TAL SHIAR DEFENSE INTELLIGENCE REPORT

UNCLASSIFIED//AOR CENTCOM, Iraq, Syria

Iraq Agrees to $60 Billion U.S. Energy Package to Bypass the Strait of Hormuz Through Syria

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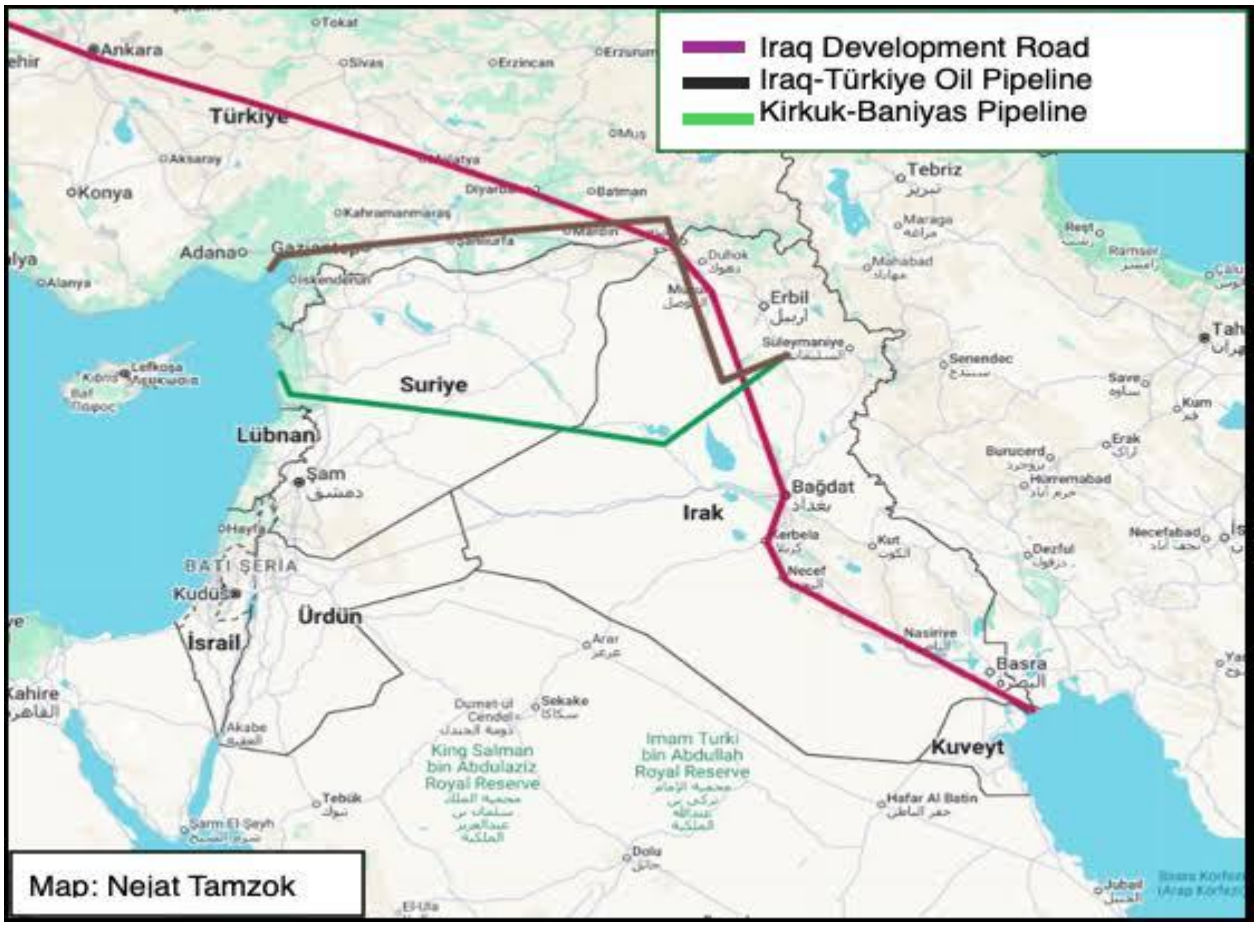
Iraq and Syria, backed by the U.S. and major American energy companies, signed an agreement on 17 July 2026 to restore the Kirkuk-Baniyas oil pipeline, creating a 700,000-bpd Mediterranean export route that completely bypasses the Strait of Hormuz. Concurrently, Baghdad concluded more than $60 billion in agreements and MOUs with U.S. firms, embedding American commercial presence in Iraq's energy sector at a moment of U.S. force drawdown and heightened Iranian leverage risks. This dual track permanently reduces Tehran's ability to coerce Iraqi oil revenues and strengthens U.S. and Syria's strategic positioning in post-conflict regional energy architecture.



- **Pipeline agreement:** On 17 July 2026 at a U.S. Chamber of Commerce summit in Washington presided over by Energy Secretary Chris Wright, Basra Oil Company CEO Bassem Abdul Karim Nasr and Syrian Petroleum Company CEO Youssef Qablawi signed the deal to rebuild the Kirkuk-to-Baniyas pipeline. The line, dormant and damaged since the 2003 U.S. invasion, has a nameplate capacity of 700,000 barrels per day according to the U.S. Energy Information Administration.

- **U.S. political and commercial backing:** A State Department official confirmed U.S. support for the revival to diminish Iran's future ability to disrupt Hormuz traffic. Special Presidential Envoy for Syria and Iraq Thomas Barrack hosted related talks. Chevron signed agreements covering both upstream production boosts and investment in the pipeline itself as part of a broader package of more than $60 billion in U.S.-Iraq energy, infrastructure, and other deals announced the same week.

- **Strategic driver:** The U.S.-Iran conflict earlier in 2026 caused severe disruptions to Hormuz tanker traffic and forced Iraqi production down more than 50 percent to roughly 1.9 million bpd in June from ~4.2 million bpd in February. Iraq's heavy reliance on the southern Basra terminal left it acutely exposed; the northern pipeline provides an independent western outlet for Kirkuk crude while opening options for southern volumes via feeder links.



Current Iraq Pipelines to Turkey and Syria

Locking in American Energy Interests Amid Military Draw Downs

The $60-plus billion package of agreements announced during Iraqi Prime Minister Ali Falah al-Zaidi's Washington visit embeds U.S. majors in both the pipeline project and broader upstream development, creating durable commercial and strategic equities that outlast the planned U.S. troop departure by late September 2026. Success would give Washington a direct stake in a Hormuz-independent Iraqi export system and deepen Iraq's orientation toward Western markets and technology.

- **Deal architecture:** Chevron alone signed three agreements—two focused on boosting Iraqi oil production and a third for "investing in a pipeline that's going to create another export route out of Iraq to world markets." Other U.S. participants include ConocoPhillips (acquiring a 42% stake in a Kirkuk-related entity), Halliburton, HKN Energy, and additional firms spanning energy, electricity, and infrastructure. Total package value exceeds $60 billion in non-binding MOUs and agreements.

- **Strategic timing and intent:** The summit and deals followed al-Zaidi's White House meeting with President Trump and occurred against the backdrop of U.S. force drawdown plans. Energy Secretary Wright framed the effort as raising Iraqi production, reducing dependencies on "hostile neighbors," and bringing "freedom, prosperity and abundant energy" to Iraq. The pipeline also opens potential branching options toward Turkey's Ceyhan terminal.

- **Residual risks and enablers:** Realization still requires physical reconstruction of damaged infrastructure, secure right-of-way through Syrian territory, and sustained financing. Iranian residual influence inside Iraq and Syria, plus potential Houthi or proxy threats to Mediterranean terminals, remain variables. U.S. commercial involvement and diplomatic cover significantly raise the probability of forward movement relative to purely bilateral Iraqi-Syrian efforts.

Conclusion

The Kirkuk-Baniyas restoration, paired with the $60 billion U.S. commercial package, represents the most concrete post-conflict step to date toward structurally insulating a major OPEC producer from Iranian Hormuz coercion. If implemented, it would simultaneously diversify Iraqi export routes, generate transit revenue for Syria, and anchor long-term American energy and strategic interests in both countries. Execution risk remains elevated due to security and reconstruction challenges, but U.S. political and corporate ownership of the initiative materially improves prospects. Continued high-level U.S. engagement will be decisive



Tal Shiar was founded by Nadeem Iqbal, a national security expert who served over 16 years as an intelligence officer for the Department of Defense from 2006-2022. His career began as a counter-insurgency analyst on the Afghanistan-Pakistan Task Force (2006–2013), followed by 9 years as a military analyst in the Syria Branch (2013–2022). He deployed five times in support of combat operations (3× Afghanistan, 2× Iraq), including two rotations with Special Operations Forces focused on counter-terrorism missions in the CENTCOM theater. Additional roles included rotations to CIA Headquarters as the military analyst for the DNI Middle East Task Force and served as the Syria Country Director for Office of Secretary of Defense Policy (OSDP). He was recognized with Joint Civilian Commendation/Achievement Medals, the NATO Medal(x3), the Secretary of Defense GWOT Medal, DoD Expeditionary Award and the OSD Excellence Award.