

RELEASE IN PART
B6

From: Sullivan, Jacob J <SullivanJJ@state.gov>
Sent: Sunday, April 1, 2012 12:48 AM
To: H
Subject: Fw: Readout from Kurdistan Trip

Didn't get chance to mention -- Jeffrey still thinks it's crucial to raise this KRG gas deal (see excerpt from Ken Pollack report below). Best way to do is to say this is a complicated move and we're seeking more clarity, so you've asked Jeff to engage Feridun on it (Jeff is staying behind for a day).

----- Original Message -----

From: Jeffrey, James F (Baghdad)
Sent: Saturday, March 31, 2012 07:45 PM
To: Feltman, Jeffrey D; Leaf, Barbara A; Pascual, Carlos; Hochstein, Amos J; Marsh, Denise M; Desrocher, John P; Beecroft, Robert S (Baghdad); Sullivan, Jacob J; Ricciardone, Francis J; Kaidanow, Tina S; Gordon, Philip H
Subject: Re: Readout from Kurdistan Trip

Sorry here is the copied sections

Turkey looms large on this side of the ledger. They see Turkish energy needs as necessarily tying Ankara to Erbil. Dr. Ashti led us through a variety of complicated calculations (all of them optimistic but plausible, as best we understand the facts) by which Turkey can rely on the KRG for its energy needs and likely would do so. As part of this, Dr. Ashti made clear that the KRG could make the Turks a very generous set of deals on energy. The critical energy questions are complemented by the growing economic interdependence of Southeastern Turkey with the KRG, Erdogan's possible desire to have Barzani help with his own Kurdish problem, Erdogan's deepening antipathy toward Maliki, the way in which Syria is driving Turkey and the KRG together (and pulling Turkey away from Iran and Iraq), and the shifting regional balance as a result of the Arab spring. Nechirvan told us that his three priorities as Prime Minister will be, "Turkey, Turkey and Turkey." While the Kurds seemed to be putting much weight on how the changing environment is swinging in their favor, they seem to have paid far less attention to the possible downsides.

☐ The Exxon deal, now Total, and the interest of other IOCs in the KRG suggested both that Kurdistan would soon be more economically viable, and might enjoy greater international support. Ashti stressed that the KRG is now getting from Baghdad and the federal budget approximately the same amount of money it could reap by selling its oil directly (not through Baghdad).

This e-mail is unclassified based on the definitions outlined in E.O. 13526

*** Sent from my BlackBerry Wireless Handheld ***

----- Original Message -----

From: Jeffrey, James F (Baghdad)
To: Feltman, Jeffrey D; Leaf, Barbara A; Pascual, Carlos; Hochstein, Amos J; Marsh, Denise M; Desrocher, John P; Beecroft, Robert S (Baghdad); Sullivan, Jacob J
Sent: Sun Apr 01 02:41:01 2012
Subject: Fw: Readout from Kurdistan Trip

This is relevant to both S in Turkey and Barzani in Wash. I've copied two key sections related to Kurds-Turkey-oil just below as this is a long read, but trscks with what I've seen/heard. Jim J

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*** Sent from my BlackBerry Wireless Handheld ***

----- Original Message -----

From: Kenneth Pollack <[redacted]>

To: Jeffrey, James F (Baghdad); Blinken, Tony <[redacted]> <[redacted]>

Sent: Sun Apr 01 02:28:49 2012

Subject: Readout from Kurdistan Trip

Jim, Tony:

Attached is a memo I wrote up (with input from the others) giving a readout of our trip to Kurdistan last weekend.

Tony: We covered most of this in our meeting, but I thought you might want to see the fuller version, and wanted to make sure you had the same thing I was sending to Jim.

Jim: I briefed Tony on this yesterday and will brief Brett on it tomorrow. I'm glad to discuss it with you further--by phone, email or in person--if it would be helpful to you.

All best,
- Ken

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