

ISIS Makes Up To \$3 Million a Day Selling Oil, Say Analysts




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For two weeks, the Islamic State of Iraq and [Syria](#) (ISIS) and forces loyal to Bashar al-Assad have been battling for control of the Shaar gas field, one of Syria's largest, [near the landmark city of Palmyra](#). On July 19, it was reported that the Sunni militant group had killed 270 regime fighters, taking control of the field in what was reportedly one of the conflict's deadliest 48-hour periods to date.

As ISIS steams further into Syria, analysts say a significant portion of its financial resources come from the crude oil it sells on the black market; accordingly, oil fields have become prime targets in the fight. So do gas fields like Shaar, where disruption of lines lead to electricity shortages and power cuts in regime-controlled areas as far as Damascus.

We asked Robin Mills, a Dubai-based energy analyst and author of "The Myth of the Oil Crisis," and Theodore Karasik, research director at Dubai-based think tank INEGMA, to weigh in on why oil fields have become so important to ISIS and how turning them into battlefields could disrupt energy production – as well as the jihadi group's cash flow.

Syria Deeply: What has been happening over the past two weeks?

Robin Mills: The latest fighting is around Shaar, which is a gas field near Palmyra, further west. Reports are that the government has recaptured it, but

ISIS says it has withdrawn or destroyed the field. It was a gas field, and there was nothing that ISIS could do with the gas itself unless it continues to sell to the government – [throughout the conflict], they have reportedly had deals with the Assad government, to sell them oil and gas.

Theodore Karasik: It should have been obvious to the Syrian government that energy fields were going to become a source of contention because of their value. These fields were probably under guard, but not in a robust nature that could take overwhelming force from groups like ISIS. They are trying to establish a state, and these types of revenues are important for the state's formation because it makes up a significant chunk of their revenue. They can take over eastern Syria without oil revenue, but seizing these types of fields [like Shaar] are part of an ongoing plan to develop their own economic system.

Syria Deeply: How much does ISIS make from oil?

Karasik: Officials from the Iraqi oil industry have said that ISIS reaps \$1 million per day in Iraq in oil profits and that if they get the Syrian fields in [areas where they're advancing], the total would be \$100 million per month for both Iraq and Syria combined. They sell it for \$30 a barrel because it's a black market. It's not pegged to international standards for [oil prices](#), which are over \$100 a barrel. The oil is bought through Turkey from Syria, and it's sold to black market traders who function throughout the Levant.

Mills: The \$1 million a day figure is coming out of the Iraqi fields of which they have control. Iraq and Syria together could reach up to \$3 million a day, so they're still getting more oil out of Syria [than Iraq]. Production is at 10 percent of pre-war levels – they're old, mature fields that need a lot of special technological work, and they're not getting it, so production is falling very sharply. We've seen from reports that ISIS controls most of the oil fields in eastern Syria and Deir Ezzor, right up to the northeast, where some are under Kurdish control.

Syria Deeply: Why are old fields such an important target now for ISIS?

Mills: It's a very important priority because it generates income. ISIS's strategy seems to have evolved around generating income. ISIS raises money in several ways, but oil is certainly a part of that. For a long time, they avoided having much direct confrontation with the regime. They generally tended to turn their fire against other rebel groups. They had been selling to the regime, or basically anyone who'd pay for it. But recently it seems like they are taking a more aggressive approach, like with the attack on Shaar. Were they just attacking it to destroy it [to hit the regime], or to take it over and continue selling gas? It's not clear what their intention was.

If ISIS truly has destroyed fields there, it means the [regime's] gas supply will be cut off. It's already down to half of pre-war levels, and this will cause more power cuts and electricity cuts in Damascus. It means the regime will have to use more expensive fuel from [Iran](#). It means more suffering for [civilians], and this perhaps will undercut support there for the regime. And it makes it very hard to have any prospect of the economy recovering.

Karasik: Even before all of this activity began, Syria's oil exports were not a large part of their economy. But having said that, what these nonstate actors can grab provides them with a source of income. We've seen that already with ISIS, which has an illegal oil export scheme that derives revenue. It seems now that [oil in Syria] is up for grabs and ISIS started this trend [of fighting for it]. It is likely that other groups such as Nusra will try to follow.

As the Islamic State is established, it's clear that ISIS wants to have all parts of their government and revenue sources well organized, and that energy exports are part of this scheme. The scheme includes the collection of taxes, but also other black market activities like trade in other illegal goods the group plunders from the land it captures. Given the call by [ISIS leader Abu Bakr] Baghdadi on the first day of Ramadan –asking for consolidation of the state and the recruitment of individuals to help run that state – you have to figure that the energy sector figures into his planning.

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