

In the Name of God, the Compassionate, the Merciful

Oil Union Federation in Iraq

www.basraoilunion.org

The President of the Republic of Iraq

The Prime minister of the Republic of Iraq

The leader and Members of the Iraqi Parliament

We the participants in the conference discussing Oil Law (Basra, Iraq 06/02/2007), following extensive discussions involving representatives of unions, intellectuals, specialists and political groups from within Basra province and outside have agreed the following:

1. We agree with recommendations in the new law that the oil sector should be enhanced.
2. The participants maintain that transparency should be the key in all agreements and laws regarding this vital sector. Moreover, a draft of the law should be presented to the Iraqi people through discussions, conferences and forums to explain the implications and the consequences of the law.
3. It is paramount that the oil unions (viz. The Federation of Oil Unions in Iraq) be part of the drafting and preparation processes of all laws concerning the oil sector, and it is also essential that leaders of the national industry from all relevant companies be involved.
4. We emphasise that the term "Production Sharing Contracts" be removed from the law and instead adopt the terms "Service Contracts + Buy-back Agreement" which are mentioned in the draft law. Additionally, consultations with government oil institutions should take place to make use of the technological advances in this sector.
5. Funds should be made available to the existing national oil companies in order to allow them to develop and rehabilitate their oilfields and facilities through the allocation of a percentage of their revenues for this purpose and by making credit accessible to these companies. The government of Iraq must have total control of this vital sector.
6. The Southern Oil Company should be compensated through the national budget for the depletion of oilfields in its region in order to permit development and maintenance of oil wells. Fairness dictates that the main oil producing provinces be compensated for any decline in output in their region, a principle that is known and applied in neighbouring countries.
7. Make use of the advances in technology possessed by foreign companies to develop the oil fields but making sure that the interests of the Iraqi people are safeguarded.

The ill-reputed "Production Sharing Agreements" that have been rejected by oil producing countries since the 1960s, if implemented in Iraq, would put the Iraqi economy in a straight jacket and would compromise Iraqi sovereignty as had happened in the past. This type of agreement favours the interests of foreign companies over all matters of national interest, and we therefore warn against falling into the trap set by foreign oil companies with whom we and other oil producing countries had bitter experience. At the end of this conference, we remain hopeful that your good intentions are to remove injustices imposed for so long on the people of Iraq whose wealth has been squandered

and wasted by the reckless actions and policies of the previous regimes. Let us put God Almighty, the fatherland and the interests of our people before our own eyes...

Signed

Conference Participants –Oil Exploration Law- Basra 06/02/2007