
Oil Revenue Figures in Iraq: One Income, Two Varied Numbers

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Authors

Mahmood Baban

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Overview

Despite SOMO's preliminary and final data on export oil revenues showing a \$48 million difference, there remains a staggering billion-dollar gap between the Iraqi Finance Ministry's report and that of SOMO and the Iraqi Oil Ministry. This disparity exceeded \$4 billion in 2023.

On January 28, 2024, the Iraqi Oil Ministry disclosed the figures for oil exports and revenues for December 2023. Excluding the Kurdistan Region, total oil exports for the year amounted to 1,232,170,321 barrels, generating \$97.569 billion in revenue. However, the Ministry of Finance reported total oil and natural resources revenues at 121 trillion dinars or \$93.416 billion. This discrepancy in oil revenues between the two ministries stands at \$4.153 billion.

When interpreted in dinars, the difference becomes more apparent. According to the Ministry of Oil, the total revenue for the last year (assuming one dollar equals 1,300 dinars) exceeds 126 trillion dinars. This reveals a significant disparity of over 5 trillion dinars. Oil revenues constitute 95 percent of Iraq's state revenue, and official reports from the Iraqi federal government highlight significant disparities in figures presented by the Ministry of Finance in its monthly report on oil revenues and expenditures. For instance, in the September 2023 report from the Iraqi Ministry of Finance, oil revenues exceeded those reported by the Iraqi Oil Ministry for that month by over \$6 billion.

Discrepancy in Figures: SOMO and Iraqi Ministry of Finance

The Iraqi Oil Marketing Company (SOMO) regularly releases updates on oil revenues, exports, and barrel prices at the start and middle of every month. For instance, in 2023, data from both the Iraqi Oil Ministry and SOMO indicated total monthly oil exports of 1,232,170,321 barrels, generating \$97.521 billion in revenue. However, the final report reflected a slight decrease of 195 barrels and a \$48 million reduction in revenue, as illustrated in the table below.

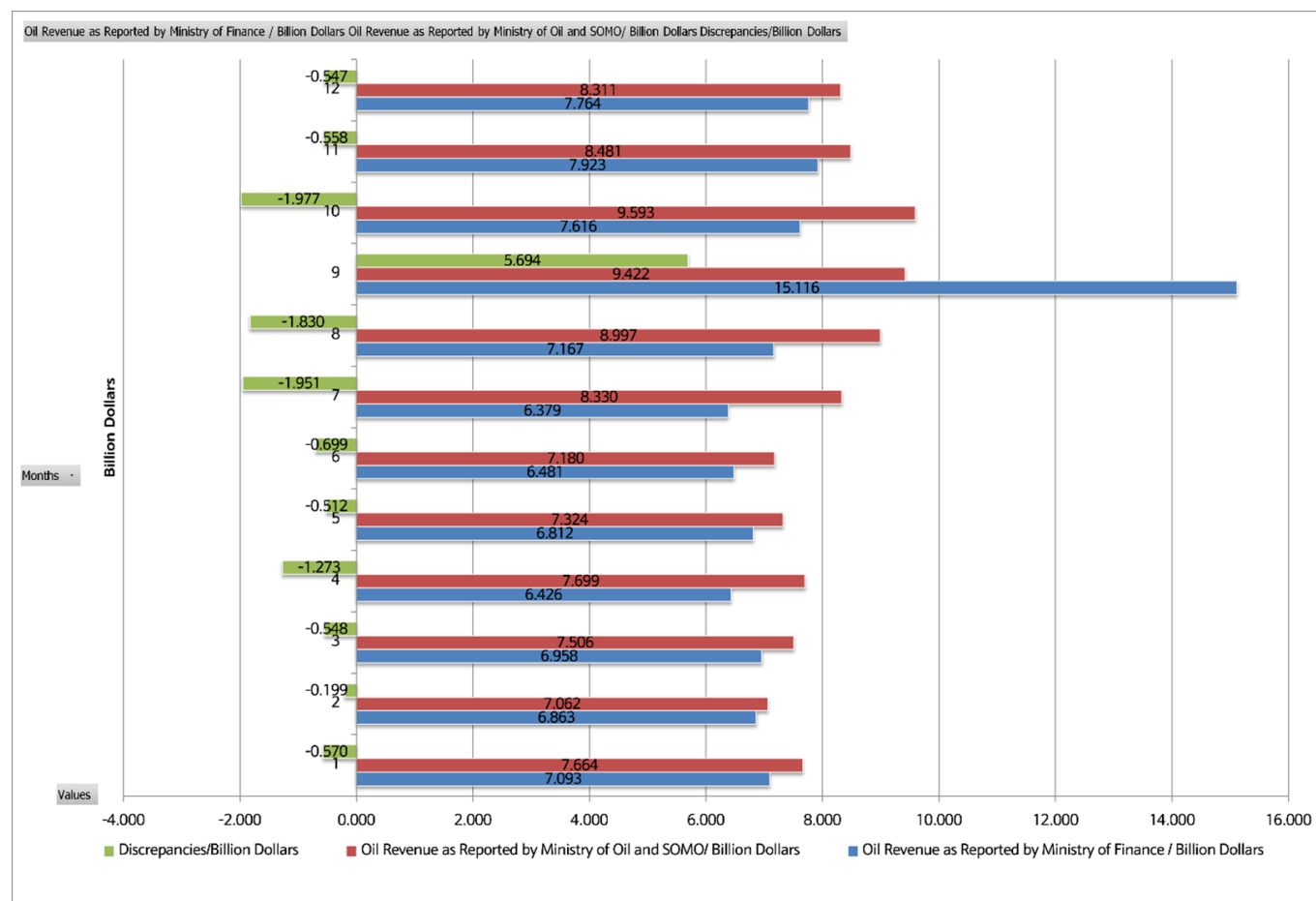
Table 1: SOMO's Preliminary and Final Reports on Exported Oil Quantities and Revenues for 2023

Year	Month	Initial Data		Final Data		
		Exported Oil/ Barrels	Revenue/ Billion Dollars	Exported Oil/ Barrels	Revenue/ Billion Dollars	
2023	January	101,245,095	7.690	101,245,095.000	7.664	
	February	92,255,610	7.081	92,255,610	7.062	
	March	100,913,027	7.404	100,913,027	7.506	
	April	98,634,947	7.796	98,634,947	7.699	
	May	102,463,387	7.306	102,463,387	7.324	
	June	100,059,052	7.115	100,059,052	7.180	
	July	106,755,169	8.293	106,755,169	8.330	
	August	106,122,874	8.845	106,122,679	8.997	
	September	103,143,199	9.494	103,143,199	9.422	
	October	109,545,589	9.669	109,545,589	9.593	
	November	102,975,782	8.512	102,975,782	8.481	
	December	108,056,590	8.316	108,056,590	8.311	
Total		1,232,170,321	97.521	1,232,170,126	97.569	

Another notable observation from the data is the variance in oil revenue figures between the Ministry of Finance and the Ministry of Oil, regardless of whether the figures are in dollars or dinars. As illustrated in the graph below, this difference fluctuates between half a billion and \$2 billion monthly.

What the figures clearly show is that the Ministry of Oil consistently reports higher revenues compared to the Ministry of Finance. However, in September, the Ministry of Finance recorded oil revenue at \$15.11 billion, while the Oil Ministry reported revenues of \$9.42 billion.

Graph 1: 2023 Oil Revenue Discrepancies Between Ministry of Finance, SOMO, and Ministry of Oil



Note 1: The exchange rate of \$1 remains constant at 1300 dinars throughout the months of 2023, except for January when the central bank sets it at 1450 dinars.

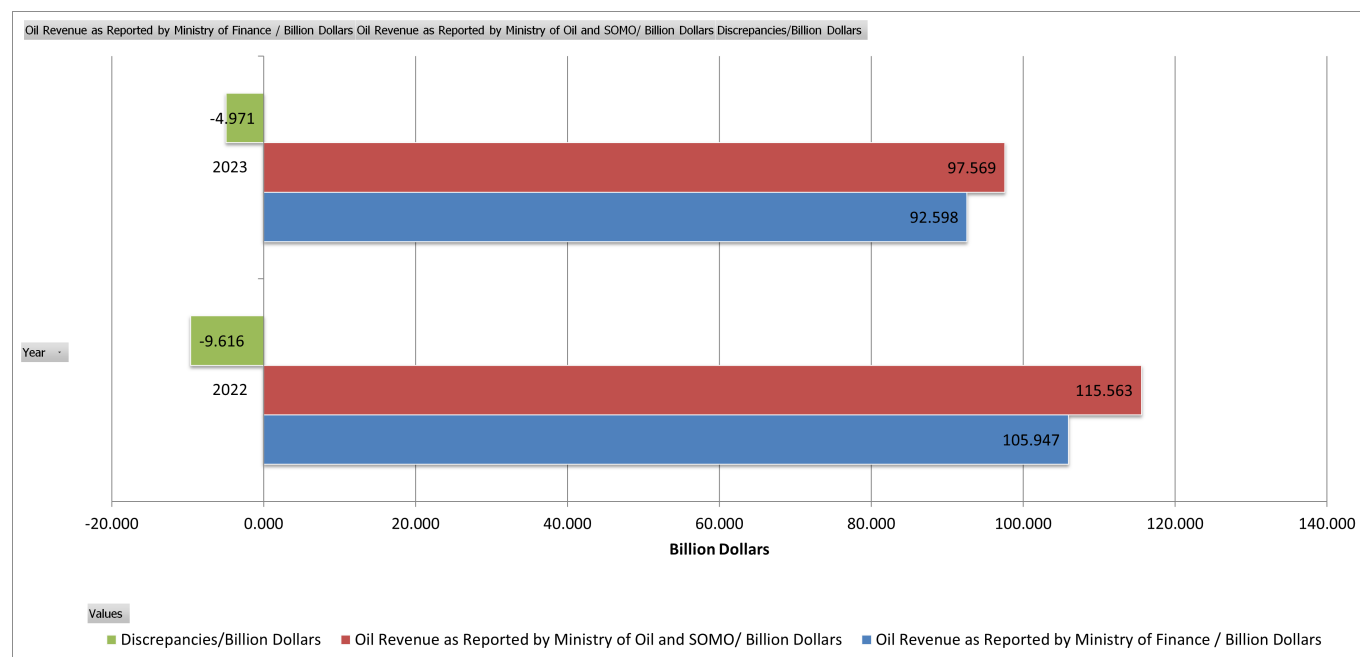
Note 2: * The oil and natural resource revenues for December 2023 in the Iraqi Ministry of Finance data are estimated, as the Ministry of Finance has not yet published the revenue and expenditure report for December.

Conclusion

Although the data are accessible in Iraq, they are challenging to interpret due to the doubling of oil and natural resource revenues in September, as indicated in the Ministry of Finance report. This doubling was not a mistake corrected in subsequent months; it persisted in both October and November. Additionally, the forthcoming 12th-month report's expense and income figures remain unknown.

Considering that 1300 dinars are calculated according to the central bank's exchange rate, the data is compared. If the Ministry of Oil deducts utility company expenditures and then returns what the Ministry of Finance receives as a net from oil revenues to the state treasury, shouldn't those expenditures be included in the Ministry of Finance's expenditure report? If so, where has the 2.3 trillion dinars spent on the Oil Ministry by the end of November 2023 gone?

Graph 2: Difference in oil revenues between the data of the Ministry of Oil, SOMO and the Ministry of Finance in 2022 and 2023



Note: The oil and natural resource revenues for December 2023 in the Iraqi Ministry of Finance data are estimated.

The disparity is not solely between the two ministries, nor is it limited to the previous year alone. In 2022, the difference amounted to over \$9.62 billion, and decreased to \$4.4 billion in 2023.

Indeed, the Iraqi Ministry of Finance must address these disparities, and the parliamentary finance committee should conduct thorough investigations. Furthermore, it's crucial to correct the figures regarding oil and natural resources revenues in the Ministry of Finance reports. Numbers should not merely be for public display; they should be meticulously detailed, differentiating between zeros, tens, hundreds, and thousands.

If inaccuracies persist, it reflects not only on the Ministry of Finance's management of revenues and expenditures but also on the 2023 budget, which exhibited a discrepancy of trillions of dinars. Despite these discrepancies being highlighted, they were neither addressed nor rectified. If such discrepancies persist through this year's budget amendment process in both the Ministry of Finance and parliament, it underscores the perception that the Iraqi budget exists only on paper. For instance, in 2023, the budget was intended to exceed 199 trillion dinars in expenditure, yet by the eleventh month, it had only reached 109 trillion dinars.

Regardless of the underlying reasons for these discrepancies, they must be transparently documented in the reports issued by either the Iraqi Ministry of Oil or the Ministry of Finance. The differences at hand are not merely minor fluctuations in figures but rather significant disparities amounting to billions of dollars and trillions of dinars.