

# *Zooming*

## *into Kurdistan*

**The Kurdistan quest for certainty and partnership  
with Iraq and how Britain can lend a hand.**

***All-Party Parliamentary Group on the Kurdistan  
Region in Iraq***

**Report by Rt Hon Robert Halfon MP**

**and Gary Kent**

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The views expressed in this report are those of the authors and published by the group.

## Key recommendations

The possibility of losing a decent, progressive, and tolerant Kurdistan should ring alarm bells. It merits attention in the UK government's Integrated Review of Security, Defence, Development and Foreign Policy. This report is a contribution to that review.

The UK Foreign Secretary should visit Iraq and Kurdistan and implement long-stalled invitation to the KRG leadership to visit the UK. Such meetings, which need to be more regular, can encourage investment. An immediate priority is medical aid to tackle Covid.

The UK Government should continue to urge a long-term and solid agreement between Erbil and Baghdad, based on the Iraqi Constitution.

The UN should resume mediation for interim and then final status agreements, as laid out in their mission's annually renewed terms of reference in Iraq. The Iraqi President, who is the guardian of Iraq's constitution, could make this a greater priority. We ask that the UK offers technical assistance to Iraq and Kurdistan on organising a census.

The KRG priority is to professionalise and unify the Peshmerga under full state control. British, armed forces are assisting that. It is making a fundamental difference and ending it would be catastrophic. We ask that the mission continues until the target of unification and the re-structuring of the Ministry of the Peshmerga are met.

A political solution to the war between Turkey and the PKK is urgent. KRG Foreign Minister Dizayee recalled that the KRG was "instrumental" in securing a lull in the conflict nearly ten years ago. We suggest that the KRG's good offices are again needed.

The UK should continue to provide technical assistance to modernise services, measure value for money in public spending, and judicial training. It is fair to connect assistance and reform.

If it were a country, Kurdistan could take advantage of low interest rates to borrow on the money markets. We ask the UK government to discuss with the KRG how such borrowing rights could be achieved.

We also urge the KRG, the UK, and businesses to focus on encouraging the skills and culture of entrepreneurialism and good management.

We ask the UK government to liberalise the official travel advice given Kurdistan security and stability. Reforming the visa application process for Kurds involved, for example, in Anglo/Kurdistani ventures and encouraging direct commercial flights from the UK would also help considerably.

Skills transfer from British MPs and the Westminster Foundation for Democracy should be resumed.

The UK should fund a high-level fact-finding mission to study the higher education system and make recommendations for reform.

The UK's Conflict Stability and Security Fund should consider projects to boost mental health.

We suggest that the BBC commission a documentary on the Kurds in Iraq.



### *Celebrating the Queen's Birthday in Erbil*

## **Introduction**

Covid is a game-changer for the Kurdistan Region in Iraq. Reduced global demand has halved oil revenues on which Kurdistan is primarily reliant. Non-oil trade income has also plummeted by about 90%.

Furthermore, “Kurdistan has been in some sort of crisis since 2014,” according to Kurdistan Regional Government (KRG) Deputy Prime Minister, Qubad Talabani.

2014 ushered in total, partial, and intermittent cuts in vital fiscal transfers from Baghdad. Plus war with Daesh and a humanitarian crisis when an exodus from Mosul of Sunni Arabs and Christians, often with only the clothes on their back, suddenly increased Kurdistan’s population by 30%. Over a million displaced people remain and Baghdad has failed to alleviate this heavy burden.

250,000 refugees from Syria have sheltered in Kurdistan since 2011. They are wards of the UN, but international community funding is undersubscribed.

The cumulative impact is that monthly state salaries are in arrears and smaller, thousands of state investment projects are frozen, and unemployment and poverty have increased. Debt has also soared and almost bankrupted Kurdistan, according to a Zoom witness, Dlawer Ala’ Aldeen.

Global oil production is in perhaps terminal decline with oil companies seeking low carbon and renewable energy futures.

The KRG's determination to affect economic reform and diversification as well as resetting relations with Baghdad is right but tough. Kurdistan must re-invent itself, stay together, deepen its democratic aspirations, and harness its youth and patriotism.

But Kurdistan has friends. It is not merely a sub-sovereign region in Iraq (since 1970) and it is not quite a state although it is more important than many states for the UK and others.

Kurdistan is indispensable to our national security. It was essential to defeating Daesh territorially and in countering the group now. While there are fewer Muslims in the Middle East than elsewhere, the engine of Islamist radicalisation has been in the Middle East and spread. Kurdistan's progressive values of religious pluralism, tolerance, and gender equality profoundly challenge extremism. They are a small but potentially pivotal entity at the core of the Middle East.

**The possibility of losing a decent, progressive, and tolerant Kurdistan should ring alarm bells. It merits attention in the UK government's Integrated Review of Security, Defence, Development and Foreign Policy. This report is a contribution to that review.**

## Internal problems

Covid massively compounds accumulated failings. Oil revenues represent most income and fund a bloated public sector salariat built on patronage with low productivity and bureaucratic inertia. The private sector is underdeveloped. Domestic electricity and water are often wastefully used. State institutions are underpowered. The financial sector is rudimentary. KRG debts to British companies are also concerning. Corruption in Kurdistan doesn't stop projects but needs to be rooted out.

## Reform so far

The government is acting. The new KRG Prime Minister, Masrour Barzani, immediately ordered state employees to work their hours. Thousands of ghost workers and double dippers have been cut.

The government is pioneering digital means to better access public services and form new businesses. The UK's digital portal, UK.Gov is a template. The KRG commissions British auditors to produce transparent figures on oil production, exports, and receipts.

The KRG's priorities for diversification are tourism, agriculture, and light industry to increase non-oil revenues. Large gas reserves can produce more domestic electricity, which has declined in recent years, and supply Iraq and Europe, reducing their reliance on Iran and Russia.

Kurdistan is rich in minerals and rare metals but that needs to be scoped and governed by a new law.

As oil revenues fade in significance, Kurdistan needs a full progressive tax system that enables all to contribute to national salvation and build a better accountability of the state to taxpayers. We ask the UK Government to consider how the Treasury and the HMRC could transfer expertise on taxation systems to Kurdistan.

**If it were a country, Kurdistan could take advantage of low interest rates to borrow on the money markets. We ask the UK government to discuss with the KRG how such borrowing rights could be achieved.**

## Peshmerga

The Peshmerga bravely held the line against Daesh at great human cost. There have been 1,814 deaths, 10,725 injuries, and 44 remain missing. They and their loved ones deserve our deepest thanks.

About 120,000 members of the 160,000 strong Peshmerga answer first to the two main parties. **The KRG priority is to professionalise and unify the Peshmerga under full state control and British, German, and American armed forces are assisting that. We commend the work of our armed forces in Kurdistan. It is making a fundamental difference and ending it would be catastrophic. We ask that the mission continues until the target of unification and the re-structuring of the Ministry of the Peshmerga are met.**

## The neighbourhood

The Kurds are landlocked between Iran, Turkey, Syria, and Iraq into which they were forcibly incorporated a century ago.

Turkey has this year carried out unprecedented military incursions and hundreds of bombardments within Kurdistan against the PKK and in concert with Iran. Kurdistan citizens have been killed and many villages rendered uninhabitable.

The KRG Foreign Minister, Safeen Dizayee, candidly outlined the problems posed by Turkey and the PKK. He has told Turkey's leadership that there is no military solution to the 35 year war with the Kurdistan Workers' Party (PKK). Kurdistan cannot allow, in international relations law, the PKK to conduct cross-border operations against Turkey. A political solution to the war between Turkey and the PKK is urgent. **Dizayee recalled that the KRG was "instrumental" in securing a lull in the conflict nearly ten years ago. We suggest that the KRG's good offices are again needed.**

Kurdistan is a gateway for commerce between Turkey and Iraq. Dizayee is worried that Turkey and Iraq may establish a new border crossing that bypasses Kurdistan, which has invested \$250 million in a new road and tunnel to Turkey. This would make it difficult, as Turkey wishes, to increase its trade to Kurdistan from \$12-20 billion per year. Dizayee also fears it could cut connections between the Iraqi and Syrian Kurds.

Water resources cross borders and are becoming ever more contentious between countries in the Middle East, which contains 12 of the world's 17 countries facing water crises. Shortages of water for irrigation and domestic consumption could drive future conflicts. Iran is currently halting the downstream supply of water to the Serwan and Small Zab rivers which directly affects two million people in Kurdistan. We hope that discussions on this between the KRG and Iran succeed.

## Erbil-Baghdad axis

Kurds secured pledges to a federal Iraq before the overthrow of Saddam Hussein and they were enshrined in the 2005 Iraqi constitution, agreed in a referendum.

Many Iraqi parties only reluctantly accepted federalism and what US Secretary of State Mike Pompeo calls the "contract" between Erbil and Baghdad has not been honoured. There is no

federal supreme court or second chamber as outlined in the new constitution. Baghdad has failed to fund the official Kurdistan defence force, the Peshmerga.

## **Kirkuk and the disputed territories**

One of the hottest issues is Kirkuk, a mixed province and city with a plurality of Kurds that was forcibly Arabised by Saddam Hussein from the 1970s and which continues to this day. The 2005 constitution promised to finalise the status of disputed territories such as Kirkuk in a 50 kilometer wide and 300 km long belt of land between Kurdistan and Iraq by 2007 but the pledge has been ignored. It embitters relations.

**The UN should resume mediation for interim and then final status agreements, as laid out in their mission’s annually renewed terms of reference in Iraq. The Iraqi President, who is the guardian of Iraq’s constitution, could make this a greater priority.**



*A monument in Kurdistan to past struggles with Saddam Hussein’s army.*

The security blind spots between Kurdistan and Iraqi security forces also allow free sway to Daesh that “dictates the agenda at night,” according to Talabani.

The Peshmerga, which saved Kirkuk from Daesh in 2014, should return in co-ordination with the Iraqi Army. Thousands of Kurds who were attacked by Shia militias in 2017 could return.

The Iraqi constitution pledge for a census for the first time since 1957 could reliably inform resolution of the disputed territories, fair parliamentary representation, and reliable revenue-

sharing. **We ask that the UK offers technical assistance to Iraq and Kurdistan on organising a census.**

## **Revenue-sharing**

The Iraqi constitution stipulates that regions deserve an equitable share of national revenues and for that to be enshrined in law, which has yet to be done. The Iraqi constitution also pledges an allotment for a specified period for the damaged regions which were unjustly deprived of them by the former regime, and the regions that were damaged afterwards in a way that ensures balanced development in different areas of the country. That also has yet to be enacted in law.

In 2006 Kurdistan and Iraq agreed that the KRG receive 17% of net Iraqi revenues after deducting “sovereign expenses.” They cover governance, the Iraqi army (but not the Peshmerga), and oil production expenses (but not Kurdistan’s). The proportion received was nearer to 11% following the opaque mushrooming of sovereign expenses and the corrupt disappearance of billions in Iraq and is nearer to 5% after years of budget cuts.

## **Overcoming differences**

These issues reflect longstanding problems for the Kurds in Iraq. Millions of Arab Iraqis take holidays and some have homes in Kurdistan, which is safer and better run but often taken for granted. But residual Arab political chauvinism treats Kurds as inferior. Pro-Iranian Shia forces detest Kurdistan’s progressive values, its orientation to the West, and refusing to back a recent move to expel foreign troops. This followed the US killing of Iranian Commander Soleimani in January 2020 that Talabani says “turned Shia politics to attack mode.”

American military withdrawal would probably prompt the departure of UK and European forces and undermine their government funding and the confidence of important companies in Iraq.

Kurds are a whipping boy for populists. PM Haider al-Abadi violently seized Kirkuk and vainly sought to invade Kurdistan in October 2017 to bolster his nationalist credentials in elections that he lost in 2018.

Talabani told us that the new KRG cabinet immediately visited the new Prime Minister to overcome past differences and engage with Baghdad as a primary strategic policy pillar while remaining “stubborn about Kurdistan rights.” What Talabani calls “significant breakthroughs” were frozen when demonstrations against corruption and Iranian influence caused the Iraqi PM’s resignation.

## **Mustafa al-Kadhimi**

The new Iraqi Prime Minister, Mustafa al-Kadhimi, is ambitiously and bravely seeking to rebuild the integrity of the Iraqi state. He faces opposition from vested interests that fear for their illegitimate power and wealth and who murdered a close aide of the Prime Minister. Reaching out to relatives of the 600 people killed in demonstrations in Baghdad symbolises Kadhimi’s decency.



***Participants in one of the Zoom Delegation meetings.***

The near halving of electoral turnout in 15 years illustrates public disillusionment with Iraqi governance. Kadhimi is also boxed in by Covid, cuts in oil and trade revenues, and Opec’s requirement to reduce oil production.

Kadhimi has recently visited Kurdistan whose leaders are pragmatic about the timing of deals given that Kadhimi lacks a political base and needs one before next year’s parliamentary elections and government formation. Talabani told us that political agreements won’t solve Iraq’s economic woes and that he accepts the “principle that we are all in it together.”

Kadhimi’s government and the KRG have reached an understanding on part-payment of the KRG’s monthly salary bill and shared customs revenues that implicitly accepts Kurdistan’s independent oil exports.

The KRG seeks certainty in the 2021/2023 Iraqi budget, which KRG representatives are helping draft for the first time. The 2020 budget has just been sent to the Iraqi Parliament and the next one may take time. The KRG also seeks a permanent solution through a revenue-sharing law that institutionalises the relationship so that it not dependent on particular Prime Ministers. The UK’s revenue-sharing Barnett formula is an example of that.

We respect Kadhimi’s plans and hope he can overcome those who want to control Kurdistan rather than forge partnerships. After all, Iraq is a voluntary union. **The UK Government should continue to urge a long-term and solid agreement between Erbil and Baghdad, based on the Iraqi Constitution.**

**International solidarity**

The policy of the UK and allied countries is a strong KRG within a strong and unified Iraq. As part of the US/Iraq “strategic dialogue” the White House urged Erbil and Baghdad to clinch a budget deal. The US is building its biggest consulate-general in the world in Erbil. President Emmanuel Macron recently met the KRG President in Baghdad and had sent his Foreign and Defence ministers to Erbil before that.

The last official visit by a senior UK minister to Kurdistan was that of the Defence Secretary just before the referendum in September 2017. Much has changed in subsequent years and further

visits by ministers and select committees are needed, in addition to our active diplomacy on the ground, to more clearly symbolise the UK's interests in Kurdistan both for the KRG and for neighbouring countries.

**The UK Foreign Secretary should visit Iraq and Kurdistan and pave the way for the UK Government implementing its long-stalled invitation to the KRG leadership to visit the UK.**

**The last such visit in 2014 agreed practical co-operation that was halted by war with Daesh for 3 years and further major developments in Kurdistan, Iraq, and the UK. Such meetings, which need to be more regular, can encourage investment by private and public bodies.**

**But an immediate priority is medical aid to help our allies tackle Covid.**

The KRG initially limited infections and deaths but compliance fell and infections and deaths have increased. The Deputy Speaker of the Kurdistan Parliament, Hemin Hawrami, asks the UK to provide help for “our white army of health workers” with testing, protection, and medical equipment as well as psychological support. Health capacity is overwhelmed.

## **Opportunities for UK investors and institutions**

An official UK trade mission could scope opportunities in sectors such as oil services, gas, minerals, solar power, wind power, health, film production, environmental projects, and agriculture. UK Export Finance can also be deployed. We fear that the UK is lagging behind countries such as France and Germany.

The KRG is revising and updating its investment laws. Dizayee reminded us that Kurdistan could be “a springboard to the rest of Iraq and even beyond to the Gulf States” for British companies.

**The UK should continue to provide technical assistance to modernise services, measure value for money in public spending, and judicial training. It is fair to connect assistance and reform.**

UK travel advice is a gold standard for visitors and investors. The UK understandably downgraded its advice in 2014 and currently advises against “all but essential travel.” This has chilled ventures and prohibitively increased insurance and liability costs.



*The 2017 delegation to observe Independence Referendum and meet Prime Minister.*

## Specific projects

We have three major projects for the UK government and official bodies to consider.

**We ask the UK government to liberalise the official travel advice given Kurdistan security and stability. Reforming the visa application process for Kurds involved, for example, in Anglo/Kurdistani ventures and encouraging direct commercial flights from the UK would also help considerably.**

**The first is helping boost the capacity of the Kurdistan Parliament.** In our Zoom delegation, Speaker Dr Rewaz Faiqa and Deputy Speaker Hemin Hawrami outlined their work, which is growing despite Covid restrictions.

**Skills transfer from British MPs and the Westminster Foundation for Democracy should be resumed.** That their Parliament is attracting experienced politicians and becoming more central to political life is a positive trend.

**Education is our second priority.** The KRG has focused on this since 1991 to overcome decades of isolation. The number of universities has increased from 1 to 32. Those that teach in English are excellent and their graduates are snapped up. Ala' Aldeen said "the market is demanding quality." But other universities are mediocre, technical and vocation education is underdeveloped, and the pre-university sector lags behind. A modern Kurdistan needs an education system fit for purpose including for those who learn in Kurdish.

The UK's educational soft power is well respected in Kurdistan whose medical education follows the British model. Ala' Aldeen, a former Minister for Higher Education who introduced the KRG's foreign scholarship programme nearly a decade ago, told us that over two-thirds of 3,000 funded students plumped to study in the UK. An improved visa system is especially vital if UK universities are once again going to welcome Kurdistan students to the UK.

He also told us that the KRG recognises that it must transform the quantity of all its education services into quality. We see an opportunity for British schools using the British curriculum to meet the demand for good quality pre-university education including early years education, and for split-site British universities or campuses with accredited UK degrees. The education sector is struggling with online education and we ask the UK to discuss how it can help overcome problems.

Ala' Aldeen cited former UK Ambassador to Baghdad, Sir John Jenkins as saying that "if the British fail to bring up the next generation of Kurdish leaders it may as well pack up and go home." We agree. Higher Education Minister David Willetts once led a delegation of 15 University Vice-Chancellors but crises interrupted. **The UK should fund a high-level fact-finding mission to study the higher education system and make recommendations for reform.**

**Our third priority is mental health.** Kurdistan society has been traumatised for decades. Thousands of Yazidi women have endured unimaginable horrors but there are few clinical psychologists in Kurdistan or Iraq.

**The UK's Conflict Stability and Security Fund should consider projects to boost mental health.** Such projects could train all teachers to destigmatise the issue. Such measures could tackle the causes of conflict and build the resilience of allies. It is easier to run projects in Kurdistan, which could become a hub for the rest of Iraq.

## Conclusion

**Initial APPG delegations heard many stump speeches from Kurdistan politicians praising British interventions in 1991 and 2003 before focusing on Britain's role in trapping the Kurds in Iraq. That was accompanied by pleas to make up for that history. The danger is that approach ignores Kurdish divisions after the First World War and passivity rather than proactively seeking change. We hear less of this now because KRG leaders understand they need to make their own luck.**

**The small political class bears a huge burden and the KRG can punch above its weight in winning friends. A variety of think-tanks could help nurture a more sophisticated discourse, increase state capacity, and help build a vibrant civil society. We also urge the KRG, the UK, and businesses to focus on encouraging the skills and culture of entrepreneurialism and good management.**

**A professional and free media with solid journalistic ethics is essential to increasing public understanding and involvement as well as undermining hoaxes and conspiracies that are especially common in the Middle East. We don't accept the recent closure of media outlets and urge the KRG to uphold media freedoms.**

**If a nation is a daily plebiscite, then Kurdistan needs constant renewal. Like much of the Middle East, it is a young country and many are under 30. Covid is tough for youth**

everywhere but great efforts are needed to make sure the new generation of Kurdistanis is included and cherished in renewal.

Kurdistan needs to be a bigger part of the UK's foreign policy discussions. The APPG works with the KRG UK Representation to help do that. It is, therefore, deeply regrettable that the recent BBC Documentary, *Once Upon a Time in Iraq*, almost completely ignored the Kurds. We suggest that the BBC commission a documentary on the Kurds in Iraq.

We hope that the British people understand that Kurdistan matters to us all. Just imagine if the barbarians of Daesh had breached the gates of Erbil in 2014 and captured its oil wealth. Apart from a huge toll in human lives, Daesh would have been better able to menace Iraq and other countries and that would have required massive Western intervention.

Thankfully, the Kurds held the line then. They are pioneering moderation now. The UK is well-placed to lend a hand for its own interests as well as theirs.

**Rt Hon Robert Halfon MP, Chair APPG Kurdistan Region in Iraq and Gary Kent, Secretary, APPG.**

### **About the delegation**

*APPG members Robert Halfon MP, Feryal Clark MP, Alicia Kearns MP, Jack Lopresti MP and Lord McConnell, conducted a virtual delegation to the Kurdistan Region in July 2020 although not all could participate in all sessions.*

*They met the Deputy Prime Minister Qubad Talabani, the Foreign Minister Safeen Dizayee, the Speaker and Deputy Speaker of the Kurdistan Parliament, Dr Rewaz Faiaq and Hemin Hawrami respectively, and Dlawer Al'Aldeen of the Middle East Research Institute.*

*We thank the KRG High Representative to the UK, Karwan Jamal Tahir for facilitating the Zoom meetings for the APPG.*

*Robert Halfon and Gary Kent also met representatives online from the Foreign Relations Bureaux of the Kurdistan Democratic Party and the Patriotic Union of Kurdistan at their request.*

*The report was drafted by Gary Kent who acts as the APPG Secretariat, which is funded by the Kar Group in the Kurdistan Region. He is also registered as a part-time adviser to the Kurdistan Regional Government UK High Representation.*

