PMSCs and the Regulatory Environment in Iraq Post-2011

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Abstract *This article explores the security demands and regulatory changes in Iraq since 2011 that have required the private security industry to adapt its corporate strategy. Drawing from cutting-edge primary research, including interviews with contractors and with multinational clients in Iraq and the United Kingdom, the article highlights the impact of Western corporate values and government requirements on the operational ability and effectiveness of PMSCs in Iraq. So far, the literature on the subject has fallen short of recognising the global shift in demand, requirements and opportunities that have taken place in the industry since the handover of security to the Iraqi government. This work will provide an urgent update to the current situation in Iraq and its effects on the private military and security companies that operate around the country.*

Keywords: Private military and security companies, international security, Iraq, regulations, corporate values, norms

Introduction

The operating environment for private military and security companies (PMSCs) in Iraq has changed dramatically since 2003. This turning point can be traced to the handover of security and the departure of the United States Forces in Iraq (USFI) in December 2011. The government of Iraq subsequently began regulating foreign PMSCs under Iraqi law, inevitably bringing up the costs of operations and reducing the margins of profit of these companies. In addition, Western commercial interests have transformed the culture of private security compa-

nies by setting operating standards that are restrictive considering the security environment in Iraq.

The combination of new security regulations imposed by the Iraqi government, and the corporate requirements of multinational clients, has affected how PMSCs carry out security services and bid for new business opportunities. An emphasis on the health and safety of local and foreign contractors and a high requirement for transparency and contract compliance render decision-making bureaucratic, which can be counter-productive in a threatening security environment. This is particularly salient considering the rising threat of the Islamic State (IS) across the country.

Personnel who have experienced the change in the security of the country, from the occupation by USFI to its current situation in 2014, observe that the modus operandi of contractors has gone from one of "proactive to reactive," due to a change in threat levels, a more hostile host government and a shift in clients who demand a softer, more commercialised and ultimately more corporate approach. These measures may heighten the risk that a private security company will not be able to respond in a robust and competent manner to a threat, as it may have done in the past.

This work is organised as follows: it first outlines the methodology underlining the study. Next, it analyses the driving factors behind the changes in the private military and security industry, highlighting the role of clients, the demands made by the Iraqi government, and the shifting security market within the country. It assesses how these forces have transformed the identity of contractors, emphasising the role of the International Code of Conduct (ICoC) and the Montreux document. Finally, it considers the options for the industry in the near future.

Methodology

The purpose of this research is to investigate the changes in corporate values, practices and identities of private security and military companies (PMSCs) operating in Iraq between 2003 and 2014. Iraq was the playground where PMSCs where first legitimised, and arguably institutionalised, and therefore serves as an excellent study to trace the evolution of the industry countrywide and on a global scale. Despite a growing body of literature examining the experiences of the private security industry over the last decade,[1] there has been limited focus

on the period since the handover to the Iraqi government, post-2011. Furthermore, there is a short supply of reliable qualitative data to evaluate the change in practices, values and identities of contractors over the last five years. This is largely due to the difficulties of carrying out primary research in Iraq at this time, and the sensitive nature of the security industry.

This project specifically targets armed contractors and PMSCs working in Iraq, and does not deal with unarmed support contractors due to the very different nature of the latter's work. There are approximately '14,000 contractors, including 5,500 security guards,' currently operating in Iraq,[2] down from a height of 48,000 in 2007.[3] Until 2011, government agencies were the primary clients for the security industry, whereas the trend has shifted towards the private sector, with large oil and gas companies now providing the bulk of security contracts in 2014. This work aims to verify whether the shift in clientele has also affected the contractual conditions and corporate value system of the hired security companies.

This study is conducted through an empirically based survey of security contractors in Iraq and civilian employees in Great Britain. A nine-month long immersion in Iraq enabled privileged access for researchers to conduct over thirty interviews with contractors during the time of employment by a PMSC. These semi-structured interviews targeted employees who had experienced the shift in security contracting before and after the Status of Forces Agreement (SOFA) in 2009, thereby lending a long-term perspective on how the security industry may have changed in Iraq. Interviewees held a variety of roles, ranging from Team Leader up to and including Director of Operations, thus offering a significant scope of experiences, opinions and exposures in their assessment of industry changes.

In addition, informal interviews were carried out with over a dozen employees of oil and gas companies, the primary clients of the aforementioned security contractors. This survey was undertaken with the objective of testing and contrasting the perceptions of the industry from both ends of the supply-and-demand chain. The interviews targeted staff with an engineering or project support background, several of whom were responsible for health, safety and the environment (HSE). The latter were particularly relevant to evaluate the requirements and efficacy of the health and safety regulations recently imposed on security companies, and in assessing whether this may have

had an impact on the effectiveness of the services being carried out by the contractors.

Finally, recognising that the market for security is changing both on the supply and demand sides, interviews were carried out with contractors with either experience working for some of the 40+ Iraqi security companies, or who had provided security to non-Western clients, including Chinese engineering and construction companies. These interviews offered a novel perspective into the inner workings of locally owned PMSCs. All persons interviewed gave full consent for academic use of the data provided. However, many spoke under conditions of anonymity, which explains the omission of specific references to either people or events that could identify and compromise a survey participant.

Driving Change

According to data supplied by interviews of contractors in Iraq and in the United Kingdom, the private security industry has irrevocably changed since the government of Iraq has taken over the governance and rule of law of the country. This change has largely been driven by three factors:

First, the client base for private security has shifted. Government agencies, who were previously the principle client for the security industry, have shrunk since the height of the Iraqi war. Today, oil and gas companies make up the bulk of the demand for the services of PMSCs in Iraq. These corporations are generally accountable to a board of directors and to shareholders, and are concerned about reputational damage to their brand. This affects their requirements regarding the image and conduct of the private security companies they hire, thereby impacting, among other matters, the practices of PMSCs vis-à-vis the health and security of their own employees. The corporate values of the clients are now driving the practices of the industry.

Second, the transfer of power to the government of Iraq has transformed the regulatory environment. Red tape, bureaucratic complications, changing laws and corruption have contributed to a rise in operating costs and often cause time delays in carrying out operations. This has arguably reduced the effectiveness of certain private security companies which are dependent on the whims of (and their relations with) Iraqi government officials. Furthermore, the uncertain administrative environment has affected the employment stability of contractors.

Finally, market forces have reshaped the private security industry. Contractors with a background in the British and US armies are less in demand for now as salaries have shrunk along with the margins of profit of these companies. The rise of Iraqi-owned private security companies, and allegedly Chinese companies, has also changed the operating culture of PMSCs in the country.

Client Demands

This work makes the case that the value systems of the private military and security industry have changed in large part due to the demands of their clients. Western corporations these days are particularly sensitive to reputational damage. This is partly due to a recent history of scandals implicating oil and gas companies – which are subsequently concerned with their public image – and abuses by private military companies in Iraq. In fact, three incidents in particular transformed the operating environment for companies employing PMSCs: the first was the BP Deepwater Horizon oil spill in the Gulf of Mexico, which caused massive reputational damage to BP; the second was the fraud case against PMSC Custer Battles which highlighted the lack of transparency in the security industry in Iraq; and the third was the Fitzsimons incident in Bagdad which indicated on-going gaps in the hiring process of private security companies.

Reputational concerns are a priority for Western companies operating worldwide. However, the relative stability of the country and the on-going media attention to the activities of PMSCs in Iraq – as opposed to elsewhere where PMSC are active but remain under the radar – make this operating environment particularly risky for corporations from a brand-management perspective. A further study of the impact of Western corporate values on PMSC hiring and operating practices in conflict zones such as Libya, Somalia and Afghanistan would consider the possibility that PMSC cultures are context dependent.

BP's position in the Iraqi market is particularly salient, as it is a primary employer of private military and security companies and therefore their hiring requirements have wide-reaching repercussions. However the BP Deepwater Horizon oil spill in 2010 transformed the company's approach to risk. Initially CEO Tony Hayward downplayed the incident, but as figures revealed the oil spill to be the largest in US history, BP turned the blame of the explosion on Transocean Ltd, the company to which it had subcontracted the operation of their rig. Regardless,

BP shouldered most of the reputational damage, demonstrating that the responsibility of an operation rests with the major company, not with a subsidiary or another contracting party. BP's shares fell by 52% immediately following the disaster, and in September 2014, after a federal judge found the company grossly negligent for their role in the oil spill, shares fell by an additional 6%.[4] As a result, companies such as BP are increasingly concerned that the actions of their subcontractors, including private security contractors, remain irreproachable to avoid a future scandal.

Cases of major fraud and criminal negligence by private security companies and their contractors have further damaged the reputation of the industry,[5] leading to a subsequent paternalistic oversight by the companies that hire them: In 2004, PMSC Custer Battles was found guilty for defrauding the US government of up to $50 million. And the killing of civilians in Nisour Square by Blackwater contractors in 2007 further harmed the image of private security companies and anyone associated with them.[6] The aggressive tactics employed by some private security companies were widely reported in Western media, and include

> driving on the wrong side of the road and firing warning shots. Similar accounts describe contractors forcing Iraqis off the road while driving fast and recklessly. Armed contractors have also reportedly cleared areas by throwing full water bottles at local civilians while driving through.[7]

Although the focus of the publicity remained with the companies rather than with their clients, the incidents highlighted the risk of associating with PMSCs as well as the general lack of accountability and transparency in the early years of the industry's operations in Iraq.

Finally, the Fitzsimons incident in 2009 caused immense damage to security company G4S Risk Management, which had recently acquired Armorgroup and was in the process of rebranding the company. The BBC Scotland Investigation revealed that the British security contractor who killed two colleagues and injured a third had not been properly vetted and was on bail for firearm offences.[8] Investigators found that G4S had been aware of the failings in the screening process but had failed to act upon it: A spokesman for G4S admitted that 'our screening processes should have been better implemented in this situation but it is a matter of speculation what role, if any, this may have played in the incident.'[9] G4S was

> one of the drivers behind and initial signatories of the International Code of Conduct, (and) have been heavily involved in turning those principles into a set of standards against which companies can be accredited and sanctioned if they do not live up to these standards.[10]

The scandal prompted oil and gas companies hiring PMSCs to take oversight measures into their own hands. In addition, according to some British contractors, the Fitzsimons incident was a turning point which forced the entire security industry to review its operations, in particular how it recruited and vetted personnel. The incident also galvanising the image of security companies in the eyes of the Iraqi government, impacting the relationship between the two actors. This led to extra 'hassle at checkpoints, including being manhandled by the Iraqi Security Forces and generally mistreated.'[11]

As a consequence of this incident, multinational corporations now also carry out their own extensive due diligence prior to hiring a private security company.[12] They systematically employ their own security and risk management teams, often pooled from former private security contractors who have intelligence on the security firms they contract. This has facilitated wide networks between private security companies and potential employers. It also enables corporations to control contractors, as they have privileged information on how the industry operates on the ground in Iraq. Clients are therefore empowered with regulatory oversight and detailed know-how of their security personnel, whom they can inculcate with Western corporate values through a series of operating standards and training programmes.[13]

In addition, these corporations offer tenders for the contract, which now take into account the quality and reputation of the security provider. This generally requires an absence of lawsuits against the provider, a history of good conduct, adherence to the International Code of Conduct, and a good relationship with Iraqi officials. An interviewee from an oil company explained that his firm establishes additional operating procedures with security providers to ensure their conduct remains in line with corporate values and the image of the company. These procedures include determining the formation of mobile security teams, the speed at which they can travel, the equipment the security team is allowed to carry, and the amount of manpower the PMSC must provide.[14] Another interviewee mentioned how some clients had employed security teams to act as 'mobile traffic police, replete with

speed guns in order to reduce speed-related incidents'[15] involving local contractors and PMSCs. The objective of this measure is to reduce the prevalence of traffic accidents and keep contractors in line with traffic regulations. Although one contractor also voiced displeasure at being employed on this monotonous task,[16] these measures are part of the HSE programmes, which have become such a focus for the security industry within Iraq.

Interviews with security contractors and oil and gas representatives further revealed an emerging trend showing that an emphasis on health and safety compliance has overhauled security operations in Iraq. Hiring companies such as BP have begun to enforce strict guidelines to ensure the safety of their security contractors. This has entailed some relatively dramatic re-education, particularly for some Iraqi guards who were used to arriving at work in 'little more than flip flops' and suddenly had to adapt to a new requirement of personal protective equipment.[17] These changes have come from a desire on the part of the major oil and gas companies to forge a working philosophy that incorporates a safe and secure environment for both their local and international staff. This has involved a reduction in security risks where possible, but more importantly a decrease in accidents resulting from health and safety-related issues. For example, contractors are required to take health and safety courses, including on safe driving policies to reduce road traffic collisions – a major cause for concern for both clients and security providers alike. PMSCs are also subject to a monitoring of standards of conduct, carried out through external audits and campaigns. These measures are recent, and even where they existed prior to 2009 they were rarely implemented.[18] Contractors interviewed for this project agreed that their conditions of employment had changed substantially, largely due to client requirements, which could vary according to the hiring company.

Iraqi Government's Regulations

In addition to client demands, the Iraqi government built upon existing laws and enforced new regulations for private security and military companies operating in the country. As the handover of security from the US forces to the Iraqi government approached, it became apparent that the latter was going to utilise the lead capacity in which it found itself to reign in and fully regulate the industry. Since at least 2009, the Iraqi government has sought, and succeeded, to exercise control

over the private security industry by developing a complex regulatory system that is implemented by the Iraqi security forces and related government departments. Security companies report that the bureaucratic organisation of the Iraqi government has critically changed the operating environment, increasing over the past five years both the costs of working in the country and the risks of contravening the law.[19]

According to private security contractors currently in Iraq, and as would be expected anywhere, the Iraqi government requires each personal security detail to carry around a number of documents. In particular, contractors must carry around a letter from the National Iraqi Intelligence Agency (NIIA), which gives them permission to operate in the country. The NIIA also requires private security teams to obtain and have ready for inspection the following documents: the registration of vehicles, weapons licenses (in tandem with Ministry of Interior weapons cards that match the weapons and NIIA letter serial numbers) and individual names and passport numbers with visas occasionally checked by the Iraqi security forces at checkpoints.[20] Prior to the handover, private security companies were also required to show registration, licenses, and relevant documentation proving they had the right to operate in the country. This paperwork, however, was issued by the Coalition Provisional Authority (CPA) and remained valid for approximately 90 days. Since the handover, the current portfolio of documentation can be valid from periods ranging between two weeks and 12 months, creating an unpredictable and unstable operating environment.

Contractors working in Iraq reported that private security companies now face severe bureaucratic challenges, with licensing bodies regularly issuing papers after their expiration date. Furthermore, different regions of Iraq have their own licensing authorities and private security details (PSD) travelling around the country have to obtain all the relevant authorisations from the various ministries and regions. Finally, each document may have a different validity period, further complicating the process. Failure to present these papers upon inspection generally leads the Iraqi security forces to arrest and detain the contractors. As a result, entire teams have been grounded and unable to move as they await the required paperwork, leading to a loss of income for the security company.[21]

In addition to the relevant paperwork, foreign nationals are also required to undergo blood tests and renew their visas on a regular ba-

sis. One contractor reported on the bureaucratic difficulties and time consuming process of undergoing blood tests for each employee, with each trip to the relevant authorities taking up resources and impeding said employees from carrying out their duties[22].

The Iraqi government also implemented wide-ranging restrictions on certain types of weapons and ammunition, in addition to registering and licensing weapons held by PMSCs. The weapons owned by PMSCs must generally be purchased from one of the Iraqi ministries, usually the Ministry of Interior,[23] enabling the authorities to maintain strict oversight on the type and amount of weapons that contractors hold. Iraqi authorities also regularly conduct snap inspections of weapons, vehicles and personnel. One contractor noted that the amount of ammunition, its type and the amount of weapons that could be carried with private security guards, was one of the first restrictions imposed on the industry.[24] Security personnel were suddenly limited to one magazine of ammunition per person, increasing their vulnerability in case of attack.

The operating environment in Iraq has understandably changed since the handover of power from the Americans to the Iraqis. Nonetheless, several leading private security providers have since interrupted their work in the country. Two executives from British security companies told us that the reputational and financial costs of operating in Iraq had risen too much to continue offering convoy and personal protection services in the country. In particular, they pointed to the high levels of corruption in the government which put them at odds with compliance requirements in the US and the UK, the difficulties of obtaining and maintaining an operating license, and the new and inconsistent legislation which limit the ability of companies to carry out security services in Iraq.[25] Indeed, Iraq places 171 out of 177 countries on the Corruption Perception Index in 2013, with a majority of Iraqis claiming that the level of corruption has increased over the last ten years. This is anecdotally supported by claims from several contractors interviewed who reported that Iraqi security personnel have made payments to recruiters and third parties in order to guarantee their employment. Known as "fixers," these men are susceptible to corruption as they are tasked with obtaining visas and occasionally paperwork from the ministries.[26]

Indeed, the suspicion of the Iraqi government vis-à-vis private security providers is evident in the rhetoric of leading politicians in the

country. In February 2012, the Deputy Minister for Interior, Adnan al-Asadi, accused PMSCs of being the instrument for foreign governments to spy on Iraqis and said they were 'using the mercenaries to cause instability and disorder in this country.'[27] In an interview with AFP shortly after the handover, Iraqi government officials clearly stated their intention 'to limit their work (of PSCs) here in Iraq.'[28] They stressed the country's unhappy relationship with the private security industry, and warned that they 'have to follow the instruction, they have to hold the permit, a valid permit, and they are not allowed to violate the Iraqi laws. They are not exempted as before, and they are not getting any sort of immunity.'[29]

In return, some contractors interviewed in Iraq voiced the opinion that the bureaucratic difficulties for obtaining licenses were in fact a deliberate strategy by the Iraqis to 'squeeze the revenue of international PSCs.'[30] Doug Brooks, the former president of the International Stability Operations Association (ISOA) agreed that the operating environment was becoming increasingly complicated and risky and pointed to the bureaucratic system of the Iraqi government: 'if you need a permit, if you need a license, if you need a visa, all those sorts of things – big delays, big hassles. It's very, very hard to get your licenses on time.'[31] A letter from ISOA to the US government in February 2012 warned that the lack of visas, confiscation of material and the arbitrary detention and expulsion of foreigners was preventing private security companies from deploying into Iraq.

In response to the forbiddingly regulated operating environment and to mitigate the risk of operational paralysis, some of the major oil and gas companies have chosen the option of employing more than one PMSC at any given time. This has led to multiple and overlapping contracts with a number of PMSCs, resulting in the client being able to draw on another provider should one security company fail to get their paperwork issued on time. As mentioned above, these companies have also increasingly hired former security contractors into internal positions to ensure that their PMSCs are compliant with Iraqi regulations, thereby avoiding unnecessary delays and complications.[32]

Conclusion

The distribution of military power has a clear impact on the functioning of the international system. It is a fairly customary to determine this distribution by comparing national military expenditure and the

size of national military forces. But war, as a real-world confrontation between military powers, takes little heed of peacetime spending or personnel statistics. Victory often goes to the party who, based on statistical records of pre-war expenditure and troop numbers, should be destined for defeat. This research convincingly demonstrates that there is nlitary power consists solely of its ability to adapt effectively to the demands of modern warfare. Neither a large army nor high defence expenditure can provide any guarantees.

Market Forces

The private security industry, like most industries in the private sector, responds to the laws of supply and demand. This means that the salaries of contractors and the value of contracts depend on the amount of servicemen looking for jobs in Iraq, the number of companies operating in the country, and the fees that clients are willing to pay to secure their assets in the country.

Although the global demand for private security contracting continues to increase with predictions of up to 7.4% annually until 2016, contracts in Iraq have dropped by over US$6.3 million in the last two years.[33] These figures might return to previous heights however, in view of the ISIS insurgency currently taking hold of the country. According to the 2013 report by the *United Nations Working Group on the use of mercenaries as a means of violating human rights and impeding the exercise of the right of peoples to self-determination*, the United States Department of Defence continues to be an important client for the private security industry, spending an estimated US$26.2 billion in 2009 and $26 billion in 2012 in both Iraq and Afghanistan.[34] The drastic drop in contractors from a height of 48,000 to 5,500 security guards is most likely the result of the winding down of military operations in the country, leaving oil and gas companies as the primary employer of PMSCs.[35] While the market for private security companies in Iraq appears to be shrinking over the last five years, a rise in private military and security companies and the ready availability of contractors have changed the value of security contracts and contractor salaries.

In terms of the supply of labour, market forces have gone full circle since the private security industry made its commercial emergence in the 1980s and early 1990s.[36] Contractors working in Iraq observed that the change in the composition of PMSC personnel has been layered since 2009. The supply of contractors generally rises at the end of a

war, in what Chapleau and Misser call a 'wave phenomenon.' At the end of the Cold War, 'many former soldiers from the Eastern bloc flooded the market'[37] and, along with the South African "dinosaurs"[38] from the former SADF, made up the bulk of security contractors. However, the wars in Iraq and Afghanistan initially increased the demand for highly skilled Special Forces, attracting elite officers from the United States Army, the British Army and the French Foreign Legion, rather than the usual ex-servicemen from former warzones. These elite forces commanded high salaries, and at the height of the market could earn up to US$240,000 a year.[39]

As the US and UK governments started pulling out of Iraq however, the availability of highly paid security contracts dwindled, forcing companies to downsize on their personnel or seek cheaper contractors. At the same time, an explosion of 'pop up' Iraqi private security companies – companies that emerge for the duration of a contract with no prior formal infrastructure – flooded the market, driving down prices and salaries. Contractors were increasingly pooled from developing nations with a tradition of military service and a large supply of former servicemen eager for any financial opportunity. By 2009, 30% of contractors in Iraq were third-country nationals, with American firms Triple Canopy, Inveco International Corp. and Blackwater hiring former soldiers from Chile, Colombia, Guatemala and Nicaragua.[40]

However, recent interviews with contractors and private security companies operating in Iraq suggest that security personnel are again largely from Eastern Europe, with a significant number of individuals from the former Yugoslavia and South Africa. These men can earn as little as US$200 per day (which in a good year will not exceed US$60,000 total – without pension or health care policies), depending on which security company hires them.

The ready availability of British contractors willing to work in Iraq has been driven by the downscaling of the British Army and resettlement programmes which have had mixed results. Many former servicemen have chosen to remain in security and, after gaining certificates[41] in professional protection and emergency medical care, go to Iraq with the illusion that they will find work and command high salaries. The abundant supply of skilled ex-servicemen looking for work in Iraq has contributed to the competitive environment, enabling PMSCs to offer lower salaries and dismiss unhappy workers.

A rise in Iraqi-owned private security companies has also increased

the recruitment of local Iraqis, changing the culture of the previously Western-dominated companies. The beginnings of the Iraqi-owned security industry are unclear. Whereas the majority, if not all, of Western PMSCs have profiles and company information in the public domain, Iraqi-owned PMSCs tend to work in a different manner, where their public profile is not as visible as that of their international competitors. There are generally two types of Iraqi-owned PMSCs: The first is normally owned by prominent Iraqi businessmen with links to both local government and the international business community. Subsequently, British or "expatriate" middle management are recruited and staff the key operational management and business development positions due to the wealth of experience that they bring to the company and their appeal to Western clients. The manpower for the close protection work is drawn from staff with a British, European or South African background, often supported by local national personnel who take on tasks such as driving, communications operators, static guards and other related functions. The majority of these Iraqi-owned PMSCs tend to be signatories to the ICoC and are keen to promote this affiliation on their company website.

The second cluster of Iraqi PMSCs is much harder to define in detail and this stems from a lack of public and web-based activity that is easily accessible to English speaking audiences, resulting in a very small footprint in terms of recognition or transparency. These companies tend to gain contracts from the less prestigious end of the oil and gas contracting companies that need protective security, and are what we can coin "pop-up" companies, whose business strategy extends no further beyond the amount of money the company can make in the immediate to near future. Contractors who had worked for these companies have complained of mistreatment and a number of interviewees reported that a certain Iraqi-owned company was six months late in paying their salaries, forcing them to continue working for free in hope of eventually being paid.[42] This has led a number of foreign contractors to state that they would not be willing to work for an Iraqi-owned PMSC, even though the latter have been recruiting actively among British personnel to fill the middle management positions.

Local security companies are also cheaper than foreign-owned albeit more established competitors. They may be able to bypass certain restrictions meant for foreign companies, and through personal relations they gain easy access to officials and licensing, a process that can

otherwise be extremely cumbersome. On the other hand, contractors have reported the existence of "turf wars" between Iraqi-owned competitors that in some cases have included sabotaging the equipment of other companies. In one anecdote, an interviewee explained that IEDs were found under security vehicles owned by a Lebanese PMSC, only to discover later that a local company competing for a contract had planted them.[43]

Although there has been limited research on the emergence of Chinese PMSCs in Iraq, interviewees confirmed the presence of a growing number of Chinese contractors, generally working for Chinese exploration companies. These PMSCs also have fewer restrictions than Western corporations, largely due to the concerns – or lack of – of their clients vis-à-vis reputational damage and health and safety. This has enabled them to drive down operational costs and contractors' salaries, thereby starting to affect the market for contractors in Iraq.

Both Iraqi and Chinese PMSCs have a reputation for being "in for a buck," supplying employees with poor equipment, and compromising on human rights and personnel safety.[44] Although some local companies seek and manage to gain certification by the International Code of Conduct, interviewees expressed scepticism as to how much some of their employers actually cared about the Montreux Document. This view was reiterated by the United Nations Working Group on the use of mercenaries in their 2013 report to the General Assembly.[45] Finally, a lot of "popup" companies have reportedly failed in Iraq, suggesting that these companies are not reliable and offer neither continuity nor stability either to their clients or to their employees.

Changing Corporate Values and Identities

The new regulatory infrastructure set by the Iraqi government and the hands-on approach of corporations have caused slight but undeniable changes in the corporate values of PMSCs and in the identities of contractors operating in Iraq. In addition, pressure from the international community and civil society has led to the establishment of an International Code of Conduct to which the security industry adheres, at least on paper. This has subsequently affected both the commercial model of PMSCs, which have become more "PR savvy," and the attitude of security personnel who are increasingly conscientious of their actions and their image – and wary of any intervention by Iraqi officials.

Some issues that have emerged after conducting our interviews

have included the new service levels provided by the various PMSCs and particularly their awareness of Health and Safety (HSE) measures. Setting the gold standard for operational conduct, understandably, are the major international oil and gas companies, which have direct contracts with the Iraqi government. Subsequently, these companies have demanded the highest standards of behaviour and HSE from their private security providers, ensuring that each of the PMSCs it employs meets compliance requirements at all times and are as risk-free as feasibly possible. When carrying out security operations for its client, the PMSC must now comply with all the health and safety regulations laid down by the corporations that hire them. These Corporations further provide physical assistance for training of security personnel, and often issue personal protective equipment (PPE) to each employee.

PMSCs and the Regulatory Environment in Iraq Post-2011

We can view the equipment that contractors carry and the clothes that they wear as barometers to the transformation that has taken place in the last ten years. As described above, a plethora of weapons, ammunition and aggressive looking profiles, with allegations of steroid and alcohol abuse, have created an image that has been damaging to the industry as a whole. Whilst some of these descriptions have factual origins, many of the interviewees pointed to this as inaccurate profiles of the contemporary security contractor. Within the oil and gas sector for example, PPE consists of safety glasses, helmets and coveralls issued by health and safety departments from within the client's organisation. The majority of the sites visited by security teams these days are worksites in which health and safety takes precedence—several security teams have been refused entry if they do not possess the required protective equipment. Gone are the days of drop down holsters, t-shirts and custom equipment; the clients now decide the "look" of contractors in Iraq, which must reflect this new hybrid philosophy combining security and health and safety.

On the other hand, where contractors do not meet HSE requirements, we found that they had been repeatedly denied access to certain sites, such as constructions sites of oil and gas installations. This can call into question the rationale and effectiveness of the HSE protocols which overrule other safety concerns. Interviewees involved in HSE at the corporate level explained that these measures were aimed at reducing 'daily' accidents and protecting contractors from 'medical and other incidents.'[46] One interviewee insisted that this did not compromise the security of clients, as there was always one contractor with

PPE who would be tasked with protecting the client while his team members waited in the vehicles outside of the site.

In addition to the HSE guidelines, the Montreux document and the International Code of Conduct have to some extent reigned-in the behaviour of PMSCs. Prior to the handover, the legal status of contractors was opaque, as they were immune from prosecution under Iraqi law according to CPA Memorandum 17.[47] This did not mean that contractors operated within a legal vacuum. The Memorandum laid out regulations stipulating that PMSCs had to be registered, licensed and all of their personnel had to be vetted. In addition, during the initial onset of the Iraqi conflict, companies tended to rely upon their own forms of regulation and oversight, focusing on replicating a military structure of command and control.[48] Whilst this system was successful when the industry in Iraq was relatively small, it was not when the volume of security personnel increased significantly in the following years. Incidents surrounding the actions of Blackwater *et al* described above emphasised the need for a more comprehensive approach. After taking control of security governance in the country, the Iraqi government continued with roughly the same format to regulate PMSCs.[49]

In response to the apparent "wild east" environment in Iraq, the international community, along with members of civil society, drafted the Montreux Document in 2008. Although not a legal body, this document provides guidelines for good practice and implementation of existing humanitarian laws to which all states are bound. Although this initiative significantly contributed to the development of a regulatory environment in many states vis-à-vis PMSCs, it is unclear how influential it has been in Iraq. On the other hand, the International Code of Conduct to which private military and security companies adhere appears to have a larger influence on the behavior of contractors. According to the latest figures on the website of *International Code of Conduct for Private Security Service Providers*, there are 708 signatory companies to the Code of Conduct.[50] Contractors interviewed for this project reported that they were familiar with the ICoC and had received training on Human Rights and Voluntary Principles as part of the contract between the client and the security firm. Companies that were working on the more lucrative oil and gas contracts also tended to agree that oversight and auditing by the client's security elements were extensive and in line with the security provider's commitments. Clients instigated monitoring and compliance oversight in addition to

annual and snap audits. Failures to adhere to the ICoC were deemed significant issues and were raised at all levels.

The type of work that armed security contractors carry out has changed since the handover of governance. Between 2004 and 2008, the majority of the work tended to be convoy security work alongside close protection. This was generally high intensity work that imposed a great deal of stress on individual contractors but reflected an emphasis on nation-building alongside a worsening security situation across the country. Contractors in Iraq revealed that convoy security was no long a service on offer since the pull-out of the Americans for example. Most of the work today is protecting personnel in transit to and from main oil and gas sites, which are themselves defended by Iraqi security forces. The period between the handover and the emergence of ISIS also saw a decrease in threats specifically targeting oil and gas sites. Interviewees described their work as 'softer security with an armed element.'[51]

Recent military gains by ISIS (or IS) have not yet changed the operating environment for contractors: IS has encountered logistical obstacles that have hindered its progress into Southern Iraq; while the organisation enjoys support among the mainly Sunni Arab regions of Iraq, the Shia tribes of the South would not tolerate the jihadis' presence and would presumable fight back ferociously to this perceived foreign military presence. Nonetheless, some oil and gas companies have anticipated the ISIS threat and instigated a phased evacuation of non-essential staff. Contractors interviewed for this project reported that criminal elements, inter-tribal violence and other non-specific threats were the biggest security threats in the short term for PMSCs working for oil and gas companies in southern Iraq. This does not exclude a future shift in the operating environment if ISIS gains further territory in the South of the country.

Despite the apparent "safer" work environment, the risk-averse approach by clients has caused PMSCs to approach security threats with a "reactive" rather than "proactive" attitude. One contractor described this as the "turtle effect" where, when faced with a security situation, PMSCs tend to remain in their camps and wait for the issues to blow over rather than go out and tackle the challenge, as they would have done previously.[52] Another reason for this strategic approach is the expectation that 'the Iraqis are in charge,' although interviewees raised doubts as to the ability of the Iraqi Security Forces to manage on-going

and new threats.

Concluding Remarks

The private security industry has come a long way since the beginning of the Iraq war in 2003. It has responded to the demands of its multinational clients, changed its modus operandi to correspond with the new legislation in Iraq, and adjusted to a constantly changing threat environment.

International oil companies (IOCs) have also become more knowledgeable about the operating environment in Iraq and the private security industry as a whole. Several companies have recruited former private security contractors into security and risk management and consultancy positions within their businesses. This has allowed companies to make more informed decisions when tending contracts to private security companies, thereby avoiding PMSCs with bad reputations or poor track records. IOCs have also imposed their operational culture and expectations on the private security industry by making HSE and other demands on the security companies they hire. Concern over reputational damage, in particular, has forced IOCs and private security firms to uphold the strictest codes of best practice and conform to international and Iraqi regulatory demands in addition to internal requirement for health and safety of employees and subcontractors.

Finally, extended exposure to investors and commercial enterprises has also made private security companies more commercially aware. This is evidenced in the Montreux document and other international regulatory frameworks, which PMSCs have voluntarily joined, often with the objective of improving their reputation and therefore employability in Iraq. It must be noted, however, that the regulatory environment in Iraq is much improved compared with other conflict zones. Security personnel with experience working on other contracts reported that in certain countries, such Afghanistan, Somalia and increasingly Libya, the number of PMSCs has multiplied – Syria will probably be the next hot spot, if it isn't already. In most places however, contractors continue to operate in a near legal vacuum, suggesting that it is the oil and gas companies that are driving the change in corporate values and identities of PMSCs in Iraq. Over the past ten years, the security industry in Iraq has, in general, managed to build a more proactive and knowledge-driven stakeholder relationship with their clients, and has

experienced a gradual transformation that should allow it to shed its nefarious reputation of the early days of the Iraq conflict.

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15 Information gathered from an interview with security contractor A working for an oil and gas company.

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17 Information gathered from an interview with security contractor C.

18 Interview with security contractor D.

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44 Several interviewed contractors in Iraq and in Britain emphasised the disparities between the companies and expressed concerns about their working conditions and health and safety.
45 See Ohchr.org (2014), p.15.
46 Interview with personnel responsible for setting HSE at oil and gas companies.
47 Dunigan (2010), p. 15.
48 Interviews with high-level management PMSC personnel.
49 Buckland and Burdzy (2013).
50 The figures on the website relate to September 2013, which is, in all likelihood, out-dated.
51 Interview with British contractor D in Iraq.
52 Ibid.