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'Red billionaire' laments lost opportunities in Iraq

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While non-U.S. companies might have celebrated after they recently won contracts to extract Iraqi oil, the process was a disappointment for Turkish Petroleum, or TPAO.

Turkey's state-owned oil company was a partner in a consortium that won the Bedra oil field, its sole victory in Iraq. Controlling only a 10-percent share in the consortium, TPAO's stakes were dwarfed by Gazprom, Kogas and Petronas.

For Professor Güntekin Köksal, chairman of Pet Holding, a Turkish group focusing primarily on the oil industry, the low rate of activity is another in a long list of disappointments. Köksal, 78, has witnessed successive failures in Iraq throughout his career although his company was the first private Turkish firm to win oil concessions in northern Iraq, among other places.

Köksal worked at the TPAO from 1959 until 1974, when he left to found his own firm. "Iraq was always in my sights," he told the Hürriyet Daily News & Economic Review in an interview in Istanbul. "I first went to Baghdad in 2000, but could not seal a deal. The Kurdish region had acquired de facto autonomy by then. I also won an oil concession from Moscow to work in Azeri fields, the first for any foreign company. The late president Turgut Özal also helped me get the rights to develop and extract oil in fields in Azerbaijan. I worked those fields for 14 years."

In 2002, Köksal returned to northern Iraq and won concessions from Jalal Talabani, then-leader of the Patriotic Union of Kurdistan and the present Iraqi president. The facilitators of the deal, he said, were "soldiers, not politicians."

"Talabani first gave the rights to his entire region to us. When I went back to Turkey, I tried to get the Energy Ministry involved in the process but they never did."

An example from Austria

"Turkey does not have significant oil resources but neither does Austria," he said. "Look at OMV; it was a small company. But then it expanded abroad to Libya, Angola, Turkey, Sudan and Iraq. Now they are one of the largest oil companies in the world."

The main reason for Turkey's inability to engage its southern neighbor was political as the state was wary of any development that could link Kurdish populations on each side of the border and strengthen Iraqi Kurds' voice in Turkey's "internal Kurdish affairs."

"That was wrong," Köksal said. "One cannot force people anymore. The English pulled back from all their colonies, but then formed strong trade relations with all of them. We Turks do not have that kind of a mentality. Having said that, the Turkish military has become much more flexible on these issues."

Köksal's Petoil is currently a partner in four oil fields in northern Iraq, three in the Talabani Zone and one in the Massoud Barzani Zone (in reference to northern Iraq's current leader), though no oil has yet been extracted. The company is also active in Turkey and Yemen.

"Even if a big multinational comes and offers to buy our rights, we won't sell everything. Maybe we can be partners," Köksal said, adding that finding and extracting oil has become a passion for him.

The Samsun-born businessman is also known as the "Red Billionaire," a name given to him by a journalist due to trade relations with the former Soviet Union.

Köksal owes these relations, which practically saved his company after he left TPAO in 1974, to the Soviet Union's participation in Turkey's efforts to create an "industrial economy." The former invested billions of dollars and constructed giant plants and factories, including the now-private İsdemir Iron & Steel in Hatay's İskenderun district.

"I was jobless for months after leaving the TPAO," he said. "Nearly a year after my resignation, two Soviet officials visited me and proposed doing business together. Those were the years that if you even had a Larousse dictionary in your house, police would come and arrest you on suspicions of being a communist. But I accepted their offer."

Intelligence agency intrigues

Through Pet Ticaret – a "primitive company at the time," according to Köksal's description – his cooperation with the Soviets paid well, thanks to the large infrastructure projects.

"I worked with the Russians for nearly three decades," he told the Daily News. "The USSR had a sound system, without crooks and thieves. But of course, the worst regime of all is communism."

He said the Moscow links also aroused the attention of intelligence services. "For some time, my small office was full of CIA, KGB and MİT [Turkish intelligence] agents. They sort of started saluting each other in time. The KGB and MİT were continuously bugging me to get information on each other. The CIA was more intelligent. They were bugging my executives, not me," he laughed.

Köksal knows and respects northern Iraq Natural Resources Minister Ashti Hawrami, who became embroiled in a scandal revolving around the sale of Turkey's Genel Enerji to Norway's DNO International.

"He came to Iraq around three years ago from London as an oil engineer. Hawrami is very honest," he said. "He knows well how to prepare contracts. All these companies started to rush into Iraq after his appearance. We were the first and only company there and had no support at all from Turkey. But after Hawrami, more than 30 companies showed up."

Still, the deals already brokered or those in the pipeline are at risk due to disagreements between the central government and Iraq's Kurds, Köksal said. "According to the oil law, all oil is the property of the Iraqi people and the income is distributed among the regions according to the population. So, the Kurds get 17 percent of all Iraqi oil, regardless of where it is extracted from. But they want their own oil. This dispute will be resolved, but it will take time."

When reminded of the good relations between the United States and Iraqi Kurdish leaders, Köksal issued a stark warning: "For the U.S., there is only the U.S. in the world. It will burn the world if it deems necessary. That is the American strategy. If tomorrow it wishes to sell Kurds, it will do so without a blink. If it wants to sell Arabs, it will do so."

Criticizing government policies

Köksal is known for an "open letter" he wrote to Prime Minister Recep Tayyip Erdoğan in early 2008 in which he advised the Turkish leader to act "calmly" and ignore the "bootlickers" around him. In

the letter, he also advised Erdoğan not to be obstinate with the military. Today, he has especially criticized the government over energy policies.

"None of the Turkish governments have had a sufficient energy policy," he said. "Oil is the main energy source and Turkey does not have enough oil reserves, so it needs to look more outside. The Nabucco gas pipeline has other agendas behind it, as does the Samsun-İskenderun pipeline. For a pipeline to generate income and be successful, Turkey needs to have shares in the gas and oil reserves from which the oil and gas is carried."

When asked about these "agendas," Köksal hinted at cronyism. "Companies that have nothing to do with oil are taking part in these projects. The real oil companies do not get bids, but other people, whom I will not name, do."

Still, he noted the Justice and Development Party government is "among the people," unlike previous governments. "But of course, they have created their own [class of] rich, too."

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