

Main Points

The surge is being hailed in the US media as a victory. This is premature. It is true the US has succeeded in suppressing, directly or indirectly, some of Iraq's most violent actors. It is also true that the Maliki government has shown a growing assertiveness toward its main enemies and rivals: the Mahdi army, the Sons of Iraq, and the Kurds. It also has taken an assertive posture on the strategic framework agreement that it is negotiating with the Bush administration.

While there has been material progress on the security front, on the political front things are totally stuck: No political deals that would give all sides a fair share of power and resources; no integration of the Sons of Iraq; and no provincial elections. In fact, Iraq faces a threat, for the first time, of Arab-Kurdish violence, reflecting a very deep rift between two nationalisms.

The absence of progress is explained by the fact that the ruling parties have come under no serious pressure to compromise or cede ground, and that US leverage is declining (the Bush administration is a lame duck, unable to launch any initiative; and by indicating its intention to leave Iraq within a certain period, the US has given incentives to Iraqi actors to secure their long-term interests without the US). Moreover, whenever the US pushes the Maliki government, it runs to Iran for help.

The political deals that ought to be made concern the federal hydrocarbons law, Iraq's federal architecture, the constitution review, and the Kirkuk question, as well as a gamut of lesser issues. The common factor in all these issues is, in fact, Kirkuk (and other disputed territories). The Kurds want to incorporate these into the Kurdistan region as being historically part of Kurdistan but subjected to Arabisation during the previous regime. Arab Iraqis resist this, and find support from the Arab states and Iran. The Turkomans in these territories are very anxious, as they are a small minority in Iraq (but a sizable group in the disputed territories); they have the support of Turkey.

UNAMI is currently looking for a solution. One option would be a territorial compromise. This is something Kurdish leaders seem to be pursuing. However, given the odds arrayed against the Kurds, it seems objectively improbable, if not impossible, that they would succeed in bringing Kirkuk into the Kurdistan region.

An alternative solution would involve a grand bargain covering oil, land (disputed territories), federalism and the constitution. The Kurds' regional government in Erbil (KRG) wants a guaranteed income and the ability to develop the region; it also wants economic leverage vis-à-vis Baghdad; and it wants to build an economic basis for a hoped-for independent state (though it doesn't say this). For these purposes, it wants the oil of Kirkuk as well as any oil that might be found inside the Kurdistan region (this could be considerable). This oil wealth is potential only, however: the Kurds would have to export it in order to earn revenue, and the only viable export channel is through Turkey (at least for now). In turn, Turkey would like to export the Kurds' oil

but will not do so in the absence of a federal hydrocarbons law, which it sees as a way of cementing the Kurds firmly into Iraq.

A possible compromise would therefore look as follows:

--The KRG would gain the right, under the hydrocarbons law, to manage its oil fields, bring in investments based on production-sharing contracts, and export its oil and gas through Turkey.

--In turn, the KRG would agree to Kirkuk becoming a stand-alone governorate (or even a one-governorate region, as per the constitution), like Baghdad, with a power-sharing arrangement for an interim period, with a mechanism for resolving the territory's status at the end of this period, and with a UN role in overseeing the process. It would be understood that the Kurds would continue to exercise de facto control in Kirkuk (the situation today).

--These arrangements (oil law and Kirkuk status) would be reflected in the constitution during the current review process.

--Moreover, the constitution would be amended to prevent the creation of regions larger than three governorates.

--Under this scenario, the PKK issue could be resolved relatively easily between the government of Turkey and the KRG.

As part of slowly improving relations between the Turkish government and the KRG, the Turkish government should consider referring to the Kurdish authorities in Erbil formally as the KRG and ending its ban on access to the KRG's website in Turkey (www.krg.org).

The most immediate challenge will be to break the deadlock on Iraq's provincial elections law. The Kirkuk issue should be removed from the law, so that the elections can go forward in Iraq's 14 other governorates more or less on schedule. A separate mechanism should be set up to deal with Kirkuk, where elections should be postponed until an acceptable arrangement is found to share power. UNAMI needs to take charge of these efforts in the context of the grand bargain proposed above (which the UN is already considering).