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# Strategic Dialogue: Shaping a U.S. Strategy for the “Ghosts” of Iraq

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## Strategic Dialogue: Shaping a U.S. Strategy for the “Ghosts” of Iraq

**Anthony H. Cordesman**

The Burke Chair is issuing the fourth major revision to a Burke Chair analysis of the political/governance, economic, and security challenges that Iraq faces in creating a lasting strategic relationship with the United States. This analysis was developed to explore the issues raised by Secretary Pompeo’s announcement on April 7, 2020, that the United States would hold a strategic dialogue with the Iraqi government in mid-June 2020.

Secretary Pompeo’s announcement stated that,

“With the global COVID-19 pandemic raging and plummeting oil revenues threatening an Iraqi economic collapse, it’s important that our two governments work together to stop any reversal of the gains we’ve made in our efforts to defeat ISIS and stabilize the country. All strategic issues between our two countries will be on the agenda, including the future presence of the United States forces in that country and how best to support an independent and sovereign Iraq.”

“Secretary Pompeo made it clear that the United States would have to reassess its strategy in Iraq in terms of the growing Iranian and Iraqi Popular Mobilization Forces (PMF) pressure on the U.S. troop presence in Iraq, but also in terms of the impact of the Coronavirus on the Iraqi economy and the lack of any clear political unity in Iraq. He stated that the United States would support any Iraqi regime that moved, “away from the old sectarian model that ended up with terror and corruption.”

This latest update is released the week of the projected date of the strategic dialogue in order to emphasize the full range of problems that the Iraqi and U.S. government must address. This updated draft still focuses on the longer-term trends that shape Iraq’s underlying problems and challenges, but it updates the impact of the ongoing shifts in Iraq’s politics, estimates of the impact of the Coronavirus, and estimates of the impact of massive cuts in world oil prices and Iraq’s oil revenues. It reflects the positive impact of Mustafa al-Kadhimi’s selection as Prime Minister and his immediate focus on Iraq’s need for economic and security reforms. And, it addresses the rise of attacks conducted by ISIS. The insurgent group has taken advantage of the U.S. withdrawal, and even Iran-backed Iraqi Popular Militia Forces (PMFs) have proven to be incapable of subduing ISIS.

The analysis now includes comprehensive coverage of both the SIGAR and LIG Quarterly Reports issued in April and May 2020, and it reflects comments in the earlier drafts from a variety of outside experts, as well as from a number of Iraqis following an Internet conference moderated by Munqith Dagher – the CEO and founder of IIACSS research group (Al Mustakillah) in Iraq and a Gallup International board member – that was held in Arabic and English on April 17, 2020.

The document provides a broad historical perspective as well as detailed quantitative analyses of the key political, governance, economic, and military issues involved. It shows in depth that it is not enough to only call for a dialogue or to focus on current issues like the revival of the threat from ISIS and the threat from Iraqi Popular Mobilization Forces and their ties to Iran.

Setting the right goals for a U.S.-Iraqi strategic dialogue – and for a more lasting joint effort to create a stable strategic relationship – is a critical step towards creating some form of lasting U.S.-Iraqi relationship, one that will counter both extremism and Iran. At the same time, it is critical to set up a strategic dialogue with Iraq that addresses all three critical structural problems in Iraq’s current position, which make the country fundamentally unstable yet receive so little high-level policy attention – rendering them close to being treated as “ghosts.”

The first such set of “ghosts” is the underlying structure of Iraqi politics and governance. Serious as the immediate tensions and divisions within Iraqi politics have become, the Iraqi government does not provide a clear path to effective leadership, and it is dysfunctional and corrupt at every level. Iraqi politics are deeply divided, and these divisions reflect deep and growing failures. This must change if Iraq is to emerge as a stable and secure state.

The second set of “ghosts” is the Iraqi economy. Iraq now faces massive structural problems in economics that its economy is in near collapse because of the global drop in demand for petroleum caused by both the Coronavirus and the surplus of supply from the “oil war” between Russia and Saudi Arabia. It was weak and unstable even before these crises began, had weak agricultural and industrial sectors, and was affected by Iraq’s divided elite that took a far larger share instead of providing the kind of income distribution that would bring Iraq stability. Divided as Iraq was on a sectarian and ethnic level, it faced further growing divisions because its economy did not serve its people.

Finally, the third set of “ghosts” is “security.” This has been the center of U.S. strategic attention since the invasion of Kuwait and the ISIS invasion of Iraq in 2013. For all the effort the U.S. has devoted to this issue, the end result is that Iraqi security forces still lack the capability to stand alone in order to deter and defend against potential threats like Iran. Iraq’s divided security forces are more haunted by the past than they are to moving towards a clear future.

Neither Iraq nor the U.S. have yet shifted away from a narrow focus on the battle to break up the ISIS “caliphate” and subdue pro-Iranian Popular Mobilization Forces in order to create an effective overall Iraqi capability to maintain its own security. Iraq’s current needs include creating Iraqi security forces that are unified, serve the central government, deal with the continuing threat from ISIS and other extremists, and defend Iraq as a nation from all potential regional threats. These not only include Iran, but they deal with a divided Syria, pressure from Turkey, and the problems arising from establishing stable relationships with Iraq’s Arab neighbors and Israel.

Accordingly, a meaningful strategic dialogue between the United States and Iraq must now begin to address all three of these sets of issues – or “ghosts.” It cannot continue to be focused on short term security threats like ISIS and the Popular Mobilization Forces.

At the same time, such a strategic dialogue must recognize that Iraq must find its own answers to dealing with many of its “ghosts,” and the United States cannot help an Iraq that cannot unite or act to the point where it can help itself. It also requires the United States to decide whether the U.S. will commit itself to a sustained effort to help Iraq emerge as a nation that is unified and strong enough to prevent further civil conflict and act independently of Iranian pressure and threats.

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## **Creating a Strategic Dialogue with a Missing or “Ghost” Government**

If the U.S. and Iraq do hold a strategic dialogue in June 2020, Iraq’s government will have just emerged from a crisis where both Iraqi politics and its structure of governance have been shaped by past crises and mistakes that haunt the nation’s efforts to move forward. Iraq has lacked proven and effective leaders, its politics have long been crippled by ethnic and sectarian divisions, its government has been shaped by self-serving factions.

More broadly, its overall level of governance has been rated as some of the worst in the world, it faces major structural problems, and it suffers from permeating levels of corruption. There are good reasons why there have been angry popular demonstrations, and both Iraq and the United States will face major challenges in creating an effective strategic relationship that go far beyond issues like the remaining threat from ISIS and pressure from Iran and pro-Iranian Popular Mobilization Forces.

### ***Iraq’s Need for Effective Political Leaders***

Iraq’s most immediate need is a government that has all its key leaders in place and can actually function. Iraq has not had a functioning prime minister – or a fully functioning government – since mid-May 2019, and its top leadership before that time was a key factor in dividing the country and opening it up to renewed civil conflict and the invasion by ISIS.

Former Prime Minister Maliki, attempted to keep power after the U.S. military withdrawal from Iraq in 2011 by backing Shi’ite factions at the expense of national unity and by replacing many of the most competent leaders of Iraq’s military and security services with figures who were personally loyal to him, but incapable of effective military leadership.

Maliki also alienated many of Iraq’s Sunnis between 2011 and the ISIS invasion of Iraq in early 2014. He failed to fully integrate the Kurds into his government, and by 2013, Sunni versus sectarian violence had risen back to the levels it had reached in 2008. The ISIS invasion exploited these tensions; the Iraqi Army and security forces in Western Iraq virtually collapsed; and ISIS was able to take key portions of the area, seize Mosul, and reach the western approaches to Baghdad.

Maliki was then replaced as Prime Minister by a weak coalition government under Haier al-Abadi and then Adil Abdul-Mahdi, but neither could create a strong enough coalition to take advantage of the gradual defeat of ISIS and the break-up of its “Caliphate” from 2014 to May 2019. Neither could get enough support to effectively implement political and economic reforms that could unite the country, reduce sectarian and ethnic divisions to functional levels, and rebuild the central government security forces in ways that ended the de facto divisions between them and the Kurd Forces or the existence of Popular Mobilization Forces tied to other leaders and Iran.

The end result was that Mahdi began to face steadily larger and more violent popular demonstrations and anger, leading to his resignation on November 29, 2019. There are many media and NGO reports on these uprisings and the collapse of the Iraqi government during this period, but U.S. official sources provide insights that are particularly striking, given the natural reluctance of such officials to publicly criticize a friendly government.<sup>1</sup>

The U. S. Congress established an Inspector General Act in 2013 that requires that the Inspector Generals of the Department of Defense (DoD), Department of State (DoS), and U.S. Agency for International Development (USAID) to provide quarterly reports to Congress on active overseas

contingency operations, and the DoD Inspector General (IG) was made the Lead IG for the U.S. operation in Iraq and Operation Inherent Resolve (OIR), responsible for coordinating quarterly reports to Congress on active overseas contingency operations. These quarterly reports provide one of the few official sources that has access to classified as well as open source data – and it has so far been relatively objective in assessing the Iraqi government.

The Lead Inspector General (LIG)’s *Quarterly Report* to Congress for the first quarter of 2020 describes the problems that Iraq has recently faced in creating an effective government as follows:<sup>2</sup>

The spread of COVID-19 and ongoing tension between the United States and Iran exacerbated Iraq’s fragile political situation, which has been in turmoil since mass anti-government protests began in October 2019. That led to the November resignation of Iraq’s prime minister, who continued in a caretaker role.<sup>33</sup> Since then, Iraq has been unable to form a new government despite the nomination of two prime minister candidates.<sup>34</sup> As of April 30, a third nominee, Iraqi intelligence chief Mustafa al Kadhimi, had not formed a government.<sup>35</sup> The political impasse has led to uncertainty over the future of the OIR mission and the status of U.S. and Coalition forces in Iraq, according to analysts, due in large part to efforts by political factions in Iraq who seek to evict U.S. forces from the country.<sup>36</sup>

According to DoS cables, anti-government protests continued throughout the quarter, often with violent results.<sup>37</sup> In an early February cable, the DoS reported on violent clashes between militiamen loyal to Shia cleric Moqtada al Sadr and protesters in Baghdad and throughout most Shia-majority southern provinces.<sup>38</sup> By early March, as reported in another DoS cable, crowd sizes estimated by the Iraqi government had dropped to the lowest levels since the protests began due to fear of contracting COVID-19 and also due to violence from Sadr’s supporters, among other factors.<sup>39</sup>

...Since the resignation of Prime Minister Adil Abd al Mahdi on November 29, 2019, Iraq has been unable to form a new government. Abd al Mahdi stepped down in response to massive anti-government protests that kicked off at the beginning of October, protests that were met with a violent response from the ISF and Iranian-aligned militias...

Iraqi President Barham Salih named Intelligence Chief Mustafa al Kadhimi as prime minister-designate on April 9, the third person tapped to lead Iraq in 10 weeks as the country struggled to replace its government that fell in November after months of deadly public protests. Al Kadhimi, if confirmed, will face numerous challenges—decades of sanctions, war, political unrest, and a growing outbreak of COVID-19—that have gone unaddressed by the caretaker cabinet since Prime Minister Abd al Mahdi’s resignation...During a televised speech following his nomination, al Kadhimi stated his key objectives for his government will be to fight corruption and return displaced people back home. He also said that firearms should only be in the government’s hands...

Al Kadhimi was nominated after the previous prime minister-designate, Adnan al Zurfi, announced he was withdrawing, having failed to secure enough support in Parliament to form a new government... Al Zurfi’s candidacy was in jeopardy when key Shia political parties rallied around Mustafa al Kadhimi to replace him. His chances further diminished when the main Kurdish and Sunni political blocs withdrew their support...Al Zurfi would have had until April 17 to form a cabinet and obtain ratification of it with a minimum of 165 votes in parliament...His major opposition came from Hadi al Ameri’s Fatah bloc; however, it was never certain whether the other Shia political blocs—Sairoon, State of Law, and Hikma—would vote to confirm his government.

Al Zurfi was preceded by Tawfiq Allawi, whom President Salih named on February 1, after months of negotiation among the major Shia political decision makers, who arrived at his name after eliminating alternatives who were viewed as too closely aligned with one party or another, according to the DoS. However, without Sunni and Kurdish support, and due to the reluctance by some of his Shia backers to attempt forming a government without the buy-in of those components and the protesters, Allawi failed to muster enough support to form a government and withdrew his candidacy.

Any candidate to be Prime Minister, according to Iraq observers, must have approval from Iraq’s Shia, Kurdish, and Sunni communities—as well as from Iran and the United States. Media reported that ministers, political rivals, and even the United Nations’ representative in Iraq attended Al Kadhimi’s nomination ceremony, indicating widespread support for Al Kadhimi that neither of the previous prime minister-designates had enjoyed...

Kadhimi and his cabinet were confirmed on May 6, 2020, but several of his choices for ministers were not approved – still leaving Iraq without a full government. Iraq also still has a largely independent Kurdish Regional Government, and it must deal with Popular Mobilization Forces that remain independent in spite of the fact that they supposedly report to the Prime Minister and have links to the central government security forces.<sup>3</sup>

An article in *Al Jazeera* notes that,<sup>4</sup>

...al-Kadhimi's ascent to the premiership has not been a smooth ride. By the time he finally addressed parliament on Thursday, it was only after a long and complicated process of backdoor negotiations with Iraq's various political blocs and party leaders...The rival factions had refused to agree on al-Kadhimi's proposed names, forcing him to change his candidate lists at least three times ahead of the vote. Still, some blocs boycotted the May 7 session that ran more than three hours behind schedule because of last-minute consultations in parliament's cafeteria.

But al-Kadhimi, 53, began his term, albeit without a full government. Five of his 20 candidates were rejected and two key posts - ministers of oil and foreign relations - remained empty...Filling these ministerial posts, however, is far from al-Kadhimi's only challenge. The former journalist came to power amid three major crises: plunging oil prices that have caused a steep budget deficit and potential economic catastrophe; the coronavirus pandemic that Iraq's fragile healthcare system has struggled to cope with; and strong popular protests that returned to the streets after a short lull because of COVID-19-related curfews.

... The most immediate challenge facing al-Kadhimi appears to be the resumption of mass anti-government demonstrations in the capital, Baghdad, and several other cities especially in Iraq's south, including Nasiriya, Basra, Al-Kut and Diwaniya.

Since Saturday, hundreds of demonstrators marched back to the streets and tried to occupy bridges and public squares as they called for better living conditions and a complete overhaul of the political system. In Basra, protesters went further, demanding the removal of the oil-rich province's governor, Assad al-Eidani.

### ***Factionalism versus National Interest***

Iraq may now have a Kurdish president, a Shi’ite Arab prime minister, and a Sunni Speaker of the Majlis, but it still does not have a full government, an effective legislature, or stable and effective political leaders and officials at lower and local levels of government. Kadhimi must also deal with tensions between Arab Sunni and Shi’ites at every level, the divisions between Iraq Arabs and Kurds, and the sharp divisions within each of these bloc – tensions which are compounded by major regional and local differences, many past broken promises and agreements, and self-seeking factional leaders who usually have a long history of corruption.

As for the Iraqi parliament, even when it meets, it has often met largely to quarrel over how to divide the spoils of office or how to reach some kind of modus vivendi between rival factions, rather than meet the nation’s needs. It is a body of self-seeking factions – deeply divided along sectarian and ethnic lines and with some factions with close links to Iran – that is elected by nationalists and does not really represent any given local constituency.

Iraq does have many competent technocrats and officials who seek real progress, but its politics prevent its government from addressing critical issues like vital economic reforms, making the justice system more effective and less corrupt, rebuilding the security forces, recovering in the



Sunni regions that are facing the aftermath from the fight against ISIS, and full reintegrating Iraqi Kurds.

### ***Iran’s Continuing Opposition to A U.S. Role in Iraq***

Moreover, Iran may have tolerated Kadhimi’s confirmation, but this toleration does not officially extend to an Iraq that shares a strategic relationship with the United States. Some experts do believe that Iran will not directly confront the U.S. over such a relationship. They feel the mix of popular violence and the Iraqi demonstrations against Iran, and furthermore, the impact of the Corona crisis and global petroleum crisis on Iran may have created so much pressure on Iran’s political leaders that they will accept an Iraqi leader that keeps security ties to the United States *if this makes Iraq more stable and does not threaten Iran*.

Others feel that Kadhimi may end up facing the same paralyzing problems in trying to balance sectarian and ethnic factions as his immediate predecessors, as well as pressure from Iran, plus those from Turkey and Syria.

There is no way to determine which view will ultimately prove correct, but the issue makes any near-term U.S. and Iraqi security dialogue problematic at best – particularly given the fact that ISIS remains a threat and both pro-Iranian and other factions and Popular Mobilization Forces continue to call for the United States to withdraw all forces from Iraq.

The precedents are not good. One of the figures who failed to become prime minister – Adnan al-Zuri – was a Shi’ite, a former governor of the holy Shia city of Najaf, and a prior leader of the Nasr parliamentary grouping of former Prime Minister Haider al-Abadi. His group was somewhat centrist but divided. Many Shi’ite factions – including the leaders of pro-Iranian Iraqi Popular Mobilization Forces and some Sunni factions – did not support him. Some Shi’ites felt he was too close to the United States. He was also appointed by Iraq’s President, Barham Salih, without any formal consultation of Iraq’s parliament and was only given 30 days to form a government. In the end, al-Zuri could not broker an agreement to form a new government and had to withdraw on April 9, 2020.

Mustafa al-Kadhimi has at least been able to form a government, and he may be able to lead in spite of Iraq’s deeply internal differences and the tensions between the United of Iran over the selection of any Iraq leader and whether the U.S. should continue to play a role in Iraq. He may well, however, be seen as too pro-U.S. by Iran and for having too strong sets of U.S. endorsements.

The U.S. expressed this support for al-Kadhimi shortly after his selection. U.S. Secretary of State Mike Pompeo said on April 13, 2020 that, “We welcome that Shiite, Sunni, and Kurdish political leaders seem to have arrived at a consensus on government formation, and hope the new government puts Iraq’s interests first and meets the needs of the Iraqi people.” Pompeo did, however, stress the need for a working agreement among Iraq’s Shiite, Sunni, and Kurdish factions to support a new government, and that it would have to be capable of dealing with the Coronavirus, the economic crisis, and bringing arm factions under control.<sup>5</sup>

Iran did not actively oppose Kadhimi at the time of his appointment. Gen. Ismail Ghaani, the new commander of the Islamic Revolutionary Guard Corps’ Quds Force, had been in Iraq shortly before Kadhimi was nominated. According to an Iraqi parliamentarian, Hossein Fadaam – who is part of the pro-Iranian faction led by Ammar al-Hakim – Ghaani told Iraqi officials that Iran “will not interfere in Iraq’s domestic affairs or in choosing a prime minister.” Fadaam’s comments were made to an Iraqi television station and were then reprinted by a number of Iranian media.

On March 13, 2020, Abbas Mousavi, a spokesman for Iran’s Foreign Ministry, went further and stated that the Islamic Republic of Iran “welcomes the agreement between all of Iraq’s political parties to introduce Kadhimi as prime minister and sees it as the correct path and step.” Iran’s current ambassador to Iraq, Iraj Masjedi, then tweeted a similar sentiment and said that Iran would support whoever was selected by Iraq’s parliament.

At the same time, in a near-echo to Pompeo, Hassan Danaeifar, an Iranian former ambassador to Iraq, warned that Kadhimi faced many challenges – including oil revenues, the Coronavirus, and U.S. demands about keeping troops stationed in the country after the Iraqi parliament voted to have them removed.

Iran’s top leadership acted far more decisively a week later. Iran’s Supreme Leader, the Grand Ayatollah Khamenei, made it clear on May 17, 2020 that he was not prepared to tolerate a continued U.S. presence in Iraq. Khamenei stated that the U.S. “will not be staying either in Iraq or Syria and must withdraw and will certainly be expelled... Even the leaders of some of America’s allies... abhor American statesmen and government, do not trust them and are indifferent towards them (because of) warmongering, helping notorious governments, training terrorists, unconditional support for the Zionist regime’s increasing oppression and their recent awful management of the Coronavirus.”<sup>6</sup>

Khamenei repeated these themes in a speech quoted in the *Tehran Times* several days later, stating that,<sup>7</sup>

“The long-term actions of the United States have caused the government of this country to be hated in a large part of the world. These actions include war mongering, helping notorious governments, advocating terrorism, supporting oppression wholeheartedly, and the like. Of course, the Americans cannot stay for long in Iraq or Syria, and they will be expelled... The United States openly says that it has deployed its forces in Syria because there is oil there. Of course, they [the U.S. forces] will not stay for long either in Iraq or in Syria. They will certainly have to leave those countries, and they will definitely be expelled... Of course, hatred of the United States is not confined to this. The long-term actions of the United States, including carrying out massacres and various crimes, showing injustice, supporting terrorism, helping despotic and notorious governments, unconditionally supporting the increasingly oppressive actions of the Zionist regime, and more recently, their deplorable handling of the coronavirus pandemic are other reasons why the United States is hated.”

Barring a complete reversal in Iran’s position, pro-Iranian Iraq Shi’ites, and many other Iraqis that question America’s role in Iran since 2003, Iran will continue to be a major force opposing a continuing U.S. role in Iraq.

### ***Unifying a Country Whose Politics Reflect More than Half a Century of Sectarian and Ethnic Divisions***

The current threat from Iran is likely to dominate any near-term strategic dialogue between Iraq and the United States, but it is also only part of the story. An effective Iraqi government will have to deal with Iraq’s other political ghosts, and particularly with the legacy of ethnic and sectarian divisions that have been key national problems since modern Iraq’s founding after World War I.

Polls do show that most Iraqi Arabs still value their national identity as Iraqis, as well as many Iraqi Kurds. At the same time, Iraqis have a tendency to understate the importance of the sectarian tensions between Arab Sunnis and Arab Shi’ites, and between Iraqi Arab and Iraqi Kurds. This is partly the result of the fact that few Iraqis had access to the level of internal security efforts to

control and repress Arab Shi'ites and Kurdish dissidents during the time of Saddam Hussein, but there also is a tendency to understate the problem where possible.

There are no reliable data on the exact size of Iraq's major ethnic and sectarian divisions, but it is clear that they run very deep. While there are no census data to use in accurately measuring and mapping these divisions within Iraq, the CIA is probably the best source available. It guesstimates that Iraq is “Arab 75-80%, Kurdish 15-20%, other 5% (includes Turkmen, Yezidi, Shabak, Kaka'i, Bedouin, Romani, Assyrian, Circassian, Sabaeen-Mandaean, Persian)” – even though the Agency states that such data are a “1987 government estimate; no more recent reliable numbers are available.”<sup>8</sup>

Similarly, CIA estimates may be broadly correct in indicating that Iraq's sectarian structure is “Muslim (official) 95-98% (Shia 64-69%, Sunni 29-34%), Christian 1% (includes Catholic, Orthodox, Protestant, Assyrian Church of the East), and other 1-4%.” It should be noted, however, these estimates date back to 2015, and that the U.S. State Department has made separate estimates that some 70% of Iraq's smaller sectarian minorities have left the country since 2003.

So far, no Iraqi government has been able to fully cope with the divisions between Kurds and Arabs that occurred after the first Gulf War or from the reversal of power from a Sunni Arab to a Shi'ite Arab dominated state that occurred after the fall of Saddam Hussein in 2003. Iraq's most immediate security challenges may be the surviving elements of ISIS and from the Shi'ite Popular Mobilization Forces with ties to Iran.

In many ways, however, these are symptoms of the ethnic and sectarian divisions within Iraq that date back to its founding after World War I. The British established an Iraqi monarchy with foreign Arab Sunni leadership in a country with a large Arab Shi'ite majority and Kurdish elements that had sought independence as part of a larger Kurdish nation. This only led to sporadic and limited violence until the 1960s.

The fall of the Iraqi monarchy on July 14, 1958 did not broaden Iraq's Sunni Arab-dominated base of power, but it did lead to a long series of competing warlords and then a Ba'ath takeover that led to the rise of Saddam Hussein. It also has some impact in triggering a Kurdish revolution called the First Iraqi-Kurdish War or the Barzani revolt that lasted from 1960 through 1970. This revolution was led by forces led by the elder Barzani –and only lasted briefly as it had enough forces to pose a regional threat to the Iran government. It was, however, covertly supported by the Shah of Iran as well as by the United States. It also led to a limited autonomy agreement for the Kurds, and Iranian and U.S. covert support of the Kurds did not fully end until Iraq agreed to the terms of the Algiers Accord over the Shatt-al-Arab which was signed in 1975.

The Fall of the Shah in 1979 – and the Iran-Iraq War that lasted from 1980-1988 – led to new sectarian and ethnic fighting when Iraq's offensive failed and Iran officially went on the offensive in 1983. Kurdish and Arab Shi'ite resistance movements became growing problems, and Saddam Hussein's Arab-Sunni regime grew steadily more violent and repressive in dealing with both Kurdish resistance in the northern Iraq and Shi'ite Arab resistance in the southeast. This led to fighting that lasted until Iraq forced Iran to agree to a cease fire in the summer of 1988. The ceasefire with Iran then allowed Saddam to largely defeat the small remaining Kurdish and Arab Shi'ite resistance movements.

Saddam Hussein then invaded Kuwait in 1990. This invasion ended in a massive military defeat by the U.S-Saudi led coalition in 1991, and Saddam's apparent weakness triggered serious popular

Arab Shi'ite and Kurdish uprisings. Saddam Hussein used artillery, troops, and attack helicopters to quickly suppress the Arab Shite uprisings in the South, and then used them against the Kurds – only to be later blocked by the U.S.

The end result was that the Kurds were able to create a Kurdish Regional Government in 1992 that was protected by the U.S. until it invaded Iraq in 2003, but Iraqi Shi'ite Arabs faced even more stringent security measures. In contrast, Iraqi Sunni Arabs saw a steady increase in government privileges, and investment in the Sunni-dominated western areas in Iraq like Mosul.

The U.S. invasion in 2003 that toppled Saddam Hussein and the Ba'ath Party, gave the Kurds in the KRG regions in the north almost total autonomy as well as the ability to take control of Iraq's northern oil fields and some Arab areas – a situation partly altered by an agreement in 2017, but one that has never been fully or consistently implemented.

The impact in Arab-dominated areas, however, was to give Shi'ite Arab dominant power, which led to “De-Ba'athification” purges of the government and military that went far beyond just supporters of Saddam Hussein. This helped to trigger a major round of sectarian and ethnic fighting from 2005 through 2010 – which ended largely because the Arab Sunni extremist faction became so violent and repressive that it triggered the creation of a major Sunni resistance force called the “Sons of Iraq.” The resulting victory helped lead to the withdrawal of U.S. combat troops in 2011 – only to have Prime Minister Maliki create a new round of tension and fighting between Sunni and Shi'ite.

Iraqi nationalism has survived all of these tensions and sporadic outbreaks of violence to date. The end result, however, is still serious ethnic and sectarian tensions. It is compounded by tensions over how petroleum revenues and territory are allocated between Arabs and Kurds, continuing pressure on budgets and privileges by Arab Shi'ites at the expense of Arab Sunnis, and particularly by the failure of past governments to help Sunni areas in the West recover from the damage done by the fighting against ISIS. Moreover, the allocation of petroleum revenues outside the largely Shi'ite-dominated petroleum areas in the Southeast has led to Arab Sunni versus Arab Shi'ite tensions as well.

Whatever momentum existed towards unity after the break-up of the ISIS “caliphate” has been severely cut through the failure to help the largely Sunni areas in the West – where the fighting was centered – recover, the failure to reach effective working relations with the Kurds, and Baghdad's failure to share the country's oil wealth with the Shi'ite areas in the South. These are the areas where the “ghosts” of Iraq make progress particularly critical.

### ***The “Ghosts” of War and Political Instability and Their Impact on Iraq's Politics, Governance, Budgets, and Economics***

Iraq's politics, governance, economy, and search for security and stability must deal with additional ghosts that are – at the least – a serious set of problems. As the previous analysis has already shown, Iraq has only had limited periods of stable civil governance and economic development since the fall of its monarchy in 1958. The precious outline of Iraq's internal and external conflicts show it fought a low-level war against its Kurds from 1960 to 1970. It engaged in the October War in 1973, and then it enjoyed a brief period of exceptional oil wealth after the fall of the Shah in 1979 – that led to massive investments in key state industries that never became highly productive but led to massive increases in the cost of their employees..

In 1980, Iraq invaded Iran. Instead of annexing part of Iran’s southwestern oil fields, it was pushed onto the defensive in 1983 and was effectively bankrupt by 1984 – surviving only because of massive loans from its Arab neighbors. It had less than a year to recover after the ceasefire in 1988, when it then invaded Kuwait on August 2, 1990, to gain new economic assets and avoid repayment of its Gulf War debts.

The end result was the First Gulf War in 1991, the liberation of Kuwait on February 28, 1991, and a devastating defeat of Iraq. As noted earlier, Saddam Hussein’s regime was able to put down major popular uprisings in the South, but it lost most of the Kurdish areas in its North to what became the Kurdish Regional Government (KRG). As a result, Iraq has not had a fully unified national economy, budget, or government since 1992 – a period of nearly 28 years.

Moreover, the UN Security Council imposed a financial trade embargo on Iraq on August 6, 1990, four days after Iraq invaded Kuwait. These stayed in force until May 22, 2003 – a date that came after the U.S. led invasion of Iraq drove Saddam from power but still forced Iraq to continue to pay reparations to Kuwait. They also led the central government to seriously distort the operations of the agricultural, industrial, and service sectors – often with highly negative results. The government’s misallocation of crop, seed, and fertilizer in the agricultural sector; employment of government-funded labor in non-productive state industries; spending on the military and security services; funding a network of new palaces; and the over-development of the wrong types of canals are cases in point.

As has been discussed earlier, the U.S.-led invasion of Iraq in 2003 made things far worse in spite of major U.S. and Allied aid efforts. It triggered a major new war against Sunni extremist forces tied to Al Qaeda from 2005-2009, and it further distorted the economy while inflicting a new round of wartime damage.

Iraq then created a new row of tensions between its sectarian and ethnic factions that led to a major invasion by ISIS and a new war from December 2013 to the present that gave ISIS peak gains in June 2014 and that have also left significant remnants of ISIS fighters in spite of the defeat of its “caliphate.” This fighting created a massive new level of wartime damage and humanitarian suffering in the Sunni areas in western Iraq, helped delay any full settlement of the Kurdish issue, and led Iraq to spend some 10% of its GDP on security forces, which made any stable approach to budgeting and economic development impossible.

As is the case with Iraq’s ethnic and sectarian divisions, most Iraqis and many Iraqi analysts have little knowledge or memory of this chain of events. Iraq’s median age is only a little over 20 years of age and most Iraqis have been born during a time where the country not only had little stability but also little time to focus on anything other than its immediate crises.

Nevertheless, these particular “ghosts” did far more than exacerbate ethnic and sectarian differences. They left Iraq without stable governance, budgets, or economic development plans for well over half a century before the Coronavirus and petroleum export crisis became a critical problem in 2020, and they interacted with other conflicts in regions involving Syria and Turkey.

They also left it a divided country with Shi’ite Arab zones, Sunni Arab zones, mixed zones, and a separate Kurdish Regional Government. While this analysis focuses on Iraq as a single country, Iraqi Kurdistan not only is still semi-autonomous, but it is experiencing a popular demand to decentralize its current structure after ineffectively dealing with the crises caused by both the Coronavirus and declining oil prices. The Kurdistan Regional Government (KRG) has in the past

been led by two main parties, the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). However, the emergence of the more powerful KDP has produced – much like the Iraqi central government – an inefficient and divided KRG, with outdated procedures, such as ministries refusing to accept digital copies and instead only accepting documents handed in person. Furthermore, the tense relations between Erbil and Baghdad provide an imperative reasons for major reforms.

It is also critical to understand the level of demographic changes that occurred during this long period. The U.S. Census Bureau International Database indicates that Iraq had a population of only 6.9 million in 1960. This population rose to 18,208 million by the time Iraq invaded Kuwait in 1990 – 2.6 times higher. It rose to 38.9 million in 2020 – 5.7 times the figure in 1960.<sup>9</sup>

This rise led to massive increases in the need for infrastructure, water, housing, and jobs, and it also led to an equally massive shift out of the agricultural sectors into urban areas. Any estimate of this shift has to be a guesstimate, but the CIA *World Factbook* estimates that Iraq reached a level of urbanization of 70.9% in 2020, and it estimates that the urbanization level has risen by 3.09% a year since 2015. Looking at the limited data involved, Iraq probably was still well under 30% urbanization in 1960. This would have given it a maximum urbanized population of only 2.1 million in 1960 vs. 27.6 million today.<sup>10</sup>

### ***Budgets and Economics that Cripple Politics, and Politics that Cripple Budgets and Economics***

These “ghosts” make Iraq’s new challenges even greater. As the simplest level, they mean that Iraqi politics, governance, and national budget now have to support far too many government workers in a low productivity government industry that fails to invest in infrastructure, to encourage private enterprises, and to consume much of Iraq’s petroleum export revenues. This has left Iraq with far too few funds for recovery, development, and growth before the Coronavirus and global petroleum crisis, which now makes it unaffordable if Iraq is to grow and meet its people’s needs.

The LIG *Quarterly Report* again provides an official estimate of just how serious the new impacts of the Coronavirus and petroleum crisis are likely to be,<sup>11</sup>

During the quarter, Iraq was hit with a mix of shocks, including COVID-19, halved oil prices, popular unrest, and ongoing militia violence. The country has been operating without a 2020 budget, limiting the ministries to monthly allocations based on the 2019 budget. Without increased revenues, Iraq will be unable to fund payments to the ministries after April...

A Middle East analyst reported that the twin shocks of the effect of COVID-19 on the world economy and the current oil price war would stress Iraq’s budget to the limit. While the shocks were not foreseeable, the Iraqi budget structure imbalance would have inevitably led to an economic crisis. The budget imbalance projects revenues not covering current spending, which is mostly composed of salaries, pensions, and welfare spending, totaling 85 percent of current spending. While oil revenues make up 90 percent of government revenues, 25 percent of “non-oil” income is oil related in the form of taxes on foreign oil companies and the government’s share from profits from the state’s oil companies...

According to the aforementioned analysis, the default solution for the Iraqi government would be to cancel all non-oil investment spending and resort to borrowing, explained the Middle East analyst. These measures would only postpone but not resolve the economic crisis. Under this solution, the Iraqi government would continue to function; however, it would not be able to provide reliable electricity, potable water, and sanitary sewage treatment demanded by the reform protesters. Overdue and necessary rebuilding of communities damaged by the fight to expel ISIS would be delayed further...

The DoS reported to the DoS OIG that efforts to draft a 2020 budget have been set back by earlier unrealistic oil price and production assumptions. The previous draft budget priced oil at \$56 per barrel, with 3.88 million barrels per day average export. However, during the quarter, Iraq’s oil prices dropped below \$30 per barrel. According to the DoS, Iraqi officials were considering revising the 2020 oil revenue assumptions to about \$30 per barrel, with 3.6 million barrels per day export, which would generate revenue of \$3.24 billion per month. However, officials reported that Iraq is spending \$4 billion per month for operational expenses limited to employee compensation, primarily salaries for federal and KRG government employees and state-owned enterprise employees, as well as pensions, and social welfare. Under the revised oil price and production assumptions, the Iraqi government would be unable to fund payments past April...

The DoS informed the DoS OIG that should then Prime Minister-designate Adnan al Zurfi fail to form a government by the April 17 deadline, an advisory committee of senior Iraqi economic officials was considering sending the revised draft budget to the Parliament without the endorsement of caretaker Prime Minister Abd al Mahdi, who maintains he lacks authority to transmit the budget. Alternative strategies include having President Barham Salih or the Prime Minister’s economic committee send the revised budget to the parliament. The advisory committee took no action following al Zurfi’s withdrawal and Barham Salih’s nomination of Mustafa al Kadhimi as Prime Minister-designate on April 9...

They also indicate that they already had a direct impact on the central government’s ability to govern,<sup>12</sup>

With global oil prices plummeting, Iraq experienced worsening economic conditions this quarter...The country has been operating without a 2020 budget, and according to the DoS, without increased revenues, the government will be unable to fund payments to its ministries after April. According to one Middle East analyst, the twin shocks of the effect of the COVID-19 pandemic on the world economy and the oil price war initiated by Saudi Arabia and Russia will stress Iraq’s budget to the limit. Analysts also stated that various proposed solutions would likely postpone the economic crisis, but not resolve it. These include halting investments to rebuild war-torn northern provinces, expanding oil production capacity, delaying settlement of foreign debt, and halting payments to investors in the electricity sector.

### ***Iraq’s Lack of Effective Governance and Corruption at Every Level Are Additional Key Problems***

Serious as these problems are, both Iraq’s current politics and its large family of “ghosts” are only part of Iraq’s problems in governance. **Chart One** shows that Iraq has one of the worst rated and most ineffective governments in the world according to the World Bank. It not only had a low percentile rank compared to other states in all six of the Bank’s categories from 1996 to 2018 – with the possible exception of voice and accountability – it had truly low ratings in political stability, the absence of violence and terrorism, the rule of law, and corruption. Furthermore, the World Bank governance ratings end in 2018 – a far more favorable period for Iraqi governance than 2019, or 2020 to date.

Iraq ranked as the 18th most corrupt country in the world according to Transparency International’s most recent rank in 2019. The Lead Inspector General’s *Report to Congress* for January 1, 2020-March 31, 2020 describes Iraq’s problems with corruption as follows:<sup>13</sup>

Iraqi government corruption is one of the primary reasons protesters took to the streets in October. Despite a slight improvement in its corruption score in 2019, Iraq continues to rank in the bottom 10 percent of countries evaluated in Transparency International’s annual Corruption Perceptions Index.<sup>296</sup>

The DoS told DoS OIG that it encourages “Iraqi officials to investigate and prosecute corruption cases.”<sup>297</sup> Such encouragement, and technical assistance to support such efforts, have been a staple of U.S. policy since the days of the Coalition Provisional Authority, according to the Special Inspector for Iraq Reconstruction’s final report.<sup>298</sup> However, despite the efforts, corruption continues to plague the country.<sup>299</sup> In 2007, a senior Iraqi judge testified before the U.S. Congress that cases could not be brought against senior officials without the approval of the Prime Minister.<sup>300</sup>

Iraq’s reputation for corruption hinders economic growth and foreign investment in Iraq and is a contributing factor to its low ranking in the World Bank’s Ease of Doing Business 2020 report (ranked 172 of 190 countries). The World Bank signed a memorandum of understanding with the Minister of Finance in October 2019 that calls for reforms to improve Iraq’s business environment. According to the DoS, a new government is needed to advance this work.<sup>301</sup>

The DoS told the DoS OIG that Iraqi officials frequently engage in corrupt practices with impunity, which is a significant impediment to improving public services and restoring essential services in conflict-affected and liberated areas, which would necessarily increase the likelihood of instability and violence.<sup>302</sup> When asked about efforts made to address corruption, the DoS reported that among other steps, USAID worked on procurement reform and developing standard bidding documents for public tenders that reduce opportunities for corruption.<sup>303</sup>

On January 1, 2020, the caretaker prime minister had a high-profile meeting with what he said would be a revived High Council for Combatting Corruption, which had, however, held some meetings in 2018, according to press reports. With the revival, however, one Iraqi parliamentarian from the Sairoon bloc, whose components made anti-corruption one of their themes, said that the council would fail because “political leaders who are involved in corruption and who will not allow the implementation of any solutions in this regard.”<sup>304</sup> A Baghdad-based think tank’s researcher noted that in 2007 a similar entity was established; it was “revived” in 2015, after a wave of anti-corruption demonstrations, and is the predecessor of the new entity.<sup>305</sup>

According to the DoS, over the years, a related body, the Commission of Integrity, investigated several high-profile cases, filed more than 4,783 corruption cases, and issued more than 857 arrest warrants. There were 442 convictions, including 3 ministers and 27 senior officials, although the names of those convicted remained anonymous. The commission’s biannual report stated that the law allowed amnesty for more than 986 convicted persons upon repaying money they had obtained by corruption.<sup>306</sup> On May 9, 2019, the head of the commission, Hassan al Yassiri, submitted his resignation on the grounds that the authorities had only addressed a small number of the cases that it had referred to them.<sup>307</sup>

Explaining the persistence of corruption in Iraq, an Iraqi scholar has described a melding of “political” and “grand” corruption, calling it “corruption protection,” a systematic attempt among corrupt agents seeking to evade accountability for primary corruption activity by preventing perpetrators of corruption from being brought to justice. The scholar also argued that despite the apparent strength of the anti-corruption framework, the multiple institutions established to fight corruption an

As is shown shortly, Iraqi public opinion polls – and also the slogans used in many of Iraq’s popular demonstrations – make it clear that the Iraqi people broadly share these views. The Iraqi government lacks popular support and trust on many issues from national to local levels. Some of the recent patterns in violence also indicate that Iraq’s Arab population is dividing into a steadily more polarized Shi’ite and Sunni factions, which are deeply – and sometimes violently – divided and command more force than popular support.

It is also important to point out that references to corruption have a broader meaning than may be initially apparent. Polls in the Arab world and much of the developing world, show that perceptions of corruption often are a key factor in shaping broad popular protests against given governments, and that it is often far safer and easier to express opposition to “corruption” than the leadership of repressive and authoritarian states. Corruption is also more visible than other forms of failure in governance, affect more people more directly, and is perceived as a critical barrier to employment and promotion based on merit. It also seems to cut across sectarian and ethnic divisions. Much of the polling involved is private, but in most cases, all officials, politicians, courts, and law enforcement officials tend to be seen as corrupt, not just those of an opposing or different faction.

Iraq cannot deal with its divisions and instability as a near kleptocracy. Like many other developing countries, it must come firmly to grips with corruption as every level and not rely on anti-



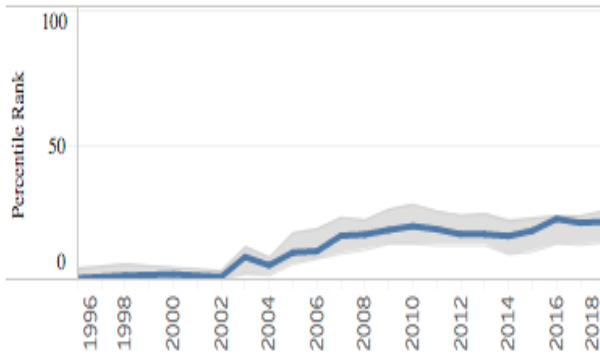
corruption legislation that is not enforced or anti-corruption efforts in a government that either does not function or simply finds a few scapegoats. Proper accounting, contracting controls, public transparency, whistleblower rewards, and public outing and punishment need to be a key aspect of governance – as do proper wages and job security.

At the same time, aid donors like the U.S. need to be ruthless in making aid conditional on the removal of corrupt officials and on full accountability. This is as true of humanitarian aid as other forms of aid. It should include the public outing of corrupt Iraq officials, contractors, and businessmen; and the denial of visas to such officials and their families.

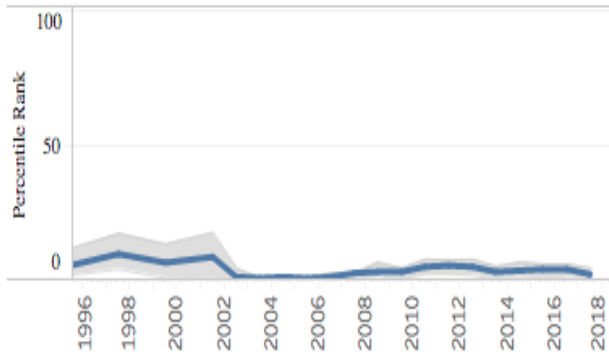
## Chart One: Iraq’s Failed Levels of Governance at Every Level of World Bank Assessment: 1996-2018

Iraq

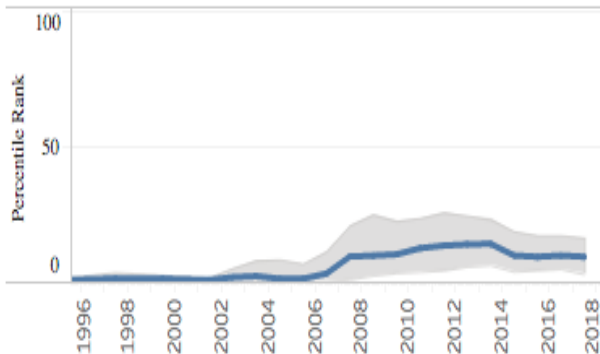
Voice and Accountability



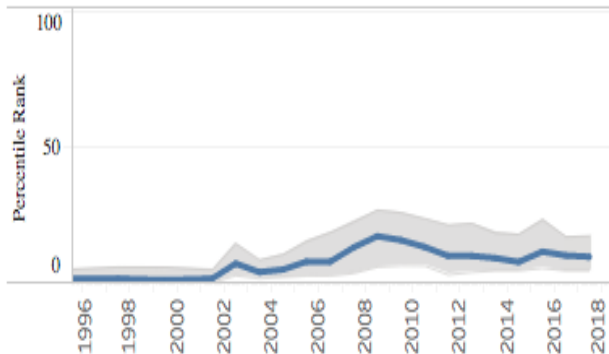
Political Stability and Absence of Violence/Terrorism



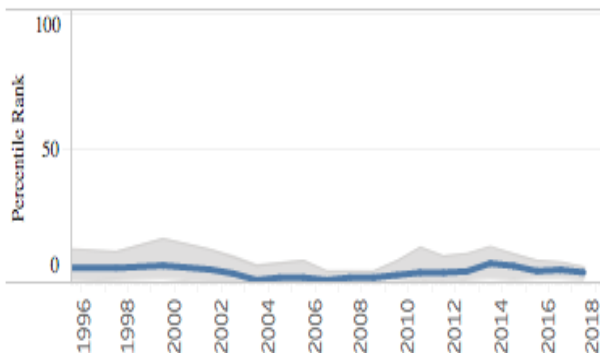
Government Effectiveness



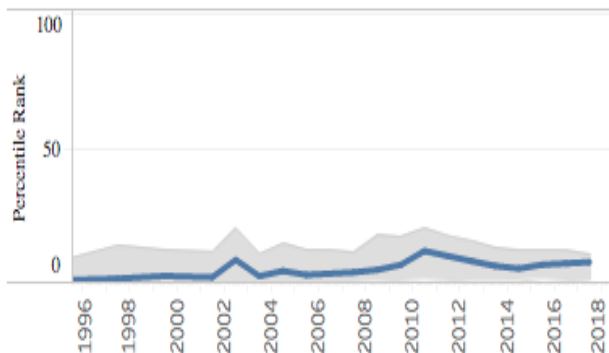
Regulatory Quality



Rule of Law



Control of Corruption



World Bank, *Worldwide Governance Indicators*, <http://info.worldbank.org/governance/wgi/Home/Reports>

### ***Politics, Governance, Public Opinion Polls, and Losing the Trust of the Iraqi People***

An article in the *Washington Post* by Munqith Dagher, the Chairman of the Al Mustakilla Research Group (IIACSS) and one of Iraq’s leading polling experts, reported that a survey of protestors in late 2019 found that Iraq’s factional, ethnic, and sectarian divisions were only part of a broad national distrust of virtually all political leaders and factions:<sup>14</sup>

An even greater problem for any lasting solution is the profound lack of trust in the current political players. Except for Grand Ayatollah Ali Sistani, the most influential Shiite cleric in Iraq, who enjoys the trust of 60 percent of the protesters, all other state players (legislative, executive and even judicial branch) are trusted by less than 5 percent of Iraqis, according to our most recent poll. Over 90 percent of protesters welcome an early election — but because of their mistrust of state institutions, a low percentage agree that it should be held under the current electoral commission or even under the supervision of Iraqi judges.

Outside international players receive a low level of trust as well. Iran is trusted by 1 percent of those interviewed, while the United States is trusted by 7 percent, the European Union by 25 percent and the United Nations by 30 percent.

Recent polls by Munqith Dagher and the Al Mustakilla Research Group (IIACSS) show that the Iraqi public takes all these issues very seriously. Some key results of recent IIACSS polls that shows the extent to which Iraqi governments have won or lost the trust of their peoples are shown in **Chart Two** and **Chart Three**, as well as in later charts in this analysis that reflect Iraqi popular attitudes towards the economy and national security. The research for these polls was conducted between mid-January 2020 and March 5, 2020. The total sample was 3000 interviews, using a random probability proportional to population (PPS) face to face interviews. The margin of error was +\ - 3.5%. with a confidence level of 95%.

**Chart Two** shows the result of polls on national unity and faith in democracy. **Chart Three** shows the result of polls on political freedom. These results show that the Iraqi people still believe Iraq should be united as a nation, but they have uncertain faith in democracy, the central government, and the Iraqi Council of Representatives (COR). They also show that Iraqis have only uncertain faith in the level of freedom that the government now provides.

Other poll results shown later in this analysis display same levels of popular lack of faith in the government’s economic policies, its security efforts, and its security forces. Like the results in Chart Two they offer real hope that better politics, better leadership, and better governance could alter the negative polling results relatively quickly. However, they also show that any lasting form of Iraqi political and economic stability and security requires future governments to come to grips with these issues, not simply to seek economic growth or development on a national level. Ethnic and sectarian differences do not cripple Iraq, but they do require political action – rather than factionalism and denial.

Polls quoted in the Arab Barometer also had similar results. Only 6% of the Iraqis polled said they “had a great deal of trust in political parties.” Only 12% of Iraqis had trust in Islamist parties and movements.<sup>15</sup>

## Chart Two: Winning or Losing the Trust of the Iraqi People – Polls on National Unity and Faith in Democracy<sup>16</sup>

Q18. [TREND] Some people say that it is essential that Iraq remain as one nation. Others say that parts of Iraq should be allowed to become fully separate nations if the people in them choose to be separate. Which of these two statements is closer to your						
	It is essential that Iraq remains one nation	Parts of Iraq should be allowed to become fully separate		Don't know	No answer	Total
	83.8%	14.6%		1.3%	.3%	100.0%
In your opinion, how effective has the central government in Baghdad been in dealing with each of the following issues—very effective, somewhat effective, somewhat ineffective, or very ineffective? h. Overcoming sectarian divisions						
	effective	ineffective		[Don't show] Don't know		Total
	23.9%	73.3%		60.2%	2.7%	100.0%
How much confidence do you have in the following to improve the situation in Iraq—a great deal, fair amount, not very much, or none at all? a. Iraq's central government						
Great deal	Fair amount	Not very much	None at all	[Do not read] Don't know	[Do not read] No answer	Total
5.2%	16.7%	16.7%	60.7%	.7%	.1%	100.0%
Q20. [TREND] Which of the following systems of government do you think would be best for Iraq? [READ CHOICES]						
A system in which the central government has most of the power	A system where power is shared equally among the central government, provinces, and regions	A system in which the provinces and regions have most of the power	Don't know	No answer		Total
38.5%	41.6%	15.9%	3.7%	.4%		100.0%
Q16. [TREND] Would you say that Iraq is now a democracy, is becoming a democracy, or will never be a democracy?						
Iraq is now a democracy	Iraq is becoming a democracy	Iraq will never be a democracy	Don't know	No answer		Total
12.0%	27.3%	58.7%	1.8%	.3%		100.0%
How much confidence do you have in the following to improve the situation in Iraq—a great deal, fair amount, not very much, or none at all? b. The Council of Representatives						
Great deal	Fair amount	Not very much	None at all	[Do not read] Don't know	[Do not read] No answer	Total
2.9%	10.4%	17.7%	66.2%	2.8%	.1%	100.0%
In your opinion, how effective has the central government in Baghdad been in dealing with each of the following issues—very effective, somewhat effective, somewhat ineffective, or very ineffective? d. Reducing corruption						
	effective	ineffective		[Don't show] Don't know		Total
	11.0%	87.4%		1.6%		100.0%

Source: Munqith Dagher, *Al Mustakilla Research Group (IIACSS)*, May 20, 2020.

### Chart Three: Winning or Losing the Trust of the Iraqi People – Polls on Political Freedom <sup>17</sup>

Q1. [TREND] In general, do you think things in Iraq are going in the right direction or in the wrong direction?					
Right direction	Wrong direction	Don't know	No answer	Total	
21.3%	77.5%	1.0%	.1%	100.0%	
. For each one, please tell me whether you think it describes the situation in our country very well, somewhat well, somewhat poorly, or very poorly. a. People can openly criticize the government					
	well	poor	Don't know	No answer	Total
	57.1%	42.4%	.5%	.1%	100.0%
. For each one, please tell me whether you think it describes the situation in our country very well, somewhat well, somewhat poorly, or very poorly. b. People choose their political leaders through fair and regular elections					
	well	poor	Don't know	No answer	Total
	56.8%	42.4%	.8%	.1%	100.0%
. For each one, please tell me whether you think it describes the situation in our country very well, somewhat well, somewhat poorly, or very poorly. c. The media can freely report on news even if it is negative toward the government					
	well	poor	Don't know	No answer	Total
	57.2%	41.9%	.9%	.1%	100.0%
. For each one, please tell me whether you think it describes the situation in our country very well, somewhat well, somewhat poorly, or very poorly. d. People are free to form independent groups and associations without government interference					
	well	poor	Don't know	No answer	Total
	47.2%	50.6%	2.0%	.2%	100.0%
. For each one, please tell me whether you think it describes the situation in our country very well, somewhat well, somewhat poorly, or very poorly. f. People are able to join or form political parties					
	well	poor	Don't know	No answer	Total
	41.1%	56.5%	1.9%	.5%	100.0%
. For each one, please tell me whether you think it describes the situation in our country very well, somewhat well, somewhat poorly, or very poorly. e. The courts treat everyone equally under the law					
	well	poor	Don't know	No answer	Total
	53.1%	45.2%	1.6%	.1%	100.0%

Source: Munqith Dagher, *Al Mustakilla Research Group (IIACSS)*, May 20, 2020.

### ***Politics, Governance, Public Demonstrations and Rising Violence***

Iraqi popular distrust of politics and government has already taken the form of explosive political demonstrations during 2019-2020 – as it did in 2013 in the period when ISIS invaded. Work by ACLED is shown in **Chart Four** and provides a graphic picture of the level of popular anger and lack of trust in the government since its failures to capitalize on the break-up of the ISIS “caliphate” in 2019.

These figures only tell part of the story. They do not reflect the tensions within the KRG zone, between the Kurds and Arab, and the broader levels of anger in Sunni areas in Western Iraq that suffered from the fighting with ISIS and have failed to see any effective central government recovery efforts. They instead reflect the levels of popular demonstrations in the Baghdad region and in largely Shi’ite areas of Iraq that ACLED calls the “October Revolution,” which led to “Attacks on demonstrators that were unprecedented in scale, with more than 500 fatalities reported between October 2019 and April 2020.”<sup>18</sup>

The ACLED analysis notes that these popular protests are linked to a range of different sectarian faction and political movements, and that the protest have,

...been able to expand quickly throughout the six months from October 2019 through March 2020 to include eastern and central Iraqi provinces alongside the southern provinces, effectively spreading throughout the entire country (*see maps below*). Key southern cities such as Nassriya, Basra, Diwaniya, and As Samawah, along with the capital, Baghdad, serve as the main hubs of the demonstrations.

However, the demonstrations also took hold of central Iraqi cities, such as Kerbala, Hilla, and the eastern cities of Kut and Baquba, where a significant number of the violent demonstrations took place. Even provinces such as Ninewa, Saladin, and Anbar, which were formerly held by IS, experienced sporadic protest activity. However, their fears, as mainly Sunni areas who reportedly allowed IS to take over, limited their protests to symbolic activities, such as holding up signs displaying the number of demonstrators killed ([Jadaliyya, 26 October 2019](#)).

### ***The U.S. Can Help But Only Iraqis Can Fix Iraq’s Political and Governance Problems***

For all the reasons analyzed in this analysis of politics and governance – and the following sections on Iraq’s economic and security situation – Iraq’s combination of bad politics, poor governance, and failed economic and security efforts is virtually certain to make these divisions steadily worse – along with Iraq’s sectarian and ethnic tensions – unless the government is far more effective and united in the future.

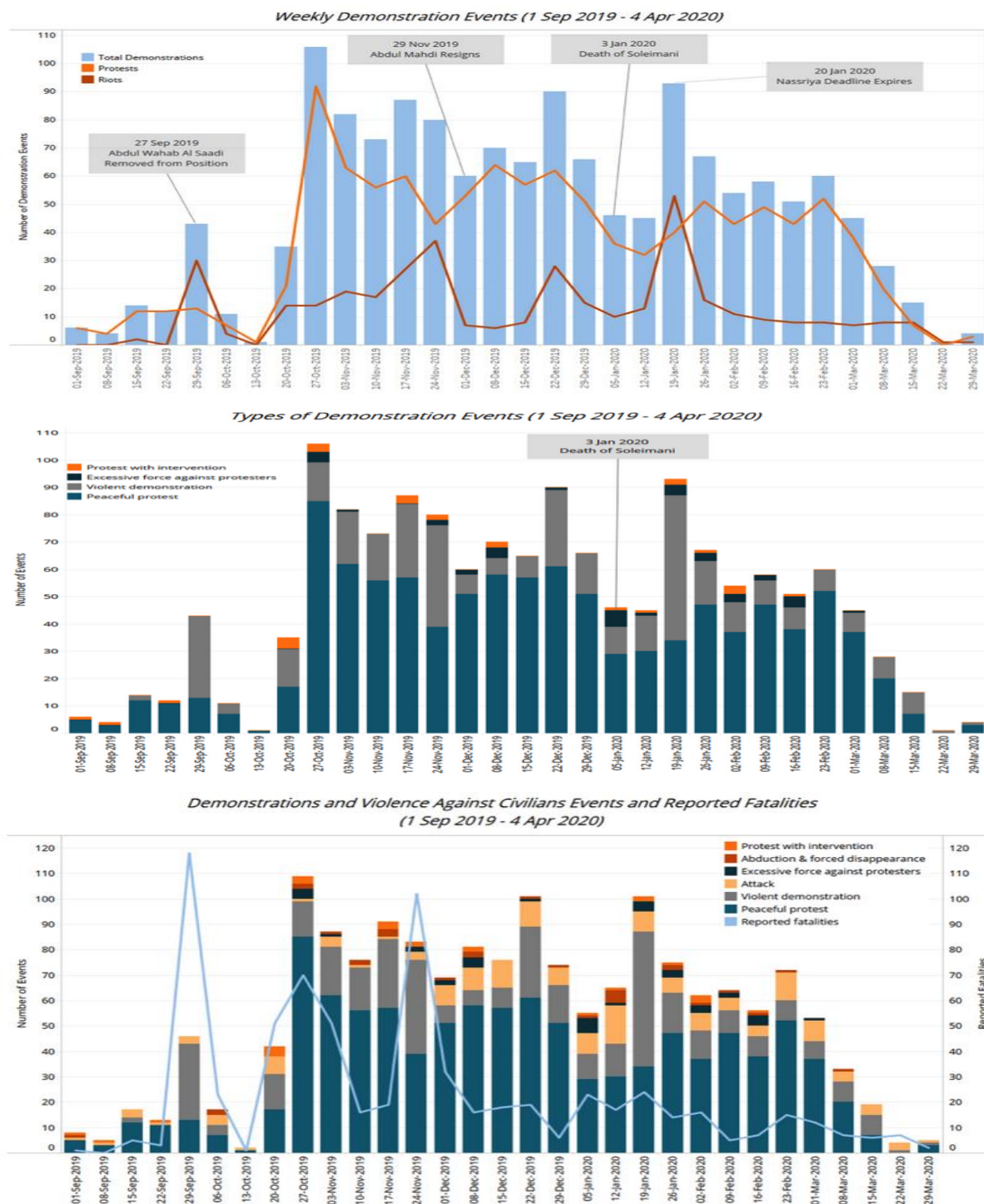
At the same time, there are real reasons for hope. Iraq does still have many aspects of a functional democracy, and it does have a history of nationalism and has had periods of real unity. It still has relatively high levels of education and development by international standards.

At the same time, its deep ethnic and sectarian divisions are coupled to self-seeking politicians and to factionalism that leave Iraq crippled by favoritism and high levels of corruption. These problems can make Iraq more vulnerable to outside pressure from states like Iran as well as lead to mass popular demonstrations and anger both between and within given factions.

If there is any “iron law” of development, it is that no outside power can help a nation that cannot help itself. There is no way that the United States or any power can change these conditions from the outside. The history of Iraq from 2003 to the present makes this all too clear. The United States can, however, work with other countries to create economic and aid incentives that are tied to

important steps that will keep Iraq moving forward. The United States can actively encourage unity and compromises, and it can make it clear that the U.S. goal in doing this is for a strong and independent Iraq – not some form of a client state.

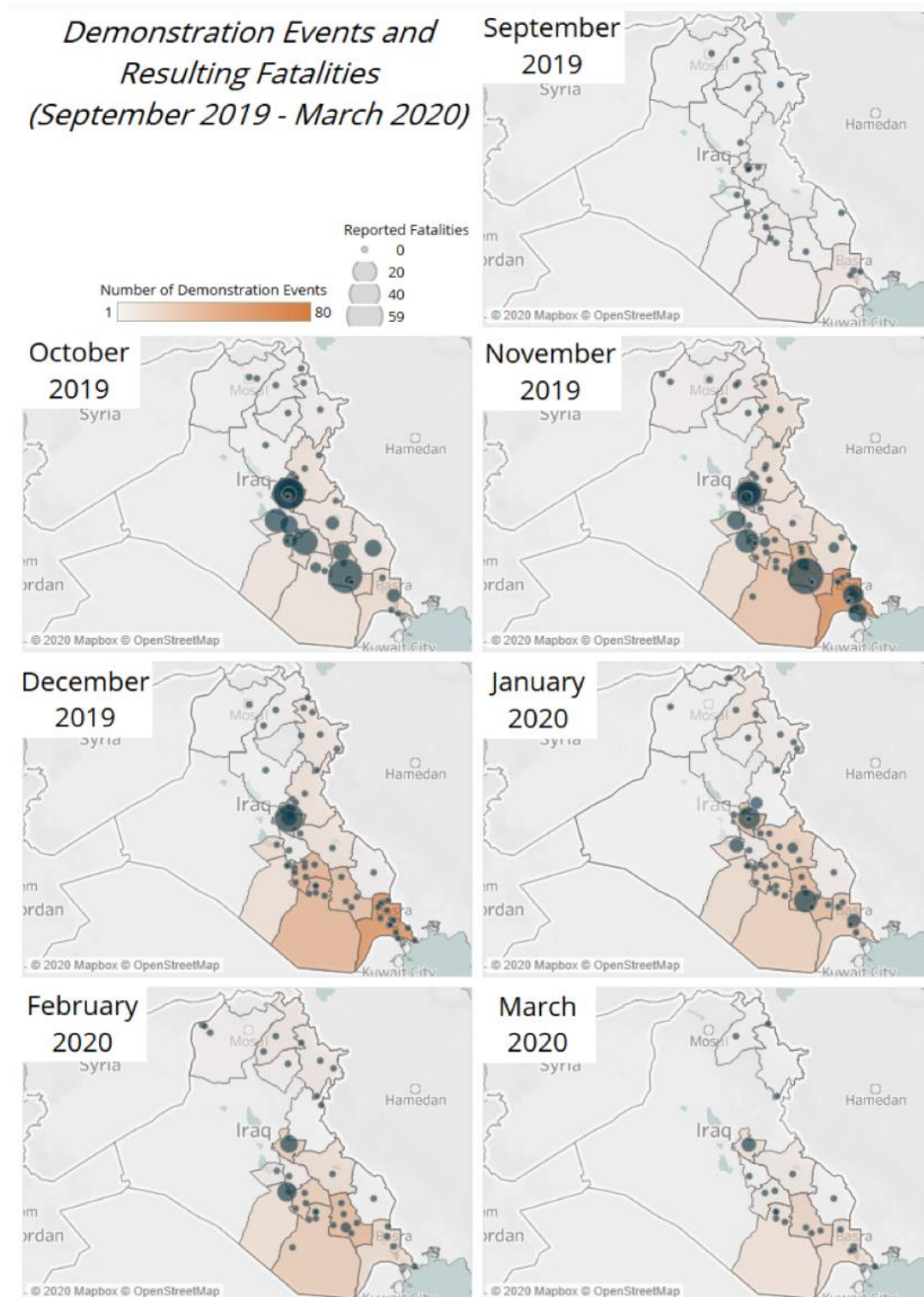
## Chart Four: Iraq’s October 2019 Revolution: Patterns Through April 2020 - I



ACLED, Iraq’s October 2019 Revolution: Six Months On, <https://acleddata.com/2020/04/10/iraqs-october-revolution-six-months-on/>



### Chart Four: Iraq’s October 2019 Revolution: Patterns Through April 2020 - II



ACLED, Iraq’s October 2019 Revolution: Six Months On, <https://acleddata.com/2020/04/10/iraqs-october-revolution-six-months-on/>

## Dealing with a “Ghost” Economy in A Period of Crisis

There is no way as of yet to predict what the impact of Iraq’s new economic crises will be, but it is clear that the combination of the Coronavirus and the drastic cuts in petroleum demand and Iraq’s petroleum export income will present major new problems, challenge Iraq’s weak political and governance structures even more, and create new problems in achieving security and stability.

At the same time, no effort to establish a stable strategic relationship with Iraq can ignore the fact that these new crises will be laid over an economy that was already haunted by the “ghosts” of its past, by the cost of its security structure, and by the economic pressures from Iran. These problems also are not some arcane issues for economists.

As recent mass public demonstrations and the public opinion polls shown in **Chart Five** make clear, they had a major impact on Iraqi politics before the Coronavirus and petroleum crises began: The previous analysis has shown that a successful strategic dialogue with Iraq must focus as much on improving governance as on security, but same is true of Iraq’s second set of “ghosts” – the ones that shape its economy. Once again, Iraqis must take the lead and only Iraq can meet these challenges.

However, if the United States want to help build a strong and stable Iraq, it too must come to grips with the full range of economic problems that have driven Iraq’s growing instability, divisions, and popular demonstrations. These include the impacts of the long periods of war and crises outlined earlier, many governmental failures to set proper policies and to implement reforms, chronic over-dependence on petroleum export revenues, and a host of other factors like UN sanctions.

They also include helping Iraq make the transition out of its current over-dependence on Iranian gas and Iran’s manipulation of its exports to Iraq in ways that cost Iraqi national income, jobs, and agricultural productivity. Iran is a natural trading partner with Iraq, but the present trading structure is being pushed by Iran in ways that damage Iraq.

### Chart Five: Pre-Coronavirus/Petroleum Crisis Public Opinion Views of the Iraq Economy<sup>19</sup>

In your opinion, how effective has the central government in Baghdad been in dealing with each of the following issues—very effective, somewhat effective, somewhat ineffective, or very ineffective? b. Improving the economy					
	effective	ineffective		[Don't show] Don't know	[Don't show] No answer
	15.1%	83.8%		1.0%	.0%
Total					
100.0%					
In your opinion, how effective has the central government in Baghdad been in dealing with each of the following issues—very effective, somewhat effective, somewhat ineffective, or very ineffective? e. Addressing unemployment					
	effective	ineffective		[Don't show] Don't know	
	10.3%	88.4%		1.2%	
Total					
100.0%					
In your opinion, how effective has the central government in Baghdad been in dealing with each of the following issues—very effective, somewhat effective, somewhat ineffective, or very ineffective? f. Improving electricity service					
	effective	ineffective		[Don't show] Don't know	[Don't show] No answer
	20.4%	78.5%		1.0%	.0%
Total					
100.0%					

Source: Munquith Dagher, Al Mustakilla Research Group (IIACSS), May 20,2020,

### *The Illusion of “Oil Wealth”*

One key beginning point is to recognize that Iraq’s dependence on petroleum export income has evolved in ways that make Iraqi “oil wealth” largely illusory. Iraq is sharply over-dependent on petroleum, and much of its supposed “oil wealth” is more illusory than real. For all the historical reasons discussed earlier, Iraq’s oil export revenues have only met a limited part of Iraq’s needs except for a few periods of peak revenues and relative peace and stability – periods that have not occurred since the late 1970s.

In addition, Iraq’s rapid population growth has reduced the per capita value of Iraqi petroleum exports in real terms, and it has created steadily smaller percentages of the new jobs Iraq needs for its people. Producing oil fields require only limited amounts of labor relative to their operating expenses, and even the creation of new fields has a high ratio of capital to labor. As Arab Development Reports, the World Bank, and the IMF have all pointed out from some years, Iraq is in critical need of economic diversification.

The latest country report by the U.S. Energy Information Administration (EIA) does state that Iraq is the second-largest crude oil producer in the Organization of the Petroleum Exporting Countries (OPEC), and it has the world’s fifth largest proved crude oil reserves – some 140-145 billion barrels.

Wealth, however, is determined by the actual oil export revenues, and not by the size of reserves that are still in the ground. As **Chart Six** shows, Iraq’s crude oil production has long been highly erratic. Production peaked at some 2.5 MMBD in 2000 before the U.S. invasion in 2003. It then

dropped below 1.5 MMBD during the war in 2003, then grew by an average of about 300,000 barrels per day (b/d) from 2013 through 2017, and it averaged 4.4 MMBD in 2017.

During the first half of 2018, Iraqi crude oil output stood at about 4.5 MMBD. These production estimates include oil produced in the Iraqi Kurdistan Region, the semiautonomous northeast region in Iraq governed by the Kurdistan Regional Government (KRG).<sup>20</sup>

Moreover, Iraq’s oil revenues have been in decline since 2012-2014 – long before the present crisis. The price of oil dropped from the \$100 a barrel range in 2012-2014 to levels around \$50 to \$60 dollars a barrel after that time.

This had a major impact on Iraq’s oil revenues. The U.S. government’s Energy Information Administration (EIA) reports that “in 2017, Iraq (excluding KRG) earned almost \$60 billion in crude oil export revenue, \$16 billion more than in 2016 as a result of increasing oil prices and slightly increasing export volumes.” Other sources report Iraq earned some \$66 billion in export revenues in 2017 but \$91 billion in 2018, only to see a new crisis in demand and prices begin in 2019.<sup>21</sup>

Iraq currently is dealing with a major global crisis in oil demand and petroleum prices in addition to the Coronavirus. A mix of overproduction by nations like Russia and Saudi Arabia, and the massive recession caused by the Coronavirus, cut world oil prices from levels around \$60 a barrel at the start of 2020 to \$20 a barrel late April. (The glut reached the point where the price dropped below zero in the U.S.). Contracts for June delivery were trading for about \$22 a barrel, down 16% for the day, on April 19, 2020.<sup>22</sup>

While OPEC and Russia did reach an agreement to cut production earlier in April 2020, analysts expected daily oil consumption to fall by as much as 29 MMBD by late April, about three times the cuts pledged by OPEC and its allies -- and May isn’t expected to be much different. No one could predict how long the resulting crisis in oil sales and export revenues would last, but it was already clear that Iraq – like all oil exporters – faced a massive financial problem in 2020 and possibly in 2021 and beyond.

Iraq’s market economy has long been heavily dependent on these crude oil export revenues. So has its government. The EIA reports that “in 2017, crude oil export revenue accounted for an estimated 89% of Iraq’s total government revenues, according to the International Monetary Fund (IMF).” The CIA **World Factbook** estimated in April 2020 that, “Iraq’s largely state-run economy is dominated by the oil sector, which provides roughly 85% of government revenue and 80% of foreign exchange earnings.”

The Lead Inspector General’s report for April 2020 describes the petroleum crisis as follows:<sup>23</sup>

During the quarter, Iraq was hit with a mix of shocks, including COVID-19, halved oil prices, popular unrest, and ongoing militia violence. The country has been operating without a 2020 budget, limiting the ministries to monthly allocations based on the 2019 budget. Without increased revenues, Iraq will be unable to fund payments to the ministries after April.<sup>3</sup>

A Middle East analyst reported that the twin shocks of the effect of COVID-19 on the world economy and the current oil price war would stress Iraq’s budget to the limit. While the shocks were not foreseeable, the Iraqi budget structure imbalance would have inevitably led to an economic crisis. The budget imbalance projects revenues not covering current spending, which is mostly composed of salaries, pensions, and welfare spending, totaling 85 percent of current spending. While oil revenues make up 90 percent of government revenues, 25 percent of “non-oil” income is oil related in the form of taxes on foreign oil companies and the government’s share from profits from the state’s oil companies.

According to the aforementioned analysis, the default solution for the Iraqi government would be to cancel all non-oil investment spending and resort to borrowing, explained the Middle East analyst. These measures would only postpone but not resolve the economic crisis. Under this solution, the Iraqi government would continue to function; however, it would not be able to provide reliable electricity, potable water, and sanitary sewage treatment demanded by the reform protesters. Overdue and necessary rebuilding of communities damaged by the fight to expel ISIS would be delayed further.

The DoS reported to the DoS OIG that efforts to draft a 2020 budget have been set back by earlier unrealistic oil price and production assumptions. The previous draft budget priced oil at \$56 per barrel, with 3.88 million barrels per day average export. However, during the quarter, Iraq’s oil prices dropped below \$30 per barrel. According to the DoS, Iraqi officials were considering revising the 2020 oil revenue assumptions to about \$30 per barrel, with 3.6 million barrels per day export, which would generate revenue of \$3.24 billion per month. However, officials reported that Iraq is spending \$4 billion per month for operational expenses limited to employee compensation, primarily salaries for federal and KRG government employees and state-owned enterprise employees, as well as pensions, and social welfare. Under the revised oil price and production assumptions, the Iraqi government would be unable to fund payments past April.

The DoS informed the DoS OIG that should then Prime Minister-designate Adnan al Zurfi fail to form a government by the April 17 deadline, an advisory committee of senior Iraqi economic officials was considering sending the revised draft budget to the Parliament without the endorsement of caretaker Prime Minister Abd al Mahdi, who maintains he lacks authority to transmit the budget. Alternative strategies include having President Barham Salih or the Prime Minister’s economic committee send the revised budget to the parliament. The advisory committee took no action following al Zurfi’s withdrawal and Barham Salih’s nomination of Mustafa al Kadhimi as Prime Minister-designate on April 9.

The Iraqi Central government has also not been the only element that has caused Iraq’s economy to suffer. The cuts in revenues have led to a major split over the sharing of revenue with the KRG and the government’s ability to continue funding its operations:<sup>24</sup>

The DoS reported that KRG officials are concerned that the Iraq Kurdistan Region’s (IKR) economy is close to collapsing as the KRG’s oil and non-oil revenue streams fall due to decreasing world oil prices and the impact of COVID-19 movement restrictions. During the quarter, KRG’s net income from oil exports would be \$63 million per month based on \$30 per barrel, as compared to \$300 to \$350 million per month during the first three quarters of 2019. KRG officials told the DoS that the KRG relied heavily on the Iraqi government’s \$384 million monthly budget transfer, which covered just over half of the KRG’s \$750 million per month wage bill.<sup>314</sup>

The DoS reported that KRG officials anticipate that operational funding deficits could exceed \$300 million per month starting in April. Options to ease fiscal pressure include cuts to public sector wages and reviewing contracts with the international oil companies to reduce production costs, while seeking a debt repayment freeze from Ankara and Moscow. Going forward, the KRG will need to cut expenses without an increase in revenues or increased support from the Iraqi government

These erratic levels of export income have left Iraq – which has a population of some 39 million – with a relatively low per capita petroleum income even in periods when oil export revenues were far higher. The EIA estimates that Iraq’s per capita net export revenues totaled \$1,715 in 2017 and \$2,304 in 2018. These compare with Saudi revenues of \$5,248 in 2017 and \$7,098 in 2018; UAE revenues of \$5,911 in 2017 and \$7,797 in 2018; and Kuwaiti revenues of \$10,965 in 2017 and \$14,683 in 2018. Iran, however, has had much lower revenues than Iraq: \$685 in 2017 and \$820 in 2018.<sup>25</sup>

Moreover, Iraq’s petroleum revenues also help fuel Iraq’s sectarian and ethnic divisions. Almost all producing oil reserves are in the Shi’ite and Kurdish areas. Some 90% of Iraq’s crude oil production comes from onshore oil fields in the southern Shi’ite part of the country. It also has some 135 trillion cubic feet (Tcf) of natural gas reserves – the 12th largest in the world.

Under these conditions, it is not surprising that the International Energy Agency (IEA) warned on May 18, 2020, that,<sup>26</sup>

The story of oil markets over the past month has been one of demand destruction on a historic scale. This peaked in “Black April,” a month that saw negative oil prices....A month later, the gradual relaxation of restrictions on movement means we are seeing the early signs of gradual rebalancing of global oil markets. Mobility still remains limited for many citizens, but businesses are starting to reopen gradually and people are returning to work, which will provide a boost to oil demand, albeit a modest one at first.

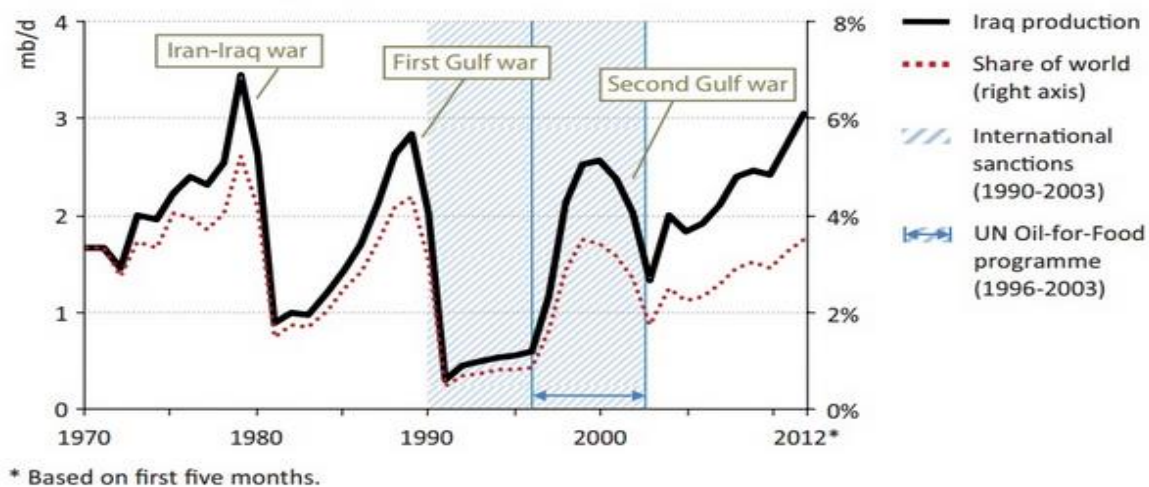
In this context, the outlook has improved somewhat and prices, while still far below where they were before the start of the Covid-19 crisis, have rebounded from their April lows. Even more important than the easing of lockdown measures has been steep production declines in non-OPEC countries alongside the commitments made by the OPEC+ agreement.

These twin shocks of severely diminished oil demand and significant oversupply have had an immediate impact on oil-producing countries that rely on hydrocarbon revenues to finance state budgets and fuel their economies. Iraq is one of the most vulnerable producer countries because of its almost complete dependence on these revenues and this crisis has underscored the urgent need for reforms of the country’s energy sector.

One of the main issues for a fiscally-constrained Iraq is the need to revisit its investment frameworks to ensure critical infrastructure projects don’t grind to a halt for lack of funding. It would be unwise to base an economic reform strategy on hopes that oil prices will recover imminently yet there are a limited number of policy levers that Iraq can pull to shore up its current position. Electricity subsidy reform and stimulating private investment in natural gas infrastructure are two key actions that Iraq can take to ensure that investment continues even when government revenues have been decimated by low oil prices.

## Chart Six: Oil “Wealth” versus Oil Wars and Price Crises

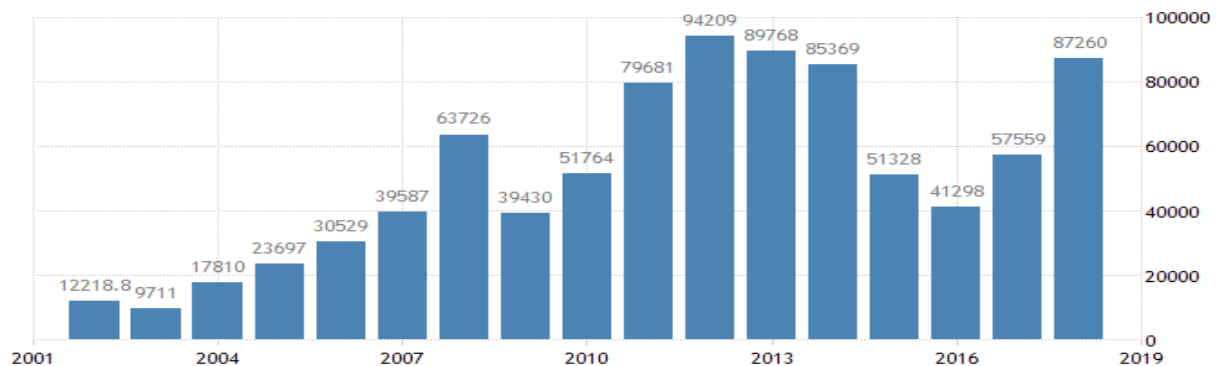
The Impact of Crises and Wars on Oil Production: 1970-2013



The End of the War Against the ISSI ‘Caliphate’ and the Beginning of the 2020 Oil Crisis



Total Iraqi Export Income in \$US Current Millions



Source: Matt Mushalik, “Doubling of Iraqi oil production by 2020?,” *Resilience*, originally published by *Crude Oil Peak*, August 12, 2013, <https://www.resilience.org/stories/2013-08-12/doubling-of-iraqi-oil-production-by-2020/>; Trading Economics, “Iraqi Oil Production,” <https://tradingeconomics.com/iraqi-crude-oil-production> and <https://tradingeconomics.com/iraqi-exports>.

### ***Population Pressure and Employment***

Iraq’s massive population increases since 1950 have been touched upon earlier in this analysis, but they affect far more than problems in governance and petroleum revenues. As the UN, World Bank, and IMF studies make clear, these problems have been complicated by internal developments like rapid population growth, a shift from a rural state dependent on agriculture to a largely industrial and service sector economy, and very high levels of hyper-urbanization

**Chart Seven** shows that the U.S. Census Bureau estimates that Iraq’s population has risen from less the 5.2 million in 1950 to some 38.9 million in 2020 – figures that generally track with UN and CIA estimates. Iraq’s population is so young that over 37% is 14 year of age or younger. U.S. Census Bureau also estimates that a steady rate of growth will continue from 2020 to 2030, which means that there will be constant heavy near-term pressure on the economy for job creation. While it is important to stress that there are no reliable figures on unemployment in Iraq – and some guesstimates put exiting youth unemployment at well over 20% – the population growth data in Chart Three indicate that Iraq may need to find some 300,000-450,000 additional new jobs for its young men and women per year during 2020-2030.

This ongoing population pressure also means that more and more Iraqis are becoming dependent on this job creation. Population growth has already increased the number of Iraqis dependent on other Iraqis for their income and livelihood. The CIA estimates that even the current dependency ratio is 69.9, with a youth ratio of 64.1.<sup>27</sup>



## Chart Seven: Iraq’s Massive Population Growth

### Demographic Overview - Custom Region - Iraq

Demographic Indicators	1950	1960	1970	1980	1990	1995	2000	2005	2010	2015	2020	2025	2030
<b>Population</b>													
Midyear population (in thousands)	5,163	6,822	9,414	13,233	18,208	19,636	22,847	26,651	29,095	34,848	38,873	42,971	47,153
Growth rate (percent)	(NA)	(NA)	(NA)	(NA)	-2.7	3.1	3.0	3.0	3.2	2.3	2.1	1.9	1.8
<b>Fertility</b>													
Total fertility rate (births per woman)	(NA)	(NA)	(NA)	(NA)	6.1	5.5	5.0	4.6	4.5	3.8	3.4	3.0	2.7
Crude birth rate (per 1,000 population)	(NA)	(NA)	(NA)	(NA)	39	36	36	35	34	29	26	23	22
Births (in thousands)	(NA)	(NA)	(NA)	(NA)	702	716	812	922	989	1,003	1,001	1,002	1,022
<b>Mortality</b>													
Life expectancy at birth (years)	(NA)	(NA)	(NA)	(NA)	67	67	68	66	69	69	73	74	75
Infant mortality rate (per 1,000 births)	(NA)	(NA)	(NA)	(NA)	67	52	40	34	30	25	20	17	14
Under 5 mortality rate (per 1,000 births)	(NA)	(NA)	(NA)	(NA)	83	65	49	41	36	30	23	20	16
Crude death rate (per 1,000 population)	(NA)	(NA)	(NA)	(NA)	7	6	6	6	5	5	4	4	4
Deaths (in thousands)	(NA)	(NA)	(NA)	(NA)	129	123	127	160	143	172	153	167	187
<b>Migration</b>													
Net migration rate (per 1,000 population)	(NA)	(NA)	(NA)	(NA)	-59	0	0	2	3	-1	-1	0	0
Net number of migrants (in thousands)	(NA)	(NA)	(NA)	(NA)	-1,067	8	0	51	93	-21	-20	0	0

Source Information: Iraq

### Demographic Overview - Custom Region - Iraq

Demographic Indicators	1995	2005	2015	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Population</b>														
Midyear population (in thousands)	19,636	26,651	34,848	38,873	39,696	40,510	41,315	42,134	42,971	43,806	44,643	45,480	46,317	47,153
Growth rate (percent)	3.1	3.0	2.3	2.1	2.1	2.0	1.9	2.0	1.9	1.9	1.9	1.8	1.8	1.8
<b>Fertility</b>														
Total fertility rate (births per woman)	5.5	4.6	3.8	3.4	3.3	3.2	3.2	3.1	3.0	3.0	2.9	2.9	2.8	2.7
Crude birth rate (per 1,000 population)	36	35	29	26	25	25	24	24	23	23	23	22	22	22
Births (in thousands)	716	922	1,003	1,001	1,001	1,001	1,002	1,002	1,002	1,007	1,012	1,016	1,019	1,022
<b>Mortality</b>														
Life expectancy at birth (years)	67	66	69	73	73	73	73	74	74	74	74	75	75	75
Infant mortality rate (per 1,000 births)	52	34	25	20	19	18	18	17	17	16	15	15	14	14
Under 5 mortality rate (per 1,000 births)	65	41	30	23	23	22	21	20	20	19	18	18	17	16
Crude death rate (per 1,000 population)	6	6	5	4	4	4	4	4	4	4	4	4	4	4
Deaths (in thousands)	123	160	172	153	156	158	161	164	167	171	175	179	183	187
<b>Migration</b>														
Net migration rate (per 1,000 population)	0	2	-1	-1	-1	-1	-1	0	0	0	0	0	0	0
Net number of migrants (in thousands)	8	51	-21	-20	-27	-34	-40	0	0	0	0	0	0	0

Source: United States Census Bureau, “Demographic Overview-Custom Region-Iraq,”

<https://www.census.gov/data-tools/demo/ldb/region.php?T=13&RT=0&A=separate&Y=1950,1960,1970,1980,1990,2000,2010,2020,2025,2030&C=IZ&R=>

### ***Changing the Nature of Jobs and Employment***

Equally important, the nature of employment must change for Iraq to develop. The CIA now estimates that Iraq already was 70.9% urbanized in 2020, and that the rate of urbanization was rising at 3.09% per year.<sup>28</sup> The CIA estimates that even in 2008, 59.8% of the labor force was already in the service sector and 18.7% was in industry, leaving only 21.6% in agriculture.<sup>29</sup> The percentage in agriculture may now be under 15%.

These figures show that most of Iraq’s population has already participated in a market-driven cash economy, and that virtually all new employment will be dependent on market forces. They also show that these are only vestigial future opportunities to revert to subsistence farming – these are options that already do not exist for most people who have been involved in sectarian and ethnic fighting and the battles against ISIS.

This also means that successful development requires that job creation take place in spite of a lack of agricultural reform, and an inefficient state sector that includes as much as 40% of the regular labor force. IMF and World Bank studies have found that these government industry jobs often have little real output and recently sometimes fail to actually pay salary. Other studies show that education, utilities, health, and other public services have never recovered from their pre-Iran-Iraq War levels or from the impact of the unrest and failed governments that followed the 1991 and 2003 wars.

### ***Deep, Endemic Economic Structural Problems***

All of these needs interact with other deep structural problems in the Iraqi Economy that helped create a massive economic crisis in Iraq before the start of the new Coronavirus and petroleum revenue crises that occurred in 2020. The CIA *World Factbook* estimated *before* the Coronavirus and petroleum export income crises began to have a major impact on Iraq that,

The Government of Iraq...faces a number of obstacles, including a tenuous political system and concerns about security and societal stability. Rampant corruption, outdated infrastructure, insufficient essential services, skilled labor shortages, and antiquated commercial laws stifle investment and continue to constrain growth of private, nonoil sectors. Under the Iraqi constitution, some competencies relevant to the overall investment climate are either shared by the federal government and the regions or are devolved entirely to local governments. Investment in the IKR operates within the framework of the Kurdistan Region Investment Law (Law 4 of 2006) and the Kurdistan Board of Investment, which is designed to provide incentives to help economic development in areas under the authority of the KRG.

Inflation has remained under control since 2006. However, Iraqi leaders remain hard-pressed to translate macroeconomic gains into an improved standard of living for the Iraqi populace. Unemployment remains a problem throughout the country despite a bloated public sector. Overregulation has made it difficult for Iraqi citizens and foreign investors to start new businesses. Corruption and lack of economic reforms - such as restructuring banks and developing the private sector – have inhibited the growth of the private sector.

The CIA also estimated in October 2019 – long before the current crises began – that,

The Government of Iraq is eager to attract additional foreign direct investment, but it faces a number of obstacles, including a tenuous political system and concerns about security and societal stability. Rampant corruption, outdated infrastructure, insufficient essential services, skilled labor shortages, and antiquated commercial laws stifle investment and continue to constrain growth of private, nonoil sectors. Under the Iraqi constitution, some competencies relevant to the overall investment climate are either shared by the federal government and the regions or are devolved entirely to local governments. Investment in the IKR operates within the framework of the Kurdistan Region Investment Law (Law 4 of 2006) and the Kurdistan Board of Investment, which is designed to provide incentives to help economic development in areas under the authority of the KRG.

The current World Bank economic overview, which was issued in late 2019, also predated the current crises. However, it still warned that,

Inflation has remained under control since 2006. However, Iraqi leaders remain hard-pressed to translate macroeconomic gains into an improved standard of living for the Iraqi populace. Unemployment remains a problem throughout the country despite a bloated public sector. Overregulation has made it difficult for Iraqi citizens and foreign investors to start new businesses. Corruption and lack of economic reforms - such as restructuring banks and developing the private sector – have inhibited the growth of the private sector.

Higher spending together with lower oil prices will result in a fiscal deficit projected at 3.3 percent of GDP in 2020 and remain in a similar range in 2021. Lower oil prices and increased imports will cause the current account balance to remain in deficit and international reserves to decline. Volatility in oil prices remains the main risk, reflecting a lack of diversification and budget rigidities. These factors reduce Iraq’s financial buffers and increase its vulnerability to external shocks. Volatility could also reverse the outcomes of recent positive government reforms, especially in the electricity and agriculture sectors.

It should be stressed that none of these nation-wide assessments addressed the interaction between these problems and the sharp ethnic, sectarian, and regional differences in wealth, or on Iraq’s acute inequities in income distribution. Moreover, the impact of the fighting against ISIS and factional violence added to Iraq’s structural economic problems during 2018-2019. The UNHCR estimated in February 2020 that Iraq still had 429,537 refugees and internally displaced persons (IDPs); 247,568 Syrian refugees; 4,596,450 returnees with uncertain income and housing; and a total population of concern that is well over 6,300,000.<sup>30</sup>

### ***The Impact of the Coronavirus and Petroleum Revenue Crises***

These deep structural challenges now interact with Coronavirus and Saudi-Russian oil production crises that are still developing. Iraq’s official estimate of the number of cases and fatalities from the Coronavirus are highly controversial, and some sources indicate that the reported number is far too low. As of mid-April, the official numbers were over 1,300 cases and 72 dead. However, efforts to control the Coronavirus were very limited, testing had negligible national coverage, Iran remained a source of new cases, and the Iraq Ministry of Health data seemed very uncertain. Efforts to reach a Saudi-Russian-OPEC agreement to limit the impact of the oil crisis also remained limited and tentative.

The EIA reports that as of April 2020, Iraq’s oil revenues fell steeply in March 2020 to a four-year low, even though countrywide exports held steady at over 3.87 million barrels per day (bpd). The Iraqi Federal Government earned just \$2.989 billion – selling its 3.390 MMBD of oil exports at an average price of \$32.73 – according to the Oil Ministry. This total was down by \$2 billion compared to February 2020 and amounted to less than half of the January total.

This means that the Coronavirus and oil revenue crises will have a massive impact on Iraq’s current total per capita income, although their full impact is still unclear and unpredictable. The crises have also interacted with failed government economic policies that date back to the fall of the monarchy, such as the case of agriculture in which gross over-investment in subsidized and inefficient state industries peaked in the period just before the Iran-Iraq War. Since that time, the Iraqi economy has been in a constant state of war, crisis, or sanctions for 40 years.

In April 2020, the World Bank produced an analysis that reflected a rough initial estimate of the economic impact of the Coronavirus. While that study warned in detail that Iraq’s statistical reporting capacity is low – and that such Iraqi government reporting only reached an average of 51% of the capacity needed even in pre-crises times – it states that (p. 18),

While the oil sector boosted growth in 2019, the Government of Iraq’s failure in service delivery, fighting corruption, and private-sector job creation has prompted ongoing social unrest since November. In response, a considerable expansion in public sector employment, pensions, and transfers overshadowed critical spending for human capital and reconstruction. The outlook entrails considerable risks linked with lower oil prices, the spread of COVID19, budget financing constraints, political deadlock, and the need for fiscal consolidation.

The World Bank also estimated that oil prices and export revenues may well remain low through at least mid-2022 and had already cut the Iraqi GDP by 17% since 2020 (p. 7), stating any near-term growth estimates could only be made on the basis of past trends.<sup>31</sup> It also predicted that an 8.3% cut in per capita income was possible in 2020, and a total cut of 10.7% in 2020-2022, along with sharp cuts in the current account balance and fiscal balance (p. 10). This reflected Iraq’s participation in a much longer regional trend during 2000-2022 that the World Bank labeled as a “low growth syndrome”<sup>32</sup>

The IMF published an updated *Regional Economic Outlook: Middle East and Asia* in mid-April 2020. Like the World Bank analyses, it could only guess at many aspects of the crises, but it did estimate that,

The COVID-19 pandemic and the plunge in oil prices are causing significant economic turmoil in the region ... the impact could be long lasting... While there is considerable uncertainty around the depth and duration of the crisis, this pandemic will compound the region's unemployment problem and worsen the already high public and external debt.”

It projected the MENA economy to contract by 3.3 per cent in 2020, the biggest slump in four decades, and that the combined shocks of the Coronavirus and low oil prices will shave off \$323 billion, or 12 %, of the Arab world's economy – \$259 billion of that from the energy-dependent Gulf states alone. Arab governments' debt will rise by 15% or \$190 billion this year to reach \$1.46 trillion, as the cost of borrowing jumps due to tightening financial conditions. Oil prices at these levels could result in more than \$230 billion in lost annual revenue by Arab oil exporters plus Iran, it said. The fiscal deficit for the region is expected to deteriorate from 2.8% of gross domestic product in 2019 to 10 per cent of GDP this year.<sup>33</sup>

While the IMF did use a scenario calling for a relatively quick recovery in 2021, it also warned that oil revenues might fall below 50% of Iraq’s breakeven prices and confront Iraq with “rigid expenditure patterns and politically challenging policy choices.” The scenario also warned that Iraqi real GDP growth could fall from 3.9% in 2019 to -4.7% in 2020, the government’s overall fiscal balance could change from -0.8% of the GDP in 2019 to -22.3% in 2020, and the current account balance could be altered from -1.2% of the GDP in 2019 to -21.7% in 2020<sup>34</sup>

- A more severe and protracted COVID-19 pandemic in the region or in its major trading partners could cause a prolonged production disruption, wider supply chain spillover, larger collapse in confidence and demand, and further deterioration in financial conditions. At the same time, banks and nonbank financial institutions, especially those that are not well capitalized, could come under stress through exposures to the affected sectors and households. All these can lead to a more severe downturn in 2020 and weaker recovery 2021. Moreover, a mishandling of the outbreak could elevate distrust in local governments, sowing seeds for further social unrest and adding to regional uncertainty.
- A further deterioration of risk sentiment could sharply reduce capital flows to the Middle East, North Africa, Afghanistan, and Pakistan (MENAP) region, especially portfolio flows—which are highly sensitive to global risk sentiment. For example, if the VIX were to remain at its recent peak in March (at 83) for the rest of the year, portfolio flows to the MENAP region could fall by as much as \$100 billion (about 3 percent of GDP) ... This decline would exceed total portfolio inflows to the region in 2019. Such a sudden stop in capital flows

could stem investment, put pressure on the balance of payments, and cause disorderly exchange rate adjustments, particularly in countries with few buffers and weak fundamentals.

Iraq had reported only limited numbers of Coronavirus cases and death by late May compared to its neighbors, although the accuracy and comparability of such data are doubtful at best. According to reporting by *Johns Hopkins University* as of June 4, Iraq had 164,270 confirmed cases and 8,071 deaths. This compares with 13,299 cases and 21 deaths for Bahrain; 164,270 cases and 8,071 deaths for Iran; 29,921 cases and 236 deaths for Kuwait; 14,316 cases and 67 deaths for Oman; 63,741 cases and 45 deaths for Qatar; 93,157 cases and 611 deaths for Saudi Arabia; and 37,018 cases and 273 deaths for the UAE.<sup>35</sup> The number of Iraqi cases continues to increase and Iraq returned to another lockdown on June 2, 2020 after a new wave of infections hit the country.

The economic impacts were so great, however, that the World Bank issued an updated overview of Iraq on May 1st, stating that,<sup>36</sup>

Iraq is in a fragile situation. It faces a difficult fiscal crunch, arising from the collapse in international oil prices coupled with persistent political and social turmoil. This situation is exacerbated by the rapid spread of COVID-19, which the country's healthcare system has limited capacity and limited fiscal buffers to contain and manage.

In October 2019, young Iraqis took to the streets in mass protests to denounce rampant corruption, poor services, and high unemployment. These demonstrations exposed the fragility of the Iraqi socio-economic system. To appease demonstrators, the Government of Iraq (GOI) announced a stimulus package consisting of a considerable expansion in public sector employment, pensions, and transfers. This response was seen by some as ineffective, as boosting job creation, stimulating private sector participation, and enacting meaningful anti-corruption measures require longer-term structural reforms that did not feature in the package. Nevertheless, with record level oil production and agricultural yields, the expansion of electricity production, and fiscal loosening, overall GDP growth finished the year at 4.4%. Inflation remained subdued at an average of 0.2% in 2019. This was largely driven by cheaper imports from neighboring countries, prompting the GOI to raise tariffs and impose import bans on selected food items in response to calls from domestic producers.

The fiscal stimulus has reduced the 11.2% of GDP budget surplus in 2018 to 3% of GDP in 2019 and came at the expense of critical spending on both human capital and reconstruction. Indeed, although investment spending has slightly increased (by 5%), its execution rate has remained at only 45% of the amount budgeted. Most of the spending went to oil-related investments. Non-oil sector investment execution stood at a mere 18%, raising concerns over public service delivery, a rising infrastructure gap, and a stalled reconstruction program.

Going forward, the economic outlook for Iraq is challenging. The collapse in international oil prices and other unfavorable global conditions, including disruptions caused by the spread of COVID-19, are expected to hit Iraq hard, leading to a 5% contraction in its economy in 2020. In the absence of significant reforms to boost private sector participation, it will be difficult to jump-start the economy; growth is projected to gradually revert to its low-base potential of 1.9-2.7% in 2021–2022. The budget rigidities, compounded over the past two years, are expected to have detrimental fiscal effects amidst weaker oil-related revenues. At US\$30 an oil barrel and in the absence of planned consolidation measures, the budget deficit was projected to surge to a staggering 19% of GDP by end-2020. As a result, the GOI is expected to face a severe financing gap which could not only lead it to postpone vital infrastructure projects in service delivery sectors, as well as postponing human capital programs, but also reduces the country's ability to respond to post-COVID-19 recovery needs.

In short, Iraq is expected to face a persistent current account deficit in 2020, driven as well by lower oil prices and sticky imports. The gap is expected to be financed by the Central Bank of Iraq's reserves and State-Owned Banks, increasing the country's vulnerability in the near-term.

***Oil “Wealth versus Real Poverty, a Collapsing National Budget,  
and Barriers to Private Sector Development***

There is no clear way to estimate the impact of the current crises on Iraq’s people, or how each crisis will worsen the lack of fair income distribution by sect, ethnicity, or region. There are no reliable figures on actual income distribution. Even the simplest economic data – such as average national per capita income – are uncertain as the following two examples show:

The current CIA *World Factbook* estimates that Iraq’s total per capita pre-crises income was \$16,700 in 2017, 107th in the world. This compares with \$20,100 for Iran; \$46,000 for Oman; \$49,000 for Bahrain; \$54,500 for Saudi Arabia; \$65,800 for Kuwait; \$68,600 for the UAE; and \$124,100 for Qatar.

In contrast, the World Bank estimate of GNI per capita by the Atlas method in current \$US in 2018 may be the best standard of comparison in terms of a modern market economy and does not have the built-in exaggerations of the PPP method. The World Bank estimates that Iraq’s total per capita pre-crises income was \$5,040 in 2018. This compares with \$5,470 for Iran; \$15,140 for Oman; \$21,890 for Bahrain; \$21,600 for Saudi Arabia; \$32,490 for Kuwait; \$40,880 for the UAE; and \$61,150 for Qatar. (<https://data.worldbank.org/indicator/ny.gnp.pcap.cd>).<sup>37</sup>

There are no reliable figures on actual income distribution, and Iraq’s budget data present further problems. Even in September 2019, before the crises, a deputy in Iraq’s parliament warned that Iraq’s budget deficit had already reached \$US 23.3 billion and it could reach \$US 30 billion by late March 2020. He also warned that Iraq funded 93% of its budget through oil exports and that “Iraq has lost half of its financial revenues, with oil prices [dropping to \\$30](#) [per barrel].” He stated that the 2020 budget draft that the government had proposed was \$135 billion, with a deficit that had reached of \$40 billion. These numbers were calculated on a price of \$56 per barrel of oil, and that this price had dropped by nearly 50%.

Once again, this discussion touched on a number of budget cuts that affected an already angry public, and it could not anticipate the impact of the Coronavirus. Equally important, the discussion did not mention Iraq’s national security spending – which the IISS had put at some 10% of Iraq’s GDP in 2019. It also did not address the fact that most of the civil budget went to pay for labor in Iraq’s state industries, and it did not state the extent to which Iraq’s petroleum wealth was consumed by a relatively limited elite, which had a power structure and rampant corruption that had favored Shi’ite areas – particularly around Baghdad – since 2005.

Finally, all of Iraq’s governance and structural economic problems have long created major barriers to the creation of a large and competitive private sector. As **Chart Eight** shows, the World Bank also rated Iraq as one of the worst countries in the world in terms of doing business – ranking 18<sup>th</sup> from the bottom in 2020 – both in creating new business opportunities and in allowing existing private sector and government industries to operate efficiently and competitively.

There are many good reasons why Secretary Pompeo warned that a successful strategic dialogue would require a government that moved “away from the old sectarian model that ended up with terror and corruption.” It is hard to believe, however, that any strategic dialogue can have a meaningful result that does not give as much emphasis to the civil economy and budget reform as to Iraq’s other two “ghosts.” Economic and military aid may be extremely limited in a post-Coronavirus world, but options like World Bank and IMF loans – and other loans – may well be as critical as governance and security.

This help explain why, Iraq’s new Prime Minister Mustafa al-Kadhimi gave an interview in *Baghdad Today* on May 20, 2020 stating that, “When I assumed responsibility I found only an almost empty treasury and an unenviable situation after 17 years of change... Our sovereignty continued to be deficient, violated and doubted... The past period did not see any [effort to] upgrade vital sectors as the industry, investment, food self-sufficiency and others.” He stated that the resulting economic crisis affected all state institutions and aspects of Iraq’s development and economic revival, and he called on all of Iraq’s political blocs to vote to fill the still missing gaps in his cabinet.<sup>38</sup>

It is also notable that Present Trump made economic issues a key point of his phone call to congratulate Kadhimi on his appointment, and Trump stated that the United States would, “provide the necessary economic assistance to support the Iraqi economy.” Iraq’s economic crisis is so serious that it is forcing the U.S. to look beyond Iraq’s military and security challenges.<sup>39</sup>



## Chart Eight: Iraq’s Dismal Performance in the World Bank Ease of Business Rating

**TABLE 0.1 Ease of doing business ranking**

Rank	Economy	DB score	Rank	Economy	DB score	Rank	Economy	DB score
1	New Zealand	86.8	65	Puerto Rico (U.S.)	70.1	128	Barbados	57.9
2	Singapore	86.2	66	Brunei Darussalam	70.1	129	Ecuador	57.7
3	Hong Kong SAR, China	85.3	67	Colombia	70.1	130	St. Vincent and the Grenadines	57.1
4	Denmark	85.3	68	Oman	70.0	131	Nigeria	56.9
5	Korea, Rep.	84.0	69	Uzbekistan	69.9	132	Niger	56.8
6	United States	84.0	70	Vietnam	69.8	133	Honduras	56.3
7	Georgia	83.7	71	Jamaica	69.7	134	Guyana	55.5
8	United Kingdom	83.5	72	Luxembourg	69.6	135	Belize	55.5
9	Norway	82.6	73	Indonesia	69.6	136	Solomon Islands	55.3
10	Sweden	82.0	74	Costa Rica	69.2	137	Cabo Verde	55.0
11	Lithuania	81.6	75	Jordan	69.0	138	Mozambique	55.0
12	Malaysia	81.5	76	Peru	68.7	139	St. Kitts and Nevis	54.6
13	Mauritius	81.5	77	Qatar	68.7	140	Zimbabwe	54.5
14	Australia	81.2	78	Tunisia	68.7	141	Tanzania	54.5
15	Taiwan, China	80.9	79	Greece	68.4	142	Nicaragua	54.4
16	United Arab Emirates	80.9	80	Kyrgyz Republic	67.8	143	Lebanon	54.3
17	North Macedonia	80.7	81	Mongolia	67.8	144	Cambodia	53.8
18	Estonia	80.6	82	Albania	67.7	145	Palau	53.7
19	Latvia	80.3	83	Kuwait	67.4	146	Grenada	53.4
20	Finland	80.2	84	South Africa	67.0	147	Maldives	53.3
21	Thailand	80.1	85	Zambia	66.9	148	Mali	52.9
22	Germany	79.7	86	Panama	66.6	149	Benin	52.4
23	Canada	79.6	87	Botswana	66.2	150	Bolivia	51.7
24	Ireland	79.6	88	Malta	66.1	151	Burkina Faso	51.4
25	Kazakhstan	79.6	89	Bhutan	66.0	152	Mauritania	51.1
26	Iceland	79.0	90	Bosnia and Herzegovina	65.4	153	Marshall Islands	50.9
27	Austria	78.7	91	El Salvador	65.3	154	Lao PDR	50.8
28	Russian Federation	78.2	92	San Marino	64.2	155	Gambia, The	50.3
29	Japan	78.0	93	St. Lucia	63.7	156	Guinea	49.4
30	Spain	77.9	94	Nepal	63.2	157	Algeria	48.6
31	China	77.9	95	Philippines	62.8	158	Micronesia, Fed. Sts.	48.1
32	France	76.8	96	Guatemala	62.6	159	Ethiopia	48.0
33	Turkey	76.8	97	Togo	62.3	160	Comoros	47.9
34	Azerbaijan	76.7	98	Samoa	62.1	161	Madagascar	47.7
35	Israel	76.7	99	Sri Lanka	61.8	162	Suriname	47.5
36	Switzerland	76.6	100	Seychelles	61.7	163	Sierra Leone	47.5
37	Slovenia	76.5	101	Uruguay	61.5	164	Kiribati	46.9
38	Rwanda	76.5	102	Fiji	61.5	165	Myanmar	46.8
39	Portugal	76.5	103	Tonga	61.4	166	Burundi	46.8
40	Poland	76.4	104	Namibia	61.4	167	Cameroon	46.1
41	Czech Republic	76.3	105	Trinidad and Tobago	61.3	168	Bangladesh	45.0
42	Netherlands	76.1	106	Tajikistan	61.3	169	Gabon	45.0
43	Bahrain	76.0	107	Vanuatu	61.1	170	São Tomé and Príncipe	45.0
44	Serbia	75.7	108	Pakistan	61.0	171	Sudan	44.8
45	Slovak Republic	75.6	109	Malawi	60.9	172	Iraq	44.7
46	Belgium	75.0	110	Côte d'Ivoire	60.7	173	Afghanistan	44.1
47	Armenia	74.5	111	Dominica	60.5	174	Guinea-Bissau	43.2
48	Moldova	74.4	112	Djibouti	60.5	175	Liberia	43.2
49	Belarus	74.3	113	Antigua and Barbuda	60.3	176	Syrian Arab Republic	42.0
50	Montenegro	73.8	114	Egypt, Arab Rep.	60.1	177	Angola	41.3
51	Croatia	73.6	115	Dominican Republic	60.0	178	Equatorial Guinea	41.1
52	Hungary	73.4	116	Uganda	60.0	179	Haiti	40.7
53	Morocco	73.4	117	West Bank and Gaza	60.0	180	Congo, Rep.	39.5
54	Cyprus	73.4	118	Ghana	60.0	181	Timor-Leste	39.4
55	Romania	73.3	119	Bahamas, The	59.9	182	Chad	36.9
56	Kenya	73.2	120	Papua New Guinea	59.8	183	Congo, Dem. Rep.	36.2
57	Kosovo	73.2	121	Eswatini	59.5	184	Central African Republic	35.6
58	Italy	72.9	122	Lesotho	59.4	185	South Sudan	34.6
59	Chile	72.6	123	Senegal	59.3	186	Libya	32.7
60	Mexico	72.4	124	Brazil	59.1	187	Yemen, Rep.	31.8
61	Bulgaria	72.0	125	Paraguay	59.1	188	Venezuela, RB	30.2
62	Saudi Arabia	71.6	126	Argentina	59.0	189	Eritrea	21.6
63	India	71.0	127	Iran, Islamic Rep.	58.5	190	Somalia	20.0
64	Ukraine	70.2						

Source: *Doing Business* database.

Note: The rankings are benchmarked to May 1, 2019, and based on the average of each economy's ease of doing business scores for the 10 topics included in the aggregate ranking. For the economies for which the data cover two cities, scores are a population-weighted average for the two cities. Rankings are calculated on the basis of the unrounded scores, while scores with only one digit are displayed in the table.

Source: World Bank, *Doing Business 2020 : Comparing Business Regulation in 190 Economies*, p. 104, <https://openknowledge.worldbank.org/handle/10986/32436>. Lists no reforms or progress in 2020 report.



## Dealing with Iraq’s Real Security Needs and Its “Ghost-like” Security Posture

The final set of Iraqi “ghosts” that must be addressed in shaping a meaningful strategy for Iraq and for a U.S. relationship with Iraq involve the current focus of the June strategic dialogue: security.

In some ways these ghosts are as old as human history. The tensions between the “land of the two rivers” and its neighbors are at least that old. From a more current perspective, however, tensions between Iraq and Iran have been a problem since the fall of the Iraqi monarchy, and Iraq’s ethnic and sectarian divisions have led to recent internal conflicts and tensions since the Kurdish revolt that began in the early 1960s. The Iranian revolution and Iran-Iraq War remain a key influence on modern Iraq, and the First Gulf War and the U.S. led-Invasion of Iraq in 2003 marked the beginning of Sunni extremism and violence that may well outlive ISIS and Iraq’s current security problems.

Iraq does face critical current challenges from the surviving elements of ISIS and from Iran. It also, however, must deal with the other “ghosts” of its past – particularly its ethnic and sectarian divisions and the impact of the long series of internal conflicts and crises that date back to Iraq’s founding, the 1960s, the Iran-Iraq War, the First Gulf, and the U.S.-led invasion in 2003.

Iraq not only needs to create security forces that can deal with its immediate threats, it needs forces that can reassure and help unite the Iraqi people, so that they can create a political and economic environment where Iraq’s people see a safe and stable future. This makes it highly dependent on outside help in rebuilding and reshaping its security forces and in deterring outside threats and pressure – not only from Iran but Syria and Turkey.

### *Iraq’s Real Security Priorities*

From the viewpoint of the United States, the priorities are to contain or eliminate the rest of ISIS and to limit Iran’s role in Iraq – both in terms of direct Iranian intervention and Iran’s support of key Shi’ite political movements and various Popular Mobilization Forces.

From Iraq’s viewpoint, these are very real issues, but Iraq’s overall security priorities are far broader, and other security issues are at least as important – if not more important. The following list of six major security threats and priorities illustrates this point and the extent to which current Iraq security efforts are so limited that they make up Iraq’s third “ghost.”:

- **Security means internal stability in terms of politics, governance, and economics.** No amount of progress in military forces, counterterrorism and internal security forces, and policing can substitute for the previous failures to bring civil stability to Iraq. Repressing popular protests, suppressing criticism, enabling corruption, and continuing failed policies and leadership are a real cause of internal violence just as much as any military or extremist threat. Trying to solve the more violent half of the security problem will inevitably fail to bring Iraq the security it needs.
- **Security means dealing with key sectarian (Sunni vs. Shi’ite) and ethnic (Arab vs. Kurd) issues, and the key regional divisions within each group:** Many Iraqis are in a state of denial about both the long history of sectarian and ethnic divisions in Iraq as well as the extent to which such violence countless times resurfaced in the Iran-Iraq War, at the end

of the first Gulf War in 1991, in the course of the 2003 Invasion, and in every year since 2003.

The fact is, however, that these divisions are the key cause of the Sunni extremist threat, Shi'ite links to Iran, Iraqi Kurdish separatism with ties to other Kurdish movements, the U.S. intelligence estimates that some 70% of Iraq's smaller minorities have left the country, many of the abuses of the Iraqi security forces, the war against ISIS, as well as corruption and abuses in every aspect of the rule of law. There will again be no stability or security in Iraq – short of a state based on ruthless and near total repression – that does not address the need to build a national identity based on sectarian and ethnic equity and fairness.

- **Security means dealing with the key regional divisions within each ethnic and sectarian group on a nation-wide basis.** It is equally important to realize that each of Iraq major divisions – Arab, Kurd, Sunni, and Shi'ite – have deep divisions within them. Each has its own extremists – some driving government policies and actions while others opposing them. Equity and fairness are equal issues within each major faction, and bringing stability and reducing violence to acceptable levels is further complicated by the fact that there are no natural dividing lines in a country with Iraq's level of urbanization, internal movements, and large service and industrial sectors.
- **Security means dealing with the full range of outside pressures and threats:** Iran's search for influence and control is a very real threat to Iraq, but it is only one such threat. The Assad regime in Syria, the Kurdish-Arab enclave on Iraq's northwestern border, Turkey's real and politically exploitative efforts to secure itself from its own Kurds and other Kurds in the region, the lack of outside support and any form of unity from other Arab Gulf states are *all* security issues – compounded by U.S.-European, Russian, and Chinese competition for political and military influence as well as for economic gains. With the possible exception of Jordan, Iraq has a security problem on every border, and its petroleum resources make it a target for all three major outside power.
- **Security means creating an effective rule of law that serves and protects every Iraqi.** Iraq often has the shell of a rule of law rather than a fully functional mix of police, local security forces, courts, timely judgements, and actual enforcement of both laws and court judgements. Its rule of law also suffers from endemic corruption, poor facilities and training, post-2003 U.S. and other outside efforts to focus on counterterrorism at the cost of actual justice, and the attempts to convert Iraq from a “confessions-based” to an “evidence-based” legal system. In far too many cases, it is now the side with the most money that can buy justice and decide how the law should rule – and pass judgment – rather than the actual law. Security and stability require a rule of law that is actually a rule of law.
- **Security means creating military other security forces that can both provide internal security and also deter and defend against outside threats.** As is discussed in more detail later in this section, Iraq's military forces are still far too weak to secure its borders, deter and defend against outside powers, and provide effective counterterrorism and internal security operations against threats like ISIS.

### ***Security Threats to Iraq that Directly Involve the United States***

This does not mean that Iraq does not share some key security priorities with the United States, although Iraq and the U.S. do have very different overall priorities and approaches to the areas where they face common threats. These include four additional security threats and priorities:

- **ISIS and violent extremism remain a problem.** Estimates of ISIS’s remaining forces are highly uncertain, but it is obvious that ISIS – and similar extremist movements remain a threat inside Iraq and around it. Iraqi estimates go as high as 20,000 fighters in Iraq and Syria, and a U.S. Department of Defense estimate in the summer of 2019 put the figure at 14,000-18,000. Press reports indicate there are still some 60 violent incidents inside Iraq per month, and while estimates by outside experts vary, there is no credible estimate that does not indicate that ISIS – or some movement(s) that evolves out of it – remains a serious potential threat.<sup>40</sup>

The United States now focuses on ISIS as a potential threat to the U.S. and its strategic partners, but it still has steadily reduced both its military presence in much of Iraq and its level of forces in the Gulf region tailored to dealing with this threat. Iraq must focus on the potential extremist threat to Iraq – which can easily evolve back into a major extremist movement or into a new series of such movements – just as ISIS evolved to some extent out of al-Qaeda.

- **Iraq’s Popular Mobilization Forces (PMFs) threaten Iraq as well as the United States.**<sup>41</sup> The fight against ISIS, Iraq’s deep political divisions, and a self-seeking search for power have led to the creation of some 40 Popular Mobilization Forces that have some Christian and Yazdi elements but are largely divided between a large number of Shi’ite groups and Sunni groups – largely based in Iraq’s Sunni areas.

These groups have existed since the fight against ISIS became a priority in 2014, and they played a key role in defeating it. They originally were formed by the Iraqi government in June 2014, and two days after Iraq’s leading Shia cleric, the Ali al-Sistani, issued a non-sectarian religious directive or *fatwas* on “Sufficiency Jihad.” They drew, however, on existing factional armed groups tied to given sects and leaders, and many became the tools of given power brokers, ideologues, and political leaders.

In theory, they were reorganized in 2018 by Haidar al-Abadi who issued “regulations to adapt the situation of the Popular Mobilization fighters,” when he became Prime Minister. He claimed the title of commander-in-chief and gave the PMF’s he recognized ranks and salaries equivalent to those of the Iraqi military.

The United States is primarily concerned with the Shi’ite PMFs with ties to Iran – PMFs that not only serve Iran’s interests, but some of which have close ties to the Iranian Al Quds forces. The PMFs with Iranian influence have repeatedly attacked U.S. forces in Iraq and played at least an indirect role in the attack on the U.S. embassy in Baghdad in 2019. These PMFs have received money, arms, and sometimes training from Iran.

Iraq lacks the political cohesion for its leaders to have any clear position on their future, but any analysis on the history of such groups is aware that they almost inevitably are absorbed into national forces, suppressed, or become a serious internal security threat or often a key cause of separate enclaves of power or of civil war. Almost regardless of how they begin, they become a natural road to future ethnic and sectarian violence,

the abuse of power, and instability once there no longer is a unifying threat and reason for their existence.

- **Excessive Iranian influence and intervention pose a critical threat to Iraq’s unity and development.** Iran’s approach to Iraq has gone from one of seeing Iraq as its principle threat from 1980-199, to a fear of the U.S. military’s use of Iraq as a springboard for the invasion of Iran after 2003, to one of seeking influence and control in Iraq on what seems to be an opportunistic basis. It has sought this influence through political intervention, religious activity, economic activity, and security activities like the previously cited support of key Iraq Shi’ite PMFs.

It is not clear that Iran feels it can make Iraq a security partner – or part of any kind of Shi’ite axis or crescent – although Iran would probably do so if it saw the opportunity. Iran clearly, however, would like to end all U.S. influence and security presence in Iraq, see a strongly pro-Iranian government, expand its security influence, and establish a clear security transit route or corridor from Iran to Syria.

Iran, in particular, has already shown its capabilities to exploit internal divisions in Syria, Lebanon, Yemen, and in significant parts of Iraq. The chronology attached as an annex to this analysis provides a long list of Iran’s past success in exploiting them – a subject covered in more detail in another Burke Chair report, *Iran and the Changing Military Balance in the Gulf - Net Assessment Indicators*.<sup>42</sup>

Iran can also succeed simply by making the Iraqi government fail. It may well want to achieve a stable Iraq that is under heavy Iranian influence to be part of a stable axis that includes Syria and Lebanon. The fact remains, however, that Iran can achieve its ends simply by driving the United States out of Iraq and assuming the role of an outside provider of civil and military aid. A weak, crippled, or divided Iraq will still give Iran relative freedom of action and present no threat to its influence.

Iran can achieve most of its key security interests simply by playing a spoiler role and by deliberately encouraging Sunni and Shi’ite tensions and divisions as well as Iraqi Shi’ite dependence on Iran. Barring a major change in the policies and character of the Iranian regime, Iran will remain a threat indefinitely into the future.

- **The lack of any coherent and effective U.S. approach to dealing with Iraq.** The United States has actively sought to expand its influence in Iraq since the fall of the Shah of Iran in 1979, but it has never pursued a consistent policy over time. The U.S. terminated the first Gulf War in 1991 without any clear goal for dealing with Saddam Hussein.

The United States invaded Iraq in 2003, removed Saddam from power, and effectively destroyed Iraq’s military forces and its ability to deter Iran without any clear plans for what would happen in Iraq once Saddam was gone. It then cobbled together assets of civil-military plans to transform an Iraq that failed to effectively deal with any of Iraq’s three ghosts, ended most of its military and civil programs in 2011, and then continuously reentered Iraq after the Maliki government created a new low-level civil war, the ISIS invasion of Iraq, and the near collapse of Iraq’s still weak efforts to rebuild its military forces.

From the ISIS invasion of Iraq in June 2014 to 2018, the United States focused on rebuilding Iraqi security forces to defeat ISIS – facing growing pressure from Iran, new security issues in Syria, and growing pressure from Turkey as Iraqi and U.S. forces broke up the ISIS Caliphate. It never developed new major policy efforts to deal with any other major aspect of Iraq’s “ghosts” – political, governance, economic, or national defense – after 2011.

During 2018 through April 2020, the United States has never developed a clear strategy or well-defined program for dealing with Iraq. It has instead reacted to the most current threat at any given moment.

Moreover, any security dialogue in June will occur at a time when the United States has created a serious credibility problem. The causes include the recent series of sudden U.S. military actions against Iran and Iraqi PMFs, the U.S. announcements of force cuts that are then promptly reversed by U.S. government officials seemingly on a whim, and the lack of a U.S. strategic commitment to Iraq’s future. They come all too close to repeating the damage the United States did in leaving too easily and with too little concern for the future back in 2011.

This damage has been aggravated since the break-up of the ISIS “caliphate” when the United States abolished U.S. consulates, reduced its diplomatic presence, gutted the size and role of the U.S. Embassy in Baghdad, and – in response to the more recent cycles of attacks on U.S. occupied bases – simply gave them up without any clear effort to work with the Iraqi government and forces to retain a U.S. presence.

While there do not seem to be any current reliable and unclassified data on the U.S. military and civil presence or on the distribution of military, civil, and contractor personnel in Iraq, this new cycle of putting added pressure on Iran but then withdrawing from Iraq has become all too clear in a Gulf region with less and less reason to trust the United States.

- The United States had personnel and facilities in 9 bases in Iraq in 2019, although varying sources differ on the exact number:
  1. Al-Taji Military Base
  2. Military Base at Erbil International Airport
  3. Camp Victory Army Base at Baghdad International Airport
  4. K1 Air Base
  5. Balad Air Base
  6. Al-Taqaddum (Habbaniyah) Air Base
  7. Ain al-Asad Air Base
  8. Qayyarah Air Base
  9. Harir Air Base
- The United States has since pulled out of the following bases in response to Iranian and pro-Iranian PMF pressure in 2020:
  1. March 19, 2020: Al-Qaim
  2. March 26, 2020: Qayyarah West (Q-West)

3. March 29, 2020: K1 Air Base
4. April 4, 2020: Al-Taqaddum Air Base

### ***Security “Ghosts:” The U.S. Can Help but Ultimately, Iraq Must Help Itself***

When one examines the full list of security threats that Iraq must resolve, many of them can only be addressed by Iraq – although the United States and other outside powers can provide substantial aid if Iraq develops the right plans and policies. These include all of the seven main threats to Iraqi security – including immediate security challenges that result from the development of an effective rule of law, the role of the police and the internal security forces, as well as the political and civil challenges to security.

Outside powers like the U.S. can provide technical aid in some of these areas, but resolving Iraq’s endemic sectarian, ethnic, and corruption issues in providing a fair and efficient rule of law can only come from within. The story is different, however, when it comes to developing a fully effective military, counterterrorism, and other national security forces.

The rebuilding of Iraqi forces that made the break-up of the ISIS caliphate possible involved intense combat – and it demonstrated the courage and effectiveness of the Iraqi units involved. However, the breakup of the “caliphate” did not defeat extremism and terrorism in Iraq, nor did it create the kind of army, air force, land-based air defense forces, navy, and counterterrorism forces necessary to give Iraq the ability to deal with any resurgence of terrorism, sectarian warfare, internal conflict, or outside pressures from states like Iran and Turkey.

Iraq’s efforts to rebuild and unify its forces will also have to come to grips with the remaining divisions between the central government and Kurdish forces and – above all else – the deep sectarian divisions within the Popular Mobilization Forces – some which act as near proxies for Iran and have been the source of repeated attacks on U.S. forces based in Iraq.

Iraq almost certainly cannot find quick solutions to all of these problems, but it does need some form of agreement on a plan to deal with them over time and a strategy to create military forces large and strong enough to secure its borders next to Syria, Turkey, and Iran.

### ***Putting Security in a Popular Perspective***

Once again, it is important to link the analysis of these issues with the critical role they play in shaping popular faith in the Iraqi government and Iraqi political stability. The recent poll results shown in **Chart Nine** make this all too clear. Iraqis do show considerable trust in the Iraqi central government’s military and security forces, but they also show a high degree of trust in the Popular Military Forces. Most importantly, they do not feel secure – or that general security is improving – in spite of the break-up of the ISIS “caliphate.”

The challenge for both the Iraqi and U.S. governments in creating a successful security dialogue is not simply to build a fully integrated mix of Iraqi central government forces that can deal with ISIS or deter and defend against outside threats. It is to create sufficient popular confidence in security to remove as much ethnic and sectarian tension as possible, establish broad faith in the adequacy of political leadership and governance, and create an economic environment where both Iraqis and outside investors and technical exports trust in their security and the rule of law.

This means the U.S. advisory efforts that emerge out of a security dialogue must have the same focus on the popular reactions to any new Iraqi-U.S. security relationships. Concentrating on the remnants of ISIS, Iran, and PMFs will not give Iraq’s new government either the popular support or stability it needs.

### Chart Nine: Pre-Coronavirus/Petroleum Crisis Polls on Popular Views of Security and the Security Forces<sup>43</sup>

In your opinion, how effective has the central government in Baghdad been in dealing with each of the following issues—very effective, somewhat effective, somewhat ineffective, or very ineffective? a. Improving general security						Total
	effective	ineffective		[Don't show] Don't know	[Don't show] No answer	
	25.8%	73.5%		.7%	.0%	100.0%

How much confidence do you have in the following to improve the situation in Iraq—a great deal, fair amount, not very much, or none at all? c. Iraqi Security Forces						Total
Great deal	Fair amount	Not very much	None at all	[Do not read] Don't know	[Do not read] No answer	
29.3%	31.3%	14.9%	23.0%	1.3%	.2%	100.0%

How much confidence do you have in the following to improve the situation in Iraq—a great deal, fair amount, not very much, or none at all? i. Counter Terrorism Service (CTS)						Total
Great deal	Fair amount	Not very much	None at all	[Do not read] Don't know	[Do not read] No answer	
37.7%	27.6%	14.4%	17.3%	2.5%	.5%	100.0%

How much confidence do you have in the following to improve the situation in Iraq—a great deal, fair amount, not very much, or none at all? g. Popular Mobilization Forces						Total
Great deal	Fair amount	Not very much	None at all	[Do not read] Don't know	[Do not read] No answer	
26.3%	23.2%	10.4%	38.4%	1.3%	.4%	100.0%

. For each one, please tell me whether you think it describes the situation in our country very well, somewhat well, somewhat poorly, or very poorly. e. The courts treat everyone equally under the law						Total
	well	poor		Don't know	No answer	
	53.1%	45.2%		1.6%	.1%	100.0%

Source: Munquith Dagher, *Al Mustakilla Research Group (IIACSS)*, May 20, 2020.



### *The Threat from the Remaining Forces of ISIS*

Both Iraq and the U.S. will still have to focus on the threat posed by the remnants of ISIS. Experts differ sharply over how serious this threat is, but most focus on the ISIS fighters than survived rather than the potential recovery of a major Sunni extremist threat either in opposition to the ruthless repression by the Assad regime in Syria or an Iraqi failure to deal with the grievances of its Arab Sunnis and Kurds.

Here, the LIG *Quarterly Report to Congress* seems to be the most authoritative open source indication of how the U.S. government and intelligence community views this threat, although there also is an excellent chronology in the *Long War Journal* by Benham Ben Taleblu.<sup>44</sup> The LIG report provides the data shown in **Chart Ten**, and various sections of the report state that,<sup>45</sup>

March 23, 2020, marked one year since Coalition forces defeated ISIS in Baghouz, Syria, the final battle ending the organization’s territorial control in Iraq and Syria... despite a brief spike in attacks in late 2019 to avenge the deaths of ISIS leader Abu Bakr al Baghdadi and spokesman Abu Hasan al Muhajir, ISIS capabilities have remained at a “low level.” It said that ISIS continues operations with small arms, improvised explosive devices (IED), and indirect fire attacks, such as those that employ mortars or rockets, in Iraq and Syria...

...ISIS remains largely relegated to remote areas and is unable to recruit from, or gain control over, local populations.<sup>75</sup> However, it said that ISIS is more successful in recruiting small numbers of people in displacement camps, particularly in the Al Hol camp in Syria.. The DIA, citing open-source reporting, said ISIS is able to conduct localized recruiting in Iraq. CJTF-OIR said that it expects ISIS to focus on preserving its logistic and staging areas, and to take defensive measures to prevent security forces from disrupting activity in those areas. However, those actions are limited in scope, duration, and the number of fighters involved, indicating that ISIS lacks the resources to conduct an attack campaign...

USCENTCOM Commander General Kenneth McKenzie Jr. reported to Congress in March that the opinion among most of the U.S. intelligence community is that “without sustained pressure levied against it, ISIS has the potential to reconstitute in Iraq and Syria in short order, beyond the current capabilities of the United States to neutralize it without a capable, partnered ground force...”

Earlier in the quarter, several officials also stated that despite its low-level activities, ISIS is rebuilding itself as an insurgent organization. In January, Ambassador James Jeffrey, the U.S. Special Envoy for the Global Coalition to Defeat ISIS, said, “We are seeing ISIS come back as an insurgency, as a terrorist operation, with some 14,000 to 18,000 terrorists between Syria and Iraq.” Jeffrey also stated that the United States did not plan to withdraw its troops from Syria “in the near future...”

A United Nations assessment in January stated that ISIS has “begun to reassert itself” in remote areas of both Iraq and Syria, noting “increasingly bold attacks” and calls by ISIS for breaking ISIS fighters from detention facilities. It stated that ISIS exploits the porous Iraq-Syria border to move fighters...

...ISIS continued to wage a low-level insurgency in Iraq this quarter, according to CJTF-OIR...ISIS waged this insurgency primarily in the northern and western provinces. ISIS operated from sparsely populated desert and mountainous areas, particularly in Anbar province and the Jazeerah desert. ISIS also operated from a largely ungoverned swath of territory, spanning across parts of Kirkuk, Diyala, Salah ad Din, and Ninewa provinces, that both the central Iraqi government and the KRG claim. Previous Lead IG reports have discussed the challenge of securing this so-called “seam” between central government forces and those belonging to the KRG. Efforts to create joint security mechanisms and conduct operations in the “seam” have met with limited success.

USCENTCOM in February described ISIS as “regrouping and reforming” in the Makhmour Mountains in northern Iraq, while the 2021 DoD budget justification for overseas contingency operations said that ISIS is expected to seek to re-establish governance in northern and western areas of Iraq. CJTF-OIR reported that ISIS remains largely relegated to remote territory and is unable to recruit from or gain control over local

populations. However, the DIA reported that, based on open-source information, ISIS is able to recruit locally.

CJTF-OIR reported that it did not observe any change in ISIS’s capabilities this quarter compared to last quarter. Last quarter, CJTF-OIR reported that ISIS in Iraq maintained freedom of movement and the ability to hide and transport fighters and materiel in rural areas, and did not appear either to grow stronger or to lose its footholds north and west of Baghdad.

The DIA reported that it did not see any indication of a change in ISIS’s strategy in Iraq, based on ISIS activity in Iraq this quarter and a speech by ISIS spokesperson Abu Hamzah al Qurayshi on January 27. According to media sources and organizations that track ISIS propaganda, al Qurayshi’s 37-minute speech, broadcast on the ISIS propaganda channel al Furqan Media, restated the ISIS narrative of endurance in the face of hardship and strategic setbacks. CJTF-OIR reported that the ISIS spokesperson reiterated the need for patience as the group wages a “protracted resistance,” and called for a focus on “clandestine” activity to “spread influence” throughout the Coalition’s areas of operation. CJTF-OIR said that the speech “aligns with the low-level activity” under the resurgence model that “ISIS adopted shortly before the fall of the physical caliphate in March 2019...

The DIA reported to the DoD OIG that ISIS did not increase its attacks or change its targets during the Coalition’s pause in operations against ISIS, which began on January 1, and lasted for approximately 1 month.<sup>1</sup> During a press briefing on January 23, U.S. Air Force Major General Alexis Grynkeiwich, the OIR Deputy Commander for Operations, said “ISIS hasn’t been able to exploit any gaps or seams that may have arisen” because of the pause. The DIA noted that the pause may not have been long enough to observe an increase in attacks.

Major General Grynkeiwich said that part of the reason that ISIS was unable to exploit the pause was because the ISF continued operations against ISIS without Coalition support. He characterized the ISF operations as “fairly aggressive, even in the absence of the types of partnering that we were doing previously...” The DIA reported that it did not observe any change in ISIS’s tactics this quarter. It said that while ISIS conducted a greater number of moderately complex attacks in northern Diyala, the attacks conformed to ISIS’s normal tactics, techniques, and procedures in the area.

According to open source data compiled by the DoD OIG, ISIS claimed more than 250 attacks in Iraq this quarter. These reports indicated that ISIS continued to use assaults, IEDs, and assassinations as its primary methods of violence. It also employed snipers and mortars. CJTF-OIR reported that to a much lesser extent, ISIS employed rockets, car bombs, sabotage, and kidnappings.

ISIS activity in Diyala outpaced the other provinces in which it is active. According to open-source data, ISIS carried out 80 attacks in Diyala, followed by Anbar, Kirkuk, Ninewa, and Salah ad Din provinces. Baghdad province experienced slightly more than 20 attacks this quarter, however many of these attacks were unclaimed and resulted in few casualties.

According to DoD OIG analysis, Diyala province also experienced the most severe ISIS attacks, in addition to the highest number. Areas around Baqubah and Khanaqin, located in central and northern Diyala province, experienced the deadliest attacks. An area of Baghdad province north of the capital suffered similarly deadly attacks. Areas around Mosul and along mountainous regions in Kirkuk, Irbil, and Salah ad Din provinces also experienced frequent attacks, as well as around the town of Rutbah in Anbar province.

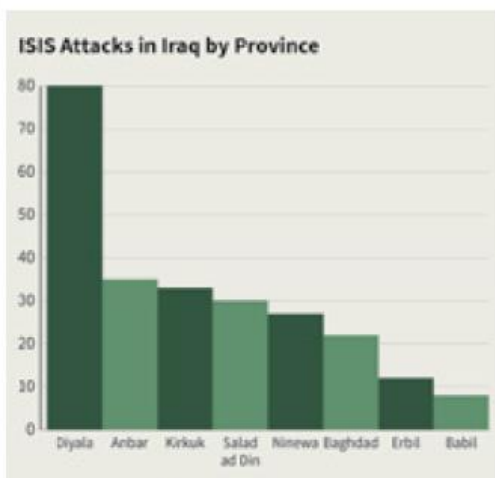
...DIA stated that ISIS remains most active in the Rutbah district, the Hadr desert and Ba’aj in western Ninawa province; the Tarmiyah area north of Baghdad; northern Salah ad Din Province; the Hawijah district of Kirkuk province; northern Diyala province; and the Makhmour, Makhul, Palkhana, and Hamrin mountains, which span several northern provinces and include areas disputed between Iraqi and Kurdish security forces.

The DIA stated that ISIS does not have an “overt presence or significant local support” in any of these areas. It also said that it has not corroborated ISIS claims of attacks inside cities in Iraq this quarter and said the organization remains largely relegated to remote areas, which has been the case since ISIS lost its territorial “caliphate” in Iraq.

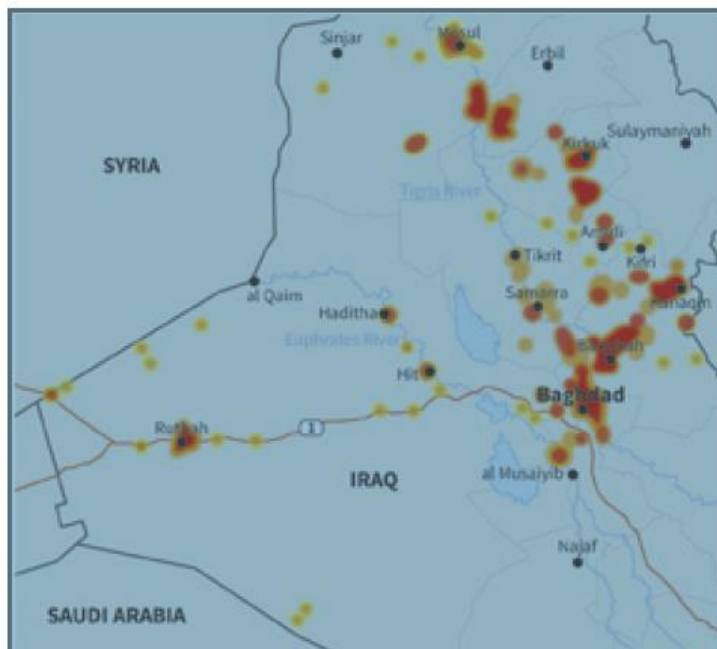
## Chart Ten: ISIS Attacks in IRAQ: January 1-March 31, 2020

Figure 1.

### ISIS Attacks in Iraq This Quarter



**Sources:** Armed Conflict Location and Event Data Project (ACLED), Jane's Terrorism and Insurgency database (Jane's), and the Enabling Peace in Iraq Center (EPIC).

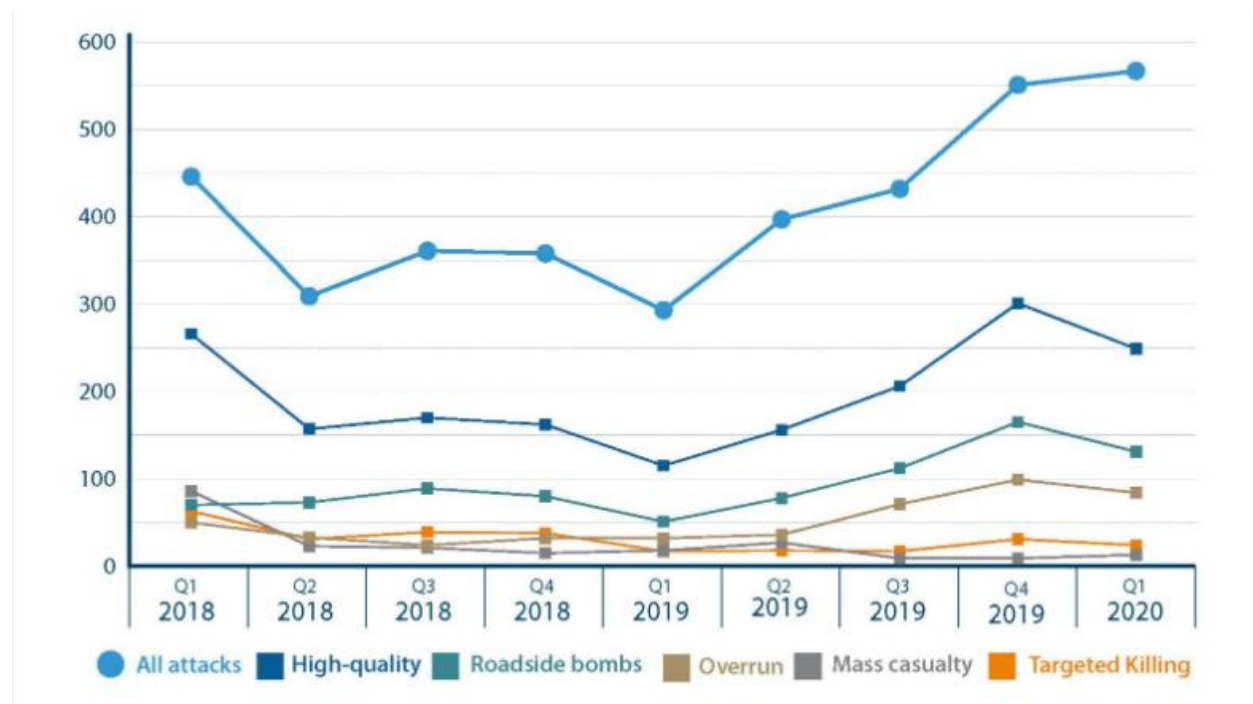


- CJTF-OIR reported to the DoD OIG that ISIS claimed 187 attacks in Iraq and Syria in January and February 2020. This represents a decrease from November through December 2019, when ISIS claimed 382 attacks across the combined joint operating area—an attack level CJTF-OIR said increased due to a global attack campaign to avenge al Baghdadi's death.<sup>87</sup>
- On average, ISIS has claimed about 100 attacks per month since the loss of its territorial control in Baghouz, with 35 to 40 in Iraq and 60 to 65 in Syria, according to CJTF-OIR. It assessed that the ISIS claims are “broadly representative,” of the data it collects, based on both corroboration of some attacks and changes to ISIS claims that appear to reflect actual attack trends.<sup>88</sup>
- According to open source data compiled by the DoD OIG, ISIS claimed more than 250 attacks in Iraq this quarter. These reports indicated that ISIS continued to use assaults, IEDs, and assassinations as its primary methods of violence. It also employed snipers and mortars. CJTF-OIR reported that to a much lesser extent, ISIS employed rockets, car bombs, sabotage, and kidnappings.
- ISIS activity in Diyala outpaced the other provinces in which it is active. According to open-source data, ISIS carried out 80 attacks in Diyala, followed by Anbar, Kirkuk, Ninewa, and Salah ad Din provinces. Baghdad province experienced slightly more than 20 attacks this quarter, however many of these attacks were unclaimed and resulted in few casualties

Source: Adapted from LEAD IG *Report to the U.S. Congress January 1, 2020-March 31, 2020*, pp.20, 23-24, 2020.

On June 3, 2020, Iraq’s armed forces began a new campaign named “Heroes of Iraq-Victory and Sovereignty” to target ISIS cells in northern Kirkuk. The campaign begins after recent upticks in attacks conducted by ISIS, which are shown by type below in **Chart Eleven**. These attacks also come before the strategic dialogue with the United States.

**Chart Eleven: ISIS Attacks in Iraq by Type from 2018-2020**



Source: Michael Knights and Alex Almeida, “Remaining and Expanding: The Recovery of Islamic State Operations in Iraq in 2019-2020,” *Combatting Terrorism Center at West Point*, (CTC Sentinel, Vol. 13, Issue 5,) May 2020, <https://ctc.usma.edu/remaining-and-expanding-the-recovery-of-islamic-state-operations-in-iraq-in-2019-2020/>

***Cutting U.S. forces as Their Future Role becomes Uncertain and  
Is Threatened by Iran and Iranian-Backed Popular Mobilization  
Forces***

The U.S. has already acted on these assessments and has made major cuts in its forces, basing, and levels of activity in Iraq, although these have been driven in part by a rise in Iranian and pro-Iranian PMF threats to U.S. forces. These cuts included withdrawal from five bases and major cuts in air sortie activity, but they have also included relocation of ground forces and some air defenses to other areas. The cuts in air activity were particularly striking. The number of weapons released in Operation Inherent Resolve air strikes peaked in December 2018 at 2,214. They dropped to 900 in March 2019, and then were under 200 a month through December 2019. There were only 68 in January 2020, and 85 in February 2020.<sup>46</sup>

The *LIG Quarterly Report* notes that, the “political impasse (in Iraq) has added uncertainty over the future of the OIR mission and the status of U.S. and Coalition forces in Iraq, according to open source analysts. Although Iraq’s parliament narrowly passed a non-binding vote to evict foreign forces in the country on January 7 following the killing of Soleimani and al Muhandis, Abd al Mahdi indicated that he would leave the formal decision to expel U.S. and Coalition forces to his successor, according to media reports.”<sup>47</sup>

It also reports the same U.S. withdrawals that have been touched upon earlier, and describes a new U.S. posture and set of goals to deal with the short-term security issues in Iraq:<sup>48</sup>

Coalition forces transferred control of four Iraqi military bases to the ISF and began to transfer a fifth.<sup>38</sup>

- March 17: CJTF-OIR transferred control of the Al Qaim military base, located on the Iraq-Syria border, to the ISF.<sup>39</sup>
- March 26: CJTF-OIR handed control of Qayyarah Airfield–West (Q West), located near Mosul, to Iraqi forces.<sup>40</sup>
- March 29: The Coalition handed K-1 base located near Kirkuk City over to the ISF.<sup>41</sup>
- March 30: The Coalition transferred Ninewa Operation Center–East to the ISF.<sup>42</sup>
- As the quarter ended, CJTF-OIR was preparing to transfer the Taqaddum Air Base, located west of Baghdad.<sup>43</sup>

On March 20, CJTF-OIR stated in a press release that Coalition personnel stationed at these bases would transfer to a few larger bases in Iraq, where they would continue advising the ISF.... CJTF-OIR reported to the DoD OIG that while the base transfers were scheduled prior to January “due to military success against ISIS,” the transfers were accelerated “in some part due to increased threats presented by malign actors.”

CJTF-OIR reported to the DoD OIG on March 25, 2020, that the “nascent threat of malign actors” and the “change in focus from [defeat-ISIS] operations to force protection,” contributed to the changes in force posture. Specifically, it said that personnel from Task Force-Iraq, a CJTF-OIR task force that works with the ISF, operating from locations outside of Coalition bases discontinued face-to-face interaction with their Iraqi partners, and ground travel to partner locations halted. CJTF-OIR reported that these changes reduced its visibility into partner force activity, noting that the ability to receive information from partnered forces “declined noticeably”...

...the departure from the Al Qaim military base was possible because of the ISF’s increasing ability to conduct independent operations against ISIS. According to the CJTF-OIR campaign plan, the campaign against ISIS involves four phases. In Phase III, the Coalition sought to liberate Mosul in Iraq and Raqqa in Syria, capitals of ISIS’s self-proclaimed “caliphate,” eliminate ISIS’s “physical means and psychological will” to fight, and support partner forces through training, advising, equipping, and

assisting. In Phase IV, the Coalition would provide security, planning, and required support to the Iraqi government and “appropriate authorities” in Syria to stabilize the region...CJTF-OIR reported to the DoD OIG that conditions “appear to be met” to transition from Phase III to Phase IV. In Phase IV, CJTF-OIR will provide greater mentorship to partner

... force leadership and less support for tactical missions targeting ISIS. According to OUSD(P)/ISA, the Secretary of Defense retains the authority to determine when phase shifts occur; any shift is conditions-based.<sup>52</sup> When appropriate, in Iraq, ISF training sites would transition to Iraqi-led efforts under Coalition mentorship. Coalition efforts would transition from tactical leadership and training towards institutional leadership and resource programming

### ***Rebuilding a Real National Deterrent and Defense Capability***

There are, however, two other major areas where the United States can play a decisive role in helping Iraq achieve the level of security forces and capabilities it needs over at least the next three to five years – *if* Iraq is willing to provide the facilities and support that is needed, and *if* the U.S. is willing to make a lasting strategic commitment. These are both areas that could be addressed in the proposed June security dialogue.

The first area is to provide help in training and rebuilding Iraqi forces. **Chart Twelve** provides a rough indication of the extent to which Iraqi security forces remain underdeveloped and do not constitute a fully effective counterterrorism force or even anything that resembles an effective deterrent and defense against powers like Iran.

Many of the armor, artillery, and other land weapons shown in Chart Eleven are worn, have not had adequate maintenance for real war fighting, and are aging systems of Soviet bloc origin. Many need rebuilding and modernization or replacement, and it is unclear what nation other than Russia could supply the needed services and equipment for rehabilitating and modernizing some Soviet bloc designs. Many Iraqi Army armored systems have limited real world readiness, and Iraq needs help in rebuilding a training, O&M, and IS&R base that can meet its full national security needs.

More generally, Chart Eleven shows that Iraq’s Air Force is still very small, and although it has some F-16s, it is just beginning to develop modern air combat capabilities. Iraq could never have defeated ISIS without the support of the U.S. Security Forces Assistance Brigades and the air power from the U.S.-led coalition based in Iraq. While airpower received far less attention than the fighting on the ground, the coalition flew 78,033 strike sorties as well as 43,581 intelligence, surveillance, and reconnaissance sorties in Iraq and Syria during the peak years of the fighting against ISIS in 2015-2018. Another 13,694 strike sorties, and 13,377 intelligence, surveillance, and reconnaissance sorties were flown as the fighting eased in 2019.<sup>49</sup>

Moreover, Iraq has no major land-based air and missile defense weapons, airborne warning and control system (AWACS), or air defense ground environment capabilities. This is a critical set of requirements in dealing with neighbors like Iran, Turkey, and Syria.

Iraq also needs help in force integration. The Iraq central government forces still do not fully integrate Kurdish forces into the national forces, and there are up to 193,000 in Shi’ite or Sunni Popular Mobilization Units from groups like the Badr Organization, Kataib Hizbullah, Kataib Imam Ali, Kataib Sayyid al-Shuhada, and others. It is unclear that such forces would fight for the central government if it challenged their sectarian group or party faction, and many are tied closely to Iran. In theory, such forces are now linked to the central government, but they are not truly integrated. Historically, these are conditions where such forces have almost always been a source of serious internal tension and violence – and sometimes civil war.

### Chart Twelve: The Iraqi-Iranian Military Balance in 2020

Category	Iraq	Iran
Military Budget (\$US billions)	17.3-20.5	17.4-22.0
Total Active Military Personnel	193,000	610,000
<b>Army &amp; IRGC Personnel</b>	<b>180,000</b>	<b>500,000</b>
Main Battle Tanks	391+	1,513+
Other Armored Fighting Vehicles	753+	725
Armored Personnel Carriers	1,592+	640
Heavy Artillery (Towed, SP, MRLs)	111	3,798
<b>Air Force &amp; Air Defense Personnel</b>	<b>10,000</b>	<b>45,000</b>
Total Combat Aircraft	90	333
Fighters/Attack Fighters	66	310+
Major Surface to Air Missiles	0	237+
<b>Navy Personnel</b>	<b>3,000</b>	<b>38,000</b>
Submarines	0	3
Submersibles	0	16
Major Surface Missile Combatants	0	63
Missile Patrol Boats	0	22
Other major Patrol Boats	6-26	88
Landing Ships	0	15
Landing Craft	0	13

Source: Adapted from the IISS, *Military Balance 2020*, pp. 349.

### *The Lead Inspector General Analysis of Current Iraqi Military Capability and the USNATO/Advisory Effort*

Some outside experts have done an excellent job of tracking the recent changes in Iraqi Security Forces, but many reports focus largely on their capability against ISIS, rather than their overall development. Once again, the Lead Inspector General’s reports to Congress provide an exception, and they are based on exceptional access to official data on Iraqi forces. Key excerpts from the January 1, 2020–March 31, 2020 LIG *Report to Congress* discuss both the current level of Iraqi development and the potential continuing role of the United States if a security dialogue is successful.

The description of possible future U.S. missions does not go beyond dealing with ISIS, and it address the need for Iraqi forces that can deter Iran and deter or contain possible threats from Syria and Turkey. They also indicate that many force development efforts ended in March 2020 because of the Coronavirus: 50

CJTF-OIR reported to the DoD OIG that partner force development had evolved to allow ISF partners to “handle most aspects of a counter-insurgency autonomously.”<sup>196</sup> Therefore, according to CJTF-OIR, the

conditions to transition OIR to Phase IV, focusing on ensuring the long-term stability of Iraq, “appear to be met.”...The Secretary of Defense, however, retains the authority to determine when to transition OIR to Phase IV, according to OUSD(P)/ISA.<sup>199</sup> During Phase IV, in general, Coalition efforts would continue the shift from providing tactical leadership and training toward developing a cadre of senior staff and enabling institutional development, according to CJTF-OIR.<sup>199</sup> The aim would be to build “sustainable partner capacity,” an end state whereby the ISF has the ability to generate military forces that can defeat ISIS independently. According to CJTF-OIR, the term “sustainable” refers to the ISF’s continual capacity, from a leadership and resource perspective, to generate capable forces over time.<sup>200</sup>

While CJTF-OIR stated that the conditions to transition OIR to Phase IV appear to have been met, as discussed below, the ISF still exhibited capability gaps this quarter. Furthermore, as discussed elsewhere in this report, in response to the COVID-19 pandemic, the ISF suspended training programs in Iraq in March. Based on the uncertainty caused by COVID-19, it is unclear when training will resume in Iraq, and when the transition to Phase IV will occur.

...According to OUSD(P)/ISA, funding requests in previous fiscal years focused on offensive operations to defeat ISIS’s so-called “caliphate,” including replacing battle-damaged vehicles, weapons, and equipment; restocking ammunition; and supporting sustainment and logistics operations. The funding request for FY 2021 reflects a transition away from offensive operations toward training and equipping for a wide-area security mission, which the Coalition is pursuing to prevent a resurgence of ISIS, according to OUSD(P)/ISA

More broadly, the LIG Report stated that U.S. and coalition advisors made the following assessments of the overall capabilities of Iraq’s security forces and their ability to protect U.S. and other security advisors: <sup>51</sup>

CJTF-OIR reported to the DoD OIG that this quarter, within the combined joint operations area, the CTS maintained roughly the same number of units as during the previous quarter.<sup>201</sup> These units were capable of conducting simple intelligence-led raids, and a small number of specialized CTS units were able to conduct reconnaissance operations. However, most CTS units were limited in their capacity to coordinate the maneuver of multiple subordinate elements in complex operations...

... there were several noteworthy attempts by ISF ground forces to clear challenging terrain this quarter, including by conducting operations in the mountainous regions around Kirkuk. Other clearing activities were less successful. For example, the limited impact of Iraqi air support and Iraqi ISR during the ISF’s “Heroes of Iraq” campaign, when combined with the fact that the ISF did not clear many targeted areas, may have demonstrated the ISF’s lack of resolve or capabilities, according to CJTF-OIR.

The ISF continued to struggle to integrate the use of ISR and fires assets into their operations, according to CJTF-OIR, which noted that synchronized integration of these assets is difficult for all military organizations... While... advisors continued to mentor the ISF on sustaining, requesting, and employing ISR assets, the ISF did not place the same level of emphasis on utilizing ISR assets and associated intelligence collection as Coalition forces... A focus on “developing an Iraqi ISR enterprise and fire support infrastructure should continue to be of primary importance for developing the ISF...those endeavoring to develop ISF capabilities should exercise caution when focusing on skill sets and capabilities that the ISF do not desire and likely cannot sustain.

... the ISF continued developing its human intelligence capabilities ... The ISF remained most proficient at using human intelligence, as opposed to other kinds of intelligence, in support of operations... Coalition mentors reported observing increasing numbers of ISF operations driven by human intelligence, leading to an increase in effective targeting of ISIS leadership, weapons caches, and support areas... The ISF made modest progress in its ability to generate other types of intelligence in support of operations... The ISF also established a planning cycle to address intelligence priorities in an organized, analytical manner. However, CJTF-OIR assessed that the ISF still required focused support in developing command and control capabilities, and in integrating intelligence and operational activities...

USCENTCOM told the DoD OIG that Coalition forces employed force protection measures to secure their personnel and facilities. According to USCENTCOM, the ISF supported Coalition forces by securing areas



surrounding Coalition facilities and significant transportation routes.<sup>213</sup> CJTF-OIR stated that beginning in late 2019, and particularly during the operational pause in early January 2020, the ISF was increasingly able to help protect Coalition forces.<sup>214</sup>

Specifically, ...the ISF’s ability to deter and then quickly respond to rocket and mortar attacks against Coalition forces improved markedly from late December 2019 to February 2020. Response times for the ISF to arrive at sites from which Coalition adversaries launched munitions, and then process materials discovered at these sites, was “measured in minutes, instead of hours,...on some occasions the ISF was onsite before Coalition forces brought ISR to bear, and that the process by which the ISF transferred suspected launch devices, such as rocket rails, into Coalition custody improved as well... DIA noted that the increase in rocket and mortar attacks against Coalition forces this quarter would suggest that the ISF’s ability to deter these attacks had not significantly improved.

The report made following assessment of the success of other U.S. and NATO advisory efforts before the suspension of activity because of the Coronavirus: <sup>52</sup>

The Office of Security Cooperation–Iraq (OSC-I), based in Baghdad, helps the Coalition provide training and other services to the ISF. USCENTCOM stated that the OSC-I does not train the ISF directly, but rather facilitates training through Title 22 foreign military sales programs...the OSC-I enables contractor-delivered operations and training under various contract vehicles, according to USCENTCOM...The OSC-I also enables professional military education for ISF personnel who attend DoD schools, seminars, and events that expose them to U.S. training concepts and methodologies, according to USCENTCOM.

USCENTCOM reported that the degree to which training enabled by the OSC-I was successful varied by program this quarter. For example, the CTS maintenance training programs were highly successful...The CTS consistently filled classes with students capable of graduating successfully and held students accountable for any disciplinary infractions. The CTS students graduated at high rates and were able to execute maintenance operations afterward...What the CTS (and many other ISF organizations) lacked was a viable maintenance and supply system that would allow trainees to sustain and improve their maintenance skills after training, according to USCENTCOM.<sup>230</sup>

According to USCENTCOM, the OSC-I also enabled programs that were not as successful, including those designed to train the Qwat Khasah (QK)...The QK is a specialized light infantry, brigade-sized force under the command of the Iraqi Ministry of Defense... the QK showed little initiative to fill the small unit tactics training classes conducted at the King Abdullah Special Operations Training Center in Amman, Jordan. The QK also made little effort to fill its “train the trainer” positions; as a result, the QK experienced “zero growth in its ability to train their own soldiers,” ... If the QK is unable to train its own soldiers effectively, it may be difficult for the ISF to become a sustainable fighting force able to ensure the enduring defeat of ISIS.

However, ... the QK received additional classroom training and, prior to March 2020, one of the battalions actively partnered with Coalition forces during operations.<sup>236</sup> According to CJTF-OIR, prior to implementation of restrictions meant to prevent the spread of COVID-19, all members of the QK attended the Iraqi-led basic training, selection, and initial commando courses before moving on to Coalition-partnered training...As of early April, internal train-the-trainer initiatives had produced capable QK trainers; however, Coalition personnel supervised most of this training. QK trainers had led training only over the previous 3 to 5 months, according to CJTF-OIR.

...As of March, NATO and USCENTCOM had yet to reach a formal agreement and a determination of associated timelines on the transfer of training functions to the NMI.<sup>242</sup> OUSD(P)/ISA stated that the United States welcomed a larger role for the NMI and was awaiting decisions on the transfer of specific training functions. According to OUSD(P)/ISA, NATO was expected to complete this assessment in April 2020

### ***Dealing with the Kurdish Peshmerga Forces in the KRG and Kurdish Forces in Syria***

These assessments did not cover the Kurdish Peshmerga forces serving the KRG. The report did note, however, that Iraqi Kurdish forces played a key role in security along Iraq’s northwestern border and in supporting Kurdish-Arab forces in Syria:<sup>53</sup>

U.S. forces also initiated partnerships with elements of the Kurdish Peshmerga in Iraq’s mountainous north, particularly in territory claimed by both the central Iraqi government and the KRG. CJTF-OIR reported that the Coalition’s Task Force Security Force Assistance Brigade (TF SFAB) and the Finnish Training Contingent initiated partnerships with several Kurdish Peshmerga units, known as Regional Guard Brigades (RGBs).

1...Unlike other Peshmerga units, which report to one of the two key political parties that share power in the semi-autonomous region of northern Iraq run by the KRG, the RGBs are combined units intended to respond to direction from the KRG’s Ministry of Peshmerga, rather than one party or the other.<sup>180</sup> The interactions with these RGB units began in February with the 14th RGB, which operates near the Makhmour Mountains. By early March, TF SFAB had initiated partnerships with several other RGBs along the boundary of disputed territory, which CJTF-OIR refers to as the Kurdistan Coordination Line.

.. According to one Iraq analyst, ISIS “sleeper cells” remain active in Kirkuk and Diyala provinces in particular.<sup>142</sup> This analysis cited daily ISIS-claimed attacks in these provinces, mainly targeting the ISF and community leaders.<sup>143</sup> According to the analysis, ISIS activity persists in the Kirkuk provincial towns of Abassi and Zab, where a highway checkpoint manned by the ISF closes at 5 pm. As night falls, security forces, fearing ISIS attacks, leave the post, according to Iraqi expert reporting.<sup>144</sup> In 2017, Kurdish security forces withdrew from disputed territories that they occupied in northern Diyala and other northern provinces. The ISF retook control of the territory, but disputed areas remain largely ungoverned.

CJTF-OIR reported that the ISF and Peshmerga share security responsibilities in disputed territories, but “lack strong cooperation along” what CJTF-OIR referred to as “operational seams.” ISIS operates along these seams and takes advantage of the lack of cooperation to avoid scrutiny from both the ISF and Peshmerga, which “want to avoid clashes with each other within disputed territory,” CJTF-OIR said...

The report went on to note that these RGBs had become the Peshmerga forces most likely to engage ISIS and to work with the central government’s security forces in the disputed areas claimed by group other than the central government and KRG. It saw this as a key task in dealing with ISIS in “disputed territory that (remains) ungoverned and...continues leveraging this area to its advantage.”<sup>54</sup>

The LIG report also did not address the ties between U.S. links to Kurdish forces in Iraq and Syria, the threat from Turkey, or the threat from the Assad regime in Syria in any depth. The report did, however, touch upon these issues, and they too need to be addressed in a U.S.-Iraqi security dialogue:<sup>55</sup>

According to OUSD(P)/ISA, in October 2019, the Turkish incursion into northeastern Syria significantly disrupted the defeat-ISIS campaign and “created an even more convoluted operating environment” by allowing pro-regime forces (PRF) to expand their presence in the northeast of the country. The situation on the ground in the area of the Turkish incursion has stabilized for the time being, OUSD(P)/ISA said, adding that the DoD supports the ceasefire arrangement with Turkey in northeastern Syria...

According to CJTF-OIR, the new combined joint operations area in Syria, the Eastern Syria Security Area (ESSA), spans from Dayr az Zawr in the south to the M4 Highway, which runs parallel to the Turkish border in northern Hasakah province and east to the border with Iraq...U.S. forces continue to partner with the SDF to conduct counter-ISIS operations and to deny ISIS access to critical petroleum infrastructure in northeastern Syria.<sup>355</sup> According to CJTF-OIR, the SDF is participating in protecting the oil infrastructure, which CJTF-OIR said is vital for SDF revenue and economic stability in the ESSA...

CJTF-OIR said that without economic stability, SDF commander General Mazloun Abdi and Syrian Democratic Council executive committee president, Ilham Ahmed, would be more likely to make financial concessions to Russia—which is pressing for access to the eastern Syria oil fields—in exchange for a political deal for the Kurdish-led administration in northeastern Syria with the Syrian regime.<sup>3</sup>

... while relinquishing control of the oil fields to the Syrian regime and Russia would not be in the SDF’s interests, the SDF can use its control over the oil fields as “a bargaining chip” in future negotiations. CJTF-OIR further said that there are no current Syrian regime negotiations taking place in part because the continued presence of U.S. forces offers a preferable partnership, and also because the Syrian regime’s demands of turning over the oil fields and merging the SDF into the Syrian army “don’t offer the SDF any benefits.”

...After the redistribution of U.S. forces in northeastern Syria in October 2019, the DoD deployed mechanized units with Bradley fighting vehicles to provide force protection for troops guarding the oil fields.” The vehicles were removed weeks later... The DoD OIG did not receive an answer.

### ***The Threat from Iran and Pro-Iranian Popular Mobilization Forces***

There are extensive open source reports on the threat to Iraq and to U.S. and other Western advisory forces in Iraq, posed by Iran and pro-Iranian Popular Mobilization Forces. Once again, the LIG report provides one of the few detailed official statements of how these threats are developing, and the set of official statistics on the threat shown in **Chart Thirteen**.<sup>56</sup>

While tensions between the United States and Iran have been increasing for more than a year as Iran has sought to respond to the U.S. government’s “maximum pressure campaign,” the killing of a U.S. contractor in Iraq last quarter initiated a series of violent confrontations that continued into this quarter.<sup>255</sup> These confrontations included U.S. defensive strikes on the Iranian-backed militia Kata’ib Hezbollah in Iraq and Syria on December 29; the attempted storming of the U.S. Embassy in Baghdad by Iranian-aligned militias and supporters on December 31; the U.S. killing of Iranian Major General Soleimani and Popular Mobilization Committee (PMC) Chief of Staff al Muhandis on January 3; and the Iranian ballistic missile attack on U.S. positions in Iraq on January 8.... As a result, CJTF-OIR announced on January 5 that it was focusing on force protection and pausing activity to train the ISF and support operations against ISIS.

OUSDP(P)/ISA reported to the DoD OIG that CJTF-OIR began restarting its full range of support to the ISF as force protection concerns allowed this quarter.<sup>258</sup> However, rocket and mortar attacks in Iraq by Iranian-backed Shia militia groups continued throughout the quarter, surpassing the frequency and lethality of attacks during the previous quarter, according to open source reporting (see page 35)...On March 11, two U.S. and one British service members were killed and 14 others were wounded in a rocket attack on Camp Taji by Iranian-backed groups, according to the DoD. Like the December 27 attack on the K-1 Air Base that killed a U.S. contractor, U.S. forces responded with “defensive precision strikes” on five Kata’ib Hezbollah weapon storage facilities across Iraq.<sup>260</sup> Two days later, another barrage of at least 25 rockets struck Camp Taji, wounding three coalition troops and two Iraqis, according to an OIR spokesman

A new group calling itself Usbat al Thairen, or the “League of the Revolutionaries,” claimed responsibility for both attacks on Camp Taji in retaliation for the killing of Soleimani and al Muhandis.<sup>262</sup> The group, which open source analysts assessed is likely a front for established Iranian proxies in Iraq such as Kata’ib Hezbollah, released several videos threatening additional attacks on U.S. facilities in Iraq to force their withdrawal from the country.<sup>263</sup> Analysis by the Institute for the Study of War indicates that Iran remains intent on increasing political and military pressure against U.S. Forces in Iraq, rallying a number of militias and political surrogates to form a new “resistance front.”

DIA reporting on Iran’s overall influence on Iraq’s security forces and the role of Iran’s Al Quds Force and other Iranian advisors in Iraq is notably more positive, but makes it clear they remain a serious threat. <sup>57</sup>

According to the DIA, the loss of Soleimani and al Muhandis has opened divisions among Iranian-aligned actors and various Shia factions in Iraq. The DIA reported ... that the deaths of Soleimani and al Muhandis left a void in the command and control of Iraqi Shia militias and Shia militia-affiliated political parties. According to the DIA, multiple other Iranian and Iraqi officials seek to fill these roles, although none is likely to achieve the level of effective control Soleimani or al Muhandis held in the near term.<sup>265</sup>

The DIA assessed based on press reporting that Soleimani's replacement as commander of Iran's Islamic Revolutionary Guard Corps-Qods Force, Esmail Ghani, is more accurately described as a bureaucrat than the charismatic leader that Soleimani was. The DIA added that Ghani is less equipped to handle the political and security aspects of the Qods-Force's Iraq portfolio because he spent much of his career focusing on Afghanistan, Pakistan, and Central Asia, does not speak Arabic, and lacks Soleimani's personal connections in Iraq.<sup>266</sup> Open source reporting indicated that Ghani visited Iraq on March 30 in an attempt to unite Iran's surrogates and urge opposition to Adnan al Zurfi's nomination as Iraq's next prime minister...

... the selection of al Muhandis's replacement within the PMC, an umbrella group of Iraqi paramilitary organizations, is also proving problematic.... former Kata'ib Hezbollah Secretary General Abd al 'Aziz al Muhammadawi, commonly known as Abu Fadak, has been nominated as the new Chief of Staff of the PMC following al Muhandis's death, although he has not yet been officially installed in the position. The DIA said Abu Fadak is seen as Iran's choice and does not have the support of Iraqi Grand Ayatollah Ali Sistani and the Shia clerical leadership in Iraq, known as the *Marjaiyah*.<sup>269</sup> According to press reports, some Shia militias aligned with Sistani have publicly rejected Abu Fadak's selection and have expressed interest in integrating into Iraq's Ministry of Defense and separating from the PMC...

The DIA reported ...that Iran's influence on Iraqi security sector reform has waned since 2019. According to the DIA, from 2006 up to 2020, Iranian influence within Iraq's Interior Ministry and the PMC fueled competition with the Defense Ministry and CTS for funding and prestige. The DIA said that Iraqi leaders sought better control of Iran's influence on the PMC, which began in 2016 with the codification of the organization as part of Iraq's national security apparatus, and subsequent executive orders in 2019 to reinforce government authority over the militias. The DIA added that in January 2020, the Iraqi government also initiated a years-long security reform effort by transferring responsibility of domestic security from the Iraqi Army to the Interior Ministry in southern Iraq...

... since October, the civil unrest that broke out across southern Iraq has been critical of Iran's pervasive influence on Iraqi governance, and included the first public objection to Tehran's manipulation of Iraq's security apparatus. According to the DIA, Iraqi demonstrators have since blamed the Iran-backed militants for killing nearly 700 and wounding more than 30,000 civilians, as well as the kidnapping and torture of protesters and aid workers supporting the protests...

... Iranian-backed militia groups are suspected of playing a key role in the violent suppression of anti-government protests as part of their effort to maintain the current political system and protect the political influence Iran has gained since 2018. The Fatah Alliance—comprising Shia militia-affiliated politicians—has been actively involved in the selection of a new prime minister and almost certainly will attempt to influence future government formation processes through the nomination of ministers sympathetic to Shia militia and Iranian objectives, according to the DIA. The DIA said that Fatah also supported electoral reform laws that would impede early elections and mitigate any potential loss of influence...Iranian-aligned militias continue to exploit their freedom of movement across Iraq to maintain unofficial checkpoints, control border crossings, and extort local populations across the country to generate illicit revenue streams...

The DIA reported...that members of the IRGC traveled to Iraq to advise Iraqi intelligence and security officials on the protest response, noting that open source reporting indicates that Iran provided Shia militia counter-protest teams with equipment such as secure radios. The DIA assessed based on press reporting that since October, Prime Minister Abd al Mahdi's government has leaned heavily on Iranian-backed militias within the PMC to quell anti-government demonstrators. The DIA added that Soleimani's death has not markedly detracted from Iranian-backed Iraqi Shia militias' ability to respond to the protests, which are ongoing but reduced in scale as compared to the prior quarter...

In contrast, the DIA reported that Iraqi military leaders under the Defense Ministry have remained “legally and decisively apolitical,” often to their detriment as Iranian-backed politicians and militants use their political influence to manipulate military leaders to act or turn a blind eye in their favor. The DIA assessed that these security leaders probably remain leery of the Iranian-backed militias, the PMC, and Iranian influence on Iraq’s political sectors, all of which affect the security leaders’ careers, personal safety, and the safety of their families...

The end result is that some Iranian-backed PMFs and elements of armed Arab Sunnis, present a potential threat to Iraqi central government forces as well as U.S. forces. Moreover, if the United States were to leave without regard to Iranian influence, Iraq’s own national forces would still be at odds with Iranian-backed Popular Mobilization Forces.

A “Policy Analysis” by *The Washington Institute for Near East Policy* notes that,<sup>58</sup>

Iraq’s Atabat units are paramilitary groups affiliated with Shia Muslim shrines. These four so-called “shrine units”—Liwa Ansar al-Marjaiya, Liwa Ali al-Akbar, Firqat al-Abbas al-Qitaliyah, and Firqat al-Imam Ali al-Qitaliyah—have no links with Iran’s Islamic Revolutionary Guard Corps (IRGC), and are instead affiliated with Ayatollah Ali Sistani, the Iraqi Shia leader whom they regard as their source of emulation.

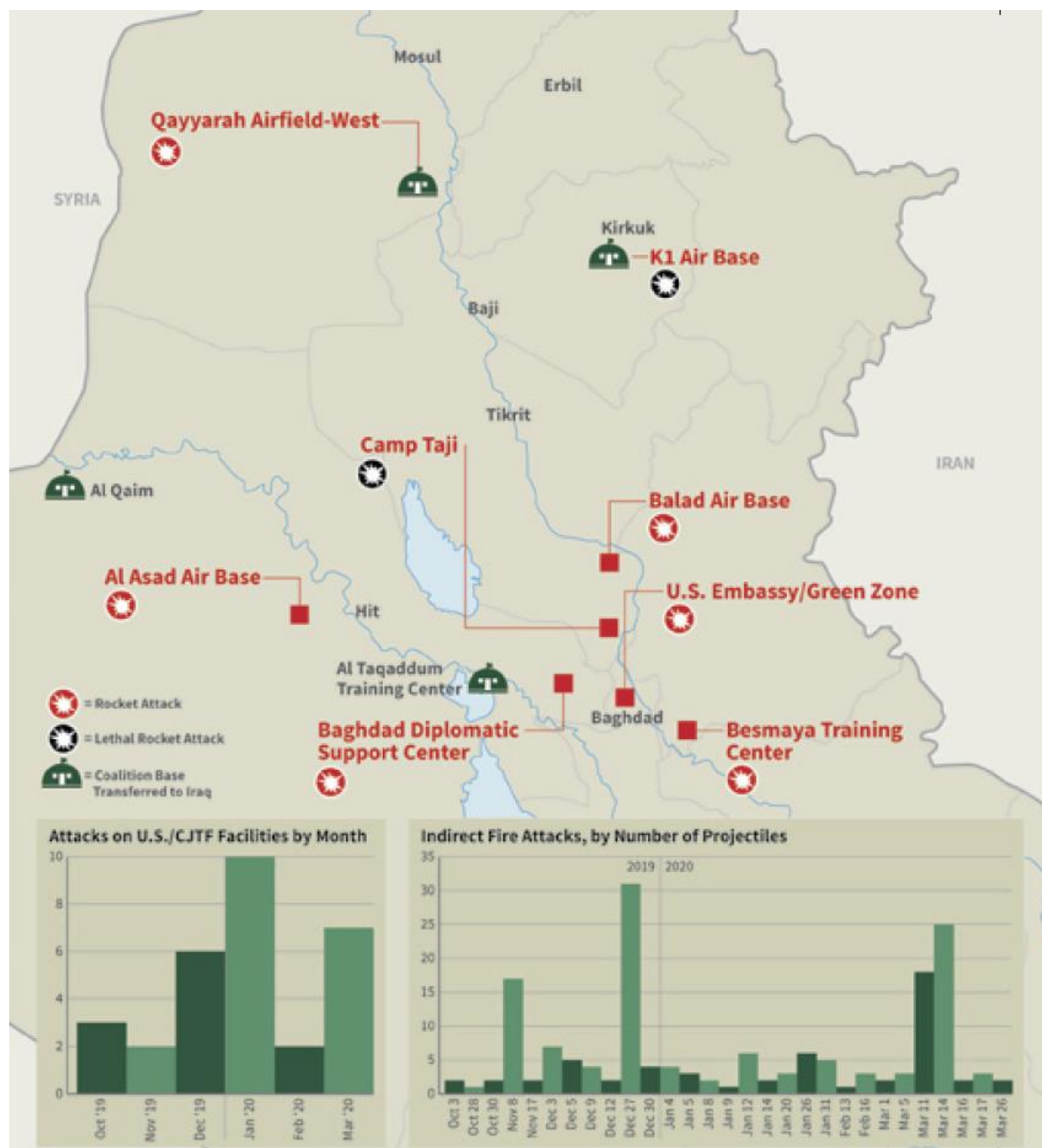
In total, the Atabat have around 18,000 active soldiers and tens of thousands of reserves. Firqat al-Abbas is the most militarily capable of the four groups, with offensive capabilities boosted by logistical training and fire support cooperation with Iraq’s Ministry of Defense.

Several characteristics distinguish the Atabat from pro-Iranian, IRGC-dominated units in the PMF. First, they work only with Iraqi national institutions and are forbidden to liaise with IRGC commanders or other foreign military figures. Second, they stay out of the political process, whereas pro-Iran groups have gone so far as to form their own political parties. Third, Atabat units do not consider the United States as an enemy. Although they have occasionally condemned U.S. actions (e.g., the March bombing of a construction site in Karbala International Airport), they generally avoid expressing or acting on anti-American sentiments. Fourth, the Atabat have not been accused of human rights violations. In fact, they have no interest in maintaining a presence inside the Sunni Arab areas where many such violations have occurred. Their primary areas of interest are the Shia holy cities of Karbala and Najaf and the desert that links them to Anbar. The Atabat have not been accused of extortion either, unlike the many PMF groups that use such tactics to sustain themselves, thereby exacerbating grievances among the Sunni population.

These differences place the Atabat at odds with pro-Iran militias. Even before Muhandis was killed in January, the shrine units sought his removal from command of the PMF. After his death, they strongly opposed the successor put forward by his militia, Kataib Hezbollah, which tried to appoint pro-Iranian commander Abu Fadak as the new PMF head of operations. In the end, the Atabat withdrew from the PMF commission altogether and pledged to help other groups defect.

Among other consequences, their withdrawal has damaged the religious legitimacy of the pro-Iran groups. The Atabat created a precedent of paramilitary volunteers operating with Ayatollah Sistani’s approval; when they defected, many saw it as his way of beginning to withdraw his endorsement of the PMF. In response, Hadi al-Ameri, Ahmed al-Asadi, and other senior figures from pro-Iran groups have met with Sistani’s representatives in Karbala in an effort to persuade the Atabat to return.

**Chart Thirteen: Suspected Iranian-Backed Military Attacks on U.S. and Coalition Facilities: October 2019-March 2020<sup>59</sup>**



Source: *Lead IG Report to the U.S. Congress January 1, 2020–March 31, 2020, 2020*, [lig\\_oir\\_q2\\_mar2020\\_gold\\_508\\_0513.pdf, p. 35.](#)

### *Creating Effective Options for a Security Dialogue*

Some progress has already been made towards providing a better base for U.S. and Iraqi strategic cooperation. Michael Knights reports that Iraq’s new prime minister, Mustafa al-Kadhimi, appointed a new Minister of Defense and a new Minister of the Interior on May 6, 2002, and that he visited the country’s main security agencies – including the Counter Terrorism Service (CTS), the Ministry of Defense (MOD), the Ministry of Interior (MOI), and the headquarters of the Popular Mobilization Forces – in his role as their new commander-in-chief shortly after his confirmation. Kadhimi also appointed proven leaders like Juma Saadoun al-Jubouri as the new Defense Minister, Gen. Othman al-Ghanimi as Minister of the Interior, and Lt. Gen. Abdul-Wahab al-Saadi to head the CTS, and he threatened to cut the hand off of anyone who took bribes.<sup>60</sup>

As yet, however, Kadhimi’s future intentions regarding the reshaping of Iraqi forces and strategic relations with the United States remain unclear, and there are no detailed Iraqi or U.S. open source plans to deal with Iraqi security and security forces that go beyond the improvement of the ground force counterterrorism capabilities used to defeat ISIS or to develop anything close to the combination of air combat and IS&R capabilities that the United States provided to support Iraqi ground forces against ISIS.

Moreover, creating such Iraqi plans and suitable U.S. and NATO assistance efforts means finding a solution that not only removes Iran’s ability to use Iraqi PMFs and its ability to infiltrate Iraq, but one that provides both Iraqi capability to deter and defend against outside threats and provide suitable security for a U.S. and Allied presence in Iraq that would also support the necessary train and assist capabilities to Iraqi forces.

The most critical and time-sensitive area that should be a focus of a near term strategic dialogue is the ability to find a solution to the threat Iran can pose to any U.S. effort to aid Iraqi forces (and to any outside efforts to provide economic support and aid). Here, once again, Iraq must make the final decision. It has two major options which are not exclusive – *if the United States makes the necessary strategic commitment to aid Iraq’s force development.*

The first option is to allow the United States to react by striking both the Iraqi PMFs that attack U.S. forces and facilities as well as the Iranian targets where Iran is clearly responsible. The second is for Iraq to provide full security for U.S. advisors and personnel – security that must apply to the U.S. Embassy and civilian aid personnel.

Neither option is easy, and both involve dealing with threat forces that embed themselves with civilians – which means that retaliation and counterstrikes will also produce civilian casualties. Both also involve quick and decisive responsive action. Delays and debates will either mean no effective defense or a loss of much of the deterrent effect of any action – potentially increasing civilian casualties and the political cost of effective action over time

## Expanding the Options for Iraqi-U.S. Dialogue and Cooperation

Any near-term security dialogue between the U.S. and Iraq will have important limits. The United States and Iraq cannot move forward on any broad level until they address the challenges posed by Iran, and pro-Iranian PMFs. Any near-term security dialogue will also be limited in scope by the fact that Iraq will have a new prime minister who will not have had time to show whether he can actually unite and lead the country.

It is also clear that any enduring strategic relationship between the United States and Iraq must go beyond the past focus on ISIS and the present narrow focus on Iran and pro-Iranian PMFs. It must recognize that Iraq’s civil and military development has never recovered from the impact of the First Gulf War in 1991, the invasion in 2003, the various crises that followed, and the fight against ISIS. It must also recognize that Iraq’s present political leadership and governance must show that Iraq can create the internal conditions where Iraq’s civil-military recovery is possible, and that this can only happen if Iraqis take responsibility for creating these conditions for themselves.

It is important that President Trump’s call to congratulate Prime Minister Kadhimi recognized Iraq’s economic crisis and promised aid. However, there are limits to what the U.S. can do to help Iraq. Even if Iraq acquires better leadership and governance, the United States can only help Iraq lay part of its three sets of “ghosts” to rest. Even the most successful strategic relationship will still require Iraq to assume primary responsibility for the reforms of its politics, governance, economy, and security forces.

And, any discussions of aid and support will have to take place before the global, regional, and national impact of the Coronavirus and petroleum revenue crises are clear – crises that have already triggered a major competition for economic aid and will have a rising impact on military spending and demands for military aid as their level of impact becomes fully clear.

Iraq not only will need to develop a government that is far more unified and effective, it will have to restructure its economy in a world where outside aid will be limited and take several years to recover from the shock of the Coronavirus. The previous analysis also warns how serious the challenge of creating national unity will be. If there was a window of opportunity immediately after the collapse of the ISIS “caliphate,” Iraq’s divided leaders missed it.

Nevertheless, the U.S. has clear humanitarian responsibilities in dealing with Iraq – and major strategic interests in improving Iraq’s stability and security. The United States may only be responsible for part of the problems in Iraq’s post-2003 development, but it clearly does have *some* responsibility. The U.S. not only failed to sustain effective security efforts, it failed to take a realistic approach to helping Iraq develop a workable system of governance and economic development. The lack of any consistent, effective U.S. effort to deal with Iraq’s civil and military problems or to develop and maintain an effective security posture in Iraq did help cripple Iraq after 2003.

At the same time, any *effective* security and aid agreements with Iraq will provide benefits that far outweigh their costs. The US. cannot hope to create a stable Arab/Persian Gulf and a stable flow of Gulf petroleum exports to fuel the global economy, unless Iraq is both secure and stable. Providing critical aid and support to Iraq will be vital to containing Iran, limiting the impact of instability in Syria and Turkey on the Gulf region, and preventing the rebirth of ethnic tensions and conflict as well as new forms of violent religious extremism.



### ***Finding the Right Military Focus for A Lasting Strategic Relationship***

The security “ghost” is not Iraq’s most important “ghost,” but it is the first “ghost” that must be dealt with. At a minimum, a successful near-term strategic dialogue must end with an Iraqi commitment to provide real Iraqi support for using Iraqi military forces to fully protect Americans serving or based in Iraq, and/or to allow U.S. retaliatory strikes under some conditions. This will present problems for the Iraqi government but might be traded for U.S. willingness to waive sanctions on Iraqi imports of Iranian gas and electricity – waivers that now expire on April 25, 2020.

At the same time, such action is critical if the U.S. is to provide the military aid Iraq needs. It is far from clear how any other nation than the United States can provide the aid Iraq needs to emerge as a truly independent power. This means a security dialogue should create arrangements where the U.S. can safely provide train and assist brigades in forward areas, offer broad help in forging modern Iraqi air defenses, give similar aid in rebuilding a surface-to-air missile force, and provide at least limited naval assistance.

The dialogue should recognize that the United States will need to work closely with Iraq to decide on whether the U.S. should be building up an Iraqi force and then simply leaving, or if it should also try to then create some form of lasting strategic partnership. It is tempting to advocate partnership, but Iraq has a long history of independent nationalism and very divided views of the United States. Accordingly, the United States should now take a different approach. It should make it clear that both its security and civil programs have the goal of creating a strong and independent Iraq with no lasting U.S. presence – unless outside power like Iran forces Iraq to request direct U.S. military support.

The United States should make it clear to both Iraq and its neighbors that its security programs have time limits unless Iraq faces new threats from the outside, are designed to create a strong and independent Iraq rather than a security partner, and will result in a phased out U.S. presence when Iraq security forces become truly effective. This focus on a “strong Iraq” will do the most to broaden Iraqi support, reduce support for Iran, and put some restraints on Iran’s willingness to use directly attack on U.S. forces and civilians – or use support from pro-Iranian PMFs.

### ***U.S. Support for Effective Iraqi Governance and Economic Development***

The United States needs to be extremely careful when it comes to any U.S. effort to intervene in – or aid – Iraqi politics and governance. The U.S. should actively encourage national unity, efforts to reduce the causes of ethnic and sectarian division, as well as efforts to encourage honest, effective government. It should make no effort, however, to transform Iraq at rates that the Iraqi political system does not support or cannot absorb.

The United States should, however, support economic aid as a key incentive for Iraqi progress in achieving national unity. Such aid should be as international as possible, and it should be tied to conditional loans rather than grants. The Coronavirus is already making future grant aid funds scarce at best. Iraq should, however, be able to repay most loans over time – and some loans can be flexible and sometimes forgiven. Internationalizing aid will reduce the strain on the United

States, probably raise additional funds, and – like building up Iraqi forces and then leaving – lower the threshold of tension with Iran.

Here, recent experience indicates that the United States should turn to the World Bank, rather than USAID. USAID has shown great strengths in dealing with project aid and emergency relief, but little strength in helping to develop and implement broad national development plans. The UN has been all too ineffective in other cases, and the IMF focuses too much on international payments and loans. A strong World Bank field team would also be less provocative to Iran.

The United States will also need to do what it has failed to do in Afghanistan and failed to do in Iraq during 2003-2011. It should work with Iraq to create a truly conditional economic aid program that is tied to – and conditional on – both major reforms and the honest and equitable distribution of such aid.

The United States has every reason to make aid and support conditional on the kind of unity Secretary Pompeo mentioned in calling for a strategic dialogue. The United States should make U.S. aid and support conditional on the quality of Iraqi leadership and integrity. Cash flow and adjustments in payment levels or loan repayments must be made dependent on the honesty and effectiveness of Iraqi officials and companies in using U.S. aid. Political figures in recipient countries like Iraq may not like conditional aid, but the reality is that far too many of such officials are far more concerned with their own greed than any aspect of sovereignty or the welfare of their own people.

Corruption is a critical factor and a key cause of political upheavals and extremist success. The United States has moral and ethical obligations to the Iraqi people in addition to serving its own strategic interests, but it has no obligations to corrupt Iraqi politicians and officials. In fact, the U.S. and its partners should act to publicly oust Iraqi officials rather than repeat calls for national anti-corruption drives, and they should seriously consider denying such officials and their families entry visas. There is no point in continuing the long history of demanding anti-corruption drives and internal efforts, which seemingly always end up punishing those that try to make them work or are used to punish rivals and scapegoats.

### ***Setting the Right Goals for an Iraqi-U.S. Strategic Relationship***

In short, the United States cannot not exorcise all of Iraq’s “ghosts,” and these “ghosts” will haunt Iraq until it actually begins to help itself. The U.S. should, however, give Iraq valid military and civil aid and support and not simply repeat its past mistakes. The United States must be prepared to provide serious assistance to Iraq – including keeping U.S. train and assist military advisors, State Department, and other aid personnel on the ground – for at least several years.

It is also clear that the United States also must not continue to focus on the military dimension and on creating stronger Iraqi counterinsurgency forces. U.S. aid efforts must focus on achieving a balanced level of capabilities that include both civil issues along with national defense. No amount of security assistance will achieve stability or meet the needs of both the Iraqi people and U.S. national interests if it does not encourage effective governance and the development of a strong and *equitable* Iraqi economy.

Accordingly, a final key criteria for any successful and strategic dialogue will be making a U.S. commitment to staying the course in aiding Iraq as long as possible – hopefully to the point where Iraq is clearly able to achieve future success on its own. The United States cannot succeed by withdrawing from Iraq, by claiming a broad victory against an ISIS “caliphate” that does not exist,

and by ignoring the gains being made by pro-Iranian PMFs. Repeating Vietnam and the Vietnamization of troop withdrawals may be an option, but it is not the right one for Iraq.

## **Appendix: Chronology of the U.S. Role in Iraq and Tensions with Iran: 2018-2020<sup>61</sup>**

**May 8, 2018:** Trump announces that the U.S. is withdrawing from the nuclear deal signed by his predecessor, President Barack Obama, which had provided sanctions relief in exchange for restrictions on Iran’s nuclear program and stepped-up U.N. monitoring. Over the next several months, the U.S. ratchets up sanctions, exacerbating an economic crisis in Iran.

**May 21, 2018:** US Secretary of State Mike Pompeo issues 12 demands that Iran make sweeping changes – from dropping its nuclear program to pulling out of the Syrian war – or face severe economic sanctions. They are rejected by Tehran.

**August 7, 2018:** U.S. reimposes the first round of sanctions on Iran, that had been lifted as part of the nuclear deal. They prohibit trade with a number of business sectors - from aviation and carpets to pistachios and gold.

**September 28, 2018:** A rocket attack takes place on the U.S. Consulate in Basra. The U.S. blames Iran and Iranian-backed Shiite forces in Iraq. Soon after, the U.S. closes its Basra consulate.

**Nov. 5, 2018:** U.S. imposes tough sanctions on Iran’s oil industry, this time specifically targeting the key oil and banking sectors – the lifeline of its economy. Secretary of State Mike Pompeo emphasizes list of 12 demands it must meet for sanctions relief. Iran rejects the wide-ranging demands, which include ending its support for armed groups in the region, withdrawing from the Syrian civil war, and halting its ballistic missile program.

**April 8, 2019:** Trump announces that the elite Islamic Revolutionary Guard Corps (IRGC) is designated as a foreign terrorist organization. It is the first time Washington has formally labelled another country's military a "terrorist group." The designation imposes wide-ranging additional economic and travel sanctions on the IRGC that go into effect on **April 15**.

**May 5, 2019:** Then National Security Adviser John Bolton announces the U.S. is sending an aircraft carrier strike group, Patriot batteries, and B-52 bombers to the Middle East “in response to a number of troubling and escalatory indications and warnings...The United States is not seeking war with the Iranian regime, but we are fully prepared to respond to any attack, whether by proxy, the Islamic Revolutionary Guard Corps or regular Iranian forces.”

**May 8, 2019:** Iran says it is preparing to increase uranium enrichment and heavy water production as part of its decision to stop certain commitments made under the nuclear deal. President Rouhani states that, “Starting today, Iran does not keep its enriched uranium and produced heavy water limited. The EU/E3 2 will face Iran's further actions if they cannot fulfill their obligations within the next 60 days and secure Iran's interests. “Win-Win conditions will be accepted.” Trump announces new measures against Iran's steel and mining sectors.

**May 12, 2019:** The United Arab Emirates says four commercial ships off its eastern coast and Fujairah “were subjected to sabotage operations.” Trump warns that if Tehran does “anything” in the form of an attack, “they will suffer greatly.” Officials identify the damaged ships as the Saudi oil tankers Al-Marzoqah and Amjad, the Norwegian tanker Andrea Victory, and a UAE bunkering barge, the A Michel. Fujairah is the only Emirati terminal located on the Arabian Sea, bypassing the Strait of Hormuz through which most Gulf oil exports pass.

**May 14, 2019:** Yemen's Houthi rebels, fighting with a Saudi-UAE-led military coalition, launch drone attacks on Saudi Arabia on **May 14**, striking a major oil pipeline and taking it out of service. Two days later, Riyadh, a key U.S. ally, blames Iran for the attack. The U.S. and Saudi Arabia accuse Iran of arming the Houthis, but Tehran denies the claim.

**May 19, 2019:** A rocket lands near the U.S. embassy in Baghdad. No one is harmed. President Trump tweets: “If Iran wants to fight, that will be the official end of Iran. Never threaten the United States again!”

**May 27, 2019:** After meeting with Japanese Prime Minister Shinzo Abe, who offers to broker dialogue between Washington and Tehran, Trump says the U.S. is not looking for regime change in Iran.

**June 12, 2019:** Abe lands in Tehran seeking to mediate between the U.S. and Iran. The next day, he meets Iran's Supreme Leader Khamenei who states: “I don't consider Trump as a person worthy of exchanging messages with. I have no response for him and will not answer him.”

**June 13, 2019:** A Norwegian and a Japanese oil tanker in the Gulf of Oman near the Strait of Hormuz are attacked with limpet mines in an Iranian attack that leaves one ablaze and adrift as 44 sailors are evacuated by Iran from both vessels and the U.S. Navy rushes to assist. America later blames Iran for the attack, something Tehran denies. Iran speaks initially of “accidents” and Zarif calls the tanker “attacks” during Abe's visit “suspicious.”

**June 18, 2019:** A rocket attack takes place on an operations headquarters of several global major oil companies, including American oil firm, ExxonMobil, near the Iraqi city of Basra. The attack occurs near the Iranian border, is largely by Shiite, and is dominated by pro-Iranian Shiite Iraqi militias. Three people were injured in the attack.

**June 19, 2019:** IRGC personnel deployed a surface-to-air missile to shoot down a U.S. unmanned aircraft operating over international waters in the Strait of Hormuz. IRGC Commander Hossein Salami announced that Iran had shot down the drone, claiming that it was operating within Iran's territorial waters.

**June 20, 2019:** Iran's Revolutionary Guard shoots down a U.S. Global Hawk military surveillance drone one source indicates cost some \$210 million. The US says it was flying above international waters. Iran says the drone was flying in Iranian airspace. Trump announces that he called off a military strike on Iran the night before, which was intended as retaliation against Tehran for the downing of the unmanned U.S. drone. He states he did so 10 minutes before the planned attack because of potential casualties, saying it was “not proportionate to shooting down an unmanned drone.” Trump also states a U.S. strike could have killed 150 people, and that he is open to talks with Tehran.

However, one source states there are reports that the United States Cyber Command (CyberCom) did launch cyber-attacks on Iranian spy groups and cyberwarfare units. For the past several months it was reported that Iranian cyber-attacks on U.S. government and industrial targets by Iranian hackers were increasing.

**June 22, 2019:** Iran warns that it is ready to respond firmly to any US threat against it. “We will not allow any violation against Iran's borders. Iran will firmly confront any aggression or threat by America,” Abbas Mousavi, foreign ministry spokesman, says. On the same day, Iran orders the execution of a “defense ministry contractor” convicted of spying for the U.S. Central Intelligence

Agency, while the U.S. warns it will impose fresh sanctions, adding that military action was still “on the table.”

**June 24-25, 2019: June 25,** Trump signs an order targeting Khamenei, Iran's supreme leader, and associates with additional financial sanctions. "Sanctions imposed through the executive order ... will deny the supreme leader and the supreme leader's office, and those closely affiliated with him and the office, access to key financial resources and support," the U.S. president says. Zarif, the Iranian foreign minister, responds by tweeting that “hawkish politicians close to Trump were thirsty for war rather than diplomacy,” and that Trump is “100% right that the US military has no business in the Persian Gulf. Removal of its forces is fully in line with interests of US and the world. But it's now clear that the B Team is not concerned with US interests—they despise diplomacy, and thirst for war.”

**June 29, 2019:** The U.S. Air Forces Central Command says in a statement that F-22 Raptor stealth fighters are being deployed in the region “to defend American forces and interests.”

**July 1, 2019:** Iran follows through on its threat to exceed the limit set by the nuclear deal on its stockpile of low-enriched uranium, which is used for civilian applications and not for nuclear weapons. The United Nations’ atomic watchdog confirms that its inspectors had verified the 300kg cap had been breached. Zarif says the accumulation of more enriched uranium than permitted under the deal is not a violation of the pact. On **July 8,** Iran states it has exceeded the cap on Uranium enrichment set in the nuclear deal, the second time in one week that it acts on its statements it will reduce compliance with the accord.

**July 4, 2019:** British Royal Marines, police and customs agents in Gibraltar seize a supertanker accused of carrying Iranian crude oil to Syria in breach of European Union sanctions. The *Grace I* vessel is boarded when it slowed down in a designated area used by shipping agencies to ferry goods to ships in the UK territory along Spain's southern coast. On **July 12,** police in Gibraltar arrest the captain and chief officer of the Iranian tanker.

**July 11, 2019:** Iranian Revolutionary Guard Corps (IRGC) is accused of harassing a British merchant vessel in the Persian Gulf. The presence of a British warship in the area is believed to have saved the ship from a possible takeover or attack.

**July 13, 2019:** A Panamanian-flagged oil tanker *Riah*, which is based in the UAE, disappeared from ship tracking systems after approaching Iranian waters. It is believed to have been seized by the IRGC.

**July 15, 2019:** Saudi forces find a remote-controlled ship, called a Blowfish, filled with explosives in the Red Sea, in the path of the oncoming UK destroyer, HMS Duncan. The Duncan was heading to the Gulf to reinforce the British naval presence there in the ongoing Iran crisis. It is believed that the “bomb boat” was placed there by the Yemeni Houthi Shiite group that is engaged in a civil war in Yemen. The Houthis are long-time allies of Iran.

**July 19, 2019:** The IRGC seizes a British oil tanker in the Strait of Hormuz. The *Stena Impero* tanker “was confiscated by the Revolutionary Guards at the request of Hormozgan Ports and Maritime Organization when passing through the Strait of Hormuz, for failing to respect international maritime rules.”

**July 25, 2019:** The British government announces its warships will escort all British-flagged vessels through the Strait of Hormuz, a change in policy that takes place amid rising tensions in

the Gulf. The HMS Montrose, a British frigate, is assigned to escort ships: “Freedom of navigation is crucial for the global trading system and world economy, and we will do all we can to defend it.”

**August 1, 2019:** U.S. imposes sanctions on Zarif. “Javad Zarif implements the reckless agenda of Iran's Supreme Leader, and is the regime's primary spokesperson around the world,” Treasury Secretary Steven Mnuchin says in a statement. Zarif tweets this indicated Washington saw him as a “threat.”

**August 15, 2019:** Gibraltar's Supreme Court rules that the *Grace I* is free to sail, just hours after the U.S. makes a last-minute attempt to keep the vessel under detention.

**August 23, 2019:** Rouhani announced deployment of a new Iranian designed and made air-defense system into the country's missile defense network at an unveiling ceremony in Tehran. Iran had begun production after the purchase of Russia's S-300 system was temporarily suspended in 2010 due to international sanctions that have barred it from importing offensive and heavy weapons. Rouhani claims the mobile surface-to-air system was “better than S-300 and close to [more advanced] S-400.”

**August 26, 2019:** Zarif holds talks with President Emmanuel Macron of France at the sidelines of a G7 summit following a surprise invite to the gathering in Biarritz. Zarif says that, “Iran’s active diplomacy in pursuit of constructive engagement continues. (The) Road ahead is difficult. But worth trying.”

**August 30, 2019:** The UN’s IAEA reported that Iran is still increasing its stock of enriched uranium and refining it to a greater purity than allowed in the agreement.

**September 3, 2019:** The U.S. sanctions Iran’s agency and two research organizations for being used to advance Tehran's ballistic missile program. The measures imposed by the US Department of the Treasury target the Iran Space Agency, Iran Space Research Center and the Astronautics Research Institute. “The United States will not allow Iran to use its space launch program as cover to advance its ballistic missile programs.”

**September 4, 2019:** U.S. blacklists an oil shipping network that Washington alleges is directed by the IRGC.

**September 7, 2019:** Iran begins injecting gas into its advanced centrifuges to increase its stockpile of enriched uranium and warns time is running out for the nuclear deal's other signatories to save the landmark pact. An Iranian spokesman, Behrouz Kalahandi, states Iran's Atomic Energy Organization has started up advanced centrifuges at the enrichment facility in Natanz, the third step by Tehran in scaling back its commitments under the crumbling pact following Washington’s withdrawal.

**September 14, 2019:** Drone attacks take place on two major Saudi Aramco oil facilities: Abqaiq – the world's largest oil processing plant – and the Khurais oilfield, in eastern Saudi Arabia. The pre-dawn strikes knock out more than half of crude output from the world's top exporter. Saudi oil facilities temporarily cuts off half the oil supplies of the world’s largest producer – about 5% of the world supply of oil – causing a spike in prices. Iran denies involvement, while the Iran-backed Houthi rebels in Yemen claim responsibility. The U.S. says Iran carried out the attack directly, calling it an “act of war” against Saudi Arabia.

**October 2019:** Massive anti-government protests erupt in Lebanon and Iraq. While the protests are primarily driven by economic grievances, they target governments that are closely allied to Iran. In Iraq, protesters openly decry Tehran’s influence and attack Iranian diplomatic facilities.

**November 2019:** Protests break out in some 100 cities and towns in Iran after authorities raise the price of gasoline. The scale of the protests and the resulting crackdown are hard to determine as authorities shut down the internet for several days. Amnesty International later estimates that more than 300 people were killed.

**November 9, 2019:** Iranian-backed Shia militias fired rockets at Q-West Air Base located in North-West Iraq.

**December 3, 2019:** Shiite militias launch a rocket attack against Al Asad Air Base.

**December 5, 2019:** Shiite militias fire rockets against Balad Air Base.

**December 9, 2019:** Shiite militia groups fire rockets at the Baghdad Diplomatic Support Center located on the Baghdad International Airport.

**December 27, 2019:** A U.S. contractor is killed, and four American and two Iraqi troops are wounded in a rocket attack on the K1 base in northern Iraq, near the city of Kirkuk. The attack in made by Kataeb Hezbollah, one of several Iran-backed militias operating in Iraq.

**December 29, 2019:** In response, U.S. airstrikes hit Kataeb Hezbollah positions in three bases in Iraq and two in Syria, killing at least 25 fighters and bringing vows of revenge. Iraq calls the strikes a “flagrant violation” of its sovereignty.

**December 31, 2019:** Hundreds of Iran-backed Iraqi Shiite militiamen and their supporters force their way through an outer barrier of the U.S. Embassy in Baghdad and hold two days of violent protests in which they smash windows, set fires and hurl rocks over the inner walls. U.S. Marines guarding the facility respond with tear gas. An American contractor is killed. 100 Marines deploy from Kuwait to the Baghdad Embassy to bolster security. A battalion of U.S. troops from the 82nd Airborne deploy from North Carolina to the Middle East.

**January 2, 2020:** U.S. Secretary of Defense Esper states, “To Iran and its proxy militias: we will not accept continued attacks against our personnel & forces in the region. Attacks against us will be met with responses in the time, manner, & place of our choosing. We urge the Iranian regime to end malign activities.

- Also on **January 2**, sources report the U.S. launched an unsuccessful attack on an important Quds Force leader in Yemen. Abdul Reza Shahlai is a Yemen-based financial backer and high-ranking member of Iran’s Quds Force. The covert U.S. attack was not revealed until several days later.

**January 3, 2020:** A U.S. airstrike near Baghdad’s international airport kills Gen. Qassem Soleimani, the leader of Iran’s elite Quds Force and the mastermind of its regional military interventions. Abu Mahdi al-Muhandis, leader of the Kata’ib Hezbollah (KH) and a senior commander of Iran-backed militias in Iraq is also killed in the strike. Iran vows “harsh retaliation.” Trump says he ordered the targeted killing to prevent a major attack. Congressional leaders and close U.S. allies say they were not consulted on the strike, which many fear could ignite a war.

**January 4, 2020:** Two rockets hit Balad Air Bases near Baghdad. Two mortars also hit Baghdad’s Green zone. These attacks do not result in no casualties or damage.



**January 5, 2020:** Iran announces it will no longer abide by the nuclear deal and Iraq’s parliament holds a non-binding vote calling for the expulsion of all U.S. forces. Some 5,200 American troops are then based in Iraq to help prevent a resurgence of the Islamic State group. Trump vows to impose sanctions on Iraq if it expels U.S. troops.

- The anti-ISIS Coalition suspends operations against ISIS and halts training programs with the Iraqi military.

**January 6, 2020:** Iran attacks U.S. facilities in two bases in Iraq in Erbil and Assad, housing U.S. forces. The U.S. states some 5,000 U.S. troops are still present in country. The Ayn al-Asad air base handles air operations. Erbil houses a U.S. Special Forces operational hub. The Iranian missile attack came on a day that began with thousands of Iranians taking to the streets for General Suleimani’s funeral procession, a public mourning marred by a deadly stampede, as millions of people flooded the streets of Kerman to witness the procession. The IRGC announced that, “The fierce revenge by the Revolutionary Guards has begun.” Iraqi military officials said that Iran had fired 22 missiles, and U.S. officials state that “It is clear that these missiles were launched from Iran.” Zarif tweets that “Iran took & concluded proportionate measures in self-defense... We do not seek escalation or war but will defend ourselves against any aggression.” The head of Iran’s emergency medical services claims 56 people had died and 213 were injured, the broadcaster IRIB reported on its website. No soldiers are directly killed or suffer fragmentation wounds, but some 109 soldiers suffer blast and concussion damage and at least 34 suffer Traumatic Brain Injury (TBI).

Descriptions of the attack differ. A spokesman for USCENTCOM said a total of 15 missiles were fired, with ten hitting the Ayn Al Asad airbase, one hitting the Erbil base, and four missiles failing to reach their target. U.S. Secretary of Defense, Mark Esper, later gave a similar estimate, saying 16 short-range missiles had been launched from three locations within Iran, with 11 striking Ayn al-Asad (instead of the prior estimate of 10) Other sources reported that two targeted Erbil: one was said to have hit Erbil International Airport and did not explode, the other landed about 20 miles west of Erbil.

According to the Iraqi military, 22 missiles were fired between 1:45 a.m. and 2:15 a.m. local, 17 toward Ayn Al Asad base and five at Erbil. According to U.S. troops at Al Asad, the first missiles landed at 1:34 a.m. and were followed by three more volleys, spaced out by more than 15 minutes each. The attack was over by 4:00 a.m. Iran’s Tasnim News Agency reported that the IRGC used Fateh 313 and Quiam ballistic missiles in the attack and claimed that U.S. forces failed to intercept them because they were equipped with cluster warheads (a claim without any technical credibility).

Work by Uzi Rubin indicates that the Quiam 2 (700 km range) and Fatah 313 (500 km range) missiles were used, with 11 missiles assigned to Al Asad, nine of which impacted, and 6 of which struck close to their probable target. Five were fired at Erbil – only one of which came close. While Iran may have given Iraq some warning, the missiles were clearly intended to high populated targets, and the attacks showed that Iranian missiles had the necessary precision. Their problem was reliability.

**That same day, an IRGC air defense unit, fearing a U.S. attack in response,** used a light surface-to-air missile to shoot down a B-737-800, which crashed shortly after takeoff from Tehran Imam International Airport, killing all 176 passengers on board. These included at least 130 Iranians. Iranian officials initially lied and said the plane crashed due to technical failures unrelated to the missile attacks. However, they refused to allow Boeing or U.S. aviation officials access to

the aircraft black boxes On 11 January, after *The New York Times* obtained and published a video showing the moment the aircraft was actually hit by an Iranian missile Iran admitted to having shot down the plane due to human error, claiming their military mistook the plane for a "hostile target". The fact the government had lied led to a wave of anti-government protests against the perceived cover-up, with some demanding that Khamenei resign.

**January 8, 2020:** A U.S. drone strike kills the Islamic Revolutionary Guards Corps (IRGC) Quds Force Commander Qasem Soleimani and Popular Mobilization Forces Deputy Commander Abu Mahdi al-Muhandis outside the Baghdad International Airport. According to President Trump, “Last week, we took decisive action to stop a ruthless terrorist from threatening American lives. At my direction, the United States military eliminated the world’s top terrorist, Qasem Soleimani. As the head of the Quds Force, Soleimani was personally responsible for some of the absolutely worst atrocities.”

- **That same day as a response to Soleimani’s death**, the IRGC Aerospace Force launches 16 short-range ballistic missiles at the Ain Al Asad Airbase in Anbar and towards the U.S. consulate and Hariri Air Base in Arbil. The attack resulted in zero fatalities but caused 11 traumatic brain injuries among the U.S. forces stationed at Ain Al Asad Airbase.
- After President Trump’s speech on **January 8** when he announces “Iran appears to be standing down, which is a good thing for all parties concerned and a very good thing for the world. No American or Iraqi lives were lost because of the precautions taken, the dispersal of forces, and an early warning system that worked very well,” Iran also launches two rockets toward Baghdad’s Green Zone, and one rocket lands within 100 meters of the U.S. embassy.

**January 9, 2020:** One rocket lands near Balad Air Base, which hosts U.S. troops and equipment. No casualties or damage resulted from the attack, and no group claimed responsibility.

**January 12, 2020:** Eight Katyusha rockets target Balad Air Base and injure four Iraqi soldiers. No group claimed responsibility for this attack.

**January 14, 2020:** Five Katyusha rockets land near Camp Taji. No casualties or damage resulted from the attack, and no group claimed responsibility.

**January 20, 2020:** Three rockets fired from the Zafaraniyah neighborhood located just outside of Baghdad target the U.S. Embassy inside Baghdad’s Green Zone, and two of the rockets land within the Embassy’s outermost fence. The attack occurred during ongoing protests in Iraq.

**January 26, 2020:** Three mortars target the U.S. Embassy in Baghdad. One of the mortars strikes the Embassy cafeteria during dinner and wounds at least one American. The U.S. State Department commented, “We view last night’s attack on the Embassy as an attempt to distract Iraqi and international attention away from the brutal suppression of peaceful Iraqi protesters by Iran and its proxies.”

**February 13, 2020:** A rocket fired from a Christian cemetery north of K1 military base and hits and open area on the base.

**February 16, 2020:** Three rockets fired toward the U.S. Embassy land outside the complex but cause no damage.

**March 2, 2020:** Two rockets fired from the Zayouna neighborhood land near the U.S. Embassy in Baghdad’s Green Zone but do not cause any damage.

**March 5, 2020:** Three rockets fired from the Zayouna neighborhood land near the U.S. Embassy in Baghdad’s Green Zone but do not cause any damage.

**March 11-12, 2020:** Two U.S. service members and a troop from a coalition partner nation were killed in an attack on Iraq’s Camp Taiji Base using unguided 107mm “Katusha” artillery rockets, evidently fired improvised truck-mounted launchers. About 30 rockets were fired at Taiji, a major base roughly 15 miles north of Baghdad. 12 to 18 rockets landed on the base, wounding 14 people, including five seriously, and causing some structural damage. A Defense Department official said that there were also about a dozen people were injured. Britain’s Ministry of Defense on Thursday confirmed the death of Lance Corporal Brodie Gillon, 26, a Reserve with the Scottish and North Irish Yeomanry. U.S. intelligence analysts believe that the Kataib Hezbollah militia was involved. At this point, the command reports that more than 109 Katyusha rockets had been launched at locations housing US troops in Iraq since October 2019, and 13 sets of attacks have been made on U.S. occupied bases in 2019.

This militia’s strategy often involves a mobile launcher, such as a truck, parked within several miles of one of several American bases and armed with a timed trigger set to fire in around 30 minutes. The timer gives the crew ample time to flee before the rockets launch. Articles indicate that the U.S. bases lack C-RAM defenses against such attacks, and other defense systems like Patriot missiles, which had previously been deployed to Afghanistan. There were most likely Iranian Fajr-1 rockets, which are copies of a Chinese rocket called the Type 63. At just over 4 inches in diameter and 4 feet long, the Fajr-1 weighs roughly 40 pounds and carries a 3- to 5-pound high-explosive warhead to a maximum range of about 5 miles. They do not need to be fired from special launchers; instead, they can be fired from a simple dirt ramp or a pile of rocks with nearly as much accuracy as they could from a purpose-built launcher.

**March 12-13, 2020:** U.S. launches retaliatory strikes targeting an Iranian-backed Shia militia group believed responsible for a rocket attack that killed and wounded American and British troops. The U.S. strikes five Katib Hezbollah bases and weapons facilities inside Iraq to “significantly degrade their ability to conduct future attacks against Operation Inherent Resolve (OIR) coalition forces.” These facilities stored weapons used to target U.S. and coalition troops, according to the Pentagon. The Defense Department said Thursday’s “defensive” strikes were “proportional” and a “direct response” to the threat of the Iranian backed groups operating in Iraq.” The United States will not tolerate attacks against our people, our interests, or our allies,” Secretary of Defense Mark Esper said in the release. “As we have demonstrated in recent months, we will take any action necessary to protect our forces in Iraq and the region.” The strikes were a partnered operation with the British, a U.S. official said.

**March 14, 2020:** Camp Taji was attacked by a barrage of 33 rockets fired from concealed launch pads hidden in an industrial garage in the Abu Adam area located north of Baghdad. The attack wounded three U.S. soldiers and two Iraqi Air defense personnel. Usbat al-Thaireen, a new Shi’ite militia calling for the departure of U.S. forces from Iraq, claimed responsibility.

**March 16, 2020:** Basmaya base, which houses the U.S.-led Coalition against ISIS and NATO forces, was attacked by two rockets launched from an agricultural area in Nahrawan. Usbat al-Thaireen claimed responsibility.

**March 17, 2020:** Two rockets launch from Baghdad Arab Jabur neighborhood toward the Jadriyah neighborhood. One rocket lands in the Tigris River, and the other hits an abandoned building just across the Tigris River from the U.S. Embassy.

**March 18, 2020:** The U.S. State Department on Wednesday announced new sanctions on Iran after the renewed rocket attacks by Iran-backed militias.

Secretary Pompeo stated, “Yesterday, the U.S. Department of State sanctioned nine entities and three individuals who have engaged in activity that could enable the Iranian regime’s violent behavior. The actions of these individuals and entities provide revenue to the regime that it may use to fund terror and other destabilizing activities, such as the recent rocket attacks on Iraqi and Coalition forces located at Camp Taji in Iraq. Our sanctions will deprive the regime of critical income from its petrochemical industry and further Iran’s economic and diplomatic isolation. The United States will continue to fully enforce our sanctions.”

**March 19, 2020:** U.S.-led coalition troops pull out of Iraq. Iraqi and coalition officials state that the withdrawal was part of a planned drawdown, and training activities were already suspended due to concerns about the coronavirus. Coalition forces withdrew from al-Qaim on the Iraq-Syria border. Further troop withdrawals are also planned in the coming weeks.

“The withdrawal was agreed between the Iraqi government and the coalition forces,” said Brig. Tahseen al-Khafaji, who was at a withdrawal ceremony. Another senior Iraqi military official said he expected the coalition to leave two bases in northern Iraq in the coming weeks, including Qayara south of Mosul and K1, in the province of Kirkuk.

**March 20, 2020:** The U.S. Navy announced that aircraft carriers Dwight D. Eisenhower and Harry S. Truman, and their respective escorts, are operating with a B-52 bomber in the Arabian Sea to demonstrate “combined joint capability and interoperability to plan and conduct multi-task force operations in the U.S. Central Command area of responsibility.

**March 23, 2020:** U.S. and UAE forces hold a joint military exercise at Al-Hamra Military Base in the UAE. The military exercise is part of a biennial exercise called Native Fury. According to Brig. Gen. Thomas Savage of the 1st Marine Expeditionary Force, “We’re about stability in the region. So if they [Iran] view it as provocative, well, that’s up to them. This is just a normal training exercise for us.

**March 24, 2020:** The U.S. Department of State adds Asaib Ahl al Haq, an Iranian-backed Iraqi Shia terror group also known as “League of the Righteous,” to its list of Foreign Terrorist Organizations. Additionally, the group’s leader, Qais al Khazali, and his brother, Laith al Khazali, have been listed as Specially Designated Global Terrorists.

**March 25, 2020:** France withdraws military forces from Iraq amidst Coronavirus concerns. The chief of staff of the French armed forces said in a statement Wednesday night that France is suspending its anti-terrorism training operations in Iraq and also bringing home its Iraq-based troops involved in the U.S.-led coalition against the Islamic State group.

**March 26, 2020:** The U.S. Treasury implemented more sanctions one day after the family of retired FBI agent Robert Levinson, who went missing more than a decade ago, said they believed he had died while in custody Iran.

U.S. Treasury Secretary Steven Mnuchin said in a statement, “Iran employs a web of front companies to fund terrorist groups across the region, siphoning resources away from the Iranian

people and prioritizing terrorist proxies over the basic needs of its people. The United States maintains broad exceptions and authorizations for humanitarian aid including agriculture commodities, food, medicine, and medical devices to help the people of Iran combat the coronavirus.”

Previously, on **March 17, 2020**, Tehran [asked](#) the International Monetary Fund for \$5bn in emergency funding to fight the outbreak.

**March 26, 2020:** The U.S. military has handed over the Qayyarah Airfield West base, which is located just over 30 miles south of Mosul, Iraq.

“The Qayyarah base served as a strategic launching point for the ISF [Iraqi Security Forces] and Coalition during the Battle of Mosul. In particular, the base serves as a hub for the Iraqi air force, who continue to deliver lethal strikes on Daesh bed-down locations,” Army Brig. Gen. Vincent Barker, the OIR director of sustainment said in the release.

**March 26, 2020:** Iraq's military on Thursday said at least two rockets hit inside Baghdad's heavily fortified Green Zone. The two projectiles struck near the Baghdad Operations Command, which coordinates Iraq's police and military forces, the military statement said. The command center is a few hundred meters (yards) away from the U.S. Embassy, which is a regular target of rocket attacks.

**March 26, 2020:** The U.S. Embassy in Baghdad also said late Thursday that it had ordered nonessential personnel to leave Iraq, citing the security situation and travel restrictions relating to the coronavirus.

**March 27, 2020:** The Pentagon orders a directive for planners to prepare a strategy to dismantle the militia group's operations. The directive said that Iranian paramilitary forces – members of the IRGC – could be legitimate targets if they are located with the Kataib Hezbollah fighters.

**March 29, 2020:** The U.S.-led coalition in Iraq withdrew from the K1 Air Base, the third military site that forces have left this month. Coalition forces handed over the K1 base in the northern Iraqi province of Kirkuk to Iraq's military, according to a coalition statement. At least \$1.1 millions of equipment was transferred to the Iraqis as 300 coalition personnel departed.

Withdrawals are planned “in the coming days” from two bases in western Iraq, said Col. Myles Caggins, a coalition spokesman. He said troops have so far been relocated to other bases in the country and some will head home in the coming weeks but did not specify how many. He said the two bases are the Nineveh Operations Command in Mosul — Iraq's second-largest city and which was under the Islamic State group's control from 2014 until 2017 — and the Taqaddum military airport outside the city of Habbaniya, on the Euphrates River.

**March 30, 2020:** Brig. Gen. Esmail Qaani, head of the elite Qods Force branch within Iran's Islamic Revolutionary Guard Corps (IRGC), paid an unannounced visit to Iraq. He met with several senior officials and militia commanders during the brief trip, including Hadi al-Ameri (head of the Badr Organization), Ammar al-Hakim (leader of the National Wisdom Movement), and Mohammed Redha al-Sistani (son of Grand Ayatollah Ali al-Sistani).

**April 1, 2020:** Saudi Arabia begins oil production increase. Their surprise announcement in March sent the price of oil down more than \$20 percent, to around \$35/barrel.

**April 1, 2020:** President Donald Trump warned Tehran that it should expect a bold U.S. response if Iran or Iranian-backed groups attack American forces or assets in Iraq. Trump said at an evening White House briefing that his administration has received intelligence that Iran is planning a strike but did not provide additional details.

**April 1-7, 2020:** Kata’ib Hezbollah demands full U.S. withdrawal from Iraq.

**April 2, 2020:** Iranian proxy militia Usbat al-Thaireen releases drone footage over U.S. Embassy in Baghdad. The video was followed by a statement saying the group was capable of launching rockets at the Embassy.

**April 4, 2020:** Qaani’s visit was followed by an unprecedented communique on April 4, signed by eight of the main pro-Iran militias in Iraq’s Popular Mobilization Forces (PMF): Harakat Asaib Ahl al-Haq, Kataib Sayyid al-Shuhada, Harakat Ansar Allah al-Awfiya, Harakat Jund al-Imam, Harakat Hezbollah al-Nujaba, Kataib al-Imam Ali, Saraya Ashura, and Saraya al-Khorasani. The statement denounced the continuing U.S. military presence in Iraq and called Zurfi an American agent.

**April 4, 2020:** The U.S. handed over the al-Taqaddum Air Base to Iraqi forces on Saturday – it’s the fourth base to be handed over to Iraqi Security Forces over the last several weeks.

“These pre-planned base transfers are not related to recent attacks against Iraqi bases hosting Coalition troops, or the ongoing COVID-19 situation in Iraq,” Operation Inherent Resolve, said in a news release.

**April 4, 2020:** Nine Iranian proxy militias under the name “the Islamic Resistance in Iraq” announced they will merge capabilities to expel U.S. forces. The groups include Asa’ib Ahl al-Haq (AAH), Kata’ib Sayyid al-Shahuda, Harakat al-Awfiyah, Harakat Jund al-Imam, Harakat al-Nujaba, Ka’taib Imam Ali, Sarayah ‘Ashura, Harakat al-Jihad wal-Binah, and Sarayah al-Khorsani.

**April 5, 2020:** Iraq’s political elite reached agreement on an alternative PM, Iraqi National Intelligence Service Director Mustafa al-Kadhimi, who again may face opposition from Iran-backed groups as he navigates a difficult government formation process within a 30-day constitutional deadline.

**April 6, 2020:** At least three rockets hit near the site of an American oil field service company in southern Iraq early on Monday. The rockets targeted the site of Halliburton in the Burjesia area in the oil-rich Basra province, the military statement said. Two Iraqi security officials and one official at the state-run Basra Oil Company said five rockets at struck the area.

**April 7, 2020:** According to Secretary of State Mike Pompeo, the United States will hold talks with Iraq in June on the future of its troop presence in the country, whose parliament has voted to expel them.

"With the global COVID-19 pandemic raging and plummeting oil revenues threatening an Iraqi economic collapse, it's important that our two governments work together to stop any reversal of the gains we've made in our efforts to defeat ISIS and stabilize the country," Pompeo told reporters. All strategic issues between our two countries will be on the agenda, including the future presence of the United States forces in that country and how best to support an independent and sovereign Iraq," Pompeo said.

**April 9, 2020:** Iraq’s President Barham Salih appoints intelligence chief Mustafa al-Kadhimi as prime minister-designate. He was nominated hours after Adnan al-Zurfi withdrew his candidacy.

**April 12, 2020:** An [IS sniper shot and killed an Iraqi federal policeman](#) at a checkpoint in Hawija.

**April 13, 2020:** [IS ambushed Iraqi army soldiers](#), federal police and Popular Mobilization Units (PMU) April 13 in Kirkuk province, killing four. The Iraqi forces were looking for captives of theirs taken by IS.

The US-led anti-IS coalition said that its airpower and Iraqi ground operations led to [20 IS fighters being killed near Kirkuk](#).

**April 13-18, 2020:** Iraq resists Iranian pressure to reopen border closed to slow COVID-19.

The head of Iran’s Hajj and Pilgrimage Organization, Ali Reza Rashidian, announced that “planning has begun to reopen to borders between Iraq and Iran.”

Iraqi officials issued a quick denial, stating, “Our land border crossings with Iran and Kuwait are completely closed for the movement of passengers and commercial exchange and this closing will continue until further notice,” said Alaa al-Deen al-Qaisi, the spokesman for the Iraqi Border Authority.

**April 14, 2020:** Patriot missile launchers and two other short-range systems are now in place at al-Asad Air Base, where [Iran carried out a massive ballistic missile attack](#) against U.S. and coalition troops in January, and at the military base in Irbil, said officials, who spoke on condition of anonymity to discuss sensitive weapons movement. A short-range rocket defense system was installed at Camp Taji.

Gen. Mark Milley, chairman of the Joint Chiefs of Staff said Thursday. that because of that threat, hundreds of soldiers from the 1st Brigade, 82nd Airborne Division, remain in Iraq.

He said only one battalion was allowed to return to Fort Bragg, N.C., “in part because the situation with the Shia militia groups and Iran has not 100 percent settled down.” He added that “they will continue their mission until such time that we think the threat has subsided.”

**April 15, 2020:** 11 Islamic Revolutionary Guard Corps vessels harassed six U.S. warships operating in the north Persian Gulf, according to U.S. Naval Forces Central Command. NAVCENT said the Iranian ships “repeatedly crossed the bows and sterns of the U.S. vessels at extremely close range and high speeds” and even came within 50 yard “closest point of approach” of the Puller and 10 yards of Maui’s bow.

**April 19, 2020:** Iran’s paramilitary Revolutionary Guard acknowledged Sunday it had a tense encounter with U.S. warships in the Persian Gulf last week but alleged without offering evidence that American forces sparked the incident. The Guard also accused American forces of blocking Iranian warships on April 6 and April 7 as well.

**April 20, 2020:** The [Iraqi air force bombed IS targets near Tikrit](#)

The Security Media Cell announced April 20 that an unknown group killed three Iraqi soldiers in Diyala. It also said that IS injured federal police in an attack in Dibis and killed federal police in an attack in Rashad.

**April 20, 2020:** Iran’s paramilitary Revolutionary Guard announced Monday that it has significantly upgraded the range of its anti-warship missiles, the state-run news agency reported.

The Guard says it now possesses surface-to-surface and subsurface anti-warship missiles with a range as high as 700 kilometers (430 miles), according to its top naval officer, Adm. Ali Reza Tangsiri.

**April 22, 2020:** President Donald Trump tweeted Wednesday that he has instructed the Navy to “destroy” any Iranian gunboats that harass American warships at sea.

Trump’s tweet comes in the wake of 11 Islamic Revolutionary Guard Corps vessels harassing six U.S. warships in the Persian Gulf on April 15.

“I have instructed the United States Navy to shoot down and destroy any and all Iranian gunboats if they harass our ships at sea,” Trump tweeted.

**April 22, 2020:** The Islamic Revolutionary Gard Corps of Iran said it had put a military satellite into orbit for the first time. The launch of the satellite, which the Guard called “Noor,” or light, has not been independently confirmed.

**April 23, 2020:** A top Iranian general warned the United States against “dangerous behavior” in the Persian Gulf and said his forces would target U.S. naval ships that posed a threat to Iran’s national security.

**April 2020:** ISIS claimed 151 attacks in April 2020.

**May 6, 2020:** U.S. Secretary of State Michael Pompeo called Iraqi Prime Minister Mustafa al-Kadhimi. They discussed the Iraqi government, implementing reforms, addressing COVID-19, and fighting corruption. He also states that the United States will move forward with a 120-day electricity waiver to display U.S. help to support Iraq.

**May 6, 2020:** Three Katyusha rockets struck near the military sector of the Baghdad airport early on Wednesday but caused no casualties

**May 11, 2020:** An Iranian support ship Konarak was hit by a new anti-ship missile being tested by an Iranian frigate Jamaran during a military exercise killing 19 sailors and injuring 15 others.

**May 14, 2020:** The U.S. military offered condolences Thursday to Iran over a friendly fire incident, but also criticized the training for taking place so close to the Strait of Hormuz.

**May 17, 2020:** Five Iranian tankers likely carrying at least \$45.5 million worth of gasoline sailed to Venezuela.

On **May 20, 2020**, Venezuela’s defense minister said that planes and ships from the nation’s armed forces will escort Iranian tankers arriving with fuel to the country [in case of any U.S. aggression](#).

On **May 23, 2020**, the first of [five tankers loaded with gasoline](#) sent from Iran reached Venezuelan waters.

**May 31, 2020:** Iraq imposes a week long curfew to counter the rapid new wave of infections from COVID-19.

On **June 5, 2020:** Iraq recorded over 1,000 Coronavirus cases in a single day for the first time.

**June 3, 2020:** Department of Defense (DoD) unveils new plans to begin 12-month unaccompanied tours in Iraq – alongside tours to Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the UAE, and Yemen – starting on July 2, 2020. The Pentagon states the order “will not affect the number or



readiness of U.S. forces in the region,” but it will scale back the number of dependents in the region.

<sup>1</sup> The U. S. Congress established an Inspector General Act in 2013 that requires that the Inspectors General of the Department of Defense (DoD), Department of State (DoS), and U.S. Agency for International Development (USAID) to provide quarterly reports to Congress on active overseas contingency operations, and the DoD Inspector General (IG) was made the Lead IG for U.S. operation in Iraq and Operation Inherent Resolve (OIR), and for coordinating provide quarterly reports to Congress on active overseas contingency operations. These quarterly reports provide one of the few official sources that has had access to classified as well as open source data, and which have so far so far been relatively objective in assessing the Iraqi government, economy, and security service.

<sup>2</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 5, 38, [lig\\_oir\\_q2\\_mar2020\\_gold\\_508\\_0513.pdf](#).

<sup>3</sup> Alissa J. Rubin, “Iraq Chooses New Prime Minister, an Ex-Intelligence Chief Backed by U.S.,” *New York Times*, May 6, 2020, <https://www.nytimes.com/2020/05/06/world/middleeast/iraq-prime-minister-mustafa-khadimi.html?referringSource=articleShare>. “Iraq forms new government after six months of uncertainty,” *Al Jazeera*, <https://www.aljazeera.com/news/2020/05/government-confirmed-iraq-months-uncertainty-200507013420664.html>; Dr. Renaud Mansour, “Why is it So Hard for Iraq to Form A Government?,” Chatham House, April 25, 2020, <https://www.chathamhouse.org/expert/comment/why-it-so-hard-iraq-form-government>; “Iraq special briefing: The challenges facing PM Mustafa al-Kadhimi,” Middle East Institute, May 12, 2020, <https://mail.google.com/mail/u/0/#search/Iraq/FMfcgxwHNMZSfPrWxmDgzQshcbpKBNvd>.

<sup>4</sup> Arwa Ibrahim, “Mustafa al-Kadhimi ends Iraq deadlock but new PM faces hurdles,” *Al Jazeera*, May 11, 2020, <https://www.aljazeera.com/indepth/features/mustafa-al-kadhimi-ends-iraq-deadlock-pm-faces-hurdles-200511163851795.html>.

<sup>5</sup> “Pompeo Says US Welcomes Apparent Agreement on New Iraq Govt.,” *Al-Sharq*, April 3, 2020, [https://aawsat.com/english/home/article/2232206/pompeo-says-us-welcomes-apparent-agreement-new-iraq-govt?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=iraqis\\_agree\\_new\\_prime\\_minister\\_can\\_form\\_government\\_us\\_iran\\_welcome&utm\\_term=2020-04-14;%20Al-Monitor%20staff,%20Iran%20welcomes%20Iraq%E2%80%99s%20new%20prime%20minister,%20Al%20Monitor,%20April%2013,%202020,%20https://www.al-monitor.com/pulse/originals/2020/04/iran-welcome-iraq-prime-minister-kadhimi.html?utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=iraqis\\_agree\\_new\\_prime\\_minister\\_can\\_form\\_government\\_us\\_iran\\_welcome&utm\\_term=2020-04-14](https://aawsat.com/english/home/article/2232206/pompeo-says-us-welcomes-apparent-agreement-new-iraq-govt?utm_source=newsletter&utm_medium=email&utm_campaign=iraqis_agree_new_prime_minister_can_form_government_us_iran_welcome&utm_term=2020-04-14;%20Al-Monitor%20staff,%20Iran%20welcomes%20Iraq%E2%80%99s%20new%20prime%20minister,%20Al%20Monitor,%20April%2013,%202020,%20https://www.al-monitor.com/pulse/originals/2020/04/iran-welcome-iraq-prime-minister-kadhimi.html?utm_source=newsletter&utm_medium=email&utm_campaign=iraqis_agree_new_prime_minister_can_form_government_us_iran_welcome&utm_term=2020-04-14).

<sup>6</sup> “Iran’s Khamenei says US will be expelled from Iraq, Syria,” *Agence-France-Press*, May 18, 2020,.

<sup>7</sup> “Ayatollah Khamenei says U.S. will definitely be expelled from Syria, Iraq,” *Tehran Times*, May 18, 2020, <https://www.tehrantimes.com/news/448019/Ayatollah-Khamenei-says-U-S-will-definitely-be-expelled-from>.

<sup>8</sup> CIA, “Iraq,” *World Factbook*, accessed May 18, 2020, <https://www.cia.gov/library/publications/the-world-factbook/geos/iz.html>.

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<sup>12</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 39-40, [lig\\_oir\\_q2\\_mar2020\\_gold\\_508\\_0513.pdf](#). p. 5.

<sup>13</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 39-40, [lig\\_oir\\_q2\\_mar2020\\_gold\\_508\\_0513.pdf](#).

<sup>14</sup> Munquith Dagher, “Iraq’s protests haven’t yet changed the system — but they’re transforming Iraqis’ belief in themselves,” *Washington Post*, December 10, 2019, <https://www.washingtonpost.com/politics/2019/12/10/iraqs-protests-havent-yet-changed-system-theyre-transforming-iraqis-belief-themselves/>.

<sup>15</sup> Abdul-Wahab Kayyali, “Arab Pulse Blog: Arab Political Parties and the Dual Challenge of Trust,” *Arab Barometer*, May 13, 2020 at 3:29:21 PM EDT, <https://mail.google.com/mail/u/0/#search/Iraq/FMfcgxwHNMbcqNrTqSGKfkcdKFztGhpl>.

<sup>16</sup> The research for these polls was conducted between mid-January 2020 and March 5, 2020. The total sample was 3000 interviews, using a random probability proportional to population (PPS) face to face interviews. The margin of error was +\ - 3.5%. with a confidence level of 95%.

<sup>17</sup> The research for these polls was conducted between mid-January 2020 and March 5, 2020. The total sample was 3000 interviews, using a random probability proportional to population (PPS) face to face interviews. The margin of error was +\ - 3.5%. with a confidence level of 95%.

<sup>18</sup> ACLED, Iraq’s October 2019 Revolution: Six Months On, <https://acleddata.com/2020/04/10/iraqs-october-revolution-six-months-on/>.

<sup>19</sup> Source: Munquith Dagher, Al Mustakilla Research Group (IIACSS), May 20, 2020, The research was conducted between mid-January 2020 and March 5, 2020. The total sample was 3000 interviews, using a random probability proportional to population (PPS) face to face interviews. The margin of error was +\ - 3.5%. with a confidence level of 95%.

<sup>20</sup> Stanley Reed and Clifford Kraus, “Too Much Oil: How a Barrel Came to Be Worth Less Than Nothing,” *New York Times*, April 20, 2020, <https://www.nytimes.com/2020/04/20/business/oil-prices.html?referringSource=articleShare>.

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<sup>26</sup> From: International Energy Agency <[energymix@iea.org](mailto:energymix@iea.org)>, Date: May 18, 2020 at 12:04:04 AM EDT, To: [acordesman@gmail.com](mailto:acordesman@gmail.com), Subject: the energy mix: Signs of recovery in oil markets, impact of Covid-19 on renewables, outlook for critical minerals, <https://mail.google.com/mail/u/0/#search/Iraq/FMfcgxwHNVtkvRDsnSRILJvKJDHNsvbZ>.

<sup>27</sup> Dependency ratios are a measure of the age structure of a population. They relate the number of individuals that are likely to be economically "dependent" on the support of others. Dependency ratios contrast the ratio of youths (ages 0-14) and the elderly (ages 65+) to the number of those in the working-age group (ages 15-64). Changes in the dependency ratio provide an indication of potential social support requirements resulting from changes in population age structures. As fertility levels decline, the dependency ratio initially falls because the proportion of youths decreases while the proportion of the population of working age increases. As fertility levels continue to decline, dependency ratios eventually increase because the proportion of the population of working age starts to decline and the proportion of elderly persons continues to increase. <sup>27</sup> CIA *World Factbook*, “Iraq,” <https://www.cia.gov/library/publications/the-world-factbook/geos/iz.html>.

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40 There are a series of excellent studies of these issues and trends from a U.S. point of view by think tanks like the CSIS, AEI, WINEP, ISW, The Long War Journal, Heritage, and Brookings. All illustrate levels of complexity, and uncertainty in many aspects of the data available, that cannot be addressed in this paper. Similarly, there is a range such material from European and MENA think tanks. All illustrate levels of complexity, and uncertainty in many aspects of the data available, that cannot be addressed in this paper.

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<sup>43</sup> Source: Munqith Dagher, Al Mustakilla Research Group (IIACSS), May 20, 2020, The research was conducted between mid-January 2020 and March 5, 2020. The total sample was 3000 interviews, using a random probability proportional to population (PPS) face to face interviews. The margin of error was +\ - 3.5%. with a confidence level of 95%.

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<sup>48</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 15-17,

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<sup>49</sup> USCENTAF, Airpower Summaries, as of February 29, 2020, AFCENT (CAOC) Public Affairs,

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<sup>50</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 29-30,

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<sup>51</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 30-34,

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<sup>52</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 31-32,

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<sup>53</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 25-26, 28,

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<sup>54</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 28,

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<sup>55</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 49,

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<sup>56</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 34,

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<sup>57</sup> *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020, pp. 34-37,

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<sup>58</sup> Michael Knights, Hamdi Malik, and Aymenn Jawad Al-Tamimi, “The Future of Iraq’s Popular Mobilization Forces,” *The Washington Institute for Near East Policy*, May 28, 2020, <https://www.washingtoninstitute.org/policy-analysis/view/the-future-of-iraqs-popular-mobilization-forces>

<sup>59</sup> The LIG Report lists the full range of sources on page 126 of *Lead IG Report to the U.S. Congress*, January 1, 2020–March 31, 2020..

<sup>60</sup> Michael Knights , KADHIMI AS COMMANDER-IN-CHIEF: FIRST STEPS IN IRAQI SECURITY SECTOR REFORM, WINEP, PolicyWatch 3317, May 19, 2020, <https://mail.google.com/mail/u/0/#search/Iraq/FMfcgxwHNVvtfkQfXBICdFkmxhRvkFIX>.

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