The Outcome of Invasion: US and Iranian Strategic Competition in Iraq

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Executive Summary

"Americans planted a tree in Iraq. They watered that tree, pruned it, and cared for it. Ask your American friends why they're leaving now before the tree bears fruit."

--Mahmoud Ahmadinejad.[1]

Iraq has become a key focus of the strategic competition between the United States and Iran. The history of this competition has been shaped by the Iran-Iraq War (1980-1988), the 1991 Gulf War, the US invasion of Iraq in 2003, and now by the withdrawal of US military forces. It is a competition increasingly shaped by Iraq's turbulent domestic politics and power struggles, and where both the US and Iran compete to shape the structure of Iraq's future politics, governance, economics, and security.

An Uncertain Level of US Influence

The US has gone to great lengths to counter Iranian influence in Iraq, including using its status as an occupying power and Iraq's main source of aid, as well as through information operations and more traditional press statements highlighting Iranian meddling. However, containing Iranian influence, while important, is not America's main goal in Iraq. It is rather to create a stable democratic Iraq that can defeat the remaining extremist and insurgent elements, defend against foreign threats, sustain an able civil society, and emerge as a stable power friendly to the US and its Gulf allies.

America's ability to achieve this goal is highly uncertain. US and Iraqi forces scored impressive tactical victories against the insurgents in Iraq from 2005-2009. However, US forces have now left Iraq and the US has not been able to transform the Strategic Framework Agreement with Iraq into a strong, enduring relationship. US relations with Iraq are "good," but scarcely exclude Iranian influence, give the US the strategic posture it sought, or put the US in a strong position to either help Iraq achieve political stability or exclude Iran.

Equal Uncertainty for Iran

Iran has developed a significant level of influence in Iraq while playing an important role in influencing Iraq's politics. Iran has ties to many of Iraq's Shi'ite political leaders and has built up a significant commercial and religious presence in Iraq. Iran's Qods Force and other military advisors are active and have ties to both the Sadrist movement and some of Iraq's Shi'ites militias.

So do elements of Iran's Ministry of Intelligence and National Security of the Islamic Republic of Iran (MISIRI), its secret police and primary intelligence agency. These agents are embedded throughout Iranian embassies in Iraq and all over the world, as well as in Iranian commercial, education, NGO, and religious groups). (The MISIRI is more commonly referred to as the VEVAK (Vezarat-e Ettela'at va Amniyat-e Keshvar), VAJA, or MOIS (Ministry of Intelligence and Security)

At the same time, many Iraqis remember the cost and sacrifices of the 1980-1988 Iran-Iraq War. Iraq's Sunnis and Kurds have little reason to admire or trust Iran. Iranians and Iraqi Shi'ites do not always share the same views; particularly over Iran's claim to have a Supreme Religious leader and efforts to increase its influence in Iraq's Shi'ite holy cities. There are tensions over

Iran's exports to Iraq – which undercut Iraqi farmers – and some Iraqis feel Iran has profiteered from Iraq's suffering.

In short, it is far from clear whether the US or Iran can become the dominant competitor in Iraq, but it is all too clear that they are locked in an intense competition without a predictable end. Iraqi political instability, its sectarian and ethnic divisions, its political power struggles at the top, and its growing security problems on the ground – and the risk of a new round of civil fighting – all contribute to both this uncertainty and each side's efforts to find new ways to gain influence at the expense of the other.

The Shock of Post US Withdrawal Reality

The US did not expect this level of competition or the problems that have arisen since the final withdrawal of US combat forces in December 2011. It planned for a massive continuing US diplomatic, advisory, military, and police training presence in Iraq. The same was true of US aid. American reconstruction funding, though much reduced, was planned to continue to support Iraq.

President Obama expressed tis kind of broad optimism during a press conference with Prime Minister Maliki on December 13, 2011. In doing so, he ignored the realities of Iraq's political, military, and economic problems -- and its internal political divisions -- in ways that became brutally clear only days later:[2]

> Iraq faces great challenges, but today reflects the impressive progress that Iraqis have made. Millions have cast their ballots -- some risking or giving their lives -- to vote in free elections. The Prime Minister leads Iraq's most inclusive government yet. Iraqis are working to build institutions that are efficient and independent and transparent.
>
> Economically, Iraqis continue to invest in their infrastructure and development. And I think it's worth considering some remarkable statistics. In the coming years, it's estimated that Iraq's economy will grow even faster than China's or India's. With oil production rising, Iraq is on track to once again be one of the region's leading oil producers.
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> With respect to security, Iraqi forces have been in the lead for the better part of three years -- patrolling the streets, dismantling militias, conducting counterterrorism operations. Today, despite continued attacks by those who seek to derail Iraq's progress, violence remains at record lows. And, Mr. Prime Minister, that's a tribute to your leadership and to the skill and the sacrifices of Iraqi forces.
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> Across the region, Iraq is forging new ties of trade and commerce with its neighbors, and Iraq is assuming its rightful place among the community of nations. For the first time in two decades, Iraq is scheduled to host the next Arab League Summit, and what a powerful message that will send throughout the Arab world. People throughout the region will see a new Iraq that's determining its own destiny -- a country in which people from different religious sects and ethnicities can resolve their differences peacefully through the democratic process.
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> Mr. Prime Minister, as we end this war, and as Iraq faces its future, the Iraqi people must know that you will not stand alone. You have a strong and enduring partner in The United States of America. And so today, the Prime Minister and I are reaffirming our common vision of a long-term partnership between our nations. This is in keeping with our Strategic Framework Agreement, and it will be like the close relationships we have with other sovereign nations. Simply put, we are building a comprehensive partnership.
>
> Mr. Prime Minister, you've said that Iraqis seek democracy, "a state of citizens and not sects." So we're partnering to strengthen the institutions upon which Iraq's democracy depends – free elections, a vibrant

press, a strong civil society, professional police and law enforcement that uphold the rule of law, an independent judiciary that delivers justice fairly, and transparent institutions that serve all Iraqis.

We're partnering to expand our trade and commerce. We'll make it easier for our businesses to export and innovate together. We'll share our experiences in agriculture and in health care. We'll work together to develop Iraq's energy sector even as the Iraqi economy diversifies, and we'll deepen Iraq's integration into the global economy.

We're partnering to expand the ties between our citizens, especially our young people. Through efforts like the Fulbright program, we're welcoming more Iraqi students and future leaders to America to study and form friendships that will bind our nations together for generations to come. And we'll forge more collaborations in areas like science and technology.

We'll partner for our shared security. Mr. Prime Minister, we discussed how the United States could help Iraq train and equip its forces -- not by stationing American troops there or with US bases in Iraq -- those days are over -- but rather, the kind of training and assistance we offer to other countries. Given the challenges we face together in a rapidly changing region, we also agreed to establish a new, formal channel of communication between our national security advisors.

And finally, we're partnering for regional security. For just as Iraq has pledged not to interfere in other nations, other nations must not interfere in Iraq. Iraq's sovereignty must be respected. And meanwhile, there should be no doubt, the drawdown in Iraq has allowed us to refocus our resources, achieve progress in Afghanistan, put al-Qa'ida on the path to defeat, and to better prepare for the full range of challenges that lie ahead. So make no mistake, our strong presence in the Middle East endures, and the United States will never waver in defense of our allies, our partners, or our interests.

Iraq's Critical Political Challenges

The President's speech ignored the reality that Sunni tension was rising in Anbar and Diyala Provinces, and Arab-Kurdish tension remained serious in Mosul and Kirkuk. Iraq's economy remained weak, and its per capita income was so low that it ranked 159th in the world. Provincial and local governance was poor, and corruption is rampant. The US not only faced the challenge of Iran's presence in Iraq, but the fact Iraq remains a fragile state with uncertain security and political and economic stability.

Reality began to set in only two days later. Prime Minister Maliki launched a series of arrests of senior Sunni figures that led to a political crisis, and raised serious questions about his commitment to democracy. The same events showed that US and Iranian competition in Iraq would play out in a steadily more uncertain environment, and one which affected Iraq's relations with its Arab and other neighbors as much as the US and Iran.

The background for this crisis was laid much earlier, when Iraq's political parties could not agree on forming a government following Iraq's March 9, 2010 election. A long series of political power struggles took place, and Iraq still did not have anything approaching a stable government – or a fully functioning democracy – when President Obama spoke some 20 months later, and Prime Minister Maliki not only had steadily expanded his power, but remained the de facto minister of Defense and Minister of the Interior. Moreover, some US experts feel that a series of political killings and accidents began, and that Prime Minister Maliki's office had responsibility for at least some of these killings.

Maliki launched a series of new de-Ba'athification measures in the fall of 2011 – after having effective sidelined his major rival -- Ayad Allawi – and having split Allawi's party, Al-Iraqiya.

Some 600 arrests took place between early October and the end of December 2011 most of Sunnis and many of individuals with no meaningful ties to Saddam Hussein's regime.

Al-Iraqiya, the main opposition party, has charged that Maliki took control of the counter terrorism force and intelligence services, and sought to control the military by misusing his authority to make interim appoints at senior command levels. These charges are not without some merit, as Maliki has been moving to tighten his control over Iraq's security and intelligence forces for some time now. US experts also state the Maliki may have been implicated in the killing of opposition political figures and "accidents" to senior officers, and that he and his immediate office see all outside challenges as threats that must be overcome by any means possible.

A new crisis, and deeper Sunni-Shi'ite split, began on December 15, 2011 – just as the final element of US troops withdrew from Iraq. Prime Minister Maliki attempted to arrest Vice President Tariq al-Hashimi for ties to a Ba'athist threat to the government. Maliki issued a ewarrant for al-Hashimi's arrest on December 19th, and Maliki sent unmarked armored vehicles sent to intimidate other members of the opposition al-Iraqiya Party. In that incident, tensions between Prime Minister Maliki's Shi'a State of Law coalition and the More broadly, rival political and sectarian factions throughout Iraq saw the drawdown of major US military presence in Iraq as an opportunity to revive the fight for power, territory, and control, as new lines of influence were being negotiated in the vacuum left by the US withdrawal.

The deep internal ethnic tensions which have flared within Iraq's leadership since October 2011 serve as a grim warning of the sectarian challenges Iraq faces as it moves past foreign invasion and occupation. The first months of 2012 were filled with growing ethnic and sectarian tension, and hundreds have were killed in political violence The Erbil Agreement that was negotiated by the Kurds in 2010 – and was supposed to lead led to the formation of national unity government - - all but dissolved, underscoring the instability of managing diverse ethnic and sectarian tensions. Vice President Tariq al-Hashimi, who was accused by Prime Minister Maliki of operating a sectarian death squad in then warrant for his arrest, has sought refuge in Iraq's Kurdish region since December 2011.[3]

Ayad Allawi's Sunni al-Iraqiya party boycotted meetings of parliament and cabinet, threatening to turn a dysfunctional government into a non-functioning one. In response, Prime Minister Maliki then stripped the boycotting Ministers of their posts, drawing outrage and cries of accusations of authoritarianism. al-Iraqiya was forced to end its boycotts without securing any political rewards. In this vein, Maliki has continued an aggressive process of centralizing power in Baghdad under the banner of protecting weak local institutions, in direct opposition to provincial leaders who are pressing for greater autonomy and have explicitly sought regional status.[4]

The growing level of tension and uncertainty was also reflected in local incidents. In January 2012, a Shiite governor threatened to blockade a strategic commercial route from Baghdad to northern Kurdish region if Kurdish officials did not hand over the indicted VP Hashimi who they were harboring.[5] At the same time, Sunni political leaders have begun to talk about seeking some form of "federalism" or more independent status even in mixed provinces like Diyala, and Kurdish leaders are reassign the need to keep Kurdish security forces strong and independent from the rest of the Iraqi security forces.

A Weak Iraq Seeking a Balance Between the US and Iran

Even if these political problems can be solved, Iraq is diplomatically and militarily weak, and must now constantly try to find a balance between conflicting pressures from the US and Iran. Iraq has tried to walk the line between the two competitors, preventing a major rift with either nation. Iraq needs trade and cross-border support from Iran, just as it needs aid, diplomatic, and military support from the US. Iraq's much-reduced military capabilities make it dependent on aid, military sales, and training from the United States, and Iraq still lacks the resources and cohesion to resist against Iranian coercion and to defend against Iranian aggression.

Moreover, Iraq's economy remains crippled by a lack of local security in many areas, and a level of corruption that Transparency International ranked 175th out of 182 countries in 2011 – making it the seventh most corrupt country in the world.[6] In spite of more than half a decade of faltering legislative efforts, Iraq has failed to pass effective investment, tax, and property laws to secure both domestic and foreign investment as well as to create effective security forces to protect its infrastructure and businesses.

A budget crisis that lasted from 2008 to 2010, and a political crisis that began long before the March 2010 election that produced a de facto stalemate in many aspects of governance, have added to these economic problems as well as sharply delayed critical qualitative improvements in every branch of Iraq's national security forces. Iraq has not been able to absorb and support many of the aid projects funded during the US occupation, and its problems in national governance have been compounded by corruption, political infighting, and sectarian and ethnic struggles at the provincial and local levels.

Virtually all of Iraq's disposable wealth comes from its petroleum sector, and related services, which the CIA describes as follows:[7]

> Iraq's economy is dominated by the oil sector, which provides over 90% of government revenue and 80% of foreign exchange earnings. Since mid-2009, oil export earnings have returned to levels seen before Operation Iraqi Freedom and government revenues have rebounded, along with global oil prices. In 2011 Baghdad probably will increase oil exports above the current level of 1.9 million barrels per day (bbl/day) as a result of new contracts with international oil companies, but is likely to fall short of the 2.4 million bbl/day it is forecasting in its budget.

Iraq's agricultural sector, which accounts for some 22% of its labor force, only accounts for 9.7% of its GDP even when it is measured in PPP terms, and Iraq's farmers are so under-capitalized, limited by transport and food processing facilities and costs, and by growing problems in water that they cannot compete with Turkish and Iranian food imports. Roughly 25% of the population lives below the poverty line, its direct unemployment is at least 15% and its real direct and indirect unemployment probably is at least 25% -- heavily weighted toward youth unemployment in a nation experiencing massive demographic pressure and with nearly 40% of its population 14 years of age or younger. [8]

Iraq's Petroleum Challenges

Iraq's oil resources are critical to Iraq's future and are an indirect area of competition between the US and Iran. Iraq has not been able to survey its oil and gas reserves, or invest efficiently in their development since the Iran-Iraq War began in 1980. The Energy Information Agency of the US Department of Energy notes that,[9]

> Iraq's proven oil reserves are 115 billion barrels[10], although these statistics have not been revised since 2001 and are largely based on 2-D seismic data from nearly three decades ago. Geologists and consultants have estimated that relatively unexplored territory in the western and southern deserts may contain an

estimated additional 45 to 100 billion barrels (bbls) of recoverable oil. Iraqi Oil Minister Hussain al-Shahristani said that Iraq is re-evaluating its estimate of proven oil reserves, and expects to revise them upwards.

A major challenge to Iraq's development of the oil sector is that resources are not evenly divided across sectarian-demographic lines. Most known hydrocarbon resources are concentrated in the Shiite areas of the south and the ethnically Kurdish north, with few resources in control of the Sunni minority.

The majority of the known oil and gas reserves in Iraq form a belt that runs along the eastern edge of the country. Iraq has 9 fields that are considered super giants (over 5 billion bbls) as well as 22 known giant fields (over 1 billion bbls). According to independent consultants, the cluster of super-giant fields of southeastern Iraq forms the largest known concentration of such fields in the world and accounts for 70 to 80 percent of the country's proven oil reserves. An estimated 20 percent of oil reserves are in the north of Iraq, near Kirkuk, Mosul and Khanaqin. Control over rights to reserves is a source of controversy between the ethnic Kurds and other groups in the area.

…Iraq has begun an ambitious development program to develop its oil fields and to increase its oil production. Passage of the proposed Hydrocarbons Law, which would provide a legal framework for investment in the hydrocarbon sector, remains a main policy objective. Despite the absence of the Hydrocarbons Law, the Iraqi Ministry of Oil signed 12 long-term contracts between November 2008 and May 2010 with international oil companies to develop 14 oil fields. Under the first phase, companies bid to further develop 6 giant oil fields that were already producing with proven oil reserves of over 43 billion barrels. Phase two contracts were signed to develop oil fields that were already explored but not fully developed or producing commercially. Together, these contracts cover oil fields with proven reserves of over 60 billion barrels, or more than half of Iraq's current proven oil reserves.

As a result of these contract awards, Iraq expects to boost production by 200,000 bbl/d by the end of 2010, and to increase production capacity by an additional 400,000 bbl/d by the end of 2011. When these fields are fully developed, they will increase total Iraqi production capacity to almost 12 million bbl/d, or 9.6 million bbl/d above current production levels. The contracts call for Iraq to reach this production target by 2017.

…Iraq faces many challenges in meeting this timetable. One of the most significant is the lack of an outlet for significant increases in crude oil production. Both Iraqi refining and export infrastructure are currently bottlenecks, and need to be upgraded to process much more crude oil. Iraqi oil exports are currently running at near full capacity in the south, while export capacity in the north has been restricted by sabotage, and would need to be expanded in any case to export significantly higher volumes.

Production increases of the scale planned will also require substantial increases in natural gas and/or water injection to maintain oil reservoir pressure and boost oil production. Iraq has associated gas that could be used, but it is currently being flared. Another option is to use water for re-injection, and locally available water is currently being used in the south of Iraq. However, fresh water is an important commodity in the Middle East, and large amounts of seawater will likely have to be pumped in via pipelines that have yet to be built. ExxonMobil has coordinated initial studies at water injection plans for many of the fields under development. According to their estimate, 10 -15 million bbl/d of seawater could be necessary for Iraq's expansion plans, at a cost of over $10 billion.

…According to the Oil and Gas Journal, Iraq's proven natural gas reserves are 112 trillion cubic feet (Tcf), the tenth largest in the world. An estimated 70 percent of these lie in Basra governorate (province) in the south of Iraq. Probable Iraqi reserves have been estimated at 275-300 Tcf, and work is currently underway by several IOCs and independents to accurately update hydrocarbon reserve numbers. Two-thirds of Iraq's natural gas resources are associated with oil fields including, Kirkuk, as well as the southern Nahr (Bin) Umar, Majnoon, Halfaya, Nassiriya, the Rumaila fields, West Qurna, and Zubair. Just under 20 percent of known gas reserves are non-associated; around 10 percent is salt dome gas. The majority of non-associated reserves are concentrated in several fields in the North including: Ajil, Bai Hassan, Jambur, Chemchemal, Kor Mor, Khashem al-Ahmar, and al-Mansuriyah.

Iraqi natural gas production rose from to 81 billion cubic feet (Bcf) in 2003 to 522 Bcf in 2008. Some is used as fuel for power generation, and some is re-injected to enhance oil recovery. Over 40 percent of the production in 2008 was flared due to a lack of sufficient infrastructure to utilize it for consumption and

export, although Royal Dutch Shell estimated that flaring losses were even greater at 1 Bcf per day. As a result, Iraq's five natural gas processing plants, which can process over 773 billion cubic feet per year, sit mostly idle.

…Furthermore, Iraq's oil and gas industry is the largest industrial customer of electricity, with over 10 percent of total demand. Large-scale increases in oil production would also require large increases in power generation. However, Iraq has struggled to keep up with the demand for power, with shortages common across Iraq. Significant upgrades to the electricity sector would be needed to supply additional power.

Iraq faces further problems in developing its economy and get the funds it needs to help create internal stability because the Iraqi government has been much slower in establishing the laws necessary to secure investment, political support for outside investment, a solution to Arab-Kurdish power struggles over its reserves (that may soon be followed by Sunni-Shi'ite struggles), an effective oil police and security structure, and electricity and water capacity. It heavily subsidizes domestic petroleum prices in ways that reduce export capacity and increase domestic demand in inefficient ways, and is only slowly acquiring the refinery capacity to avoid having to make major imports of refined products. Both the US EIA and the International Energy Agency also estimate that Iraq's future production will increase at a far slower rate than those claimed by Iraq's oil ministry.

The EIA *International Energy Forecast for 2011* projected a far slower increase in Iraqi oil production than Iraq does. It estimates that Iraqi production will increase from 2.4 million barrels per day (MMBD) in 2009 to the follow levels under direct scenarios:[11]

- 2.9 MMB in 2015, 4.5 MMBD in 2025, and 6.3 MMBD in 2035 in the high oil price case

- 2.7 MMB in 2015, 3.2 MMBD in 2025, and 3.9 MMBD in 2035 in the high oil price case.

- 3.2 MMB in 2015, 5.8 MMBD in 2025, and 8.9 MMBD in 2035 in the traditional low oil price case.

These production levels indicate Iraq will be very lucky to reach half of its goal of 12 MMBD in 2017. They also tend to favor Iran. A slow increase in Iraq production will keep Iran's oil export prices higher. It also will increase the cost of sanctions to the US and other importing states. This is particularly important because the US pays world oil prices for even its domestic oil production, and the Department of Energy estimates that any talk of US "independence" from petroleum imports remains a dishonest political myth.

The US Department of Energy *Annual Energy Outlook for 2011* – which is based on optimistic estimates of alternative energy production and improvements in conservation and energy efficiency – estimates that the US will only reduce its dependence on petroleum imports from 52% in 2009 to 41% in 2035 in its reference case – and these estimates do not include indirect petroleum imports in the form of major imports of manufactured goods from regions like Asia – which are becoming far more dependence on petroleum imports from the Gulf.[12]

US imports of liquid fuels (including crude oil, petroleum liquids, and liquids derived from nonpetroleum sources), which grew steadily from the mid-1980s to 2005, have been declining since 2005. In the *AEO2011* Reference and High Oil Price cases, imports of liquid fuels continue to decline from 2009 to 2035, although they provide a major part of total US liquids supply over the period. Tighter fuel efficiency standards and higher prices for liquid fuels moderate the growth in liquids demand, even as the combination of higher prices and renewable fuel mandates leads to increased domestic production of both oil and biofuels. Consequently, while consumption of liquid fuels increases steadily in the Reference case from 2009 to 2035, the growth in demand is met by domestic production.

The net import share of US liquid fuels consumption fell from 60 percent in 2005 to 52 percent in 2009. The net import share continues to decline in the Reference case, to 42 percent in 2035…In the High Oil

Price case, the net import share falls to an even lower 24 percent in 2035. Increased penetration of biofuels in the liquids market reduces the need for imports of crude oil and petroleum products in the High Oil Price case. In the Low Oil Price case, the net import share remains flat in the near term, then rises to 56 percent in 2035 as demand increases and imports become cheaper than crude oil produced domestically.

While the high price oil case does lead to a faster increase in the production of alternative liquids and in conservation and efficiency, it also means massive increases in the cost of energy throughout the US economy. It still leaves the US driven by international oil prices, dependent on indirect imports of petroleum in the form of manufactured goods, and as strategically dependent on the secure flow of global petroleum exports for a steadily more globalized US economy as if the percentage of direct US petroleum imports was the same as in the reference or high price oil case.

The Uncertain State of US Policy and US Ability to Compete

The US has not succeeded in getting Iraq to agree on the extension and strong implementation of the Strategic Framework Agreement first signed on November 17, 2008. Few Iraqis feel that the US occupation of Iraq created the benefits they had hoped for. Violence is much lower than in 2007, but is still a serious problem. Al Qa'ida and other Sunni extremist groups still operate, as do extremist Shi'ite militias.

These attitudes reflect the fact that US invasion did not bring political stability or a stable path towards economic development. Iraq now suffers from the fact that the US failed to effectively use the political, military, and economic resources needed. The US went to war for the wrong reasons – focusing on threats from weapons of mass destruction and Iraqi-government sponsored terrorism that did not exist. It had no meaningful plan for either stability operations or nation building. It let Iraq slide into a half decade of civil war, while it failed to build an effective democracy or base for economic development. Its tactical victories – if they last – did little more than put an end to a conflict it help create, and the US failed to establish anything like the strategic partnership it sought.

The US invasion did bring down a remarkably unpleasant dictatorship, but at cost of some eight years of turmoil and conflict, some 5,000 US and allied lives and 35,000 wounded, and over 100,000 Iraqi lives. The Congressional Research Service estimates that the dollar cost of the war to the US alone is over $823 billion through FY2012, and SIGIR estimates that the US and its allies will have spent some $75 billion on aid – much of it with little lasting benefit to Iraq.

As a result, the State Department took the lead from the Department of Defense at a time when the Iraqi government is too fractured to agree on a strategic relationship, and when US congressional and public support for funding such a relationship is both uncertain and declining. The State Department assumed full responsibility of the US mission in Iraq in October 2011, and broadened diplomatic, advisory, training, and other development goals characterized under the Strategic Framework Agreement (SFA).

With the expiration of US-Iraq Security Agreement (SA) on December 31, 2011, the SFA, "which has no expiration date, became the primary pact governing the relationship between the two countries".[13] However, it quickly became clear that the US and Iraq had no agreement as to how it should be implemented or how seriously Iraq would take it in the future. The US was also left with no agreement to keep troops in Iraq and over its future advisory presence.

This began a process where the US has had to steadily adjusting its plans reflect growing budgetary restraints, security concerns, and the lack of political support both Iraq and the within the US. The January 2012 SIGIR report on FY 2012 appropriations warned that, "Actual funding for Iraq will likely be below the Administration's request for $6.83 billion".[14] This forecast proved to be all too accurate.

The President's request FY2013 request for the Statement in the FY2013 budget was for only $4,019 million – which compared with $4,802 million in FY2012. The request for the Department of Defense for FY2013 was for 2,855 million versus $9,604 million in FY2012 and $45,044 million in FY2011. It was clear even at the time this request was submitted that both the State Department and Defense Department requests for FY2013 were likely to have major further cuts as Congress acted on the request. [1]

The State Department has found it impossible to maintain its past goal to keep some 16,000 personnel in country. In February 2012, US State Department officials asked each component of its massive diplomatic mission in Baghdad to "analyze how a 25 percent cut would affect operations", in an attempt to reduce the size of the US embassy in Iraq.[15]

Deputy Secretary of State Thomas Nides announced in February 2012 that the State Department was looking at ways to reduce the budget, and create a "more normalized embassy presence" in Baghdad. This means significant cuts in the planned military, police, and civil advisory effort, and playing a less active role in trying to reduce Iraq's sectarian strife. Underscoring the difficulty of this challenge, Thomas Nides added, "As much as I would love to continue to reduce numbers of people and cost, I will not sacrifice the security of our people".[16]

In February 7, 2012, the New York Times reported that the US State Department was planning to reduce the size of its embassy in Iraq by as much as half. US embassy spokesman, Michael McClellan stated, "Over the last year and continuing this year the Department of State and the Embassy in Baghdad have been considering ways to appropriately reduce the size of the US mission in Iraq… "[17]

Moreover, the security problems in Iraq meant that a large portion of the State Department's remaining personnel had to be made up of support personnel who provide transportation, food, maintenance, and security to the embassy in Baghdad, and the consular outposts in Basra and Erbil. Many are private contractors, who support State Department staff as they travel around the country. While plans remain in flux, the State Department will also have to depend on private s contractors to for security, road movement, helicopter support, police training and other functions.

The presence of these contract security forces is particularly sensitive to Iraqis. Security contractors remain targets and certain groups will continue to fuel sectarian tensions, and it is unclear that Iraqi forces can take up the burden of either internal security or protecting the kind of US presence that is currently planned after 2011.Threats from both Sunni and Shi'ite hardline extremists – and their growing pattern of attacks on other targets in 2011 and early 2012 – make it clear that the US troop withdrawal has not put an end to violent attacks on either US or GOI targets. The difficulty of this challenge is captured in a statement by a contractor with experience in Iraq. Speaking anonymously, the contractor noted that Iraqi's do not want Americans as

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[1] "Oversaaes Contigency" FISCAL YEAR 2013, Budget of the US Government , FY2023, OMB, February 2012

mentors or advisors. He added that even if they did, "no Iraqi is going to go on record saying he wants something from America".[18]

Yet, in spite of all these challenges, US success in Iraq still depends heavily on the success of future State Department-led political, economic, and security training efforts to bolster Iraq's capacities and to counter Iranian influence. The quality of the US security assistance effort will be critical. At the same time, the US ability to help Iraq create the broader economic and political reforms, legal incentives necessary for economic development, and Iraqi government's capacity in these areas, remains as important as military and police assistance and training. Measures that reduce ethnic and sectarian tensions, stem corruption and enforce rule-of-law will be necessary to give the Iraqi government legitimacy and build the foundation for both stability and security.

Making Do With Too Few US Resources to Compete?

The politics surrounding the future foreign affairs budgets of both the State and Defense Departments are volatile, and there will almost certainly be further cuts to expenditures in Iraq. US combat forces have now fully withdrawn, provincial reconstruction teams have ended, and the State Department has taken control of far more limited operations than the US originally sought under the SFA. State must now seek to influence Iraq broader diplomatic presence, development assistance, police development, and modernization of the Iraqi Security Forces.[19] State must rely heavily on existing relationships characterized in the SFA, including important advisory roles that can be maintained without a large US troop presence.

The lack of any continued US troop presence, and the ongoing threat to US personnel in Iraq, will complicate many of State's efforts. US forces in Iraq performed several key functions prior to State taking the lead, including training, equipping, advising and supporting the ISF, conducting partnered counterterrorism operations with Iraqi forces, and protecting civilian capacity building efforts.[20] Not only will State take on oversight of many of these functions, but there will also be a heavier reliance on Iraqi forces to fill security voids.

It is far from clear how firmly and fully the US Congress and Administration as whole understand the challenges involved. In February 2012, the *Washington Post* reported that "Congress is pushing for a smaller embassy with an eye toward cutting some of its $6 billion budget." One senior official told the Washington Post "I don't want to say we miscalculated, but we initially built a plan based on two things that have not played out as well as we had hoped. One was the politics [in Iraq], and the other was security".[21]

Ultimately, US influence will depend on State Department-led political, economic, and military efforts to bolster Iraq's capacities and to counter Iranian influence, and the efforts of the US military become partners in giving Iran the mix of counterinsurgency and conventional forces it needs. Here, aid in governance and economic policies that encourage outside and domestic investment may be as critical as security aid. Many of the broader initiatives that encourage measures that stem corruption and enforce rule-of-law are long overdue and might prove as important as military and police training.

Coping With Iraqi Violence

Stability and security are critical problems. There is no way to predict how sectarian and ethnic internal violence will emerge out of the power struggles now going on in Iraq. However, the existing levels of violence are relatively high, Data from the US National Counter Terrorism

Center (NCTC) show that Iraq had a consistently higher level of violence than Afghanistan during 2009-2011, with no consistent reduction in violence since mid-2009.

If there is a growing Shi'ite split with the Kurds and Sunnis, and Iraq becomes increasingly violent and the Shi'ite dominated Iraqi government looks for outside aid, this may push it towards dependence on Iran. If Iraq does move towards serious civil violence without US forces being present, or if the Iraqi Shi'ite government should fall apart, this might trigger more active Iranian intervention. Moreover, Iran may come to treat Iraq as a kind of hostage to any US intervention against Iran in the Gulf. This could present major problems for both Iraq and the US because the level of continued US security assistance is now uncertain, and because Iraq lost virtually all of its military capabilities to defend against Iran as a result of the 2003 invasion.

The more likely scenario is one of lower levels of continued sectarian and ethnic rivalry struggle without going back to the civil war of 2005-2008. This could either force Iraq into a real national government or to turn back to the US. It is also possible that sheer popular "war fatigue" and several years of adjustment will create a political climate and mix of Iraqi security forces that will become steadily more competent on their own.

There is no one scenario that is probable but it is clear that the US and Iran will continue to compete for influence in Iraq, especially in aid, political development, military sales, and security training. This competition will not only have a major impact on Iraq, but the far broader range of US and Iranian competition in the Arab world – especially the Southern Gulf, in Turkey, and in dealing with Iran's efforts to create an area of influence that includes Iraq, Syria, and Lebanon and which poses a major challenge to Israel.

There Will be No Competition without Adequate Resources

The State Department's role will be critical to US success. US forces have fully withdrawn, provincial reconstruction teams have ended, and the State Department has taken control of far more limited operations than the US originally sought under the SFA. State must now seek to influence Iraq's broader diplomatic presence, development assistance, police development, and modernization of the Iraqi Security Forces.[22] State must rely heavily on existing relationships characterized in the SFA, including important advisory roles that can be maintained without a large US troop presence.

State will need funds for traditional technical assistance to government ministries and provinces through agencies like USAID and the DOJ. It will also need funds for less familiar roles, such as the coordination of the largest Foreign Military Sales (FMS) and Foreign Military Financing (FMF) programs in the world Funding continuing US military, and police training presence in Iraq and. US arms transfers will be particularly critical. The size, composition, and ultimate success of the military training mission are particularly crucial and uncertain. It is not clear whether US aid programs can successfully be scaled back without compromising their intended goals. It remains uncertain how an influx of contractors will perform, and whether or not State can effectively manage them

State will also need funds for a variety of permanent installations within Iraq,[23] including consulates in Erbil and Basra and ten OSC-I sites.[24] The lack of continued US troops will complicate many of State's efforts and raise their cost. US forces in Iraq performed several key functions prior to State taking the lead, including training, equipping, advising and supporting the ISF, conducting partnered counterterrorism operations with Iraqi forces, and protecting

civilian capacity building efforts.[25] Not only will State take on oversight of many of these functions, but there will also be a heavier reliance on Iraqi forces to fill security voids.

This effort cannot be cheap– although it will probably cost substantially less even at the start than the original plan to spend $6.83 billion. Unfortunately, the politics surrounding the foreign affairs budget of both the State and Defense Departments are volatile, and there may be significant further cuts to expenditures in Iraq. It is far from clear how firmly and fully the US Congress and Administration as whole understand the challenges involved.

The US Role from Outside Iraq

Much will also depend on what the US does outside of Iraq to deter and contain Iran. Unfortunately, the US has so far done little to explain the new security posture it will establish in the Gulf, Jordan, and Egypt. On December 16th, Ben Rhodes, the deputy national security advisor for strategic communications, is reported to have said that the US could revert to a pre-1990 posture in the Gulf, and there was no real need to either deal with Iran or change the US strategic and military posture in the region. He explained that, "the scaling back of the US military presence in the Gulf was part of the administration's strategy to "demilitarize" US foreign policy and shift to an approach that favored counter-terrorism tactics." He also said the end of the war in Iraq -- and eventually the war in Afghanistan -- proved that large military deployments are not necessary to deny terrorists safe haven in foreign countries." [26]

> "I don't think we're looking to reallocate our military footprint in any significant way from Iraq. They won't be reallocated to other countries in the region in any substantial numbers … The argument several years ago... was that you needed to have a very large US military footprint so that you could fight the terrorists 'over there,' so they wouldn't come here. But we've demonstrated the opposite, that you don't need to have a large US military footprint in these countries, that you can shrink them and focus on al Qa'ida in a far more specific way... and still very much accomplish your national security goals….
>
> "That allows us in many respects to demilitarize elements of our foreign policy and establish more normal relationships…That's our posture in the region and its far more in line with where we were before 1990.
>
> …President Obama has kept a core promise of his to the American people. He opposed the war in Iraq as a candidate for Senate in 2002, before it started. He put forward a plan to end the war as a senator and promised to end the war as a candidate. And now we can definitively say he has kept that promise as president…America is safer and stronger because of the way we ended the war in Iraq."

In fairness, it is clear that the Obama Administration did carry out extensive planning for a new approach to shaping the US force posture in the region in late 2011. The new strategy the Obama Administration advanced in January 2013 did take Iraq ands into account, it made the Gulf and Middle East equal to Asia as one of the two critical priorities for US strategy, and the Department of Defense carried out contingency planning and war games both examined the threat post by Iran in great detail and developed specific force plans and plans for improved cooperation with other Gulf states.

The fact remains, however, that the public stance of the Administration, the Congress, and opposition Presidential candidates is at best what might politely be called a bipartisan intellectual vacuum.

The Iranian Role in Competing in Iraq

Iran has very different goals for Iraq than those of the US. Iran seeks to ensure that Iraq does not serve as a base for the US, serve US interests, or reemerge as a threat to Iran. Iran shares a long and porous border with Iraq, and seeks to create a stable and malleable ally, not a peer competitor. It seeks to rid the country of American influence – particularly of American military personnel – to the greatest extent possible. Iran has aggressively used its networks, patronage, economic ties, religious ties, aid money, and military support to various factions in Iraq to achieve these goals.

Moreover, Iran now sees Iraq as playing a critical role in its efforts to keep the Assad regime in power in Syria, preserve its alliance with Syria and its influence in Lebanon, and find ways to avoid the political upheaval in the Arab world from undermining Iran's strategic interests and ambitions. The near civil war in Syria threatens to deprive Iran of its only important ally in the Arab world, and pressuring the Maliki government to support Assad, and seeking to limit Sunni arms transfers through Iraq to Sunni opposition movements in Syria, has become a significant Iranian objective – one which if fully successful would raise the specter of a real "Shi'ite crescent" that includes Iran, Iraq, Syria, and Lebanon.

The "bad news" is that Iran now enjoys deep ties to the ruling Shi'ite parties and factions in a country with which it once fought a fierce and bloody eight-year war. It plays an active role in mediating between Iraqi political leaders, it has ties to the Sadrists that are now the largest party in Iraq's ruling collation, and the IRGC has significant influence over elements within the Iraqi security forces. During the past seven years, Iran has also deployed a large mix of cultural, military, and economic resources available to influence Iraq. Iran will leverage its resources to ensure Iraq prevails as an ally. Yet Iran's role in Iraq is complex, and it will be no simple task to mold Iraq into the ally Iran wishes it to be.

The "good news" is that most of the Iraqi Shi'ite Iraqi is "quietist" and does not support Iran's concepts of an Islamic revolution or a Religious Supreme Leader. Sunnis and Kurds do not support Iranian influence in Iraq, and polls show that both Sunni and Shi'ite Iraqi Arabs see themselves as having a very different cultural and national identity from Iranian Persians. Many of Iran's actions and economic activities since 2003 have led to tensions with various factions in Iraq.

Preventing Iran's Uncertain "Victory"

This aspect of the competition between the US and Iran has reached a critical stage The advancement of Iranian ambitions following the US withdrawal depends on how successful US efforts are in building an enduring strategic partnership with Iraq. Much will depend on the level of continued US diplomatic, advisory, military, and police training presence in Iraq, and on Iran's ability to exploit the diminished US presence.

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Historical Background

The competition between the United States and Iran for influence in Iraq became a key US foreign policy issue in 1979, when the revolution in Iran toppled the US-installed Shah. That same year, Saddam Hussein formally assumed power. These events brought to power two regimes that were hostile to the United States. That same year the new Iranian leadership took Americans hostage at the US embassy, and President Jimmy Carter placed Iraq on a list of states sponsoring terrorism.[27]

Iran and Iraq remained rivals as long as the Shah remained in power, but avoided large-scale conflict. The Shah's support for revolts by Iraqi Kurds in the early to mid-1970s helped force Iraq to accept a border settlement favorable to Iran in return for the Shah ending aid to the Kurds. The Iranian revolution, however, exploited tensions and provided the perceived instability that would lead to war between the two countries.

The new Iranian regime was actively hostile to Iraq both on religious grounds and because of the Iraqi government's treatment of Khomeini after he had fled to Iraq due to his opposition to the Shah. Although Saddam Hussein initially supported the Iranian revolution, it soon became clear that Iran's new leader sought to export his religious revolution to Iraq, and sent "guides" to Iraq in an effort to persuade Iraq's Shi'ites to overthrow the Ba'ath regime. At the same time, Iran seemed divided and vulnerable, with uncertain loyalties among its military forces.

The Iran-Iraq War

The end result was that Saddam Hussein prepared an invasion of Iran that he launched in 1980, initially claiming that this was to liberate the Arab population of southwestern Iran – the area that has most of Iran's energy resources. This began the Iran-Iraq War, which lasted until the summer of 1988, and became one of the bloodiest wars in modern history.

The US opposed Iraq's invasion of Iran and did not support its ambitions to acquire territory and influence in Iran in spite of its growing tension with Iran and the Iranian hostage crisis. This policy changed in 1982, after Iran was able to throw back Iraqi forces and went on the offensive in Iraq. Iraq had to turn to the West and the Southern Gulf states for aid, while the US feared an Iranian conquest of Iraq that could destabilize the Gulf.

President Reagan began tilting towards Saddam in an effort to check Iran's efforts to invade Iraq.[28] The Reagan Administration removed Iraq from its list of sponsors of terrorism and began providing money, weaponry, and intelligence to help Iraq in its war. This included "dual-use" technology,[29] and industrial goods for missile, chemical, biological and nuclear weapons programs and weapons.[30][31] A National Security Directive stated that the U.S would do "whatever was necessary and legal" to prevent Iraq from losing its war with Iran.

The US also became embroiled in the Iran-Contra scandal, which involved transferring arms to Iran in an effort to buy the freedom of hostages being held in Lebanon by Iranian-backed Hezbollah, even as it steadily became more active in supporting Iraq. In 1987 the US began reflagging Kuwaiti tankers to prevent Iranian attacks on tankers and other targets in the Gulf that supported Iraq. The US role in the "Tanker War" was an important factor in Iraq's ability to keep fighting and eventually force Iran into a ceasefire.

The 1991 Gulf War

The Iran-Iraq War ended in a 1988 ceasefire, leaving Iraq the largest military power in the region, but crippled economically and with massive debt to Kuwait and Saudi Arabia. Saddam first sought payment from the Southern Gulf states for Iraq's "defense" against Iran, and then invaded Kuwait in August 1990, seeking to annex Kuwait, seize its assets, and pressure the other Arab Gulf states into debt forgiveness and aid. He acted to avoid the repayment of Iraq's war debt, end disputes over Kuwaiti oil production and gain control of its oil resources, and at least demonstrate to Saudi Arabia that Iraq had the potential to invade it as well.

Saddam's invasion of Kuwait presented a major threat to US strategic interests. The US responded with Operation Desert Shield, an American mission to deter attacks against Saudi Arabia. It then launched Operation Desert Storm, a US and Saudi-led and UN-approved military campaign to drive Iraq out of Kuwait.[32]

In spite of a massive Coalition military victory that liberated Kuwait, Saddam Hussein's regime survived – largely due to the US calculation to avoid the chaotic aftermath of Saddam's removal and to maintain his utility as a counterweight to Iran. Saddam moved from a defensive posture to one that threatened Kuwait and succeeded in repressing internal uprisings and dissent. The US subsequently worked with its Gulf, British, and French allies to maintain "no-fly zones" to protect Iraq's northern Kurds and southern Shi'ites, while UN Security Council sanctions on Iraq virtually halted its military modernization, though had a devastating effect on Iraqi society. This situation lasted until the American invasion of Iraq in March 2003.

The sanctions and no-fly zones also helped secure Iran from Iraq. There was little Iran could do in Iraq except sponsor weak exile movements until another US-led coalition destroyed Saddam's regime and Iraq's remaining military power in the spring of 2003.
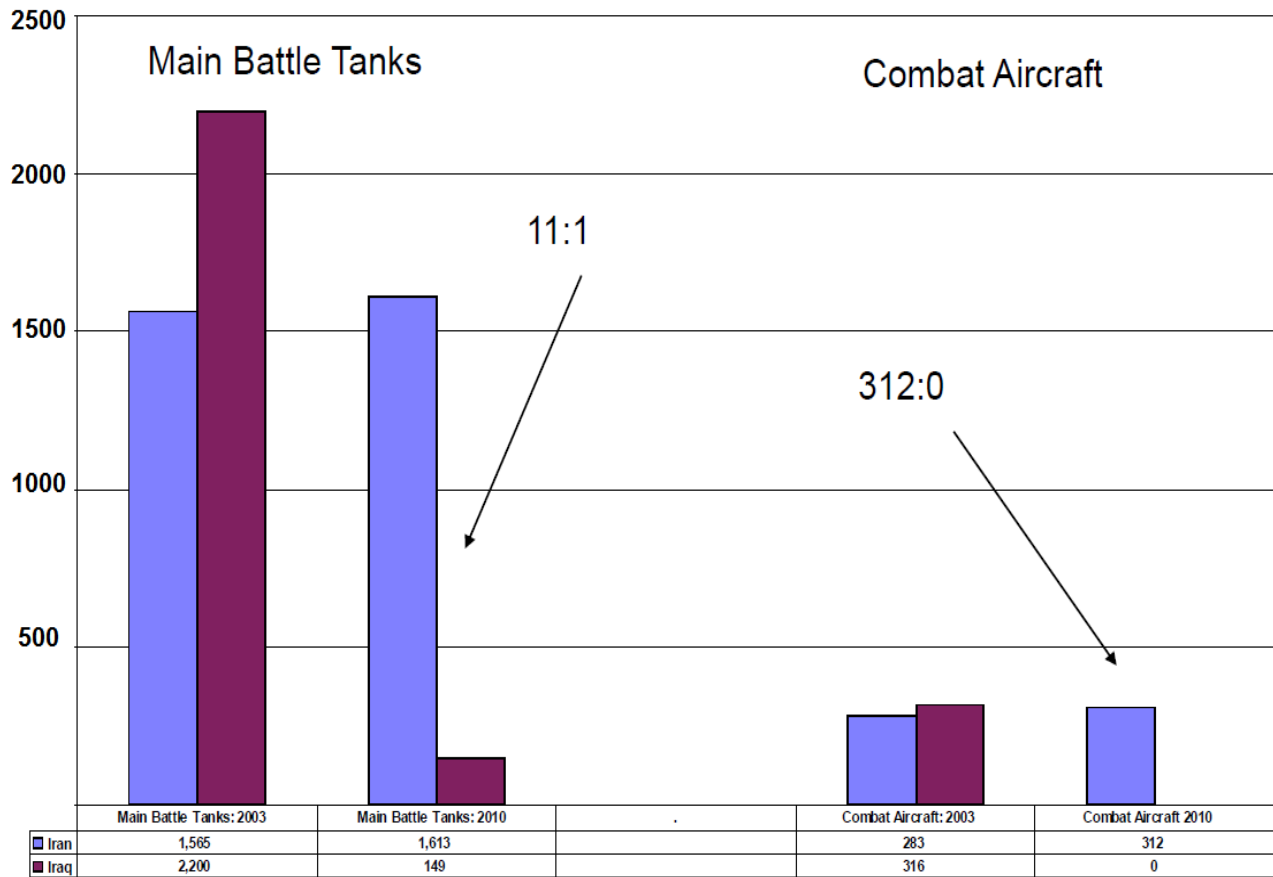
The 2003 Invasion of Iraq

As **Figure VII.1** shows, the 2003 invasion weakened Iraq's forces to the point where they ceased to be a key check on Iran's influence in the region. Yet, the swift destruction of Saddam's forces gave rise to Iranian fears that Iran would be next, and coupled with the invasion of Afghanistan, created a situation in which the US effectively occupied two of Iran's neighbors. These led Iran to reshape its forces and military exercises out of fear that the US would invade Iran or otherwise intervene militarily. These fears were fueled by both official US warnings about military options to prevent Iran from acquiring nuclear weapons and a long series of speculative and inaccurate media reports about US invasion plans and preparations for such actions.[33]

After the US-led invasion, Iran initially took a wait-and-see approach to Iraq and made sure that it avoided confrontations with the Coalition.[34] At the same time, the Coalition Provisional Authority sought to persuade Iran to play a constructive role vis-à-vis Iraqi Shi'ites, who make up between 60-65% of Iraqis.[35][36] Whether it was sincere or not, Iran initially offered to cooperate with the United States in Iraq, as it had in the invasion of Afghanistan.

When the US rebuffed the offer, Iran began to call for the withdrawal of US troops, challenge the legitimacy of the Coalition Provisional Authority, push actively for Iraqi self-governance, and call for elections that it knew would bring Iraqi Shi'ites into power.[37] Iran pursued a strategy of backing pro-Iranian or sympathetic Iraqi Shi'ites, and to a lesser extent Iraqi Kurds, in order to

promote a weak federal state susceptible to Iranian influence. This strategy had significant success, although the risk of a popular nationalist backlash against Iran was ever-present.

Figure VII.1: Iran and Iraq Military Balance in 2003 and 2010[38]

	Main Battle Tanks: 2003	Main Battle Tanks: 2010	.	Combat Aircraft: 2003	Combat Aircraft 2010
Iran	1,565	1,613		283	312
Iraq	2,200	149		316	0

Main Battle Tanks

Combat Aircraft

11:1

312:0

Category	2003			2010		
	Iraq	Iran	Force Ratio	Iraq	Iran	Force Ratio
Active Manpower	424,000	513,000	8:10	191,957	523,000	2:5
Reserve Manpower	650,000	350,000	19:10	0	350,000	NA
Main Battle Tanks	2,200	1,565	7:5	149	1,613	1:10
OAFVs	1,300	815	8:5	505	725	7:10
APCs	2,400	590	4:1	1,479	650	23:10
Towed Artillery	1,900	2,085	9:10	0	2,010	NA
SP Artillery	150	310	1:2	0	310	NA
MRLs	200	889	1:5	0	876	NA
Combat Aircraft	316	283	11:10	0	312	NA
Attack Helicopters	100	85	6:5	0	50	NA
Major SAM Launchers	225	205	11:10	0	234	NA

Source: The IISS Military Balance, various editions, and Jane's Sentinel series.

The Aftermath of the Invasion

The US invasion of Iraq soon proved to have unleashed forces the US had not predicted, was almost totally unprepared for, and could not control. The US found it had gone to war for the wrong reasons – focusing on threats from weapons of mass destruction and Iraqi-government sponsored terrorism that did not exist. It had no meaningful plan for either stability operations or nation building. It let Iraq slide into a half decade of civil war, and failed to build an effective democracy and base for Iraq's economic development. Its tactical victories – if they last – did little more than put an end to a conflict it help create, and the US failed to establish anything like the strategic partnership it sought.

The US invasion did bring down a remarkably unpleasant dictatorship, but at cost of some eight years of turmoil and conflict, some 5,000 US and allied lives, 35,000 wounded, and over 100,000 Iraqi lives. The Congressional Research Service estimates that the dollar cost of the war to the US alone is over $823 billion through FY2012, and SIGIR estimates that the US and its allies will have spent some $75 billion on aid – much of it with little lasting benefit to Iraq.

Iraqi politics rapidly became so complex and unstable that neither the US nor Iran has been able to exert dominant or consistent influence. Since 2003, the US position in Iraq has been undermined by US failures to plan for or execute effective stability operations following the overthrow of Saddam Hussein's regime. The US rushed a poorly planned and underdeveloped nation-building effort that many Sunnis felt favored Shi'ites, while it also faced opposition from Shi'ite leaders like Moqtada al Sadr.[39] The resulting rise of Iraqi Shi'ites and drift towards civil war opened the door to increased Iranian influence in Iraq.

The US made other significant missteps. For example, the head of the Coalition Provisional Authority, L. Paul Bremer, issued Order Number 2 on May 23, 2003 that formally dissolved the Iraqi army, leaving a Sunni-dominated officer corps and 400,000 soldiers unemployed.[40] More broadly, however, the US was unprepared to carry out armed nation building in the critical period immediately after the fall of Saddam's regime, which contributed to the release of deep divisions between Shi'ites and Sunnis as well as between Arabs and Kurds.

By late 2004, this mix of mistakes helped trigger a Sunni-dominated insurgency and a civil conflict where Sunni Islamists gradually replaced the supporters of Saddam Hussein, and the leading insurgent movements became tied to al-Qaida. Iran, in turn, supported the Shi'ites and saw the developing conflict as an opportunity to limit US influence and power. Iran took advantage of the porous border, newfound freedom of communication and transportation between the two countries, and post-war chaos to develop unprecedented and broad-based influence in Iraq.

Iran also sought to extend its influence across a wider spectrum of liberal secularists, the Kurds, and Shi'ite Islamists.[41] Reports by coalition forces show that Iran used money, weapons, training, and other forms of support to bolster both Shi'ite and non-Shi'ite allies inside Iraq, in order to disrupt US forces and ensure Iraq was too weak to pose a challenge to Iranian security and interests.

According to a State Department memo obtained by Wikileaks, Iran provided $100-200 million a year to its clients in Iraq.[42] It also sought to prevent and discourage an American attack on Iran, create a buffer zone against invasions from its west, cultivate an Arab partner, and counteract Sunni religious extremism.[43] According to some analysts, Iran also exploited the crisis in Iraq to

help counter against criticisms of its nuclear program, offset international sanctions in response to its nuclear programs, weaken the American military by keeping it preoccupied in Iraq, and help suppress Iraqi-based Iranian dissidents like the Mujahedin-e Khalq Organization.[44]

US Moves Towards Withdrawal and Competition for Post-Withdrawal Influence

By 2007, the US had changed its approach toward Iraq from one of trying to quickly transform the politics, governance, rule of law, and economy of Iraq to one of helping Iraqis build as unified a state as possible and security forces capable of defeating extremists and insurgents, as well as eventually becoming capable of deterring and defending against external threats.

The US also sought to create an Iraq that is not reliant on Iranian aid or vulnerable to Iranian influence, and which is tied to a strategic partnership with the US. It also set more practical goals for Iraq. On November 13, 2009, the US embassy in Baghdad laid out a much more modest approach in a memo that was among the US diplomatic cables made public by Wikileaks:

> Our objective in Iraq should be less about countering all-things Iranian, and more about developing viable alternatives and approaches that gradually alter the GOI's political, economic, and social worldview. Development of viable international alternatives in Iraq is one of the most effective measures of countering Iranian ambitions and, ultimately, integrating Iraq as a constructive member of the international community. Specifically, our ongoing efforts to bolster the GOI through capacity building and assistance within the Strategic Framework Agreement (SFA) and to remove Iraq from Chapter VII remain our most valuable tools in this regard. Given the value placed on the SFA by the GOI and the Iraqi public, our ability to recognize, enhance, and exploit the value of the partnership will constitute an essential element of any effort to counter "malign" Iranian influence.[45]

The US, however, had uncertain success. By the time US troops left Iraq in December 2011, few Iraqis felt that the US occupation of Iraq had provided them with anything like the benefits they hoped for. Violence was much lower than in 2007, but still a series problem. Al Qa'ida and other Sunni extremist groups still operated, as did extremist Shi'ite militias.

Iraq still did not have anything approaching a stable government – or fully functioning democracy – some 20 months after Iraq's most recent election on March 9, 2010. A new crisis, and Sunni-Shi'ite split, began on December 15, 2011 – just as the final element of US troops withdrew from Iraq. Prime Minister Maliki attempted to arrest Vice President Hashemi for ties to a Ba'athist threat to the government and unmarked armored vehicles were sent to intimidate members of the opposition al-Iraqiya Party.

Al-Iraqiya, the main opposition party charged that Maliki had taken control of the counter terrorism force and intelligence services, and is seeking to control the military by misusing his authority to make interim appoints at senior command levels. These charges were not without some merit, as Maliki had been moving to tighten his control over Iraq's security and intelligence forces for some time, but it was impossible to determine how much blame could be assigned to either side. .

What was clear within days of the formal departure of the last US combat forces was that Sunni tension with the central government was rising in Anbar and Diyala Provinces, and Arab-Kurdish tension remained serious rising in Mosul and Kirkuk. Iraq's economy remained weak, and its per capita income was so low that it ranks 159 in the world. Provincial and local governance was poor, and corruption was rampant. The US not only faced the challenge of Iran's

presence in Iraq, but the fact that Iraq remained a fragile state with uncertain security and political and economic stability.[46]

US-Iranian Competition and The Uncertain Future of the US-Iraqi Strategic Framework Agreement (SFA)

American efforts to create stable and inclusive governance have clashed with Iranian efforts to support Iraq's Shi'ites, and have not succeeded in uniting Iraq's Sunnis, Shi'ite, and Kurds. Pro-Iranian forces actively pursue a multi-pronged approach of minimizing America's presence and influence in Iraq, while strengthening their own economic, political, religious, and military ties to their Iraqi neighbor. Tehran's aims of maintaining order in Iraq are driven by their own desire to exploit Iraq in order to project power throughout the Middle East, subvert Western interests, and benefit commercially through trade. Iran has no desire to see a military, culturally, or economically robust neighbor that may rise to compete for regional power.

The US and Iran have also competed for influence within the Iraqi Security Forces and for domination in the post-invasion security environment. In November 2008, the US and Iraq signed the Strategic Framework Agreement (SFA), outlining both countries mutual commitment to coordinate on a wide range of issues, from security and law enforcement, to trade and education. Despite US Vice President Biden and Iraqi PM Maliki reaffirming their commitment to the SFA in November 2011, negotiations surrounding the post-2011 US troop presence failed.

In a blow to America's ability to deter Iranian influence in Iraq, the Obama administration and Maliki's government failed to agree on size and composition of US forces left behind to complete training of Iraqi military and police units, and combat Iranian aggression. While both US and Iraqi officials sought to maintain a limited US troop presence in Iraq in order to curb Iranian influence, ultimately negotiations fell apart over the legal status remaining US forces.

This failure to negotiate a continuing US troop presence in Iraq after 2011 has significantly altered the pattern of US-Iranian competition. Other shifts occurred in 2008 with the end of the most serious fighting, the conclusion of most US military operations in June 2010, and the creation of a new Iraqi government in late 2010.The US side of this competition has been shaped by two major agreements signed in November of 2008: The Strategic Framework Agreement (SFA) and the "Security Agreement" (SA) often referred to as the Status of Forces Agreement (SOFA). These agreements provide the US avenues to influence and cooperate with Iraq, and ultimately, compete with Iran.

The SOFA established rules and procedures for US personnel operating in Iraq and the US military's role in countering threats. It included a timeline for the withdrawal of US troops, beginning in 2009 from Iraqi cities and ending with the complete withdrawal from Iraq no later than December 31, 2011. All the other provisions under the SOFA expired three years after its signing, or November of 2011. Among these provisions was an agreement to strengthen Iraqi Security Forces, which included training, equipping, supporting, supplying, and addressing logistical systems, to include transportation, housing, and supplies.[47] The rights to conduct military operations and assist Iraqi forces against terrorists, outlaw groups, and remnants of the former regime, were unique to the SOFA, and expired at the end of 2011.[48]

Any presence of US troops beyond 2011 – and many aspects of the transfer of responsibility for the future role of the US to the State Department – required the renegotiation of the Security Framework Agreement, or in some cases through a memorandum of understanding.[49]

The SFA outlines broader bilateral relations between the two countries, including political, cultural, economic, and security interests. This includes programs that support cultural exchanges, democratic institutions, social welfare and human rights, rule of law, and aspects of bilateral trade. It does not stipulate specific US assistance levels.[50] The SFA remains in force until either party gives one-year notice of its intent to terminate the agreement. Section III of the SFA briefly addresses "Defense and Security Cooperation", but states "cooperation shall be undertaken pursuant to the (SOFA)."[51]

The practical meaning of the SFA, however, is uncertain to say the least. The US failed during 2011 to reach an agreement to keep deploying some US troops in Iraq. The US commander in Iraq initially sought to maintain some 30,000 troops. This goal was not approved in Washington and was cut to 9,000-11,000 during the spring and summer of 2011. In September 2011, the US acknowledged it was in negotiations with Iraqi officials to maintain a troop presence after the December 2011 withdrawal deadline.[52] The Obama administration expressed a desire to keep a force of 3,000 to 5,000 troops to continue "training missions" for Iraqi forces.[53] This was a much lower number than previously advocated for by US military and political leaders. In October 2011, Iraq's political leaders agreed to keep US military trainers in Iraq, but failed to grant US troops immunity from Iraqi law. The US has said any such restriction would prevent a deal from moving forward[54] and a deal on an extension was aborted.
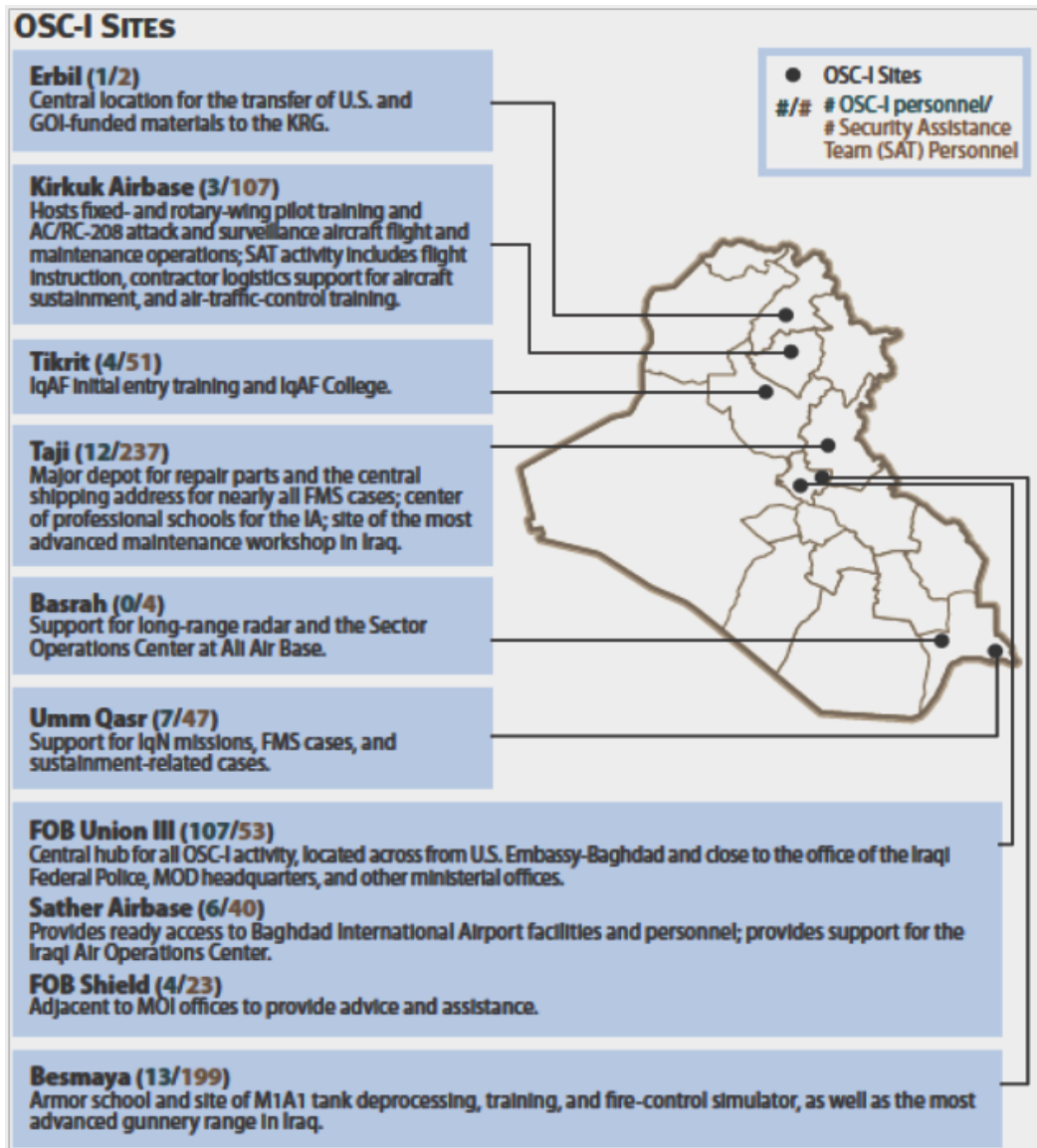
At the same time, the State Department assumed responsibility in Iraq as planned in October 2011 and continued its ongoing mission of building Iraqi institutional capacity under the SFA. Although the work conducted under Provincial Reconstruction Teams (PRTs) ended, remaining reconstruction projects continued under the supervision of the Iraq Strategic Partnership Office (ISPO), with Embassy Baghdad's Political Section responsible for provincial outreach. State is also to have consulates in Basra and Irbil, though plans for Embassy branch offices in Mosul and Kirkuk have been abandoned.

The US military advisory, training, ands support effort is now under State in the form of an Office of Security Cooperation–Iraq. There are now some 10 (OSC-I) sites that will host a limited number of military personnel who report to the US Ambassador. The OSC will be responsible for coordinating weapons sale, providing long-term assistance to the Iraqi Security Forces, and other military and security-related tasks. As of November 2011, ten OSC sites were operational (**Figure VII.2**). State will also oversee the Bureau of International Narcotics and Law Enforcement Affairs (INL) in its downsized police-assistance program.

 This framework does, however, present serious security issues now that all US troops are gone, and the future status of contract security forces is uncertain. State's problems in moving through Iraq were compounded by "severe" kidnapping warnings that, as of December 2011, drastically limited the movement of US officials. US experts believe Shi'ite militant groups affiliated with Iran were the biggest threat, though Sunni extremists linked to al-Qa'ida were responsible for most kidnappings in the early years of the war.[55] In addition, hundreds of US contractors that support the US mission in Iraq have been detained due accusations they do not possess the proper documentation needed to operate within the country. These detentions can last weeks and are a major hindrance to the US mission.[56]

Figure VII.2: OSC-I Sites: Personnel and Functions

OSC-I SITES

● OSC-I Sites
#/# # OSC-I personnel/
Security Assistance
Team (SAT) Personnel

Erbil (1/2)
Central location for the transfer of U.S. and GOI-funded materials to the KRG.

Kirkuk Airbase (3/107)
Hosts fixed- and rotary-wing pilot training and AC/RC-208 attack and surveillance aircraft flight and maintenance operations; SAT activity includes flight instruction, contractor logistics support for aircraft sustainment, and air-traffic-control training.

Tikrit (4/51)
IqAF initial entry training and IqAF College.

Taji (12/237)
Major depot for repair parts and the central shipping address for nearly all FMS cases; center of professional schools for the IA; site of the most advanced maintenance workshop in Iraq.

Basrah (0/4)
Support for long-range radar and the Sector Operations Center at Ali Air Base.

Umm Qasr (7/47)
Support for IqN missions, FMS cases, and sustainment-related cases.

FOB Union III (107/53)
Central hub for all OSC-I activity, located across from U.S. Embassy-Baghdad and close to the office of the Iraqi Federal Police, MOD headquarters, and other ministerial offices.
Sather Airbase (6/40)
Provides ready access to Baghdad International Airport facilities and personnel; provides support for the Iraqi Air Operations Center.
FOB Shield (4/23)
Adjacent to MOI offices to provide advice and assistance.

Besmaya (13/199)
Armor school and site of M1A1 tank deprocessing, training, and fire-control simulator, as well as the most advanced gunnery range in Iraq.

Sources: SIGIR, Quarterly Report, October 30, 2011, p 6

An Increasingly Uncertain Future Base for Competition

The US faces a steadily more uncertain base for both dealing with Iran and establishing a stable relationship with Iraq. The SFA commits the US to defending Iraq in the event of an attack, but the balance of influence is changing. Real world Iraqi support for a strategic relationship is uncertain to say the least.

Iran seeks to capitalize on the situation in Iraq through manipulating its patronage channels to Iraq's Shi'ite political parties. Iran seeks to limit or eliminate US influence in Iraq, and benefit from future commercial opportunities with its regional neighbor.

Yet, Iran faces many problems as well. The history of the Iran-Iraq War – which lasted from 1980-1988 -- has left a legacy of anger and resentment that at least partially matches Iraqi anger and resentment of the US occupation. Many in the Iraqi security services – particularly in the military – see the JUS as a safer source of aid and see rebuilding Iraq's conventional military forces and creating a capability to defend against Iran as a vital national interest.

Iraq is a largely Arab country, and this creates some tension with Iranian "Persians." Most Iraq Shi'ite clerics are "quietists" that do not support the political activism of Iran's clergy or support the idea of a Supreme Leader who speaks for the missing Imam – particularly one that is Iranian. Sadr may be a partial exception, but his views have shifted over time and his ties to Iran seem highly opportunistic in character. Iraqi Arabs are conscious that most Gulf Arabs see Iraq's current ties to Iran as a threat to Iraq's Arab identity and status.

Iran's ability to influence Iraqi politics remains complicated; however, as rival Shi'ite parties such Iraq's Dawa Party or the Supreme Council for the Islamic Revolution in Iraq (SCIRI), remain divided on many issues, and are wary of being controlled by Iran, with whom many still harbor resentment over the bloody, eight year Iran-Iraq war. Iran did work with Iraqi Shi'ite political leaders to form a new government in 2010, but continued to bolster the political importance of Sadrists and support various Shi'ite militias. Iran has no support from Iraqi Sunnis and Iraqi Kurds are aware that Iran has been little more tolerant of Iran's Kurds than Saddam Hussein was of Iraq's

Iran's aid and greatly expanded commercial ties make Iran one of Iraq's most important trade partners. Iraqi imports of Iranian goods may reach $10 billion by 2012, and Iraq is increasingly dependent on Iranian energy imports.[57] Many Iraqis, however, feel Iran is exploiting Iraq's current economic weakness, underselling Iraqi goods, buying up property cheaply, and severing its own interests.

Iraq's Critical Political, Military, Economic Challenges

Both the US and Iran also must deal with an Iraq that is currently unstable and still working out deep internal divisions and problems. Iraq is diplomatically and militarily weak. Iraq must now constantly try to find a balance between conflicting pressures from the US and Iran. Iraq has tried to walk the line between the two competitors, preventing a major rift with either nation. Iraq needs trade and cross-border support from Iran, just as it needs aid, diplomatic, and military support from the US. Iraq's much-reduced military capabilities make it dependent on aid, military sales, and training from the US, and Iraq still lacks the resources and cohesion to resist against Iraqi coercion and an defend against Iranian aggression.

Moreover, Iraq's economy remains crippled by a lack of local security in many areas, and a level of corruption that Transparency International ranked 175th out of 182 countries in 2011 – making it the seventh most corrupt country in the world.[58] In spite of more than half a decade of faltering legislative efforts, Iraq has failed to pass effective investment, tax, and property laws to secure both domestic and foreign investment as well as to create effective security forces to protect its infrastructure and businesses.

A budget crisis that lasted from 2008 to 2010, and a political crisis that began long before the March 2010 election that produced a de facto stalemate in many aspects of governance, have added to these economic problems as well as sharply delayed critical qualitative improvements in every branch of Iraq's national security forces. Iraq has not been able to absorb and support many of the aid projects funded during the US occupation, and its problems in national governance have been compounded by corruption, political infighting, and sectarian and ethnic struggles at the provincial and local levels.

Virtually all of Iraq's disposable wealth comes from its petroleum sector, and related services, which the CIA describes as follows:[59]

> Iraq's economy is dominated by the oil sector, which provides over 90% of government revenue and 80% of foreign exchange earnings. Since mid-2009, oil export earnings have returned to levels seen before Operation Iraqi Freedom and government revenues have rebounded, along with global oil prices. In 2011 Baghdad probably will increase oil exports above the current level of 1.9 million barrels per day (bbl/day) as a result of new contracts with international oil companies, but is likely to fall short of the 2.4 million bbl/day it is forecasting in its budget.

Iraq's agricultural sector, which accounts for some 22% of its labor force, only accounts for 9.7% of its GDP even when it is measure in PPP terms, and Iraq's farmers are so under capitalized, limited by transport and food processing facilities and costs, and by growing problems in water that they cannot compete with Turkish and Iranian food imports. Roughly 25% of the population lives below the poverty line, its direct unemployment is at least 15% and its real direct and indirect unemployment probably is at least 25% -- heavily weighted toward youth unemployment in a nation experiencing massive demographic pressure and with nearly 40% of its population 14 years of age or younger. [60]

Iraq's Petroleum Challenges

Iraq's oil resources present a challenge to Iraq, Iran, and the US. Iraq has not been able to survey its oil and gas reserves, or invest efficiently in their development since the Iran-Iraq War began in 1980. The Energy Information Agency of the US Department of Energy notes that,[61]

> Iraq's proven oil reserves are 115 billion barrels[62], although these statistics have not been revised since 2001 and are largely based on 2-D seismic data from nearly three decades ago. Geologists and consultants have estimated that relatively unexplored territory in the western and southern deserts may contain an estimated additional 45 to 100 billion barrels (bbls) of recoverable oil. Iraqi Oil Minister Hussain al-Shahristani said that Iraq is re-evaluating its estimate of proven oil reserves, and expects to revise them upwards.
> A major challenge to Iraq's development of the oil sector is that resources are not evenly divided across sectarian-demographic lines. Most known hydrocarbon resources are concentrated in the Shiite areas of the south and the ethnically Kurdish north, with few resources in control of the Sunni minority.
>
> The majority of the known oil and gas reserves in Iraq form a belt that runs along the eastern edge of the country. Iraq has 9 fields that are considered super giants (over 5 billion bbls) as well as 22 known giant fields (over 1 billion bbls). According to independent consultants, the cluster of super-giant fields of southeastern Iraq forms the largest known concentration of such fields in the world and accounts for 70 to

80 percent of the country's proven oil reserves. An estimated 20 percent of oil reserves are in the north of Iraq, near Kirkuk, Mosul and Khanaqin. Control over rights to reserves is a source of controversy between the ethnic Kurds and other groups in the area.

…Iraq has begun an ambitious development program to develop its oil fields and to increase its oil production. Passage of the proposed Hydrocarbons Law, which would provide a legal framework for investment in the hydrocarbon sector, remains a main policy objective. Despite the absence of the Hydrocarbons Law, the Iraqi Ministry of Oil signed 12 long-term contracts between November 2008 and May 2010 with international oil companies to develop 14 oil fields. Under the first phase, companies bid to further develop 6 giant oil fields that were already producing with proven oil reserves of over 43 billion barrels. Phase two contracts were signed to develop oil fields that were already explored but not fully developed or producing commercially. Together, these contracts cover oil fields with proven reserves of over 60 billion barrels, or more than half of Iraq's current proven oil reserves.

As a result of these contract awards, Iraq expects to boost production by 200,000 bbl/d by the end of 2010, and to increase production capacity by an additional 400,000 bbl/d by the end of 2011. When these fields are fully developed, they will increase total Iraqi production capacity to almost 12 million bbl/d, or 9.6 million bbl/d above current production levels. The contracts call for Iraq to reach this production target by 2017.

…Iraq faces many challenges in meeting this timetable. One of the most significant is the lack of an outlet for significant increases in crude oil production. Both Iraqi refining and export infrastructure are currently bottlenecks, and need to be upgraded to process much more crude oil. Iraqi oil exports are currently running at near full capacity in the south, while export capacity in the north has been restricted by sabotage, and would need to be expanded in any case to export significantly higher volumes.

Production increases of the scale planned will also require substantial increases in natural gas and/or water injection to maintain oil reservoir pressure and boost oil production. Iraq has associated gas that could be used, but it is currently being flared. Another option is to use water for re-injection, and locally available water is currently being used in the south of Iraq. However, fresh water is an important commodity in the Middle East, and large amounts of seawater will likely have to be pumped in via pipelines that have yet to be built. ExxonMobil has coordinated initial studies at water injection plans for many of the fields under development. According to their estimate, 10 -15 million bbl/d of seawater could be necessary for Iraq's expansion plans, at a cost of over $10 billion.

…According to the Oil and Gas Journal, Iraq's proven natural gas reserves are 112 trillion cubic feet (Tcf), the tenth largest in the world. An estimated 70 percent of these lie in Basra governorate (province) in the south of Iraq. Probable Iraqi reserves have been estimated at 275-300 Tcf, and work is currently underway by several IOCs and independents to accurately update hydrocarbon reserve numbers. Two-thirds of Iraq's natural gas resources are associated with oil fields including, Kirkuk, as well as the southern Nahr (Bin) Umar, Majnoon, Halfaya, Nassiriya, the Rumaila fields, West Qurna, and Zubair. Just under 20 percent of known gas reserves are non-associated; around 10 percent is salt dome gas. The majority of non-associated reserves are concentrated in several fields in the North including: Ajil, Bai Hassan, Jambur, Chemchemal, Kor Mor, Khashem al-Ahmar, and al-Mansuriyah.

Iraqi natural gas production rose from to 81 billion cubic feet (Bcf) in 2003 to 522 Bcf in 2008. Some is used as fuel for power generation, and some is re-injected to enhance oil recovery. Over 40 percent of the production in 2008 was flared due to a lack of sufficient infrastructure to utilize it for consumption and export, although Royal Dutch Shell estimated that flaring losses were even greater at 1 Bcf per day. As a result, Iraq's five natural gas processing plants, which can process over 773 billion cubic feet per year, sit mostly idle.

…Furthermore, Iraq's oil and gas industry is the largest industrial customer of electricity, with over 10 percent of total demand. Large-scale increases in oil production would also require large increases in power generation. However, Iraq has struggled to keep up with the demand for power, with shortages common across Iraq. Significant upgrades to the electricity sector would be needed to supply additional power.

Iraq has further problems because it has been much slower in establishing the laws necessary to secure investment, political support for outside investment, a solution to Arab-Kurdish power

struggles over its reserves (that may soon be followed by Sunni-Shi'ite struggles), an effective oil police and security structure, and electricity and water capacity. It heavily subsidizes domestic petroleum prices in ways that reduce export capacity and increase domestic demand in inefficient ways, and is only slowly acquiring the refinery capacity to avoid having to make major imports of refined products. Both the US EIA and the International Energy Agency also estimate that Iraq's future production will increase at a far slower rate than those claimed by Iraq's oil ministry.

The EIA *International Energy Forecast for 2011* projects a far slower increase in Iraqi oil production than Iraq does. It estimates that Iraqi production will increase from 2.4 million barrels per day (MMBD) in 2009 to the follow levels under direct scenarios:[63]

- 2.9 MMB in 2015, 4.5 MMBD in 2025, and 6.3 MMBD in 2035 in the high oil price case

- 2.7 MMB in 2015, 3.2 MMBD in 2025, and 3.9 MMBD in 2035 in the high oil price case.

- 3.2 MMB in 2015, 5.8 MMBD in 2025, and 8.9 MMBD in 2035 in the traditional low oil price case.

These production levels indicate Iraq will be very lucky to reach half of its goal of 12 MMBD in 2017. They also tend to favor Iran. A slow increase in Iraq production will keep Iran's oil export prices higher. It also will increase the cost of sanctions to the US and other importing states. This is particularly important because the US pays world oil prices for even its domestic oil production, and the Department of Energy estimates that any talk of US "independence" from petroleum imports remains a dishonest political myth.

The US Department of Energy *Annual Energy Outlook for 2011* – which is based on optimistic estimates of alternative energy production and improvements in conservation and energy efficiency – estimates that the US will only reduce its dependence on petroleum imports from 52% in 2009 to 41% in 2035 in its reference case – and these estimates do not include indirect petroleum imports in the form of major imports of manufactured goods from regions like Asia – which are becoming far more dependence on petroleum imports from the Gulf.[64]

> US imports of liquid fuels (including crude oil, petroleum liquids, and liquids derived from nonpetroleum sources), which grew steadily from the mid-1980s to 2005, have been declining since 2005. In the *AEO2011* Reference and High Oil Price cases, imports of liquid fuels continue to decline from 2009 to 2035, although they provide a major part of total US liquids supply over the period. Tighter fuel efficiency standards and higher prices for liquid fuels moderate the growth in liquids demand, even as the combination of higher prices and renewable fuel mandates leads to increased domestic production of both oil and biofuels. Consequently, while consumption of liquid fuels increases steadily in the Reference case from 2009 to 2035, the growth in demand is met by domestic production.
>
> The net import share of US liquid fuels consumption fell from 60 percent in 2005 to 52 percent in 2009. The net import share continues to decline in the Reference case, to 42 percent in 2035…In the High Oil Price case, the net import share falls to an even lower 24 percent in 2035. Increased penetration of biofuels in the liquids market reduces the need for imports of crude oil and petroleum products in the High Oil Price case. In the Low Oil Price case, the net import share remains flat in the near term, then rises to 56 percent in 2035 as demand increases and imports become cheaper than crude oil produced domestically.

While the high price oil case does lead to a faster increase in the production of alternative liquids and in conservation and efficiency, it also means massive increases in the cost of energy throughout the US economy. It still leaves the US beholden to international oil prices, dependent on indirect imports of petroleum in the form of manufactured goods, and strategically dependent on the secure flow of global petroleum exports for a steadily more globalized US economy, as if

the percentage of direct US petroleum imports was the same as in the reference or high price oil case.

The Regional Response to Developments in Iraq

There are other outside pressures as well, particularly from Iraq's Arab neighbors, and once again America's Arab friends and allies play a critical role. Iran's influence in Iraq, and the growing uncertainty over the future nature of the US role in Iraq, has led key regional actors, especially Saudi Arabia and Jordan, to express reservations and criticisms of Iran's role. They worry about the development of "a Shi'ite crescent" of influence – from Hezbollah (the only active militia in Lebanon) and Syria (ruled by Shi'ite Alewites) to Iraq and Iran.[65] Prior to the January 2005 elections, leaders in Iraq and in the region accused Iran of coaching candidates, pouring money into campaigns, and even rigging the election.[66] Jordan's King Abdullah II claimed that over a million Iranians went to Iraq to vote in the election and Iran was giving money to the unemployed in order to influence their vote.[67]

The Saudis, other Gulf Arabs and Jordanian have expressed growing concern over Iran's role in Iraq and are worried about the spread of the Iranian model of Shi'ite governance, terrorists flowing from Iraq to Saudi Arabia, and the long-term oil issues in Iraq.[68] In September 2005, Saudi Prince Saud al-Faisal, Saudi Arabia's Foreign Minister, said, "The Iranians now go in this pacified area that the American forces have pacified, and they go into every government of Iraq, pay money, install their own people, put their own – even establish police forces for them, arms and militias that are there and reinforce their presence in these areas."[69]

That same year, a leaked State Department memo shows, Saudi Arabia's King Abdullah privately expressed anger over the fact that, "whereas in the past the US, Saudi Arabia and Saddam Hussein had agreed on the need to contain Iran, US policy had now given Iraq to Iran as a 'gift on a golden platter.'"[70] Experts like Ellen Laipson, President and CEO of the Stimson Center, counter with the argument that Saudi Arabia and Iraq's other Arab neighbors made few investments of political capital to counter Iranian influence despite their rhetoric and complaints to US diplomats.[71] Whether this is their fault a lack of credible opportunities, or clearly defined US efforts to show Arab states that it supported such intervention, is a matter of debate.

These outside Arab concerns do, however, interact with Iraq's internal political splits, and Sunni-Shi'ite tensions, which are tending to polarize Iraq's political system in ways that could benefit Iran. Prime Minister Maliki's crackdowns on Sunni political leaders and some 600 suspected "Ba'athists" -- many from Saddam Hussein's birthplace and former stronghold of Tikrit -- during October-December 2011 – alleged to result from a tip from the Libyan transitional government – have made this situation worse.

As part of Maliki's increasingly centralized power scheme, his government pursued a nationwide round of de-Ba'athification, going so far as to disqualify candidates from elections on the grounds that they were too close to the now defunct Baath Party. Many of those arrested had no current ties to the Ba'athists or any element seeking to overthrow the government. Maliki's actions were clearly more over a power grab than the result of legitimate fears of some form of coup or threat.

Moreover, the Maliki government failed to sustain its efforts to create jobs for the Sons of Iraq, the Sunni military force that did much to fight Al Qa'ida from 2007 onwards, and tensions

increased steadily with both Sunnis in Provinces like Anbar and Diyala, and Kurds in the area around Kirkuk. [72]

Maliki also split with key Sunni political leaders. On December 17, 2011, Maliki asked the Council of the Republic for a vote of no-confidence vote against Saleh al-Mutlaq, a Sunni deputy prime minister, on the grounds that al-Mutlaq lacked faith in the political process. This led Iraq's Sunni Vice President Tareq al-Hashemi to take his Shi'ite party out of the "unity" government. On December 19, 2011 Maliki followed up a failed effort to arrest Iraq's Sunni Vice President Tareq al-Hashemi on suspected links to terrorism, the day after the final convoy of US troops left Iraq, by issuing a warrant for his arrest.

Major General Adel Daham, a spokesman for the Ministry of Interior, said the warrant was based on confessions by suspects identified as Hashemi's bodyguards, that tied the vice president to killings and attacks on Iraqi government and security officials: "An arrest warrant has been issued for Vice President Tareq al-Hashemi according to Article 4 of the terrorism law and is signed by five judges... this warrant should be executed."

The MoI showed taped confessions on the state-run Iraqiya television and other local media of men it claimed were 13 members of Hashemi's security detail who said they had been paid by al-Hashemi's office to carry out killings. At this point, al-Hashemi, was reported to be in Kurdistan where he could not be arrested without the permission of the Kurdish authorities. [73]

These actions have pushed at least some Sunnis towards some form of separate political status or "federalism." In June 2011, Speaker Nujeifi warned that Sunnis in Iraq might seek separation from the Shi'ite-run government, or demand more autonomy by pressing for the establishment of more independent regional status. [74] Sectarian divisions are becoming more apparent as several predominantly Sunni provinces seek regional status. In October 2011, Salahuddin Province declared itself an "administrative and economic region in a united Iraq". [75] While this move was unconstitutional (provinces can request regional status but cannot unilaterally declare themselves as such), and Salahuddin council eventually backed off, the move nonetheless demonstrates the growing discomfort of Sunnis to Maliki's centralization of power.

Not surprisingly, the Gulf Cooperation Council (GCC) states severely criticized the Maliki regime during its meeting in December 2011, and senior Arab officials privately expressed their concern that he was making Iraq into a Shi'ite state and possible future threat.

Political Competition

While the US may have occupied Iraq, Iran has heavily influenced Iraqi politics since the run up to Iraq's first post-invasion election. It has backed all of the major Shi'ite parties to varying degrees, assuring that whichever party wins elections will be beholden to Tehran. Iran has also been heavily involved in most post-election coalition-building talks. However, Iranian influence is limited, and constantly risking a popular backlash. Iran's backing of multiple Shi'ite parties has undermined Shi'ite unity, as has its support for various militias. Despite its influence, Iran has been unable to block the major US-Iraqi accords that cement their relationship, such as the Status of Forces and Strategic Framework Agreement.

The First Round of Iraqi Governments and Elections

Iran has played a critical role in backing given candidates and parties, as well as brokering post-election political agreements to form the majority government in every one of Iraq's elections

since 2003. Ironically, American efforts to produce a representative government in Iraq did much to serve the Iranian goal of creating a Shi'ite-dominated government. This first became clear in June 2004, when the US Coalition Provisional Authority transitioned control to a sovereign Iraqi Interim Government with Iyad Allawi as its prime minister.

The creation of Allawi's government was intended to provide another half year for the US to continue to shape Iraq's governance before elections created a new and more lasting body. In practice, however, the lack of Iraqi Sunni participation in the elections on January 30, 2005, was a boon to Iran and a blow to the American goal of creating an inclusive political process that would bring stability to Iraq.

The elections were supposed to form a broadly based 275-member National Assembly that would write Iraq's new constitution. However, the Sunni boycott was apparent in the results, as 240 of the 275 seats were won by three parties: the Shi'ite United Iraqi Alliance (UIA) won 140 seats, the Kurdistan Alliance won 75 seats, and the Iraqiya List, led by Iyad Allawi, won 40 seats.[76]

Iran played an important role in bringing together the UIA coalition, which included most of Iraq's Shi'ite political groups, most prominent of which were the Abdul Aziz al-Hakim-led Islamic Supreme Council of Iraq (SCIRI) and Nouri al-Maliki's Dawa Party.[77] The two major parties in the Kurdistan Alliance were the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). The PUK's leader Jalal Talibani became President of Iraq and Massoud Barzani became President of the Kurdistan Regional Government. Ibrahim al-Jaafari of the Dawa Party became Prime Minister.

A second round of elections on December 15, 2005, created a new 275-member Council of Representatives with a five-year term. The Shi'ite-dominated United Iraqi Alliance was again the largest bloc, winning 128 seats. This time, Moqtada al-Sadr's followers joined the bloc, and the end result put Islamic parties, with many leaders who had been exiled in Iran, in leading positions. The Kurds won 53 seats. The Sunni-Arab Tawafuq party, also known as the Iraq Accord Front, won the third most seats with 44. Allawi's former coalition Iraqiya List joined others to form the Iraqiya National List, which won only 25 seats.

Iran was instrumental in assembling the United Iraqi Alliance, whose formation of the government that followed saw Nouri al-Maliki of the Shi'ite Dawa Party replace Jaafari as Prime Minister, SCIRI gain several important ministerial posts, and five Sadrists take ministerial posts.[78]

The January 2009 Governorate Elections and March 2010 Parliamentary Elections

More recent Iraqi elections have not clearly favored either the US or Iran, but their net effect has made it impossible for Iraq and the US to move forward in reaching viable plans to implement their Strategic Framework Agreement. The January 2009 provincial elections saw the fragmentation of the Iranian-backed coalition that had formed the United Iraqi Alliance. Maliki's Dawa Party separated from ISCI (formerly SCIRI) and formed a new list called State of Law. The three major Iraqi Shi'ite parties were competing with each other, further reducing Iran's influence.[79] State of Law came in first in most Shi'ite governorates, while ISCI's best performance in the South was in Najaf, where it tied with State of Law for seven seats each out of 28 in the governorate council. Sadr's list performed even worse, failing to win any

governorate outright.[80] Although Iran's attempt to revive the United Iraqi Alliance failed, post-election complications gave Iran a major role in forming the next Iraqi government.

The March 7, 2010 parliamentary elections resulted in a very different outcome than previous elections, and one that has virtually paralyzed many aspects of Iraq's political, economic, and security development. Iyad Allawi's Iraqiya list won the most seats with 91, while Maliki and his allies – who split from the United Iraqi Alliance to form the State of Law list – won 89. The successor to the UIA, the Iraqi National Alliance, won 70 seats and the Kurds 57.[81]

These results initially seemed encouraging to the US, as the two candidates seen largely as more secular and less connected to militias fared the best, and the possibility for an inclusive government was promising. Iran had pushed for a unity Shi'ite alliance, though according to Reidar Visser, it wanted to allow Sunnis token power. Meanwhile, Allawi spoke often in Iraq and foreign cities of the danger of Iranian influence. Allawi initially had broad-based appeal,[82] but was left without significant power. In one poll, 56% of Iraqis said they would not see the government as fully legitimate if Allawi was not part of it, while 31% said they would see it as "legitimate" or "somewhat legitimate."[83]

Maliki, however, quickly create a coalition that gave him more votes in Parliament than Allawi. He remained in office and effectively excluded Iraqiya list and his main rivals from power. This effectively paralyzed key elements of the government and the role of Parliament in ways that not only allow Maliki to govern by gave him control over much of the budget and the ability to dominated Iraq's security forces – including the ability to place loyalist in many key command positions by making "temporary" appointments, and tolerating the sale of other positions and profiteering with the security structure by those he considered loyalists.

It soon became clear, however, that the March 2010 election had produced near paralysis as two conflicting coalitions struggled for power without showing the ability to compromise. This gradually gave more power to the Sadrists – the largest victor on the Shi'ite side. The subsequent stalemate to form a majority coalition that could appoint a new prime minister lasted eight months, setting an international record for the longest period of time between elections and the seating of a government.

With Iranian encouragement, Shi'ites – including Sadr – came together and supported Maliki continuing as Prime Minister. While experts have different views of Iran's role, some feel that Iran, with the strong support of Iranian Majlis Speaker Ali Larijani,[84] worked hard to establish a Shi'ite led government. Iran played a role in the Independent High Electoral Commission's decision to ban Sunni and secular candidates from the vote.[85]

Iran's efforts to include the supporters of both Maliki and Sadr in the new government followed a long-standing strategy in which Iran has supported diverse Shi'ite factions in order to serve their interests regardless of the outcome. Iran was able to overcome the tensions between Maliki and Sadr to create an Iraqi government beholden to Iranian influence. Iran may also have provided $8 million a month to Moqtada al-Sadr's party for the 2010 election.[86] Without Iranian backing, Sadr is left with a far less durable foundation, while Iran is far less influential in Iraq without Sadr.[87]

The 2010 political impasse may have had some indirect positive outcomes. The bureaucratic machinery in the Iraqi government has been forced to mature as it ran the country while Iraq's politicians have struggled to form a new government. The judiciary was threatened but also

partially empowered, first in declaring it unconstitutional for the Council of Representatives to not meet, therefore pushing the parties to come to a deal, and second, in declaring the powers of the presidency set out in bylaws to be unconstitutional.[88]

In any case, an awkward combination of US and Iranian political pressures, and Allawi's and Iraqiya's inability to compete directly with Maliki, led Allawi's Iraqiya bloc and the Kurds to eventually agreed to participate in what was supposed to be a national government. In November 2010, the outlines of a new government took shape. Maliki remained as Prime Minister, Jalal Talibani remained as President, and the speakership of the Council of Representatives went to Osama al-Nujeifi – a member of Iraqiya with a tense relationship with the Kurds, especially regarding Kirkuk's future.[89]

The US did play a major role in forming the new government, and in working with Kurdish leaders and both main Arab factions to create what came to be called the Erbil Agreement between Iraq's rival leaders – a nineteen point agreement that was supposed to created a unified government and give the Sunnis and Allawi's faction an important role.[90] The agreement had the following broad terms: [91].

1- Commitment to the Iraqi Constitution, with all of its articles without exception, and protection of Iraq's federal, democratic system 2- A coalition government in which all major Iraqi components participate   3- Commitment to the principle   of partnership and participation in decision-making through:

a. Establishment of a Council on National Security, to be created through the passing of a special law at the same time as the government is formed

b. Drafting of bylaws for the Council of Ministers that would give it added legitimacy and institutionalization. Through joint decision-making, the Council   would ensure that administrative and financial powers are shared between the   Prime Minister and his deputies

c. Adherence to the principle of   consensus.

4- Formation of a Federal Council within the first year of this Parliament. The President and his deputies have the right to veto legislation until this Council is formed

5- Amendment of the current electoral law to guarantee that all   Iraqis are represented fairly

6- The census should be conducted on time   in October 2010

7- Review of the structures of the security and military   forces to reflect a fair representation of all Iraqis in these forces

8- Introduction of checks and balances in all Ministries and Institutions of   state

9- Implementation of Article 140 of Iraq's Constitution and   allocation of the necessary budget within a period that does not exceed two   years following the formation of the government

10- Passage of a law for   water resources within the first year of the government formation on the basis   of the latest agreed-upon draft

11- Passage of a law for oil and gas   within the first year of the government formation on the basis of the latest   agreed-upon draft

12- Supplying the Peshmerga forces with arms,   equipments, and funds as part of the Iraqi national defense system

13- Support for the Kurdistan Region's candidate for the post of President of the   Republic

14- Compensation for the victims of the former regime, including   the victims of the Anfal campaign and chemical bombings of Halabja and other   places, immediately and justly

15- The Kurdistan Region's blocs should have a fair representation within the sovereign ministries and

other   institutions based on national gains in the elections

16- The Kurdistan   Region should have the right to cross-examine candidates for the posts of   minister of any sovereign ministries and those ministries that are relevant to   the Region

17- The Kurdistan Region's negotiating team should elect a   candidate for the post of the Secretary of the General Secretariat of the   Council of Ministers

18- In the event that the Kurdistan Region's blocs   withdraw from the government due to a clear breach of the Constitution, the   Iraqi government would then be considered dissolved

19- The Prime Minister's bloc in both the Parliament and the Council of Ministers must make a commitment to the implementation of the above terms.

US officials applauded the government's apparent inclusiveness when it was finally formed. American officials pointed to the influence it had in pushing for the outcome, including the adoption of an American suggestion that Allawi head a new, "National Council for Security Policy". However, that council's powers were poorly defined and some critics argued that the power-sharing arrangement would sharply reduce the quality of governance.

The failure to implement many of the new arrangements remained fragile, and key portions remained in limbo and the failure to implement them effectively paralyzed the government's ability to move forward effectively in many areas. Allawi had broad-based appeal,[92] but was left without significant power. In one poll, 56% of Iraqis said they would not see the government as fully legitimate if Allawi was not part of it, while 31% said they would see it as "legitimate" or "somewhat legitimate."[93]

It was never clear how the National Council for Security Policy could fit into the legal framework of Iraq, since it was not mentioned in the constitution. Moreover, Maliki and Allawi could never agree on a functional role for the Council. Moreover, serious Sunni and Shi'ite differences remain, and key sources of tension between Arabs and Kurds have not been resolved. For example, the Kurds won Maliki's tentative acceptance of the international oil deals it was making outside of the federal government's authority, but it is still far from clear the extent of what this means in practice.

As a result, the creation of a new "unity" government actually resulted in a Shi'ite majority leadership in Iraq that benefitted Maliki, who continuously sought to increase and consolidate his hold over Iraqi politics, under the guise of protecting Iraq's weak and fragmented institutions. Ayad Allawi, the Shi'ite leader of Iraqiya's coalition, failed to achieve any political gains, and only served to further strengthen the Prime Minister's hold on power.

As has been described earlier, this left a power structure that could do little to eliminate the remaining sectarian tensions between Sunni and Shi'ite, and ethnic tensions between Arabs and Kurds. It helped trigger the growing struggles between Maliki and Iraq's Sunni politicians that began in October 2011, and which reached the crisis point when Maliki had the Ministry of Interior issue an arrest warrant for Iraq's Sunni Arab Vice-President, Tariq al-Hashemi on December 19, 2011. Tensions reached the point where Massoud Barzani, the president of Iraq's autonomous Kurdish region, called for crisis talks to prevent the "collapse" of the government, warning that "the situation is headed towards deep crisis."[94]

Al-Iraqiya, the main opposition party, has charged that Maliki took control of the counter terrorism force and intelligence services, and sought to control the military by misusing his

authority to make interim appoints at senior command levels. These charges are not without some merit, as Maliki has been moving to tighten his control over Iraq's security and intelligence forces for some time now. US experts also state the Maliki may have been implicated in the killing of opposition political figures and "accidents" to senior officers, and that he and his immediate office see all outside challenges as threats that must be overcome by any means possible.

The crisis started in October 2011, when Maliki began a crackdown on some 600 rivals who he accused of being former Baath Party" members. Many were Sunnis and clearly innocent of any links to Saddam Hussein, or the Baa'athists who had remerged after 200 .This led to an open clash during an October 2011 cabinet meeting in which a key Sunni leader, Saleh al Mutlaq -- the head of Iraqi Front for National Dialogue, the fifth largest political list in Iraq's parliament and one of Iraq's three deputy prime ministers -- called Maliki a dictator and threatened to stir dissent in the streets against the Prime Minister.

Maliki responded by storming out of the meeting, but not before Mutlaq. Maliki dismissed his deputy, enacted constitutional powers to remove cabinet ministers with the consent of Parliament., and presented three options to parliament in resolving the Mutlaq issue; (1) Mutlaq must resign his post; (2) Iraqiya must fire Mutlaq and replace him with another politician from their ranks; or (3) Mutlaq must apologize to Maliki. To date, Mutlaq has not offered an apology.

Maliki then moved to replace Iraqiya ministers with those loyal to him. While these attempts proved unsuccessful, Maliki's attempts to alienate Iraqiya members continued as Maliki unilaterally suspended its ministerial capacities until the boycotting ministers ended their protest of government. In late January 2012, faced with increased isolation and political obsolescence, the Iraqiya bloc decided to end its boycott and rejoin Maliki's government.

In December 2011, Malik accused Vice President al-Hashemi -- who had recently expounded the virtues of federalism and the deficiencies of corrupt centralized government -- of instigating federalist movements. The issue of federalism emerged as a new form of Sunni-Shi'ite problem. The Iraqi Constitution has an Article 119, which establishes the process of forming federal regions, and allows provinces to obtain increased autonomy from the government in Baghdad. As provincial demands for increased autonomy and official "regional" status grew and threatened Maliki's centralization concentration of power, Maliki moved to expand his grip on Iraqi politics.

SIGIR described the situation as follows at the end of 2011, [95]

> Iraq's Region Formation Law (Regions Law) provides that any province or group of provinces may choose to form a semi-autonomous federal region via popular referendum. But, before such a vote may occur, one-third of the Provincial Council members (or one-tenth of the voters) in the relevant provinces must submit a request to hold a referendum. If a simple majority of voters approves the measure in the referendum, a region is formed.[16] This quarter, several provinces revived the issue of region formation, potentially further complicating their relations with Baghdad:
>
> • **Salah Al-Din.** In late October, the Provincial Council issued a statement purporting to declare the overwhelmingly Sunni province to be an administrative and economic region. This move toward regionalism came as the GOI ordered the arrest of hundreds of prominent Sunnis in the province, accusing them of ties to the outlawed Ba'ath Party.
>
> • **Anbar.** In late November, a Provincial Council member announced that about half of the members had agreed to move toward transforming the province into a region.
>
> • **Diyala.** In December, the Provincial Council voted to declare the province a region unilaterally

setting off demonstrations opposing such a step in many of the ethnically diverse province's Shia areas.

Prime Minister al-Maliki believes that Iraq's national structure is not ready for additional semiautonomous federal regions. Instead, he has been exploring various options to devolve some powers to the provincial governments. Previous regionalism movements arose in the Shia south. For example, in 2008, officials in the oil-rich province of Basrah made a serious push toward establishing a region. Their efforts failed, and subsequent attempts to transform Basrah into a region have also foundered. By the end of the quarter, efforts toward forming regions in other provinces appeared to have stalled, at least for the moment.17 Thus, as of mid-January, the Kurdistan Region (comprising Dahuk, Sulaymaniyah, and Erbil provinces) remains Iraq's only federal region.

Post-US Withdrawal Political Tensions in Iraq

In spite of these developments, and warnings from within the US intelligence community, the US was not prepared for the sheer scale of the Shi'ite-Sunni tensions that were emerging in late 2011 as the US completed its withdrawal from Iraq, or for the scale and success of Maliki's maneuvering. The US still planned for a massive continuing US diplomatic, advisory, military, and police training presence in Iraq. The same was true of US aid. American reconstruction funding, though much reduced, was planned to continue to support Iraq.

President Obama expressed broad optimism during a press conference with Prime Minister Maliki on December 13, 2011. In doing so, he ignored the realities of Iraq's political, military, and economic problems -- and its internal political divisions -- in ways that became brutally clear only days later:[96]

> Iraq faces great challenges, but today reflects the impressive progress that Iraqis have made. Millions have cast their ballots -- some risking or giving their lives -- to vote in free elections. The Prime Minister leads Iraq's most inclusive government yet. Iraqis are working to build institutions that are efficient and independent and transparent.

> Economically, Iraqis continue to invest in their infrastructure and development. And I think it's worth considering some remarkable statistics. In the coming years, it's estimated that Iraq's economy will grow even faster than China's or India's. With oil production rising, Iraq is on track to once again be one of the region's leading oil producers.

> With respect to security, Iraqi forces have been in the lead for the better part of three years -- patrolling the streets, dismantling militias, conducting counterterrorism operations. Today, despite continued attacks by those who seek to derail Iraq's progress, violence remains at record lows. And, Mr. Prime Minister, that's a tribute to your leadership and to the skill and the sacrifices of Iraqi forces.

> Across the region, Iraq is forging new ties of trade and commerce with its neighbors, and Iraq is assuming its rightful place among the community of nations. For the first time in two decades, Iraq is scheduled to host the next Arab League Summit, and what a powerful message that will send throughout the Arab world. People throughout the region will see a new Iraq that's determining its own destiny -- a country in which people from different religious sects and ethnicities can resolve their differences peacefully through the democratic process.

> Mr. Prime Minister, as we end this war, and as Iraq faces its future, the Iraqi people must know that you will not stand alone. You have a strong and enduring partner in The United States of America. And so today, the Prime Minister and I are reaffirming our common vision of a long-term partnership between our nations. This is in keeping with our Strategic Framework Agreement, and it will be like the close relationships we have with other sovereign nations. Simply put, we are building a comprehensive partnership.

> Mr. Prime Minister, you've said that Iraqis seek democracy, "a state of citizens and not sects." So we're

partnering to strengthen the institutions upon which Iraq's democracy depends – free elections, a vibrant press, a strong civil society, professional police and law enforcement that uphold the rule of law, an independent judiciary that delivers justice fairly, and transparent institutions that serve all Iraqis.

We're partnering to expand our trade and commerce. We'll make it easier for our businesses to export and innovate together. We'll share our experiences in agriculture and in health care. We'll work together to develop Iraq's energy sector even as the Iraqi economy diversifies, and we'll deepen Iraq's integration into the global economy.

We're partnering to expand the ties between our citizens, especially our young people. Through efforts like the Fulbright program, we're welcoming more Iraqi students and future leaders to America to study and form friendships that will bind our nations together for generations to come. And we'll forge more collaborations in areas like science and technology.

We'll partner for our shared security. Mr. Prime Minister, we discussed how the United States could help Iraq train and equip its forces -- not by stationing American troops there or with US bases in Iraq -- those days are over -- but rather, the kind of training and assistance we offer to other countries. Given the challenges we face together in a rapidly changing region, we also agreed to establish a new, formal channel of communication between our national security advisors.

And finally, we're partnering for regional security. For just as Iraq has pledged not to interfere in other nations, other nations must not interfere in Iraq. Iraq's sovereignty must be respected. And meanwhile, there should be no doubt, the drawdown in Iraq has allowed us to refocus our resources, achieve progress in Afghanistan, put al-Qa'ida on the path to defeat, and to better prepare for the full range of challenges that lie ahead. So make no mistake, our strong presence in the Middle East endures, and the United States will never waver in defense of our allies, our partners, or our interests.

This speech did not address the reality that Sunni tension was rising in Anbar and Diyala Provinces, and Arab-Kurdish tension remained serious in Mosul and Kirkuk. Iraq's economy remained weak, and its per capita income was so low that it ranked 159th in the world. As President Obama's speech also made all too clear, senior US officials were not prepared for the immediate aftermath of Maliki's visit to the US and the departure of the last US forces.

Maliki suddenly intensified the power struggle with his Sunni opponents in ways that quickly became a major national crisis and helped trigger a new wave of terrorism – much of which was targeted at Shi'ites and designed to provide a new round of Sunni-Shi'ite conflict. On December 15, 2011 -- the eve of the US withdrawal and hours after the end-of-mission ceremony -- Prime Minister Maliki cracked down openly and violently on senior Sunni Arab politicians, deepening the divide in a growing sectarian-political crisis. Maliki had previously facilitated a sympathetic judiciary and interior to support his motives. In fact, Maliki was the de facto minister of the Interior, Defense and National Security due to political infighting.

Armored vehicles belonging to the Baghdad Brigade surrounded the residence of Vice President Tariq al-Hashemi, and charged his bodyguards with running hit squads that targeted government officials. On December 19th, a warrant was issued for Hashemi's arrest. Hashemi was only the latest member of Iraqiya to face similar accusations, but by far the highest ranking. He reacted by fleeing north – possibly having been allowed to do so by Maliki – and remained under the protection of Kurdish authorities.

On January 8, 2012, Iraqi's Ministry of Interior demanded that the Kurds hand over al-Hashemi to Baghdad, which the Kurds refused to do. Several days later, a Shiite governor threatened to blockade a strategic commercial route from Baghdad to northern Kurdish region if Kurdish officials did not hand over the indicted VP Hashimi who they were harboring – marking a

possible reduction in the Shi'ite-Kurdish alliance that had gone on since 2004. Maliki repeatedly warned Kurdish authorities against harboring Hashemi. Maliki also continued Sunni purges on January 19-20, 2012, when security forces raided the homes of two Sunni politicians in Diyala province and arrested the Sunni vice chairman of the Baghdad provincial council.

The accusations against Hashemi were followed by an Iraqiya boycott of parliament that paralyzed Iraq's government. This increased the growing sectarian tensions with Iraqiya and other party blocs at a time when sectarian-based attacks were already on the rise. Several political blocs called for the dissolution of parliament, including the Sadrists, and other alliances fractured, such as Iraqi National Accord leaving Iraqiya. Maliki, in turn, threatened to form a new government controlled by Shi'ites with Kurdish support. However, the Kurds remain unlikely to trust any figure that seeks to consolidate under a strong centralized power given their history under Saddam.

Ayad Allawi's Sunni al-Iraqiya party boycotted meetings of parliament and cabinet, threatening to turn a dysfunctional government into a non-functioning one. In response, Prime Minister Maliki then stripped the boycotting Ministers of their posts, drawing outrage and cries of accusations of authoritarianism. al-Iraqiya was forced to end its boycotts without securing any political rewards. In this vein, Maliki has continued an aggressive process of centralizing power in Baghdad under the banner of protecting weak local institutions, in direct opposition to provincial leaders who are pressing for greater autonomy and have explicitly sought regional status.[97]

The Sadrists called for parliament to be dissolved and early elections to be held, in what became the first real challenge to Maliki's power from within his Shi'ite coalition since early in the 2010 elections. The Iraqiya coalition partly supported these initiatives. However, the Supreme Iraqi Islamic Council rejected such calls[98] and Maliki welcomed the Iranian-sponsored Shiite militia group Asaib Ahl al-Haq into the political process as, perhaps, a counter to any loss in support.

The growing level of tension and uncertainty was also reflected in local incidents. In January 2012, a Shiite governor threatened to blockade a strategic commercial route from Baghdad to northern Kurdish region if Kurdish officials did not hand over the indicted VP Hashimi who they were harboring.[99] At the same time, Sunni political leaders have begun to talk about seeking some form of "federalism" or more independent status even in mixed provinces like Diyala, and Kurdish leaders are reassign the need to keep Kurdish security forces strong and independent from the rest of the Iraqi security forces.

The Obama administration did express concern over the political developments, though described them as, "upheaval as part of the usual rough and tumble of Iraqi politics."[100] The day after the last US troops left Iraq, one of President Obama's main advisors on Iraq, Colin Kahl, left the administration to join academia. In July 2008, Kahl co-authored an article in Foreign Affairs in which he wrote, "Now, the principal impediment to long-term stability in Iraq is the reluctance of Prime Minister Nouri al-Maliki's central government to engage in genuine political accommodation." Kahl argued for "conditional engagement" and stated, "In the end, this approach may not work. If the Iraqis prove unwilling to move toward accommodation, then no number of US forces will be able to produce sustainable stability, and the strategic costs of maintaining a significant presence will outweigh the benefits."[101]

There also has been some progress in dealing with these these divisions. On January 5, Ambassador James Jeffrey stated that Maliki appeared to be allowing the judiciary to conduct a

fair investigation of the charges against Vice President Hashimi. This might have been an indication that the US did not openly support the Sunni view that Hashemi's arrest was purely a power grab by Maliki.[102]

Key members of Iraqiya, the National Alliance, and the Kurdish Alliance met on February 6, 2012 in a preparatory meeting. Here, the parties agreed on four central principles: (1) All blocs shall obey the political process and reject terrorism; (2) the Constitution is basis for settling factional disputes; (3) All groups in Iraqi society be represented in the political process; and (4) the independence of the Iraqi judiciary. The President of the Kurdistan region, Massoud Barzani, expressed hope that Baghdad would implement the agreements made in Erbil that laid the groundwork for Maliki's second government, and would "lift the country out of its current crisis."

Iraq's Sunnis seem to have realized that they must participate in the political process in spite of the limits they now face. On January 20, Iyad Allawi stated that Iraqiya could end its month-long boycott of parliament if Maliki respects the power-sharing agreement between the major forces in the country.[103] The announcement came without concessions from government and without many of the contentious issues being resolved.

On February 27, following al-Iraqiya's unsuccessful boycotts of Maliki's government, former al-Iraqiya member Zuhair Araji called the boycotts "unwise" and said the alliance had embarrassed itself.[104] These sentiments have been echoed by others who feel that al-Iraqiya failed in their move for increased autonomy, and returned to join Maliki's government with even less power than before.

The case against Hashemi was sidestepped by agreeing to leave it to the courts rather than the political arena. It was speculated that the announcement was a possible effort at closed-door reconciliation among Iraq's factions to prevent a collapse of the government or civil war. In addition, President Talibani returned to Iraq after a medical procedure in Germany and began meeting with leaders to set the parameters for a national conference that could be held in the coming weeks. At the same time, Iraqi leaders began to try to create an image stability to allow Iraq to host a successful Arab Summit that the Arab League agreement had agreed to in February.[105]

No Iraqi politician openly broke with the constitution of the need for elections. The provisions of the 2010 Erbil agreement also remained a potential framework for a future agreement. Ayad Allawi made this clear in a December 2011 op-ed in the New York Times, *"How To Save Iraq From Civil War."* He wrote, "We…are ready to resolve our problems peacefully, using the Erbil agreement as a starting point". In December 2011, Kurdish President Barzani had also called on all sides to convene a national conference. This initiative was immediately endorsed by the US and Turkey, but any action was delayed by the growing tension in Iraq and disagreements over where, when, who, what would be discussed continue to stall efforts to hold the conference.

Outside observers agreed however, that Maliki had so far been the clear winner. On February 15, Ramzy Mardini of the Institute for the Study of War wrote that "it is clear that Maliki has come out as the winner in the political crisis he helped provoke". Indeed, recent developments in Iraq have fragmented both Maliki's Shi'ite rivals and his Sunni opponents, and have established the

Iraqi Prime Minister, who was once feared too weak to provide strong leadership over Iraq, as a new Arab dictator in the making."[106]

US and other experts warned that Hashimi might not be innocent. He had tried to displace Maliki December 2006, and tried to make a distinction between Al-Qaeda and other Sunni fighters, which he called the "resistance." He was active in the Iraqi Islamic Party, serving on its planning committee and other senior positions from 2005 to 2009, and the IIP was scarcely innocent of political violence. .He also seems to have been involved in at least some political violence in his own right during the insurgency and in the period before Maliki called for his arrest.

At the same time, some experts feel Maliki is conspiring for power, more than willing to bypass legal and democratic means, and has authorized political killings and accidents or disappearances of senior Iraqi officers who did not support him – a step often taken by Saddam Hussein. They hold him responsible for the fact security forces fired on Iraqi demonstrators during a peaceful set of protests in 2011, and note that he now controls the Electoral Commission and is in a good position to rig future elections..

Post-US Withdrawal Patterns of Violence

There has been growing violence and ethnic and sectarian polarization on a much broader level. At the December 15 ceremony marking the end of major US activity in Iraq, US Secretary of State Leon Panetta warned, "Iraq will be tested in the days ahead-by terrorism, by those who seek to divide it, economic and social issues, by the demands of democracy itself." His stark and ominous prediction could not have proven truer. Recent violence, including attacks on infrastructure, targeted assassinations of Iraqi officials, and indiscriminate killing between rival ethnic groups plague Iraqi reconstruction efforts. **Figures VII-3** to **Figure VII.6** use SIGIR reports (October 30, 2011 and January 30, 2012) and NCTC estimates to illustrate these challenges.

The struggle to create a new government also did nothing to halt the tensions that affect smaller minority groups. **Figure VII.3** shows US estimates that nearly half of Iraq's minorities have been driven out of Iraq since 2003. Moreover, as October 30, 2011 reporting by the Special Inspector General for Iraqi Reconstruction made clear, it has left a high level of violence inside Iraq, and a number of extremist groups that will continue to threaten Iraq in the future. This violence is show in **Figure VII.4**, and the October 30, 2011 SIGIR report to the US Congress makes it clear that there is a growing pattern of violence and assassinations directed at Iraqi security forces and officials.[107] The report uses declassified US intelligence sources to describe the key sources shown in **Figure VII.5.** [108]

GOI data show that 2,645 Iraqis were killed in 2011 alone, including 1,578 civilians, 609 police personnel, and 458 soldiers.[109] Over 4,400 Iraqi's were wounded in violence. And while December 2011 marked one of lowest monthly death tolls (155 killed) in Iraq since 2003, December 22, 2011 was the bloodiest day in Iraq in since 2009. That one day saw 31 incidents, including 21 IED attacks killing over 60 Iraqis, and a suicide attack against a government building in Baghdad that left 32 people dead.[110]

On February 16, Michael Knights of the Washington Institute for Near East Policy's wrote in the *National Interest* that, "There has been a rapid and widespread deterioration of security in Iraq since the mid-December end of the U.S. military mission there".[111] According to Knights, Iraq had also suffered 36 confirmed attempted mass-casualty attacks just in January 2012 alone.

Officially reported deaths in Iraq also continued to rise, with 340 civilian deaths in Iraq in January 2012, compared to 155 in December 2011.

Figure VII.3: The Impact of Internal Conflict on Smaller Minority Groups 2003-2011

POPULATION ESTIMATES AND DESCRIPTIONS OF MINORITY COMMUNITIES IN IRAQ, 2003 AND 2011

		2003	2011
Christians	Predominantly Assyrian, Chaldean, Armenian, and Syriac; most live in or around the Kurdistan Region; a small number of Armenians live in Basrah.	1.4 million	400,000 to 600,000
Turkmen	Descendants of Ottoman Empire-era soldiers and traders, about 60% of Turkmen are Sunni Muslim and the rest are Shia.	800,000	200,000
Sabaeans	Gnostics who follow John the Baptist, Sabaeans do not accept converts and must live near a river to observe religious rites; concentrated in southern Iraq.	60,000 to 70,000	5,000 to 10,000
Yazidis	Ancient group with religious traditions drawn from Zoroastrianism, Manicheism, Islam, Christianity, and Judaism; Yazidis do not accept converts or marry outside the faith; concentrated around Sinjar Mountain west of Mosul.	600,000 to 700,000	Less than 500,000
Shabaks	Most identify as Shia and the rest as Sunni, but do not observe all pillars of Islam and draw religious traditions from Yazidis and Sufism. Shabaks have lived along the Ninewa Plains since 1502.	400,000 to 500,000	200,000 to 500,000
Feyli Kurds	Ethnically Kurdish Shia, the Feyli live mainly in Diyala province along the Iranian border, in Baghdad, and in Iran. Under Saddam Hussein's regime, they were stripped of Iraqi citizenship.	1 million to 1.5 million	100,000 to 120,000
Kaka'is	Kurds who speak their own dialect, Kaka'is draw religious traditions from Yazidis, Zoroastrianism, and Shia Islam. They live primarily in Kirkuk and Mosul.	200,000	60,000 to 70,000

Note: Some population estimates were obtained from community leaders who met with the Minority Rights Group International; others were taken from SIGIR interviews with community leaders and U.S. government reports.

Sources: DRL, *International Religious Freedom Reports, 2006 and 2010*, www.state.gov/g/drl/irf/2010/148821.htm, accessed 6/5/2011; SIGIR Interviews with members of Sabaean community, 6/29/2011; Minority Rights Group International Report, "Still Targeted: Continued Persecution of Iraq's Minorities," 2010; Minority Rights Group International, information provided to SIGIR, 10/18/2011.

Sources: SIGIR, Quarterly Report, October 30, 2011, p 50

Figure VII.4: The Continuing Pattern of Violence in Iraq

MONTHLY SECURITY INCIDENTS AND CIVILIAN FATALITIES, 1/2004–12/2011

Sources: SIGIR, Quarterly Report, January 30, 2012, p 65

Total Victims in Iraq: 2005-2011

	2005	2006	2007	2008	2009	2010	2011
Victims	20043	38817	44014	19077	16869	15108	9342
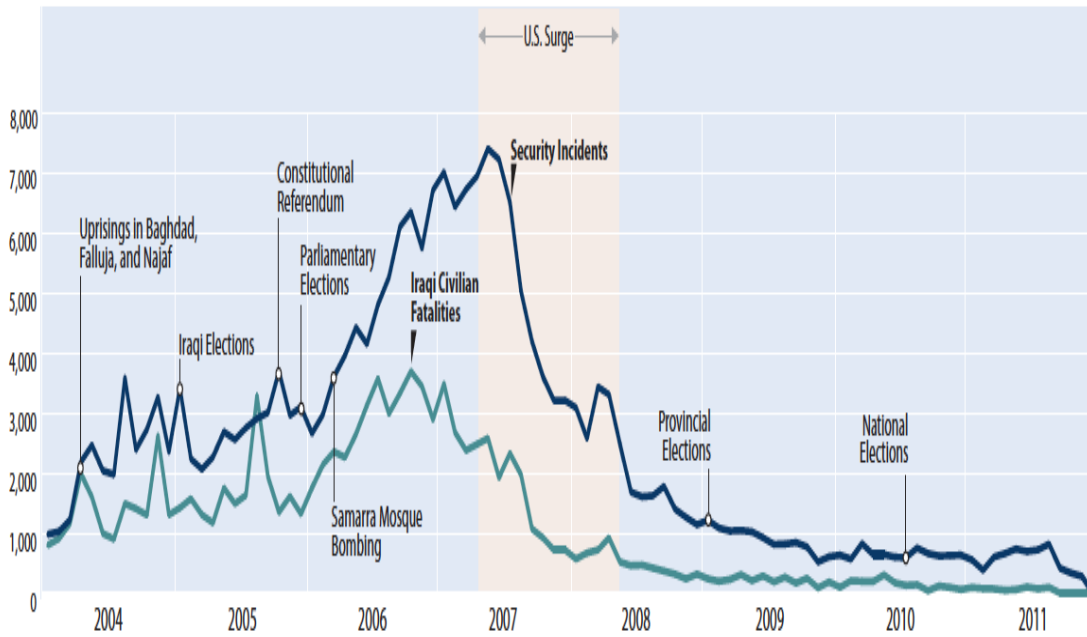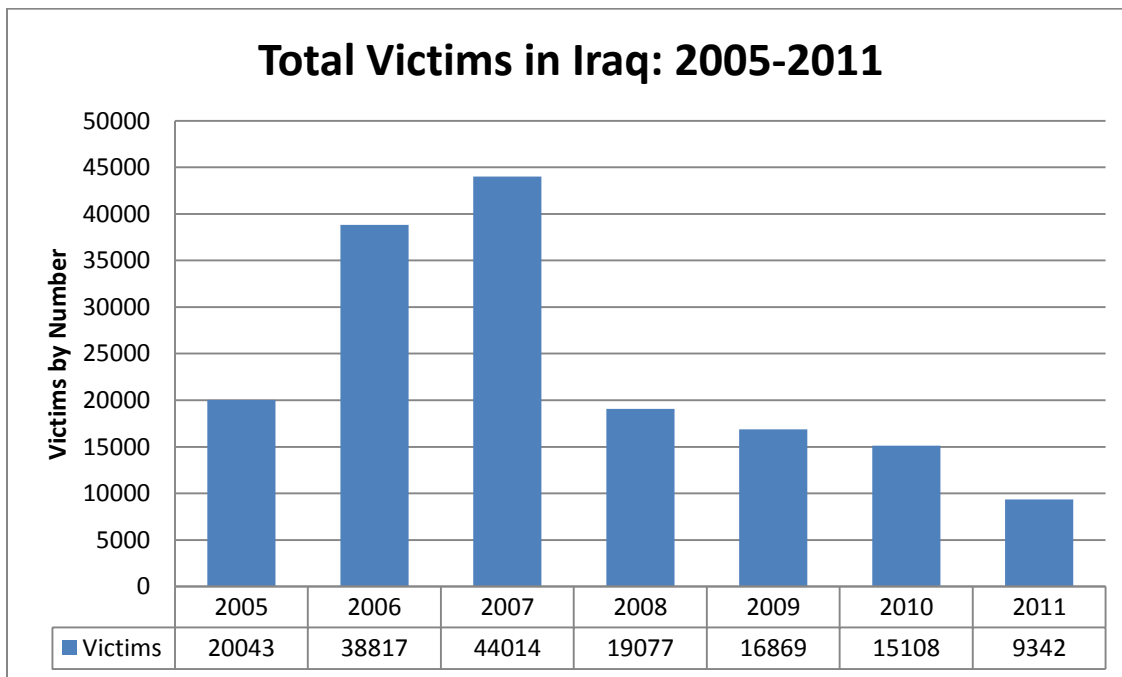
Source: National Counterterrorism Center (NCTC) Worldwide Incident Tracking System (WITS) data, accessed January 18, 2012. Available at: https://wits.nctc.gov/FederalDiscoverWITS/index.do?N=0

Figure VII.5: Major Acts of Violence and Targeted Killings – Part One

SELECTED ACTS OF APPARENT TARGETED VIOLENCE, 10/16/2011–1/10/2012

Security Officials

TARGETs/VICTIMs	LOCATION	DATE	CIRCUMSTANCEs	RESULT
MOI official	●	10/15		Killed
MOI lieutenant colonel	●	10/19		Unharmed; driver injured
Iraqi Army colonel	●	10/20		Killed
ISF general	●	10/27		Injured
Intelligence official	●	11/1		Unharmed
Iraqi police senior commander	●	11/12		Killed
Iraqi Police chief	●	11/17		Killed; three bodyguards injured
Iraqi police colonel	●	11/26		Injured; daughter killed
Kurdish Asaesh official	●	11/27		Injured; wife injured
Iraqi police lieutenant colonel	●	11/27		Killed; two bodyguards killed
Iraqi Army general	●	12/3		Killed; wife killed
Iraqi police general	●	12/5		Unharmed, at least one person injured
Ministry of National Security official	●	12/7		Injured
Intelligence official	●	12/8		Killed
Iraqi police colonel	●	12/14		Injured
Iraqi Army lieutenant colonel	●	12/15		Injured
Retired intelligence official	●	12/16		Injured
Kurdish Asaesh official	●	12/18		Killed
Civil defense director	●	1/2		Killed
Iraqi police lieutenant colonel	●	1/10		Killed; two bodyguards killed

Location

	IED/VBIED
	Gunfire
	Gunmen ambushed convoy
	Gunmen attacked residence
	Gunmen attacked vehicle with silenced weapons
	Gunmen attacked with silenced weapons
	Gunmen attacked vehicle
	Residence bombed
	Sticky bomb attached to vehicle
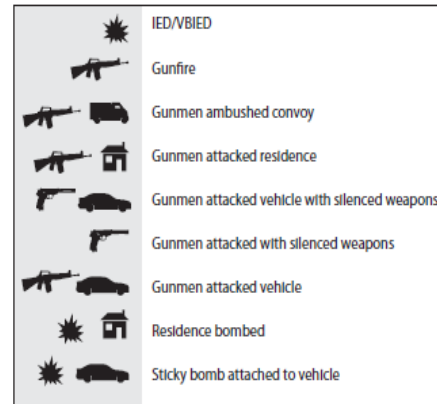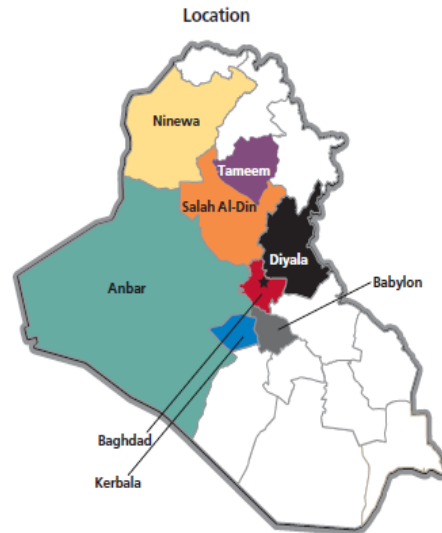
Note: This table provides examples of assassinations, attempted assassinations, and other small-scale acts of violence that appear to have been aimed at specific persons or groups this quarter. It does not purport to be all-inclusive, nor presume to imply the attackers' respective motives.

Source: SIGIR analysis of open-source documents in Arabic and English, 10/2011–1/2012.

Figure VII.5: Major Acts of Violence and Targeted Killings – Part Two

Non-Security Officials

TARGETS/VICTIMS	LOCATION	DATE	CIRCUMSTANCES	RESULT	TARGETS/VICTIMS	LOCATION	DATE	CIRCUMSTANCES	RESULT
Local council official	●	10/16		Injured; three others injured	Senior GOI official(s)	●	11/28		At least one person killled; another injured
Judge		10/19		Killed; driver killed	Ministry of Oil official	●	11/29		Injured
Ministry of Oil official	●	10/23		Injured; driver killed	Minister of the Environment	●	12/1		One bodyguard injured
Bar Association chairman	●	10/24		Unharmed	Prosecutor	●	12/7		Killed
Mayor	●	10/25		Killed	Railroad director	●	12/7		Injured
Representative of Ayatollah al-Sistani	●	10/25		Injured; son injured; two relatives killed	North Oil Company official	●	12/7		Killed
CoR employee	●	11/2		Killed	Ministry of Education IG official	●	12/11		Killed
Anbar Governor	●	11/7		Official unharmed; three bodyguards injured	HJC officials	●	12/13		Killed; several other HJC officials killed and injured
Mayor	●	11/8		Unharmed	Judge	●	12/17		Injured
Mayor		11/9		Unharmed	Judge	●	12/18		Unharmed; three others injured
Head of journalist association	●	11/14		Injured	Judge	●	12/21		Killed; several others injured
Human rights activist	●	11/20		Killed	Central Bank of Iraq official	●	12/22		Unharmed; several others injured
Telecom company director		11/20		Killed	Minister of Science and Technology	●	12/25		Unharmed; two bodyguards injured
Professor		11/20		Killed	Passport official	●	12/29		Unharmed
Youth and sports official	●	11/21		Killed; companion injured	Mayor	●	12/30		Injured; at least one other person injured
CoM official	●	11/26		Killed	Minister of Finance	●	1/1		Unharmed; several injuries reported
Mayor	●	11/26		Injured; bodyguard killed					

Continued in next column

Figure VII.5: Major Acts of Violence and Targeted Killings – Part Three

SIGNIFICANT SECURITY INCIDENTS, 10/12/2011–1/15/2012

10/12
Multiple bombings in Baghdad kill at least 28 and injure dozens more

10/27
2 bombings in Baghdad kill more than 30 and injure more than 70

11/19
Attack on a checkpoint in Ramadi kills 5 police officers and injures several more

11/18
Bombing north of Falluja kills 5 and injures 3

11/24
Bombing in Basrah kills 50 and injures more than 50 others

11/26
Multiple bombings in Baghdad kill 7 and injure more than 25

11/28
Car bomb detonates near a prison in Taji, killing at least 11 and injuring more than 25

12/1
Car bomb kills 9 and injures more than 20 in northern Diyala province

12/5
Multiple bombings targeting Shia pilgrims in Kerbala kill at least 20 and injure dozens more

12/22
Multiple bombings in Baghdad kill more than 60 and injure almost 200

12/26
Car bomb outside MOI headquarters in Baghdad kills at least 4 and injures almost 40

1/5
Multiple bombings targeting Shia pilgrims in Nassiriya and Shia neighborhoods in Baghdad kill more than 60 and injure more than 100

1/14
Bombing targeting Shia pilgrims in Basrah kills at least 50 and injures more than 130

1/15
Multiple attacks in Ramadi, including the bombing and storming of a police headquarters, kill at least 7 and injure more than 20

Note: All casualty data based on best-available information at time of publication.

Source: SIGIR analysis of open-source documents in Arabic and English, 10/2011–1/2012.

Security
Average Daily Security Incidents, by Week (10/2010–12/2011)

Sources: SIGIR, Quarterly Report, January 30, 2012, pp. 8, 18, 66-67

Figure VII.6: Attacks on Iraqi Security Forces and Sons of Iraq

SOI & FAMILY, IRAQI POLICE, AND IRAQI ARMY
CASUALTIES, 10/2011–12/2011
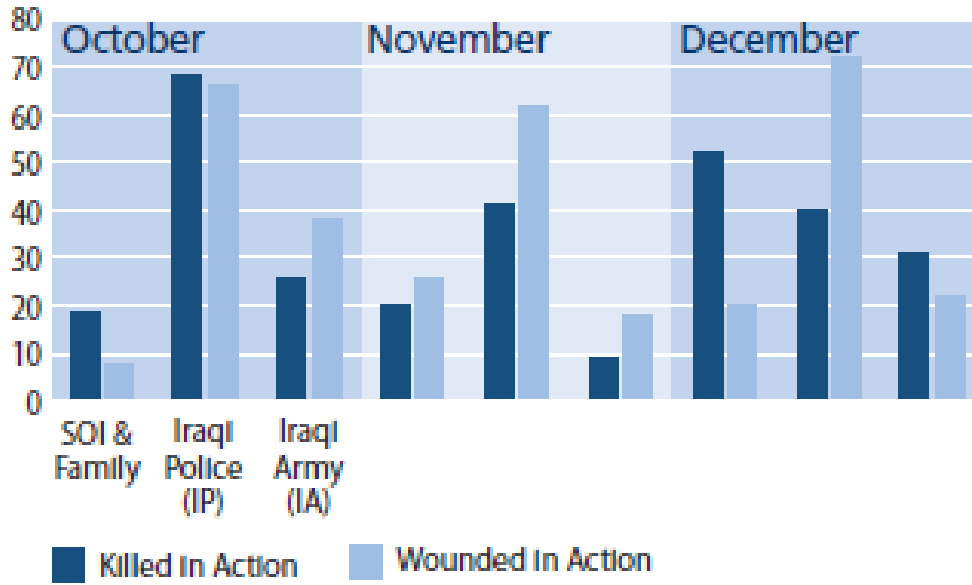
Source: GOI, MOI, information provided to SIGIR, 1/22/2012.

Sources: SIGIR, Quarterly Report, January 30, 2012, p. 68

The Continuing role of Violent Extremist Groups

Despite signs that certain insurgent groups may be ready to lay down their arms in exchange for becoming legitimate participants in the political process, the circumstances on the ground demonstrate that most groups remain committed to using violence to achieve their goals. These include the following rival ethnic and sectarian factions that account for most of Iraq's devastating violence.[112]

- **Al Qa'ida in Iraq**: Since 2010, terrorist attacks have primarily targeted Iraqi security forces and government officials, but they have also been aimed at stirring ethnic tensions. AQI has been operating primarily in regions with majority Sunni Arab populations, particularly focusing its efforts in and around Baghdad and Ninewa, but appears unable to command territory or population centers. The degradation of AQI's capacities is expected to continue under the pressure of an ISF now more capable of targeting, capturing, and detaining terrorists and disrupting their networks. However, according to DoS, AQI has adapted to the changing security conditions and remains capable of coordinated mass-casualty attacks and assassinations. AQI will likely attempt to exploit widening political rifts that occur along sectarian lines.

- Other Sunni terrorist groups remain active as well. **Ansar al-Islam**, with both Kurd and Arab membership, operates in northern Iraq. The group has claimed responsibility for the second-largest number of Sunni terrorist attacks in Iraq (behind only AQI). Another group operating in northern and central Iraq, the Jayish **Rijal al-Tariq al-Naqshabandi**, emphasizes what it claims to be the religious justifications for its attacks. Shi'a extremist groups – backed by Iranian funding, training, and weapons – also present a threat to Iraqi and US military forces. DoS reported that attacks by these groups have decreased this year, but their Iranian-supported networks continued to operate throughout Iraq's southern provinces.

- Shi'a militias in Iraq **Jayish al-Mahdi** (JAM) and its successor, the **Promised Day Brigade,** are the militant am of the Sadrist movement led by cleric Moqtada al-Sadr. Since the militia's inception in 2003, JAM has engaged in countless attacks on US forces, Iraqi forces, and Sunni civilians. The group was responsible for some of the most gruesome sectarian violence in Iraq. Early in 2007, at the beginning of the US military surge, al-Sadr ordered his followers to stand down, and shortly thereafter, he left for Iran. Following the military campaign in Basra, Sadr City, and al-Amarah in the spring of 2008, al-Sadr disbanded his militia. Several months later, he announced the transition of his movement into a non-violent organization called the Munahidoon, but he maintained a small group of Iranian-supported militants called the Promised Day Brigade.

- **Assaib Ahl al-Haq** (AAH, or League of the Righteous): Having emerged in 2006, AAH is led by Qais Khazali, who broke with al-Sadr and was officially named the leader of the Iranian backed AAH. Khazali's fighters traveled to Iran for special training by the Revolutionary Guards and members of the Lebanese Hezbullah. They received four to six weeks of training in the camps in the use of mortars, rockets, sniper tactics, intelligence gathering, kidnapping operations, and explosively formed penetrators. AAH conducted attacks on Coalition forces from as early as the summer of 2006 and continues intermittently, also engaging in kidnappings and sectarian attacks. In early 2012, Maliki allowed AAH into the political arena, stating they had renounced violence and were therefore welcome. AAH also serves as a potential counter weight to a loss in confidence of Maliki across the political spectrum.

- **Kata'ib Hezbullah** (KH, or the Hezbullah Brigades) Active in Iraq since 2007, KH operates mainly in Shi'a areas of Baghdad, such as Sadr City, and throughout southern Iraq. Like AAH and the Promise Day Brigade, it is supported by Iran. KH is independent from Moqtada al-Sadr and has operated separately since its inception, albeit with some cooperation and operational overlap. Since 2007, KH members have conducted multiple attacks against US forces using rocket-propelled grenades and improvised rocket-assisted mortars. Since the beginning of 2011, the majority of Iranian-backed attacks have occurred in southern Iraq, with sporadic incidents taking place in northern provinces and in Baghdad. Toward the end of the quarter, Iran-sponsored attacks in northern provinces appeared to be subsiding, although USF-I officials reported that these networks still possess the capacity to conduct operations

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Polls Show Growing PopularFears and Disastisfaction

Moreover, Iraqis have less and less faith in their security and the future. The January 2012 Quarterly report of the Special Inspector General for Iraqi Reconstruction notes that,

> The results of two surveys, both taken in 2011 before the final drawdown of U.S. troops, portray a relatively high level of discontent among the people of Iraq. One survey found that 25% of the 1,000 Iraqis interviewed in September considered themselves to be "suffering" (as opposed to "thriving" or "struggling"), up from 14% less than a year earlier. According to Gallup, the percentage of Iraqis who rate their lives this poorly is among the highest in the Middle East and North Africa region. The percentage that said they were "thriving"—just 7%—is among the lowest in the region. The number of Iraqis who reported experiencing stress during much of the day preceding their survey doubled between June 2008 and September 2011, rising from 34% to 70%. The percentage experiencing anger increased from 38% to 60%over the same period.2

> Earlier in the year, a more comprehensive survey of the 28,875 Iraqi households provided additional details on specific areas of concern. The Iraq Knowledge Network (IKN) survey is part of a socioeconomic monitoring system being developed by the Iraqi Ministry of Planning and Development Cooperation (MoPDC). Its aim is to provide reliable data for planning and improving government services. Partial results of the survey were released in December and included the following:

> - Almost 8 out of 10 households rated electricity service as "bad" or "very bad," and 6 out of 10 rated their sanitation facilities in one of those categories.

> - 57% of adults (age 15 and older) said they were neither working nor looking for work.

> - More than half felt that corruption had become more prevalent in the previous two years. A different type of survey, this one conducted in 2011 by New York-based consulting firm Mercer, rated the quality of living and personal safety in 221 cities around the world. Baghdad ranked last in both categories. The survey weighed the political, social, and economic environment along with housing, schools, public services, health care, and climate in determining its calculation, describing the Iraqi capital as "the world's least safe city."

The trends involved are shown in **Figure VII.7**

Figure VII.7: Percentages of Iraqis Who Say They Are "Suffering" or "Thriving"
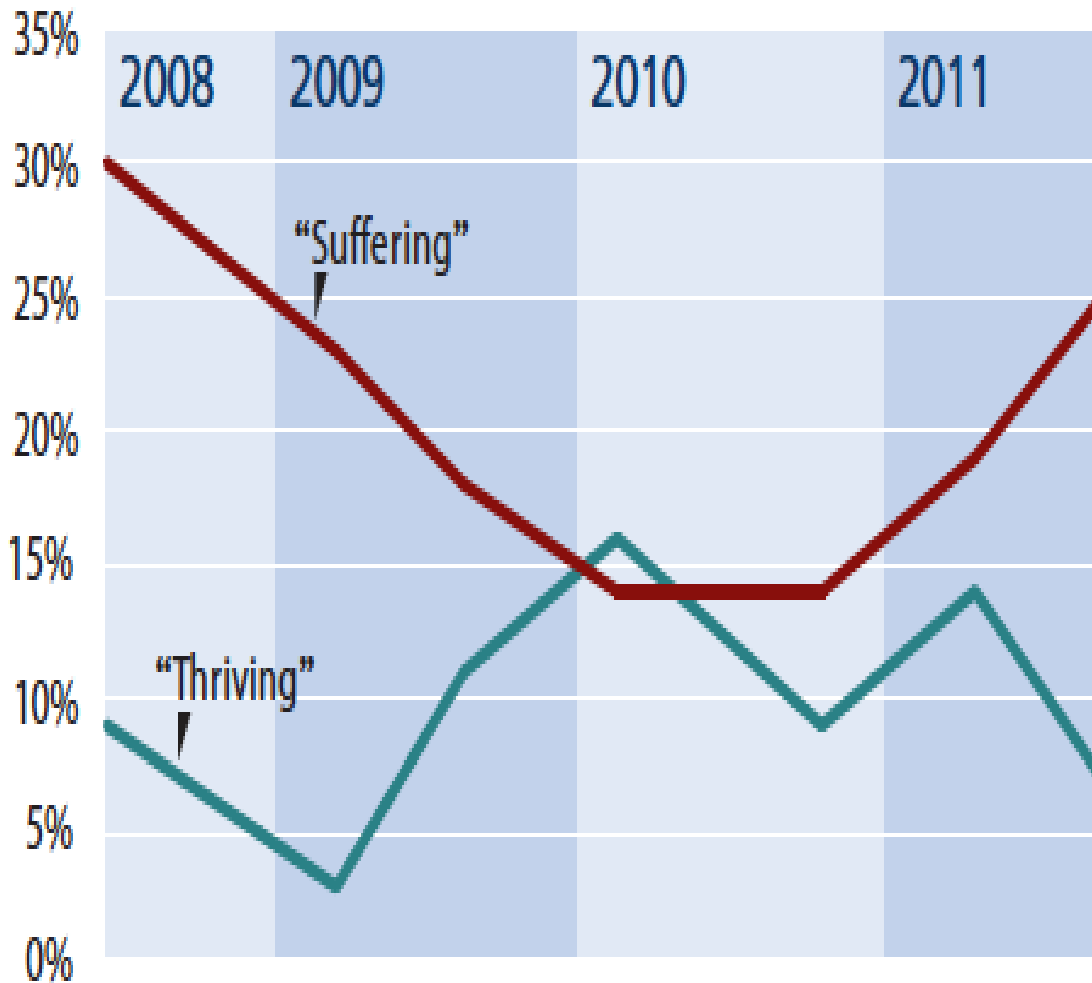
Note: Survey was taken of Iraqi adults (age 15 and older).

Source: Stafford Nichols, Gallup, "'Suffering' in Iraq Highest Since 2008," 1/9/2012, www.gallup.com/poll/151940/Suffering-Iraq-Highest-2008.aspx, accessed 1/12/2011

Competition for the Shi'ites

Iran and the US compete for Shi'ite support on many levels. Iran continues to provide both overt and covert support to various Shi'ite groups in Iraq, while many Iraqi Shi'ites have openly express their gratitude. In the initial period after the US invasion, Shi'ites in the Governing Council praised Iran's role in Iraq, particularly for harboring the opposition prior to 2003.[113] Sayyid Abd el-Aziz al-Hakim of SCIRI even suggested Iraq pay reparations to Iran for the Iran-Iraq War.[114] As sectarian violence, political infighting, and economic hardship have ebbed and flowed, Iran has maintain its influence through close ties to Iraqi Shi'ites.

The US, in turn, has sought to limit Iranian influence by focusing Shi'ite parties on security and governance, while persuading Iraq's Shi'ites to move toward conciliation with its Sunnis and Kurds through a national and independent government.[115] The US has had some success in meeting these goals, but the 2003 invasion reopened linkages between Iran and Iraq that Iraqi Shi'ites rely on at critical junctions. Previously, Ba'athist rule suppressed open cultural connections to Persian culture and Iran.[116] Iraqi Shi'ites lost contact with relatives in Iran, and some Iraqis even received financial incentives to divorce their spouses if they were suspected of having Persian ancestry.[117] Some urban Iraqi Arab Shi'ites stopped celebrating Nowruz, the Iranian New Year, though Kurds continued to celebrate it.[118]

This situation changed quickly in Iraq's Shi'ite-dominated areas following the invasion, and movement across the Iran-Iraq border became easier. Iranian religious books in Arabic began to replace those from Lebanon and Egypt, and the Iranian government sponsored popular book fairs at Baghdad universities.[119] At the same time, even independent Iraqi clerics like Grand Ayatollah Sistani benefitted from Iranian knowledge of media and the Internet, which expanded the distribution of their work.[120] Moreover, Iranian and Iraqi ties built upon the fact that some senior commanders in the Iranian Revolutionary Guards Corps, members of the Iranian judiciary, and other Iranian leaders were born in Iraq, in addition to some Iraqi expatriate businessmen being based in Iran.[121]

Iran has been able to extend broad support to Shi'ite Islamic groups. In 2005, the London Times identified eight significant Islamic groups with Iranian ties: the Badr Brigades, the Dawa Party, the Mahdi Army, the Mujahedin for Islamic Revolution in Iraq, Thar Allah (Vengeance of God), the Jamaat al-Fudalah (Group of the Virtuous), al-Fadilah (Morality), and al-Quawaid al-Islamiya (Islamic Bases).[122] One estimate placed the amount of Iranian aid per month to Shi'ite militias like the Mahdi Army at $3 million in 2009.[123] In 2006, Iranian and Iraqi Shi'ite interests aligned to an even greater degree against Sunni resumption of power in Iraq. Clerics were mainly silent about Iran's role in Iraq, while Iranians continued to visit Shi'ite holy sites in Najaf and Karbala, and trade boomed between the two countries.

Competition for Religious Influence

Iran's ability to compete with the US in Iraq is limited by the fact that tensions between Iranians and Iraqi Shi'ites continue to exist. Iraqis – including Iraqi Shi'ites – have not forgotten that the two countries fought an eight-year war that involved trench warfare, human wave attacks, mustard gas, over a million deaths, and millions more wounded and displaced.[124] Relations between Iraqi exile groups in Iran and the Iranian regime before the US invasion were fraught with tensions and resentments.

Iran also had to contend with the power of Iraq's Shi'ite leader Grand Ayatollah al-Sistani, in spite of the fact he was born in Iran and is said to speak Arabic with a Persian accent.[125] Like many other Iraqi clerics, Sistani belongs to the "quietest" trend of Shi'ite Islam, tending to separate the religious from the political. However, he faces competition from other Shi'ite religious leaders who want to see closer integration between religion and politics, including Kazim al-Haeri of Qom, who would be a leading replacement for Iraq's Shi'ite community if anything were to happen to al-Sistani.[126]

Sistani and most Iraqi Shi'ites do not accept the Iranian Ayatollah as a Supreme Leader of the world's Shi'ites. Sistani rejects the religious legitimacy of a velayat-e faqih, or supreme religious leader, much less the religious authority of Iran's Ayatollah Ali Khamenei.[127] One Shi'ite cleric, Sayyid Iyad Jamaluddin, who later joined Allawi's list in the December 2005 elections, argued "The leadership of the jurist as in Iran is unique in the history of the Shi'a sect…Ayatollah Khomeini did not rely on specific religious texts to implement the doctrine of the rule of the jurist."[128] Most Shi'ite parties no longer even support the idea of a theocratic state, though there was some support from Shi'ite quarters for an Islamic state when Iraq's leaders initially drafted its constitution.[129] In 2004, Sistani criticized Iran's strategy of what some call "managed chaos":[130][131]

> "Iran's policy in Iraq is 100 percent wrong. In trying to keep the Americans busy they have furthered the suffering or ordinary Iraqis…We are not asking them to help the Americans, but what they are doing is not in the interests of the Iraqi people; it is making things worse. We [Iranians] have lost the trust of the Iraqi people [Mardom-e Aragh az dast dadeem]."

Sistani has also often used his moral authority to reduce violence in Iraq and bridge Sunni-Shi'ite and Arab-Kurd tensions that Iran has at times sought to exploit against the US. In 2004, for example, he struck a deal to end a bloody three-week siege of Najaf's Imam Ali shrine between Moqtada al-Sadr and the Iyad Allawi's government.[132]

Iraq's Shi'ite religious leaders may have ties to their counterparts in Iran, but most remain their own masters. Sistani has always pursued his own agenda, sometimes to the benefit of US interests in Iraq and sometimes not. It was Sistani's nod of approval that allowed the US to delay Iraq's first elections with minimal unrest.[133] According to a leaked State Department memo, Sistani's "domineering authority and religious credibility" is Iran's "greatest political roadblock."[134]

These differences must be kept in perspective. The relationships between Iranian and Iraqi Shi'ites is far more complex than one where Sistani and the Najaf hierarchy are polar opposites to Iranian clerics, as some proponents of the Iraq War suggested they would be.[135] Iran has also made headway with at least some Iraqi Shi'ite clerics that are not Sadrists. A State Department source claimed that Sistani prevents Iranian students from enrolling in the religious seminary, or the howzeh, to curb Iranian infiltration; however, according to State Department cables, other imams are "'in the pocket of the Iranians', despite their proclaimed loyalties to Sistani."[136]

Furthermore, Sistani has long supported Shi'ite unity and has opposed blocs that would cut across sectarian lines. Sistani allegedly opposed the United Iraqi Alliance's plans to ally with Kurds and Sunnis in 2006.[137] In February 2012, amidst the post-US withdrawal political crisis, Ahmed al-Safi, who often speaks for Grand Sistani, said that the cleric believed that Iraq's leaders were taking the country "into the unknown," and "politicians must work fast and make concessions to solve the crisis."[138]

Nevertheless, most Iraqi Arabs remain Iraqis first rather than Shi'ites or Sunnis. Polls since 2003 have repeatedly shown that most Iraqi Arabs – Sunni and Shi'ite – see themselves as Iraqi and Arab, although the situation with Shi'ite extremists is very different. In a poll conducted in 2008 by the Iraq Center for Research and Strategic Studies of Iraqis, 69.8% of respondents identified themselves as Iraqi before any other identity.[139]

Sistani has continued to call for national unity. In December 2011, following a series of major explosions throughout Baghdad that killed 60 and injured over 200 people, Sistani blamed Iraq's top politicians for the ongoing crisis. Speaking through his representative, Ahmed al-Safi, Iraq's top Shi'a cleric said, "The prestige of the government must be preserved ... part of its prestige is punishing abusers. People can be patient with lack of electricity, or lack of services, but not blood. They cannot be patient over their blood. Why don't you exert your efforts to preserve the blood of these people?"[140] In February 2012, after reports that Turkey would host a conference to promote confidence and dialogue between Iraq's leaders, Grand Ayatollah Sistani agreed to send a representative to Turkey to head the Shi'a delegation.[141]

Maliki's Role in US and Iranian Competition

Prime Minister Nouri al-Maliki's personal and political relationship with Iran has a long and complicated history, and one that illustrates the complex relationship between Iraq's Shi'ite leaders and those of Iran. Maliki fled to Iran in 1979, where he and the Dawa Party were granted space for a rebel training camp.[142] However, tensions between Dawa and the Iranian government culminated in Iran's initiative in 1982 to organize the Shi'ite resistance in the form of the Supreme Council for Islamic Revolution in Iraq (SCIRI), peeling away members from Dawa and turning over Dawa's training camp to SCIRI.

As a senior member of Dawa in exile in Iran, Maliki cooperated with Iran to run missions against Saddam Hussein's regime. However, Maliki chafed under his Iranian handlers and could never fully trust them. Many of those memories still rouse Maliki. On one occasion, he was told he needed to travel twelve hours to reach the one Iranian official who could grant him a travel permit he needed, only to have the official reject his request.[143] On another occasion, Maliki's recalls his wife giving birth in Ahwaz as the city was under threat from a Saddam bombing, and no Iranians would help him evacuate his wife.[144]

Iran played an important role in bringing together the United Iraqi Alliance, which chose Maliki as their compromise candidate for Prime Minister in May 2006 following five months of negotiations. Iran thought, as Jeffrey White, a former Defense Intelligence Agency Middle East analyst, put it, "he was weak and pliable."[145] [146] At the same time, Maliki initially faced critics who saw him as America's lackey and reportedly once told then-Ambassador Zalmay Khalilzad, "I'm a friend to the United States, but not America's man in Iraq."[147] Maliki also resisted early American requests to outlaw Shi'ite militias because he depended on their political support.[148]

Maliki also put distance between himself and the US by criticizing a US raid on Sadr City, condemning US forces and security contractors for civilian deaths,[149] and proposing amnesty and eventual political reconciliation for insurgents, even those who had killed Americans.[150] US displeasure with the amnesty proposal led to the sacking of the official in Maliki's government who had leaked the proposal.[151] Rumors began to circulate in late 2006 that the US was looking to replace the Maliki government for being weak on Shi'ite militias compared to efforts against Sunni insurgents, and its inability to rein in Shi'ite death squads within the Iraqi security forces that were feeding the sectarian civil war.[152][153]

More broadly, Maliki demonstrated that Iraqi political leaders would steadily assert their own identity. He gradually emerged as a much stronger politician than his critics (and supporters) initially assumed. He maintained close ties with both Iran and the US. He worked with ISCI and the US to combat Shi'ite militias. He battled the Sunni insurgency, convinced disenfranchised Sunnis to participate in the government, integrated militia groups into the government's security forces through the Sons of Iraq program, and won important battles against Sadr's Mahdi Army.

Maliki had to carefully balance Iraq's relationship between the United States and Iran. He depended on American forces to bring stability to Iraq, but needed to maintain an image of independence from the US. Only close cooperation could create enough stability for American forces to leave. According to some sources, Maliki was frustrated by his impression that the US was not committing enough equipment and training to Iraqi security forces, while the US was frustrated that US weapons would fall into the hands of rogue Shi'ite soldiers because Maliki had not done enough to break ties with Shi'ite militias.[154]

Maliki maintained a relationship with Tehran while he fought against Iranian weapons smuggled into Iraq and increasingly committed forces to fight the Sadrist militias who were funded by Tehran.[155] Appearing with Ahmadinejad in Tehran in August 2007, he called Iran's role in Iraq's security "positive and constructive."[156] In early 2008, he almost unilaterally shaped a major offensive against Sadr's militias and other Iranian-backed Shi'ite militias in Basra. While the success of the offensive depended on the US rapidly deploying forces and aid, it played a critical role in expanding the central government's control in Shi'ite areas and limiting Iranian influence.

By late 2008, this campaign and overall patterns in the fighting already had a major impact on the pattern of US and Iranian competition. It produced increased stability that served both Iraqi and American interests and began to create the conditions that made it possible for US forces to drawdown. This success impeded Iran's strategy of supporting unrest in Iraq, but it did not necessarily reduce Iran's political power. Iran continued to build up both its political and economic ties to a more stable Shi'ite south and its political leaders. Iran was strong enough to play a major role in shaping the creation of a compromise Iraqi government following the 2010 election, and it also played a major – if not fully understood – role in getting Sadr to throw his support behind Maliki after the 2010 elections.

The end result is an almost complete reversal of the initial judgments of Maliki. Once seen as weak, many Iraqis and international observers are concerned with Maliki's recent consolidation of power and authority in recent years. Since late 2010, Maliki has served as both acting Minister of Defense and acting Minister of Interior. Protesters, rival politicians, and journalist who speak out against corruption, lack of services, or criticize the government, have been intimidated, beaten, and detained. When tens of thousands protested in February in solidarity with the Arab uprisings elsewhere, 19 were killed and thousands more arrested. Iyad Allawi remains outside of the political system and his party has referred to Maliki as "authoritarian and despotic."[157]

As noted earlier, the signs of Maliki's increased aggressiveness and determination to marginalize political rivals are also becoming steadily more evident. Maliki's arrests of some 600 Sunnis and Ba'athists in October-December 2011 have reinforced this position, as did his calls for Sunni Deputy Prime Minister Mutlaq to be expelled from the Council of the Republic over a spat during a October 2011 cabinet meeting in Baghdad. Increasingly bold and belligerent, Maliki stormed out of that meeting threatening Multlaq, "We're coming for you and all of your people".[158]

The key sign of Maliki's authority, however, is Maliki's treatment of Vice President al-Hashemi, for whom Maliki issued an arrest warrant on charges of terrorism, causing al-Hashemi to flee to the Kurdish region, where he remains in de-facto political exile. Experts disagree on how much this has been a power grab and how much it reflects Maliki's feelings of insecurity, but it is clear that Maliki's unilateral actions have alienated Iraqi political opponents, increased tensions with the US over the failure to agree on a continued troop presence, and alienated other Arab leaders. This situation most clearly benefits Iran, who can operate more freely without US and other Arab interference, and is hardly a formula for a more unified and stable Iraq.

The Sadrists and Iran

The Sadrist faction has played a major role in the US and Iranian political competition over Iraq's Shi'ites. The Sadrs have long been a prominent family in Iraq, both for religious scholarship and their resistance against Saddam. Mohammad Baqr al-Sadr, founder of the Dawa Party in the late 1950's was hanged by Saddam Hussein in 1980. Baqr al Sadr was an ally of Ayatollah Khomeini during his years in exile in Najaf from 1964-1978.[159] Saddam Hussein also ordered the execution of Moqtada al-Sadr's father, Mohammed Sadiq al-Sadr, in 1999.[160]

Baqr al-Sadr's cousin, Moqtada al-Sadr, emerged as a key voice of Shi'ite opposition to the US after the fall of Saddam Hussein, and whose followers began attacking coalition forces in Iraq. Moqtada al-Sadr's base of support is in Sadr City, a Shi'ite neighborhood in Baghdad, and encompasses mainly lower-class Iraqi Shi'ites.[161] His Mahdi Army, 60,000-strong in 2003,[162] relied on Iranian funding and arms through Iran's Qods Force. Sadr used the Mahdi Army to challenge the US occupation and attack Sunnis between 2004 and 2008.

The Mahdi Army attacks on US troops were serious enough by 2004 to threaten postponement of the 2005 elections.[163] This could have produced a level of instability and division between Shi'ite factions that did not serve either Iranian or US interests. Iran pressured Sadr into a ceasefire, and the elections proceeded in 2005 as scheduled, bringing to power an Iran-friendly coalition of the United Iraqi Alliance, the PUK, and the KDP.[164] The end result helped both Iran and Sadr. The Sadrist Trend won 30 seats in the December 2005 elections, the largest group in the United Iraqi Alliance, which was the largest bloc with 128 seats.[165]

Sadr, in turn, maintained links to Iran, and Iran to Sadr and Iraq. In 2006, Sadr pledged to support Iran if it were attacked.[166] At the same time, Sadr had problems in maintaining his political position, personal security, and controlling his militia and followers. The Mahdi Army's killings of Sunnis increased, especially after the February 2006 bombing of the Al Askari Mosque;[167] a Shi'ite mosque in Samarra built in 944 C.E. where Shi'ites believe the 12th Imam hid, marking the first time a religious site was targeted in Iraq after the invasion.[168] Although Sadr was the formal leader of the Mahdi Army, he was not completely in control of violence committed by his loyalists. On October 27, 2006, his deputy denounced the dissidents as "people who violated and stood against the wise and honorable leadership."[169]

In early 2007, Sadr fled to Iran,[170] fearing arrest by the Iraqi government or Coalition forces, as well as various assassination threats. In Iran, he purportedly split his time between living in Tehran and studying at an Islamic seminary in Qom, where he would boost his clerical standing.[171]

Shifts also took place in 2007 that limited both Sadr and Iran's influence. Maliki had initially prevented the US from forcefully attacking Sadr's Mahdi Army in order to maintain the Shi'ite political alliance that Iran had played a role in creating.[172] In 2007, that alliance broke down and the US launched a "surge" that targeted both Sunni and Shi'ite extremes.[173] This was a major factor in Sadr's declaration of a ceasefire in August 2007 and helped lower the level of violence in Iraq.[174] Maliki, SCIRI, and government forces cooperated with the US to combat Sadr's Mahdi Army, which was suffering backlash from Iraqi Shi'ites, especially after it took over Karbala's religious sites.[175]

Another major turning point in the power struggle between Sadr and Maliki occurred in 2008, when Maliki retook Basra from the Sadrists using government forces, Badr fighters, and SCIRI loyalists in "Operation Charge of the Knights".[176][177] During the Battle of Basra, Iraqi security forces recovered weapons from Sadrists marked "Made in Iran."[178] Iran played an integral role in the ceasefire reached between Sadr and government forces.[179] Sadr's defeat in the Battle of Basra helped bring stability, while it shifted the power balance among Iran's allies. Iran took advantage of the subsequent fracturing of Moqtada al-Sadr's Mahdi Army into Special Groups to increase its influence across these more independent Shi'ite groups.

Sadr's faction failed to win outright control of any province in the 2009 provincial elections. However, it gained several key appointments in southern Iraq through post-election deal making. Sadr did, however, come to benefit from the broad perception on the part of Iraq's Shi'ites and others that SCIRI and other more moderate Shi'ite parties failed to govern effectively, were often corrupt, and served their own interests.

The 2010 parliamentary elections took a striking anti-incumbent course, greatly diminishing the strength of other Shi'ite parties. The Sadrist Movement, as part of the Iraqi National Alliance, won 70 seats, compared to Iraqiya's 91 and State of the Law's 89. After eight months of deadlock following the elections, Iran likely brokered the deal that brought Sadr and Maliki together to represent a majority bloc. However, the "Irbil Agreement" reached in November 2010, which preceded the formation of the Iraqi government, was pushed by US diplomats and did not give any concessions to Sadr.[180]

The Sadrist faction gained control over several ministries, although this my ultimately lead Iraqi voters to hold them responsible for some of Iraq's on-going problems. This included appointments to several service-related ministries, including Housing and Construction, Labor and Social Affairs, and Water Resources, making it difficult for Sadr to indiscriminately blame outside actors for Iraq's problems. [181]As of November 2011, Sadrist also chaired the Integrity Committee, Public Works, and the key post of Minister of Planning and Development Coordination.

Sadr returned to Iraq in January 2011, after almost four years of self-imposed exile in Iran. Many hailed his return as a sign of strength and a new era in Iraqi politics. However, threats to his safety again cropped up in 2011, this time from a Mahdi Army splinter group known as Asaib al-Haq. Sadr returned to Iran just two weeks after his initial return to Iraq.[182] In July 2011, the US accused Sadr's militias for the elevated level of US troop deaths in June 2011. The officials also accused Iran of arming the militias with upgraded rocket-propelled munitions, possibly in an effort to ensure a full US withdrawal and to claim credit for forcing that withdrawal.[183]

Sadr remains adamant that US troops should withdraw by the December 2011 deadline and threatened to reinstate his Mahdi Army if this deadline was not met.[184] In May of 2011, Maliki

called on Sadr to accept an extension of US troops in the country if it was backed by a solid majority of Iraqi political parties, the possible result of several high-level US visits with Iraqi leaders in 2011 urging Iraq to make such a request.[185] Maliki stated a request might be made if there were a "consensus" among political blocs, which could be achieved without Sadr's support.[186]

In a May 13, 2011 sermon, Sadr hinted that he might retract the withdrawal demand if a consensus was formed among Iraqi people that US troops should stay. Sadr stated, "The matter of the lifting of the freezing of the Mahdi Army is connected to the public and political agreement among Iraqis."[187] However, two week after this sermon, Sadr supporters held a massive march to demand US troops leave on scheduled,[188] and on August 9, 2011, Sadr again threatened direct retaliation against any US troops remaining past the deadline,[189] including those used to train Iraqi forces.[190]

In September 2011, Sadr suspended his attacks on the US and other targets, stating, "Out of my desire to complete Iraq's independence and finish the withdrawal of the occupation forces from our holy lands, I am obliged to halt military operations of the honest resistance until the withdrawal of the occupation forces is complete," but went on to state that, "if the withdrawal doesn't happen…military operations will be resumed in a new and tougher way."[191] How Sadr reacts to a limited US advisory presence is a critical aspect of future US-Iranian competition.

Sadr continues to be a major barrier to any meaningful implementation of the Strategic Framework Agreement. In February 2012, Sadr commented that the US had not sufficiently left Iraq following two episodes, one involving four armed Americans in Baghdad believed to be CIA operatives and another involving a US helicopter that made an emergency landing just outside of Baghdad. Sadr stated that the US has failed to "disarm." He also posted a statement saying, "I ask the competent authorities in Iraq to open an embassy in Washington, equivalent to the size of the U.S. Embassy in Iraq, in order to maintain the prestige of Iraq."[192]

Sadr also remains a pivotal player in Iraqi politics, especially since his return to Iraq. Sadr's relevance was demonstrated as recently as January 2012, when visiting Turkish Foreign Minister Ahmed Davutoglu met with him amidst accusations by Maliki of Turkish meddling and support of Sunni factions.[193] As a supporter of Iraqi unity, Sadr is a critical component of Maliki's legitimacy and further distancing between the two would undermine Maliki's authority. Still, in December 2011, pro-Sadrist politicians supported dissolving the Parliament and holding new elections, and Sadr's officially disbanded Mahdi Army occasionally threatens to rearm and remobilize .

Moqtada al-Sadr's also called Maliki a dictator, suggesting that he now intended to distance himself from the Prime Minister, or at least oppose Maliki's centralization of power. In February 2012, Sadr stated that "The dictator of the government is trying to make all the accomplishments as if they were his accomplishments…"[194] Sadr's influence also reaches beyond his own supporters. Members of Iraq's al-Ahrar bloc revealed in February 2012 that members of the Financial Committee in Parliament promised to include the demands of the Sadrists in the 2012 budget law draft.[195]

Sadr also has important options. He could attempt a Sadrist break with Maliki that attempted to bring Maliki's government down; launch an attempt by the Sadr faction to position itself as a peacemaker and power broker; launch an attempt at increasing the Sadr factions power using its splinter organization, AAH, join the broader political sphere; or simply exploit populist opinion

to build up his power while his rivals are tied down in power struggles over control of the government.

SCIRI/ISCI

The Islamic Supreme Council of Iraq (ISCI), formerly known as the Supreme Council for Islamic Revolution in Iraq (SCIRI), has strong ties to Iran that began with SCIRI's refuge in Iran during the Saddam Hussein era. ISCI's originally followed the vilayet-e faqih and the Iranian Ayatollah, while the Iranian Revolutionary Guard Corps trained and staffed its 15,000-member militia, now called the Badr Organization,[196] during the Iran-Iraq War.[197][198] US intelligence officials claim that members of SCIRI were closely tied to Iranian intelligence during the period immediately after the invasion and that the group was heavily funded by Iran.[199] ISCI also served to bolster Iran's influence in Iraq through ISCI member Bayan Jabr's tenure as Minister of Interior, when he inserted the Badr Brigade into the Iraqi Security Forces.[200]

The leadership of ISCI has, however, undergone many changes over the years and has been more independent of Iran than these initial US assessments indicate. Mohsen Hakim was the foremost Shi'ite leader in the world from 1955 to 1970[201] and his sons Ayatollah Sayed Mohammed Baqir al-Hakim and Ayatollah Sayed Mohammed Baqir al-Sadr were among the founders of SCIRI.[202] Sayed Baqir al-Hakim was his father's representative and eventually worked with Sayed Baqir al-Sadr to establish the Islamic Movement, a political group opposed to the Ba'athists.[203] Baqir al-Hakim was arrested and tortured in 1972, and re-arrested in 1977.[204] He was eventually released in 1979, but in 1980 fled to Iran, shortly after his brother Baqir al-Sadr was assassinated by Saddam's regime.

Sayed Baqir al-Hakim played an important role in forming SCIRI in 1982 while in Iran during the Iran-Iraq War.[205] The next year, Saddam's regime arrested 125 members of his family;[206] his brother Mahdi Al-Hakim was assassinated in Sudan in 1988.[207] In 1991, ISCI led a failed Shi'ite uprising against Saddam Hussein.[208] Over the years, the Hakim family claims over 60 members of the family were killed by the Saddam regime.[209] Sayed Baqir al-Hakim rose in the ranks of Iraqi Shi'ite leadership, and in 2003, he became a grand ayatollah and the marja'a ala, the leading Shi'ite cleric.[210] In his speech after his return to post-invasion Iraq, he thanked Iran for its help and condemned the American occupation.[211] However, he later participated in the new Coalition-supported Iraqi government and claimed to support separation of church and state.[212]

In August 2003, Sayed Baqir al-Hakim and about 75 others died in a car bomb attack on the Imam Ali Mosque, Shi'ite Islam's holiest mosque.[213] Baqir al-Hakim's brother, Abdel Aziz al-Hakim, took over the leadership of SCIRI. Despite Abdel Aziz Hakim's connections to Iran, he reformed the organization and even built a relationship with President George W. Bush.[214] He also changed the movement's name from SCIRI to the Islamic Supreme Council of Iraq (ISCI), removing the word "Revolutionary," which ISCI officials said was in reference to the Saddam Hussein regime.[215] That same year, ISCI distanced itself from Iran by stating that it would place more importance on the leadership of Iraq's Grand Ayatollah Ali Sistani.

Under Aziz al-Hakim's leadership, ISCI pushed for greater decentralization and for a period advocated the creation of an autonomous region of nine Shi'ite-majority provinces, much like the Kurdistan Region.[216] In 2008, al-Hakim collaborated with Maliki in getting the Iraqi Army and ISCI's Badr Organization to cooperate in fighting against Moqtada al-Sadr's Mahdi Army in Basra. The resulting victory strengthened Maliki's hand in security and was a turning point in the civil war.[217]

Since that time, the Hakim faction and SCIRI have lost a significant amount of their influence and power. In 2007, Abdel Aziz al-Hakim, formerly a heavy smoker, was diagnosed with lung cancer in Houston and went to Iran for treatment.[218] He died in August 2009.[219] Ammar al-Hakim followed in his father's footsteps to take over the formal leadership of ISCI.

This was followed by sharply diminished support for ISCI in the elections that followed. The provincial power law of 2008 enacted prior to the 2009 provincial elections favored the ISCI's desire to decentralize power. However, splits among Shi'ite factions contributed to major losses for ISCI in the 2009 elections, including in Baghdad, Najaf, and Basra.[220] ISCI joined with the Sadrists, the Iraqi National Congress, and other groups in the Iraqi National Alliance, to win 70 seats in the March 2010 elections. However, ISCI placed a disappointing third after Iraqiya and State of Law.

This may explain why Ammar al-Hakim traveled to Iran in April of 2010. ISCI agreed to accept Iraqiya's inclusion in the government. Iran simultaneously echoed this public support, which was considered as a possible calculation by Iran that its interests were best served through stability.[221] The ISCI's continued reluctance to support Maliki as prime minister contributed to the long impasse that followed. However, Ammar al-Hakim was among Iraq's leaders that supported the Irbil Agreement that brokered the impasse with the help of US diplomats.[222]

In spite of its losses in the 2010 election, ISCI remains a powerful Shi'ite group in Iraq. It is also one that still seems to have strong ties to Iran, although such information is dated. According to a State Department memo released by Wikileaks in November 2009, Iran provides an estimated $70 million to ISCI each year.[223] Ammar al-Hakim consistently rejected the idea of extending the US troop presence past the December 2011 deadline. In addition, ISCI has staunchly opposed the dissolution of parliament that has broader support following the post-withdrawal political tension.

Competition for the Kurds

The Kurds are tied far more to the US than to Iran – which has ruthlessly repressed its own Kurds in the past. Under the Shah, Iran supported Iraqi Kurd's fight against Saddam as a way of putting pressure on Saddam concerning Iran-Iraq border issues and control of the Shatt al-Arab. The Khomeini government, however, ruthlessly suppressed Kurdish independence movements during the Iran-Iran War. Iran has maintained offices in Irbil and Sulaimaniya since the Kurdish security zone was established in 1992.[224]

At the beginning of the Iraq War in 2003, Iran maintained relatively good relations with the Patriotic Union of Kurdistan (PUK) and Kurdistan Democratic Party (KDP).[225] However, Iran's internal Kurdish problem has continued to complicate its relationship with Iraqi Kurds. Like Syria and Turkey, Iran does not want to see Kurdish independence and wants to limit Iraqi Kurdish influence. Meanwhile, President Jalal Talibani, a Kurd, has spoken out against Iran's regional influence.[226]

A leaked State Department cable suggests that Iran may have tried to give indirect financial assistance to Gorran, a small Kurdish group that ran in the March 2010 elections, by funding the Jaff tribe, the largest Kurdish tribe in Iraq, some of whom are members of Gorran.[227] Stephen Zunes, who chairs the Middle Eastern studies program at the University of San Francisco, suggests that this may be because Iran saw Talibani as inching too close to the US.[228]

As with Azeris and Baluchis, the United States has worked with Kurds to limit Iranian influence and help them resist Iranian pressure. Tensions exist between Iran and the Kurds namely because Iraqi Kurdistan gives sanctuary to the Kurdish resistance group Party for a Free Life in Kurdistan (PEJAK), which has carried out successful attacks on Iran.[229]

Iran also accused the United States of funding PEJAK.[230] In retaliation, Iran has carried out limited operations against Kurdish opposition groups inside the Iraqi border.[231] After a bombing in Iran killed 10 civilians in late 2010, Iran publicly announced that it had carried out an anti-terrorist operation in Iraq that Kurdish leaders denied took place.[232] In August 2011, Iran again shelled PJAK targets in northern Iraq, spawning Kurdish President Talabani's request in front of the UN General Assembly in September that both Turkey and Iran stop bombing Iraqi territories in the Kurdistan region, saying it caused innocent civilian deaths.[233]

Arab-Kurd tensions in northern Iraq are still a major concern. Land disputes over the oil-rich area continue without proper attention from Baghdad. Tensions between Kurdish fighters and the Iraqi Army remain high despite US-led programs to encourage collaboration. In November 2011, a standoff occurred between the two sides as the Iraqi Army attempted to assume control over a US base in Kirkuk due to be transferred in the coming weeks. A compromise was negotiated, though details of the incident highlight the mistrust Kurds have for Baghdad and the measures Maliki may consider simply to showcase his control.[234]

Kurdish support for Vice President Hashemi may jeopardizes the tenuous relationship between the KRG and Baghdad. This is particularly the case since al-Hashemi fled to the Kurdish region to escape accusations by Maliki of running a sectarian death squad. Tensions are further threatened by Maliki's threats to withhold funds from the Kurdistan Regional Government, and to fire Babakir Zebari, the Kurdish chief of staff of the Iraqi Army, in response to Kurdish sheltering of al-Hashemi.[235]

Moreover, it should be noted that the Kurdish zone no longer will receive massive outside aid and that more than 70% economy depends almost completely on the 17% it receives of Iraqi national oil export revenues. The Kurdish zone can only produce a maximum of some 175,000 bpd, although this may rise to 250,000 bpd. It only actually produces some 70,000 bpd some months – smuggling the oil by truck through Turkey and Iran, since the KRG has no legal right to export oil on its own and does not control any export pipeline.

It is under the control of a corrupt political elite centered around Massoud Barzani – the president of the Kurdish Region and the leader of the Kurdistan Democratic Party (KDP) – and Jalal Talibani – the sixth and current President of Iraq and founder and secretary general of one of the main Kurdish political parties, the Patriotic Union of Kurdistan (PUK). Until it can find some legal way to both develop its oil reserves and export oil, the Kurdish zone will be an increasingly fragile and more dependent economy ruled by two parties that preserve the faced of democracy, but not the substance.

Competition for the Sunnis

Like the Kurds, Iraqi Arab Sunnis now have strong incentives to support the US rather than Iran, and do so in spite of the tensions that followed the US invasion in 2003. Former Prime Minister Iyad Allawi, though a Shi'ite, has strong ties with Sunnis and has often criticized Iran for interfering in Iraq. When he rose to power in post-invasion Iraq, he was supported by Jordan, Egypt, the UAE, Qatar and Rafik Hariri in Lebanon.[236]

Ali A. Allawi – the political leader whose colation won the most votes in the 2010 election and who served as an Iraqi political advisor, former Minister of Defense, and former Minister of Finance-- has since argued in *The Occupation of Iraq* that the underlying objective of the Interim Government was to limit Iran's influence in Iraq prior to the 2005 election, which would likely see increased Iranian influence and domination by Iraqi Shi'ites.[237]

As long as Allawi was the head of the Interim Government, the US and regional Arab states had an ally in place who would limit religious Shi'ite power in the government.[238] The UAE and Qatar supported the Interim Government and voiced support for Allawi again when he ran in January 2005.[239] As the 2005 elections approached, Allawi's Minister of Defense, Hazem Sha'alan, denounced Iran by calling it "Iraq's number one enemy" and accused Iran of seizing border posts, sending spies into Iraq, and infiltrating the Iraqi government.[240] Iran's support for Shi'ite militia groups who targeted Sunnis further deepened Sunni mistrust of Iran.

The low turnout of Sunnis brought the legitimacy of the January 2005 elections into question and sharply undercut the viability of American efforts in Iraq by giving Iran more influence in the government. This situation eased, however, as the December 2005 elections approached, which saw a rise in Sunni voter participation. Sunni leaders again criticized Iranian influence in the election, such as Interim President Ghazi al-Yawer, and the possibility of a religious state working in Iraq.[241] However, in both sets of 2005 elections Sunnis did not fare well.

A key turning point occurred in 2008 when Sunnis turned on al-Qa'ida and other insurgents and cooperated with coalition forces in what became known as the Sunni Awakening. In the events that followed the US invasion many Sunnis were alienated by de-Ba'athification laws, the disbanding of the Iraqi military, and exclusion from the 2003 Governing Council, where Shi'ites and Kurds close to Iran gained power.[242] As foreign fighters poured across Iraq's western border, many Sunnis in Anbar province were enticed into insurgency by al-Qa'ida, who offered post-invasion security and a rationale that insurgency was their religious duty.[243]

However, Sunni attitudes towards al-Qa'ida began to shift as they became familiar with al-Qai'da's methods. Al-Qa'ida's harsh intimidation tactics, including using suicide bombers, were largely unacceptable to Iraq's Sunnis. Sunni tribes increasingly saw al-Qa'ida as a foreign entity that posed a greater threat to their livelihood than Iranian or Shi'ite dominance.[244]

US attitudes towards Iraq's Sunnis also began to change around this time. The US began to openly acknowledge the importance of Sunni tribes in post-Saddam Iraq and quickly took advantage of growing anti-al-Qa'ida sentiments. The 2007 US troop surge subsequently supported the Sons of Iraq program – a US initiative to transfer the success of the indigenous Sunni Awakening to other Sunni areas in Iraq. The Sunni Awakening had a considerable impact on the scale of al-Qa'ida in Iraq from the end of 2006 through the fall of 2008.[245]

The relative absence of al-Qa'ida intimidation contributed to Sunnis participating in large numbers in the January 2009 provincial elections and the March 2010 parliamentary elections. Allawi's Iraqiya slate presented an appealing option for many Sunnis, though likely undercut the success of other Sunni parties, namely the Iraqi Accordance.[246] Members of the Awakening also did not fare well as candidates.[247] However, Allawi's inability to form a majority coalition, and Sadr's acceptance of Maliki as prime minister under Iranian influence, was a setback for Sunnis hoping to see Allawi as prime minister.[248] The long-term acceptance of Allawi's Iraqiya bloc and Maliki's willingness to ease his grasp on power and lead with an even hand, could dictate the level of acceptance Sunnis have for Iraqi government institutions.

The disqualification of nearly 500 Sunni candidates by the Justice and Accountability Commission (JAC) prior to the 2010 elections was also a major setback for Sunnis. The JAC was headed by Ali al-Lami, a Shi'ite under US custody in 2005-2006 for assisting Iranian agents in Iraq.[249] General Odierno described al-Lami, and his predecessor Ahmed Chalabi, as "influenced by Iran" and working to undermine Iraqi elections.[250] Chalabi was also a main contributor of pre-war intelligence and has been accused of giving US secrets to Iran.[251][252]

Many Sunnis who fought under the Awakening and Sons of Iraq program anticipated integration into the ISF, appointment to government posts, and payment for their sacrifice. All of these entitlements have been slow to occur and Sunnis have become increasingly frustrated with the Shi'ite-led government. The Awakening fighters have reported being harassed by both sides – by a reemerging al-Qa'ida threat and Shi'ites who question their allegiances. These frustrations have contributing to many Sunnis rejoining al-Qa'ida.[253] In February of 2011, US Ambassador to Iraq James Jeffrey testified that Sunnis were experiencing no payment difficulties under Awakening agreements, and as of August 2011, the US reported more than half, or 50,000, had been integrated into the ISF or given civilian government jobs.[254]

As has been described earlier, Prime Minister Maliki's continued consolidation of power, and further repression of various Sunni elements, has become an alarming trend since US troops withdrew. Sunnis have been denounced or arrested as "Ba'athists" even when it was unclear they had any ties to current Ba'athist movements, had ever been supporters of the Ba'ath, or had held more than low-level positions of the kind where party membership was necessary to have a job or career. His actions have alienated many Sunnis, particularly in Anbar and Mosul provinces. Many Awakening members are former insurgents and Ba'ath Party members who fought in the Sunni uprising early in the war. As US troops withdraw, these groups remain heavily armed, outside of the Iraqi police force and army, and increasingly keen on establishing autonomy.

The October 2011 SIGIR report to Congress acknowledged the job placement of Sunnis promised under the Sons of Iraq program was stalled. The GOI was considering reforming the program to ensure that the SOI in heavily dominated Sunni provinces like Anbar receive equal compensation as their counterparts in Baghdad. As of November, 2011, the Sons of Iraq continued to operate in nine provinces and numbered approximately 48,000.[255] However, within two weeks of the complete US withdrawal in December, reports suggested these units still remained outside the Iraqi police force and army, yet continued to operate independently while the GoI required their dismantling by the end of 2011.[256]

Signs of Sunni resistance to Maliki's increasing centralization of power have increased since that time. In June 2011, Speak Nujeifi warned that Sunnis in Iraq may seek separation from the Shi'ite-run government, or demand more autonomy by pressing for the establishment of more independent regional status.[257] Sectarian divisions are becoming more apparent as several predominantly Sunni provinces seek regional status. In October 2011, Salahuddin Province declared itself an "administrative and economic region in a united Iraq".[258] While this move was unconstitutional (provinces can request regional status but cannot unilaterally declare themselves as such), and Salahuddin council eventually backed off, the move nonetheless demonstrates the growing discomfort of Sunnis to Maliki's centralization of power.

US estimates of Al Qai'da's current threat have been mentioned earlier. Although al-Qa'ida in Iraq is weaker than it was at the height of the Sunni insurgency, analysts suggest it is shifting its tactics and strategies to exploit gaps left by the withdrawal of US troops in an attempt to rekindle

sectarian conflict. Instead of attempting to control territory and impose their ideology, it has gone underground and periodically conducts large-scale attacks. In November 2011, General Buchanan stated there were 800 to 1,000 members of al-Qa'ida in Iraq. The military reported in July 2010 there were approximately 200 "hard core" fighters.[259] In addition, in February 2012, US Intelligence officials told Congress that al-Qa'ida in <u>Iraq</u> was likely behind a series of bombings in Syria.[260]

Since October 2011, however, the Maliki government has acted on the basis that there are other major Sunni threats. Anonymous Iraqi officials reported intelligence provided by Libya which uncovered a planned Baathist coup- with the backing of Muammar Qaddafi-to be carried out after US troops withdrew from Iraq,; this claim is highly unlikely given the fact that the Libyan leader was in the process of being captured and killed during these dates. Nevertheless, Maliki responded by arresting over 600 alleged Ba'athist conspirators.[261] An unidentified source within the Iraqi government later stated the intelligence tip never occurred. Though the scale of these arrests is unprecedented, similar actions had occurred before. The previous month, for example, 145 university employees in Tikrit were arrested for being Ba'athists.[262] As recently as December 2011, Maliki sought to expel and arrest Sunni politicians, such as Deputy Prime Minister Saleh al-Mutlaq and Vice-President Tariq al-Hashemi.

The Sunni response has been symbolic calls for autonomy from Baghdad – which, have been met by Maliki with a warning of "rivers of blood" if Sunnis seek an autonomous region.[263] In addition, several political blocs have boycotted parliament. These developments, combined with a resurgent al-Qa'ida and Maliki's authoritarian streak, are a troubling pattern of sectarian tensions following the US troop withdrawal. Indeed, the political crisis that occurred in the aftermath of the US withdrawal has only widened the gap between Sunnis and Shi'ites. A growing number of Sunnis see the government as exclusively Shi'a in power, while Sunni leaders face unfounded accusations, including terrorism.

Moreover, the number of attacks that are either linked to al-Qa'ida or deemed looking "similar in nature as previous al-Qa'ida attacks" has increased drastically. These attacks often involve suicide bombers, armed men dressed as police and military, and attacks on Shi'a religious sites. The Islamic State of Iraq, which includes several terrorist groups including al Qa'ida, has claimed responsibility for several waves of deadly bombing since the US withdrawal, including a failed assassination attempt on Prime Minister Maliki.[264] This increase in attacks might contribute to accusations against Sunni politicians and create a cycle that threatens long-term security. Anecdotal accounts by Sunnis suggest Iraq is again segregating along sectarian lines.[265]

In February 2012, the US Department of the Treasury announced sanctions against the Iranian Ministry of Intelligence and Security (MOIS) stating, among other things, the ministry had helped al Qaeda agents in Iran and provided them with identity cards and passports and had given money and weapons to al Qaeda in Iraq.[266]

The Mujahedin-e Khalq Organization (MEK)

The Mujahedin-e Khalq Organization (MEK), or the People's Mujahedin of Iran (PMOI), is a 5,000-10,000-member organization located in Camp Ashraf, Iraq claimed to be dedicated to toppling the Iranian regime.[267] The group is a strange mix of a radical cult centered around its leaders – the Rajavis, and opposition to the Iranian regime. Under the Shah, it killed US and Iranian officers and officials, including the murder of Colonel Lewis Hawkins in front of his family.[268] After the Shah's fall, it carried out terrorist attacks against Iranian targets inside Iran.

When it lost its power struggle with Khomeini in the early 1980s, it moved to Iraq and got funding, arms, and training from Saddam Hussein.

During the Iran-Iraq War, the MEK was forced from their bases near the Iranian border and its leaders relocated to Paris in 1981. In 1986, the MEK relocated to Iraq with the support of the Iraqi government. After the US invasion in 2003, 3,400 members of the MEK were disarmed, isolated in Camp Ashraf, Iraq, and given protected status under the Geneva Convention.[269]

Iran has pressured Iraqi leaders to eliminate the MEK. The State Department designated the MEK as a terrorist organization, but this and the decision to disarm and protect the MEK did not satisfy Iran.[270] Although the MEK has been weakened in recent years, its revelations of Iranian nuclear facilities in Natanz and Isfahan in 2002 lead to international concern over Iran's nuclear program and altered their significance.[271] The group also alleged in September 2010 that Iran has another nuclear site near Qazvin, 70 miles west of Tehran.[272]

In recent years MEK supporters have lobbied Washington to end the group's isolation at Camp Ashraf and to remove its name from the list of foreign terrorist organizations. Among its supporters, the MEK enlists several current and former high-level US diplomats, politician, and military leaders.[273] The MEK tightly safeguards its funding, but has long devoted large amounts of money to lobbying Congress and attracting powerful figures to their cause.[274] In 2007, the State Department stated that the MEK still had the "capacity and will" to commit terrorist acts and also rejected any notion that the group was a viable opposition movement in Iran.[275] Several US think tanks, including RAND, have categorized the MEK as a cult.[276]

Iran has put increasing pressure on Iraq to deal with the MEK while attacking the US for its continued existence. In May of 2011, Iranian state media reported that the US was actively training the MEK at Tajil military base in Iraq. The report states that the US is training the MEK in bombing and other terrorist operations, and characterized the MEK as wishing to "break away" the oil-rich Iranian province of Khuzestan.[277]

The US withdrawal may still lead to targeted violence against the MEK. Both Shi'a and Kurdish groups believe the MEK was used by Saddam to quell uprisings in 1991, and Iran continues to push the Iraqi government to expel the MEK.[278] In September 2011, ISCI leader Ammar al-Hakim stated that the MEK must leave Iraq for past terrorist acts and for betraying the Islamic Republic of Iran.[279]

In late-December 2011, a deal was announced where MEK members would leave Camp Ashraf and move to a former American military base near Baghdad's international airport, with the UN eventually relocating the residents to other countries. However, the group has not yet agreed to the deal. Maliki gave the group a six-month extension in late December to come up with a solution.[280]

The MEK cannot be dismissed out of humanitarian concerns and they are a mild irritant to Iran. The fact remains, however, they are now little more that the ineffective remnants of a cults whose history has strong anti-American elements, and has committed terrorist acts that involved killing US personnel. It is now little more than a pointless sideshow in US and Iranian competition.

Competition for Influence in Iraq's Security Forces

Ever since the 2003 invasion, the US and Iran have competed for influence over the Iraqi security forces. This competition has now reached a critical stage as the US and Iraq must decide

the degree in which a strategic partnership is formed, including military, police, and security training and advising.

The Struggle to Create a Strategic Partnership and Extend the US Troop Presence

The last active US combat forces left Iraq in August 2010, marking the end of Operation Iraqi Freedom and the beginning of Operation New Dawn.[281] Some 49,000 advisory troops, four advisor assistance brigades, and a limited number of special operations forces (SOF) remained to train, advise, and assist Iraq's security forces after that date, including the military, intelligence, and police.[282] These US troops continued to serve a number of other important security functions: carrying out kinetic operations against Iranian-backed and other militant groups; providing training to the ISF; taking part in joint patrols along the borders of the Kurdish provinces and helping integrate ISF and Kurdish forces; and acting as a deterrent to Iraq's neighbors – in particular Iran.[283]

Both the US command in Iraq and many senior Iraqi officers and officials felt that US forces should continue to play such role after December 2011 as part of the Security Framework Agreement. Moreover, several US allies in the region, including Saudi Arabia and Israel, voiced concerns that withdrawing all US troops would leave Iraq open to Iranian influence.[284]

Nevertheless, implementing a meaningful Strategic Framework agreement and extending a US troop presence after December 2011 presented problems on both sides. In the US, public support for a strategic relationship with Iraq was uncertain, and budget pressures and war-weariness created a strong incentive to withdraw all US troops. Indeed, even the more modest plans for the State Department and USAID to take over much of the US effort in Iraq faced growing budget pressures, and leaving even a fairly small number of US troops in Iraq entailed a bigger price tag. A slight rise in American combat deaths in Iraq in 2011 did not help matters. Neither did the perception that Iraqi security forces were not doing enough to go after the Shi'ite groups attacking Americans.[285] Neither President Obama nor President Maliki was publicly backing plans to keep US troops in Iraq after 2011.

On the Iraqi side, Prime Minister Maliki had to deal with Sadr, Iranian pressure, and accusations that he was an American stooge, at the same time he had to t fend off accusations of being too close to Iran. Whatever his private views may have been, he ruled out extending the US troop presence in the past, stating, "The last American soldier will leave Iraq…this agreement is not subject to extension, not subject to alteration. It is sealed."[286] Any plan to extend the US troop presence would also have to be approved by the Iraqi Parliament, which would prove difficult.

Public opinion was another factor that influence all Iraqi politicians. Most Iraqis supported withdrawing US troops by the end of 2011. According to a 2009 ABC News poll, 46% of Iraqis felt that US troops should leave sooner than the end of 2011, with only 16% wanting them to stay longer, and 35% feeling that the withdrawal timetable was right. Sunnis were particularly opposed, with 61% in favor of a faster timetable and only 4% wanting troops to stay longer.[287]

These issues became steadily more critical to politicians and policymakers in both the US and Iraq as the deadline for removing US forces approached. In May 2001, Maliki had stated that a request for US troops might be considered if a 70% concurrence among Iraq's political blocs were reached.[288] On August 3, 2011, the major factions, excluding the Sadrists, gave Maliki their backing to negotiate,[289] and in September, the US publically acknowledged negotiations were taking place.[290]

Both sides still continued to privately examine options for extending the presence of at least a small number of US troops. The senior US commander in Iraq, Gen. Lloyd J. Austin III, originally recommended some 14,000-18,000 troops, while other reports speculated leaving 10,000 troops. In September 2011, Secretary of Defense Leon Panetta endorsed keeping a smaller force of 3,000-4,000 as what one senior official called, "a small, temporary military presence," as part of a plan to create a major American Embassy presence in five different parts of Iraq that would support security contractors in a police advisory effort. This plan also included a strong Office of Security Cooperation staffed by civilians and military personnel to support training and equipping Iraqi Security Forces.[291]

NATO agreed to keep a small force in Iraq for training purposes; as of September 2011, there were 160 NATO staff conducting training operations in Iraq, 12 of which were American.[292] Military and intelligence officials also pushed for greater CIA involvement following the withdrawal US troops to counter Iranian influence and thwart arms smuggling.[293] In February 2012, reports again suggested that the CIA would maintain a large clandestine presence in Iraq long after the withdrawal of US troops in order to monitor the activity of the Iraqi government, suppress al-Qaeda's affiliates, and counter the influence of Iran.[294]

By September, however, the total force was far smaller than the force desired by top US military officials and drew growing criticism from several US politicians. Iraqis across the sectarian spectrum also voiced their discomfort with such a small US force, while others still remain adamantly opposed to any presence. Many Iraqis remained conflicted over a desire for the US to withdrawal and feelings of mistrust and fear towards Iraqi institutions.[295]

In early October 2011, Iraq's political leaders finally agreed to keep US military trainers in Iraq past the December deadline, but failed to agree US troops could operate with immunity from Iraqi law. The US had stated previously that any such restriction would prevent it from keeping US forces in Iraq. As a result, the Obama administration decided to withdraw all forces aside from a small office linked to the US Embassy.[296]

An announcement was made that the US would work with Kuwait to keep US forces stationed at Kuwaiti bases that could react to crisis scenarios in Iraq. The US had 23,000 in Kuwait as of January 2012, and had deployed at least a combat battalion in Kuwait – sometimes reaching a full combat brigade.. It also had propositioned supplies for a larger force if one had to be deployed to the region.[297][298] As of late-December 2011, there was reportedly a Brigade Combat Team from the US Army's 1st Cavalry Division in Kuwait, in addition to a Marine Expeditionary Unit likely headed to Kuwait for the foreseeable future.[299] In addition, there are approximately 7,500 US troops in Qatar, 5,000 in Bahrain, and 3,000 in the UAE, with very small numbers in Saudi Arabia and Oman. There are also forces deployed as part of two aircraft carrier task forces in or near the Gulf at any given time.[300]

In late-November, 2011, the US Commander in Iraq, General Lloyd Austin, summarized US-Iraqi relations moving forward:

> "As we leave, we can expect to see some turbulence in security initially, and that's because you'll see various elements try to increase their freedom of movement and freedom of action," despite better conditions than at any other point, "there will probably be unfinished business for many, many years to come…Al-Qa'ida will continue to do what it's done in the past, and we expect that it's possible they could even increase their capability…If the Iraqi security forces and the government of Iraq are able to counter that, it will be a good thing. If they can't, they'll continue to grow in capacity." In addition, he warned against militias, such as Asaib Ahl al-Haq and the Promised Day Brigade, which could threaten the

remaining US civilian presence. He stated, "These are elements that are really focused on creating a Lebanese Hezbollah kind of organization in this country…As we leave, if those elements are left unchecked, they will eventually turn on the government, and they should be concerned about that." He did conclude that "there's likely to be setbacks, some tough times in the days ahead…But I'm very hopeful we'll stay on course…This is clearly not an endpoint…We really intend to remain engaged with Iraq, and we look forward to having Iraq as a great strategic partner in the future."[301]

The level and type of violence that has occurred since the US withdrawal might be explained as part of this initial turbulence. However, the current political tension threatens to be far more detrimental to the US relationship with Iraq and to the level of initial violence than was expected. In addition, issues related to ineffective governance have already lead to additional hindrances in US support, including the detention of hundreds US contractors that support the US mission, due to Iraqi bureaucratic infighting and sovereignty concerns**.[302]**

The Future US Role in Iraqi Security

The US took the lead in the development of the Iraqi security forces from the Iraqi Ministry of Defense and Ministry of Interior after 2003. From 2003-2011, it trained, partly funded, armed and equipped Iraqi forces, and increasingly fought beside them. This US presence and role in creating post-invasion Iraq not only gave the US influence over the shape of Iraqi security forces, but also developed important relationships between the US and Iraqi security leaders. Western intelligence agencies developed close ties to the Interim Government's Defense Minister, Hazem Sha'alan; Interior Minister, Falah al-Naqib; and the head of Iraq's intelligence services, General Muhammed Shahwani, each of who warned of the influence of Iran.[303]

The future level of such US influence is uncertain. At the end of December 2011, the US military will be reduced to an advisory role and to providing arms transfers, intelligence, surveillance, and reconnaissance (IS&R) support. Funding for this role is also at risk as Congress contemplates funding cuts.

Moreover, no one can be certain how the decisions of the Iraqi government will affect a US strategic partnership after December 2011. In December, General Frank Helmick, Deputy Commander of US forces in Iraq, stated that Iraqi security forces were unable to maintain their capabilities and equipment, let alone meet new challenges. He also highlighted the fact that US training missions are exclusively for Iraqi police, and there are no training agreements for the Iraqi military post-withdrawal.[304]

Even before the US left, Maliki used temporary command appointments to put loyalist in key top positions ranging from combat unit comments to intelligence, take de facto control of the Iraqi Federal Police, special forces elements, and counterinsurgency forces. US estimate of the continued effectiveness and integrity of Iraqi forces proved to be grossly wrong.

American advisors soon found military commissions and positions were for sale in many units. Loyalties often rapidly divided along sectarian and ethnic lines, and the military NCO system often reverted to roles where NCO (and often junior officers) were allowed little initiative and authority. Police corruption and ties to power brokers, as well as local ties to political leaders became a growing problem, as did the lack of effective links between police and the courts and the abuses of detention and confession based justice. Iraq nits also showed limited willingness to maintain the facilities transferred by the US. As in Vietnam and Afghanistan, the US did accomplish a great deal, but it also tired to do far too much too quickly with more emphasis on numbers than quality, and grossly exaggerated unit quality in many cases.

This scarcely means that many Iraqi forces are not effective, but it illustrates the fact that force building takes far longer than the US military is generally willing to admit, that the US needs to be much less ambitious in trying to change Iraq and far more willing to do things the Iraqi way, and that military force building efforts are inevitably tied to the political struggles in a country, and Western-style police building efforts can only succeed if the police are part of a functioning mix of the rest of a justice system and government that have the loyalty of its people.

Iraq is probably a decade away from creating the kind of conventional forces that can stand on their own against Iran, and must buy and absorb large numbers of conventional weapons in spite of its present problems. It is far from clear that the US will have the Iraqi political support it needs to carry out this mission, and it is unclear it will get US domestic political support as well.

If the Obama Administration and the US Congress fund such a US effort, and the Iraqi government supports such US efforts, the Office of Security Cooperation - Iraq (OSC-I) will be the channel for all military ties between the US and Iraq in the coming years. The OSC-I will manage military sales, train the ISF on weapons systems, conduct joint military exercises, and lead additional trainings and exchange programs.[305]

Reporting at the end of 2011 showed that OSC-I had 157 personnel who provide security cooperation and assistance for approximately 64 Foreign Military Sales (FMS) cases valued at approximately $500 million. By January 2012, the OSC-I was expected to support no more than 763 Security Assistance Team (SAT) members at 10 sites in Iraq, and administer nearly 600 cases valued at approximately $9.9 billion.[306] **Figure VII.2** has shown the current OSC-I sites with personnel levels and assigned functions. In the July 2011 SIGIR Quarterly Report, plans for OSC-I were said to be "significantly behind schedule."[307]

This is not enough US personnel to support a mix of Iraqi security forces that **Figure VII.8** shows currently number over 900,000. Moreover, the US still provides intelligence, surveillance, reconnaissance, logistics, and air support to the ISF. According to USF-I, the ability of the ISF to integrate the effects of artillery, armor, and attack aviation with infantry against a conventional force is "really at the beginning stage, and will take some years to develop."[308]

Money will also be an issue. The President's request FY2013 request for the Statement in the FY2013 budget was for only $4,019 million – which compared with $4,802 million in FY2012. The request for the Department of Defense for FY2013 was for 2,855 million versus $9,604 million in FY2012 and $45,044 million in FY2011. It was clear even at the time this request was submitted that both the State Department and Defense Department requests for FY2013 were likely to have major further cuts as Congress acts on the request.[2]

The US Role in Shaping the Iraqi Army

The Iraqi Army (IA) has made progress in its ability to defend Iraq's borders, due in part to a concerted effort in 2011 by US military advisors towards more traditional defensive operations.[309] However, it continues to lack logistical and intelligence capabilities – areas that OSC-I will focus on improving.[310] Political interference in command positions, the sale of other positions at every level, corruption in other areas, a failure to maintain the facilities and systems transferred by the US, and a host of other issues also increase the challenge.

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[2] "Oversaaes Contigency" FISCAL YEAR 2013, Budget of the US Government , FY2023, OMB, February 2012

Many Iraqi security experts and military officers believe Iraq should depend on the United States to provide a counterbalance against Iran due to existing tensions between Iraq and Iran, particularly over the Shatt al-Arab[311] and Iranian incursions into northern parts Iraq.

Much will depend on the nature and scale of future US arms transfers. Earlier plans for the US sale of some $4.2 billion in arms to Iraq included land force weapons, naval systems, reconnaissance equipment, and several air force weapons systems, but these plans are increasingly uncertain.[312] The Iraqi Army is only beginning to build up units with modern heavy weapons. In the third quarter of 2010, Iraq received 11 US M1 Abrams tanks.[313] By December 2011, 129 more will arrive, but this will produce a total strength of less than one light armored division's worth of main battle tanks and the Iraqi Army will lack a balanced mix of other heavy arms. [314]

Figure VII.8: Iraqi Security Forces as of October 10, 2011

Total Security Forces

SERVICE		ASSIGNED PERSONNEL
Ministry of Defense	Iraqi Army	200,000
	Training and Support	68,000
	Air Force	5,053
	Navy	3,650
	Army Air Corps	2,400
	Total MOD	279,103
Ministry of Interior	Iraqi Police	325,000
	Facilities Protection Service	95,000
	Training and Support	89,800
	Department of Border Enforcement	60,000
	Iraqi Federal Police	45,000
	Oil Police	35,000
	Total MOI	649,800
Counter-Terrorism Force		4,200
Total		933,103

Comparative size of Active Military Forces

Country	Active Military	Rank
China	2,285,000	(1)
United States	1,477,896	(2)
Russia	1,200,000	(4)
Iran	545,000	(9)
Iraq	279,103	(20)
Saudi Arabia	233,500	(23)
Afghanistan	150,000	(31)
Jordan	100,700	(38)
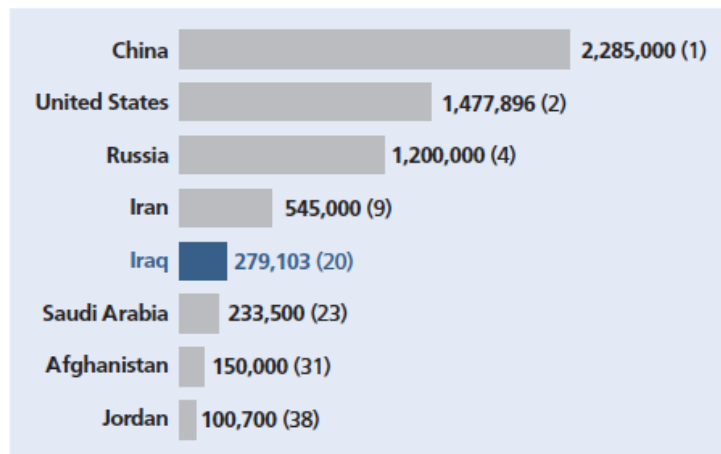
Note: Numbers affected by rounding. Assigned numbers illustrate payroll data; they do not reflect present-for-duty totals.
Sources: GOI, MOI IG, information provided to SIGIR, 1/12/2012, SIGIR, Quarterly Report, January 30r 30, 2011, p 68; GlobalFirepower.com, "Active Military Manpower by Country,", www.globalfirepower.com/active-military-manpower.asp, accessed, 12/12/2011; GOI, MOI IG, information provided to SIGIR, 10/10/2011

The US Role in Shaping the Iraqi Air Force

The basis for US-Iranian military competition in Iraq differs by service. Iraq's undeveloped air force means that it will need to continue to depend on some outside power for its air defenses. As with many other issues, the late formation of Iraq's government after the March 2010 elections made it difficult to clearly define the US's role in improving the Iraqi Air Force after the 2011 US transition. However, progress developing Iraqi air capabilities has generally been slow.

The $4.2 billion security package mentioned earlier would include reconnaissance equipment, Raytheon AIM-9 Sidewinder air-to-air heat-seeking missiles, laser-guided bombs, and 36 Lockheed Martin F-16 strike jets,[315] along with Sidewinder missiles to arm them.[316] In June 2011, the US Army Corps of Engineers completed construction of the $5.38 million Ali Air Base in southern Iraq, with an air defense system that allows Iraq's Air Force to secure its borders against air attack.[317]

In July 2011, Maliki expressed interest in the purchase 36 F16s, double the original number.[318] Although Iraq had previously attributed the delay in F16 purchases to national protests that diverted funds to the national food ration program,[319] eventually Iraq wants 96 of the F-16s, along with Sidewinder missiles to arm them.[320] Deliveries from the US and other foreign sources from the third quarter of 2011 included: 8 Russian Helicopters, 36 Abram Tanks, 41 Howitzers, 31 Heavy Equipment trucks/trailers, and 16 Armored Security Vehicles.[321]

If the Iraqi Air Force continues to seek support from the US, much depends on US willingness to help Iraq train personnel, develop logistics, and strategize on the use of the Air Force.[322] The July 2011 SIGR report suggested that one of the main objectives of a continued US presence in Iraq should be to provide an air-defense umbrella for Iraq while the Iraqi Air Force develops its capacity to conduct independent operations.[323]

The US Iraqi pilot training program has trained more than 60 Iraqi pilots and 30 instructor pilots since its inception in 2008. Currently, 10 Iraqi pilots are being trained in the US to fly the first set of F-16s due to arrive by 2014.[324] As of September 30, 2011, the Iraq Training and Advisory Mission-Air (ITAM-Air) had nearly 1,200 personnel directly engaged with Iraq's air force personnel. Iraqi General Zibari emphasized that, "an army without an air force is exposed" and stated that Iraq will not be able to defend its own air space until 2020, at the earliest.[325]

On December 12, 2011, the Defense Security Cooperation Agency notified Congress of a possible Foreign Military Sale to Iraq for 18 F-16IQ aircraft and associated equipment, parts, weapons, training and logistical support for an estimated cost of $2.3 billion. The sale also includes requests for Sidewinder missile, various air-to-ground missiles, laser guided bomb units, and a variety of other equipment.[326] The sale is widely seen as part of a US focus on increasing the capabilities of the Iraqi air force.

The US Role in shaping the Iraqi Navy

The US role in shaping the Iraqi navy inevitably affects Iranian and US military competition. US support is critical to securing the flow of Iraqi commerce and deterring against external threats. The Iranian threat to Gulf energy exports is a key reason the US often deploys two US aircraft carrier groups in the Gulf region.[327] According to the Department of Defense, Iraq's oil infrastructure is vulnerable to the Iranian Republican Guard Corps Navy (IRGCN)[328] and Iraq's offshore oil loading points are vulnerable to attack.

Recent naval incidents are a reminder that Iranian and Western relations in the Gulf remain tense. The IRGC captured 15 British soldiers in Iraqi waters in March 2007. On January 6, 2008, five armed Iranian speedboats maneuvered aggressively towards and issued radio threats against three American Navy warships in international waters while entering the Strait of Hormuz.[329] According to Pentagon officials, the American commander was close to issuing an order to fire on one of the speedboats which came within 200 yards of the warship – and within range of one of the machine guns aimed at it – before it suddenly veered away.[330]

In 2007, Iraq had a 1200-man navy, 2 afloat squadrons, and 4 marine companies. It was also adding offshore support vessels, patrol ships and boats, and smaller vessels.[331] In October 2010, the Iraqi navy inaugurated the first of 15 $20 million US-built Swift Class patrol boats[332] and two more in August 2011, to bring the total to 5 of 12 ordered.[333] Iraq will also receive two $70 million US-built offshore support vessels in 2011.[334] In July 2011, SIGIR reported Iraq's navy had grown to over 3,600 assigned personnel.[335] One of OSC-I planned ten locations will be in Umm Qasr, the primary location of Iraq's Navy.

As part of the transition to State Department lead in Iraq, the US Coast Guard Maritime Security Advisory Team (MSAT) began oversight of maritime training and reports to the US Embassy. In partnership with the Department of Homeland Security, OSC-I Basra, and INL, MSAT will develop Iraq's capacity to secure, regulate, and manage its coastal water and rivers. This includes developing legislative and regulatory authorities and instructing courses on small-boat operations.[336]

Much is still undetermined regarding the future of US-Iraq security ties. Like its air force, Iraq's navy remains underdeveloped and critically deficient compared to its neighbors. Budgetary issues are concerns for both the US and Iraq; however, the US willingness to deter Iran and secure the Gulf is constant.

The US Role in Supporting the Iraqi Police force and Ministry of Interior

The US faces similar problems in supporting the Iraqi police force and Iraq's Ministry of the Interior. On October 1, 2011, State's Bureau of International Narcotics and Law Enforcement Affairs (INL) began its police-assistance program. This effort is downsized from its predecessor, from 350 to 115 advisors. FY2012 appropriations will dictate future numbers. Since 2003, the United States has spent approximately $8 billion to train, staff, and equip Iraq's police forces and moving forward will focus on developing better lines of communication between the MOI and the Embassy.[337]

The October 2011 SIGIR reported State lacks a viable assessment of Iraqi police force capabilities, has not drafted a detailed plan providing specifics on what is to be accomplished, or outlined costs and performance outcomes. In addition, only 12% of current spending plans will directly assist the Iraqi police and State has yet to secure commitments from Iraq regarding its planned financial commitments to police programs.[338]

The Department of State launched the Police Development Program (PDP) on October 1, 2011, with over 100 senior trainers and advisors from various government and civilian agencies. The program includes working directly with senior Iraqi Interior Ministry and police officials to increase a variety of capabilities, ranging from forensics to explosive ordinance disposal. However, establishing credible oversight, management, and transparency continues to be the

broad, primary objective. These US advisors conducted baseline assessments of Iraqi capabilities as of December 2011. Dozens of reviews were submitted to experts for analysis that will lead to a final assessment report, which in turn will be used to refine and execute future assistance.[339]

State Department will continue bilateral relationships outlined under the Strategic Framework Agreement, though it lacks strict parameters, personnel requirements, or funding to be affective on its own. State's mission will rely on consulates in Basra and Irbil, though embassy branch offices in Mosul and Kirkuk were cut due to budget constraints. In addition, the ten OSC-I sites will be responsible for most military-to-military cooperation.

State's heavy reliance on private security contractors creates another set of issues and their use is a sensitive issue among Iraqis. The July 2011 SIGIR Report noted that a system for monitoring serious incidents involving private security contractors was still absent. SIGIR reported that this will likely remain unchanged through 2011 and the State Department would not provide SIGIR any information on how they would likely govern PSCs.[340]

Many of the broader economic and political incentives that can be expanded on from the SFA are as important as military and police training. Measures that stem corruption and enforce rule-of-law give the Iraqi government legitimacy while building the foundation for security. Fraud, nepotism, intimidation, and corruption are rampant in Baghdad. Iraqi oversight bodies, like the Commission of Integrity, remain incapable of doing their job, while senior officials lack the incentives to correct their actions.

Additionally, recent developments further complicate US efforts to support and train Iraq's police and military. First, the State Department is looking to reduce the size of its mission in Iraq by half. The US embassy in Baghdad, which has swelled to a size of 16,000 personnel and a budget of $6 billion, is facing significant cuts, according US Department of State officials as recently as February 2012. These cuts will significantly curtail the State Departments ability to continue to fund training and support of Iraqi police and military.

The failure of the Obama administration and the Maliki government to reach agreement on the size and scope of US troops in Iraq after December 31, 2011 dealt a considerable blow to America's concurrent interests in the region. The aims include achieving stability in Iraq after eight years of war and massive investment of US blood and treasure, the potential to benefit from future commercial deals with Iraq, and the ability to deter Iranian aggression and expansion. Having failed to agree to reach agreement on a limited, but continued, US troop presence in Iraq leaves Iraqi police and military without the training and support they need, and invites subversive elements to wait out the US withdrawal and resume destabilizing sectarian violence.

Finally, political interference, the role of power brokers, corruption, sale of positions and promotion, reversion to a confessions-based approach to policing, the lack of effective courts and adequate detention facilities, long-standing tension between the police and the courts, and sectarian and ethnic issues all present future challenges. The US and its allies had major problems will all of these issues before US withdrawal, and -- in general – contract advisors performed poorly at massive expense. It is unclear that the State Department can meet these challenges even if Iraq gives it the opportunity to try.

The Iranian Role in Iraqi Security

Iran is certain to exploit every cut and weakness in the post withdrawal US security effort, and every opportunity to gain influence through Iraq's political leaders or a direct role in advising – and sometimes bribing – Iraqi personnel. Iran has played a significant spoiler role in Iraqi security, both in an effort to ensure Iraq does not reemerge as a threat or rival, and to eliminate US influence and the prospect of a strong US-Iraqi security relationship. Iran has supported insurgents and militias while also extending its influence through the infiltration of Iraq's security forces and ministries.[341]

Iran's support of Shi'ite groups in Iraq has sometimes meant that Iran's ability to restrain those same groups has been decisive in reducing violence. As violence increased in 2006, Iran pushed Iraqi Shi'ites to not retaliate against Sunnis.[342] This along with the Sunni Awakening and the US troop surge led to a decrease in violence over the second half of 2007. Iran has also been anything but helpful in the fight against al-Qa'ida, refusing to bring to justice, identify, or transfer its al-Qa'ida detainees.[343]

In 2010, leaked US intelligence reports outlined Iran's support for Shi'ites militias between 2006 and 2009 that targeted both Americans and Iraqis. In July 2010, General Odierno stated that the IRGC was using the Hezbollah Brigade to train would-be US attackers in Iraq.[344] This came five months after US and Iraqi forces raided various Hezbollah Brigade locations in Amarah, Iraq and Maysan province, areas known to be under the influence of Iran's Qods Force.[345] In 2011, the US again accused Iran of supplying militias with weapons and training which lead to a spike in US casualties in the summer of that year.[346]

Iran's Broader Role in Iraqi Security

Iranian and Iraqi security interests have coincided in some areas. Iran has given some funding to Iraq's security forces. In 2005, for example, Iraq and Iran agreed to a billion dollar aid package, some of which went to the Ministry of Defense.[347] However, Iraq had to assure the United States that Iran would not train Iraqi security forces. Some Iraqis also see Iran's efforts to acquire nuclear weapons in the context of the Arab-Israeli conflict, and thus as a "Muslim bomb, and not as a threat to Iraq."[348]

Iran has, however, focused on undercutting the security arrangements between the US and Iraq. The Commander of the Multi-National Force-Iraq at the time, General Odierno, said in October 12, 2008, that Iran likely tried to bribe members of the Council of Representatives to vote against the Status of Forces agreement.[349] Iran managed to convince the Iraqi government to include a December 2011 withdrawal date for US forces and a provision that Iraqi land, sea, and air not be used as a launching or transit point for attacks against other countries.[350]

Some Iraqi military and intelligence officials fear that Iran has significant influence over elements of the Iraqi Ministry of the Interior, and have accused Iran of providing shaped charges and artillery to Iraqi militants. Iran has also recruited thousands of Iraqis for intelligence gathering[351] and has had intelligence agents in northern Iraq for at least 20 years.[352] One estimate puts the number of Iranian intelligence officers in Iraq in 2007 at 150.[353]

While some Iranians see the rise of the Iraqi military as a threat, others have attempted to use Iraq's military as a wedge to force the US out of Iraq. According to Iran's Foreign Minister Ali

Akbar Salehi, "Considering the fact that the Iraqi Army can provide security, their presence in the country is not justifiable."[354]

Iran has been adamant in pushing Iraq to reject any modifications to the US-Iraq security agreement that would allow US military forces to stay in Iraq after 2011. Not surprisingly, Iran sees the presence of US military forces in Iraq as a direct threat to its interests in the country, as well as a possible launching pad for attacks on Iran itself. A number of senior Iranian officials have expressed their opinions regarding the US and Iraq:

> "Occupiers of Iraq will be forced to escape the quagmire of Iraq sooner or later." - Ali Akbar Rafsanjani, current head of the Expediency Council, May 17, 2011.

> "Based on the security agreement, the US forces should leave Iraq by the end of 2011 and Iraq insists on the issue too." - Ali Akbar Salehi, Iranian Foreign Minister, May 17, 2011.

> "The United States does not do anything in the interest of the regional nations. Whatever they have done so far has been against the regional nations." - Ayatollah Khamenei, June 4, 2011.

> "Iran has announced many times that the US should leave Iraq and leave administration of the country's affairs to its people." - Esmae'il Kosari, Vice-Chairman of the National Security and Foreign Policy Commission, July 13, 2011.

The Role of the Iranian Revolutionary Guard, the Qods Force, the Ramazan Corps, and the Special Groups

Iran began to funnel aid to militias in Iraq via the Qods Force – a branch of the Islamic Revolutionary Guard Corps – immediately after the fall of Saddam in 2003.[355] The Qods Force also provides or has provided funding, weapons, operatives, and training to groups in Palestine, Islamic militants in Bosnia, fighters in south Sudan, Hezbollah in Lebanon, and the Taliban in Afghanistan.[356][357]

The Qods Force provides training, funding, and weapons in Iraq, and much of Iranian policy affecting security towards Iraq is formulated and carried out by the Qods Force. Both of Iran's post-2003 ambassadors, Hassan Kazemi-Qomi and Hassan Danaifar, served in the Qods Force.[358] Mahan Abedin, director of research at the London-based Center for the Study of Terrorism, argues that Qods training largely focuses on gathering and utilizing intelligence, which is key to successful operations in a place as fluid and complex as Iraq.[359] One official estimate in 2007 puts the number of Qods and Iranian intelligence personnel in Iraq at 150, though some US commanders believe there was only one or two per Shi'ite province.[360]

The US was slow to grasp the full extent of Iran's expanding role in Iraq. On July 19, 2005, the United States sent Iran a secret cable stating that a British soldier was killed by an explosive supplied by Iran.[361] Iran denied any involvement, leading to more public confrontations over the issue beginning in December of that year.[362] The then-Commander of the Multi-National Force-Iraq, General Petraeus, stated in his September 2007 testimony to Congress that "none of us earlier this year appreciated the extent of Iranian involvement in Iraq, something about which we and Iraq's leaders all now have greater concern."[363]

The Qods Force has been a key Iranian tool in indirect attacks on the US military and disrupting American interests in Iraq. In 2007, General Petraeus stated, "There should be no question about the malign, lethal involvement and activities of the Qods Force in this country."[364] He went on to add that Iran was "responsible for providing the weapons, the training, the funding and in some

cases the direction for operations that have indeed killed US soldiers."[365] American officials have typically avoided accusing the Qods Force of directly attacking Americans and have been careful to say that they do not know to what extent the top leadership of the Iranian government knows of or is involved in the Qods Force's activities.[366] On February 14, 2007, President Bush said that he was certain that explosively formed projectiles, rocket-propelled grenades, and mortars used in Iraq came from the Qods Force, but "what we don't know is whether or not the head leaders of Iran ordered the Qods Force to do what they did."[367]

A message Qods Force leader Qassem Suleimani sent to General Petraeus in 2008 during the Battle of Basra is revealing. General Petraeus paraphrased the message as saying:[368]

> General Petraeus, you should know that I, Qassem Suleimani, control the policy for Iran with respect to Iraq, Lebanon, Gaza, and Afghanistan. And indeed, the ambassador in Baghdad is a Qods Force member. The individual who's going to replace him is a Qods Force member. Now, that makes diplomacy difficult if you think that you're going to do the traditional means of diplomacy by dealing with another country's Ministry of Foreign Affairs because in this case, it is not the ministry. It's not Mottaki who controls the foreign policy, again, for these countries, at least. It is, again, a security apparatus, the Qods Force, which is also carrying out other activities.

A leaked November 2009 State Department memo indicates that the Qods Force has remained a central implementer of Iranian policy in Iraq and competitor with the US in trying to shape Iraqi security:[369]

> Since at least 2003, Brigadier General Qassem Suleimani, the commander of the Islamic Revolutionary Guards Corps-Qods Force (IRGC-QF), has been the point man directing the formulation and implementation of the IRIG's Iraq policy, with authority second only to Supreme Leader Khamenei. Through his IRGC-QF officers and Iraqi proxies in Iraq, notably Iranian Ambassador and IRGC-QF associate Hassan Kazemi-Qomi, Suleimani employs the full range of diplomatic, security, intelligence, and economic tools to influence Iraqi allies and detractors in order to shape a more pro-Iran regime in Baghdad and the provinces.

> Suleimani enjoys long-standing close ties with several prominent GOI officials, including President Talibani, Vice-President Adel Abdal-Mahdi (ISCI), Prime Minister Maliki (Dawa), former PM Jaafari, and more recently, Speaker Samarra'i (Septel [a separate telegram] reports Iranian Speaker Larijani's November 4-7 visit to Iraq at Samarra'i's invitation.). Khamenei, President Ahmadinejad, Speaker Larijani, and former president Rafsanjani consult regularly with visiting GOI officials as part of the IRIG's broader "strategic" council of advisers seeking to influence the GOI.

US intelligence reports leaked in 2010 also describe the extent of Iran's hand in the 2006-2009 violence. The reports show that the IRGC often used Hezbollah to train militants in Iran prior to their crossing into Iraq. General Petraeus had publically corroborated Hezbollah's role in a 2007 report to Congress.[370] The reports draw on testimony from detainees, captured diaries, and weapons originating in Iran – including "explosively formed penetrators", "sticky bombs", and surface-to-air missiles.[371] The reports conclude that Iran was behind the training and resourcing of specific attacks, including assassinations of Iraq ministry officials, mortar attacks on the Green Zone, and kidnappings of American soldiers.

Iran has also been implicated in using lethal force to shape politics in Iraq. For example, Gen. Petraeus implicated Iran in the 2007 car bomb assassinations of two southern Iraqi governors.[372] Besides using Hezbollah to train terrorists, the reports point to both the Badr Corps and Mahdi Army as allies in Iranian efforts.[373]

According to *The Long War Journal*, which draws heavily on interviews with mid-level and senior military and intelligence officials, the Qods Force streamlined its operations in Iraq by

creating the Ramazan Corps.[374] The Corps, which the spokesman for the Multinational Forces Iraq said was responsible for most of Qods Forces operations in Iraq in 2007, is composed of the Nasr command in the north, Zafar command in central Iraq, and Fajr command in the south.[375]

The various recipients of Qods Force aid include the Mahdi Army, the Badr Brigades, the Qazali Network, and the Sheibani Network, among other groups. Their targets have included political rivals, the Iraqi Security Forces, and Coalition forces.[376] When the Badr Brigades and SCIRI integrated into the government, other Iranian-backed groups began targeting them as well.[377] Brigadier General Kevin Begner stated on July 2, 2007, that Iran supplied the Iraqi militias with $3 million per month.[378]

In 2011, the US again voiced concern over Iran's covert involvement in Iraqi violence. The US claimed the rising number of American deaths over the summer of 2011 was due to Iran's support for Iraqi militants. In June, 2011, Secretary of Defense Leon Panetta stated "We're very concerned about Iran and weapons they're providing to extremists here in Iraq…And the reality is that we've seen the results of that — in June, we lost a hell of a lot of Americans ... and we cannot just simply stand back and allow this to continue to happen."[379]

In July 2011, Admiral Mike Mullen stated, "Iran is very directly supporting extremist Shi'a groups which are killing our troops…and there's no reason…for me to believe that they're going to stop that as our numbers come down…There's no question they want to influence, and particularly in the south they are shipping hi-tech weapons in there….which are killing our people and…. the forensics prove that."[380] Admiral Mullen also accused Iran of supplying militias in Iraq in an attempt to take credit for American troops withdrawing at the end of the year.[381]

Iranian Arms Smuggling

Iran has smuggling arms into Iraq to attack Americans and Iraqis alike. Abu Mustafa al-Sheibani, a former member of SCIRI and the head of the Sheibani Network, is one of many suspected of operating a smuggling network for Iran's Qods Force. Suspected Iranian arms given to militants in Iraq have included 122-millimeter mortars fired at the Green Zone in Baghdad,[382] improvised explosive devices (IEDs), explosively formed projectiles (EFPs), and missiles. Iranian 107 mm rockets can carry 100 pounds of explosives that turn them into "flying bombs" known as "Improvised Rocket Assisted Munitions."[383]

EFPs have been particularly deadly. Militants use EFPs to penetrate the armor of Humvees and have been responsible for at least 200 American deaths in Iraq.[384] According to a *The Long War Journal* interview with US military officials, the EFPs are manufactured in Iranian factories in Ahvaz and Mehran.[385] Documents obtained by Wikileaks also demonstrate that officials in the US State Department believe the EFPs are from Iran.[386] In 2005, Shi'ite militias in Iraq began to place the EFPs in foam blocks that resembled rocks. Lebanon's Hezbollah, a close ally of Iran, began adopting the technique in 2006 against Israel.[387]

Leaked documents show that some officials in the State Department believe that Iran had indirectly supplied 50 82mm rockets with neuroparalytic agents to Iraqi militants in January 2006, although the rocket's explosion might have rendered the chemical agents useless.[388] Another Iranian plot, according to the leaked documents, was to combine poisonous chemicals with a car bomb meant to be detonated in the Green Zone, though bomb experts contend that the plot would have been impractical.[389]

In 2006, the Bush Administration authorized killing Iranian security agents in Iraq.[390] From the winter of 2006 to the end 2007, the US performed high-profile raids that resulted in the arrests of several Iranian security officers. Since then, the US has killed several Qods Force members.[391] Others captured have included a commander in the Ramazan Corps, Mahmud Farhadi; a senior member of Lebanese Hezbollah, Ali Mussa Daqduq; and Qais Khazali, a former Sadrist leader and head of Asa'ib Ahl al-Haq (AAH, or the League of the Righteous).[392][393] In 2007, the US also captured the deputy commander of Lebanese Hezbollah Department 2800, which assisted the Qods Force in Iraq.[394]

Additional Shi'ite militants and extremists have taken the form of Special Groups, many formed from former elements of the Mahdi Army. According to General Petraeus, Iran armed these groups as a "Hezbollah-like force to serve its interests and fight a proxy war against the Iraqi state and coalition forces."[395] Gen. Petraeus accused Asaib Ahl al-Haq of carrying out a January 2007 attack on Karbala's provincial Joint Coordination Center, which killed five American soldiers.[396]

 AHH leader Khazali was released in December 2009 in exchange for a British hostage[397] and as part of an American effort to reintegrate Shi'ite militias into Iraqi politics.[398] Asaib Ahl al-Haq since reconciled with the Iraqi government, while the US designated Keta'ib Hezbollah as a Foreign Terrorist Organization.[399] However, Khazali still leads AAH and it remains a magnet for Shi'ite militants, as well as a threat to target US personnel and destabilize Iraq after the US withdraw deadline.[400] Despite the concerns voiced by the US, Maliki allowed AAH to join the political process in January 2012. Maliki's spokesman stated, "We welcome those who want to join the political process and give up their weapons, no matter whether they are Sunni or Shiite."[401]

Iran has consistently denied that it arms and supports militias inside Iraq. A number of senior Iranian officials have made statements denying that Iran's military is meddling in Iraq:

> "Such claims are a blame-game on part of the US officials" - Ahmad Vahidi, Iran's Minister of Defense, July 15, 2011.

> "These comments are repetitious and display the United States' trouble in earning the attention of the Iraqi parliament and government for extending its presence in Iraq…These remarks are a lie and aim to put the blame on the other countries…Americans are seeking an excuse to implement their Iranophobia plans and stir doubt and anxiety among Iraqi politicians and statesmen. They want to pretend that Iraq would be threatened by Iran, if Americans leave Iraq" - Hassan Danayeefar, Iran's Envoy to Baghdad, July 13, 2011.

> "The groups that wage terrorist attacks in Iraq today have all been created by the US." - Parviz Sorouri, member of the parliament's National Security and Foreign Policy Commission, July 12, 2011.

> "The issues raised by the Americans and their allegations that the IRGC supplies weapons to different groups in Iraq and Afghanistan and stirs insecurity is a big lie."- Rahmin Mehman Parast, Foreign Ministry spokesman. July 5, 2011.[402]

> "The Islamic Republic of Iran is prepared to expand its ties with the friendly and brotherly country of Iraq in different economic fields because it always considers Iraq's progress as its progress. Today there are cooperation fields in the oil, energy and reconstruction sectors that can be used for taking effective steps towards expansion of ties". - Vice President for International Affairs, Ali Saeedlou, February 19, 2012,

Iranian statements became less defensive as the US withdrawal neared, instead focusing on branding the withdrawal as a defeat for the US. Iranian press characterized the "victory" in terms of an Islamic awakening and, as Iranian Foreign Ministry Ramin Mehmanparast stated, a result of the resistance and opposition of the Iraqi people. In late-November 2011, IRGC Commander

Major General Mohammad Ali Jafari stated, "America abandoned Iraq without any achievement," and continued, "In Iraq only the Qods Force was involved…the Americans have implemented every measure but, in the end, they failed. These are great successes that were achieved despite all of the pressures."[403] In February 2012, the Commander of the Qods Force, General Soleimani when further, stating, "These regions (Iraq and Lebanon) are one way or another subject to the control of the Islamic Republic of Iran and its ideas."[404]

The US has made a series of efforts to help Iraqi security forces deal with these threats, as well as other unilateral and multilateral approaches. The US pushed the UN Security Council to include a ban on arms exports by Iran in Resolution 1747 on March 24, 2007.[405] On October 25, 2007, the United States named the Qods Force a Specially Designated Global Terrorist, along with naming four state-owned banks sponsors of terrorism, though it did not go as far as designating the IRGC itself as a terrorist organization.[406][407]

The US also placed sanctions on the Qods Force and the banks serving it. In 2007 and 2008, the US built bases near the Iranian border to block the smuggling of Iranian weapons into Iraq.[408] On September 26, 2007, the US Senate approved a resolution urging President Bush to designate the IRGC as a sponsor of terrorism.[409] On September 16, 2008, the United States froze the assets of a deputy commander of the Qods Force and a Mahdi Army leader, in addition to several others and a Syrian television station.[410]

However, the designations only escalated what were already strong sanctions on Iran that have been in place since 1979 and have shown to be mostly symbolic.[411] In February 2012, the US Department of the Treasury announced sanctions against the Iranian Ministry of Intelligence and Security (MOIS) stating, among other things, the ministry had helped al Qaeda agents in Iran and provided them with identity cards and passports and had given money and weapons to al Qaeda in Iraq.[412]

The Impact of the Power Vacuum in the Iran – Iraq Military Balance

All of these developments must be considered in the light of the near power vacuum in the Iran-Iraq military balance. As has been shown earlier, the US invasion and later disbanding of Saddam's army eliminated Iraq as a major military competitor of Iran. While the Iraqi Army (IA) suffered readiness problems and equipment shortages after the first Gulf War in 1991, it maintained a rough parity or even superiority with Iran in most major military capabilities. The Iranian military is structured to face a multitude of threats, but up until 2003 had seen Iraq as one of its main opponents, and countering an Iraqi invasion had been a major preoccupation for Iranian military planners.

Some US analysts have hoped that Iraq can again play the role of military competitor of Iran in the future. Despite a number of former ISCI members joining the IA, and some pro-Iranian military leaders, many in the Iraqi Army do view Iran as a potential threat. While Iraq may someday be a realistic check on Iranian military power, the timelines involved are quite long. As the previous figures have shown, the Iraqi military now poses virtually no conventional threat to Iran, nor can it hope to successfully oppose an Iranian invasion. The IA will remain quite weak for many years to come.

This is not a matter of manpower numbers. The Iraqi military has grown impressively since 2003, and it is not far behind Iran in terms of sheer size: 200,00 men in the Army, 68,000 more in Army Training and Support Forces, 5,053 in the Air Force, and 3,650 in the Navy, as of the

end of 2010.[413] But these numbers hide some serious weaknesses. The Iraqi military was almost exclusively a COIN-focused force until 2010. Building up the IA into a conventional force is very complex, time-consuming, and an expensive task. Iraqi plans call for a phased transition into a more conventional force focused on external threats, but this transition will not be completed until 2020, even under very favorable conditions. The recent political deadlock and budget crises in Iraq do not bode well for this transition meeting a 2020 deadline.

Iraq's military weaknesses vis-à-vis Iran are too numerous to examine in detail, but some of the most important problems can be summarized as follows:

- *Air defenses*: Iraq has no indigenous air defense capabilities. This is Iraq's most glaring conventional military shortcoming. Iraq has no SAMs (not even MANPADs), no air defense radars, and only acquired its first modern jet fighters in late 2011. Iraq expressed interest in used French Mirage 2000s, is in the process of acquiring a total of 36 US F16s, and was reported to be considering 24 Chinese J17s.[414] Air defense systems are extremely complex and expensive, and Iraq currently has no clear plans to acquire one in the near future. The Iranian air force may be obsolete by western standards, but it is decades ahead of Iraq.

- *Armor*: Iraq has only 140 modern M1A1 Abrams tanks, and a small number of less-advanced Soviet tanks. While Iraq has plans to purchase more, and to convert several infantry divisions to armored, further M1A1 purchases have been postponed due to budget shortfalls. Iraq's insistence on buying modern, but very expensive, American tanks will result in it taking a decade or more before the IA has enough tanks to realistically resist an Iranian invasion.

- *Artillery*: The IA has very little in the way of artillery, and what it does possess is mostly light and outdated. The IA has virtually no counter-battery capabilities. Iran, despite readiness and training problems, maintains a large number of artillery units.

- *Antitank Capabilities*: Iraq's only current real anti-tank capabilities are its small number of tanks, as well as a small number of ATGWs on its armored personnel carriers. The only anti-tank capability Iraqi infantry possess is short-ranged RPGs. Iraq has a light helicopter force, but no real anti-tank helicopter capability, nor plans to procure one.[415] Anti-tank weapons, particularly man-portable systems, are cheaper and somewhat easier to operate than many of the other weapons systems that Iraq needs to acquire in order to oppose Iran. However, as of yet no clear plans to obtain a serious anti-tank capability have been announced by the IA.

Iraqi efforts to rebuild its forces and capabilities to deter and defend against Iran will now be shaped by Iraq's politics, but Iraq does have significant security concerns. The two countries also technically remain at war, and incursions by the Iranian military are a constant threat. Their border is not clearly demarcated, particularly in the waterways in the south. Many border areas remain contested.

A minor clash at the Fakka Oil field on the Iran-Iraq border served to underline Iraqi fears of Iranian encroachment. The Fakka field is very close to the border, and while it has been in Iraqi hands since the Iran-Iraq war, its ownership is still in dispute.[416] On December 18, 2009, a small number of Iranian troops backed by armor seized oil well number 4 in the Fakka field and set up defensive positions.[417] Iraqi troops massed nearby and the Iranians quickly retreated back across the border. The incident avoided serious confrontation, with no shots fired by either side. However, had Iran chose to reinforce its position and defend the well it seized, there would be limitations to what Iraq could do without US help. The incident galvanized Iraqi public opinion and has contributed to a nationalist backlash against Iranian meddling in Iraq.

The Fakka incursion was only one in a series of Iranian military incursions across Iraq's border. On average, Iran shells Kurdish rebel camps in northern Iraq twice per month. Incursions by Iranian unmanned aerial vehicles have occurred since the late 1990s. In June 2010, Iranian

ground forces penetrated ten kilometers over the border near Penjwin to destroy rebel arms caches. Iranian helicopters have undertaken rocket attacks in northern Iraq and Iran has fired artillery against targets in Iraqi territory.[418]

In July 2011, Iranian troops crossed the border into Iraq to pursue Kurdish separatist forces. Roughly 5,000 IRGC personnel deployed along the border with Iraqi Kurdistan, with an unknown number crossing the border. According to the IRGC, they inflicted a "heavy and historic defeat" on the Kurdish separatist group PJAK (Free Life Party of Kurdistan). The PJAK also claimed to have killed 53 Iranians in the fighting.[419] In August 2011, Iran again shelled PJAK targets in northern Iraq at the same time Turkey bombed PKK fighters. In September 2011 in front of the UN General Assembly, Kurdish President Talibani requested that both Turkey and Iran stop bombing Iraqi territories in the Kurdistan region, saying it was causing many innocent civilian victims.[420]

Economic Competition

Iran is making economic progress in spite of its political and security problems, but largely because of high oil revenues and its per capita income remains on the lowest in the world. SIGIR reported in January 2012 that,[421]

> Iraq's gross domestic product (GDP) grew at a projected rate of 9.6% in 2011, nearly twice the average for oil-exporting nations in the Middle East, North Africa, Afghanistan, and Pakistan (MENAP) region and well above the 0.8% growth rate Iraq registered in 2010. The rise came as foreign business activity picked up and multibillion-dollar infrastructure and housing projects began to supplement rising crude oil production as significant contributors to economic activity. The International Monetary Fund (IMF) expects Iraq's GDP growth to exceed 12% in 2012—more than three times that projected for the region's oil-exporting nations as a group.

> Crude oil continued to account for about 98% of Iraq's export earnings and around 95% of all government income in 2011. This quarter, the GOI earned $19.35 billion in receipts from the sale of crude oil, a drop of $297 million over the previous quarter. But the combination of higher crude oil prices on global markets and increased export volume meant that Iraq's crude oil earnings for the entire year were $75.42 billion, or 54% more than those registered for 2010.

> Buoyed by higher than- expected crude oil prices through much of 2011, Iraq's net foreign currency reserves rose from just under $45 billion to $58 billion during 2011. However, there was evidence this quarter that inadequate crude oil export infrastructure may have prevented the country's earnings from being even higher than they were.

> Year-on-year core inflation dropped in October to 6.9%, the second consecutive monthly decline
> and the first time since June 2011 that the figure fell below 7%. Regionally, Iraq's 2011 inflation rate remained well below the average for other oil-exporting countries in the region and is forecast to remain that way through 2012 even if a tariff regime is implemented.

> … Iraq's most recent official unemployment rate of 15.3% is from 2008 and was not updated in 2011, although unofficial estimates made during the course of the year and formal remarks by the Communications Minister in Istanbul in October placed the percentage of working-age jobless at closer to 30%.

The US-Iran competition for economic influence in Iraq has seen Iran take the lead through growing Iranian trade and investment. Trade between Iran and Iraq has steadily increased since the US invasion and Iran is now Iraq's biggest trading partner.[422] Legal trade now consists of building materials, chemicals, consumer goods, and foodstuffs, much of it via the border at Mehran and Mundhirriya/Qasr Shirin.[423]

Iran has also implemented electricity deals with Iraq that were negotiated after the CPA era.[424] According to the Iranian ambassador to Iraq, Iran supplied 750 megawatts of electricity to Iraq daily, in mid-2010.[425] Two Iranian banks, Parsian and Karafarin, have been approved to open up branches in Iraq.[426] As early as November 2003, President Talibani signed protocols on investment, oil, construction, and transportation with Iran.[427]

Iran's Growing Economic Role in Iraq

Many Iraqis, as well as some Arab states, resent Iraq's post-invasion shift towards trade with Iran.[428] Iran and Iraq compete industrially and commercially, and in terms of agricultural products, this creates tension because Iran has the upper hand for the time being. Moreover, its investments in real estate and businesses in Basra, Karbala, and Najaf have been seen as exploitative rather than winning gratitude from Iraqis.

However, there is evidence that Iran has economic influence in at least some local communities. In 2005, for example, there were reports that finding a job in Basra required the sponsorship of an Iranian-backed group, and only those with leanings towards Iran filled teaching posts. Traders in parts of southern Iran increasingly speak Farsi[429] and many accept Iranian currency. Many Iraqis also receive medical care in Iran. Iranian exports include electricity, refined oil products, and cars.

In October 2011, a growing trend in Basra was reported showing the basis for its connections to Tehran. Many Basrawis feel they have been unfairly treated by Baghdad, Washington, and its Kuwaiti neighbor, so have turned to Iran for its development needs. Basra is a potential economic hub and contains the majority of Iraq's oil. At the core of Basra's complaints towards Baghdad is revenue sharing. Basra sends $50 billion each year to Baghdad from oil and gas sales, or 75% of the Iraqi government's total revenue, yet sees only $1 billion in return.[430] They blame Kuwait for developing ports and using drilling methods that infringe on Basra's economic livelihood. Washington has ignored Basra's complaints, which has opened up an opportunity for Tehran.

However, Iran's influence does not necessarily go beyond the pragmatic self-interest of given groups of Iraqis.. Najaf, the spiritual capital of Shi'a Islam, is an example of the limits to Iranian influence. Najaf is home of the leader of Iraq's Shi'a community and quietist school of Shi'ism, Ayatollah Ali Sistani. In late 2011, when reports emerged that Iranian-linked Ayatollah Mahmoud Hashemi Shahroudi was moving to Najaf, potentially as a successor to Sistani, residents were outraged. They voiced anger over Iranian attempts at manipulation and reverberated a common sentiment that Iranian Shi'ites are Iranian first and believe they are superior to Arabs.[431] Similarly, Iraqis in Basra take advantage of Iranian money, but are Arab Shi'ites that show little support for either Iran or the US.

Iran-Iraq economic ties are strong, and have been encouraged to some degree by the impact of international sanctions on Iran in other markets. In August 2010, Iran's ambassador said Iran would double its trade volume with Iraq.[432] Iranian officials have indicated that they welcome a strong economic integration between the two nations: "Our message to Iraqi brothers in my visit is that Iran is fully ready to expand ties with Baghdad. We announced that Tehran is prepared to put its scientific, technical, engineering, economic and commercial potentials at the disposal of Iraq."[433]

A leaked State Department memo from November 2009 noted that Iran's geographic proximity and willingness to take business risks in the insecure environment help make it an important trading partner for Iraq:

> With annual bilateral trade estimated at USD 4 billion (up 30 percent since 2008) and comprised mostly of Iranian imports (approximately 48 percent of Iraq's imports are Iranian goods), the IRIG [Islamic Republic of Iran Government] continues to jockey for economic domination in Iraq through targeted development assistance, focused largely on refurbishment of Shi'a religious shrines, and trade deals and bilateral agreements aimed at fostering greater Iraqi economic dependency on Iran. This measure has been successful, largely because of Iran's geographic proximity and access to Iraqi markets that are otherwise financially or politically less appealing to other states, notably the United States, Europe, and other industrialized nations. Turkey, on the other hand, remains Iran's biggest economic competitor, particularly in the Kurdistan Regional Government (KRG).[434]

Mohsen Milani has different numbers for this trade, but they reflect the same trends and note the importance of Iran in providing electricity to Iraq:

> Iraq is Iran's second-largest importer of non-oil goods. In 2003, Iraq's non-oil imports from Iran totaled $184 million; by 2008, this figure was $7 billion and is expected to top $10 billion by 2012. Iraq is also largely dependent on energy imports from Iran. In 2009, it imported $1 billion in energy -- 40 percent of which was electricity and 30 percent refined petroleum products. Iran has also been involved in rebuilding Iraq's energy infrastructure. In 2007, for example, Tehran signed a $150 million contract to build a 300-megawatt power plant in Baghdad, and in 2008 it agreed to build a 400-megawatt electricity line between Abadan, a port city in southwestern Iran, and Alharasa in southern Iraq. Iran is also heavily invested in Basra, a strategically important port and Iraq's second-largest city: Iran plans to develop a free-trade zone there and build crude oil and oil-product pipelines between the city and Abadan. Its commercial relations with Kurdistan have expanded as well; there are more than 100 Iranian companies operating there, and Kurdistan has been exporting its surplus oil to Iran in exchange for the import of Iranian electricity.[435]

As Iraq struggles to build its electricity infrastructure, Iranian influence in this sector will continue to be vital to Iraq's growth. Overall Iran provides about 5% of Iraq's electricity, although in some border areas this figure is much higher.[436] As power shortages persist across most of Iraq, still affecting about 80% of the population in late 2011,[437] Iran might be relied on to a greater extent.

Iran's economic ties to Iraq have come at a price to many Iraqis. Many Iraqi business owners complain of cheap Iranian goods and food that are subsidized by Tehran being dumped on the Iraqi market. This has retarded growth in Iraq's light manufacturing and Agriculture sectors.[438] At the same time, Iran might be leveraging its resources to effectively bolster Iraqi Ministers who align with Iran.

The Declining Size of US Aid

Figure VII.9 shows that American aid has been an important source of US influence in competing with Iran in the past. SIGIR reported in January 2012 that, "The United States has appropriated or otherwise made available $61.83 billion through FY 2011 for reconstruction efforts in Iraq, including the building of physical infrastructure, establishment of political and societal institutions, reconstitution of security forces, and the purchase of products and services for the benefit of the people of Iraq.[439]

Figure VII.10 shows only limited amounts of past US funding is still available. As of January 2012, the status of US aid in five major funds was as follows:[440]

- Iraq Security Forces Fund (ISFF)—$20.54 billion appropriated, $18.62 billion obligated, $17.91 billion expended, and $1.31 billion available for obligation to new projects

- •Economic Support Fund (ESF)—$4.83 billion appropriated, $4.44 billion obligated, $3.95 billion expended, and $132 million available for obligation to new projects

- •International Narcotics Control and Law Enforcement (INCLE)—$1.18 billion appropriated, $979 million obligated, $815 million expended, and $204 million available for obligation to new projects

-

Other funds no longer are available for obligation to new projects:

- Iraq Relief and Reconstruction Fund (IRRF)— $20.86 billion appropriated, $20.36 billion obligated, and $20.07 billion expended

- • Commander's Emergency Response Program (CERP)—$3.96 billion appropriated, $3.73 billion obligated, and $3.73 billion expended

IRFF and CERP funds can no longer be used for new obligations. Nearly half of the unexpended obligations are within the ISFF. The Congress has also allocated $10.45 billion in smaller funding streams. [441]

The Congress has already made cuts in the US aid requests and has shown increasing resistance to large amounts of future funding. On April 15, 2011, after several temporary extensions, a total of $3.7 billion was appropriated for FY2011 to Iraq versus a request of $5.05 billion. Just $2.3 million of that amount (one-tenth of 1%) was obligated from ISFF, ESF, and INCLE, while $42 million was obligated from the CERP, or 64% of its FY2011 appropriation. [442]

The FY2012 budget request totaled $6.83 billion. There was no request for ISFF funding in the FY2012 budget; instead requests were made for $1 billion each for Foreign Military Financing (FMF) and in INCLE to support ISF as part of "Overseas Contingency Operations". [443] Under the US Budget Control Act of 2011, Contingency Operations would not be constrained by discretionary caps. [444] Congress has passed short-term funding for operations in Iraq on several occasions, including through November 18, 2011, while the FY2012 budget was being considered.

In February 2012, the US acknowledged it would be cutting the funding for the US Embassy in Baghdad by 10 percent in 2013, as part of the $4.8 billion spending plan the State Department is requesting for the mission for the 2013 fiscal year that begins October 1, 2012. [445] Michael W. McClellan, the embassy spokesman, stated that to compensate for the cuts the embassy was planning to hire "Iraqi staff and sourcing more goods and services to the local economy," [446]

Figure VII.9: Funding for Iraqi Reconstruction and the Impact of US Aid: 2003-2011

FUNDING SOURCES, 2003–2011
$ Billions

Total: $182.27

CPA Spending $12.07

Total Non-U.S. International Funding $13.03

Bilateral $8.60

Multilateral $4.44

Total Iraqi Funding $107.41

IRRF $20.86

ISFF $20.54

Total U.S. Funding $61.83

Iraqi Capital Budgets $95.34

ESF $4.83

CERP $3.96

INCLE $1.18

Other $10.45
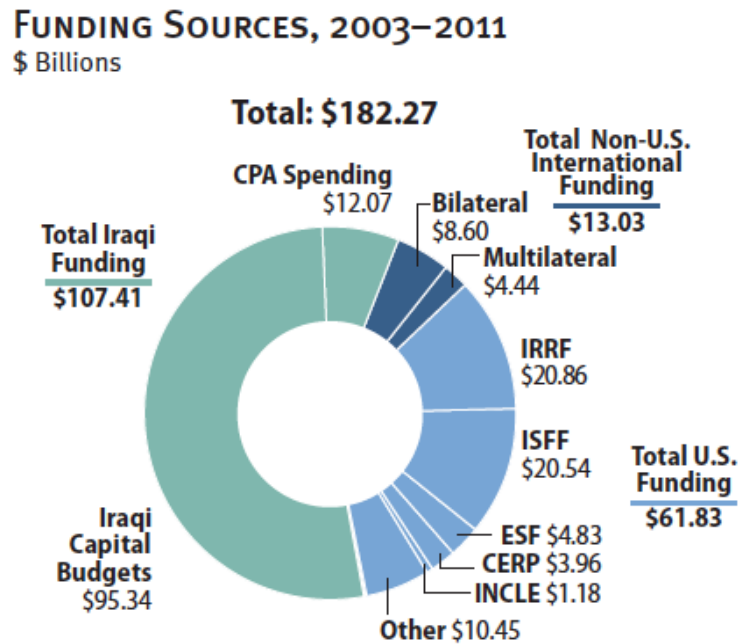
U.S., IRAQI, AND NON-U.S. INTERNATIONAL SUPPORT FOR RECONSTRUCTION, 2003–2011
$ Billions

Legend:
- Iraqi
- U.S.
- Non-U.S. International
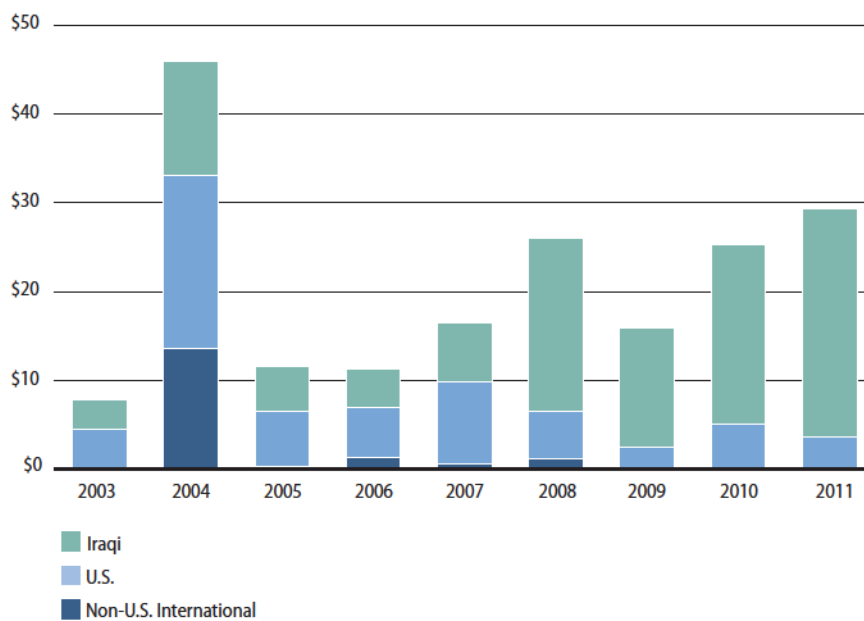
Note: Data not audited. Numbers affected by rounding. U.S. contributions are represented by U.S. fiscal year. Iraqi and non-U.S. international contributions are represented by calendar year. Iraqi funding reflects capital budgets for 2003–2005 and 2011 and actual capital expenditures for 2006–2010. The earliest available data for non-U.S. international contributions dates from 2004; therefore, all 2003–2004 non-U.S. international contributions are represented as having been made in 2004.

Source: SIGIR, Quarterly Report, January 30, 2012, p. 21.

Figure VII.10: Status of US Aid Funds as of 9/30/2011
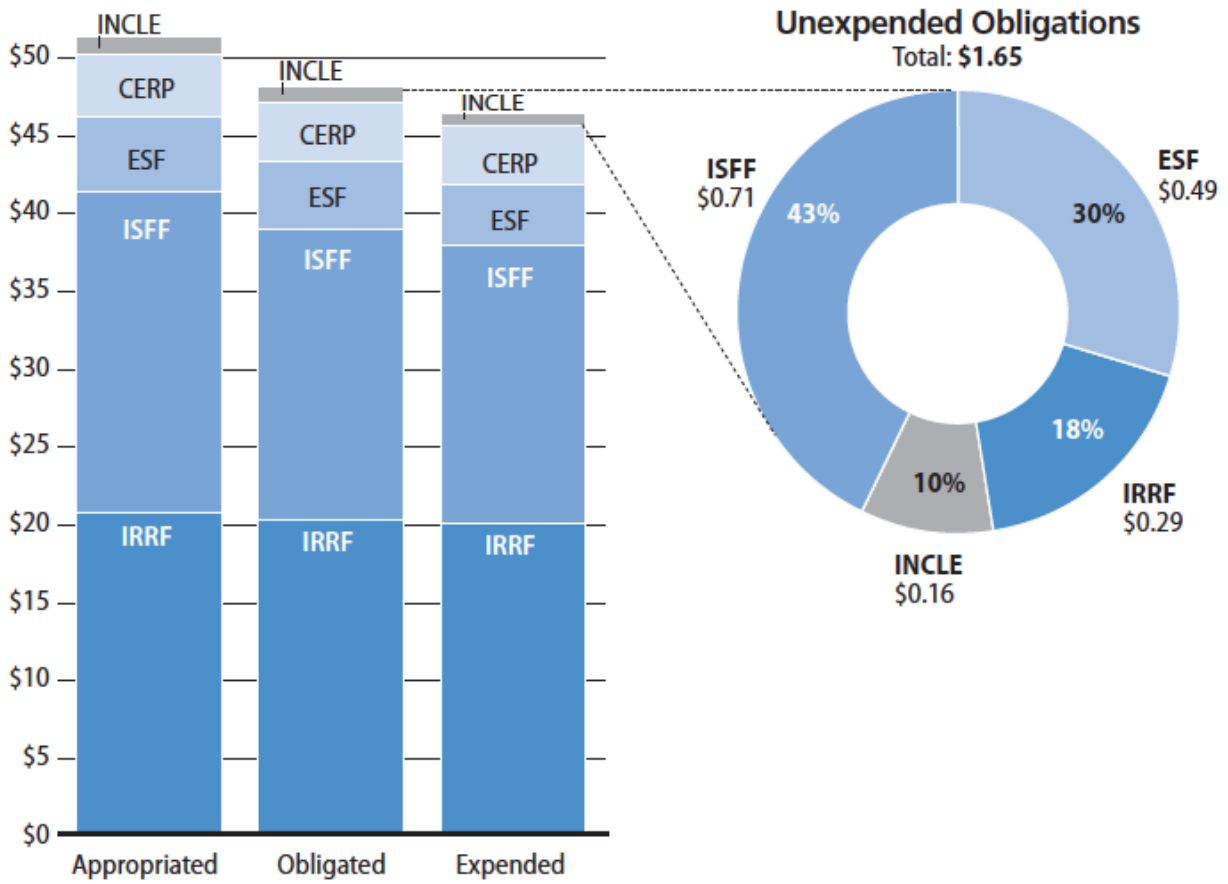
Source: SIGIR, Quarterly Report, January 30, 2011, p. 19.

Iraqi Funding of Iraq Development

Figure VII.11 shows that the Iraqi economy is improving and that increased oil revenues have reduced Iraqi dependence on both Iran and the US. Iraq is now largely funding its own development with outside support from other organizations. Reporting by SIGIR notes that oil revenues have risen sharply and moved Iraq out of the major budget crisis it encountered during 2008-2009:

> As of September 30, 2011, the GOI had received $56.07 billion in oil receipts for the year, exceeding the amount received in all of 2010. Annual oil receipts to date are 57% more than the $35.60 billion received during the first nine months of last year and 22% more than the $45.95 billion projected through September 30, 2011
>
> Overall, the 2011 GOI budget estimated that 89% of annual revenue would come from oil exports…So far this year, price levels and export volumes are both higher than what they were in 2010. As of September 30, 2011, Iraq had received an average of $102.83 per barrel of oil exported – well above the average of $74.56 per barrel received in 2010. Oil export volumes averaged 2.1 million barrels per day (MBPD) during the first nine months of the year — 4% less than the projected rate of 2.2 MBPD, but more than last year's average of 1.9 MBPD. Iraq had record-high annual oil receipts of $58.79 billion in 2008; at the current pace, the GOI will surpass that amount by mid-October.[447]

Maliki announced a National Development Plan in July 2010 estimated to cost $186 billion between 2010 and 2014, with over half of the funding from the government and the rest coming from the private sector. In February 2010, the IMF approved a two-year, $3.7 billion loan package for Iraq for the purpose of budget support, structural reforms, and macroeconomic stability.[448]

As **Figure VII.12** shows, Iraq's oil revenues are capable of funding larger budgets – a factor that makes Iraq less dependent on both Iran and the US, but critically dependent on both high oil revenues and an effective level of governance and political action that does not yet exist and may not exist for years to come. In February 2011, the GOI approved a budget of $82.62 billion, while projecting $69.18 billion in revenues – creating a deficit of $13.44 billion. The budget figures are dependent on oil production and prices. An estimated 89% of the budget was dependent on oil revenues. The GOI took in $20.11 billion in oil-export receipts the 3rd quarter of 2011, setting a post-2003 record.[449] As of November 2011, Baghdad received $56.07 billion in oil revenues for the year, more than all of 2010 combined.[450] As of November 2011, the GOI was debating a preliminary 2012 budget of more than $100 billion.[451]

The IMF projected Iraq's real GDP growth rate for 2011 at 9.6%, up from less than 1% in 2010. [452] However, Iraq ranks 161st in the world in per capita income and has a population that has risen from 18.1 million in 1990, to 30.4 million in 2011, and will have a UN estimated 64 million in 2050.[453]

In late 2011, SIGIR reports that the Council of Ministers approved a draft budget of $100.1 billion, with a projected $14.7 billion deficit for 2012.[454]

> The budget was predicated on crude oil not falling below $85 per barrel and the country's ability to export an average of 2.625 MBPD during the year. As shown in Table 4.4, the draft represents a 21% rise in projected spending over the 2011 budget, and it follows substantial increases both last year and in 2010. In 2009, the budget was set at $58.61 billion.

The CoM's 2012 draft budget, which requires CoR approval to become law, calls for $31.8 billion of new capital spending—a 24% jump over 2011—which is likely to be put toward further rebuilding of the country's obsolete and rundown infrastructure. Proposed operational spending of $68.3 billion for such recurrent items as government salaries, support for state-owned enterprises, and food subsidies is 20% higher than in 2011. The Ministries of Oil and Electricity have the largest capital budgets.

This can only fund the first steps toward recovery and development, and much depends on security and political stability, but it is a step forward.

Finally debt and reparations remain a problem. While estimates differ, SIGIR reports that, [455]

The GOI established a committee this quarter to deal with Iraq's public debt, most of which stems from the Saddam era. Estimated at between $130 billion and $140 billion in 2003, the government debt had fallen to $92 billion in 2010 according to the CBI. About $45 billion of this amount is eligible for debt-reduction negotiation under the same terms of the 2004 Paris Club agreement under which 19 nations, including the United States, wrote off 80% of outstanding debt. Among the remaining sovereign creditors, Arab neighbors—including Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates—are collectively still owed about $40 billion. Iraq owes Poland $850 million.

In addition to this debt, Iraq also owes war reparations stemming from Saddam's invasion of Kuwait in 1990. At the end of 2011, Iraq owed just over $18 billion in reparations—mainly to Kuwait. Iraq uses 5% of its crude oil income to pay these reparations.

The US has long sought Saudi and Kuwait forgiveness of these debt burdens, and such action might do much to both improve Iraqi stability over time, and help tilt Iraq away from Iran.

Figure VII.11: Progress in the Iraqi Economy: 2004-2011
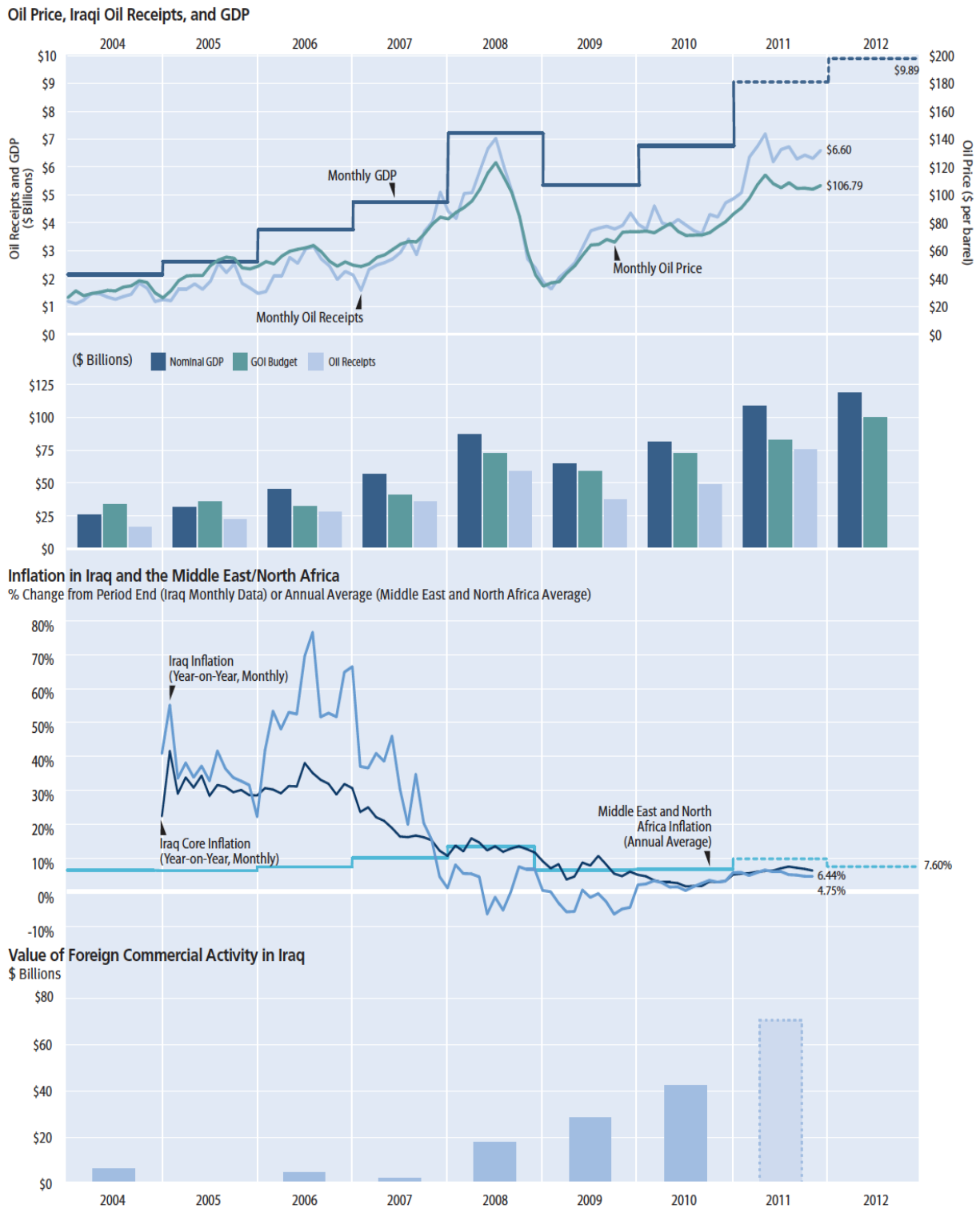
Note: Data not audited. Numbers affected by rounding. All dollar values are in current prices. GDP figures for 2011 and 2012 are estimates. Value of foreign commercial activitiy in Iraq for 2011 is an estimate. GOI budget for 2012 is CoM draft.

SIGIR, Quarterly Report, January 30, 2012, p. 83

Figure VII.12: Oil revenues vs. the Iraqi Budget: 2004-2011

CRUDE OIL PRODUCTION AND EXPORTS, BY MONTH, 10/2003–12/2011
Million Barrels per Day
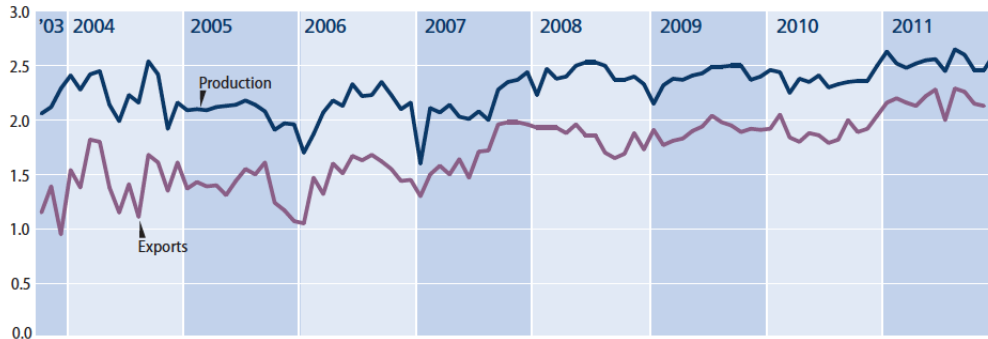
Note: Exports include crude oil from the Kurdistan Region; production figures do not.

Sources: NEA-I, responses to SIGIR data calls, 6/4/2010, 7/6/2010, 1/11/2011, 4/5/2011, 7/7/2011, 10/17/2011, and 1/6/2012.

Monthly Oil Price and Exports vs. Projections
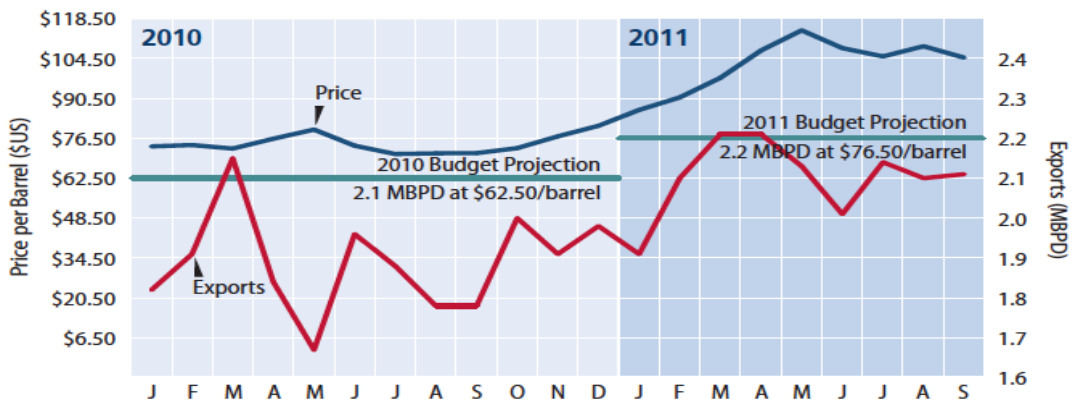
Monthly Oil Revenues and Receipts vs. Projections
$ Billions
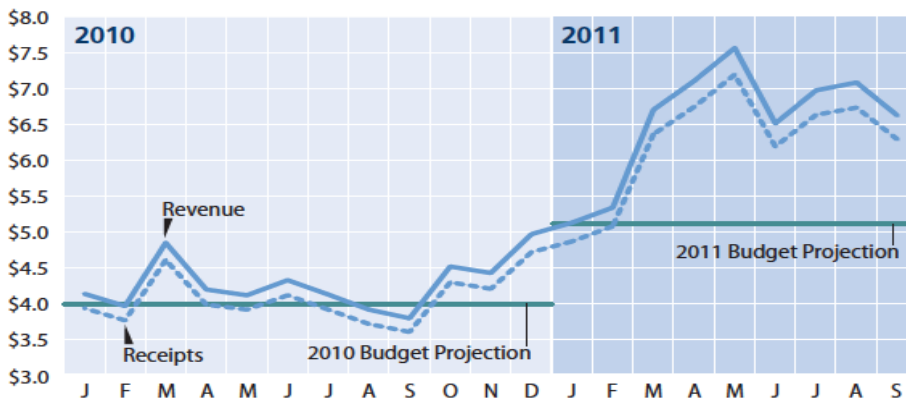
Note: Data not audited. Numbers affected by rounding. Not all oil export revenue accrues to the GOI; 5% is paid in war reparations to Kuwait, which accounts for the difference between the Receipts and Revenue lines in this chart. Monthly price per barrel is derived by dividing the monthly revenue by monthly exports.

Sources: U.S. Treasury, response to SIGIR data call, 10/11/2011; GOI, CoR, "Federal Public Budget Law for the Fiscal Year 2010," 1/27/2010; GOI, CoR, "Federal Public Budget Law for the Fiscal Year 2011," 2/23/2011.

SIGIR, Quarterly Report, October 30, 2011, p. 28, and January 30, 2012, p. 87

The Uncertain Quality of US Aid and the Need to Focus on Advice and US Private Investment

Looking towards the future, the quality of US aid and the scale of US private investment will be the key factors in both competition with Iran and in meeting Iraq's needs for economic development and stability. In spite of massive spending, past US aid has had an uncertain impact on America's image in Iraq. According to the SIGIR's October 2010 report, American reconstruction programs had too low a profile among Iraqi citizens.[456] Safia al-Souhail, a member of the Council of Representatives and of Maliki's State of Law coalition, told the SIGIR, "If you lived in a community and someone donated money to expand the water treatment plant in your neighborhood, it is unlikely the average household would know who donated the money."[457]

The US is now focused on small programs to help Iraq build capacity in key areas, though these efforts are likely to have limited visibility and impact on Iraqis and US and Iranian competition. USAID now has five such projects; two ongoing and three new. SIGIR reports that the ongoing projects include:

> The Iraq National and Provincial Administrative Reform Project (called *Tarabot*, or "linkages" in Arabic), with $151 million from the ESF. The new initiative follows the long-running National Capacity Development Program (called *Tatweer*, or "development," in Arabic), which was concluded on July 31, 2011. Like *Tatweer*, *Tarabot* aims to support the GOI by strengthening federal, provincial, and sub-provincial government entities while working to increase provincial control over public-policy decision-making and government resources. The project is scheduled to conclude in 2015.

> The Governance Strengthening Project (GSP), a $131million ESF-funded effort that aims to continue the work of the Local Governance Program (LGP), which ended in September. The project will aim to develop Iraq's provincial governments amid concerns raised in evaluations of the LGP about the ability of the central government to devolve power to the provinces.[458]

The new US projects are shown in **Figure VII.13,** and it is clear that they are relatively small and narrowly focused. Major new funding will be needed to sustain these efforts – and US competition with Iran – in FY2013 and beyond.

While the US may be able to partially compensate for cuts in aid by focusing on the technical advice and expertise Iraq needs to use its own resources effectively, the levels involved and their visibility are very low. Congress significantly reduced aid to Iraq in FY2011 and FY2012, and may well do so again in FY2013 and beyond.

This makes the lag in American energy investment and commercial ties even more important. It is also unlikely that near- to mid-term US private investment will be able to replace American aid or compete with Iraq's trade relationship with Iran. Some American companies have been increasing investment in Iraq, but many have been risk-averse.

US Ambassador Jim Jeffrey has actively encouraged American investment, but American businesses have been slow to jump into Iraq's business environment, which ranks 166th out of 183 countries in a World Bank report.[459] It also ranked as the tenth most difficult country to start a business, fifth most difficult for cross-border trade, and seventh most difficult to enforce a contract.[460] Iraq made no business sector reforms in 2010.

Figure VII.13: New US Aid Projects in 2011
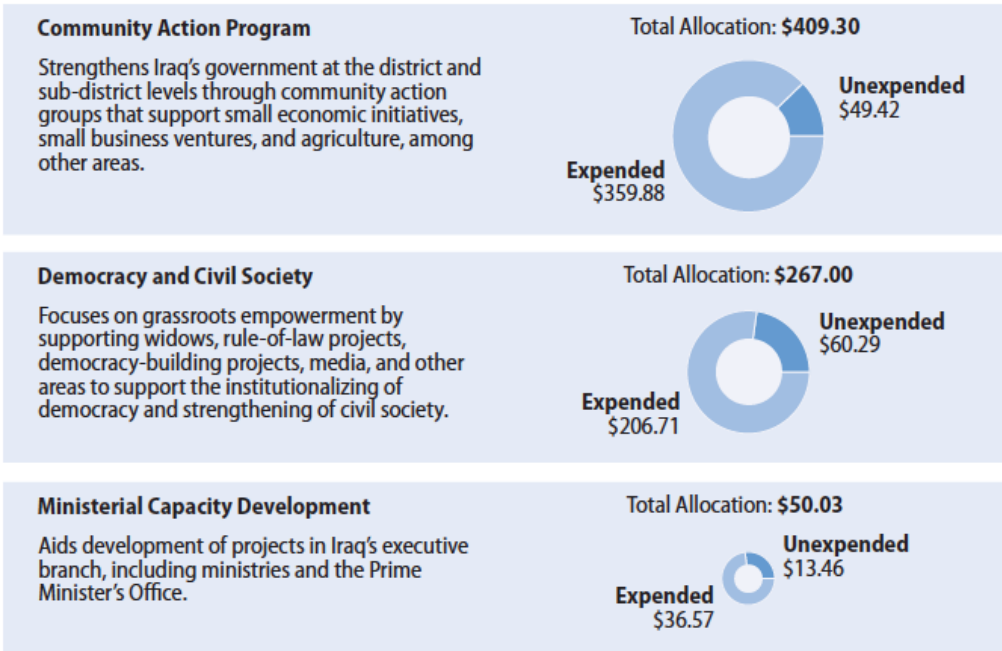
Source: SIGIR, Quarterly Report, October 30, 2011, p. 45.

US and Iranian Competition in Iraq's Petroleum Sector

Figure VII.12 shows that non-US firms have dominated the bidding for Iraq's efforts to rehabilitate and expand its oil and petroleum-related sector. Progress in the petroleum sector has been aided, however, by several American companies working in Basra, namely Halliburton, Baker Hughes, Schlumberger, and Weatherford,[461] while Exxon circumvented Baghdad and signed deals with the Kurds in late 2011.[462] Halliburton is working with Shell to develop the Majnoon oil field 37 miles from Basra.[463] Majnoon is one of the world's largest oil fields, named after the Arabic word for "crazy" because of the size of its oil reserve estimates of up to 25 billion barrels.[464] However, the leading investor in Iraq's oil industry is not the United States, but China.[465]

Moreover, oil cooperation between Iraq and Iran may also strengthen Iraq's ties to Iran and increase Iranian ability to deal with sanctions. Construction of a proposed pipeline between Basra, Iraq and Abadan, Iran is still stalled at the doorstep of the Iraqi government, six years after both countries signed a Memorandum of Understanding.[466] The pipeline would transport up to 150,000 barrels of crude a day from Iraq to Iran, and Iranian refined products would ship back to Basra.[467] Iraq's Kurdish region also exports oil through Iran, incentivizes Iraqi cooperation with Iran, and allows Iran to soften the impact of American-backed sanctions.[468]

The key problem this presents for Iran is that both Iran and Iraq have long competed to be the more important "oil power" – competition that has scarcely ended. When Iranian troops crossed

the Iraqi border and took control of Well 4 of the Fauqa Field in 2009, crude oil futures increased by 2.2%.[469] Energy competition led both states to suddenly raise their claims for oil reserves during the Iran-Iraq War – an experience they have recently repeated. In 2010, weeks after Iraq announced crude oil reserve estimates of 143.1 billion barrels, Iran announced a new estimate of 150.31 billion barrels.[470]

Both were significant increases that had little substantive evidence to support them: Iraq's estimate was 25% higher than its previous estimate, while Iran's was 9% higher.[471] The timing of the announcements could indicate the intensity of oil competition between the two countries and Iran's intention not to be outdone by its neighbor. A former oil minister who served under Saddam Hussein, however, said both estimates are politically motivated and unreliable.[472] Iraq still has yet to rejoin OPEC's production quota system.[473]

Figure VII.12: Results of the First Two Rounds of Bidding for Oil Development in Iraq

Results of Oil Field Bidding Rounds					
First Bidding Round (brownfields)	Operators	2009 Prod. 1,000 bbl/d	Target Prod. 1,000 bbl/d	Target Incr. 1,000 bbl/d	Reserves (billion bbl)
Rumaila	BP, CNPC, SOMO	1,000	2,850	1,850	17.8
West Qurna, Phase I	ExxonMobil, Shell, NOC	270	2,325	2,055	8.6
Zubair	Eni, Occidental, Kogas, Misan Oil	205	1,200	995	4.0
First Round Total (billion barrels)		1,475	6,375	4,900	30
Second Bidding Round (greenfields)					
West Qurna, Phase II	LUKOil, Statoil, Oil Exploration CO.	0	1,800	1,800	12.9
Majnoon	Shell, Petronas, Misan Oil	55	1,800	1,745	12.6
Halfaya	CNPC, Petronas, Total, South Oil	3	535	532	4.1
Gharaff	Petronas, JAPEX, North Oil	0	230	230	0.8
Badra	Gazprom, KOGAS, Petronas, TPAO, Midlands	0	170	170	0.1
Qayarah	Sonangol, Nineveh	2	120	118	0.9
Najmah	Sonangol, Nineveh	0	110	110	0.9
Second Round Total (billion barrels)		60	4,765	4,705	32
Totals - Rounds 1 & 2		1,535	11,140	9605.0	62.7

Source: EIA, Iraq, A Country Study, September 2010, http://www.eia.gov/countries/cab.cfm?fips=IZ

Competition in Diplomacy and for Iranian Ability to Create an "Axis" of Influence in Iraq, Syria, and Lebanon

Diplomatic efforts to encourage US-Iranian collaboration, rather than competition, in Iraq have failed, and this aspect of competition continues to expand. Following the December 2006 Iraq Study Group recommendation to include Iran in stabilization efforts in Iraq, the US and Iran took part in three regional conferences on Iraqi stability between March 2007 and April 2008.[474] Bilateral talks between the US and Iran took place between May and August of 2007, but produced several impasses and did not continue.[475] The US and Iran have since competed diplomatically to shape Iraq's political system and each has intervened in Iraqi political deadlocks to broker agreements favorable to their interests.

Diplomatic Competition

Iran sees diplomacy in Iraq as a key area to compete with the US, and one where it can win with little compromise or cooperation. This is illustrated by the role of the Qods Force over Iran's diplomacy and in the background of Iranian ambassadors and other officials in Iraq. The current Iranian ambassador to Iraq, Hassan Danafar, and his predecessor, Hassan Kazemi-Qomi, were members of the Iranian Revolutionary Guard Corps (IRGC).[476]

In October 2007, General Petraeus claimed that Kazemi-Qomi was still a member of the Qods Force.[477] Qomi had previously helped organized Hezbollah in Lebanon.[478] Danafar was commander in the IRGC, deputy commander in its navy, and also a member of the Qods Force.[479] Danafar is a native of Baghdad but was expelled by Saddam's regime for ethnic ties to Iran.[480] During the Iran-Iraq War, he was an IRGC ground forces operations commander and was responsible for the planning and operations division of Khatam-ol-Anbia ("The Last Prophet"), an Iranian company under IRGC control.[481][482]

Khatam-ol-Anbia, which employs 40,000 people and has ties to Chinese oil companies, is responsible for projects in oil, industry, natural gas, transportation, and construction.[483] Danafar was also Secretary of the Department of Iran-Iraq Economic Development and headed the Mobayen Center, a cultural center that Iran Focus News and Analysis accuses of training Iraqis to work with the Qods Force. The oppositionist National Council of Resistance of Iran also accuses the Qods Force of having its members pose as Iranian businessmen.[484] Immediately before assuming the post of ambassador, Danafar headed the Center for Reconstruction of Holy Sites.[485]

The Problem of Syria

Recent competition in diplomacy involving Iraq's relations with Syria has made Iraq a regional issue. A violent crackdown by President Bashar al-Assad's security forces against protesters in Syria led to widespread condemnation in much of the Arab and Western world, while Iran remained one of Syria's few supporters in the Middle East.

In May, Maliki publicly advocated reform in Syria, but under Assad's direction. By August, he urged protestors not to "sabotage" the Syrian state[486] and mimicked the accusation from Damascus and Tehran that Israel, not Syria's own citizenry, was responsible for Assad's situation. Moqtada al-Sadr also stated in late August that he was against the calls for Assad's resignation "by the 'Leader of Evilness' Obama and others."[487]

In July and August, Iraq expanded its economic and political ties with Syria, including hosting high-level representatives and supplying Syria with urgently needed oil. The Iraqi government reportedly even agreed to renew hundreds of millions of dollars in Saddam-era contracts with Syria, in turn, lining the pockets of Assad's cronies. Additionally, unlike Turkey, Baghdad has closed its border to Syrians fleeing violence and dissidents looking to organize.[488]

On September 20, 2011 Iraq changed its position and stated that Assad should transition power. An Iraqi government spokesman stated, "Our goals are the same as the United States has in changing the regime."[489] The spokesman noted that this was Iraq's long-held view, but concern over a post-Assad sectarian conflict restrained a tougher stance. The growing international condemnation of Assad was never absent in Iraq. Many Iraqi leaders and citizens did not believe in the Iraqi government's initial pro-Assad stance. Public anti-Assad sentiments came mostly from Sunni Arabs, but also privately among Kurdish leaders and members of the Iraqi cabinet.[490]

Baghdad's position on Syria had been affected by pressure from Iran and the perception that Iran will be needed to fill coming voids after the US withdraws. US officials are also concerned that Iran will increase its involvement in Iraqi affairs to compensate for any loss of its Syrian ally. In late August, Iran increased attacks in Iraq's Kurdish north, just as a major Iranian newspaper warned Syria could export "warfare" to its neighbors if they turned against Assad.[491][492]

On September 8, 2011, President Ahmadinejad called for Assad to end the violent crackdown, likely a political attempt to repair Iran's image in the Muslim world, given that Iran continued to broadly support Assad's handling of the situation.[493] Iraq's took a more ambiguous stand. It opposed the Arab League's November 2011 move to suspend Syria's membership, but voted in January for the plan for a transition of power in Syria. Still, both Iraq and Iran are perceived as wanting his regime to remain in power.[494]

Iraq's reversal on Assad has several undetermined implications. The Syrian protests became steadily more violent in Sunni areas after late September 2011, and this has continued through March 2012, with some signs that Syria may be moving towards a serious civil war. Assad has continued to make growing use of violence as his key political tool, linking any resistance to external meddling.

How Iraq reacts in terms of facilitating or obstructing aid from Iran, trade with Syria, and accepting displaced Syrians and insurgents, will ultimately determine its intentions. The Arab Gulf states and the US can try to push Iraq towards reversing its position, but Tehran's pressure on Iraq may be a defining moment in Iran-Iraq relations, as well as in Iraq's relations with its other Arab neighbors. An Iraq that tilts to far toward Iran and Syria, will find it difficult to deal with its Arab neighbors in the future;

Iran's support for Assad has affected Turkey's willingness to counterbalance Iranian influence in the region, and Turkey has joined Iraq's Southern Gulf neighbors and the rest of the Arab League in pressing for a stronger Iraqi stand on Syria.. In September 2011, Turkey agreed to house the sophisticated X-Band, or AN/TPY-2, US radar system in Kurecik, Turkey, 435 miles from the Iranian border. The agreement came amid Turkey's reservations over Iran's evolving missile capabilities and concern over Iran's support for Assad.[495] Turkey was adamant that the agreement not pinpoint Iran as the motive behind the agreement, but as part of a broader NATO/Turkish defense system. Turkey enjoys close economic ties to Iran and has criticized the US posture on Iran's nuclear program. Iran has stated the deal will only escalate regional tensions.

The American radar will be part of a larger system that will include sharing intelligence with Israel – a major point of contention within Turkey. The deal, however, is still a milestone in improving US-Turkish relations. Turkey also permits US drones that monitor Kurdish rebels in Iraq's north to be launched from their soil and has confirmed talks for their continued use after the US leaves Iraq. It is unclear whether armed drones or just surveillance drones would be considered.[496]

Implications for US Policy

There are major uncertainties over the size, purpose, and funding of the future civil and military US effort in Iraq, and over Iran's role in limiting US influence. There are reports that Iran played a major role in blocking US efforts to negotiate a strong Strategic Framework Agreement (SFA) with Iraq. A BBC report dated November 14, 2011 claimed that,[497]

> Washington had lobbied hard, and publicly, for a new agreement that would allow the US to keep a contingent of several thousand soldiers in Iraq. After months of indecision, in October, the government in Baghdad said no - or at least not under conditions acceptable to the Pentagon.

> Some detected the hand of Iran behind the decision. Adviser Sa'ad Youssef al-Mutalabi says that while the decision had been Iraq's, Iranian sensitivities had played their part. "It is taking Iran into consideration. We understand that there is a certain sensitivity. And we do not want an excuse for the Iranians to intervene in Iraq on the pretext that you have American troops."

That same BBC report noted, however, that Iran's role was uncertain,

> Michael McClellan is the spokesman for the US embassy in Baghdad says: "We are not being pushed out and I don't think it's at the behest of Iran. Since 2003, our objective here has been to have an Iraq that is sovereign, stable and self-reliant…They are sovereign because they did make their own decision. We did not just come back at them and say: 'Sorry but we're going to keep our troops here anyway.'"

What does seem clear is that the full withdrawal of American troops has been a significant short-term boost to Iranian ambitions, and that much now depends on how successful US efforts are in finding some way to build a meaningful and enduring strategic partnership with Iraq. Moreover, for all of the internal problems and uncertainties in Iraq, the US cannot afford to allow Iran to transform any short-term gains into lasting victory through default.

There Will be No Competition without Adequate Resources

The State Department's role will be critical to US success. US forces have fully withdrawn, provincial reconstruction teams have ended, and the State Department has taken control of far more limited operations than the US originally sought under the SFA. State must now seek to influence Iraq's broader diplomatic presence, development assistance, police development, and modernization of the Iraqi Security Forces.[498] State must rely heavily on existing relationships characterized in the SFA, including important advisory roles that can be maintained without a large US troop presence.

State will need funds for traditional technical assistance to government ministries and provinces through agencies like USAID and the DOJ. It will also need funds for less familiar roles, such as the coordination of the largest Foreign Military Sales (FMS) and Foreign Military Financing (FMF) programs in the world Funding continuing US military, and police training presence in Iraq and. US arms transfers will be particularly critical. The size, composition, and ultimate success of the military training mission are particularly crucial and uncertain. It is not clear whether US aid programs can successfully be scaled back without compromising their intended

goals. It remains uncertain how an influx of contractors will perform, and whether or not State can effectively manage them

State will also need funds for a variety of permanent installations within Iraq,[499] including consulates in Erbil and Basra and ten OSC-I sites.[500] The lack of continued US troops will complicate many of State's efforts and raise their cost. US forces in Iraq performed several key functions prior to State taking the lead, including training, equipping, advising and supporting the ISF, conducting partnered counterterrorism operations with Iraqi forces, and protecting civilian capacity building efforts.[501] Not only will State take on oversight of many of these functions, but there will also be a heavier reliance on Iraqi forces to fill security voids.

This effort cannot be cheap– although it will probably cost substantially less even at the start than the original plan to spend $6.83 billion. Unfortunately, the politics surrounding the foreign affairs budget of both the State and Defense Departments are volatile, and there may be significant further cuts to expenditures in Iraq. It is far from clear how firmly and fully the US Congress and Administration as whole understand the challenges involved.

The US Role from Outside Iraq

Much will also depend on what the US does outside of Iraq to deter and contain Iran. Unfortunately, the US has so far done little to explain the new security posture it will establish in the Gulf, Jordan, and Egypt. On December 16th, Ben Rhodes, the deputy national security advisor for strategic communications, is reported to have said that the US could revert to a pre-1990 posture in the Gulf, and there was no real need to either deal with Iran or change the US strategic and military posture in the region. He explained that, "the scaling back of the US military presence in the Gulf was part of the administration's strategy to "demilitarize" US foreign policy and shift to an approach that favored counter-terrorism tactics." He also said the end of the war in Iraq -- and eventually the war in Afghanistan -- proved that large military deployments are not necessary to deny terrorists safe haven in foreign countries." [502]

> "I don't think we're looking to reallocate our military footprint in any significant way from Iraq. They won't be reallocated to other countries in the region in any substantial numbers … The argument several years ago... was that you needed to have a very large US military footprint so that you could fight the terrorists 'over there,' so they wouldn't come here. But we've demonstrated the opposite, that you don't need to have a large US military footprint in these countries, that you can shrink them and focus on al Qa'ida in a far more specific way... and still very much accomplish your national security goals….
>
> "That allows us in many respects to demilitarize elements of our foreign policy and establish more normal relationships…That's our posture in the region and its far more in line with where we were before 1990.
>
> …President Obama has kept a core promise of his to the American people. He opposed the war in Iraq as a candidate for Senate in 2002, before it started. He put forward a plan to end the war as a senator and promised to end the war as a candidate. And now we can definitively say he has kept that promise as president…America is safer and stronger because of the way we ended the war in Iraq."

In fairness, it is clear that the Obama Administration did carry out extensive planning for a new approach to shaping the US force posture in the region in late 2011. The new strategy the Obama Administration advanced in January 2013 did take Iraq ands into account, it made the Gulf and Middle East equal to Asia as one of the two critical priorities for US strategy, and the Department of Defense carried out contingency planning and war games both examined the threat post by Iran in great detail and devel0ped specific force plans and plans for improved cooperation with other Gulf states.

The fact remains, however, that the public stance of the Administration, the Congress, and opposition Presidential candidates is at best what might politely be called a bipartisan intellectual vacuum.

The Iranian Role in Competing in Iraq

Iran has very different goals for Iraq than those of the US. Iran seeks to ensure that Iraq does not serve as a base for the US, serve US interests, or reemerge as a threat to Iran. Iran shares a long and porous border with Iraq, and seeks to create a stable and malleable ally, not a peer competitor. It seeks to rid the country of American influence – particularly of American military personnel – to the greatest extent possible. Iran has aggressively used its networks, patronage, economic ties, religious ties, aid money, and military support to various factions in Iraq to achieve these goals.

Moreover, Iran now sees Iraq as playing a critical role in its efforts to keep the Assad regime in power in Syria, preserve its alliance with Syria and its influence in Lebanon, and find ways to avoid the political upheaval in the Arab world from undermining Iran's strategic interests and ambitions. The near civil war in Syria threatens to deprive Iran of its only important ally in the Arab world, and pressuring the Maliki government to support Assad, and seeking to limit Sunni arms transfers through Iraq to Sunni opposition movements in Syria, has become a significant Iranian objective – one which if fully successful would raise the specter of a real "Shi'ite crescent" that includes Iran, Iraq, Syria, and Lebanon.

The "bad news" is that Iran now enjoys deep ties to the ruling Shi'ite parties and factions in a country with which it once fought a fierce and bloody eight-year war. It plays an active role in mediating between Iraqi political leaders, it has ties to the Sadrists that are now the largest party in Iraq's ruling collation, and the IRGC has significant influence over elements within the Iraqi security forces. During the past seven years, Iran has also deployed a large mix of cultural, military, and economic resources available to influence Iraq. Iran will leverage its resources to ensure Iraq prevails as an ally. Yet Iran's role in Iraq is complex, and it will be no simple task to mold Iraq into the ally Iran wishes it to be.

The "good news" is that most of the Iraqi Shi'ite Iraqi is "quietist" and does not support Iran's concepts of an Islamic revolution or a Religious Supreme Leader. Sunnis and Kurds do not support Iranian influence in Iraq, and polls show that both Sunni and Shi'ite Iraqi Arabs see themselves as having a very different cultural and national identity from Iranian Persians. Many of Iran's actions and economic activities since 2003 have led to tensions with various factions in Iraq.

Preventing Iran's Uncertain "Victory"

This aspect of the competition between the US and Iran has reached a critical stage The advancement of Iranian ambitions following the US withdrawal depends on how successful US efforts are in building an enduring strategic partnership with Iraq. Much will depend on the level of continued US diplomatic, advisory, military, and police training presence in Iraq, and on Iran's ability to exploit the diminished US presence.

The Iraqi government will have to grapple with lack of government capacity, the loss of foreign aid, the smoldering remnants of the insurgency and foreign fighters, broken infrastructure, basic

insufficiencies in public services due in part to corruption, ineffective institutions, authoritarian tendencies, internal calls for autonomy, and ethnic and religious tensions. As the US departs, Iraq may increasingly look to Iran for support.

Iran is actively attempting to exploit the situation in Iraq through relationships with Shi'a political parties, factions. Iran seeks to stem US influence in Iraq, and benefit from future commercial opportunities with its regional neighbor. Iran's attempts to influence politics and practice in Iraq remain complicated; however, as Iraq's many Shi'a parties remain divided on many issues, and wary of being controlled by Tehran.[503]

Some argue that these trends mean that Iran may be the de facto winner of the US invasion of Iraq. Iran now enjoys deep ties in a neighboring country with which it once fought a fierce and bloody eight-year war. Iran has a great deal of cultural, military, and economic resources available to influence Iraq. Moreover, Prime Minister Maliki may have alienated enough Sunnis, and caused enough Kurdish fears to make him and other Shi'ite steadily more dependent on Iran.

Yet Iran's success in Iraq remains uncertain at best. In spite of the growth of its influence in Iraq and ties to much of Iraq's current Shi'ite political leadership, Iran is anything but popular with many Iraqis, including many Shi'ites. As noted earlier, most Iraqi Shi'ite religious leaders are "Quietists" who show little support for Iran's concept of a Supreme (Iranian) military leader, or for Iranian efforts to increase its religious presence in Iraqi Shi'ite shrines like Najaf. It will be no simple task to mold Iraq into the ally Iran wishes it to be.

Iran's efforts to win influence in Iraq have produced widespread Arab anger and resistance, particularly from the Southern Gulf states and Jordan. Iran's pressure on Iraq to support Syria in spite of Assad's attacks on his own people have anger many Iraqi Sunnis and some Iraqi Shi'ite as well. They have led some Sunni factions in Iraq top provide arms to Sunnis and other anti-Assad elements in Syria, and to still further Arab pressure on the Iraqi government to distance itself from Iran.

Iran faces also faces historical problems and tensions over areas along the Iranian-Iraqi border. One problem is Iraqi memory of the bloody course of the Iran-Iraq War that lasted from 1980 to 1988. Another is public resentment over Iran's current political and economic influence. Iran's incursion in the Fakka oil fields sparked widespread protests across Iraq and continued attacks in the Kurdish north are creating growing resentment. Iran's strongest Iraqi allies did not perform well in recent polls, but Sadr's followers remain pivotal.

US Success Depends on Iraqi Success

Much, however, will also depend on how hard the US continues to compete for influence, especially in aid, military sales, and security training. If the US does not compete skillfully and consistently, Iraq's insecurity and ties to Iran may tether Iraq closer and closer to Tehran and further from the US. Iran's relative influence in Iraq may rise even if Iraqi nationalism chafes against Iranian interference. If there is any certainty at all, it is that the US unleashed forces during 2003-2011 that it must now deal with consistently over what may well be the next decade, or risk seeing Iran as the real winner of the war in Iraq.

At the same time, the US faces the problem that it can only aid Iraq to the level Iraq permits. US success will be dependent on far more than US political support and funding. It will ultimately depend on whether Iraq's leaders can become unified enough to move the nation forward or drag it down into new ethnic and sectarian tensions and the status of a failed state.

Iraq's leaders face critical choices regarding internal violence, deficiencies in government oversight and corruption, regional and international politics, and how to reshape and modernize their governance, economy, and security forces. They have so far consistently acted to seek or preserve power, rather than to serve the nation, but this tends to make Iraq's Shi'ite leaders more dependent on Iran.

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http://www.foreignaffairs.com/articles/66750/mohsen-m-milani/meet-me-in-baghdad?page=show

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