

**Piotr Sosnowski**

War Studies University, Warsaw, Poland

## **Relations with Turkey as determinant of Iraqi Kurdistan economic security**

### **Abstract**

The main goal of that paper is to look into economic security of Iraqi Kurdistan in context of its relations with Turkey. In order to achieve the aim, author firstly adequate explained to research below definitions of what is economic security. Next, it presents underlying conditions of economy of Iraqi Kurdistan. For further considerations very important roles are crises – humanitarian and economic, that is important ingredient, that can generate dangers for surroundings of Iraqi Kurdistan. Another factor was history of Iraqi Kurds and Turkey, with political and economic context. Before conclusion there is described challenges for Iraqi Kurdistan resulting from economic relationship with Turkey. Author conclude that the key aspects shaping the economic security of Iraqi Kurdistan are relations with Turkey which can be considered both – as a chance and a threat to Iraqi Kurdistan economic security.

**Keywords:** *Iraq, Turkey, Iraqi Kurdistan, Kurdish Regional Government, Economic Security, International Economic Relations*

## Introduction

The aim of this article is to examine Turkey's role in ensuring economic security of Iraqi Kurdistan. From that questions arises: How to define economic security? What are the underlying conditions of Iraqi Kurdistan economy? How to characterise the relations between Iraqi Kurdistan and Turkey in context of economic security? Is the character of Turkish economic presence on Iraqi Kurdistan market can be characterised as a chance, or a threat to Iraqi Kurdistan economic security? To accomplish that goal author has studied the press materials, literature, reports and scientific papers. Research was predicated of analysis of science sources and media and field research, both in Turkey and Iraqi Kurdistan in 2015 and 2016. With observations came conversational interviews with policymakers, Kurdish officers, scientists and investors.

This work is a continuation of previous published works about security threats to Iraqi Kurdistan (Sosnowski 2016b) and Iraqi Kurdistan economic security in context of relations with Turkey (Sosnowski 2016a), both published in Polish language in War Studies University in 2016. It's worth noting that simultaneously other academics did publish the results of similar studies, f. ex. Christina Bache Fidan: *Turkish business in the Kurdistan Region of Iraq* (Fidan 2016). That is remarkable and rewarding when scientists independently investigate a similar problem. Despite that, this work is based on author's research conducted in May and June 2016 and does not refer to works published in the second half of 2016 and beyond.

Analysis of relation development between Turkey and Iraqi Kurdistan should start from getting information about this relationship during cold war. Key thing about this was mutual interests with keeping Kurdish separatism. Also important was Bagdad Pact (also called CENTO – Central Treaty Organisation), in which was determined, that states having a problem with Kurdish separatism are not going to support Kurdish minority in borders of others signatories. Later Syria joined this pact. It's worth noting that during the cold war contact between Turkey and Iraqi Kurds was strongly reduced. Kurdish Regional Government (KRG) in theory was predicted to be born from deal between Saddam and Barzani in 1970, but in practice that never happened.

During war between Iraq and Iran in the 80s, Iraq was main outlet for Turkish products and services. However Kirkuk-Ceyhan pipeline was a main way to export Iraqi oil (see Figure 1 later in this text). This changed with American invasion on Iraqi

in 90s. Relationship between Ankara and Washington during this period was slowly changing from typical military alliance to strategically partnership. During first war in the Persian Gulf, Turkey initially supported sanctions against Iraq that was put on them from UN, and later joined military operation against Saddam Hussein regime. Attack on Iraq had negative influence on Turkish economy, and noticed loss between 20 and 60 million \$ (Boyer, Brian 2008).

Political affairs overruled economic interests, which revitalised relationships between Turkey and USA. United States began to support Turkey in political and military matters (Wasilewski 2012). Even then, there was a number of misunderstandings, even during war. Reason of that was differences in looking at Kurdish matter and post-war Iraq. Americans wanted to let Kurds make some kind of independence in northern Iraqi. This was met with outright opposition from Ankara, that was afraid of separatist atmosphere of Turkish Kurd after given Kurds any form of independence. Results of that was odd situation, where USA was stopping Saddam to attack on Kurdish region in Iraq with starting rocket manoeuvres, on the other hand Turkey wanted to get him to act of aggression against Iraqi Kurds (Misiągiewicz 2009). Allies also differed with economic matters. Ankara strongly wanted to take off sanctions on Iraq, but Washington wanted to keep them as long as possible (Misiągiewicz 2009).

Thanks to the role Kurds played in taking down Saddam Hussein dictatorship and thoughtful policy they managed to defend some kind of autonomy that they succeed to make, and expand and open they region to the world. Iraqi Kurdistan realises all the functions of a state, behave like a country and was treated like a body of a international law many times, but he isn't one *de iure*. Author of this article assumes, that Iraqi Kurdistan is *in statu nascendi* state. One thing that is missing to claim full sovereignty and subjectivity as a state on international stage is announcing it official and claim an acceptance on international level. Complicated security environment of Iraqi Kurdistan is causing that decision highly dangerous. Key factor here is the economy (Sosnowski 2016a, p. 165).

State of society-economic system of entity of that much unfavourable environment can decide of his survival. KRG aim to provide adequate economic growth and strengthen ability to satisfy increasing needs of citizens. Iraqi Kurds are currently dealing with many problems, economic too. Nature of these problems, and their intensity

led to multidimensional crisis. Economic dimension of that situation has been studied in this article.

### Economic security

In subject literature there are many definitions of economic security. Economic security is capability of economic system of the state (or many states) to make utilisation of internal aspects of growth and interdependence to international economic correlation to let the state develop impregnable. Impregnable growth means condition, when it is the result of a proper use of internal aspects of growth and developmental correlation (Frejtag-Mika *et al.* 1996 p.10).

On the basis of this definition Zenon Stachowiak standpoint came to exist that the economic security is condition of development of the state's economic system, which let it keep high efficiency of functioning – through adequate use of internal factors of growth - and ability to effective oppose pressure from outside, that can lead to development disorders. Creation and maintaining of this security is limited, because of occurring in modern world economic pendency's and independencies', that reduce states sovereignty (Stachowiak 1994, p. 189). Both thesis strongly emphasise on aspects of growth part. In case of Kurdistan, one of these factors are energy resources, that made positive impact on development of another factor, which is investments. Exact values of this aspects of growth was described later in the table 2. Goal for Kurdistan government decisions about economic security is to be immune from dangers and destabilisation of social-political system.

### Economy of Iraqi Kurdistan – underlying conditions

For Iraqi Kurdistan economic security is the key role in realisation of Kurds national interests – survival and aiming for independence. Some kind of paradox shows up here – having a lot of energy resources is a chance, that make many opportunities. But it is also their curse and a cause of negative influence from colonial powers in XIX, and first half of XX century. It is believed, that because of natural resources on Kurdish inhabitant territories, their plans for independence was not welcome on international stage.

In order to make a proper assessment about state of economic security of Kurdistan region in Iraq, one must familiar himself with indicators of this security, which are f. ex. GPD, GPD *per capita*, or inflation. Official data on this topic is posted on Kurdistan Regional Government in Poland website (Kurdish Regional Government in Poland 2017). On this site we can learn, that Kurdish GPD was tripled from 2006, and in 2015 was at 25,5 billion dollars. Similar to GPD *per capita*, which had grown 1400% from 2003, and now it is on 7000 dollar level. Economic growth between 2015 and 2016 was at 8%, unemployment 10%, and inflation 6%. Value of foreign investments is 3 billion \$, and overall value in years 2006-2014 elevate to 41.4 billion \$. Investments projects are calculated to be about 2,3 billion \$. Labour force stand at 2.1 million people.

In GPD of Kurdistan Region in 2013 consist:

- services: 30,1%;
- public services: 20,6%;
- agriculture: 17,5%;
- trading and transport: 13,5%;
- mining i production: 9,4%;
- construction: 7,6%;
- banking and insurance: 1,3%.

Key element of Kurdish economy are oil and gas resources:

- reported oil reserves stands at 45 billion barrels;
- oil export in 2014 was above 34,5 million barrels;
- reported reserves of natural gas stands at 165 TFC (2015);
- amount of Kurdish investments in energy sector: 20 billion \$.

Before downfall of Saddam Hussein dictatorship, Iraqi Kurds couldn't develop their region. Their ability to decide about own fate was taken from them, they experienced harassment and genocide (f. ex. operation Al Anfal), and local market was isolated. Taking down international sanctions from Iraq, and sanctions from Iraq government on Kurdistan caused to dynamic growth and allowed to adopt its own hydrocarbon law on 9th August 2007. In year 2013 KRG admitted 50 crude oil and natural gas exploration and production licenses to more than 40 international oil companies such as f. ex. Chevron, Exxon Mobil, Gazprom, Marathon Oil, MOL, OMV, Repsol, Total, Talisman Energy (Taib 2015). Among the foreign investors were also Turkish: Doğan Enerji, Genel Enerji A.S., Petroleum Products International Exploration and Production Inc (*ibidem*).

## Humanitarian and economic crisis in Iraqi Kurdistan

Now KRG is measured with two crises – humanitarian and economic. First one began in 2012 with influx of refugees from sinking in war Syria and is getting worse with time. According to World Bank, at the beginning of 2015 KRG was keeping around half million Syrian refugees and above one million Internal Displaced Persons (IDP) from southern regions of Iraq.

In summary, numbers of refugees are above 1,5 million and this is 28% of this region population. Second crisis is economic, and it is cause by, among other things, Bagdad – Erbil conflict. Because of that, central government suspended 10 million \$ due, that government was in debt to Iraqi Kurdistan. They made decision to find another source of income. They managed to get 1.3 billion \$ direct from selling oil, and 1.5 billion \$ loan from foreign countries. As a result, KRG registered 7.2 billion \$ decrease of income netto. Other factors that caused those crises are mismanagement, corruption and bad traits of their geopolitical localisation. Some of these bad traits are neighbour that are currently in civil war (Iraq, Syria and Turkey) (Mandıracı 2016)<sup>1</sup>, hostility of neighbours and geographic isolation.

Given the concerns described above, there is real threat to start the society crisis. Possibility of this is growing because of lengthening of other crises, especially financial one, that make most of the society unpaid. This can make frustration grow, that push locals to call Arabic refugees a scapegoat. Given the information, that growing independence of KRG is seen as a threat for every player in this region (state-run and not), there is a risk, that they can use refugees to trigger a conflict in Kurdish enclave. It is not certain that Turkey is going to stabilize, or destabilize KRG. It is known for sure although, that Kurdish government need financial help to survive.

World Bank says, that in 2015, Iraqi Kurdistan is going to need 1,4 billion \$ to stabilize their economy (The World Bank Group 2015). The amount of money is growing with the lengthening of financial crisis and increasing debt (more than 20 billion \$)

---

<sup>1</sup> In July 2015 Turkey has resumed its conflict with the PKK. According to the report of International Crisis Group at least 2,798 people have been killed in clashes between security forces and the PKK since 20 July 2015. This includes 395 civilians, 219 youth of unknown affiliation, 927 Turkish security force members (including soldiers, police and paramilitaries), 1257 members of the PKK. See more at the official report available at website of International Crisis Group: <http://www.crisisgroup.be/interactives/turkey/>.

(Khatteeb 2016). KRG is trying to find money cutting off payments for public services, that in January 2016 did cost them around 800 million per month. Improving financial situation was predicted to make export of oil grow to around 600 000 barrels per day (BPD). Because of low price of this resource, budget deficit sits still around 717 million \$.

Influence of crisis is seen in every sector. For example, Kurdish healthcare lost 46 million \$ in 2014. Cost of providing refugees education, infrastructure maintenance, food and health care was almost 400 million \$ (The World Bank 2015). Big part of this amount are expenses for internal displaced persons, that income here because of so-called *Islamic State* terror.

For comparison, cost of helping refugees before Mosul takeover in 2014 was “only” 67.8 million \$. Crises described above may lead to destabilisation of KRG. With these lengthening, the effects of them will be stronger. Some of these effects might be:

- protests and society worries;
- less support to government;
- stoppage of development and investments;
- polarisation of society;
- growth of terrorism threat.

Downfall of Kurdish government would have negative impact to safety of whole region. Even with possibility of this event is very low, it is worth to look at aftermath. This could start a civil war in Iraqi Kurdistan. This could also lead to intensification of terror and sunni-shi'ite conflict, which make destabilisation of Iraq and Syria stronger. It is also likely, that mass migration to Turkey would happen, with the intention of making it to west Europe. First stage of this migration could intensify civil war in south-east Turkey. Destabilisation of that region also may result in destroying, or damaging the oil and gas network infrastructure from Iraqi Kurdistan, which leads to addiction of Turkey to Russian and Iran contractors. This events can have unpredictable influence for relations between Turkey and EU, and standpoint of the NATO.

### Relationships between Iraqi Kurds and Turkey – in context of politics

Differences on Iraq matter was increasing with passage of time. In 2002 diplomatic confrontation happened between allies, but it didn't change the fact, that USA still

wanted help of Ankara in war with Iraq (Wasilewski 2012). Incoming parliamentary elections discouraged Turkish politics from making tough decisions about foreign politics that could lead to loss of the public's endorsement after all. In March 2003, Turkish parliament didn't agree to American military transit to start an offensive. Besides, Turkish didn't see Saddam Hussein as a threat (Boyer, Brian 2008, p. 7).

Dominant feeling was fear of Kurdish separatism that could destroy south-east Turkey, and related to this insecurity about new Iraq authority. Negative influence to Turkish economy of first war in Persian Gulf was important role too. Because of disloyal ally, USA withdrawn financial support for Ankara, and besides claim of need to improve relationship, there was no steps taken in this direction.

It is worth to mention an incident, that made both allies disunite even more. In 4th July, 2003 in Suleymaniya, American soldiers held eleven Turkish soldiers on Iraqi territory, and humiliated them by putting bags on their heads (Wasilewski 2012). They also accused them of planning assassinations of mayor of Kirkuk, city with plenty of oil (Misiągiewicz 2009, p. 163).

That incident resulted in Turkish government protesting. According to Justyna Misiągiewicz, "this incident confirmed unprecedented crisis of relationship between these two states" (*ibidem*). By request of Americans, in Oct 2003, Turkish parliament agreed to military support in order to bring stabilisation in Iraq (Wasilewski 2012). It didn't happen because of objection of Iraqi Kurds (Misiągiewicz 2009, p. 165). Very important step towards improvement of this relationship was letting Americans use Turkish airspace and few military camps (Wasilewski 2012).

But even then, both states were untruthful towards each other, and the fact that USA did invasion on Iraq without Turkish help had consequences in this relationship to this day. It is important, that after war in Persian Gulf, Turkish commitment to Iraqi Kurdistan matter increased. There were a few reasons for that. Firstly, Ankara assumed, that making Kurdistan region depended on their good will successfully stop Iraqi Kurds to call independence, that would be dangerous precedent and would give example to Turkish Kurds.

Unfriendly towards Turkey, Kurds state could strongly support PKK and pursue to take over control on Turkish Kurdistan. Third reason for that was necessity of stopping incoming Kurd refugees that could come to Turkey in case of another military attack from Iraq to Iraqi Kurdistan. Another reason was desire to gain a favour of West in

their pursue of integration with European structures. They wanted to gain this through helping Kurd refugees, despite Kurds persecution in their own country. Last, but not least reasons was increasing influence of Iran in Kurdistan region in Iraq that was threat to Turkish affairs (Kane 2011).

Taking down Saddam Hussein regime ended informal Turkish protectorate of the Kurdish region. Kurds was very active in building of new political system in Iraq, what gave them more and more influence and respect on political stage of Iraq. Turkish affair was loss of independence by Kurd enclave, but Kurds (thanks to help they gave Americans in taking down the dictator) had enough strong position to push Iraq into federal state. Thanks to that, they could keep going with development of their autonomy within central structures. Governance of Barzani had many problems with Turkey. Even with the cooperation, there was a many incidents. To oppose strengthening position of Kurds in region, Ankara did many diplomatic, military and economic actions to gain more impacts, and to realise their affairs. Turkey was unable to fight against Kurds independence in Iraq decided to turn this in their favour. Kurds got strong influence in many Iraqi institutions, and many times they have had deciding voice in matters like f. ex. giving permissions to Turkish companies to work on Iraq and Iraqi Kurdistan (Olson 2005).

### **Relationship of Iraqi Kurds with Turkey – in context of economy**

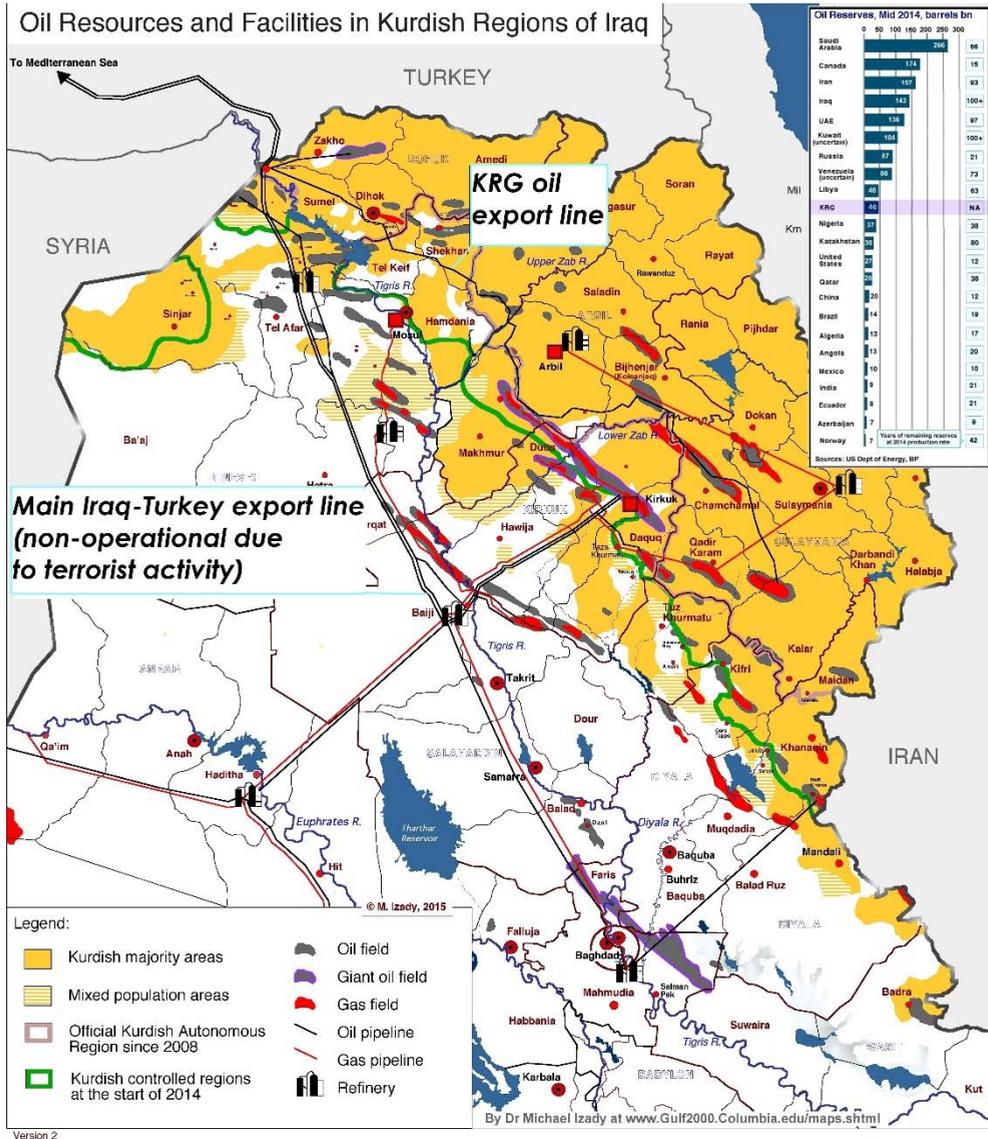
Key aspect of this is, above all, having many fuels in this region. Next to strategy of using the Iraqi Kurds to fight with PKK<sup>2</sup>, its exactly economic aspect began to be important to Turkey. From 2007 time of increasing trust to each other between Erbil and Ankara began. That kind of change could have place because of increasing need of energy resources and need to diversification their sources in order to make them independent from supplies from Iran and Russia. This is caused by supporting states from Persian Gulf, EU and USA in conflict in Syria by Turkey. For KRG this was opportunity to export resources through Turkey to Europe, which harmonize well with Turkish plan to be a energy corridor to Europe (Kuropiewska-Korbut 2014, p. 229). But this didn't

---

<sup>2</sup> More accurately, those Kurds which are affiliated with DPK party. Major political parties in Iraqi Kurdistan are armed.

change Kurds plans to intensify federalisation of Iraq. Turkey still perceive Kurds autonomy growth as a threat.

**Figure 1.** Oil Resources and facilities in Kurdish Region of Iraq



**Source:** This map was edited by author. Original map contains much more information: Izady M. *Oil Resources and facilities in Kurdish Region of Iraq*, <http://www.gulf2000.columbia.edu/maps.shtml> [7.05.2017].

Average level of Turkish-Iraqi economic exchange in 2007 was at 3 billion \$, and in 2012 raised up to above 10 billion \$. About 70% of this amount was from exchange with KRG (Tocci 2013). Value of trades with each other was worth 7,7 billion \$, and import goods from Turkey is 80% of Kurdish market (Turunc 2011). Turkey began to be the biggest foreign business partner for Iraqi Kurds (Iraq Business News 2012).

**Table 1.** Turkish export to Iraq and Kurdish Region in Iraq

Year	Export to Iraq	Estimated quota of KRG	Estimated export to KRG
2007	2 844 767 091 \$	50 %	1 422 383 546 \$
2011	8 310 129 576 \$	61 %	5 060 868 912 \$
2013	11 948 905 271 \$	67 %	8 029 664 342 \$

**Source:** Cagaptay *et al.* 2015.

For comparison, excluding oil and gas, value of Iraqi (with KRG) export to Turkey is low. In 2007 it has been 87 billion \$, and grown only to 153 billion \$ in 2014. According to ranking publicized by *The Washington Institute for Near East Policy*, KRG in 2013 became 3rd biggest outlet of Turkey (Cagaptay *et al.* 2015).

Only export value to GB and Germany is higher. Iraq excluding KRG is just on 11 place. That makes Iraqi Kurdistan most important outlet in the Middle East. Turkish investments are the key for this region. Turks invested into building new airports (Duhok, Erbil), administration buildings for Kurds, hospitals, hotels, housing development, factories, infrastructure, power plants and schools. More intensive economy relationships can also be seen in border traffic.

In 2006, 480 000 Turkish citizens went through Harbour Gate border crossing, and in 2013 this amount raised to above 1 209 000. It is worth to notice, that in 2007 there wasn't any airport connections between Turkey and Iraqi Kurdistan. In year 2014 number of direct flight from Iraqi Kurdistan to Turkey stands at 78 per week.

Turkey is also playing important role in relations between KRG and Bagdad. According to Iraqi constitution, money from selling oil and gas should go firstly to central government, and only later, 17% of this amount would go back to Iraqi Kurds. Bagdad used this as a instrument of political and economic pressure for Kurdistan region, and

hence, could not fulfil the budget obligations. Kurds was trying to make Turkey help them with negotiations with Bagdad, to make them pay this 17% directly to KRG with excluding of Bagdad. This plan didn't work, so Kurds started to trade fuels with excluding of Bagdad. Initially no state, aside from Israel, didn't want to buy Kurdish resources in fear of protests from Bagdad, but situation changed now in favour for KRG. Now it is only a part of global market for oil and gas, and became economic independent from Bagdad (Zhdannikov 2015).

**Table 2.** Reserves of oil and gas of Kurdistan Region of Iraq

<b>Confirmed reserves of oil</b>	4 billion barrels
<b>Estimated undocumented reserves of oil</b>	45 billion barrels
<b>Confirmed reserves of gas</b>	~ 5753 km <sup>3</sup> (165 TCF)
<b>Possible reserves of gas</b>	~ 1020 km <sup>3</sup> (35.37-38 TCF)

**Source:** Paasche, Mansurbeg 2014, p. 5.

On KRG territory there is searching for energy resources all the time, so data presented in table 2 can grow in time. This is a good news for Turkey, because this state is importing more than 90% of oil and gas, and in year 2011 their economy consumed above 700 000 barrels of oil daily. Now the biggest supplier of energy resources are Russia (58% gas and 12% oil in 2011) and Iran (51% oil and 19% gas in 2011). Both of these countries are geostrategic rivals of Turkey, so that highly addiction force Turkey to diversification of suppliers. Given the influence of Iran to government in Bagdad, we can assume, that Turkey didn't have another choice, than make bigger investments in energy sector of KRG and support their independency from Bagdad. In effect of that, from 2011 Iraqi contribution in whole import of this resource grown from 17% to 45.6%.

### Challenges for Iraqi Kurdistan tied to Turkish activity on market

In recent years we can observe that value of trading with neighbours is growing fast. In year 1991 this value was 4 billion \$, and 2008 it already stands at 82 billion \$ (Wódka 2012, p. 69). Expansiveness of Turkish business was called *Big Osmanli Project* that target

neighbour countries after downfall of Ottoman Empire (*ibidem*). One of them is Iraq with KRG, hence it's obvious outlet for Turkish businessman's. Characteristic for Turkish business is the fact, that foreign policy of Turkey is more, and more shaped by economic and trading policies (*ibidem*). Besides that, fear of rising Kurdish freedom and possibility of rising any form of independency is still crucial aspect of Turkish policy toward KRG.

Threat for KRG is also Turkish perception of Kurdish issue in Turkey. In general it is a deeply rooted fear of territorial disintegration. This apply to not only Kurds, but also Greeks and Armenians. Turkish policy towards KRG is shaped by two seemingly opposite forces. One of them is desire to make a profit by Turkish businessman's, and the second one are emotions and national resentments. It's not hard to predict, that even with favourable international situation when Iraqi Kurds declare independence, this is tied to risk of Turkish military intervention that would aim for block Kurdish pursues. If international situation won't let Ankara to breach Kurdish right to declare independence, Turkey will use economic pressure to weaken and discredit Iraqi Kurdistan in eyes of international society, and – which is I think more important – Turkish citizens, especially of Kurdish origin. This kind of action would be taken to debasement Turkish Kurds aspirations.

Additional aspect is the fact, that Turkish investors, that already dominate KRG market will want to keep that state. Turkish business is not much of a competitive, what is result of history conditioning. Trading and crafting in the Ottoman Empire was dominated by non Muslim society, that “disappear” with break-up of empire and Turkish nationalism coming to existence (*ibidem*, p. 250). Current business class was shaped in environment without foreign competition and with support of political establishment (Onis, Webb 1994, p. 136). Turkish business don't want to compete with other entities, so is going to lobby for KRG isolation. Another threat for KRG can be price dumping of Turkish goods to weaken local competition. Turkey was already accused of similar acts, f. ex. by flour producers on Philippines (Valencia 2014).

Unfair competition is a big threat for economic security of KRG, f. ex.: lowering growth of GPD, weakening local producers and strengthening unemployment. Another dangerous practice of Turkish investors is bringing labour from Turkey even emplacements, that doesn't require a lot of qualifications (f. ex. waiter, cashier). Turkish business grudgingly employ local Kurds. Locals on the other hand clam, that Turks just don't

want to share *know-how* with them. Going one step further in these considerations, we can take into account that Turkish business in KRG is there to dominate market, destroy competition and stop the development. Fresh Kurdish self-government, because of their geographical placement, is addicted to Turkish capital and has very little room to defend their market. Implementation of legal provisions, that are aimed to save competition on market, wouldn't make this problem disappear completely. Reason of that is – again – geographical localisation.

Nowadays Iraq and Syria can't provide safety for movement of goods, and the only, not 100% safe trade routes are running through Turkey and Iran. Turkey can restraint the traffic any given moment because of civil war on this territory with PPK. This circumscription couldn't apply to Turkish goods whatsoever, but only to f. ex. EU goods. Likewise Iran, which is fighting with Kurdish separatism too, near the borders of KRG.

## Conclusion

Economic security of KRG is conditioned by many factors. Most important from all of them are relations with Turkey. This country is a window into the world and control movement of goods through its border. Turkey activity on Kurdish market helped develop local economy. Troubling question is on what level of development and independence of Iraqi Kurds Turkey will consider as a threat. It can be assumed, that in favourable international situation, Ankara won't back off from taking more control in this region by using other methods than economic influence. It will be disadvantage situation because the violations of the Iraqi sovereignty could be tied with repercussions on international stage and escalation of conflicts in the Middle East. On the other hand Turkey routinely violates the sovereignty of Iraq by dropping bombs on Kurdish Workers Party bases located f. ex. in Quandil Mountains.

Because of geopolitical localisation Iraqi Kurds are doomed of Turkish authorities good will. Turkish policy makers for a long time was consider increasing sovereignty of Iraqi Kurdistan more as a vital threat despite its economic profits. It was based more on Turkish resentments than realistic calculation of profits and losses. On the other hand, Iraqi Kurds are witnessing violence against their brothers living in Turkey. For the security of Iraqi Kurds, KRG policy makers are unable to do anything to solve Kurdish question in Turkey which is not allowed by Ankara. The Turkish economic influence is

so strong that it can force some political groups in Iraqi Kurdistan to conflict with Kurdish political groups from Turkey and Syria (f. ex. Kurdistan Democratic Party with Kurdish Workers Party) and Iraqi Central Government. The Turkish pressure can cause the Iraqi Kurds to pursue policies that are in line with the demands of their stronger neighbour and unfavourable for Kurds.

Kurds must pursue to stabilise situation. Political freedom and economic growth is beneficial for local security environment. This is the only way to meet the goal, which is first of all – economical and political stability. Current humanitarian and economic crises needs support from foreign countries. Both economy and administration of KRG wasn't prepared to manage in that highly complicated situation. Iraqi Kurds will not overcome instability without Turkish good will. It looks like seizing Kurds crises is within Turkish interests, because Iraqi Kurdistan instability can potentially generate threats for whole region, including Turkey.

Kurdistan Region in Iraq is the most stabilised territory in that country. It can change without international support. Actions are need to be taken to improve economic security and development of that Region. Kurds are trying to strengthen ties with world market and economies of other states. Currently other entities have interests in survival and stabilisation of Iraqi Kurdistan. One of them is addicted to Kurdish oil Turkey which when couldn't destroy growing autonomy of Iraqi Kurds in military way, have decided to take over control of them by economy. Time showed, that Turkish investments was profitable for both parts, and helped to realise Turkish strategic goals (f. ex. diversification of suppliers of energy resources). Turkey is making a lot of chances to development of Iraqi Kurdistan, but at the same time Turkish economic influence can be consider as a threat.

## References

- Boyer S.P., Brian K. (2008), *The Neglected Alliance – Restoring U.S.–Turkish Relations to Meet 21st Century Challenges*, Center for American Progress, Washington
- Cagaptay S., Fidan C.B., Sacikara E.C., Baste L. (2015), *Turkey and the KRG: Signs of Booming Economic Ties*, <http://www.washingtoninstitute.org/policy-analysis/view/turkey-and-the-krg-signs-of-booming-economic-ties-infographic>

- Fidan C.B. (2016), *Turkish business in the Kurdistan Region of Iraq*, "Turkish Foreign Policy" Winter
- Frejtag-Mika E., Kołodziejczyk Z., Putkiewicz, W. (1996), *Bezpieczeństwo ekonomiczne we współczesnym świecie*, Wydawnictwo Politechniki Radomskiej, Radom
- Iraq Business News (2012), *Kurdistan's Energy Relations with Turkey Enter New Phase*, <http://www.iraq-businessnews.com/2012/05/23/kurdistans-energy-relations-with-turkey-enter-new-phase/>
- Izady M. *Oil Resources and facilities in Kurdish Region of Iraq*, <http://www.gulf2000.columbia.edu/maps.shtml>
- Kane S. (2011), *The Coming Turkish-Iranian Competition in Iraq*, United States Institute of Peace, Washington
- Khatteeb L.A. (2016), *Iraq's Economic and Energy Review*, [http://energypolicy.columbia.edu/sites/default/files/energy/CGEP\\_Iraq%E2%80%99s\\_Economic\\_and\\_Energy\\_Review\\_September\\_2016.pdf](http://energypolicy.columbia.edu/sites/default/files/energy/CGEP_Iraq%E2%80%99s_Economic_and_Energy_Review_September_2016.pdf)
- Kurdish Regional Government in Poland (2017), *Economy: Gospodarka Regionu Kurdystanu – podstawowe informacje*, <http://poland.gov.krd/economy/?lang=pl>
- Kuropiewska-Korbut R. (2014), *Spolecznosc miedzynarodowa wobec Kurdow irackich*, Księgarnia Akademicka, Kraków
- Mandraci B. (2016), *Turkey's PKK Conflict: The Death Toll*, <http://blog.crisisgroup.org/europe-central-asia/2016/07/20/turkey-s-pkk-conflict-the-rising-toll/>
- Misiągiewicz J. (2009), *Polityka zagraniczna Turcji po zimnej wojnie*, Adam Marszałek, Toruń
- Olson R. (2005), *The Goat and the Butcher*, Mazda Publishers, Costa Mesa
- Onis Z., Webb S.B. (1994), *Turkey: Democratization and adjustment from above*, World Bank and Oxford University Press, New York
- Paasche T.F., Mansurbeg H. (2014), *Kurdish Regional Government –Turkish energy relations: a complex partnership*, Routledge, London
- Sosnowski P. (2016a), *Bezpieczeństwo ekonomiczne Regionu Kurdystanu w Iraku w świetle relacji z Turcją*, in: *Współczesne bezpieczeństwo ekonomiczne wymiar międzynarodowy*, (red.) Gębska M., Warszawa, Akademia Sztuki Wojennej
- Sosnowski P. (2016b), *Characteristics of selected security threats in the Kurdistan Region in Iraq*, "Security and Defence Quarterly" Iss. 1(10)
- Stachowiak Z. (1994), *Bezpieczeństwo ekonomiczne*, in: *Ekonomika obrony*, (red.) Stankiewicz W., Akademia Obrony Narodowej, Warszawa

- Taib M. (2015), *The Mineral Industry of Iraq*, in: *2013 Mineral Yearbook: Iraq [ADVANCE RELEASE]*, U.S. Geological Survey
- The World Bank Group (2015), *Iraq – Assessing the economic and social impact of the Syrian conflict and ISIS*; International Bank for Reconstruction and Development/The World Bank, Washington
- The World Bank (2015), *The Kurdistan region of Iraq: assessing the economic and social impact of the Syrian conflict and ISIS*, The World Bank Group, Washington
- Tocci N. (2013), *Turkey's Kurdish Gamble*, Istituto Affari Internazionali, Roma
- Turunc H. (2011), *Turkey's global strategy: Turkey and Iraq*, LSE, London
- Valencia C. (2014), *DA imposes anti-dumping duty on Turkish flour*, <http://www.philstar.com/business/2014/11/21/1394015/da-imposes-anti-dumping-duty-turkish-flour>
- Wasilewski K. (2012), *Relacje Turcja – USA: od strategicznych sojuszników do modelowego partnerstwa*, <http://www.psz.pl/117-polityka/relacje-turcja-usa-od-strategicznych-sojusznikow-do-modelowego-partnerstwa>
- Wódka J. (2012), *Polityka zagraniczna Turcji. Uwarunkowania wewnętrzne oraz podmioty decyzyjne*, Instytut Studiów Politycznych PAN, Wydawnictwo TRIO, Warszawa
- Zhdannikov D. (2015), *How Kurdistan bypassed Baghdad and sold oil on global markets*, <http://www.reuters.com/article/us-iraq-kurdistan-oil/exclusive-how-kurdistan-bypassed-baghdad-and-sold-oil-on-global-markets-idUSKCN0T61HH20151117>