Blood Money

How ISIS Makes Bank

Louise Shelley

LOUISE SHELLEY is University Professor at George Mason University and Director of the Terrorism, Transnational Crime, and Corruption Center (TraCCC). She is the author of Dirty Entanglements: Corruption, Crime, and Terrorism.

A key element of U.S. President Barack Obama’s strategy against the Islamic State of Iraq and al-Sham (ISIS) has been striking at the oil fields seized by the group to undermine its finances. But ISIS is a diversified criminal business, and oil is only one of its several revenue streams. U.S. officials ignore that fact at their own peril.

It is true that oil is ISIS’ key source of funding right now. The terrorist group has become the world’s richest precisely because it has seized some of the world’s most profitable oil fields in Iraq and Syria. Even with those fields operating below capacity due to a lack of technology and personnel, ISIS is estimated to be producing about 44,000 barrels a day in Syria and 4,000 barrels a day in Iraq. ISIS sells crude at a discount (around $20–$35 per barrel) to either truckers or middlemen. The crude gets to refiners at around $60 per barrel, which is still under market price. Smugglers pay about $5,000 in bribes at checkpoints to move the crude oil out of ISIS controlled territory. Even selling the oil at a discount via pre-invasion smuggling routes out of Iraq, ISIS can still expect over a million dollars in revenue each day.

And ISIS’ enemies are getting richer from the trade, too: Kurdish part-time smugglers who facilitate ISIS’ oil sales can earn up to $300,000 each month. A Kurdish newspaper recently published a list of people involved with ISIS, especially its oil operations. The list includes individuals with the last names of several Kurdish ruling families; a Toyota branch in Erbil, which sells ISIS trucks; a Politburo member and military leader; and oil refineries, among others. Some of those on the list were associated with oil smuggling under Saddam Hussein. Kurdish facilitators also provide goods to ISIS, including trucks, gas cylinders (for cooking and heating), gasoline, and other necessary commodities.

This is a preview of a premium article. You must subscribe [1] to access the full text. If you are already a subscriber, please log in here [2].

Copyright © 2002-2014 by the Council on Foreign Relations, Inc.
All rights reserved. To request permission to distribute or reprint this article, please fill out and submit a Permissions Request Form. If you plan to use this article in a coursepack or academic website, visit Copyright