

Boom Town: Iraq's Kurdish Region Flourishes Amidst Warfare

By [Randy Johnson](#)

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Amid massive conflict and upheaval, [Iraqi Kurdistan](#) has leveraged its natural resources in an effort to gain independence.

Recent conflicts with Islamic State ([ISIS](#)), as well as economic difficulties from the [global downturn](#) in the oil industry, are [factors which have slowed](#) Iraqi Kurdistan's recent, exponential, economic growth. However, the region, governed by the Kurdish Regional Government ([KRG](#)) seems positioned for continued prosperity and growth over the long haul.

Contrasted to images of the the region around them, particularly within Syria, the standard of living in Iraqi Kurdistan is noticeable. Below is a spectacular night time look at a thriving [Erbil](#), (also called or written as Irbil, "Hawler" or "Hewler" in English) less than a decade after the end of the Iraq War.

The optimism comes through in the above video, as well as a litany of others like it. It is not a giant mental leap to empathize as to why KRG's [Peshmerga](#) forces have [fought so hard and successfully](#) against ISIS, [and continue](#) to do so. Who wants the hard work and efforts seen above to become ruin?

Compared to recent history, things are on the upswing for Iraqi Kurdistan and oil has been the driving force for the building boom within Iraqi Kurdistan. In fact, since the start of the [Iraq War](#) in 2003, there have been some claims of having [10,000 millionaires](#) from the area.

Iraqi Kurdistan: Oil Oasis "Boom Towns"

Oil, and the follow on industries that come with it, bring to mind the Western United States' "[boom towns](#)" that sprung up, seemingly overnight, out of the American West, during the [Gold Rush](#).

In this region of the world, the oil rush is still in full swing regardless of where the current price is. Iraqi Kurdistan and the KRG appears to be doing all it can to capitalize off of successful economic neighbors like Saudi Arabia, United Arab Emirates, or Kuwait; all of which have cities with spectacular skylines and that did not exist a decade ago.

Is it a coincidence the prosperous [Gulf Cooperation Council](#) nations are, for the most part, aligned with the West?

This revenue from oil has brought new levels of prosperity which extends Iraqi Kurdistan's capital of Erbil, and beyond. An example is seen in the city of [Sulaymaniya](#), which attracted its very own [Grand Millennium Hotel](#).



GRAND MILLENNIUM HOTEL, SULAIMANI (Image Source: [WikiCommons](#))

Feel free to click the following links and check out *Grand Millinium's* [360 Rotating Restaurant](#), or the [Crystal Champagne Bar](#), or one of the 5 other bars, lounges, or dining options, world class spa, or many suite options.

Oil, Wealth, Independence.

The KRG, its people, the land, and the wealth that comes with it, want their independence. As recently as January of this year, KRG leader, President [Massoud Barzani](#) continued to state the case for independence.

The Guardian captures [the following statements](#) from Iraqi Kurdistan's President:

'I think that within themselves, [world leaders] have come to this conclusion that the era of [Sykes-Picot](#) is over" ... Whether they say it or not, accept it or not, the reality on the ground is that. But as you know, diplomats are conservatives and they give their assessment in the late stages of things. And sometimes they can't even keep up with developments.'

Part of the pathway to Iraqi Kurdistan's independence is tied to its ability to "pay their own way" so to speak.

In 2015, [by their own accounts](#), they have been pushing a grand total of 570,000 barrels a day of output; this includes over 420,000 barrels a day through their KRG-Turkish pipeline. With this type of production, one could understand why the centralized government in Baghdad is in no hurry to let Iraqi Kurdistan become independent without getting something

in return.

Oil and gas are merely the foundation and gateway, to long-desired wealth, affluence, and independence from Baghdad.

The Oil Oasis attracts other business.

Along with the giant oil corporations, Iraqi Kurdistan has seen the arrival of constant construction, malls and commercialism, and a growing service industry, along with a host of other sub-industries and follow-on development.

One interesting industry that has grown at historical proportions, just waiting for the oil prices to rise at a later date, is housing. The housing projects, and their scale, simply have to be seen to be believed. Below is only a small sample of the recent housing developments, and overall construction, within Erbil, Iraqi Kurdistan, that would make Donald Trump blush.

Not to fret Real Estate agents of America, the housing market and the construction that goes with it has not been stagnate everywhere...

The [Kurdistan Board of Investment](#) states that since 2003, *"78 Housing Projects in the region amounting to around \$5.8 Billion, which is 42.9% of investment capital and 44.51% of investment land distributed thus far making it the largest capital & land investment in any one sector in the region."*

Meanwhile, from [2006 to 2012](#), *"Erbil [same as Irbil] was clearly the epicenter of housing construction, with 81 projects totaling \$8.89 billion. In contrast, Slemani [same as Sulaymaniya] implemented 45 projects totaling \$2.25 billion in investment and Duhok executed 40 projects totaling \$2.55 billion."*

Construction is seen in many sectors besides housing. Various malls, hospitals, monuments, government buildings are all surging in recent years due to companies such as the [Miran Group](#).

Below is a 30 second video of a [City Star Mall](#) in Sulaymaniya, constructed by *Miran Group*.

The *Kurdish Renaissance* is no accident.

Iraqi Kurdistan has the Islamic State of Iraq and Syria near its borders. How, amid regional turmoil, has Kurdistan thrived?

It is hard to blame Iraqi Kurdistan for "seizing the moment" after many, [often violent](#), years with Iraq from the 1960's through Saddam Hussein era. Why would they not position themselves to profit, similar to nations of the prosperous [Gulf Coalition Council](#)? The Iraq War was the perfect convergence of planning and opportunity for the KRG.

The KRG has leveraged the Iraq War of 2003, in particular, to both stand on its own and gain power within the Iraqi government. Also, not without notice, the [Peshmerga](#) fighters of Iraqi Kurdistan have and proven their worth in counter-terrorism fights along side the United States. All of the preceding reasons are expounded upon by Yaniv Voller, who goes into exceptional detail on the history and relationship between the KRG and Baghdad, in his research paper [Kurdish Oil Politics in Iraq: Contested Sovereignty and Unilateralism](#).

More Oil, More Problems



Presidents Bush and Barzani
(Image Source: Wiki Commons)

At times, the KRG's oil and gas deals with foreign corporations come with officially recognized licenses from the Iraqi government and sometimes they do not.

There are 27 oil and gas companies from 13 countries within Iraqi Kurdistan, are recognized by Baghdad. However, some of the KRG's deals made outside of the purview of Baghdad, such as the one with *Exxon*, [are not officially recognized](#) but are in effect nonetheless.

President Barzani's ability to play all the angles has been top notch thus far, with moving towards independence without "burning bridges" with Baghdad. Similarly, he has been able to deal with just about everyone. Business deals have been made with nations currently at odds elsewhere. The presence of both Russia's [Gazprom](#) and the United States' [Chevron](#), for example, seem to "hedge bets" that neither super power will look upon Iraqi Kurdistan unfavorably, regardless of what happens between them. The KRG can simply be friends with both and put off "choosing sides" in the interim.

SEE ALSO: [SPECIAL REPORT: ISIS Oil? Follow the Money \(Back to Europe\)](#).

Cash flow and oil flow are ever-fluctuating dance partners. The foreign investment and hundreds of corporations from various industries descending upon the area are all new to Iraqi Kurdistan.

Oil prices [have been down](#) lately, so return per barrel has taken a hit. With some threats and posturing [due to lack of payments to oil companies](#) from the KRG, by the like of [Genel](#)

[Energy's](#) Tony Hayward, things have become strained.

The KRG's response is a simple one. Since the economy is not really diversified beyond the oil industry, the answer has been to increase oil production while hoping oil goes up again. There [have been reports](#) that the KRG wants to get the barrel-per-day production number to a million, while also hoping the price per barrel goes from the 30 U.S. dollar range to the 70-80 dollar range. Who wouldn't want to double their money for the same amount of work?

Industry website, [OilandGasPeople.com](#) writes that "*Oil is an inherently cyclical business.*" The conventional sentiment seems to be that "what goes down, seemingly will come back up."

While oil companies have seen a slower return on profits, they continue to be on good terms with the KRG. This is seen in the [The National](#) which writes that back payments to oil companies will be made and, "*a further payment of 5 per cent of each respective monthly payment to start clearing arrears*" will begin. Companies such as [DNO](#), [Genel Energy](#), [Gulf Keystone](#), and [Dana Gas](#), have to play a "waiting game" but seem destined for compensation and profit over time.

The Path to Independence

Iraqi Kurdistan's history with leaders such as Saddam Hussein, their recent fights with ISIS, their own refugee issues, their dealings with oil markets and unforeseen [stoppages in oil flow](#), are all "growing pains." However, the daily, monthly, and yearly adversity they have lived through and still encounter appear to only slow and delay their continued rise within the region.

Iraqi Kurdistan's economic rise has not been without obstacles and has lost some of its early momentum. Still, with geopolitical moves and business alliances that demonstrate they have made, they appear to have "the long game" in mind.

While waiting to regain the full momentum of Iraqi Kurdistan's economic growth, one could do worse than partying with Russian DJ [Katusha](#), at one of the [many Erbil night clubs](#), such as [Aura](#) below.

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