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**Between a Rock and a Hard Place: The Iraqi Prime Minister
Maneuvers between Washington and Tehran**

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Iraqi Prime Minister Mustafa al-Kadhimi is trying to block further internal and economic deterioration in his country, while maneuvering between Iran and the United States, which have turned Iraq into a theater of struggle between them. Al-Kadhimi recently embarked on political journeys to Tehran and Washington for talks on the US efforts to allow Iraq to attain energy independence. The series of economic agreements that al-Kadhimi signed during these visits, together with other steps he took, including in the regional sphere, indicate that he is trying to reduce Iranian influence in Iraq. However, he faces a difficult mission that apparently has slim chance of success. Israel would do well to try to leverage its connections with the Gulf states and urge them to expand their economic investments in Iraq, and perhaps also try to advance a direct covert channel between Jerusalem and Baghdad.

In recent years, Iraq has been a central theater in the struggle between the United States and Iran. Every prime minister in Iraq since the fall of Saddam Hussein has been forced to maneuver between Tehran and Washington, but it seems that the situation is now more sensitive than in the past. The conflict between Iran and the US has reached new heights, due to the “maximum pressure” policy implemented by Washington; President Trump’s desire to withdraw troops from Iraq, combined with Iraqi dissatisfaction with the US presence in its territory and the desire of the pro-Iranian militias to attack them as they withdraw; the volatile internal tension in Iraq; and Iran’s determination to maintain its influence in the country.

The current struggle between Iran and the United States is connected in part with the desire of both countries to ensure their influence on the Iraqi economy, particularly the energy market. Inflation in Iraq has soared and the national debt is \$120 billion, the equivalent of about 43 percent of GDP. Beyond that, the coronavirus, which continues to spread and place a burden on the healthcare system – over 7,500 deaths have so far been reported, and about 4,000 people are infected per day – has had a major impact on the fragile economy. The sharp decline in global demand for oil has cut Iraq’s profit from the oil industry in half (Iraq is the second largest oil producer in the world, with about 5 million barrels per day). Despite the immense oil and gas reserves in its territory, Iraq is not energy independent,

and Iran provides 45 percent of the country's electricity consumption. This energy dependence recently made headlines when thousands of protesters took to the streets, partly due to the frequent collapses of the electricity system during the hot Iraqi summer.

In view of the sensitive situation, Washington agreed to exclude Baghdad from sanctions against trade with the Iranian regime, mainly in regard to gas and electricity imports. This exception was given as a "waiver" for 90 or 120 days, and was renewed at the end of each period. But last April, the US administration realized that Iran is using Iraqi trade as a channel to smuggle oil to the rest of the world, and the permit was cut to 30 days, with an explicit threat to cancel it completely thereafter. At the same time, sanctions were imposed on Iraqi companies that were suspected of being straw companies to launder money for the Revolutionary Guards. The United States conditioned the renewal of the waiver on Iraqi achievement of energy independence. The pressure had the desired effect. The Iraqi government acceded to US conditions, and in May, the waiver was again issued for 120 days. In the meantime, Iraq also renewed its electricity supply contract with Iran for two years (instead of one year, as was the norm), and paid Tehran \$400 million as an advance payment.

Against this complex background, the new Iraqi prime minister, Mustafa al-Kadhimi, visited Tehran and Washington. On July 21, 2020, following a marathon of visits with senior Iranian officials in Baghdad, he traveled to Tehran, where he met with Supreme Leader Ali Khamenei. The meeting, which was al-Kadhimi's first foreign visit as prime minister as well as Khamenei's first meeting with a foreign leader since the outbreak of the Covid-19 crisis – illustrating the immense importance Iran attributes to Iraq, and vice-versa – was described by the Iranians as "one of the most exceptional meetings the leader has [ever] held." At a joint press conference with Iranian President Rouhani, al-Kadhimi thanked Iran for its decisive role in the war against the Islamic State in Iraq. He even noted that "this is the reason that Iraq stands with the Islamic Republic at this difficult time of serious economic crisis, and is turning itself into a leading market for Iranian products."

About a month later, on August 18, the Iraqi Prime Minister visited the United States, during which he met with President Trump, Secretary of State Mike Pompeo, and representatives of Congress. This trip was the height of the strategic dialogue conducted between the two countries in recent months. It was preceded, apparently as a condition set by the US administration, by an agreement signed in early July, under the administration's auspices, between Baghdad and the Gulf Cooperation Council (GCC), whereby Iraq would be connected to the Gulf electricity grid in the coming years. In addition, while al-Kadhimi was in the US, he signed a series of agreements with large American energy companies totaling \$8 billion. The ultimate aim of these agreements is to reach complete energy independence by 2025 (while increasing oil output by an additional 2 million barrels per

day, building power stations with the help of General Electric, and developing the immense natural gas field at Artawi, west of Basra, with the assistance of Honeywell).

At the same time, al-Kadhimi reached agreement with the United States regarding the future American military presence in Iraq, which he hopes will help him stabilize the internal situation in the country. Trump and al-Kadhimi agreed that a joint committee would be set up on the matter, and that the withdrawal would take place within three years. The first part is expected to be completed by the end of September, when American forces will be reduced from 5,200 to 3,000 troops.

Together with the need to maneuver between the United States and Iran, al-Kadhimi has also taken a number of steps internally, with the intention of restoring domestic stability and strengthening his own position. First, he announced that parliamentary elections will be held in June 2021 (as demanded by anti-government protesters), after which he hopes to receive a new mandate to form a government. (Al-Kadhimi does not have any independent political power, relying mainly on the fact that he was a compromise candidate.) In addition, he established a committee to investigate the killing of protesters, and in mid-July, he fired the police commander in Basra after a further wave of assassinations against a number of protest leaders. He approved the renewed transfer of a portion of the Iraqi budget to the autonomous Kurdish enclave in northern Iraq after two years of disconnection following the Kurdish declaration of independence (which was a complete failure). Finally, he is trying to create regional political activity and reposition his country as an actor in the inter-Arab system. Upon his return from the United States, al-Kadhimi participated in a three-way meeting in Amman with Jordan's King Abdullah and Egyptian President Abdel Fattah el-Sisi to discuss strengthening cooperation between the countries. In the coming days, he is due to meet with Saudi King Salman and Crown Prince Mohammed bin Salman (these countries form the moderate Sunni axis and oppose Tehran). At the same time, al-Kadhimi sent Falih al-Fayyadh, who is in charge of the Popular Mobilization Forces (an umbrella organization of the armed militias, some of which are pro-Iranian), for a secret meeting, whose nature is not yet clear, with Iranian ally Bashar al-Assad in Damascus.

These developments are significant in many theaters:

- a. **Iraq:** For the first time in 2 years, there is a serving Prime Minister exhibiting determination to adopt measures that he thinks will serve Iraq's particular interests and are not necessarily always in line with the interests of Iran or its allies in Iraq. He is doing so while taking personal risks (a confidant of the Prime Minister was recently murdered, possibly as a message to al-Kadhimi). The prevailing assessment is that al-Kadhimi's chances of success are low, due to the lack of a political base, and mainly because Iraq's internal plight is serious and the

conflicting interests of various entities in the country will prevent any significant improvement. However, in recent years, it has been proven that gloomy forecasts regarding Iraq's future have not been realized, and if he persists with his measures and succeeds in gaining the public's trust, he may be able to advance some of his goals.

- b. **Iran:** Iraq serves as Iran's backyard and lends it strategic depth. The history of the complex relationship between the two countries, alongside the large Shiite community living in Iraq, the entrenchment of pro-Iranian militias in the Iraqi security forces and in the country's politics, and the scope of economic and cultural links between the countries allows Tehran to deepen its influence in Iraq, despite the occasional difficulties. Iraq's geostrategic importance is also due to its position as the link connecting Iran with Syria and Hezbollah. Therefore, as Tehran knew even in the past to behave cautiously and contain independent steps by Iraqi prime ministers, including steps vis-à-vis the United States that appeared to contradict Tehran's interests, it will also know now how to deal with the challenges stemming from Iraq's desires to moderate the Iranian influence.
- c. **The United States:** The US administration understands Iraq's strategic importance, regardless of the struggle against Iran. The aim in the current strategic dialogue between the administration and the Iraqi leadership is to ensure American influence in Iraq even following the gradual departure of its forces from the country. However, the American priorities in the coming years will make it difficult to allocate the required attention and economic resources to improve its ability significantly to deal with the Iranian influence in the country.
- d. **Israel:** Israel has a clear interest in continued American influence in Iraq, mainly in view of the possibility that the withdrawal of American forces will leave Iran with no significant opponents in this arena, since Iraq is an important component of the axis of resistance that includes Syria and Lebanon. Therefore, Israel must act cautiously in Iraq and take into account that military operations in Iraq may encourage anti-American activity and spur the withdrawal of American forces. Beyond discussion of the issue with the US administration, it is important to try to leverage connections with countries in the Gulf in order to spur them to expand economic investments in Iraq, and possibly also to use them to advance a direct covert channel between Jerusalem and Baghdad.