

# OIL-GAS DIPLOMACY AND QUEST FOR ECONOMIC AUTONOMY: CONTRASTING CASE STUDY OF IRAQI KURDISTAN AND BALOCHISTAN

**DIVYA MALHOTRA**

## **BACKGROUND**

The semi-autonomous province of Kurdistan in Iraq and Balochistan in southwestern Pakistan are the world's most resource rich conflict zones today. Besides other minerals, Iraq's Kurdistan and Balochistan rest atop vast reserves of crude oil and natural gas respectively. Iraq is one of the top holders of proven oil reserves in the world—estimated to hold over 149 billion barrels of proven crude oil reserves.<sup>1</sup> Approximately 20 per cent of these oil resources (45 billion barrels)<sup>2</sup> are located in Kurdish territory in northern Iraq.<sup>3</sup> Pakistan is home to 53 trillion cubic feet (tcf) of proven

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Ms **Divya Malhotra** is Non-resident Fellow at the Middle East Institute, New Delhi and is pursuing her PhD from Centre for West Asian Studies, Jawaharlal Nehru University, New Delhi.

1. Energy Information Administration (EIA), "Iraq: Executive Summary", January 7, 2019; <https://www.eia.gov/beta/international/analysis.php?iso=IRQ>
2. The (TOGY), "Kurdistan Region of Iraq: New Alliances", 2019; <https://www.theoilandgasyear.com/market/kurdistan-region-of-iraq/>
3. The Environmental Impact Assessment (EIA) report claims that Kurdish regions have only 3 billion barrels in resources as opposed to liberal estimates of 45 billion barrels cited by the Kurdish Regional Government (KRG). [https://www.eia.gov/beta/international/analysis\\_includes/countries\\_long/Iraq/background.htm](https://www.eia.gov/beta/international/analysis_includes/countries_long/Iraq/background.htm)

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natural gas reserves out of which 36.4 per cent (19 tcf) is located in the country's largest and least populous province of Balochistan.<sup>4</sup>

While geographically apart, these two provinces are united by a troubled past and shared sense of resentment against their respective regimes. Even though Iraqi Kurdistan has established a strong economic identity for itself; Balochistan remains Pakistan's poorest province, deprived of its own resources. The Kurds in north Iraq rose to forge a strong political platform after the US-led invasion of Iraq in 2003, hinting at the indispensability of international players

in shaping the independent identity of the Kurdish Regional Government (KRD). Certain analysts have made similar predictions for Balochistan too.<sup>5</sup> However, so far, the province has failed to negotiate with Islamabad for greater political or economic autonomy.

There has generally been a dearth of Indian scholarship on Kurdistan's economic diplomacy, despite the fact that the region has the potential to serve (or disrupt) India's energy interests; however, some Indian companies like Reliance Limited have been involved in exploratory activities in Iraqi Kurdistan. Geographically, Balochistan is of greater interest for Indian strategic thinking. Despite the fact that Indian scholarship on Balochistan may be quantitatively sufficient, it is generally limited to the discussion on the security perspective. This article has two main objectives: first, to scan the trajectories of both conflict zones, with specific focus on their oil and

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4. Sustainable Development Policy Institute (SDPI), "Natural Resource Allocation in Balochistan and NWFP: Reasons for Discontent", Islamabad, 2009; <https://www.sdpi.org/publications/files/Microsoft%20Word%20-%20A111.pdf>.
  5. Afshan Ahmed, "Analysing Possible Role of USA in Pak-Baloch Conflict", Working Paper 128, Sustainable Development Policy Institute (SDPI), Islamabad, 2012; <https://sdpi.org/publications/files/WP-128.pdf>; Michel Chossudovsky, "The Destabilisation of Pakistan", Global Research, Canada, 2012; <http://www.globalresearch.ca/the-destabilization-of-pakistan/7705>.

gas sector; second, to underline the internal circumstances and external factors which explain the different trajectories of these two resource-rich conflict zones in the Asian subcontinent.

### THE TRAJECTORY OF IRAQI KURDISTAN

Oil and gas discoveries in Kurdish Iraq date back to the 1920s, when oil was first discovered in Kirkuk in 1927 and Iraq was still under the British mandate.<sup>6</sup> The Treaty of Sevres (1920) had promised autonomy to the Kurds. But as fate would have it, British support for an independent Kurdistan was withdrawn and the borders were drawn in such a way that the Kurds were split among modern-day Turkey, Iran, Iraq and Syria.<sup>7</sup>

Even though the Iraqi Kurds were not strong enough to fight the regime in the newly independent state of Iraq post-1932, their aspirations for independence never died down, and they continued their struggle. As the Iraqi Ba'ath Party came to the forefront of Iraqi politics in the late 1960s and Saddam Hussein rose to political power, the US started exhibiting interest in the Kurds. Eventually, Iraq cozying up to the Soviets gave Washington a serious reason to strike an alliance with the Iraqi Kurds.<sup>8</sup> Throughout the

**Throughout the 1970s, the US continued to support the Kurds militarily and financially. But US support for them always remained sporadic and strategic, based on its assessment of the regional situation. History is replete with instances when the US abandoned the Kurds in difficult situations.**

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6. Organisation of the Petroleum Exporting Countries (OPEC), "Iraq Facts and Figures", 2019; [https://www.opec.org/opec\\_web/en/about\\_us/164.htm](https://www.opec.org/opec_web/en/about_us/164.htm); Sean Kane, "Iraq's Oil Politics: Where Agreement Might not be Found", United States Institute of Peace Report, 64(8), 2010, Washington DC. The Oil and Gas Year (TOGY), "Kurdistan Region of Iraq: New Alliances", 2019; <https://www.theoilandgasyear.com/market/kurdistan-region-of-iraq/>.

7. Othman Ali, "The Kurds and the Lausanne Peace Negotiations, 1922-23", *Middle Eastern Studies*, 33(3), 1997, pp. 521-534; <https://www.jstor.org/stable/pdf/4283891.pdf>.

8. Steven Cook, "There's Always a Next Time to Betray the Kurds", *Foreign Policy*, 2019; <https://foreignpolicy.com/2019/10/11/kurds-betrayal-syria-erdogan-turkey-trump/>. Bryan Gibson, "The Secret Origins of the U.S.-Kurdish Relationship Explain Today's Disaster", *Foreign Policy*, 2019; <https://foreignpolicy.com/2019/10/14/us-kurdish-relationship-history-syria-turkey-betrayal-kissinger/>.

1970s, the US continued to support the Kurds militarily and financially. But US support for them always remained sporadic and strategic, based on its assessment of the regional situation. History is replete with instances when the US abandoned the Kurds in difficult situations during the 1970s and 1980s.<sup>9</sup> However, some real progress was made in the 1990s. In 1992, as Iraq witnessed its first free and fair elections, the Kurdistan National Assembly was established, and thereafter the first Kurdish Regional Government (KRG) was formed.<sup>10</sup> However, the Kurds were hand-tied under Saddam Hussein. The US-led invasion of Iraq in 2003 and the end of Saddam Hussein's regime was the actual moment of victory for the Kurds.

In October 2005, the new Constitution of Iraq extended official recognition to the semi-autonomous status of the KRG, enshrining the local powers over the region's administrative requirements.<sup>11</sup> Additionally, the government also assured it a 17 per cent share in the federal Iraqi budget under the Iraqi budget law.<sup>12</sup> However, the KRG's demand for full control of the oil sector remained disputed owing to differential views on the interpretation of the Iraqi Constitution.

The subject of oil (and gas) is dealt with in Articles 111 and 112 of the Constitution,<sup>13</sup> the latter being the main source of contention between the

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9. "A Look at the History of the U.S. Alliance With the Kurds ", NPR 2019; <https://www.npr.org/2019/10/10/769044811/a-look-at-the-history-of-the-u-s-alliance-with-the-kurds>; Mike Giglio, "The Kurds Were Fighting ISIS Long Before the US Was. This is What it Was Like", 2019; <https://www.buzzfeednews.com/article/mikegiglio/shatter-the-nations-excerpt-kurds-isis>.

10. Kurdish Regional Government (KRG), "The Kurdistan Parliament", 2019; <http://previous.cabinet.gov.krd/p/page.aspx?l=12&p=229>.

11. L Anderson, "Internationalizing Iraq's Constitutional Dilemma", in R. Lowe and G. Stansfield eds., *The Kurdish Policy Imperative* (London: Chatham House/Royal Institute of International Affairs).

12. Andrew Snow, "Kurdistan and Baghdad: A Tangled Web Over Oil and Budgets", United States Institute of Peace, 2018; <https://www.usip.org/publications/2018/01/kurdistan-and-baghdad-tangled-web-over-oil-and-budgets>; World Bank, "The Kurdistan Region of Iraq: Assessing the Economic and Social Impact of the Syrian Conflict and ISIS", Washington, 2015; <http://documents.worldbank.org/curated/en/574421468253845198/pdf/Iraq-Assessing-the-economic-and-social-impact-of-the-Syrian-conflict-and-ISIS.pdf>.

13. According to Section one of Article 112,

*"The federal government, with the producing governorates and regional governments, shall undertake the management of oil and gas extracted from present fields, provided that it distributes its revenue in a fair manner in proportion to the population distribution in all parts of the country, specifying 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, and this shall be regulated by a law."*

Centre and the KRG.<sup>14</sup> Thus, constitutional ambiguity, along with the KRG's mistrust of the federal government, determined the KRG's political conduct.

In 2006, the KRG established a separate Department of Foreign Relations (DFR) in Erbil and thereafter companies of many countries (including India's Reliance Industries, which entered into a production sharing agreement in the Rovi and Sarta blocks in 2007)<sup>15</sup> started exploring the oil sector in the Kurdish areas.<sup>16</sup> Twenty-nine countries maintain separate diplomats in Erbil and the KRG official website claims that it has official consular representation in 14 countries.<sup>17</sup>

Post US-invasion in 2003, a geographical shift occurred in the investor outlook. The relatively stable Kurdish regions in the north started attracting most of the investments in view of the instability and violence in central and southern Iraq. However, the oil deals for Kurdish oil were negotiated with the central government in Baghdad, with little autonomy to Erbil. The equation between Erbil and Baghdad remained bitter over the issue, but the relations worsened when the KRG started independent oil trade with Iran in 2013 and Turkey in 2014.<sup>18</sup> Interestingly, both these countries also have Kurdish populations and,

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According to Section two of Article 112,

*"The federal government, with producing regional and governorate governments, shall together formulate the necessary strategic policies to develop the oil and gas wealth in a way that achieves the highest benefit to the Iraqi people using the most advanced techniques of the market principles and encouraging investments."*

14. James Denselow, "The Kurdish Kingmakers", Al Jazeera, Qatar, 2014; <https://www.aljazeera.com/indepth/opinion/2014/09/kurdish-kingmakers-2014930132452403344.html>; Divya Malhotra, "Oil as a Tool of Diplomacy in Iraqi Kurdistan" in Sajad Ibrahim, ed., *Twenty-First Century Unrest in West Asia: Socio-economic and Political Scenario* (Kolkata: New Central Book Agency, 2018).
15. KRG, "Ministry of Natural Resources Announces Seven New Petroleum Contracts for Kurdistan Region, Reviews Five Existing Contracts", 207; <http://cabinet.gov.krd/a/d.aspx?s=010000&l=12&a=21217>.
16. Owing to political pressure from Baghdad, Reliance Industries divested its shares in 2012; <https://www.oji.com/exploration-development/article/17274573/iraq-chevron-acquires-reliance-stake-in-two-blocks>.
17. KRG, "The Kurdistan Regional Government Department of Foreign Relations", 2019; <https://dfr.gov.krd/p/p.aspx?p=25&l=12&s=010000&r=332>.
18. "Iraqi Kurdistan Opens Official Crude Oil Trade Route Via Iran-Sources", 2013; <https://www.reuters.com/article/hold-kurds-oil-iran/iraqi-kurdistan-opens-official-crude-oil-trade-route-via-iran-sources-idUSL6N0FU4LG20130807>; Dmitry Zhdannikov, "Exclusive: How Kurdistan Bypassed Baghdad and Sold oil on Global Markets", Reuters, 2015; <https://www.reuters>.

thus, share concerns with Baghdad over Kurdish unilateralism. At this point, it is important to note that Iraqi Kurdistan's landlocked geography remains its biggest constraint, thereby keeping it dependent on its neighbouring countries for trade.<sup>19</sup> Thus, Iran and Turkey may be using trade connections as a bargaining chip to buy political assurance from the KRG. In other words, by becoming a partner in Iraqi Kurdistan's economic roadmap, these states "can buy KRG's assurance that any action by Iraqi Kurds should not mobilise Kurds outside of Iraq or cause any political disequilibrium in the respective countries. Thus, the ambition of establishing a wider Kurdistan can be checked."<sup>20</sup> Even though the Iraqi Kurds may have been able to use the threat of independence as a strategic tool to get greater concessions from Baghdad and strike deals with neighbouring Ankara and Tehran, what resulted, at best, signals that they succeeded in attaining a semi-autonomous political status and greater degree of economic autonomy. However, to confuse economic autonomy with political independence was a gross miscalculation, proven in the 2017 independence referendum. Despite 93 per cent votes in favour of an independent state, the referendum did not alter the status quo, and rather inflicted upon the Kurds a political backlash from Baghdad, along with financial and territorial losses.<sup>21</sup> The Kurds' last hope was their alliance with Washington against the Islamic State (IS). As Washington withdrew its support to the Iraqi Kurds in 2019, one is again reminded of Lord Palmerston's words that nations have no permanent allies, only permanent interests. Thus, reliance on external powers such as the US may be short-term opportunities to get political and economic concessions from the regime, and it may dawn upon the Kurds now that they will have to fight their own battles.

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com/article/us-iraqi-kurdistan-oil/exclusive-how-kurdistan-bypassed-baghdad-and-sold-oil-on-global-markets-idUSKCN0T61HH20151117.

19. Selcan Hacauglu, J. Fairweather, and N. Razzouk, "Oil Odyssey Offers Glimpse of Kurdish Independence in Iraq", *Bloomberg*, 2014; <https://www.bloomberg.com/news/articles/2014-06-18/half-price-kurdish-oil-threatens-iraqi-breakup-with-turkish-help>.

20. Malhotra, n. 14.

21. Denise Natali, "Iraqi Kurdistan Was Never Ready for Statehood", 2017; <https://foreignpolicy.com/2017/10/31/iraqi-kurdistan-was-never-ready-for-statehood/>.

## EXAMINING BALOCHISTAN'S TRAJECTORY

The province of Balochistan in southwestern Pakistan exhibits certain similarities to the Iraqi Kurdistan as reflected in the writings of certain scholars.<sup>22</sup> However, the nature of the Kurds struggle and their trajectories remain a subject of scholarly speculation.

Balochistan, as the Baloch refer to their homeland, is geographically scattered across three modern nation-states of Pakistan, Afghanistan and Iran. Under British India, the modern-day province of Balochistan was a part of the princely state of Kalat and its strategic location made it attractive for the colonial powers. The struggle for Baloch identity saw its dawn in the 20th century against the British and continued after they left. In the words of Leonard Binder, "The Baloch suffered this unhappy fate simply because they happened to live in an area of vital military importance to the British."<sup>23</sup>

In the 1940s, when India's call for freedom from the British rule became louder, the nationalist Baloch also started demanding independence. Interestingly, the Khan of Kalat declared Balochistan's independence on August 12, 1947—two days before the state of Pakistan came into being.<sup>24</sup> However, post-Independence, the agreement was dissolved and on March 27, 1948, the Khan of Kalat was made to accept the merger with Pakistan.<sup>25</sup> The merger, however, was not acceptable to the Baloch, leading to violent clashes. The region has remained constantly restive ever since. A few years later, Pakistan's first gas field was discovered in 1952 by Pakistan Petroleum Limited (PPL) in Sui sub-district in Balochistan and commercial drilling in the region began in 1955.<sup>26</sup> In the words of Harrison (1981), if it wasn't

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22. John Gee, "Baluchistan—Another Kurdistan?", *Washington Report*, 2018; <https://www.wrmea.org/2018-august-september/baluchistan-another-kurdistan.html>; Andrew Korybko, "Iran Is Being Tricked into Making Balochistan the New Kurdistan", *Global Research*, 2019; <https://www.globalresearch.ca/irans-tricked-making-balochistan-new-kurdistan/5669010>.

23. Leonard Binder, "Islam, Ethnicity and the State in Pakistan", *Middle East Journal*, 11(4), 1987, pp.259-298; [https://www.jstor.org/stable/4322950?seq=1#metadata\\_info\\_tab\\_contents](https://www.jstor.org/stable/4322950?seq=1#metadata_info_tab_contents).

24. Abhijit Bhattacharyya, "Baloch Almost got 'Free' in 1947!", *Asian Age*, 2017; <https://www.asianage.com/opinion/oped/060217/baloch-almost-got-free-in-1947.html>.

25. Muhammad Saeed Dehwar, *Contemporary History of Balochistan* (Quetta: Third World Publications, 1994), pp. 311-324.

26. Rauf Nizami and Sharif Nizami, "Petroleum Exploration and Development in Pakistan", *Energy Exploration and Exploitation*, 5(1), 1987, pp. 187-197; <https://www.jstor.org/>

**Initially, Balochistan remained a cause of worry for the state of Pakistan due to its separatist aspirations. With the discovery of natural gas, the political debate got an economic dimension and the province became vital to Pakistan's energy security.**

for Balochistan's wealth of natural resources and strategic location, no one would be fighting over this "bleak, desolate and forbidding land."<sup>27</sup>

Initially, Balochistan remained a cause of worry for the state of Pakistan due to its separatist aspirations. With the discovery of natural gas, the political debate got an economic dimension and the province became vital to Pakistan's energy security. Pakistan Petroleum Limited (PPL), a state-owned company, was made exclusively in charge of exploration and production of gas,

and revenues were placed directly under the federal government. As per the Mineral (Acquisition and Transfer) Order, 1961 (PO No. 8 of 1961), the federal government exercised exclusive control over the institutional, regulatory, legislative and operational arrangements concerning the natural resources.<sup>28</sup>

Even though the province was the major supplier of natural gas for the country, the federal government exercised complete control over the management of resources. Denial of proportionate benefits perpetrated resentment among the Baloch and their demand for increased economic autonomy was increasingly being perceived as a threat to Pakistan's integrity and stability.<sup>29</sup>

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stable/43754097?seq=1#page\_scan\_tab\_contents; Pakistan Bureau of Statistics, Government of Pakistan, "50 Years of Pakistan: Volume I (1947-1997)", Chapter 8: Oil and Gas, 1987, p. 115; <http://www.pbs.gov.pk/content/50-years-pakistan-volume-i-5>; Pakistan Petroleum Limited, "E&P Opportunities", 2016, p. 20; [https://www.ppl.com.pk/EP\\_Brochure\\_Oct\\_2016.pdf](https://www.ppl.com.pk/EP_Brochure_Oct_2016.pdf).

27. Selig S. Harrison, *In the Shadow of Afghanistan: Baluch Nationalism and Soviet Temptations* (Washington, DC: Carnegie Endowment for International Peace, 1981), pp. 6-7.

28. Senate of Pakistan, *Participatory Federalism: Rulings of the Chair*, "Operationalization of Joint Ownership of Mineral Oil and Natural Gas; Implementation of Article 172 (3), Constitution, 1973", 2018, p. 73; <http://www.senate.gov.pk/uploads/documents/Ruling%20Book.PDF>.

29. White Paper on Balochistan (1974), Government of Pakistan, in Rehana Saeed Hashmi "Baloch Ethnicity: An Analysis of the Issue and Conflict with State", 2015, p. 15; [http://pu.edu.pk/images/journal/history/PDF-FILES/4-%20PC%20Dr.%20Rehana%20Saeed%20Hashmi\\_52-1-15.pdf](http://pu.edu.pk/images/journal/history/PDF-FILES/4-%20PC%20Dr.%20Rehana%20Saeed%20Hashmi_52-1-15.pdf).



The historic secessionist desires of the Baloch were further fuelled by Islamabad's discriminatory economic policies such as an unequal share in gas revenues as well as federal revenues. The gas revenue distribution did not take into account the province-wise contribution, even though Article 158 of the Pakistani Constitution (1973) stated that "the province where natural gas is situated would have priority in receiving supplies of that gas."<sup>30</sup> Similar provisions were made under Article 161(a) which specified that federal excise duty and royalty on gas would be the "*exclusive right of the respective Provincial Government*". However, Balochistan remained deprived of its due share. As per some estimates, the province received only one-fifth in royalty payments as compared to the other provinces.<sup>31</sup> Besides revenue deprivation, the Pakistani state has followed a biased employment policy whereby the managerial and technical level jobs were offered to those from "outside Balochistan", while local Baloch were engaged in "low-end jobs as day laborers."

Besides revenue deprivation, the Pakistani state has followed a biased employment policy whereby the managerial and technical level jobs were offered to those from "outside Balochistan", while local Baloch were engaged in "low-end jobs as day laborers."

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30 n. 28

31. Sustainable Development Policy Institute, "Natural Resource Allocation in Balochistan and NWFP: Reasons for Discontent", 2009, p. 5; <https://www.sdpi.org/publications/files/Microsoft%20Word%20-%20A111.pdf>.

32. International Crisis Group (ICG), "Pakistan: The Worsening Conflict in Balochistan", Asia Report No. 119, 2006, p. 16; <https://d2071andvip0wj.cloudfront.net/119-pakistan-the-worsening-conflict-in-balochistan.pdf>.

33. Hashmi, n. 29, p. 74.

would lose our identity, our language, everything. That is why we are not willing to accept these mega projects.”<sup>34</sup>

The influx of workers belonging to other ethnic groups in Balochistan was perceived as propaganda for deliberate demographic changes.<sup>35</sup> Like the Kurds, the Baloch feel entitled to complete ownership and control over the resources while the federal government has been keen on economic integration rather than autonomy.

In addition to disproportionate gas-revenue distribution and skewed employment patterns, Balochistan receives the lowest proportion of total revenues on account of its low population. Before 1971, the federal government based revenue allocation solely on landmass or area. This criterion was opposed by the former East Pakistan which had a larger population but lesser land area. Post-loss of East Pakistan in 1971, the criterion was changed from land mass to population under Article 160 (1): National Finance Commission Award.<sup>36</sup> Balochistan being the least populated but largest in size, was the biggest loser. In 2009, a multiple criteria formula was introduced to include poverty, revenue generation and population density as determining factors (Fig 1).

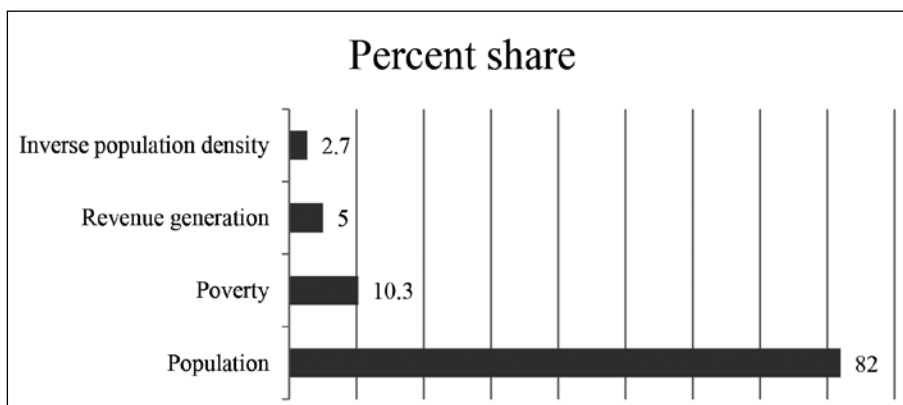
Based on the new provincial ratios, the population remained the dominant criterion for revenue distribution, followed by poverty and revenue generation by each province. The least important factor was population density. Even though there was some improvement in the pattern of revenue distribution, Balochistan, being the least populated, continued to receive the least federal revenues. On account of such fiscal arrangements, the Baloch have harboured deep-seated resentment against Punjab which dominates Pakistan’s political and financial landscape. As Dr Abdul Hayee Baloch articulates, “Extreme economic poverty and underdevelopment of the province has strengthened our views against the

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34. Idrees Bakhtiar. “Mega Projects are a Conspiracy to Turn the Balochis into a Minority in their Homeland,” An interview with Sardar Akhtar Mengal, *The Herald*, August 2004, in Muhammad Anwar and Ebad Baig, *Pakistan: Time for Change* (London: Author House, 2012).

35. Alok Bansal, “Balochistan: Continuing Violence and Its Implications”, Institute for Defence Studies and Analyses (IDSA), 2006, p. 50; [https://idsa.in/system/files/strategicanalysis\\_abansal\\_0306.pdf](https://idsa.in/system/files/strategicanalysis_abansal_0306.pdf).

36. Population Council, “Capturing the Demographic Dividend in Pakistan”, 2013, p. 87; [https://www.popcouncil.org/uploads/pdfs/2013\\_CapturingDemoDivPak.pdf](https://www.popcouncil.org/uploads/pdfs/2013_CapturingDemoDivPak.pdf).

**Fig 1: Criteria for Budget Distribution**

Source: GOP (2009)<sup>37</sup>

Punjabi dominated central elites”.<sup>38</sup> By end of the 20th century, the country had seen four major Baloch insurgencies, in 1948, 1958, 1962-63 and 1972-73. But the community has not made any substantial political or economic gains.

In 2002, Pakistan got its first Baloch Prime Minister Zafarullah Khan Jamali. Interestingly, after his resignation in June 2004, a “Parliamentary Committee on Balochistan” was appointed.<sup>39</sup> The committee made two important recommendations: first, that the producing district should be allocated at least 15 per cent of the revenue received by the provincial government; and second, Balochistan should be given maximum representation on the Boards of Pakistan Petroleum Limited (PPL), Oil and Gas Development Corporation (OGDC), Sui Southern.<sup>40</sup> The committee also proposed a formula regarding royalty and gas development surcharge which would result in proportionate relations between production and revenue, that is, “*increase in production will*

37. Government of Pakistan (GoP), Federal Budget, Budget in Brief 2009-10, Finance Division, 2009; <http://www.finance.gov.pk/budget/Budget%20in%20Brief%202009-10.pdf>.

38. Abdul Hayee Baloch in Hashmi n. 29.

39. GoP, “Report of the Parliamentary Committee on Balochistan”, Senate of Pakistan, Islamabad, 2006 in Aasim Sajjad Akhtar, “Balochistan Versus Pakistan”, *Economic and Political Weekly*, 2007; <https://www.jstor.org/stable/pdf/40276835.pdf?refreqid=excelsior%3A679b23f150d558e8dcf07c1204f42943>.

40. n. 31.

*result in higher total revenue to the province*". The proposals were, however, never implemented.

A major change to the gas ownership arrangement was introduced in 2010 when the 18th Constitutional Amendment was passed by the Parliament on April 20, 2010.<sup>41</sup> As per the Amendment of Article 172 (3) of the Constitution, "Subject to the existing commitments and obligations, mineral oil and natural gas within the Province or the territorial waters adjacent thereto shall vest equally in that Province and the Federal Government".<sup>42</sup> The amendment principally accorded the status of equal stakeholders upon the provinces and central government holders in natural resource ownership. Again the promise remains unfulfilled on the ground.<sup>43</sup> As iterated by Shahid Khaqan Abbasi,<sup>44</sup> the then petroleum minister, during the first implementation meeting held in Quetta in 2016, "No share has been given to the province" of Balochistan. It is equally important to note that the amendment came with a clause which gave the federal government the "exclusive ownership of natural gas situated beyond 12 nautical miles (Territorial Waters) from the base line".<sup>45</sup> Thus, Balochistan's on-shore and off-shore projects close to the coastline remain under the exclusive control of Islamabad. In 2016, a new deal, in agreement with Balochistan's provincial government, was signed under which the Sui gas field was given to Pakistan Petroleum Limited (PPL) while royalty amounting to US\$ 74 billion was to be paid to the province in addition to free gas supply to Sui town, jobs to locals at the Sui gas field,

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41. Development Advocate Pakistan (DAP), "Five Years of the 18th Amendment", 2015; <https://www.undp.org/content/dam/pakistan/docs/DevelopmentPolicy/DAP%20April%202015%20ENGLISH.pdf>.

42. GoP, "Constitution (Eighteenth Amendment) Act, 2010"; <http://www.pakistani.org/pakistan/constitution/amendments/18amendment.html>.

43. Maqbool Ahmed, "The Federal Petroleum Ministry Should have been Abolished after the Passage of the 18th Amendment", *Herald*, 2015; <https://herald.dawn.com/news/1152845>; Khaleeq Kiani, "Pakistani Provinces Vying for Control of Oil, Gas, Mineral Resources", *Dawn*, 2017; <https://www.dawn.com/news/1358389>.

44. Shahid Khaqan Abbasi in Senate of Pakistan, *Participatory Federalism: Rulings of the Chair*, "Operationalization of Joint Ownership of Mineral Oil and Natural Gas; Implementation of Article 172 (3), Constitution, 1973", Islamabad, 2018, p. 4; <http://www.senate.gov.pk/uploads/documents/Ruling%20Book.PDF>.

45. Ibid.

and health and education facilities. As per some reports, the Baloch leaders demanded “entire ownership of the PPL (Pakistan Petroleum Limited) to the province” to compensate for cumulative financial losses to the province and exploitation of their resources: a demand that would never be acceptable to Islamabad.<sup>46</sup> Although the government seems to be accommodating Baloch aspirations to some extent, their demand for total autonomy and control over resources has been totally sidelined.

In retrospect, for the federal government, Balochistan’s importance stems from three main points; its resource richness for internal energy demands, its geographic location as a transit site for major proposed natural gas pipelines [such as the Turkmenistan, Afghanistan, Pakistan, India (TAPI)], and ongoing development of the port and energy hub at Gwadar.<sup>47</sup> The ability of the Baloch rebels and militants to attack the installations as well as the foreign workers poses a serious security threat and has, therefore, compelled the government to supplement, if not substitute, its traditional policy of forced repression with negotiation.

## CONCLUSION

Popularly labelled as ‘nations without a state’, both the Kurds and Baloch have been victims of geo-political power struggles. As part of conflict zones, they have faced decades of systematic suppression by the respective regimes, and their resource wealth has further complicated their struggle for autonomy. From a core-periphery perspective, these resource-rich territories occupy the core, while the people belonging to these regions are often marginalised as peripheral entities. Thus, the locus of the struggle has never been the people, but the resources of the land. Based on the assessment of the trajectories of both the Iraqi Kurds and Pakistani Baloch, four points emerge clearly:

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46. Syed Fazl-e-Haider, “Making Balochistan’s Gas, Oil Findings Worthy”, *Pakistan and Gulf Economist*, 2019; <http://www.pakistaneconomist.com/2019/04/22/making-balochistans-gas-oil-findings-worthy/>.

47. Robert G. Wirsing, “Baloch Nationalism and the Geopolitics of Energy Resources: The Changing Context of Separatism in Pakistan”, 2008, pp. 3-5; [https://www.files.ethz.ch/isn/55132/Baloch\\_Nationalism.pdf](https://www.files.ethz.ch/isn/55132/Baloch_Nationalism.pdf).

**Toppling of Saddam Hussein in 2003 in a US-led intervention was a moment of victory for the US, its allies and the Iraqi Kurds also. After decades of suppression, his ouster had opened a political opportunity for the Kurds. Thus, the fight against a common enemy gave the USA and KRG a common ground.**

**Washington's Need for an Ally:** In the latter half of the 20th century, the US needed an ally in Iraq to counter Saddam Hussein. Thus, Washington's strategic need became an opportunity for the Kurds. In the case of Pakistan, however, Washington always managed to strike an alliance with the ruling regime and there was never a void which the Baloch could fill. Unlike the Kurds who emerged as strategic allies for America, the Baloch couldn't garner any substantial support beyond rhetorical sympathies for human rights violations. Donald Horowitz<sup>48</sup> underlines

how the external players and international powers are imperative for an ethnic movement to gain strength, a factor clearly missing in the case of Balochistan. Despite this, there have been sporadic reports suggesting some support for the case. As per the Washington-based EIR News service, the British are covertly supporting the Baloch separatists.<sup>49</sup> The same report highlights the views of Lt. Col. Ralph Peter, an American military analyst who had suggested the breaking up of Pakistan, leading to the formation of a separate country, "Greater Balochistan" or "Free Balochistan." Thus, there could be a possibility of some kind of rhetorical support for the Baloch cause in London and Washington, but it not enough to energise or support any ethnic movement.

**Common Enemy:** Toppling of Saddam Hussein in 2003 in a US-led intervention was a moment of victory for the US, its allies and the Iraqi Kurds also. After decades of suppression, his ouster had opened a political opportunity for the Kurds. Thus, the fight against a common enemy gave

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48. Donald L Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985), p. 230.

49. Ramtanu Maitra, "Is the Obama Administration Backing London's Plan to Dismember Pakistan?", 2012, pp. 33-34; [https://larouchepub.com/eiw/public/2012/eirv39n02-20120113/33-37\\_3902.pdf](https://larouchepub.com/eiw/public/2012/eirv39n02-20120113/33-37_3902.pdf).

the USA and KRG a common ground. In the case of Pakistan, Washington never faced any direct threat from the regime. Be it countering the Soviets, managing its strategic game-plan in Afghanistan or its War on Terror, the US managed to strike an alliance with Islamabad. Thus, there was never any common enemy or threat which could bring Washington and Quetta to the table.

**Failed State and Internal Political Disequilibrium:** A failed state scenario in Iraq post-2003, gave Iraqi Kurdistan an opportunity to build independent alliances. Political

instability and violence in southern and central Iraq made the northern areas of Iraq more lucrative for investment, and, thus, they continually benefitted from a positive politico-economic climate.<sup>50</sup> Balochistan, on the other hand, has always remained restive and the risks to investment in Balochistan have been higher compared to other parts of the country. Moreover, Balochistan never had any degree of autonomy in fostering trade deals, unlike the KRG which opened its independent Foreign Affairs Department in 2006.<sup>51</sup> A strong federal government always remained a major impediment for the Baloch.

**Interestingly, the geography of Balochistan, with a long coastline, technically offered the Baloch more avenues for autonomous trade vis-à-vis landlocked Iraqi Kurdistan. But geography alone has not been able to offer Balochistan its escape route.**

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50. Prem Mishra, a doctoral candidate in Jawaharlal Nehru University, who paid an academic visit to Iraq in October 2019, said that the economic conditions and infrastructure in Kurdish regions seemed better than rest of the country. Based on his observations and interactions with locals in Erbil, he opined that despite the political pessimism which enveloped the Kurds post-referendum, they were quite optimistic about their future.

51. Besides natural gas, Balochistan is also believed to have approximately 300 million barrels oil reserves, the majority based in Balochistan (Ahmad and Jha 2008: 3). Besides security concerns and shy investment and the oil potential in this region, another lesser known reason could be Iran's concern over oil drilling in Balochistan (Fazl-e-Haider 2017). Tehran is believed to have objected to oil drilling in Balochistan on account of two factors. First, Iran believes that drilling of oil wells in Balochistan might divert Iranian oil to flow towards southern Balochistan due to difference in geographical terrain and altitude. Second, lack of oil drilling in Balochistan offers an alternate market for smuggled Iranian oil in neighbouring Balochistan in likely compliance with the Pakistani security forces (Reuters 2013; Haq 2018; Mukhtar 2019).

**Difference in Resource Profile:** While both Iraqi Kurdistan and Balochistan are resource rich regions, it needs to be highlighted that the former is a global oil exporter, involved in independent oil diplomacy. Balochistan, on the other hand, is crucial for Pakistan's domestic energy needs and an important transit route for the international energy trade. Interestingly, the geography of Balochistan, with a long coastline, technically offered the Baloch more avenues for autonomous trade vis-à-vis landlocked Iraqi Kurdistan. But geography alone has not been able to offer Balochistan its escape route. It has failed to enter the global natural gas market as an independent entity in any manner and remains a hypothetical case study of unilateralism based on gas diplomacy.

It is evident from the above discussion that both ethnic groups have been exposed to different internal political circumstances and geo-political scenarios. Thus, one factor or variable cannot be isolated and seen as the main determinant of their political fate. As we see today, Iraqi Kurdistan emerged as a potent threat to the state, while Balochistan continues to be ignored as a weak entity, despite the apparent similarities in their aspirations, ambitions and research-rich profiles.