
Sold in days, paid in Months: Why Iraq does not see its oil money directly

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While the United States has long been blamed for delaying and controlling Iraqi oil revenues, the real cause lies elsewhere: the payment procedures used by Iraq's State Oil Marketing Organization (SOMO) combined with the Federal Reserve Bank of New York's processing rules, create a two-to-three-month lag - a delay that, paradoxically, is now giving Iraq's financial system room to breathe.

On March 23, 2026, [Iraq's Foreign Minister Fuad Hussein](#) put it plainly: "It sells today, but the money comes after two or three months." The explanation is structural, not political.

The pipeline of delay

The delay stems from two compounding factors: SOMO's payment terms and the Fed's processing procedures. SOMO extends buyers 30 to 60 days to pay after a tanker loads. By the time payment clears through the Federal Reserve's compliance checks, months have passed since the crude left port.

Iraq's total foreign currency [reserves stand at \\$97.6 billion](#) through February 2026, yet only \$2 billion sits in its accounts at the New York Fed - \$1.5 billion in cash plus roughly \$0.5 billion in dinar-equivalent holdings - against normal times that monthly [oil revenues of \\$6 to \\$8 billion](#).

One revenue stream, multiple accounts

Oil revenues arrive at the New York Fed in an account called the Oil Revenue Receipts Account (ORRA), managed jointly by [Iraq's Central Bank](#) and Ministry of Finance. From there, funds move to a second account - Iraq2 - before transferring to the Ministry of Finance's dollar account in the Central Bank. The ministry then converts dollars to dinars to fund government expenditures.

These accounts replaced the Development Fund for Iraq (DFI), created under [UN Security Council Resolution 1483](#) following the 2003 US invasion. Though the United Nations dissolved that arrangement in 2011 and formally restored Iraq's financial sovereignty, the US has continued to maintain administrative authority over the oil revenue accounts - a status most recently renewed by former [US President Joe Biden](#) on May 16, 2023.

Every dollar in and every dollar out is subject to anti-money laundering review and sanctions screening by the New York Fed. That oversight drew scrutiny in 2024, when a [Wall Street Journal](#) investigation alleged Iraqi oil revenues were flowing to armed groups - prompting the US Congress to request a formal accounting from the New York Fed.

Table 1: Central Bank of Iraq Foreign Cash and Deposits / Million Dollars

| Year / Banks | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Banque de France | 460 | 466 | 505 | 2,428 | 4,708 | 4,645 | 8,650 | 10,684 | 10,276 |
| Bank of England | 0.01 | 0.15 | 0.03 | 574 | 154 | 1.29 | 2,412 | 2,352 | 3,319 |
| FRBNY - Overnight Deposits | 2,865 | 3,064 | 2,500 | 2,102 | 1,357 | - | 6,024 | 4,686 | 1,892 |
| FRBNY - Current Account | 1.94 | 1.91 | 1.01 | 7.54 | 69.72 | 3,675 | 2.34 | 2.12 | 2.08 |
| People's Bank of China | - | - | 0.31 | 0.09 | 0.41 | 0.26 | 0.34 | 8.65 | 10.49 |
| Other central banks* | 932 | 993 | 911 | 463 | 625 | 1.44 | 1.3 | 3.17 | 5.95 |
| International banks & financial institutions | 11,241 | 11,192 | 12,632 | 14,079 | 18,294 | 18,843 | 22,771 | 29,647 | 23,873 |
| Cash on hand (CBI Vault) | 1,790 | 1,335 | 1,887 | 894 | 3,760 | 2,092 | 1,296 | 249 | 1,609 |
| TOTAL (\$BN) | 17 | 17 | 18 | 21 | 29 | 29 | 41 | 48 | 41 |
| FRBNY%** | 17% | 18% | 14% | 10% | 5% | 13% | 15% | 10% | 5% |

Source: [Central Bank of Iraq](#), EY, [MEES](#). 2025 data not yet published.

*Banks such as Australia, UAE, Netherlands, and Italy.

**The proportion of cash held at the Federal Reserve Bank of New York, not the total held as financial instruments and gold in America.

Diversified, but not free

Iraq has spent the past decade quietly reducing its dependence on American financial institutions. According to the latest Central Bank of Iraq data, less than 34 percent of total foreign currency reserves are now held at the Federal Reserve. A decade ago, virtually all of it was.

The Bank of France now holds \$10.2 billion. The People's Bank of China holds \$10.49 billion. The Bank of England holds \$3.3 billion. Combined, these three institutions account for roughly one quarter of Iraq's total reserves - positions that simply did not exist ten years ago.

Ahmed Tabaqchali, a Non-Resident Senior Fellow at the Atlantic Council, has estimated that if US custody is measured more broadly - including all cash, securities, and Treasury instruments held under Federal Reserve supervision - America's share of Iraq's reserves rises to approximately 36 percent, leaving 64 percent outside US hands.

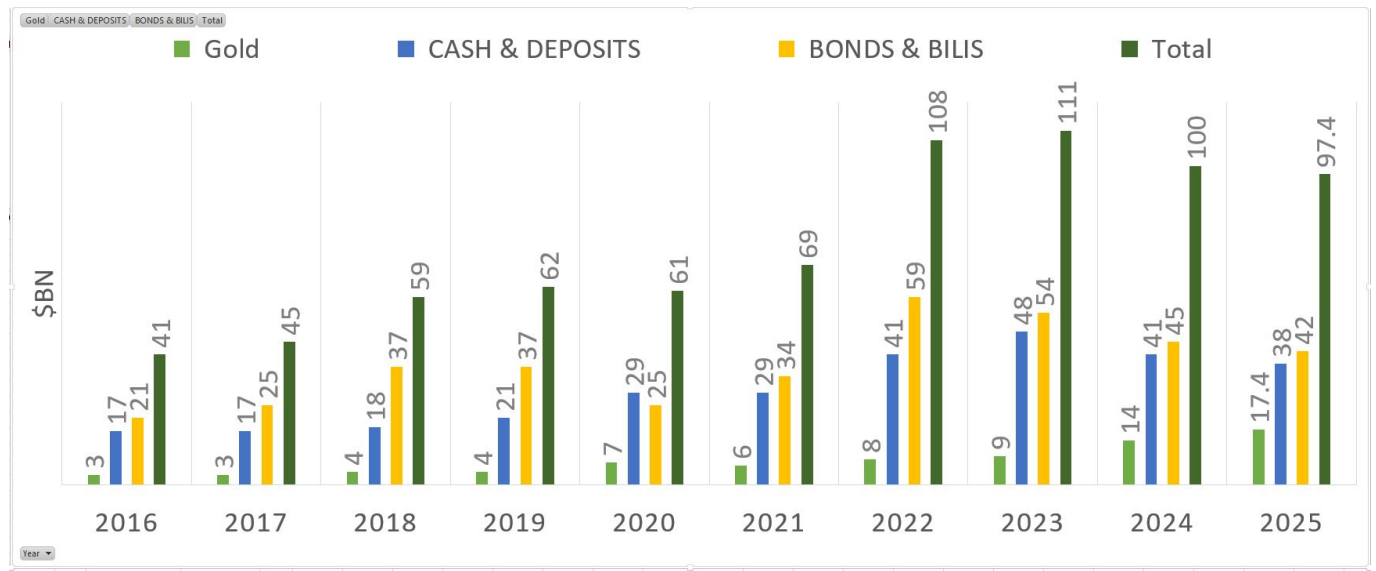
Gold has also become a significant buffer. Iraq's holdings reached 170 tonnes in 2025, a 55 percent rise in value that vaulted the country to fourth place among Arab nations in gold reserves. The surge in oil prices in 2022 lifted total reserves from \$69 billion to \$108 billion; they have since settled to \$97 billion.

Legal owner, operational tenant

Nabil Marsoumi, an oil and economics expert, frames the arrangement with precision: "Iraq has legal ownership, but the Federal Reserve Bank of New York holds operational control."

That distinction matters most when it comes to oil revenues, where US authority is most direct and least negotiable.

Graphic 1: Types of Iraq's Foreign Currency Reserves, 2016-2025



Source: MEES Issue 69/5, 2025; Central Bank of Iraq data through June 2025.

The risk of US sanctions is therefore twofold: a threat to oil revenues, but more profoundly, a threat to Iraq's access to the global dollar system. Diversification has reduced exposure, but it has not eliminated it.

Iraq's economic architecture, as it stands today, remains at the US's mercy. The two-to-three-month lag in oil revenues is a procedural reality, not a political weapon. But the system that produces that lag is built on American foundations - and Baghdad has not yet found a way to build around them.