)