

Iraq and Syria: Presidential Statement on Illicit Oil Trade Financing Terrorism

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What's In Blue

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A draft presidential statement on illicit oil trade as a source of revenue for terrorists in Iraq and Syria is currently under silence until Monday morning (28 July). Russia and the US have been in bilateral negotiations on the draft since 22 July, but at press time it seems agreement had been reached allowing for possible adoption early next week. Russia circulated the first draft of this presidential statement, almost a month ago, on 27 June. This initial draft focused largely on illicit oil trade as a source of revenue for terrorists in Syria and the government's monopoly over these resources. An expert-level meeting was held on 1 July where it seemed no Council member objected in principle to the importance of the issue. However, the P3 and some other members suggested that the scope of the draft was too narrow and that it would be more beneficial if it focused on the financing of Al-Nusra and the Islamic State of Iraq and al-Sham (ISIS) versus a country-specific approach. Both groups are already listed under the 1267/1989 Al-Qaida sanctions regime.

While the draft presidential statement had no direct impact on the adoption of resolution 2165 on cross-border humanitarian access into Syria, some Council members questioned the timing since it was circulated the same day that the P3 and the humanitarian leads, Australia, Jordan and Luxembourg, had informed Russia that they had no further flexibility on the issue of state consent in negotiating the draft text of what would become resolution 2165 on 14 July. Indeed, during its explanation of vote, Russia linked the consensus reached on resolution 2165 to the approach that should be taken to this draft presidential statement.

The Council last discussed the issue of natural resources and conflict in June 2013 when the UK organised an open debate on conflict prevention and natural resources. The Council failed to reach consensus on a draft presidential statement on this issue due to concerns raised by Russia that conflict prevention and natural resources did not fall within the Council's mandate of maintaining international peace and security. Although other members did not hold this view as numerous countries currently on the Council's agenda have experienced armed conflict related to natural resource exploitation, and there is extensive empirical evidence to that effect, the lack of consensus meant that the presidential statement could not be adopted.

Russia circulated a revised text last Friday (18 July) that reflected most of the issues raised during the round of negotiations on 1 July and put it under silence until Monday morning (21 July). The revised draft focused on Al-Nusra and ISIS operating in Iraq and Syria, for the most part reiterating member states' commitments under the 1267/1989 Al-

Qaida sanctions regime. Meanwhile, language was removed that could have broadened the focus of the statement to a range of actors engaging in the oil trade outside of central state authority in other contexts. For example, an earlier reference to resolution 2146 that imposed measures on vessels transporting crude oil illicitly exported from Libya was dropped. The draft now only recalls key resolutions on counter-terrorism.

Silence was broken by the US over language that was added to the revised draft regarding each country's national sovereignty over their natural resources that was taken directly from the UN's Rio+20 document on sustainable development. While seemingly innocuous, the added paragraph could potentially have far reaching implications limiting the latitude of the Council to engage on the linkages between natural resources and conflict, other than terrorist financing. Many Council members believe that the security and political context in which natural resources are being exploited need to be taken into account when considering situations on its agenda.

The US position on the current draft is supported by several Council members. Like the US, these members have argued that language about sovereignty over natural resources, particularly in the case of Syria, would only serve to legitimise the regime as it carries out violations so grave that they may amount to war crimes while using its oil revenues to finance and prolong conflict. The US also wanted to ensure such resources would not be under the sole control of the Assad regime if in the future the other parties become part of the governing structure. More broadly, there are concerns that such language would restrict the scope for Council action in other thematic and geographic contexts where there are linkages between conflict and natural resources.

Several situations currently on the Council's agenda, while not perfectly analogous, could be impacted by Rio+20 reference. Oil rights in Somalia are disputed among the Federal Government of Somalia, semi-autonomous Puntland, secessionist Somaliland and other newly formed federal states. In Western Sahara, offshore oil concessions are contested by Morocco and the Polisario Front with Morocco reportedly proceeding with exploration by a US firm, Kosmos. There is also the fluid situation in South Sudan, where the only remaining oil fields in production could potentially come under rebel control within the next few months. The autonomous Kurdistan Regional Government (KRG) in northern Iraq recently took control of the long-disputed, oil-rich city of Kirkuk and has also independently exported oil, bypassing the central government. Since 2007, the KRG has signed exploration and production agreements with many foreign companies, including Chevron and Exxon of the US and Total of France, which the central government considers illegal and an affront to national sovereignty and integrity. These are all examples where the Council may want to act in the future and not be constrained by national sovereignty language as was initially proposed by Russia in the draft statement.

In the end, the Rio+20 reference was dropped and replaced with a reaffirmation of Syria and Iraq's sovereignty, condemnation of any direct or indirect trade of oil from Syria and Iraq involving terrorist groups emphasising that such trade constitutes financial support for terrorists and may lead to further sanctions listings if those groups are already on the 1267/1989 Al-Qaida Sanctions list.

Some Council members feel that the added value of this presidential statement is limited given that both Al-Nusra and ISIS are already listed under the Al-Qaida sanctions regime, and any new threat of sanctions seems limited to Al-Qaida affiliated groups already listed. While it puts to paper the broadly agreed consensus that the financing of terrorism through illicit oil trade should be prohibited, it does not grapple in any concrete way with how to address the issue outside of existing counter-terrorism modalities. Further, the draft fails to mention that, according to intelligence and media reports, these groups, particularly ISIS, sell oil and gas from areas under their control to the Syrian regime and more recently in Iraq as well, an issue raised by the UK during the 1 July negotiations. Direct references that such trade is illegal was dropped in the final draft and replaced with language that such trade would be inconsistent with the Council's resolutions.

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