# U.S. claim to Iraq oil is no sure bet

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**Bush team denies link to war policy**

WASHINGTON -- Despite the widespread assumption among European, Arab and domestic critics that the Bush administration is targeting Iraq for its oil, not its weapons of mass destruction, it's not at all clear who would benefit if the world's second-largest oil reserves were freed from Saddam Hussein's control.

Pointing to the close personal and professional ties that President Bush and Vice President Dick Cheney share with the U.S. energy industry, skeptics contend that the White House hopes to secure America's future energy supplies by installing a friendly regime in Baghdad that would hand control of Iraq's oil over to its corporate friends.

As evidence, critics point to the administration's national energy policy, which was crafted in secret last year with the help of oil industry allies. Among the conclusions of the Cheney-led energy task force: "The [Persian] Gulf will be a primary focus of U.S. international energy policy."

But many economists and political experts predict that although American oil companies could be freed to compete for Iraq's oil, they would not necessarily enjoy any special advantages in the aftermath of a U.S.-led attack against Hussein.

They also warn that the United States, which imports one-quarter of its oil from the Middle East, could emerge from an Iraq war more dependent rather than less on the volatile region's energy supplies.

Iraq under Hussein has been a fierce oil battleground, with Baghdad dangling huge potential contracts in front of Russia, France and China to win support in the United Nations for ending economic sanctions against it.

Noting this month's unanimous Security Council vote to pursue stringent new weapons inspections in Iraq, many Bush administration critics suspect that Russia extracted a promise from the White House to protect its $3.5 billion contract to develop the huge West Qurnah oil field. The administration strongly denies that any quid pro quo was discussed.

Meanwhile, leaders of the Iraqi National Congress, a fractious exile group that hopes to take power in a post-Hussein Iraq, have suggested they would feel free to ignore any contracts Hussein made and instead would favor American oil companies as a reward for U.S. help in toppling the regime.

But economics, not politics, are more likely to drive a future Iraqi government's decisions about its oil reserves, experts say.

Although Iraq sits atop 112 billion barrels of proven oil reserves, its capacity to drill and export that oil is in shambles after 20 years of wars and international sanctions. Thus the next Iraqi government would be best served by opening its oil fields to full international competition and accepting the most lucrative bids, whether they come from Russian, French or American oil companies.

"No Iraqi regime that served the interests of North American consumers of energy at the expense of Iraq's national interest and the welfare of the Iraqi people would have any hope of legitimacy at all," Chas Freeman, president of the Middle East Policy Council and a former U.S. ambassador to Saudi Arabia, testified to a Senate committee last month. "And therefore, whatever government is in Baghdad will want to maximize the long-term profit to Iraq of Iraq's energy resources or it will be, by definition, illegitimate."

Moreover, because Iraq is in such dire economic straits, it is likely to want to pump as much oil as it can, and that would have the effect of lowering world oil prices. If other major Mideast oil producers, such as Iran and Saudi Arabia, then choose to wait out a period of depressed prices rather than cut their own production to make room for Iraq, higher-cost producers could be driven out of the market, oil economists note.

And who are the higher-cost producers? American and British oil companies, drilling in such difficult environments as the North Sea, Alaska and West Africa.

"If the U.S. moves into Iraq, the U.S. will end up more dependent on Mideast oil than less, by knocking out North Sea and high-cost North American oil," Fareed Mohamedi, chief economist at the Petroleum Finance Company, told a recent oil forum.

None of those economic arguments, however, have allayed the persistent suspicions of skeptics, who insist that the lure of bringing Iraq's vast oil reserves under Western control is a powerful incentive for a potential war.

"There is absolutely no question that the continued domination of the U.S. of oil in the Middle East is a very important part of the planning and the thinking of the administration," said Youssef Ibrahim, a Mideast expert at the Council on Foreign Relations. "Companies like Exxon Mobil are just primed to go in there."

Not true, counters Exxon Mobil Corp.

"There are adequate supplies of oil, both from the Middle East and other major areas throughout the world," said Tom Cirigliano, an Exxon Mobil spokesman. "The accusation that oil companies are trying to lobby the administration just to get their hands on Iraqi oil just doesn't make any sense."

The Bush administration has been building a case for months that Iraq poses a global threat because it is pursuing chemical, biological and nuclear weapons and is allied with terrorist networks, but Russia, France and the Arab world have remained dubious. Few foreign leaders share Bush's sense of urgency about the Iraqi threat.

Nor is suspicion of Bush's motives limited to foreign countries. Some members of Congress questioned the ties between big oil and the Bush administration during the debate over the resolution authorizing the U.S. military to invade Iraq.

"If the president does have the compelling evidence of imminent threat that my constituents want, he has not shown it to the Congress," said Rep. Jan Schakowsky (D-Ill.). "If Saddam is such a grave threat, why has the administration waited until this moment to try to make its case? And why, as recently as 1998, was Halliburton, the company headed by Vice President Cheney, doing business with Iraq and helping them rebuild their oil fields?"

"Some of my constituents suggest that oil might have something to do with this," she said.

The White House curtly dismisses suggestions that oil is a factor in Bush's Iraq strategy. Bush has never mentioned oil as a reason for attacking Iraq.

"That issue is not in play," White House spokesman Ari Fleischer said. "This is about preserving the peace and saving the lives of Americans."

But the ties of Bush and Cheney to the energy industry have caused frequent turbulence for the White House.

Cheney faced criticism following the disclosure that Halliburton had earned about $24 million in 1998 repairing Iraqi oil pipelines damaged in the 1991 Persian Gulf war, when Cheney was defense secretary.

Critics also note that Bush economic adviser Lawrence Lindsey has claimed publicly that oil production in Iraq could increase by 3 million to 5 million barrels a day following the toppling of Hussein. That would be enough to boost the U.S. economy from recession at just about the time Bush will be gearing up his re-election.

Other top administration officials have ties to the energy industry as well. National Security Adviser Condoleezza Rice was a member of the board of Chevron. Commerce Secretary Donald Evans worked for 25 years for Tom Brown Inc., an oil and gas company in Midland, Texas. And Army Secretary Thomas White was an executive at the failed Enron Corp. before joining the administration.