

## Basra's Protests Movement and Unemployment: Contesting Party Dominance of the Oil Sector

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## Introduction

In Basra's mass protests of 2018, unemployment was central to the rhetoric and mobilization strategies of all the key political actors – protesters, government officials, party elites, and tribal leaders. Basrawi protesters chanted slogans about rampant joblessness – first in small disjointed groups and ultimately coalescing into massive crowds that attacked nearly every significant government and party building. Meanwhile members of the provincial council and party leaders cast blame on foreign workers taking the jobs of Basrawis in oil companies. Many of the protest movement leaders retrospectively call the summer demonstrations of 2018 the “protests of unemployment.” How did unemployment – particularly in relation to the oil sector – become a central pillar of the protest movement, and what if anything has the government done to formulate a program to address joblessness and thereby stem the tide of popular discontent?

Based on 35 interviews with key figures in Basra's government, oil sector, and civil society (conducted by the authors in Basra during March–May 2019) as well as an extensive desk review of media and government sources, this policy report addresses the roots of the unemployment problem, the government response to the problem, and its relevance to the future of the protest movement. It is argued that the existing analysis on unemployment in Basra has over-emphasized macro-structural causes – a growing youth bulge, the lowered oil prices, and the influx of foreign workers and/or foreign product into markets – and underappreciated the impact of local political-economic dynamics and political rhetoric unique to Basra as Iraq's economic and energy hub. The macro-level forces are of course relevant; however, they are not sufficient to explain how unemployment has and will remain an explosive issue in Basra for years to come.

Due to the centrality of the oil sector in the debate around unemployment in Basra, the report will highlight the emergence of international oil companies (IOCs) as the key target of the protest movement. A boom in Basra's oil sector, primarily caused by the arrival of a high volume of foreign oil companies beginning in 2010, raised local expectations around the prospects of jobs and wage growth. Eight years later in 2018, protesters encircled oil fields in order to express anger that these hopes had gone unfulfilled. The report interrogates the relationship between oil and unemployment as a powerful political discourse both driving the protests and shaping the government's response.

## POLITICAL ROOTS OF UNEMPLOYMENT

From government officials to protesters, the 35 participants in this study have consistently emphasized that unemployment in Basra is a chronic issue rooted in a party-dominated governing system that emerged in the wake of the U.S.-led invasion of Iraq in 2003. Formal and informal generators of jobs and revenues became subject

to militia and party control.<sup>1</sup> Indeed, soon after the invasion, the Sadrists and their affiliate militias of the Mahdi Army became highly influential actors on the ground, engaging in a number of illicit economic activities, including oil smuggling.<sup>2</sup> The Fadhillah party emerged as an offshoot of the Sadrist Current, rejecting Muqtada Sadr's anti-establishment orientation and opting for involvement in traditional politics. Fadhillah gained control of the post of the governor and the head of the state-owned Southern Oil Company (later renamed Basra Oil Company).<sup>3</sup> Like the Sadrists and Fadhillah, the Islamic Supreme Council of Iraq (ISCI) (with Badr Corps as the military wing) and Dawa party held strong assets and positions. Key tribes of Basra also formed portions of the militias and participated in smuggling activities.<sup>4</sup> In short, the parties' capture of the state institutions in addition to numerous commercial firms placed the sources of Basra's wealth in their hands.

The rapidly growing influence of these diffuse actors in Basra was in part a result of a declining security situation, enabling party-affiliated armed groups to impose their demands for additional resources by force. Killings and kidnappings became commonplace during the 2005-2008 period.<sup>5</sup> As violence rose, the British Army either unwittingly or strategically enabled local parties to obtain power and positions in return for stability in the governorate.<sup>6</sup> Whatever short-term gains were won through this approach were offset by the rising wealth and power of the militias and political parties.<sup>7</sup> The security crisis inevitably fed into lowered investment and growing rates of unemployment, which reached 60% in 2006 according to the United Nations.<sup>8</sup>

While unemployment was high during the 2003-2008 period, this fact alone did not create a sustained political crisis for the local political parties and militias. A chronic absence of cash in Basra had long been a problem, dating back to the severe deprivations of the UN sanctions era (1991-2003).<sup>9</sup> However, the expectations of the populace for economic prosperity would soon change in the 2008 to 2014 period – the period of oil wealth.

1 Interviews with protesters, current and previous employees in Basra's oil sector, and government administrators in Basra. Basra, April 31-May 3, 2019.

2 Ghaith Abdul-Ahad, 'Oiling the wheels of war: smuggling becomes the real economy of Iraq', *The Guardian*, (June 9, 2007), <https://www.theguardian.com/world/2007/jun/09/iraq-middleeast>

3 Babak Rahimi, 'The Militia Politics of Basra', *The Jamestown Foundation, Terrorism Monitor*, Vol.5, No.13, (July 6, 2007), <https://jamestown.org/program/the-militia-politics-of-basra/>, Reidar Visser, 'Basra Crude: The Great Game of Iraq's Southern Oil', *Norwegian Institute of International Affairs, Working Paper No. 732*, (2007), [https://nupi.brange.unit.no/nupi/xmlui/bitstream/handle/11250/2395776/WP\\_nr723\\_07\\_Visser.pdf?sequence=3&isAllowed=y](https://nupi.brange.unit.no/nupi/xmlui/bitstream/handle/11250/2395776/WP_nr723_07_Visser.pdf?sequence=3&isAllowed=y)

4 International Crisis Group, 'Where is Iraq Heading? Lessons From Basra', *Middle East Report*, (June 25, 2007), <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iraq/where-iraq-heading-lessons-basra>

5 Marisa Cochrane, 'The Battle for Basra', *The Institute for the Study of War*, (May 31, 2008), <http://www.understandingwar.org/sites/default/files/reports/Iraq%20Report%209.pdf>

6 *The Economist*, 'Searching for a Phoenix in Basra', (April 30, 2009), <https://www.economist.com/middle-east-and-africa/2009/04/30/searching-for-a-phoenix-in-basra>, Babak Rahimi, *Ibid*, and Ghaith Abdul-Ahad, 'Basra after the British: division and despair in Iraq's oil boomtown', *The Guardian*, (July 4, 2016), <https://www.theguardian.com/cities/2016/jul/04/basra-british-iraq-oil-boomtown-legacy-chilcot-saddam>

7 *Ibid*.

8 UNHCR, 'Basra Governorate Assessment Report', (August 2006), pp. 26-27, <https://www.unhcr.org/subsites/iraqcrisis/459ba6462/governorate-assessment-report-basrah.html>

9 Alnasrawi, A. (2001). Iraq: economic sanctions and consequences, 1990–2000. *Third World Quarterly*, 22(2), 205-218.

## RISE OF THE OIL SECTOR: PROMISES AND SHORTCOMINGS

In 2008, then Prime Minister Nouri al-Maliki sent troops to Basra in order to quell the security crisis and assert the power of the central government. This offensive, known as Operation Charge of the Knights, temporarily cooled the intensity of the competition between militias in Basra (particularly weakening the Mahdi Army).<sup>10</sup> With the political and security situation stabilized,<sup>11</sup> Maliki moved to secure his national profile as well as Dawa's position in the governorate by investing in the oil sector.<sup>12</sup> The Iraqi government provided incentives in the form of large subsidies to International Oil Companies (IOCs) to invest in Basra, aiming to increase the country's oil production by 80%.<sup>13</sup>

As a result, several IOCs, including ExxonMobil, British Petroleum (BP), LukOil, and China's National Petroleum Corporation,<sup>14</sup> in addition to hundreds of international and local subcontractors, moved to Basra's oilfields and started operating there.<sup>15</sup>

Under most of the service contracts finalized between the IOCs and the Ministry of Oil (mediated by Basra Oil Company as the local branch of the Ministry), companies were obliged to hire no less than 85% of all employees from Iraq's labor market.<sup>16</sup> This standard 85% benchmark generated a sense of optimism that the oil sector would finally put cash in the pockets of ordinary Basrawis.<sup>17</sup> In 2010, the Ministry of Labor and Social Affairs anticipated that the deals with foreign oil companies would generate 1.3 million jobs for Iraqis, a figure that immediately raised concerns among analysts who understood the typical limits of IOCs and subcontractors as generators of local employment.<sup>18</sup>

Three factors quickly dampened these hopes. First, the IOCs and subcontractors' employment needs were indeed far more limited than the overall demand. Second, the introduction of the IOCs into Basra was rapid, chaotic, and driven by a narrow set

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10 Martin Chulov and Julian Borger, 'Charge of the Knights tames Lawless Basra', *The Guardian*, (December 10, 2008), <https://www.theguardian.com/uk/2008/dec/10/iraq-withdrawal-basra-army-british>

11 Saleem al-Wazzan, 'Al-Maliki Emerges Triumphant in Basra', *Niqash*, (February 4, 2009), <http://www.niqash.org/en/articles/politics/2380/>

12 Kristian Coates Ulrichsen, 'Basra, Southern Iraq and the Gulf: Challenges and Connections', Research Paper, Kuwait Programme on Development, Number 21, (February 2012), pp. 14-15,

13 Matthew Schweitzer, 'Basra's Neglected Future', *Enabling Peace in Iraq Center (EPIC)*, (September 27, 2017), <https://epic-usa.org/basra-future/>

14 Ahmed Mehdi, 'Iraq Oil: industry evolution and short and medium-term prospects', *The Oxford Institute for Energy Studies*, (October 2018), <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/10/Iraqi-Oil-industry-evolution-and-short-and-medium-term-prospects-WPM-79.pdf>

15 References to 'subcontractors' in this paper refer to a wide range of entities, from large international subcontractors such as Schlumberger, Halliburton and Baker Hughes to small local private security companies affiliated with political parties. For information on the larger subcontractors, see Andrew E. Kramer, 'In Rebuilding Iraq's Oil Industry, U.S. subcontractors Hold Sway', *New York Times*, (June 16, 2016), <https://www.nytimes.com/2011/06/17/business/energy-environment/17oil.html>

16 This percentage was confirmed in 2010 by Hussein Shahrstani, Iraq's Minister of Oil (2006-2010) and deputy Prime Minister for energy affairs (2010-2014). Mayada Daood, '12 Million Barrels of Oil Promise to Solve Unemployment Problem', *Niqash*, (February 12, 2010), <http://www.niqash.org/en/articles/economy/2608/>

17 The 85% local employment benchmark was enshrined into law by the Basra Provincial Council in 2015. Interview with Sabah al-Bazuni, head of Basra's provincial council. Basra, March 19, 2019.

18 Daood op. cit.

of short-term interests. The hiring process, which was mediated by private local firms, favored influential tribes residing close to the oilfields (as a means of appeasing armed actors who might threaten production).<sup>19</sup> Thirdly, Maliki's consolidation of power in the province resulted in the replacement of one set of patronage networks with another.<sup>20</sup> employment opportunities in the oil sector were now heavily slanted towards those with Dawa party connections.<sup>21</sup>

## POLITICAL UNREST AND GOVERNMENT RESPONSE

The exclusivist employment system fueled anger among many citizens of Basra, which was expressed in the mass anti-establishment protests of 2015 and 2018. As early as 2015, protests were staged in the vicinity of the oilfields. Protesters demanded jobs and alleged that IOCs and subcontractors were hiring foreign workers beyond the mandated limits.<sup>22</sup> In response, the local government opened "employment offices" with the stated aim of funneling Basrawi workers into the IOCs and subcontractors for unskilled positions.<sup>23</sup> Notionally subcontractors were obliged to hire workers through the office. Nevertheless, the local authorities were far too weak to impose restrictions upon party-affiliated oil services firms and security companies.<sup>24</sup> The office soon closed and remained inactive for almost three years. Following the 2018 protests, the local administration in Basra once again activated and expanded the employment offices.<sup>25</sup> According to Basra's Deputy Governor, 120,000 Basrawis have registered with the office;<sup>26</sup> yet, members of the protest movement were highly skeptical due to the previous failures of such mechanisms following the 2015 protests.<sup>27</sup>

Participants in this study stressed that the employment offices were either too coopted by political interests, thereby distributing jobs to their own members, or that they were too politically weak to enforce their mandate.

Party and militia-run companies, registered with the Ministry of Oil and hired by IOCs/subcontractors, allegedly continue employing Basrawis within their networks as

19 Interview with previous and current employees in Basra's oil sectors, an official in Basra Workers' Syndicate, and members of the protest movement. Basra, April 31-May 3, 2019. See also: Erika Solomon, 'Basra: Hopes of Iraq's oil capital up in flames', Financial Times, (October 3, 2016), <https://www.ft.com/content/b2e05e80-8723-11e6-a75a-0c4dce033ade>

20 International Crisis Group, 'Iraq's Provincial Elections: The Stakes', Middle East Report No.82, (January 2009), pp.7- 8, <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iraq/iraq-s-provincial-elections-stakes>

21 Interviews with protesters, current and previous employees in Basra's oil sector, and government administrators in Basra. Basra, April 31-May 3, 2019.

22 Alsumaria.tv, 'Tens of unemployed young people demonstrate close to an oilfield in Basra demanding employment', (January 21, 2015), <https://www.alsumaria.tv/news/122516/عن-العمل-يُتظاهرون/ar>

23 Almadapress.com, 'Basra Opens Central Employment Office and promises to provide job opportunities with oil - مكتب التشغيل المركزي - البصرة تفتتح', (September 16, 2015), <http://almadapress.com/ar/news/55976/companies>

24 Interview with previous and current employees in Basra's oil sectors, an official in Basra Workers' Syndicate, and members of the protest movement. Basra, April 31-May 3, 2019. In 2016, Oil & Gas Committee in Basra's provincial council held a meeting in order to address the problem of private companies monopolizing employment with IOCs/Subcontractors operating in Basra's oilfields. Alsumaria.tv, 'Oil & Gas Committee in Basra's provincial council announces restrictions on private employment companies', (January 06, 2016), <https://www.alsumaria.tv/news/181779/>.

25 Alsumaria.tv, 'Per a formal decision and in response to protesters' demands, employment offices in Basra are reactivated and restructured', (July 5, 2018), <https://www.alsumaria.tv/news/241066/>

26 Interview with Muhammed Tahir al-Timimi, Basra's Deputy Governor. Basra, May 2, 2019.

27 Interviews with several members of the protest movement in Basra. Basra, April 31-May 3, 2019.

security guards, drivers, and cleaners – entirely outside the parameters set by the employment offices.<sup>28</sup> Finally, the employment offices are poorly administered. The coordinators of the local branch offices located in the districts complain that they are generally out of sync with the central office, and have little clarity around their directives.<sup>29</sup>

Other employment programs instituted in the aftermath of the 2018 protests have failed due to local political tensions and competition. For example, the local government initiated training programs which theoretically would equip Basrawis to work in the oil sector.<sup>30</sup> Distrust between the current governor Asa'ad Aydani (recently leaning towards the Fatah alliance) and the Head of the Oil and Gas committee within the Provincial Council Ali Shadad Faris (a Hikma loyalist) has rendered the programs dysfunctional from the start. When Aydani announced the training courses to the media, Faris immediately denounced the move as “irresponsible”.<sup>31</sup>

The Basra Oil Company (BOC) has been hesitant to endorse and finance the training courses; moreover, the eventual employers (IOCs and subcontractors) have not shown serious interest in coordinating their hiring processes with the training programs. An official at the BOC remarked: “The courses will end up distributing certificates among participants with little chances of employment in the oil sector.”<sup>32</sup> In May 2019 a number of unemployed graduates of the training courses organized demonstrations in front of the BOC's headquarters demanding employment in the oil sector.<sup>33</sup> Demonstrations were likely encouraged by the recent statements of Basra's governor, in which he stressed that “graduates of the training courses will be channeled into the public oil companies in Basra,”<sup>34</sup> a clear reference to the BOC.

## BASRA OIL COMPANY AS AN EMPLOYER

Arguably it is the BOC that exerts the widest influence over employment in the oil sector.<sup>35</sup> Being Iraq's largest national oil company, the BOC exerts either operational

28 Dawa owns companies in Albarjisia oil and gas fields; Badr and Asayib own companies working in west Qurna oilfields; and influential members of the Sadrist current own companies across Basra's oil and gas fields. Sadat al-Batat tribe, one of Basra's powerful clans, owns several firms operating the oil industry. These party-affiliated companies hire locals based on party and tribal connections.

Interviews with local administrators, party members, MPs, protesters, and previous and current employee in Basra's oil sector. Basra, March 19-21, and April 31-May 3. See also: (Center for International and Strategic Policymaking, 'Basra Turbulences: the protests in the south and its local and regional consequences', (July 18, 2018), <https://www.makingpolicies.org/ar/posts/basraaa.php>)

29 Almirbad.com, Al-Zubair Mayor: the BOC and Service Contract companies are not serious in providing jobs for the unemployed', (May 10, 2019), <https://www.almirbad.com/detail/12922>

30 The local government in collaboration with the Ministry of Labor and Social Affairs and Basra Oil Company opened the training courses. As of now, 400 trainees have been enrolled at 3 training centers in Basra. (Interview with Muhammed Tahir al-Timimi, Basra's deputy governor. Basra, May 2, 2019.)

31 Almirbad.com, 'Al-Faris: we are surprised at the irresponsible comments by Basra's governor regarding training the unemployed people', (January 16, 2019), <https://www.almirbad.com/Details/61295>

32 Interview with an official in the Basra Oil Company. Basra, May 2, 2019.

33 Almirbad, 'Tens of job seekers demonstrate in front of Basra Oil Company demanding employment from the company', (May 28, 2019), <https://www.almirbad.com/detail/15257>

34 Thebaghdadpost.com, 'Aydani: the unemployed will be imposed on the public oil companies in Basra', (January 07, 2019), <https://www.thebaghdadpost.com/ar/Story/143549>

35 In addition to the BOC, the provincial Oil & Gas Committee has been referred to by members of the protest movement, employees of IOCs/Subcontractors, and local politicians and administrators as a player in determining who receive jobs in Basra's oil sector. The Committee, headed by Hikma loyalist Ali Shadad Faris, has increasingly asserted itself over employment in the oil industry. Particularly,



control or possesses oversight jurisdiction over some of Iraq's largest oilfields located in Basra including Rumaila, West Qurna, Zubair, and Majnoon.<sup>36</sup> The company was previously known as the Southern Oil Company (SOC) and its areas of operation included Basra, Dhi Qar, Najaf, and Karbala. In 2016, however, the Iraqi government changed the name of the company to the BOC and downsized its areas of operation to the administrative boundaries of Basra.<sup>37</sup> The BOC's power over employment in the oil sector stems from its role in setting the terms of service contracts with IOCs and subcontractors. As stated previously, these contracts typically commit IOCs to hire 80%-85% of their workers locally.<sup>38</sup>

A commonly shared perception among study participants (including those within the oil sector) is that jobs generated by the BOC have benefited strategically located groups rather than the populace broadly. Indeed, following the 2018 protests, the BOC provided 370 jobs to residents of Al-Zubair district in Basra per an official order from the previous Prime Minister and Iraq's Ministry of Oil.<sup>39</sup> (Members of the Al-Zubair tribe have repeatedly threatened to disrupt oil operations if not provided jobs.)<sup>40</sup> The 370 candidates, selected through "an open lottery" out of 29,000 applicants from Al-Zubair,<sup>41</sup> were scheduled to be distributed among numerous oil subcontractors through BOC coordination.<sup>42</sup> To date, only 60 out of the 370 candidates have been officially granted positions and salaries, leading Zubair's mayor to accuse the BOC and the subcontractors of "not being serious" in fulfilling their promises in regards to employing all the 370 candidates.<sup>43</sup>

## POLITICS OF THE BASRA OIL COMPANY

Given its influential role in both providing and setting the terms of employment, the BOC has become the focus of protesters and rivaling political factions in Basra. In 2018, protesters surrounded the residence of BOC head and Hikma loyalist Ehsan Abduljabar Esmael, accusing him of employing party members and relatives.<sup>44</sup> The company rejects these accusations.<sup>45</sup> In a move to demonstrate transparency, the

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protesters claimed that Shadad, who has developed personal ties with officials at IOCs/Subcontractors, has prioritized members and followers of Hikma current for jobs in the oil industry. Interviews with members of the protest movement, employees of IOCs/Subcontractors, and local officials and administrators. Basra, March 19-21, 2019 & April 29-May 3, 2019.

36 International Energy Agency, 'Iraq's Energy Sector: A Roadmap to a Brighter Future', (April 2019), p. 26, <https://webstore.iea.org/iraqs-energy-sector>

37 Iraq Oil Report, 'SOC splits into Basra, Dhi Qar oil companies', (January 6, 2016), [https://www.iraqoilreport.com/news/soc-splits-basra-dhi-qar-oil-companies-17602/?fbclid=IwAR2R2dvV\\_SB-MfUboGTZFe0MYDk1kAILGc91sXRedgjhnlg2axqciS9jOX0](https://www.iraqoilreport.com/news/soc-splits-basra-dhi-qar-oil-companies-17602/?fbclid=IwAR2R2dvV_SB-MfUboGTZFe0MYDk1kAILGc91sXRedgjhnlg2axqciS9jOX0)

38 Interview with an official in the Basra Oil Company. Basra, May 2, 2019.

39 Almirbad.com, 'Basra Oil Company Provides 370 jobs for the sons of Al-Zubair', (July 30, 2019), <https://www.almirbad.com/Details/60388>

40 Interviews with members of Basra's provincial council and previous and current employees in Basra's oil sector. Basra, March 19-22, 2019. See also:

41 Thebaghdadpost.com, 'Electronic lottery for choosing the applicants to the Basra employment center/Al-Zubair is -القرعة الإلكترونية والخاصة-'. <https://www.thebaghdadpost.com/ar/Story/141361/carried-out>, (December 12, 2018), <https://www.thebaghdadpost.com/ar/Story/141361/carried-out>

42 Almirbad.com, 'Mayor of Al-Zubair: the BOC and the Service Contract companies are not serious in providing jobs for the unemployed', (May 10, 2019), <https://www.almirbad.com/detail/12922>

43 Almirbad.com, 'Mayor of Al-Zubair: the BOC and the Service Contract companies are not serious in providing jobs for the unemployed', (May 10, 2019), <https://www.almirbad.com/detail/12922>

44 Baghdadtoday.news, 'In photos: tens of protesters surround the house of the head of Basra Oil Company in the --عشرات المتظاهرين في الصور--'. <https://baghdadtoday.news/news/65281/middle-of-the-governorate>, (November 13, 2018), <https://baghdadtoday.news/news/65281/middle-of-the-governorate>

45 Interview with an official in the Basra Oil Company. Basra, May 2, 2019.

BOC published lists of recent hires. The lists were intended to prove that the company based its hiring process on work experience and university qualifications,<sup>46</sup> but most participants in this study indicated skepticism as to the evidentiary basis of the lists.<sup>47</sup>

Since 2003, Shia parties in Basra have fiercely competed over the top post at the BOC,<sup>48</sup> changing hands from Fadhilla (2003-2008) to Dawa (2009-2016) and finally to Hikma (2017-present). Since the summer of 2018, Hikma's opponents have attempted to direct protesters' anger over employment towards the BOC and by extension to Hikma. Representatives of the Sadrist current,<sup>49</sup> Maliki's branch of the Dawa Party,<sup>50</sup> the Fatah alliance, and Hanan Fatlawi's Al-Erada movement have accused the BOC of corruption, collusion with the IOCs/subcontractors, and overall negligence towards Basrawis' demands for jobs in the oil sector.

Central to these accusations is a claim that the BOC officials have turned a blind eye to blatant violations of service contracts, particularly the contractual provisions that oblige foreign oil companies to adhere to the 80-85% hiring benchmark. According to Abd Awn Alawi, an MP from the Erada movement, the IOCs and subcontractors (numbering more than 132 companies) have employed more than 83,000 foreign workers in Basra's oil sector. Alawi alleges that subcontractors' considerably lower estimates do not reflect the reality.<sup>51</sup> Adding fuel to the fire, Uday Awad, a Basrawi MP from the Fatah alliance, asserted that he "will file a lawsuit against the BOC and the head of the company for collusion with...the foreign oil companies in return for unlawful gains and privileges..."<sup>52</sup> In fact, no one knows for certain how many foreign workers are employed in these oilfields. There are over 20 committees from the Ministry of Labor and Social Affairs across Basra's oilfields checking whether or not the IOCs/subcontractors have met their obligation in terms of hiring locals. While to date no violations have been definitively proven, the issue remains politically explosive. Many MPs constantly call attention to the presence of foreign workers in order to delegitimize the Hikma-affiliated head of the BOC.

By adopting anti-BOC rhetoric, the non-Hikma parties have sought to appeal to the protesters and deflect blame for the failures of the local government to improve overall employment prospects for Basrawis. Meanwhile, Hikma has utilized a counter rhetoric portraying the BOC as a success story. During an interview with the local media, Ali Shadad Faris, the Head of Basra's provincial Oil and Gas Committee and a Hikma loyalist, condemned "the targeting of the BOC," which he called "an attempt to damage the reputation of the company that has provided job opportunities to Basrawis and

46 The lists can be viewed at: <https://www.docdroid.net/CyaQnN/4-5845958687566333156.pdf>

47 Interviews with protesters, current and previous employees in Basra's oil sector, and government administrators in Basra. Basra, April 31-May 3, 2019.

48 Reidar Visser, 'Basra Crude: The Great Game of Iraq's Southern Oil', Norwegian Institute of International Affairs, Working Paper No. 732, (2007), [https://nupi.brage.unit.no/nupi-xmlui/bitstream/handle/11250/2395776/WP\\_nr723\\_07\\_Visser.pdf?sequence=3&isAllowed=y](https://nupi.brage.unit.no/nupi-xmlui/bitstream/handle/11250/2395776/WP_nr723_07_Visser.pdf?sequence=3&isAllowed=y)

49 Interview with Rami Sakini, an MP from the Sadrist current (Sayroon). Baghdad, April 29, 2019.

50 Interview with Samad Abdul-Khalaf, an MP from the State of Law coalition. Baghdad, April 29, 2019.

51 Thebaghdadpost.com, 'Alawi discloses the numbers of foreign workers in the oil companies operating in Basra', *العمالة الأجنبية في شركات - النفط بالبصرة* (143835/February 08, 2019), <https://www.thebaghdadpost.com/ar/Story/>

52 Alsumaria.tv, 'An MP files a lawsuit against Basra Oil Company and three other foreign oil companies', (May 5, 2019), *البصرة وثلاث شركات*, [https://www.alsumaria.tv/news](https://www.alsumaria.tv/news/سياسة/303097/ناناب-يقيم-دعوى-قضائية-ضد-شركة-نفط)

offered services to the governorate's citizens." Faris stated that "the BOC is one of the world's largest energy companies that has contributed to... economic development in Iraq despite all the challenges that the company faces."<sup>53</sup>

BOC spokespersons have repeatedly asserted that the BOC, IOCs, and subcontractors have in fact met their commitments and hired 80-85% Iraqis in their operations in Basra.<sup>54</sup> Whether or not this is accurate does not address the core issue at play in protesters' rhetoric: Of these 85%, how many are hired outside of party, tribal, and militia networks? Moreover, are jobs with higher pay grades allocated for the well-connected within the party system?<sup>55</sup> Until the BOC can convincingly dispel the claims of interest-driven nepotism, the prevailing political rhetoric will likely remain pitted against the company.

## CONCLUSION: LOOKING AHEAD

Unemployment in Basra is a structural and political problem – one that cannot be understood apart from the party-dominated governing system of the post-2003 era. Interviewees across several sections of Basra society (politics, oil sector, civil society/protesters) indicated that normal and informal generators of jobs and revenues became subject to militia and party control during the violence of 2003-2008, and that the same pattern was perpetuated with the explosive growth of the oil sector between 2009 and the present. In this narrative, federal and local government agencies such as the BOC and the employment offices have become thoroughly embroiled in a nepotistic system favoring those with party and militia connections.

It is highly unlikely that such dynamics will change without sustained and coordinated pressure from Baghdad. Given that unemployment was one of if not *the* central theme of the 2018 protests, one would have hoped that the new government under Adil Abdelmahdi would have prioritized the issue. Thus far, the response of the central government to the challenge of employment has been very weak on all accounts. 10,000 jobs promised by the federal government to Basrawis following the protests never materialized. Additionally, the Ministry of Labor and Social Affairs passed a regulation during the height of the protests in August 2018 requiring foreign oil companies to hire 50% of their work force from the Iraqi labor market.<sup>56</sup> The passing of the law made little sense given that longstanding contractual obligations as well as the existing legal framework in Basra already provided such protections. In 2015, in an effort to formalize the standard terms already included in oil service contracts, the provincial council passed a law obliging foreign oil companies to hire 80% of their work

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53 Almirbad.com, 'al-Faris: the statements made by the governor in regards of the existence of a lobby inside the BOC that prevents investing in gas is "personal"', (May 27, 2019),

<https://www.almirbad.com/detail/15187?fbclid=IwAR1CqV3kENxAHm9KqQNjF6gsNP85pRF3btfl4N270flqYFXL1 jI0heH9ags>

54 Interview with an official in the Basra Oil Company. Basra, May 2, 20

55 Benedict Robin-D'Cruz, a researcher on the protest movement, has noted that a major driver of popular discontent is the types of contracts and benefits that certain workers can access, while others are relegated to lesser or daily wage contracts (Email communication, June 17, 2019).

56 Adnan Abu Zeed, 'Basra protests spark government scramble to create jobs', Al-monitor, (August 2018), <https://www.al-monitor.com/pulse/originals/2018/08/iraq-oil-companies-jobs-protests.html>

force from Basra's labor market.<sup>57</sup> Protesters alleged that the 2018 national law was purely theatrical – an attempt to indicate that Baghdad was responding to the crisis.<sup>58</sup>

Serious and sustained engagement from the Prime Minister, Ministry of Labor, the Ministry of Oil, and the international community in cooperation with the Basra local government, BOC, and IOCs will be necessary to make any progress on the issue of unemployment. If reform-minded actors at the national level are to play any substantive role, they must dispense of purely macro-economic explanations that place blame on the youth bulge and lowered oil prices. Protesters, civil society actors, and even the local Basra party officials themselves understand unemployment as a function of the party and militia-run political marketplace of Basra – a system that since 2003 has absorbed and captured the province's wealth and hiring institutions. Systemic reform of this fractured, collapsed governance system is the point at which the conversation must begin.

Protests are already underway. To date, they have remained relatively small and have not escalated to mass demonstrations. One should caution against overly certain prognostications as to the timing of the next upsurge in popular mobilization. According to our interviews with protesters, last year's demonstrations began as relatively small weekly, isolated gatherings. At the time, there was no reason to believe that ultimately, they would exceed the size and scale of the protests of prior years. The spark that transformed the 2018 demonstrations into a truly singular event came unexpectedly and without clear planning: It occurred when protests against joblessness staged around oilfields led to a violent response from security forces, quickly igniting a wave of popular anger against the government and the parties. When and how such an event will transpire once again is hard to predict, particularly now that the political parties and militias are brutally cracking down on the leadership of the movement. Nonetheless, most protesters indicated that it is probably only a matter of time.

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57 Interview with Sabah al-Bazuni, the head of Basra's provincial council. Basra, March 19, 201

58 Interviews with several members of the protest movement in Basra. Basra, April 31-May 3, 2019.

