



Turkey and the Pursuit of a Godfather Role in Iraq's Energy Sector

Economic Research Department





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About

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Introduction

Turkey is strategically seeking to capitalize on regional and international developments in order to secure economic, political, and military gains. It seeks to exploit the Kirkuk–Ceyhan pipeline for domestic purposes, with reports indicating it is already using the pipeline to transport oil within Turkey. The issue of transportation is expected to be linked to a broader set of projects it is implementing in Iraq, including the Development Road, electricity transmission initiatives, and other infrastructure projects. It is anticipated that Turkey will extend the pipeline further south to reach the Basra oil fields rather than stopping at Kirkuk. In addition, Turkey is expected to increase transit fees through its territory. Thus, Iraqi policymakers will need to employ economic diplomacy with considerable skill to avert any strategic harm to Iraq's core national security.

Turkey is well aware of Iraq's intentions to diversify its energy markets, particularly after the twelve-day conflict, which heightened Baghdad's concerns about a potential closure of the Strait of Hormuz and the consequent disruption of its oil exports. Accordingly, Ankara views itself as the suitable partner to diversify Iraq's markets toward Western and Eastern Europe, and even the United States. Turkey also aspires to obstruct China's expanding role in the Iraqi energy sector, capitalizing on the tensions between the Trump administration and Beijing. For this reason, Turkey is expected to engage actively in exploration, extraction, and transportation of Iraqi oil and gas.



What Are Turkey's Arrangements in the Global Energy Sector in 2025?

The Turkish decision to terminate the agreement on transporting Iraqi oil to the Ceyhan ports—and subsequently to Europe and global energy markets—constitutes a surprising development for Iraq. This agreement, which is more than fifty years old and was signed in 1973, will be officially annulled next year, specifically on 27 July 2026, to be replaced by a “mutually acceptable” new agreement, as reported in the Turkish Official Gazette and by government officials.

At first glance, such matters may seem ordinary, since every state has the right to reassess what serves its interests. However, the timing and the circumstances in which the region finds itself, combined with Turkey's declared intentions, introduce considerations that carry multiple strategic dimensions. To begin with, Turkey is a developing and energy-poor country, serving as Europe's eastern gateway to warm waters and the Gulf, a prominent NATO member, and an aspiring global rather than merely regional power. It seeks to compete with major powers and perceives new opportunities arising from the vacuums within the regional order, in addition to the sources of power it possesses—economic, military, political, and cultural. Guided by these ambitions, Turkey views Iraq as a strategic arena it cannot afford to lose in terms of investment potential, alongside other strategic opportunities: Iraq as an energy reservoir, a passageway to the Gulf waters and to Turkey's allies in the region, a large and diverse market capable of stimulating Turkish economic growth across sectors, a water-thirsty country searching for solutions, and a state looking for alternatives to secure its internal stability and new partnerships amid



international pressure on its traditional alliances, particularly with the Islamic Republic.

A review of Turkey's roles in the region and globally reveals that Ankara—especially in the present year (following the ascent of Trump to power in the United States, who is known to be a close ally of President Erdoğan)—is taking bold steps to expand its global presence in the energy sector. Through strategic long-term initiatives, Turkey is working to secure and enhance its influence at both regional and international levels. It has launched large-scale energy projects in African states, encompassing exploration, extraction, and transportation, becoming a genuine competitor on the ground to traditional powers such as France and China in the Sahel and North Africa, as well as within Turkic states. These efforts are framed within what Turkey calls the “Turkish Century,” spearheaded by the Organization of Turkic States, which serves as an institutional framework for countries with populations that speak Turkic languages.

Turkey is thus pursuing a series of strategic measures aimed at ensuring long-term energy security and consolidating its global influence. The Turkish Petroleum Corporation (TPAO), the state-owned energy giant, is engaged in oil and gas exploration projects in Libya and expanding toward African resources in Senegal, Somalia, Nigeria, Ethiopia, Côte d'Ivoire, and across West Africa. Simultaneously, Ankara is actively signing bilateral and multilateral agreements, allowing it to emerge as a genuine competitor to traditional international powers on the African continent, particularly France and China.



Turkish projections indicate that the country will require twice its current energy imports by 2050, noting that it already imports 90% of its energy needs from abroad. Consequently, Turkey is pursuing two major pathways: the first is to reduce the external energy import bill by conducting domestic exploration for oil and gas resources that could help lower foreign dependence and reduce import costs; the second is to strengthen its engagement in alternative energy projects, including renewable and clean energy.

Energy and the “Godfather” Role?

In this context, it is important to consider Turkey’s perspective on its southeastern borders, particularly regarding Iraq. From the standpoint of international relations, and given its close relationship with the White House administration, Turkey sees an opportunity in Iraq to become a partner in implementing and developing Iraq’s plans in the energy, transportation, and water sectors, while also benefiting from Iraq’s strategic position as a hub for international transit. This involvement began with the Iraqi Development Road project, linking the ports of Basra to Ibrahim al-Khalil on the Turkish border, alongside Turkey’s engagement in Iraq’s energy, water, agriculture, and electricity-generation sectors. Consequently, Turkey views it as necessary to integrate these sectors within a single strategic framework to enhance its bargaining power and secure greater benefits.



The Iraq-Turkey oil pipeline (Kirkuk-Ceyhan) has been out of operation since March 2023—more than two years—following a ruling by the International Arbitration Court, which awarded Iraq \$1.5 billion in compensation after a lawsuit filed in 2014 by the Iraqi federal government. The claim arose from the Kurdistan Regional Government's export of oil through the pipeline without Baghdad's authorization. In response, Turkey filed a counterclaim before the Court of Arbitration, seeking over \$4 billion in compensation for maintenance work it claimed to have carried out on the pipeline. Nevertheless, Turkey has not paid Iraq the awarded compensation and has, in fact, acted to prevent the resumption of exports through the pipeline.

Disputes between Baghdad and Erbil over oil exports have further impeded the pipeline's reactivation. When negotiations between the two sides finally reached a settlement regarding export mechanisms and revenue-sharing—under American pressure to restart exports—Turkey announced its decision to terminate the existing agreement and draft a new one, scheduled to take effect in late July next year.

Turkey's move is guided by several considerations. Chief among them is Ankara's demand that Baghdad withdraw its claim before the International Arbitration Court and waive the compensation awarded by the ruling. Estimates suggest that Iraq has lost more than \$11 billion during the years of pipeline suspension. Accordingly, the cancellation of the agreement indicates that Turkey is seeking further concessions



from Iraq in future commercial dealings. At the same time, Ankara is likely using this process as a means of “normalizing” commercial relations with Baghdad through strategic bargaining. Conversely, there is currently no evidence that Iraq has modified its legal stance regarding the Court’s decision.

A central consideration is Turkey’s interest in investing in Iraq’s existing infrastructure. Reports indicate that Turkey is currently using the pipeline to transport its domestically produced oil. In 2023, the Turkish Petroleum Corporation announced the discovery of a large oil reserve in southeastern Turkey (the Jabar field). Production has since reached 81,000 barrels per day, with expectations of rising to 100,000 barrels per day by 2025. Continued exploration and development in Turkish fields adjacent to the Iraqi border make it necessary to find a permanent solution for the pipeline. According to available information, BOTAS—the state-owned pipeline operator—constructed a link connecting the Turkish oil field to the Iraqi segment of the Kirkuk–Ceyhan pipeline within Turkish territory. Turkey may already be transporting its own oil through the suspended Iraqi pipeline at a rate of 100 barrels per day.

Under the current agreement between Iraq and Turkey, which Ankara seeks to cancel, Turkey is not permitted to use the pipeline for its own purposes without Baghdad’s approval. For this reason, Turkey explicitly states that the existing agreement does not meet its domestic needs, and that the forthcoming agreement will secure new terms allowing Ankara to operate the Iraqi pipeline on its territory



independently of Baghdad and to modify its use without notifying Iraqi authorities.

Information suggests that Turkey has submitted a draft law to the relevant authorities in Baghdad, though the proposed legislation has not been made public, nor have its provisions been disclosed. Reports indicate that Turkey aims to link this law to a broader set of projects, reinforcing the likelihood of an expanded Turkish role in Iraq's energy sector. Turkey is already supplying Iraq with electricity, while also pursuing ambitions to transport Qatari gas through Iraqi territory and to explore and invest in Iraq's oil and gas sector. Through this legislation, Ankara seeks to expand trade in the energy sector, interconnect pipeline networks, and capitalize on the development of Iraq's energy infrastructure, all within the broader framework of the Development Road project, which Turkey is actively promoting.



Conclusion

Political factors will play a decisive role in resolving the issues between Baghdad and Ankara. It is clear that Turkey perceives the current opportunities—globally, regionally, and domestically (in Iraq)—as highly favorable for advancing its agenda in Iraq: from filling existing vacuums, to addressing the issue of the Kurdistan Workers' Party (PKK), to strengthening its privileged relations with the authorities in the Kurdistan Region. Turkey is also leveraging the deteriorating relations between China and the Trump administration and is therefore expected to emerge as a competitor to Chinese companies operating in Iraq's energy sector.

From another perspective, the sensitivity of Turkey's presence in Damascus in relation to Israel—which views Turkish influence in Syria as unwelcome—may drive a redistribution of regional influence, prompting Ankara to channel its economic and political weight into Iraq, a country geographically distant from Israel. At the same time, U.S. pressure on Iraq provides Turkey with opportunities to fill certain vacuums, given Ankara's close relationship with the White House.

For Iraqi policymakers, the challenge lies in employing the full range of economic diplomacy tools to skillfully navigate the strategic roles Turkey is attempting to establish in the region. The ability to maneuver, negotiate, and secure mutual benefits will be essential to safeguarding Iraq's national security. Turkey's strategic ambitions have already been demonstrated in practice, leaving Iraq with the task of determining how to maintain the greatest possible distance from being



compelled to acquiesce to Ankara's plans within its territory.

Moreover, Iraq must seriously consider broadening the base of its developmental partners—including energy partners and states that could provide Baghdad with alternative channels for expanding its oil export outlets to global markets.





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