

Iraq: Background and U.S. Policy

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Summary

The 115th Congress and the Trump Administration are considering options for U.S. engagement with Iraq as Iraqis look beyond the immediate security challenges posed by their intense three-year battle with the insurgent terrorists of the Islamic State organization (IS, aka ISIL/ISIS). While Iraq's military victory over Islamic State forces is now virtually complete, Iraq's underlying political and economic challenges are daunting and cooperation among the forces arrayed to defeat IS extremists has already begun to fray. The future of volunteer Popular Mobilization Forces (PMF) and the terms of their integration with Iraq's security sector are being determined, with some PMF groups maintaining ties to Iran and anti-U.S. Shia Islamist leaders. In September 2017, Iraq's constitutionally recognized Kurdistan Regional Government held an advisory referendum on independence, in spite of opposition from Iraq's national government and amid its own internal challenges. More than 90% of participants favored independence.

With preparations for national elections in May 2018 underway, Iraqi leaders face the task of governing a politically divided and militarily mobilized country, prosecuting a likely protracted counterterrorism campaign against IS remnants, and tackling a daunting resettlement, reconstruction, and reform agenda. More than 3 million Iraqis have been internally displaced since 2014, and billions of dollars for stabilization and reconstruction efforts have been identified. Iraqi Prime Minister Haider al Abadi is linking his administration's decisions with gains made to date against the Islamic State, but his broader reform platform has not been enacted by Iraq parliament. Oil exports, the lifeblood of Iraq's public finances and economy, are bringing diminished revenues relative to 2014 levels, leaving Iraq's government more dependent on international lenders and donors to meet domestic obligations.

The United States has strengthened its ties to Iraq's security forces and provided needed economic and humanitarian assistance since 2014, but Iraqis continue to disagree over how U.S.-Iraqi relations should evolve. President Trump and Prime Minister Abadi met in Washington, DC, in March 2017 and, according to the White House, "agreed to promote a broad-based political and economic partnership based in the [2008] Strategic Framework Agreement," including continued security cooperation. Some Iraqis have welcomed U.S. engagement with and assistance to Iraq, whereas other Iraqis view the United States with hostility and suspicion for various reasons. Prime Minister Abadi has expressed the desire for the United States to provide continued support and training for Iraq's security forces, but some Iraqis—particularly those with close ties to Iran—are deeply critical of proposals for a continued U.S. military presence in the country. U.S. decisions on issues such as policy toward Iran, the conflict in Syria, the Israel-Palestinian conflict, and U.S. relations with Iraqi Kurds and other subnational groups may influence future bilateral negotiations and prospects for cooperation.

Congress has authorized a Defense Department train and equip program for Iraqi security forces through December 31, 2019, and has appropriated more than \$3.6 billion requested for the program from FY2015 through FY2017, including funds specifically for the equipping and sustainment of Kurdish *peshmerga*. U.S. military operations against the Islamic State continue with the consent of Iraq's elected government. Congress has authorized the use of FY2017 funds for sovereign loan guarantees to Iraq and for continued lending for Iraqi arms purchases from the United States. President Trump has requested \$1.269 billion to train Iraqis for FY2018 and seeks \$347.86 million for foreign aid to Iraq, including \$300 million for further U.S. contributions to United Nations-coordinated post-IS stabilization efforts. Appropriations and authorization legislation enacted and under consideration in the 115th Congress generally would provide for the continuation of U.S. assistance and engagement with Iraq on current terms (H.R. 2810, H.R. 3354, S. 1780 and S. 1519).

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Overview

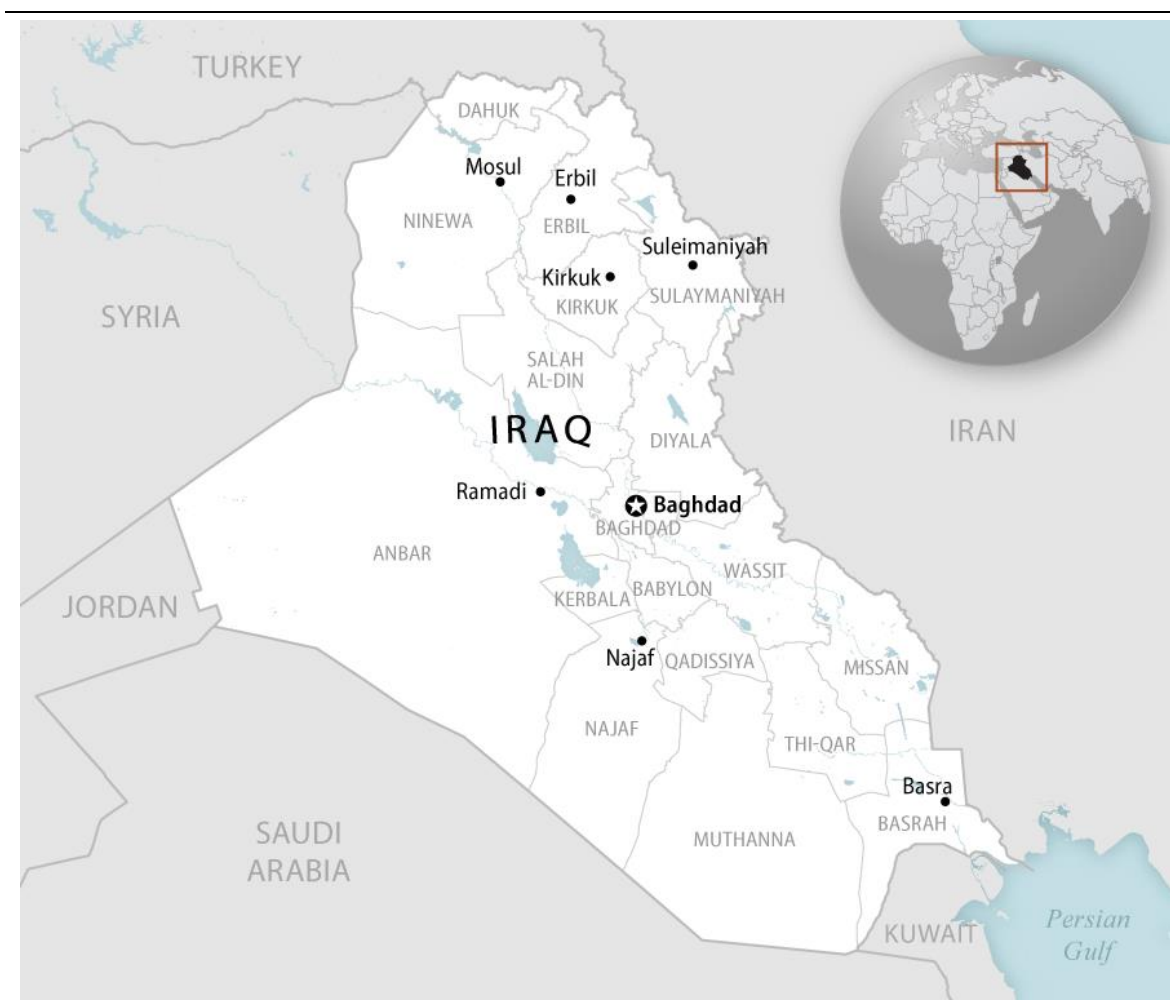
Iraqis have persevered through intermittent wars, internal conflicts, sanctions, displacements, unrest, and terrorism for decades. A 2003 U.S.-led invasion ousted the dictatorial government of Saddam Hussein and ended the decades-long rule of the Baath Party. This created an opportunity for Iraq to establish new democratic, federal political institutions and reconstitute its security forces, but it also ushered in a period of chaos, violence, and political transition from which the country is still emerging. Latent tensions among Iraqis that were suppressed and manipulated under the Baath regime became amplified in the wake of its collapse. Political parties, ethnic groups, and religious communities competed with rivals and amongst themselves for influence in the post-2003 order, amid sectarian violence, insurgency, and terrorism. Misrule, foreign interference, and corruption also took a heavy toll on Iraqi society during this period, and continue to undermine public trust and social cohesion.

In 2011, when the United States completed an agreed military withdrawal, Iraq's gains proved fragile. Security conditions deteriorated from 2012 through 2014, as the insurgent terrorists of the Islamic State organization (IS, aka ISIS/ISIL)—the successor to Al Qaeda-linked groups active during the post-2003 transition—drew strength from conflict in neighboring Syria and seized large areas of northern and western Iraq. Since 2014, war against the Islamic State has dominated events in Iraq, and many pressing social, economic, and governance challenges remain to be addressed. (See **Table 1** below for basic data.)

Iraqis are now celebrating the considerable successes their security forces and foreign partners have achieved in the fight against the Islamic State (see **Figure 1**), while warily eyeing a potentially fraught political path ahead. National legislative and governorate elections are planned for May 2018. Iraqi Prime Minister Haider al Abadi appears well positioned to campaign for reelection, although rivals from other Shia political factions may contest his leadership. Such potential challengers include former prime minister Nouri al Maliki and some figures associated with Iran-backed militia forces that are part of the Popular Mobilization Forces (PMF) mobilized to fight the Islamic State. Some Iraqi parties and individuals oppose a continued U.S. military presence in Iraq and may scrutinize U.S.-Iraqi security cooperation during the election period.

The Kurdistan Region of Iraq (KRI) maintains considerable administrative autonomy under Iraq's constitution, and held a controversial advisory referendum on independence from Iraq on September 25, 2017. From mid-2014 through October 2017, Kurdish forces controlled many areas that had been subject to territorial disputes with national authorities prior to the Islamic State's 2014 advance, including much of the oil-rich governorate of Kirkuk. However, in October 2017, Iraqi government forces moved to reassert security control in many of these areas, leading to some armed confrontations and casualties on both sides and setting back Kurdish aspirations for independence.

Across Iraq, including in the KRI, long-standing popular demands for improved service delivery, security, and effective, honest governance remain widespread. Stabilization and reconstruction needs in areas liberated from the Islamic State are extensive. Paramilitary forces mobilized to fight IS terrorists have grown stronger and more numerous since the Islamic State's rapid advance in 2014, but have yet to be fully integrated into national security institutions. Iraqis are grappling with these political and security issues in an environment shaped by ethnic, religious, regional, and tribal identities, partisan and ideological differences, personal rivalries, economic disparities, and natural resource imbalances. Iraq's neighbors and other international powers are actively pursuing their diplomatic, economic, and security interests in the country.

Table I. Iraq: Map and Country Data

Area: 438,317 sq km (slightly more than three times the size of New York State)

Population: 38.146 million (July 2016 estimate), ~60% under the age of 24

Internally Displaced Persons: 3.316 million (July 15, 2017)

Religions: Muslim 99% (55-60% Shia, 40% Sunni), Christian <0.1%, Yazidi <0.1%

Ethnic Groups: Arab 75-80%; Kurdish 15-20%; Turkmen, Assyrian, Shabak, Yazidi, other ~5%.

Gross Domestic Product (GDP; growth rate): \$173 billion; 10.3% (2016 est.)

Budget (revenues; expenditure; balance): \$67.8 billion, \$86.34 billion, -\$18.54 billion (2017 est.)

Percentage of Revenue from Oil Exports: 87% (June 2017 est.)

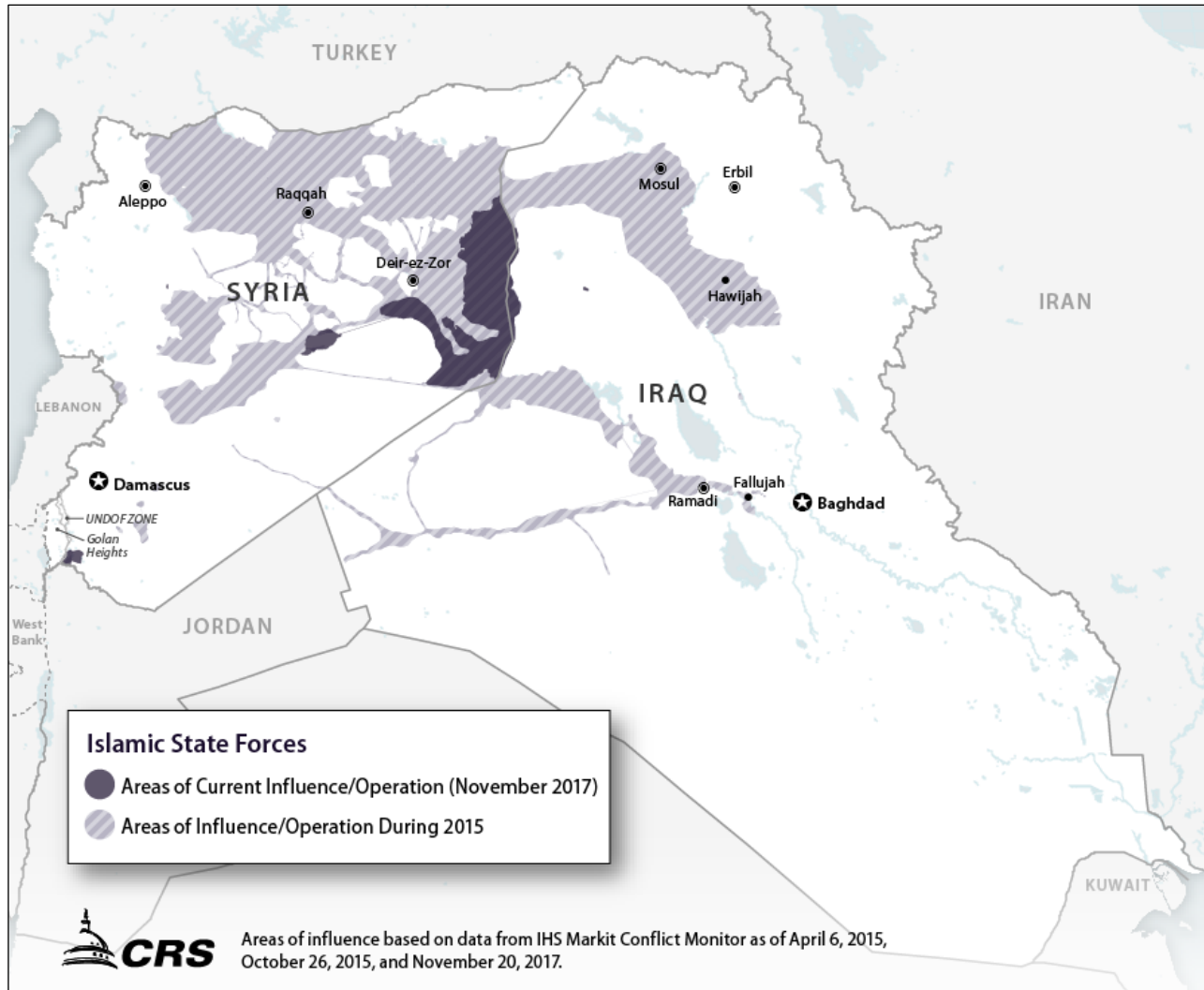
Current Account Balance: -\$12.2 billion (2016 est.)

Oil and natural gas reserves: 143 billion barrels (2016 est., fifth largest); 3.158 trillion cubic meters (2016 est.)

External Debt: \$68.01 billion (2016 est.) **Foreign Reserves:** ~\$44.15 billion (December 2016 est.)

Source: Graphic created by CRS using data from U.S. State Department and Esri. Country data from CIA World Factbook, July 2017, Iraq Ministry of Finance, and International Organization for Migration.

Figure I. Relative Areas of Islamic State Influence and Operation, 2015-2017



Source: CRS, using data from ESRI, IHS Markit, U.S. government, and United Nations.

Figure 2. Iraq: Areas of Influence and Presence

As of November 20, 2017



Source: CRS, using data from ESRI, IHS Markit, U.S. government, and United Nations.

Iraq's strategic location, its potential, and its diverse population with ties to neighboring countries underlie its importance as an area of influence to U.S. policymakers. In general, U.S. engagement with Iraq since 2011 has sought to reinforce Iraq's unifying tendencies and avoid divisive outcomes. At the same time, successive Administrations have sought to keep U.S. involvement and investment minimal relative to the 2003-2011 era, pursuing U.S. interests through partnership with various entities in Iraq and the development of those partners' capabilities—rather than through extensive deployment of U.S. military forces.

The Trump Administration has sustained a cooperative relationship with the Iraqi government and has requested funding to continue security training for Iraqi forces beyond the completion of major military operations against the Islamic State. With those operations coming to a conclusion,

the mission and nature of the U.S. military presence in Iraq is expected to evolve. U.S. officials and military personnel have discussed general plans to remain in Iraq at the invitation of the Iraqi government in order to assist Iraqis in consolidating gains made to date and to train security forces.¹ The 115th Congress has appropriated funds for ongoing U.S. military operations, in addition to security assistance, humanitarian relief, and foreign aid for Iraq. Congress is considering appropriations and authorization bills for FY2018 that would largely continue U.S. policies and programs on current terms. The goals, scope, and terms of some assistance are subject to debate and may evolve in relation to conditions in Iraq.

Developments in 2017

Progress in the Fight against the Islamic State

In July 2017, Prime Minister Haider al Abadi visited Mosul to mark the completion of major combat operations there against Islamic State forces, which had taken the city in June 2014. Iraqi forces launched operations to retake Mosul in October 2016 and seized the eastern half of the city in January 2017. They then began operations in the city's more densely populated western half in February. Fighting in west Mosul resulted in greater displacement, casualties, and destruction of buildings and infrastructure than in the east, with some estimates of the city's overall reconstruction needs exceeding \$1 billion.² Estimates suggest thousands of civilians were killed or wounded during the battle, which displaced more than 1 million people.³

The defeat of IS forces in Mosul left the group with isolated areas of control in Tal Afar in Ninewa governorate, near Hawijah in Kirkuk and adjacent governorates, and in far western Anbar governorate (see **Figure 2**, above). Iraqi forces have since retaken Tal Afar and Hawijah, and launched new Anbar operations in late October amid tensions elsewhere in the disputed territories between the Kurdistan Regional Government (KRG) and national authorities. Prime Minister Abadi visited the western border town of Al Qaim in November and raised the Iraqi flag, and in mid-November Iraqi officials announced they had retaken Rawa, the last large populated area held by IS fighters in Iraq. With IS control over distinct territories of Iraq now virtually ended, analysts expect IS leaders and fighters to shift toward insurgency tactics and avoid major confrontations in coming weeks and months. Experts warn that the group's resiliency and its ability to use such tactics effectively should not be underestimated.

Confrontation over Kurdish Referendum and Disputed Territories

On June 7, 2017, Kurdistan Regional Government (KRG) President Masoud Barzani announced that the KRG would hold an official advisory referendum on independence from Iraq on

¹ Assim Abdul-Zahra and Bradley Klapper, "Iraq, US in talks to keep American troop presence after IS," Associated Press, May 5, 2017.

² United Nations Development Program (UNDP) – Iraq, "What's needed to help Mosul recover? UNDP Iraq's Lise Grande explains," July 20, 2017.

³ According to U.N. entities, "From the start of military operations on 17 October 2016 to the public announcement of the liberation of Mosul on 10 July 2017, UNAMI/OHCHR recorded in Ninewa Governorate at least 4194 civilian casualties (2521 killed and 1673 wounded)." They consider these figures an "absolute minimum." United Nations Assistance Mission in Iraq and United Nations Office of the High Commissioner for Human Rights, Report on the Protection of Civilians in the context of the Ninewa Operations and the retaking of Mosul City, 17 October 2016 – 10 July 2017, November 2017.

September 25.⁴ Iraqi Prime Minister Abadi called the proposed referendum unconstitutional and requested that it be delayed or cancelled in favor of resolving KRG-Baghdad differences through dialogue. The United States government, other countries and international observers, and some of Iraq's neighbors adopted that same position.⁵ KRG President Barzani and other leading Kurds described the proposed referendum as an inherent right of the Kurdish people in pursuit of self-determination. Enthusiasm among some Kurds for the referendum reflected long-stated desires in an environment in which security and economic circumstances were more favorable than in the past because of post-2014 developments. However, KRG leaders said they intended to pursue separation negotiations with Baghdad after the referendum, raising the potential stakes of preexisting territorial and resource disputes and contributing to concern among Iraqi critics.

In spite of U.S. and Iraqi opposition, Kurdish leaders held the referendum on time and as planned. According to Kurdish authorities, more than 72% of eligible voters participated and, of those votes deemed valid, roughly 92% were “Yes” votes and about 7% were “No” votes.⁶ In the wake of the referendum, Prime Minister Abadi has reiterated the national government’s view that the referendum was “unconstitutional,” and he and Iraq’s national legislature and courts have called for its results to be “cancelled.”⁷ Iraqi authorities also moved to begin reasserting national government control over all border crossings and the airspace of the KRI. Kurdish officials decried the measures, describing them as collective punishment and an attempt to institute a blockade.

The September 25 referendum was held across the KRI and in other areas that were then under the control of Kurdish forces, including some areas subject to territorial disputes between the KRG and the national government, such as the multiethnic city of Kirkuk, adjacent oil-rich areas, and parts of Ninewa governorate populated by religious and ethnic minorities. Kurdish forces had secured many of these areas following the retreat of national government forces in the face of the Islamic State’s rapid advance across northern Iraq in 2014. In October 2017, Prime Minister Abadi ordered Iraqi forces to return to the disputed territories that had been under the control of national forces prior to the Islamic State’s advance, including Kirkuk. A handful of clashes resulted in some casualties on both sides, but Kurdish forces—to some extent divided among themselves over the wisdom of the referendum and relations with Baghdad—mostly withdrew without incident. The involvement of some Iran-backed Popular Mobilization Force militia units in Iraqi national forces’ operations has fueled concerns about Iranian influence in Iraq, as have reports about attempts by Iranian officials to pressure Kurdish leaders over the disputed territories.

Changes in territorial control in the disputed territories since October have upended the Kurds’ financial and political prospects, and related disputes have fueled further division among Kurdish

⁴ Participants were asked—“Do you want the Kurdistan region and the Kurdistan areas [disputed areas] outside the administration of Kurdistan region to become an independent state?”

⁵ In June, the State Department spokesperson described the controversy surrounding the proposed referendum as an internal Iraqi matter, but, in August, Brett McGurk, U.S. Special Envoy to the Global Coalition to Defeat the Islamic State said that the U.S. government “firmly” opposed the referendum.⁵ Secretary of State Rex Tillerson and Secretary of Defense James Mattis then consulted directly with Prime Minister Abadi and KRG President Barzani regarding the matter and relayed U.S. opposition. Brett McGurk, Special Presidential Envoy for the Global Coalition to Counter ISIS, Press Briefing, Washington, DC, August 4, 2017.

⁶ Approximately 6% of votes cast were deemed invalid. Some observers suggested that those who chose not to participate, including some ethnic Arab and Turkmen, may have boycotted in opposition.

⁷ Ahmed Rasheed and Raya Jalabi, “Iraqi court rules Kurdish independence vote unconstitutional,” Reuters, November 20, 2017.

leaders and parties. Some oil fields and infrastructure that had been under Kurdish control has been retaken by national government forces, and Kurdish leaders have traded recriminations and accusations of malpractice and betrayal. KRG President Barzani—who, along with his Kurdistan Democratic Party faction, was considered the driving force behind the referendum—announced that he will not seek reelection and directed that the authority of his office be exercised by other KRG entities until elections are held. In late October, the Kurdistan National Assembly voted to delay elections that had been planned for November for at least eight months.

U.S. officials continue to encourage Kurds and other Iraqis to engage on outstanding issues of dispute and to avoid unilateral military actions that could further destabilize the situation. U.S. assistance to the KRG since 2014 has been provided with the national government's consent, and the Trump Administration has not publicly signaled any planned changes in U.S. assistance programs for either the national government or the Kurdistan region.

For background, see “The Kurdistan Region of Iraq” and “Uncertainty and Confrontation in Iraq's Disputed Territories” below.

Iran and Iraq's Popular Mobilization Forces

Since its founding in 2014, Iraq's Popular Mobilization Commission (PMC) and its associated militias—the Popular Mobilization Forces (PMF)—have contributed to Iraq's fight against the Islamic State, even as some of its leaders and units have raised concerns among Iraqis and outsiders about the PMF's future. In early July 2017, the U.N. Secretary-General reported to the Security Council that “no tangible progress” had been made in the implementation of the PMF law that Iraqis adopted in late 2016 to provide for a permanent role for the PMF as an element of Iraq's national security sector. The law calls for the PMF to be placed under the command authority of the commander-in-chief and to be subject to military discipline and organization.

Some PMF units have since been integrated, but many remain outside the law's directive structure, including some units associated with groups identified by the State Department's 2016 Country Reports on Terrorism as receiving Iranian support.⁸ The report mentions Asa'ib Ahl al Haq and the Badr forces in this regard and warns specifically that the permanent inclusion of the U.S.-designated foreign terrorist organization (FTO) Kata'ib Hezbollah militia in Iraq's legalized PMF “could represent an obstacle that could undermine shared counterterrorism objectives.”

Some Iran-aligned PMF forces participated in Iraqi operations in disputed territories following the September 2017 Kurdish referendum, and certain PMF figures such as Badr Organization leader Hadi al Amiri and Asa'ib Ahl al Haq leader Qais Khazali may intend to participate as political candidates in future elections. On October 31, Prime Minister Abadi emphasized that the PMF law precludes registered PMF members from formally participating in politics, adding, “Anyone in the PMF should not exercise any political activity and if he wants to do so, he should leave the PMF.”⁹ Observers continue to speculate about whether and how PMF figures may seek to leverage their profile and accomplishments for political gain in upcoming elections.

For background, see “Iran's Relationship with Iraq” below.

⁸ In late July, Iraqi authorities announced the legal registration of some PMF fighters from the PMF's Al Abbas Combat Division under the 2016 law, but subsequent independent reports have questioned the commitment of other Iran-aligned Popular Mobilization Commission leaders subordinating their own forces to military command.

⁹ Prime Minister Abadi, Weekly Press Conference, October 31, 2017.

U.S. Foreign Aid and Security Assistance

Legislation under consideration in the first session of the 115th Congress would provide for the continuation of U.S. military operations, foreign assistance, training, and lending support to Iraq on current terms (H.R. 3354, H.R. 3362, and S. 1780). The conference report on the FY2018 National Defense Authorization Act (NDAA, H.R. 2810) would extend the authorization for the U.S. train and equip program in Iraq through December 2019 and would modify the mandate of the Office of Security Cooperation at the U.S. Embassy in Iraq (OSC-I) to widen the range of forces the office may engage to include all “military and other security forces of or associated with the Government of Iraq.” The legislation would authorize the appropriation of \$1.3 billion in FY2018 defense funding for continued train and equip efforts in Iraq, and the conference report would require a comprehensive report on conditions in Iraq and U.S. strategy.

In July 2017, the Trump Administration notified Congress of its intent to obligate up to \$250 million in FY2017 Foreign Military Financing (FMF) funding for Iraq in part to support the costs of continued loan-funded purchases of U.S. defense equipment and to fund Iraqi defense institution building efforts. The Administration has requested \$1.269 billion in defense funding to train Iraqis for FY2018. The Administration also has requested \$347.86 million for foreign aid to Iraq in FY2018; including \$300 million for post-IS stabilization. Since 2014, the United States has contributed more than \$1.7 billion to humanitarian relief efforts in Iraq¹⁰ and more than \$265 million to the United Nations Funding Facility for Stabilization (FFS)—the main conduit for post-IS stabilization assistance in liberated areas. The cost of military operations against the Islamic State in Iraq and Syria as of June 30, 2017 was \$14.3 billion, and, through FY2017, Congress had appropriated more than \$3.6 billion for train and equip assistance in Iraq.

Political and Economic Profile

Iraq is a parliamentary republic, governed pursuant to a constitution adopted in a November 2005 referendum.¹¹ Executive authority is exercised by the prime minister, while an indirectly elected president and three vice presidents carry out ceremonial and representative functions. Legislation originates with the prime minister or presidency. National legislative elections for Iraq’s Council of Representatives (COR) were held in December 2005, March 2010, and April 2014. The 328-seat legislature is directly elected by proportional representation in multi-seat districts, with eight seats reserved for minority communities. Legislators vote to confirm nominees for the prime ministership, cabinet, and presidency. Elections for the next Council of Representatives are planned for May 2018.

Iraq’s constitution provides for a sharing of some powers between the national government and recognized subnational entities known as regions. The Kurdistan Region of Iraq (KRI) is the sole constitutionally recognized region at present, and is home to most of Iraq’s ethnic Kurdish minority. Laws adopted since 2008 also have nominally provided for the decentralization of many administrative and judicial authorities to governorates that are not part of recognized regions.

¹⁰ Iraq-Complex Emergency Fact Sheet #1, Fiscal Year (FY) 2018, November 3, 2017.

¹¹ The United Nations Security Council recognized the United States and United Kingdom as occupying powers in Iraq in Resolution 1483 (May 22, 2003), with responsibility vested in the Coalition Provisional Authority (CPA). The CPA administered Iraq in cooperation with the CPA-appointed Governing Council of Iraq until June 2004, when an Interim Iraqi Government—formed through a U.N.-facilitated consultation process—assumed sovereignty. A Transitional Administrative Law developed by the Governing Council and signed in March 2004 served as the supreme law during the transitional period. In January 2005, elections were held for a Transitional National Assembly, which drafted the constitution approved in November 2005.

Iraq's economy benefits from the country's considerable energy resources, its location at the center of the Middle East region, and its young, resilient population. Since the downfall of the Baathist regime and removal of international sanctions on Iraq, the country's GDP per capita has increased between six- and seven-fold.¹² Nevertheless, during this period, conflict, instability, and corruption have taken a significant toll on Iraqis, and these factors continue to hinder otherwise promising development and investment trends. Because Iraq's government depends on oil proceeds for nearly 90% of its revenue, lower global oil prices and the fiscal demands of war with the Islamic State have greatly strained public finances since 2014. Iraq has sought and obtained international aid and lending to meet its fiscal needs, while also accumulating arrears.

Identity, Governance, and Politics

Iraq's society is diverse and includes a Shia Arab majority, large Sunni Arab and Kurdish communities, and several other ethnic and religious minority groups. Iraqis have struggled to achieve an inclusive political order since gaining independence in 1932.¹³ Different groups' attitudes toward the state have evolved over time, reflecting changes in power relationships, shifting security developments, and evolving priorities and identities. Today, rivalries between and within religious and ethnic communities, socioeconomic groups, geographic areas, and political movements abound.

Political change and conflict have swept the country since 2003, fueling anxieties about the future and contributing to sectarian political behavior and, at times, violence. In post-2003 Iraq, different groups have sought guarantees of autonomy, protection, or material benefits from the state, with confrontations being particularly pronounced at times between Sunnis and Shia and between Kurds and non-Kurds. Rivals have alternately accused each other of seeking to divide the country with foreign support or warned that the concentration of power may invite a return to centralized tyranny.

An elaborate, informal system has developed since 2003 to ensure the representation in government of various groups and political trends, but this has made divisive, identity-based politics durable. Leadership of key ministries has been determined according to identity and political orientation, with nominal communal representation in official positions serving as a weak guarantee of actual communal policy influence or benefits from the state. Extensive negotiations following national elections in 2005, 2010, and 2014 resulted in prime ministers drawn from Iraq's Shia Arab majority. By agreement, Iraq's presidency has been held by a member of the Kurdish minority, the speaker of the Council of Representatives has been a Sunni, and three vice presidencies have been held by representatives of the Shia Arab, Sunni Arab, and Kurdish communities.

Tensions and violence since 2003 have generated some calls for a nonsectarian political order, particularly since the collapse brought on by the Islamic State's advance in 2014. Proponents of merit-based rather than identity-based cabinet selections continue to face opposition from parties concerned about being left without representation in government or otherwise excluded. National reconciliation and reform proposals have been advanced by different factions, but Iraqis have struggled to overcome the gravity of zero sum competition. Observers of Iraqi politics are now monitoring debates over 2018 electoral legislation and the makeup of electoral authorities for indications of whether established patterns may prevail or a new chapter may be set to begin.

¹² Comparison of IMF estimates of nominal GDP per capita 2004 – 2016.

¹³ See Khalil Osman, *Sectarianism in Iraq: The Making of State and Nation since 1920*, Routledge (New York), 2015.

The Rise and Retreat of the Islamic State¹⁴

U.S. military forces completed their agreed withdrawal from Iraq in late 2011, after negotiations failed to produce a framework for authorizing a residual U.S. military presence.¹⁵ The Islamic State of Iraq (ISI, the precursor to the Islamic State organization—IS, aka ISIL/ISIS) and other insurgent groups had by then suffered considerable losses at the hands of U.S.-backed Iraqi forces. U.S. government assessments at the time judged that Iraqi forces were capable of independent internal security operations, but warned of some military capability gaps and the potential for a reversal in security gains.¹⁶ Prime Minister Nouri al Maliki, then in his second term in office, adopted a confrontational posture toward Sunni political rivals immediately following the completion of the U.S. withdrawal in December 2011, levelling terrorism and corruption allegations against prominent Sunni figures.

The remnants of the Islamic State of Iraq grew stronger throughout 2012 in an atmosphere of increasing political discontent among Iraq's Sunni Arabs and confrontation between them and the Maliki government. The prime minister's use of heavy-handed tactics against Sunni protestors contributed to a growing chasm of distrust, while in the background, long established patterns of mismanagement, graft, and exploitation of government institutions continued, undermining the improvement of government services and hollowing out security forces.

Capitalizing on Sunni disaffection and drawing resources and recruits from the escalating civil conflict in neighboring Syria, the Islamic State of Iraq rebranded itself as the Islamic State of Iraq and Syria in April 2013 and stepped up its campaigns of violence in both countries. Governorate council elections were held amid escalating violence in mid-2013, as the U.N. Secretary-General reported "rising inter-sectarian tensions" were "posing a major threat to stability and security."¹⁷ Attacks against civilians increased rapidly, placing growing pressure on Iraqi leaders.

In late 2013, Prime Minister Maliki visited Washington to request additional military and intelligence support and pledged to take some conciliatory steps toward Iraqi Sunnis and implement security sector reforms. As Iraqis reached agreement on an election law, U.S. Deputy Assistant Secretary of State for Iraq and Iran Brett McGurk warned in November 2013 testimony to Congress that the Islamic State was "trying to establish camps and staging areas in Iraq's western border regions" and that Iraq lacked the capabilities to effectively monitor and interdict IS activities. In January 2014, Islamic State forces swept into the Anbar governorate cities of Ramadi and Fallujah, remaining in the latter until their defeat there in mid-2016.

¹⁴ For background on the Islamic State organization, see CRS Report R43612, *The Islamic State and U.S. Policy*, by (name redacted) and (name redacted).

¹⁵ In November 2008, the U.S. and Iraqi governments signed a "Strategic Framework Agreement for a Relationship of Friendship and Cooperation" (aka "the Strategic Framework Agreement"); and, an "Agreement on the Withdrawal of United States Forces from Iraq and the Organization of their Activities during their Temporary Presence in Iraq" (aka the "Security Agreement"). Article 24 of the Security Agreement stated that "all U.S. forces shall withdraw from Iraqi territory no later than December 31, 2011."

¹⁶ Defense Department reports to Congress in 2010 judged that Iraqi forces would not meet several U.S.-defined "Minimum Essential Capabilities" benchmarks prior to the planned U.S. withdrawal. See *Measuring Stability and Security in Iraq*, Report to Congress in accordance with the Section 9204, P.L. 110-252, June 2010; and, Director of National Intelligence James Clapper, *Unclassified Statement for the Record on the Worldwide Threat Assessment of the U.S. Intelligence Community for the Senate Select Committee on Intelligence*, January 31, 2012.

¹⁷ U.N. Document S/2013/408, Third report of the Secretary-General pursuant to paragraph 6 of resolution 2061 (2012), July 11, 2013.

The 2014 Election, the Abadi Government, and Reform Debates

National legislative elections were held on April 30, 2014, for 328 COR seats (expanded from 325). In provisional results announced in May 2014, Prime Minister Nouri al Maliki's State of Law coalition claimed the most seats, with coalitions associated with Shia cleric Muqtada al Sadr, other leading Sunni and Shia parties, and Kurdish parties also winning significant percentages of the seats. As the Islamic State seized Mosul and threatened Baghdad in June 2014, Shia Grand Ayatollah Ali al Sistani issued a fatwa calling for Iraqis to volunteer to defend the country, providing the basis for the creation of the Popular

Results of 2014 Council of Representatives Election

Coalition/Party Name	Seats Won
State of Law Coalition (Dawa Party, Badr)	92
Sadrists (Ahrar, Nukhab, and Sharaka Coalitions)	34
Muwaten ("Citizens"/ISCI)	28
Mutahidoun (United for Reform)	22
Wataniya Coalition	22
KDP	19
PUK	19
Al Arabiya	10
Gorran	9
Other Coalitions/Parties (Including 8 Reserved Seats for Minorities)	73
Total	328

Source: Iraqi High Election Commission, June 2014.

Mobilization Commission and its associated volunteer militia forces. U.S. and Iranian officials joined Sistani and other leading Iraqi Shia clerics in demanding the prompt formation of a government and helped convince Iraqi leaders to support the nomination of another State of Law coalition figure, the Dawa Party's Haider al Abadi, as an alternative candidate to Maliki (also of the Dawa Party).¹⁸ Some Iraqis criticize what they view as an overly conditional U.S. approach to Iraq during this period, especially perceived U.S. decisions to link offers of security support with calls for Prime Minister Maliki's replacement.

After being confirmed in mid-August 2014, Prime Minister Abadi moved quickly to nominate an inclusive cabinet and formally requested international military intervention to help halt and reverse the Islamic State's advance.¹⁹ President Obama had directed the deployment of additional U.S. military personnel to Iraq in June for personnel protection purposes, and U.S. air strikes

¹⁸ Alexander Dziadosz and Raheem Salman, "After years off-stage, Iraq's Sistani takes charge," Reuters, June 29, 2014.

¹⁹ According to then-Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey, Iraqi authorities had privately requested U.S. air strikes before June 18. However, in June 25 correspondence with the U.N. Secretary-General, Iraqi Foreign Minister Hoshiyar Zebari stopped short of publicly calling for military intervention and asked the international community to assist Iraq "by providing military training, advanced technology and the weapons required to respond the situation" in a manner that fully respected Iraq's sovereignty. In a September 20 letter to the President of the U.N. Security Council, Iraqi Foreign Minister Ibrahim al Jaafari stated that Iraq's government had "requested the United States of America to lead international efforts to strike ISIL sites and military strongholds, with our express consent." See CJCS Gen. Martin Dempsey, Testimony before the Senate Appropriations Subcommittee on Defense, June 18, 2014; U.N. Document S/2014/440, Letter dated 25 June 2014 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General, June 25, 2014; and, U.N. Document S/2014/691, Letter dated 20 September 2014 from the Permanent Representative of Iraq to the United Nations addressed to the President of the Security Council, September 22, 2014.

against the Islamic State in Iraq began on August 8, as IS forces threatened the KRG capital at Erbil and besieged and overran Yezidi communities at Sinjar in northwestern Iraq.²⁰

In late 2014 and early 2015, Prime Minister Abadi and other Iraqi leaders made progress on a number of reconciliation and security issues, but their achievements slowed in mid-2015 as blackouts fueled a wave of mass protests demanding improved electrical services and an end to corruption swept the capital and southern governorates. The prime minister, heeding a call from Grand Ayatollah Al Sistani, proposed a package of sweeping reforms in August 2015, ordering the elimination of several official posts, consolidation of ministries, reductions in spending and salaries, and inquiries into allegations of corruption. Prime Minister Abadi's proposal to eliminate Iraq's three vice presidencies generated controversy, since these positions were occupied by former prime ministers Nouri al Maliki and Ayad Allawi, along with former COR speaker Osama Nujaifi. Iraqi courts overturned the proposal, and the three figures remain in office.

The Obama Administration and the United Nations Secretary-General welcomed Abadi's 2015 moves, but the proposals and reform initiatives provoked backlash from vested political interests. Iraq's government was politically paralyzed from late 2015 through mid-2016 (see **Timeline**, below), as Abadi called for parties to put forward new cabinet nominees and non-affiliated reform activists demanded action in confrontational and disruptive mass protests. Alliances among Abadi's rivals, including former prime minister Maliki, failed to force Abadi and his parliamentary allies from power, but a wider, durable pro-reform coalition spanning identity-group boundaries failed to coalesce behind Abadi's most ambitious proposals.

Timeline: Crises, Confrontation, and Cooperation in Iraq, 2015-2017

August 2015 – Amid popular protests, Prime Minister Haider al Abadi proposes eliminating redundant officials, abolishing Iraq's three vice presidencies, and enacting other reforms.

November 2015 – After opponents blunt Abadi's reform push, the Council of Representatives (COR) votes to require parliamentary approval for any government reorganization.

February 2016 – Abadi relaunches his reform initiative.

March 2016 – Abadi calls on political groups to nominate candidates for a new technocratic cabinet, announcing his own proposed slate on March 31. Some blocs reject Abadi's proposed candidates, and some nominees withdraw.

April 2016 – In a series of tumultuous sessions, COR members clash over a revised cabinet list submitted by Abadi, trading recriminations and physical blows. COR members split into factions, with one claiming a quorum (164 members) and voting to unseat COR Speaker Salim Jabouri and another later voting to endorse five of Abadi's cabinet nominees. COR sessions are suspended for a lack of quorum, and protestors backed by Muqtada al Sadr force their way into the Green Zone on April 30. Several COR blocs announce they will boycott COR sessions until security is guaranteed, regular order reestablished, and Iraq's judiciary rules on the validity of the COR speaker's tenure and the April cabinet vote.

May 2016 – Sadrist protestors return to the Green Zone, and clash with security forces. The Federal Supreme Court delays a hearing on the validity of the contested April COR sessions. Boycotts prevent the COR from reaching a quorum.

June/July 2016 – The Federal Supreme Court rejects the COR claims, returning the parliament to a political *status quo ante*. Iraqi forces claim victory in Fallujah, but a deadly IS bombing in Karrada and other attacks kill hundreds in Baghdad and intensify demands for security improvements. Prime Minister Abadi accepts the Interior Minister's resignation.

August 2016 – Muqtada al Sadr suspends protests for 30 days after reiterating his group's hostility to the United States. Defense Minister Khalid Al Obeidi levels corruption and extortion charges against several COR members, including Speaker Al Jabouri, during a COR questioning session that was itself focused on allegations of corruption in the defense ministry during Obeidi's tenure. The COR approves five of Prime Minister Abadi's cabinet nominees,

²⁰ By June 30, President Obama had authorized the deployment of 775 U.S. military personnel to Iraq. President Obama announced impending U.S. operations against the Islamic State in a public statement on August 7, 2014.

rejecting a sixth. The COR votes to oust Defense Minister Obeidi.

September 2016 – The COR votes to oust Finance Minister Hoshiyar Zebari, as Prime Minister Abadi consults with U.S. and other officials regarding planned operations against the Islamic State in Mosul and Iraq's IMF agreement.

October 2016 – The Federal Supreme Court rules against Prime Minister Abadi's August 2015 decision to abolish Iraq's three vice presidencies. Iraqi forces launch military operations to retake Mosul.

November/December 2016 – The COR approves a law providing for the incorporation of the Popular Mobilization Forces as a permanent part of Iraq's national security establishment under the command of the prime minister. The law includes restrictions on the engagement of PMF personnel in politics. The COR adopts the 2017 budget, placing conditions on the sharing of revenue with the Kurdistan Regional Government (KRG).

January 2017 – The COR confirms the prime minister's nominees for Defense Minister and Interior Minister, ending months-long vacancies during critical security operations.

Dynamics in 2017 and Preparations for 2018 Elections

Events in Iraq continue to be dominated by the effects of the war with the Islamic State, with establishment politicians advocating for their communities and regions while seeking to burnish their credentials as nationalists who support intercommunal reconciliation. Prime Minister Abadi has branded himself as a reformer and the commander in chief of the largely successful campaign against the Islamic State, even as entrenched interests continue to resist his reform initiatives and powerful rivals subtly challenge his authority. The future of the Popular Mobilization Forces and the Kurdistan Region of Iraq are perhaps the most important and politically sensitive issues at present, but discussion of post-IS stabilization, aid for the internally displaced, unemployment, services and utilities, and corruption also are prominent. Iraq's COR voted in August 2017 to again delay governorate elections, originally scheduled for May 2017, to be held at the same time as the May 2018 national elections. Debate has now shifted to consideration of the 2018 national elections law, which may limit action on other priorities. Iraq's Council of Representatives also is debating an electoral law for governorate/provincial council elections, including proposals for a seat-allocation formula that some smaller Iraqi parties and political reform advocates oppose.

Former prime minister and current Vice President Maliki remains politically active, and he continues to associate himself closely with Iran-backed PMF units, criticize Kurdish leaders in the wake of the advisory referendum on independence, and express anti-U.S. sentiment. Prime Minister Abadi and Vice President Maliki are both Dawa Party members, but Abadi appears to have greater appeal among non-Shia Arab Iraqis. Many Sunni and Shia Arab politicians, along with some minority community leaders, have expressed general opposition to the Kurdish referendum and express shared preferences for dialogue and the preservation of Iraqi sovereignty and territorial integrity. Some Iraqi Sunni and Shia leaders have expressed their support for the preservation of the Kurdistan Regional Government, presumably as a potential check on national authority and as a precedent for other potential federal regions. (See **Figure 3** below.)

During the fight against the Islamic State, some PMF leaders have sought Prime Minister Abadi's permission to join the fight against the Islamic State in Syria and/or to participate more directly in raids against IS-held strongholds. Prime Minister Abadi's resistance to and deflection of these requests has been consistent with his oft-stated desire to see Iraq's traditional security forces lead disciplined anti-IS operations and his concerns about limiting human rights abuses and sectarian political behavior. A prominent PMF role in anti-IS operations also could bolster the popularity of certain PMF factions and contribute to the political appeal and influence of their leaders. Many leading figures in Iraq speak with respect and gratitude for PMF volunteers' contributions and sacrifices in the war against the Islamic State, reflecting the movement's generally positive image among Iraqis, amid concerns about some units' human rights violations and foreign ties.

Figure 3. Iraq: Select Political and Religious Figures

Iraq: Select Political and Religious Figures	
 <p>Prime Minister Haider al Abadi Since assuming office in September 2014, Abadi has balanced the demands of the fight against the Islamic State with efforts to reform Iraq's government. A Shia Arab, Abadi replaced former prime minister Nouri al Maliki with the support of fellow Dawa Party and State of Law Coalition members. He served as Communications Minister in the 2003-4 interim government and in the Council of Representatives (COR).</p>	 <p>President Fouad Masum COR members chose Masum to succeed fellow Patriotic Union of Kurdistan (PUK) leader Jalal Talabani as president in 2014. Long active in Kurdish politics, Masum has been both a critic and supporter of Prime Minister Abadi and has worked to build consensus on advancing reform proposals. Masum was a member of Iraq's constitutional drafting committee and served as interim speaker of the COR in 2010.</p>
 <p>Council of Representatives Speaker Salim Jabouri Jabouri is a Sunni Arab and was elected on the "Diyala is our Identity" list. An April 2016 vote to remove him as COR speaker was rejected in a court ruling. Jabouri has at times been critical of Prime Minister Abadi's handling of reform and cabinet change initiatives. He has supported involving political blocs in cabinet selection, but not necessarily on an ethnic or sectarian basis.</p>	 <p>Masoud Barzani Masoud Barzani served as president of the Kurdistan Regional Government (KRG) from 2005 to 2017. His term was extended in 2013 and expired in August 2015, prompting a political crisis over his continuation in office. He leads the Kurdistan Democratic Party (KDP) and affiliated <i>peshmerga</i> forces. He was the principal sponsor and advocate for the September 2017 KRG referendum on Kurdish independence.</p>
 <p>Grand Ayatollah Ali al Sistani As the most senior, revered Shia Muslim cleric in Iraq, Sistani has played a moderating role since 2003, intervening through periodic statements to criticize corruption, discourage civil violence, and give ethical guidance to security forces. His 2014 call for citizens to defend Iraq from the Islamic State gave rise to the Popular Mobilization forces (PMF) movement. He is 87 years old and reportedly is in poor health.</p>	 <p>Ammar al Hakim Hakim's family has long played a leading role in Iraq's Shia Muslim community and the Islamic Supreme Council of Iraq (ISCI), which formed the core of the <i>Muwaten (Citizens)</i> Coalition bloc in the COR. Hakim left ISCI in July to form his own political organization—the <i>Hikmah (Wisdom)</i> National Trend. He is supportive of the PMF and has promoted a national political settlement project since late 2016.</p>
 <p>Muqtada al Sadr Sadr, the son of the late Grand Ayatollah Mohammed Sadiq al Sadr, has variously clashed with and supported leading fellow Shia figures since 2003, maneuvering to maximize his influence. Since 2014, he has advanced populist calls for reform and issued related ultimatums. His Ahrar Bloc holds 34 COR seats. Sadr has called for the PMF to be disbanded and has visited regional countries for dialogue in 2017.</p>	 <p>Hadi al Ameri As Secretary General of the Shia Badr Organization and a leader/commander in the PMF, Ameri has assumed a more prominent public profile since 2014. He and his PMF military counterpart, U.S.-designated terrorist Abu Mahdi al Muhandes, have close ties to Iran. Ameri frequently engages with other factions. He calls for preserving Iraq's territorially integrity but also has supported dialogue with Iraqi Kurds.</p>
 <p>Osama al Nujaifi Former COR speaker and Vice President Osama al Nujaifi leads the Sunni <i>Mutahidun</i> bloc, which holds 28 seats in the COR. He has been critical of Prime Minister Abadi and COR Speaker Jabouri, but did not support those seeking Jabouri's ouster in April 2016. He remains an advocate for Sunni Arab Iraqis and is active in seeking assistance for areas liberated from the Islamic State.</p>	 <p>Nouri al Maliki Former prime minister and Vice President Nouri al Maliki led Iraq's government from 2006 to 2014. A Shia Arab affiliated with the Dawa Party, Maliki opposed efforts to replace him and has remained critical of Abadi's performance. Maliki visited Moscow in late July 2017 and remains an antagonist in the eyes of many Iraqi Kurds because of past confrontations and his opposition to Kurdish referendum plans.</p>
<p>Sources: CRS, November 2017. Public domain images from Iraqi government, U.S. State Department, U.S. Defense Department, Voice of America, and other sources.</p>	

Politics and Potential Coalitions

Iraqi political leaders and parties have begun consulting and repositioning in advance of the national elections. In July 2017, Ammar al Hakim, a prominent Shia Arab politician and cleric whose family had long led the Islamic Supreme Council of Iraq (ISCI), announced the establishment of a new political movement—known as the *Hikmah* (Wisdom) National Trend. In doing so, Hakim broke with other ISCI members over reported generational and personal differences. Also in July, some Sunni leaders announced plans to coordinate under a National Forces Alliance, but the election plans and preferences of leading Sunni parties remain in flux.

Some analysts of Iraqi politics have examined the potential for cooperation in the run-up to 2018 elections between Hakim, Prime Minister Abadi, the *Wataniya* (National) Coalition of Vice President Ayad Allawi, and the movement of Shia cleric Muqtada al Sadr. Sadr has publicly supported anti-corruption and service improvement initiatives in keeping with his populist political strategy.²¹ He also continues to speak in favor of full state control of all armed forces in the country and has called for changes to electoral legislation and management that could undermine the influence of larger parties. Vice President and former prime minister Nouri al Maliki could lead a potential rival coalition, to include PMF-associated figures. The participation and orientation of Kurdish parties in the election may become more consequential, particularly if one or more of the large parties boycotts or aligns with an emergent coalition.

The Kurdistan Region of Iraq

Northern Iraq is home to an estimated population of 5.6 million Kurds, the fourth largest ethno-linguistic group in the Middle East whose nearly 30 million members span the borders of Iraq, Syria, Turkey, and Iran (**Figure 4**). The settlement of World War I and subsequent Treaty of Sevres (1920) raised hopes of Kurdish independence, but under a later treaty (Treaty of Lausanne, 1923) Kurds were left with minority status in several countries. Kurds in Iraq fought as insurgents intermittently over decades to secure their communities and exercise self-determination, facing resistance from successive Iraqi governments and interference from Turkey and Iran. An autonomy arrangement between the Kurds and the Baathist government in the 1970s failed, and the 1980s were marked by the pressures of the Iran-Iraq war and Saddam Hussein's brutal campaign against Kurdish communities, which resulted in thousands of deaths and the displacement of hundreds of thousands of Iraqi Kurds.²²

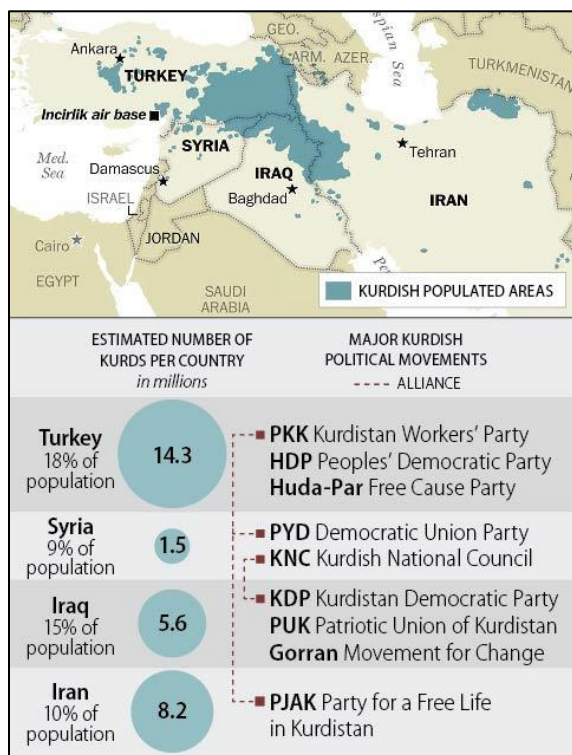
Kurdish self-government developed after the 1991 Gulf War under the protection of the no-fly zone that the United States and United Kingdom imposed over parts of northern Iraq. In 1992, Iraqi Kurds established a joint administration between Iraqi Kurdistan's two main political movements—the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK)—in areas under their control. The Kurds then held elections for a parliament, which in turn called for “the creation of a Federated State of Kurdistan in the liberated part of the country.” A subsequent breakdown in KDP-PUK power-sharing arrangements led to discord and armed conflict between 1994 and 1998. Kurdish factions resumed cooperation in the run up to the 2003

²¹ Reuters, “Baghdad's bloody protests mark resumption of Shi'ite power struggle,” February 15, 2017.

²² According to the State Department's 1989 report on human rights in Iraq, “From 1981 to 1989, the [Iraqi] Government's efforts to crush the [Kurdish] rebellion militarily resulted in approximately 8,000 deaths, many of them civilians killed indiscriminately by chemical weapons in 1988.” The report describes the Iraqi government's destruction of villages within a 30-kilometer-wide zone along the Iranian and Turkish borders and the relocation of approximately 500,000 Kurdish and Assyrian inhabitants. See S. Hrg. 101-1055, United States Policy Toward Iraq: Human Rights, Weapons Proliferation, and International Law, Senate Foreign Relations Committee, June 15, 1990.

U.S.-led invasion of Iraq, and the post-Saddam Transitional Administrative Law and 2005 Constitution formally recognized the authority of the Kurdistan Regional Government (KRG) in areas that were under Kurdish control as of March 19, 2003.

Figure 4. Kurds in Iraq and Neighboring Countries



Source: Gene Thorp/Washington Post, citing the Central Intelligence Agency; Council on Foreign Relations; adapted by CRS.

Kurdish leaders participated in the post-2003 Iraqi Governing Council, the Interim Iraqi Government, and the Transitional National Assembly, working to ensure that emerging constitutional arrangements would allow Kurds to retain autonomy and formally recognize Kurdish political and security institutions. Elections for the Kurdistan National Assembly (KNA) were held in January 2005, July 2009, and September 2013. The KNA approved a draft constitution for the KRI in 2009, but the draft has not been put forward for approval by popular referendum because of the objections of national authorities and political disputes among Kurdish parties.

The KNA indirectly selected KDP leader Masoud Barzani as KRG President in June 2005. He was directly elected in July 2009, and the KNA approved a law extending his term for two years in August 2013. Barzani refused Kurdish opposition demands that he step down following the expiration of his extended term, and the KNA did not meet from October 2015 until September 2017. Overdue parliamentary and presidential elections for the Kurdistan region were proposed for November 2017, but were delayed for eight months in the wake of the

September 2017 referendum on independence and subsequent Kurdish losses in Iraq's disputed territories. Elections in the KRG could be further derailed if relationships between and within leading Kurdish political movements breaks down further or if developments in the confrontation with Baghdad create new obstacles.

Kurdish Politics

Kurdish political movements in Iraq have alternated between collaboration and competition, at times presenting a unified front in the face of outside pressure and at times partnering with non-Kurds and non-Iraqis in pursuit of discrete agendas. The KDP is led by members of the Barzani family and has historically drawn its support from Erbil and Dohuk governorates.²³ KRG Prime Minister Nechirvan Barzani is the son of the late brother of KRG President Masoud Barzani. Masoud Barzani's son Masrour serves as Chancellor of the KRG National Security Council and director of the KRG intelligence services. The PUK has long been associated with the Talabani

²³ The late Mustafa Barzani founded the KDP and led the Iraqi Kurdish nationalist movement until his death in 1979.

family and has historically drawn its support from Suleimaniyah governorate.²⁴ The death of former Iraqi President and PUK founder Jalal Talabani has opened the question of leadership in the PUK, with Talabani's widow Hero Ibrahim Ahmed, sons, and nephews occupying important roles, and other PUK figures influencing the movement's direction.

KDP-PUK rivalries over time have been based on personal leadership, control over resources and revenue, and whether or how the Kurds should accommodate non-Kurds in Baghdad. Over time, the two factions have developed and maintained party-aligned militia forces (the KDP's 80s force of ~60,000 and the PUK's 70s force of ~48,000), which supplement forces under the KRG's Ministry of Peshmerga (~42,000 personnel).²⁵ The KDP and PUK also exercise influence over police and intelligence forces in their respective strongholds.

The *Gorran* (Change) movement emerged from the PUK in 2009 and has challenged both parties with its vocal anti-corruption and political reform advocacy. Gorran selected new leaders following the May 2017 death of its founder, Nawshirwan Mustafa. Gorran advocated for reopening the region's parliament prior to holding the advisory referendum on Kurdish independence. Also in 2017, former KRG Prime Minister Barham Salih left the PUK to form his own political movement, known as the Coalition for Democracy and Justice (CDJ). The CDJ has called for a transitional administration for the KRG amid escalating post-referendum tensions with Baghdad. In addition, smaller Kurdish Islamist movements hold seats in the KNA and in the national COR. In the 2013 KNA elections, the KDP won 38 seats, the Gorran Movement won 24 seats, the PUK won 18 seats, the Kurdistan Islamic Union won 10 seats, and the Kurdistan Islamic Group won 6 seats. The KNA reserves 11 seats for religious and ethnic minorities.

Since 2013, the KDP's insistence on its priorities and an on-again-off-again PUK-Gorran alliance have complicated Kurdish efforts to speak with a single voice in negotiations with Baghdad on a range of outstanding issues. As noted above, the KNA did not meet from October 2015 to September 2017 because of interparty disputes over the expiration of President Barzani's extended term in office, alleged mismanagement of public finances, and differences over the proper approach to take toward relations with Baghdad. KRG-Baghdad relations benefitted from positive coordination on security operations against the Islamic State, especially in Mosul. Nevertheless, they have been strained and uncertain in the aftermath of the referendum and October 2017 clashes in disputed territories.

Uncertainty and Confrontation in Iraq's Disputed Territories

Kurds and non-Kurds in Iraq have long disputed territory and resources located along a northwest-to-southeast zone that spans the country diagonally from the borders with Syria and Turkey to the border with Iran (**Figure 5**). Areas south of this zone are predominantly populated by ethnic Arabs, and areas to the north are predominantly populated by ethnic Kurds, with populations intermixed in some areas, including populations of religious and ethnic minorities such as Christians and Turkmen. Prior to 2003, recurrent periods of insurgency by Kurds in northern Iraq resulted in inconclusive agreements on partial autonomy for Kurdish areas with no durable agreement over or demarcation of respective areas of administrative control. The pre-2003 Baathist government rearranged administrative boundaries and used violence to reengineer the population of some disputed territories, at great cost to Iraq's Kurds.

²⁴ Jalal Talabani led a leftist faction of the KDP under Mustafa Barzani in the 1960s and broke with the KDP to form the PUK after the 1975 Iran-Iraq Algiers Accord ended Iranian support to a KDP-led Kurdish uprising. Talabani served as Iraq's president from 2005-2014 and suffered a debilitating stroke in 2012.

²⁵ U.S. government estimates.

Today, the city of Kirkuk and the wider, oil-rich Kirkuk Governorate are the most prominent and strategically significant of Iraq's 'disputed territories,' which also include large areas of Ninewa Governorate and areas in Erbil and Diyala Governorates. The history of struggle over these territories, the location in some disputed areas of oil and other natural resources, and the presence and demands of resident ethnic minorities such as Turkmen and religious minorities, including Shia Muslims, Yazidis, and Christians, have produced complex webs of competing claims. In many areas, these claims remain unresolved and volatile.

Under post-2003 Iraqi law, the *de jure* boundaries of the constitutionally recognized Kurdistan Region of Iraq (KRI) have not been finalized. As of June 2004, Article 53(A) of Iraq's Transitional Administrative Law (TAL) recognized the Kurdistan Regional Government (KRG) "as the official government of the territories that were administered by that government on 19 March 2003 in the governorates of Dohuk, Arbil, Sulaimaniya, Kirkuk, Diyala and Neneveh." These territories were defined in part by the *de facto* "forward line of control" that Saddam Hussein's security forces had maintained along a northwest-southeast line across northern Iraq as of March 2003. This line, though not precisely defined in law, is often referred to as 'the Green Line.' Article 117 of the 2005 Iraqi constitution recognized "the region of Kurdistan, along with its existing authorities, as a federal region." Article 143 preserved the TAL definition of the KRG.

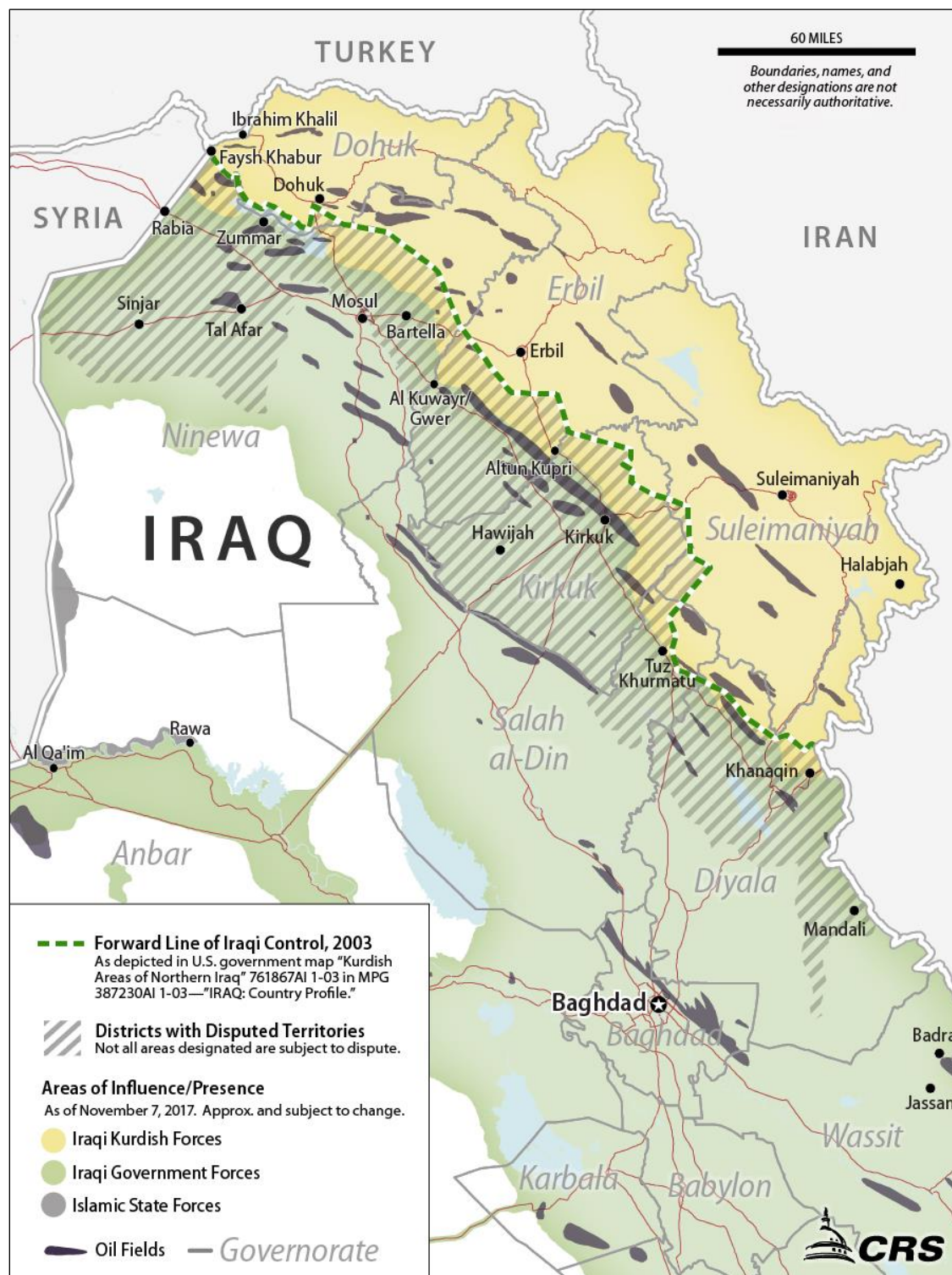
From the perspective of most Kurds, the interim *de jure* demarcation at the 2003 Green Line failed to properly return to Kurdish administrative control some territories that historically had been populated by Kurds, including areas south of the Green Line that were subject to the pre-2003 government's forced displacement campaigns and 'Arabization' policies. The *de facto* presence after 2003 of Kurdish forces in areas south of the Green Line became a source of friction among Iraqis, with some Iraqi Arabs and Turkmen questioning the legitimacy of the Kurdish presence and all sides fearing their counterparts might impose a unilateral solution.

The constitution defined a framework for the resolution of claims and questions regarding disputed territories, calling in Article 140 for "normalization," a census, and a referendum in Kirkuk and other territories on or before December 31, 2007. This deadline was not met, subsequent attempts to implement Article 140 failed, and negotiations failed to identify a viable alternative. Kurdish leaders planned, but then deferred, a constitutional referendum in July 2009 that would have asserted that several disputed territories, including Kirkuk, were part of the Kurdistan region. The United Nations Assistance Mission in Iraq (UNAMI) made significant efforts to prepare for and advance dialogue on the disputed territories, but Iraqi discussions remained open-ended. U.S. and coalition military initiatives created de-confliction mechanisms to prevent security incidents in disputed areas but these were phased out with the U.S. withdrawal.

In 2013, Kurdish authorities announced plans to move forward with the construction of new oil pipeline infrastructure that would allow the KRG to export larger quantities of oil from some fields within the KRI and disputed territories without the use of Baghdad-controlled infrastructure. By January 2014, this infrastructure was complete, and Kurdish oil exports via pipeline to Turkey grew in volume. In response, authorities in Baghdad announced they would withhold funds allocated for the KRG in the national budget, precipitating a deepening standoff.

The rapid advance of the Islamic State's forces across northwest Iraq in early 2014 soon overshadowed this dispute. Iraqi security forces withdrew southward from many of the disputed territories, and Kurdish *peshmerga* forces advanced, citing the need to establish a defensive perimeter for the rest of the KRI. This dynamic significantly altered prevailing *de facto* patterns of territorial control, placing several long-disputed territories and oil-rich areas under Kurdish control. This shift had the effect of altering expectations among some Kurds and foreign expectations about how eventual negotiations between Baghdad and the KRG regarding a *de jure* settlement of claims might proceed.

Figure 5. Iraq: Disputed Territories
Areas of Influence/Presence as of November 7, 2017



Source: CRS using ESRI, United Nations OCHA, IHS Markit, and U.S. government data.

Notes: 'Districts with Disputed Territories' are districts and sub-districts identified in Article 2 of the draft constitution adopted by the Kurdistan National Assembly on June 24, 2009.

From 2014 through mid-2017, Kurdish and Iraqi officials continued to treat the final status of disputed territories as formally undecided, and most leaders expressed preferences for a negotiated settlement of territorial claims. Some Kurdish figures made statements implying that KRG forces would not relinquish areas gained after 2014, while some non-Kurdish Iraqis demanded that the national government take action to reverse post-2014 changes. The June 2017 announcement by Kurdish leaders of their decision to hold a referendum on independence including in disputed territories concentrated the attention of Iraqis and outsiders on related questions. Kurdish leaders explained their decision to pursue the referendum in part as a response to what they described as the failure to implement Article 140 and other elements of the constitution they view as granting the KRG authority it has been denied.

U.S. and U.N. officials engaged with Kurdish officials to emphasize their opposition to the timing of the referendum and the idea of holding it in disputed territories, and ultimately called for the referendum to be cancelled. As noted above, the referendum was held on September 25, and, in its wake, Iraqi national government officials moved to reassert national government authority over the border crossings and air space of the KRI.

In October 2017, the Iraqi government moved to reassert security control in areas of the disputed territories that had been held by national forces prior to the Islamic State's advance. Rapid changes in territorial control followed, and important oil fields and infrastructure that had been under Kurdish control from 2014 through September 2017 have been retaken by national government forces. The area near the Syria-Iraq-Turkey tri-border at Faysh Khabour has emerged as an area of particular attention and concern, especially because Kurdish oil export pipeline infrastructure transits the area.

U.S. officials continue to encourage Kurds and other Iraqis to engage on outstanding issues of dispute and to avoid unilateral military actions that could further destabilize the situation. U.S. official statements on the disputed territories and recent developments have emphasized that recent changes in territorial control do not alter the U.S. position on the underlying status of the disputed territories: namely, that they remain disputed as a *de jure* matter and that their status and security and administrative arrangements within them should be determined through consultation pursuant to the Iraqi constitution. Past U.N., Iraqi, and Kurdish efforts to document and investigate territorial claims provide a detailed factual basis for such consultation and dialogue.

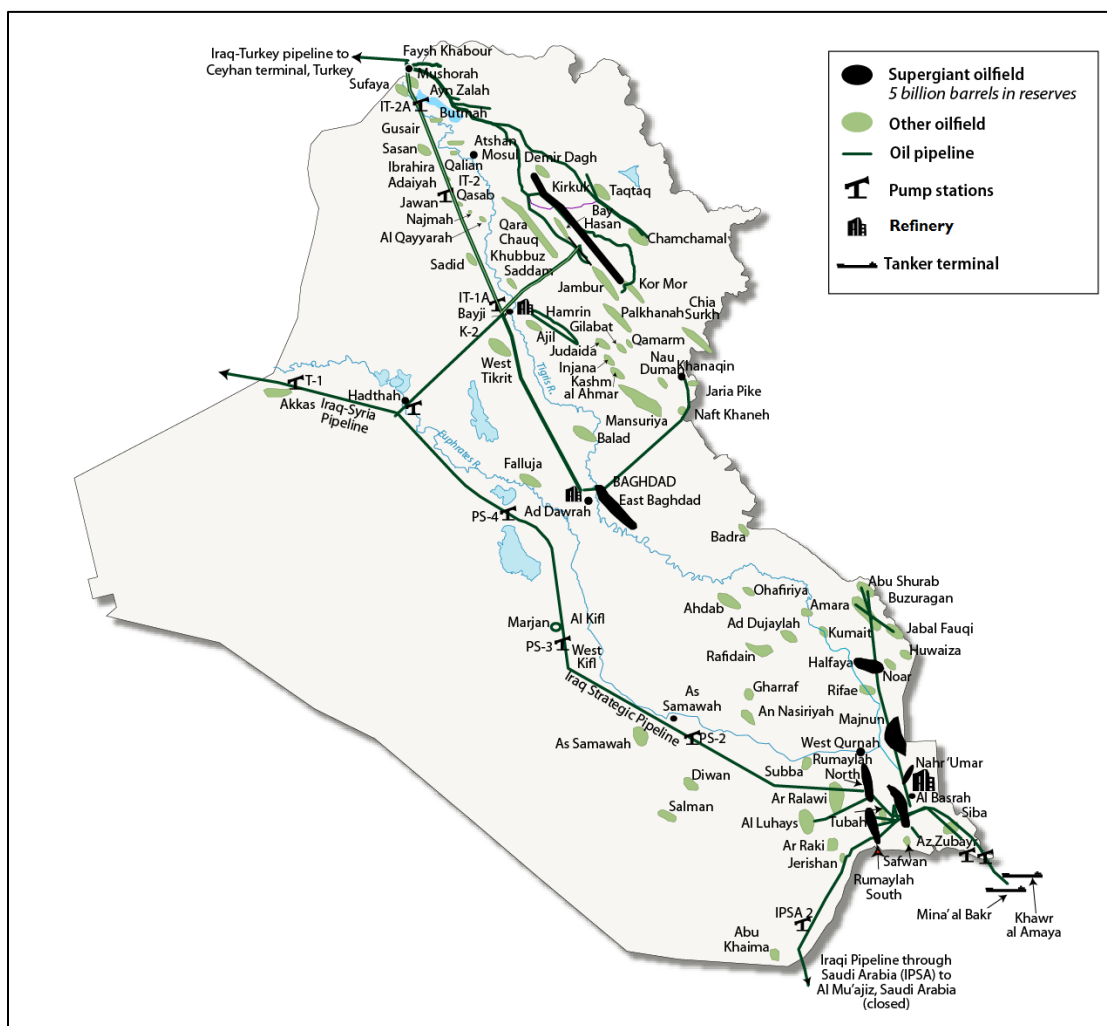
Energy Resources

Iraq's ample reserves of oil and natural gas have produced significant wealth for the country but remain subject to ongoing political competition and dispute. According to the *Oil and Gas Journal*, Iraq has 143 billion barrels of proven oil reserves, the world's fifth-largest and 9% of overall global proved reserves.²⁶ The uneven geographic distribution of Iraq's energy resources increases their political sensitivity. Proven oil reserves are concentrated largely (65% or more) in southern Iraq, particularly in the southernmost governorate of Basra, with other large fields located in northeastern Iraq near the disputed city of Kirkuk (**Figure 6**). Since 2003, KRG-Baghdad oil disputes have remained closely tied to questions about the political future of KRG-administered areas and control of disputed territories, including oil-rich areas of Kirkuk province that were occupied by KRG forces since 2014 and that have now been largely retaken by national forces. Kurdish efforts to independently develop and export oil resources in areas under KRG control have been pursued in accordance with the KRG's reading of the Iraqi constitution, but

²⁶ Oil and Gas Journal, "Worldwide Look at Reserves and Production," January 1, 2016.

have been rejected by successive administrations in Baghdad. Meanwhile, predominantly Arab-populated provinces in Iraq's oil-rich south have sought guarantees that the export of locally produced oil will result in dedicated local funding, and oil-poor areas elsewhere have sought assurances that their needs will be met by shared revenues.

Figure 6. Location of Iraq's Oil Reserves and Infrastructure



Source: Adapted by CRS from U.S. Energy Information Administration (EIA), Iraq Energy Situation Analysis Report, June 26, 2003.

Fiscal Challenges and Economic Conditions

The fiscal crises that are straining the public finances of the national government and the KRG amplify the pressure on leaders working to address the country's security and political challenges. On a national basis, the combined effects of lower global oil prices, expansive public sector liabilities, and the costs of the military campaign against the Islamic State have created budget deficits—estimated at 12% of GDP in 2015 and 14% of GDP in 2016.²⁷ The IMF estimates Iraq's

²⁷ IMF Country Report No. 17/251, Iraq: Second Review of the Three-Year Stand-By Arrangement, August 2017.

2017-2018 financing needs at 19% of GDP. Oil exports continue to provide nearly 90% of public sector revenue in Iraq, while non-oil sector growth has been hindered over time by insecurity, weak service delivery, and corruption. Iraq's oil production and exports increased in 2016, but fluctuations in oil prices undermined revenue gains, and Iraq has since agreed to manage its overall oil production in line with mutually agreed OPEC output limits. In July 2017, Iraq exported an average of 3.2 million barrels per day (mbd, excluding Kurdish exports) at an average price of \$43.80 per barrel, below the amended July 2017 budget's assumed oil export price of \$45.3 per barrel and 3.75 mbd export assumption.²⁸ The IMF projects modest GDP growth over the next five years and expects growth to be stronger in the non-oil sector if Iraq's implementation of agreed measures continues as oil output and exports plateau.

IMF Stand-by Arrangement

To date, the national government has financed budget gaps through a mix of spending cuts, other austerity measures, currency reserve drawdowns, accumulation of arrears, and domestic and international borrowing. In July 2016, the International Monetary Fund (IMF) approved a \$5.34 billion Standby Arrangement for Iraq, following \$1.24 billion in Rapid Financing Instrument assistance provided in 2015 to meet pressing government needs.²⁹ The IMF arrangement reflects Iraqi commitments to maintain support for internally displaced persons and other public support recipients and includes policy commitments to further reduce public sector outlays, even after substantial salary cuts and price hikes drew protests from Iraqis in 2015. The IMF arrangement was intended in part to boost the confidence of donor governments and private lenders who had remained relatively reluctant to extend financing to Iraq on affordable terms. It has helped Iraq attract additional foreign financing as planned, supplemented by U.S. loan guarantees and technical assistance. In January 2017, Iraq offered a \$1 billion, U.S.-guaranteed five-year sovereign bond and raised an additional \$1 billion in a July 2017 independent bond offering.³⁰

In August 2017, the IMF described Iraqi performance under the arrangement as "weak in some key areas" but noted that "understandings have been reached on sufficient corrective actions to keep the program on track" and argued that "resolute implementation of the authorities' program, together with strong international support, will be key."³¹ The COR adopted an amendment to the 2017 budget in July, lowering spending further and making other changes requested by the IMF. The most recent IMF review emphasized the need for further fiscal belt tightening, growth in non-oil revenues, reform of the electricity sector, and improvements in public sector financial management. According to the review, Iraqi authorities

agreed that the oil price outlook left no other choice but to contain spending to maintain fiscal and external sustainability. The adjustment process will need to be designed and implemented in a way that considers the spending pressures flowing from the war against ISIS, the internally displaced population, the vast investment needs of the country, and the parliamentary elections in 2018.³²

²⁸ Ministry of Oil data in Reuters, "Iraq's July oil exports dip on lack of shipments from Kirkuk," August 1, 2017.

²⁹ See IMF Country Report No. 17/251, 017 Article IV Consultation and Second Review under the Three-Year Stand-by Arrangement, August 2017.

³⁰ USAID, Government of Iraq Issues \$1 Billion Sovereign Bond with U.S. Guarantee, January 18, 2017; and, Thomas Hale, "Investors rush to buy Iraq's first independent bond," Financial Times (UK), August 2, 2017.

³¹ IMF Press Release 17/311, IMF Executive Board Completes Second Review of Iraq's Stand-By Arrangement and the 2017 Article IV Consultation, August 1, 2017.

³² IMF Country Report No. 17/251, Iraq: Second Review of the Three-Year Stand-By Arrangement, August 2017.

Fiscal Issues in the Kurdistan Region

The Kurdistan Region of Iraq (KRI) has faced economic and fiscal pressure in recent years, in spite of its reputation as a relatively attractive market and destination for investment in Iraq. In early 2014, then-Prime Minister Maliki responded to the KRG's decision to produce and export ~500,000 barrels per day of oil without Baghdad's approval by withholding the Kurdistan Regional Government's (KRG) share of the Iraqi national budget. Officials from the KRG and national government reached revenue sharing and production agreements in 2015 and 2016, but disputes over exports, the September 2017 referendum, and security have stalled their implementation. Oil produced in areas under Kurdish control, including in disputed territories, transits pipelines northwestward through Turkey and eastward via truck to Iran. Iraqi government efforts to assert control over border crossing points between the Kurdistan region in the wake of the referendum directly affect the KRI's potential for economic independence, particularly in far northwestern Iraq, where important road and pipeline infrastructure crosses into Turkey.

Budget withholdings by Baghdad since 2014 have contributed to a fiscal and economic crisis in the KRI. Public sector salaries essential to a majority of the working-age Kurdish population have been delayed for months at a time; the KRG has been unable to meet higher salary and supply costs associated with the war against the Islamic State. Billions in unpaid salaries and other public sector obligations have accrued as arrears. The fiscal crisis has contributed to intra-Kurdish political tensions, with factions splitting over the national parliament's adoption of the 2017 budget law.³³ The confrontation between Baghdad and the KRG over disputed territories and border control in October and November 2017 has widened the gap between the parties on fiscal issues. Prime Minister Abadi has offered to pay the salaries of KRG public sector employees while questioning the validity of the civil service lists submitted by KRG authorities. As in the rest of Iraq, the presence of so-called "ghost employees" on KRG civil service lists has long been reported.

U.S. assistance to the Kurds has helped bridge the region's fiscal gap, but prospects for further U.S. budget support may be shaped by the status of Baghdad-KRG consultations and confrontations. In July 2016, the United States and the KRG signed an agreement (with Baghdad's approval) governing the provision of more than \$480 million in U.S. financial and material assistance specifically to support the *peshmerga*. A follow-on agreement for the renewal of the stipend arrangement has been delayed in light of Baghdad-KRG differences over the September 2017 referendum and the control of disputed territories.

Humanitarian Conditions

Since August 2014, the United Nations has designated the situation in Iraq as a Level Three emergency, its designation for "the most severe, large-scale humanitarian crises." Conflict and terrorist violence in Iraq have created long-running displacement crises, with the International Organization for Migration (IOM) estimating that 11 million Iraqis were in need of some form of humanitarian assistance as of October 2017.³⁴ More than 5.4 million Iraqis have been displaced since 2014, and 2.1 million have returned to their home districts.³⁵ Displacement in Iraq was

³³ The KDP opposed 2017 budget provisions that would require the KRG to jointly export 550,000 barrels per day of oil under the auspices of Iraq's State Oil Marketing Organization (SOMO) as a condition for the transfer of KRG civil service salaries. PUK and Gorran members of the COR supported the 2017 budget law.

³⁴ U.N. Document S/2017/881, Report of the Secretary-General pursuant to Resolution 2367 (2017), October 19, 2017.

³⁵ U.N. Document S/2017/881, Report of the Secretary-General pursuant to Resolution 2367 (2017), October 19, 2017.

concentrated in northern areas for most of 2017, amid Iraqi and coalition military operations against the Islamic State in and around the city of Mosul and elsewhere in Ninewa, Salah al-Din, and Kirkuk Governorates. Of the more than 1 million people estimated to have been displaced after the start of operations in Mosul in October 2016, approximately 72% remained displaced in mid-October 2017.³⁶

During his March 2017 visit to Washington, DC, Iraqi Prime Minister Haider al Abadi reviewed progress in Iraq's campaign against the Islamic State and appealed for U.S. and international aid to help meet Iraq's short term humanitarian needs and longer term stabilization and reconstruction costs. The multilateral 2017 Humanitarian Response Plan appeal for Iraq sought \$984.6 million, of which \$717 million or 72.8% had been received as of November 16, 2017.³⁷ According to the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), the "full cost of the aggregate humanitarian needs of 11 million Iraqis is estimated at well over U.S. \$3 billion."³⁸

Iraqi authorities and international organizations are working to assist civilians across the country, including non-Iraqi refugees and the families and communities that host and have hosted IDPs and refugees during years of conflict. This includes more than 244,000 registered Syrian refugees in Iraq, more than 95% of whom are located in the KRI. The appeal for the Iraq component of the 2017-2018 Regional Refugee and Resilience Plan (3RP) in response to the Syria crisis requested \$228.1 million, of which \$122.3 million (53.6%) had been received as of November 16, 2017.³⁹

Interrelated security, political, economic, social, and health challenges complicate assistance efforts and the viability of civilians' attempts to return home. In northern Iraq, several persistent obstacles to the return and reintegration of Iraqi IDPs include ongoing conflict, a lack of security and services in cleared areas, endemic levels of unexploded ordnance, fear of reprisal, and destruction of private property and public infrastructure. Among returning individuals and their neighbors, localized tensions may flare regarding property disputes and damage, politics, economic opportunities, and accountability for alleged crimes. National politics also may intrude, with some local communities finding themselves on the front lines of broader national and international disputes over territory, resources, and security.

Families of confirmed or suspected Islamic State members also face unique challenges, as Iraqi authorities seek to isolate potential security threats and family members face scrutiny, hostility, extrajudicial violence, and/or expulsion from their homes. Human rights organizations have expressed concern about the isolation of confirmed or suspected IS family members in "rehabilitation camps," and United Nations officials have warned that individuals indirectly associated or accused of affiliation with the Islamic State may be targeted in revenge attacks.

Conditions in the Kurdistan Region

According to the IOM, as of October 31, 2017, more than 925,000 IDPs were present in Dohuk, Erbil, and Suleimaniyah Governorates, the principal territories of the KRI.⁴⁰ This includes more

³⁶ For detailed analysis of the IDP situation in Iraq, see International Organization for Migration (IOM)-Iraq Mission, Integrated Location Assessment: Part 1 – Thematic Overview and Part 2 – Governorate Profiles, March 2017. For a focus on Mosul displacement, see IOM, Mosul Crisis: Population Movements Analysis (October 2016 to June 2017), July 2017; and, IOM, Displacement Tracking Matrix, Displacement Timeline from 17 October, October 18, 2017.

³⁷ United Nations Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service.

³⁸ IOM, Iraq Crisis Funding Appeal, January - December 2017.

³⁹ United Nations Office for the Coordination of Humanitarian Affairs (OCHA) Financial Tracking Service.

⁴⁰ Statistics and reporting regarding IDPs is derived from IOM-Iraq Mission, Displacement Tracking Matrix Round 82, October 2017; and, Integrated Location Assessment: Part 1 – Thematic Overview and Part 2 – Governorate Profiles, (continued...)

than 184,000 persons displaced after disputed territories changed hands between KRG and national forces in October 2017. More than 263,000 additional IDPs are present in Kirkuk Governorate, which is jointly administered by Kurdish and national forces. KRG officials estimate that the annual cost of hosting IDPs and refugees is approximately \$1.4 billion per year, inclusive of costs to KRG infrastructure. IOM reporting in 2017 has suggested that IDPs present in the KRI are generally positive about security and social conditions but face economic strains, limited services, unemployment, and language barriers in some areas. The United States provides humanitarian assistance for programs in the KRI, with approximately \$175 million in FY2016 funding having been directed for KRI-based humanitarian responses and comparable FY2017 funding planned.

Conditions for Minority Groups

Members of religious and ethnic minority groups, including various Iraqi Christian communities and Yezidis, face added difficulties because their communities have been violently targeted by the Islamic State since 2014 and because they lack the resources and capacity for protection that have allowed some other groups to return home. In March 2017, the IOM reported that “while Arab Sunni and Arab Shia Muslims, Kurdish Sunni and Turkmen Sunni Muslims have significantly returned home, Shabak Shia Muslims, Kurdish Yazidis, Chaldean Christians and other minorities remain displaced across Iraq.”⁴¹

Minorities who previously had fled from violence elsewhere in the country to northern Iraq, including to Ninewa Governorate and the Ninewa Plain region, in some cases have suffered multiple displacements as a result of the Islamic State conflict.⁴² While Iraq’s national leaders have insisted that security forces prioritize civilian protection and adopt a non-sectarian approach, reports suggest that some civilians, including some minority group members, have suffered at times from instances of sectarian intimidation and/or violence at the hands of local or extra-local forces, including militias.⁴³ The concentration of many minority communities in areas subject to territorial and security disputes adds to their vulnerability to violence and political intimidation. The relative movements of national and KRG forces in disputed territories since October 2017 have heightened the concerns of some communities, and renewed clashes between national and KRG forces could lead to deteriorating security for minority communities in some areas.

After the Islamic State: Security and Stabilization

With major combat operations against the Islamic State reaching their conclusion in Iraq, officials and observers are directing greater attention toward questions of security and stability in areas retaken from the group. Concerns for the immediate future focus on defending against an expected terrorism and low level insurgent campaign by the Islamic State’s surviving supporters to demonstrate their persistence. In the context of these concerns, Iraqi officials and foreign

(...continued)

March 2017.

⁴¹ IOM-Iraq Mission, Integrated Location Assessment Part 1 – Thematic Overview, March 2017.

⁴² Ninewa Governorate and the Ninewa Plain also are referred to as *Nineveh* Governorate and the *Nineveh* Plain. The Arabic spelling and pronunciation is Ninewa, and pronunciations of the Kurdish and Syriac names mirror the Arabic. The alternate English transliteration *Nineveh* is a historical reference to the ancient Assyrian city of the same name, the Latin word for which was *Ninive*. According to the Oxford English Dictionary, English usage evolved from Ninive to Nineveh in the 17th century.

⁴³ UNAMI, “UN Expresses Concern about Reports of Violence in Tuz Khurmatu, in Kirkuk,” October 19, 2017.

donors are supporting a range of stabilization programs designed to help communities reestablish damaged infrastructure, protect public health, provide economic opportunities, and overcome disputes that emerged or were exacerbated by the rise of the Islamic State. More broadly, the State Department continues to warn of significant terrorism and crime risks throughout Iraq and identifies Iran-backed militias as a threat to U.S. personnel and interests.

Fighting has damaged formerly IS-held towns and cities, and in some cases, such as Ramadi and Mosul, large areas of key population centers have been destroyed and rendered temporarily uninhabitable. Retreating IS fighters have left behind booby-trapped houses and neighborhoods, mined essential farmland and roads with IEDs, and exploited ties with locals established during their occupation to carry out retaliatory post-withdrawal terrorist attacks. Unexploded ordnance, corpses, and disrupted water and power infrastructure continue to delay the prompt return of displaced civilians. Destruction, damaged infrastructure, and explosive remnants of war are expected to impose costs on Iraqi communities for years to come.

In spite of these challenges, some polling suggests that Iraqis broadly feel the security situation has improved since early 2016, although terrorist attacks in Baghdad and other cities have resulted in criticism of the Iraqi government's performance and led to leadership reorganizations.⁴⁴ The intense focus of regular security forces on operations against the Islamic State reportedly has created space for militia groups and criminal organizations to assert themselves and disrupt security in areas far from the front lines, especially in far southern Iraq near Basra. National elections planned for early 2018 are creating an environment in which security incidents and trends may take on added political significance, as leaders compete for the confidence and support of the Iraqi public.

In areas of Anbar, Salah al-Din, and Ninewa governorates where the Islamic State has receded, Iraqis are working to overcome resettlement, reconstruction, service delivery, governance, and security force integration challenges. In many instances this involves simultaneously working to combat IS re-infiltration, repair damaged infrastructure, administer an overburdened criminal justice system, and root out corruption. Reports from different communities suggest that recovery is underway, but progress is uneven and the concerns of some local groups are not being addressed by local and national authorities.

Iraqi officials have emphasized the importance of securing reclaimed communities and delivering immediate assistance to restore essential services and provide employment.⁴⁵ The availability of water and electricity services and the quality of road, health, and education infrastructure was uneven in many affected areas prior to the Islamic State's advance, and the effects of conflict have raised the costs and potential importance of needed improvements.

Complex local reconciliation efforts also may be required in areas where the rate of return lags for political or social reasons. Struggles to overcome divisive suspicions and build trust among local populations and national groups may prove more lasting and challenging than the physical battle against the Islamic State's forces, requiring sustained commitment from Iraqis and their leaders at all levels and presenting fewer obvious opportunities for direct and effective foreign involvement.

⁴⁴ National Democratic Institute (NDI) Improved Security Provides Opening for Cooperation in Iraq: March to April 2017 Survey Findings, June 7, 2017.

⁴⁵ Viola Gienger, "Iraqi Foreign Minister Appeals for Post-ISIS Aid," USIP, July 19, 2016.

Issues for the 115th Congress

U.S. Strategy and Engagement

Iraq's strategic location, its potential, and its diverse population's ties to neighboring countries underlie its enduring importance to U.S. national security policymakers. In general, U.S. engagement with Iraqis since 2011 has sought to reinforce Iraqi unity and avoid fragmentation. At the same time, successive Administrations have sought to keep direct U.S. military involvement and investment minimal relative to the 2003-2011 era, pursuing U.S. interests primarily through partnership with various entities in Iraq and the development of those partners' capabilities.

Results have been mixed. The collapse of portions of the U.S.-trained and equipped Iraqi army in the face of the Islamic State's assault in 2014 coincided with the paralysis of the country's post-2003 identity-based political order and led to the need for renewed U.S. military intervention to support beleaguered government forces. Since 2014, the United States has increased its direct involvement in Iraq in response to the Islamic State's resurgence but successive Administrations have maintained a modest military presence and favored working by, with, and through Iraq's national government and other partners. Some sub-state groups such as the Kurdish *peshmerga* and Sunni militia have proven to be valuable U.S. partners in the fight against the Islamic State. Nevertheless, U.S. preferences for limited direct involvement and assistance to partners arguably has created incentives and opportunities for sub-state actors, including Iran-backed Shia militia groups, to become more powerful than they otherwise might have.

Over time, some Iraqis have criticized some U.S. legislative proposals and executive branch initiatives that they view as undermining Iraq's sovereignty by setting conditions on assistance or as weakening Iraq's national unity by strengthening sub-state groups. Some anti-U.S. Shia figures accuse the United States of having supported the rise and resurgence of the Islamic State as an excuse to re-intervene and weaken Iraq's ties to neighboring Iran. Other Iraqis oppose U.S. support to Kurdish forces and the KRG and U.S. support for Iraqi government decentralization initiatives based on their concern for preserving Iraq's territorial integrity and the strength of its national government. These various views are rooted in competing Iraqi visions for their government and for Iraq's relations with its neighbors and other foreign governments.

The Trump Administration, like its predecessors, has articulated a vision for U.S. engagement in which U.S. assistance supports the initiatives of the national government in a politically, economically, and territorially integrated Iraq. Legislation before 115th Congress reflects the Administration's overarching commitment to work with and through Iraq's national government, while seeking to ensure or promote the protection and provision of aid to some specific sub-state groups, including Kurds, Sunni Arabs, and religious and ethnic minorities. Congress is engaged in oversight of U.S. programs and is directing the executive branch to provide new reporting on its plans and intentions in Iraq.⁴⁶

U.S. grant assistance to Iraq has increased in conjunction with the Islamic State crisis and Iraq's fiscal crises since 2014, but assumptions about the longer term structure of U.S. assistance to Iraq do not appear to have changed. The Trump Administration's FY2018 budget requests for Iraq continue an established pattern of proposing a mix of loan and grant assistance, in addition to U.S. military operations and training funding. This approach reflects legislative-executive

⁴⁶ The joint explanatory statement accompanying the conference report on the FY2018 NDAA directs the executive branch to submit a comprehensive strategy report on Iraq. No deadline for submission is included.

consensus that since Iraq is a major oil exporter, it should be relatively financially self-sufficient over the long term, limiting the need for U.S. grant assistance and making the use of loans and sales-based security cooperation more appropriate.

Defeating the Islamic State and Defining Future Security Partnership

U.S. military operations against Islamic State targets in Iraq continue at the request of and with the permission of the Iraqi government. As remaining IS strongholds are retaken, policymakers are shifting toward consideration of a redefined U.S.-Iraqi security partnership that allows for U.S. counterterrorism assistance and provides for training and advice to consolidate and extend improvements in the management and performance of Iraqi forces. Secretary of Defense Mattis reportedly has discussed terms for a continued U.S. training presence with Iraqi counterparts during visits in 2017.⁴⁷ In July, Vice Chairman of the Joint Chiefs of Staff General Paul Selva said in congressional testimony that “if the Iraqis will agree, we will likely need to do continued advising and assisting and training of Iraqi security forces.”⁴⁸

The Trump Administration considers current U.S. military operations in Iraq to be authorized by the 2001 Authorization for Use of Military Force and the 2002 Authorization for Use of Military Force in Iraq. It is unclear whether the Trump Administration envisions a partnership with Iraq that would allow U.S. forces to conduct their own counterterrorism or limited military strike missions inside Iraq after the defeat of the Islamic State’s remaining force concentrations. As noted above, the U.S. military presence in Iraq is governed by an exchange of diplomatic notes that reference the security provisions of the 2008 bilateral Strategic Framework Agreement.⁴⁹ This arrangement has not required approval of a separate security agreement by Iraq’s Council of Representatives.

As Iraqis debate issues in the run-up to planned 2018 elections, candidates seeking to strengthen their nationalist credentials or undermine rivals may grow more critical of the presence of foreign military forces, including U.S. forces. Some Iraqis, including Shia militia groups with ties to Iran, remain highly critical of the U.S. presence in Iraq and periodically threaten to attack U.S. military and diplomatic personnel.

Relations with the Kurdistan Region and other Subnational Entities

The United States protected Kurdish-populated areas of northern Iraq as they developed autonomous political institutions in the 1990s, with U.S. ground forces temporarily crossing the Turkish border to deter the Iraqi military and provide relief followed by U.S. and coalition air forces imposing a no-fly zone north of the 36th parallel (Operations Provide Comfort I and II and Northern Watch). From 2003 to 2011, U.S. diplomats and military personnel supported the emergence of the new political order that formalized recognition of the Kurdistan Region in Iraq’s constitution and sought to defuse emergent tensions between Kurds and other Iraqis over security, territory, resources, and authority.

⁴⁷ Qassim Abdul-Zahra, The Associated Press and Bradley Klapper, “Mattis in talks to keep ‘several thousand’ US troops in Iraq after ISIS,” *Military Times*, May 4, 2017.

⁴⁸ Gen. Paul Selva (USAF), Testimony before the Senate Armed Services Committee, July 7, 2017.

⁴⁹ Section III of the agreement concerning “Defense and Security Cooperation” states: “In order to strengthen security and stability in Iraq, and thereby contribute to international peace and stability, and to enhance the ability of the Republic of Iraq to deter all threats against its sovereignty, security, and territorial integrity, the Parties shall continue to foster close cooperation concerning defense and security arrangements without prejudice to Iraqi sovereignty over its land, sea, and air territory.”

Since 2014, the KRG, Kurdish security forces, and other subnational entities such as Sunni tribal militia have benefitted from U.S. economic and security assistance with Iraqi government approval and in line with congressional directives. As the KRG prepared for the September 25 advisory referendum on independence, latent Iraqi sensitivities about the KRG's foreign ties and activities became more pronounced. In parallel, U.S. opposition to the referendum and U.S. endorsement of the national government's security control in some disputed areas also appears to have revived Kurdish concerns about the durability of U.S. commitments to Kurdish security and U.S. security ties to Iraq.

Iraqi officials have not yet publicly expressed concern about U.S. security assistance to Kurdish *peshmerga* forces, but may do so if relations between the KRG and the national government deteriorate further. Under such circumstances, the government of Iraq might seek to place limitations on the delivery of U.S. assistance or otherwise seek to place conditions on the continued presence and operations of U.S. military or diplomatic personnel in the country. Other subnational entities (such as religious minority groups) also may continue to seek congressional support for the inclusion of legislative provisions directing the provision of assistance to them and/or the inclusion of additional conditions and reporting requirements on assistance provided to the national government of Iraq.

To date, the United States has emphasized the importance of providing support to inclusive security forces under central government command, maintained support for forces affiliated with the KRG on these terms, and sought to preserve Iraq's political and territorial unity pursuant to its constitution. The Trump Administration has given no public indication that this position could change. Appropriations legislation for FY2017 (P.L. 115-31) includes provisions encouraging and directing the use of security and foreign assistance funding in the KRI and among minority populations in Iraq (see below). The executive branch has obtained commitments from Iraq's government regarding sharing of the proceeds of U.S.-guaranteed loan financing among all Iraqis, including citizens in the KRI.⁵⁰

In 2016, Congress also conditionally authorized the potential provision of U.S. security assistance directly to sub-state forces in Iraq “for the purpose of supporting international coalition efforts against ISIL” if the president finds and reports to Congress that the Iraqi government “has failed to take substantial action to increase political inclusiveness, address the grievances of ethnic and sectarian minorities, and enhance minority integration in the political and military structures in Iraq.”⁵¹ The Obama Administration submitted a related required report to Congress in December 2016 stating that the Iraqi government had taken meaningful steps toward integrating minorities into military and political structures and was governing more inclusively.

⁵⁰ Section 205 of the December 2016 continuing resolution (P.L. 114-254) says the Secretary of State should obtain a commitment from Iraq to make available the proceeds of U.S. guaranteed financing for “regions and governorates, including the Kurdistan Region of Iraq, in a manner consistent with the principles of equitable share of national revenues contained in clause ‘Third’ of Article 121 of the Constitution of Iraq.” That article states: “Regions and governorates shall be allocated an equitable share of the national revenues sufficient to discharge their responsibilities and duties, but having regard to their resources, needs, and the percentage of their population.” P.L. 114-254 required the executive branch to provide a detailed notification to congressional appropriators including an assessment of whether proposed U.S. loan guarantees support “the constitutional principles of equitable share of national revenues to regions and governorates, including the Kurdistan Region of Iraq.” The Obama Administration delivered a related required report to the House and Senate Committees on Appropriations in January 2017. Prior to the referendum and disputed territories confrontations, the Iraqi government had approved the use of \$200 million from its U.S.-subsidized FY2016 Foreign Military Financing (FMF) loan for the purchase of equipment for the peshmerga.

⁵¹ Specifically, Section 1223(e) of the FY2016 National Defense Authorization Act (P.L. 114-92) amended the underlying authority for the Iraq Train and Equip Program (Section 1236 of the P.L. 113-291) to this effect.

Iran's Relationship with Iraq

Iran's security interests continue to dictate a close interest in Iraq's regional orientation and foreign policies, and Iran's current leadership actively seeks to shape developments in Iraq for ideological and strategic reasons. Close cultural and religious ties have linked communities in what is now Iran with predominantly Shia areas of what is now southern Iraq for centuries. Southern Iraq is home to several historical sites and shrines of importance to Shia Muslims, and transnationally prominent Shia clerics are based in Najaf, a major Shia theological center. Iraq's Shia Arab majority shares religious ties with Iran's majority Shia population, but believers in the two countries differ in their associations with individual religious leaders and over the role of religious leaders in governing. Some Iraqi Shia embrace the Islamic Republic of Iran's *velayat-e-faqih* (rule of the jurisprudent) theory of religious governance, even though most prominent senior Iraq-based Shia clerics and their followers do not support the Iranian model. Iranian relations with parties and leaders in the Kurdistan Region of Iraq have played a role in Iran's competition for regional influence with Turkey and in its management of its own Kurdish minority population.

State-to-state confrontation characterized Iraq-Iran ties for much of the last 40 years, and the two countries fought a destructive, nearly decade-long war during the 1980s. Patronage relationships between the Islamic Republic of Iran and several Iraqi Shia parties and leaders date to the Saddam Hussein era, when Iran hosted and supported several Iraqi Shia oppositionists. Since Saddam's ouster in 2003, Iran's influence in Iraq has grown through new state-to-state ties and through new and legacy partnerships with select Iraqi politicians and militia groups, not all of whom are Shia. Iran has supported armed groups in post-Saddam Iraq, including some groups that attacked and killed U.S. personnel during the 2003-2011 U.S. military presence and that U.S. officials describe as continuing threats to U.S. personnel and interests. Since 2011, new energy production and commercial links have helped to bind the two countries, and Iran has used Iraqi fighters and territory to bolster its own support for the Asad government in Syria.

Iranian leaders responded quickly to the Islamic State's summer 2014 offensive, sending weapons and advisors to Iraq while post-election leadership negotiations among Iraqis were still ongoing. Senior Iraqi officials, including Prime Minister Abadi, praise Iran for supporting Baghdad in its war against the Islamic State since 2014, even as some also express concern about Iranian influence and support to some armed sub-state groups. Iraqi security officials acknowledge the presence in Iraq of Iranian advisers and rhetorically equate the presence of Iranian personnel with the presence of other countries' advisors as invited and officially approved guests of the sovereign Iraqi government. Intermittent public appearances in Iraq by Iran's Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) commander, Major General Qassem Soleimani in Iraq have drawn attention, and some Iraqis, including some Iraqi Shia, vocally oppose what they decry as undue Iranian interference or attempts to assert hegemony.

To date, Prime Minister Abadi and other Iraqis have rejected requests by some Iran-linked militia leaders and fighters to formally pursue the fight against the Islamic State across Iraq's western border in Syria. Nevertheless, a number of Iran-backed Iraqi militias have fought without the Iraqi government's permission in Syria since 2012. Prime Minister Abadi maintains an open and frank dialogue with his Iranian counterparts and welcomes approved formal Iranian security support for Iraq, but articulates a vision for Iraq that seeks positive relations with neighbors and aims at mitigating the negative effects of cross-border entanglements and regional rivalries.

Iran-Backed Militias in Iraq and Iraq's Popular Mobilization Forces (PMF)

The mobilization of tens of thousands of Iraqi Shia volunteers in response to a 2014 fatwa by Grand Ayatollah Ali al Sistani contributed directly to halting the Islamic State's rapid advance toward Baghdad, but the subsequent development and performance of volunteer militias has raised questions about their missions and future. In particular, some observers have highlighted the fact that some elements of the Popular Mobilization Forces (PMF) movement that organized in response to Sistani's call include Shia militias that receive or have received Iranian support. Successive Iranian regimes have intermittently supported armed actors inside Iraq for decades, and the government of the Islamic Republic of Iran hosted, trained, and armed groups opposed to Saddam Hussein's government and actively supported armed Shia militia groups after 2003. According to the U.S. State Department, "Many of Iraq's armed Shia groups are backed by Iran, including *Kata'ib Hizballah* [KH, Party of God Battalions], *Asa'ib Ahl al-Haq* [AAH, League of the Righteous], and the Badr Organization."⁵² Groups such as *Kata'ib Jund al Imam*, *Harakat Hezbollah al Nujaba*, *Kata'ib Imam Ali*, and *Kata'ib Sayyid al Shuhada* also are reported to benefit from Iranian support.

While PMF fighters have helped turn back the Islamic State's onslaught since 2014, within the PMF and its administrative Commission (PMC), Iran-linked leaders and militias continue to work alongside more independent Iraqi Shia formations and non-Shia militias. Badr Organization commander Hadi al Ameri, Jamal Jaafar al Ibrahim (aka Abu Mahdi al Mohandes, a U.S.-Special Designated Global Terrorist), and AAH leader Qais Khazali are the most prominent Iran-linked figures in the PMF/PMC and remain vocal critics of U.S. security cooperation with Iraq. The volunteer response and sacrifice embodied in the PMF movement are broadly respected among Iraqis, although some Iran-backed groups' operations and statements have exacerbated sectarian tensions. This is particularly true of those formations that have been accused of carrying out human rights abuses against Sunni civilians and Kurds.

Since early 2016, Prime Minister Abadi has pursued some administrative and legislative steps to formally subsume the PMF under the military chain of command. In November 2016, the Council of Representatives adopted a law calling for the integration of the PMF into Iraq's national security structure under prime ministerial command. Prime Minister Abadi has threatened to use force against groups remaining outside of state control and has denied the requests of some PMF units to play specific roles in operations against the Islamic State in places like Mosul and Tal Afar. Prime Minister Abadi has also rejected requests to allow PMF units to conduct cross border operations in Syria. In practice, questions remain about how successful he and the Iraqi government will be over the long term in ensuring that elements of the PMF do not evolve into unaccountable armed forces aligned with discrete sectarian communities or political parties.

As of August 2017, U.S. military leaders described the PMF as "a fact of life on the battlefield" and underscored that the United States was not directly supporting PMF operations.⁵³ The State Department's most recent country report on terrorism in Iraq states that, "The inclusion of KH – a U.S. designated Foreign Terrorist Organization – in the legalized PMF could represent an obstacle that could undermine shared counterterrorism objectives." This suggests that U.S. officials believe that while some PMF formations can or should be integrated into Iraq's security sector, the Administration believes that the integration of some Iran-aligned, anti-U.S. elements would threaten U.S. security interests.

In conjunction with reports in October 2017 that some Iran aligned militia groups were operating U.S.-origin military equipment in Iraq, an unnamed White House National Security Council spokesman said, "We have seen reports that some U.S.-origin military equipment is being operated by Iraqi militia units that are not the approved end-users. We urge the Government of Iraq to expeditiously return this equipment to the full control of the Iraqi Army. All recipients of U.S. security assistance are fully vetted and subject to end-use requirements. The United States has strict standards to avoid providing security assistance to designated terrorist organizations, units with close ties to Iran, or units under suspicion of committing gross violations of human rights."⁵⁴

⁵² The United States has designated Kata'ib Hezbollah a Foreign Terrorist Organization pursuant to Section 219 of the Immigration and Nationality Act (8 U.S.C. §1189) and listed it as a Specially Designated Global Terrorist (SDGT). Iranian support to Badr dates to the Iran-Iraq war period, when Badr members fought alongside Iranians.

⁵³ Lieutenant General Stephen Townsend, Commander, Combined Joint Task Force-Operation Inherent Resolve, Remarks at Press Availability with Secretary of Defense James Mattis, August 22, 2017.

⁵⁴ Quoted in Adam Kredo, "Lawmakers allege State Dept. covering up U.S. military support to IRGC," Washington Free Beacon, November 13, 2017.

Military Operations

Thousands of U.S. military personnel in Iraq are working with coalition partners to train Iraqi military and counterterrorism units, advising and assisting Iraqi units, providing lethal fire support by air and on the ground, and offering force protection and logistical support. The Trump Administration has not continued the Obama Administration's practice of providing force deployment updates and U.S. military sources report that the force management level for Iraq officially remains at the Obama Administration-set level.⁵⁵ The U.S. force presence is governed by a bilateral exchange of diplomatic notes executed pursuant to the 2008 bilateral Strategic Framework Agreement.

The Trump and Obama Administrations have considered groups and individuals associated with the Islamic State and participating in hostilities against the United States or its coalition partners to be legitimate military targets pursuant to the 2001 Authorization for the Use of Military Force against Al Qaeda (P.L. 107-40; 50 U.S.C. §1541 note), subject to executive branch discretion. As discussed above, U.S. military operations against the Islamic State in Syria commenced in August 2014 and expanded in September 2014 at the specific request of the Iraqi government.

U.S. advice and assistance to Iraqi combat units continues down to the ISF brigade level, and U.S. advisers have accompanied Iraqi brigade commanders in forward areas of operation. Unlike during the 2003-2011 U.S. intervention in Iraq, U.S. forces currently do not perform, manage, or secure stabilization or reconstruction activities. In August 2017, U.S. officials announced that the U.S. military would assist contractors in locating unexploded ordnance and explosive hazards in Mosul.⁵⁶

Congress has appropriated billions of dollars in additional defense funding to support military operations against the Islamic State in Iraq and other countries since 2014. According to the Defense Department, "as of June 30, 2017, the total cost of operations related to ISIS since kinetic operations started on August 8, 2014, is \$14.3 billion and the average daily cost is \$13.6 million for 1058 days of operations."⁵⁷ This includes the cost of more than 13,300 airstrikes against IS forces in Iraq.

U.S. Assistance and Related Legislation

The United States government supports security, stabilization, governance, and humanitarian initiatives across Iraq and blends U.S.-funded programming with lending and credit guarantees in light of Iraq's needs, current fiscal difficulties, and its status and financial potential as a major oil exporter. Both State Department and Defense Department funds and authorities support U.S. programs in Iraq. For FY2018, President Trump requested a total of \$347.86 million in bilateral foreign assistance and \$1.3 billion in defense assistance to Iraq, most of which would support post-conflict stabilization in areas liberated from the Islamic State and the continuation of U.S. military train and equip programming (**Table 2**).

⁵⁵ In September 2016, President Obama approved the deployment of an additional 615 U.S. military personnel to Iraq to support Iraqi counterparts in their fight to retake Mosul, bringing the U.S. force management level in Iraq to 5,262 personnel. President Trump has deployed some additional forces to Iraq, but force rotations and temporary deployments do not allow for accurate public estimates of current troop levels.

⁵⁶ Lolita Baldor, "US Helping Clear 'Historic' Amount of Explosives in Mosul," Associated Press, August 18, 2017.

⁵⁷ U.S. Department of Defense, Special Report: Operation Inherent Resolve, November 2017.

Legislative provisions on Iraq enacted and proposed in the 114th and 115th Congresses reflect congressional concern about the extent to which U.S. support for Iraq's national government encourages Iraqi leaders to pursue inclusive policies. With regard to both U.S. grant and loan assistance, Congress has directed the executive branch to report on the extent to which U.S.-backed programs benefit all Iraqis, including minority groups and the Kurdistan region.

Train and Equip Efforts

Congress authorized the Iraq train and equip program in the FY2015 National Defense Authorization Act (NDAA, Section 1236 of P.L. 113-291) and has amended and extended the authority in subsequent legislation.⁵⁸ As of July 2017, U.S. officials reported that more than 100,000 Iraqi personnel had received training, including Iraqi Security Forces, police, Kurdish *peshmerga*, Sunni tribal fighters, and border forces. Through November 2017, Congress has appropriated more than \$3.6 billion for the program and is considering President Trump's request for an additional \$1.269 billion for FY2018 (Table 3).⁵⁹

Table 2. U.S. Assistance to Iraq: Select Obligations, Allocations, and Requests

Historical U.S. \$, millions

Account	FY2012 Obligated	FY2013 Obligated	FY2014 Obligated	FY2015 Obligated	FY2016 Actual	FY2017 Request	FY2018 Request
FMF	79.555	37.290	300.000	150.000	250.000	150.000	-
ESF/ESDF	275.903	128.041	61.238	50.282	122.500	332.500	300.000
INCLE	309.353	-	11.199	3.529	11,000	-	-
NADR	16.547	9.460	18.318	4.039	20,860	26.860	46.860
DF	0.540	26.359	18.107	-	-	-	-
IMET	1.997	1.115	1.471	0.902	0.993	1.000	1.000
Total	683.895	202.265	410.333	208.752	405.353	510.360	347.860

Source: Obligations data derived from U.S. Overseas Loans and Grants (Greenbook), January 2017. FY2016-FY2018 data from State Department Congressional Budget Justification documents.

Notes: FMF – Foreign Military Financing; ESF/ESDF – Economic Support Fund/Economic Support and Development Fund; INCLE – International Narcotics Control and Law Enforcement; NADR – Nonproliferation, Antiterrorism, Demining, and Related Programs; DF – Democracy Fund; IMET – International Military Education and Training.

⁵⁸ Under the FY2015 NDAA, the Secretary of Defense, in coordination with the Secretary of State, is authorized to provide assistance, including training, equipment, logistics support, supplies, and services, stipends, facility and infrastructure repair and renovation, and sustainment, to military and other security forces of or associated with the Government of Iraq, including Kurdish and tribal security forces or other local security forces, with a national security mission, through December 31, 2019, for the following purposes: (1) Defending Iraq, its people, allies, and partner nations from the threat posed by the Islamic State of Iraq and the Levant (ISIL) and groups supporting ISIL; and (2) Securing the territory of Iraq. Congress extended and revised the authority for the program in the FY2016 NDAA (P.L. 114-92), FY2017 NDAA (P.L. 114-328), and FY2018 NDAA (H.R. 2810).

⁵⁹ Congress appropriated \$1.6 billion for the program in the FY2015 appropriations act (P.L. 113-235) and an additional \$715 million in the FY2016 Consolidated Appropriations Act (P.L. 114-113). Continuing resolutions for FY2017 adopted by Congress in 2016 (H.R. 5325 and H.R. 2028) provided funding for the program and others funded as Overseas Contingency Operations (OCO) at FY2016 levels through April 28, 2017. The FY2017 Consolidated Appropriations Act (Division C of P.L. 115-31) provides \$980 million in a joint fund for the Iraq and Syria train and equip programs, and allows the obligation of additional training monies to the fund once President Trump reports to Congress on U.S. strategy to defeat the Islamic State (Section 10005 of Division C).

Table 3. Iraq Train and Equip Program: Appropriations and Requests

\$, thousands

	FY2015	FY2016	FY2017 Requests	FY2018 Iraq-Specific Request
Iraq Train and Equip Fund	1,618,000	715,000	630,000 289,500 (FY17 CR)	-
Additional Counter-ISIL Train and Equip Fund	-	-	446,400	1,269,000
Total	1,618,000	715,000	1,365,900	1,269,000

Source: Executive branch appropriations requests and appropriations legislation.

The House and Senate Appropriations Committee-reported versions of the FY2018 Defense appropriations act recommend \$1.769 billion for the Counter ISIS Train and Equip Fund (CTEF,) of which \$1.269 billion would be for Iraq and remain available through FY2019. The FY2018 NDAA (H.R. 2810) extends the authority for the Iraq program to December 31, 2019 and authorizes the appropriation of the requested CTEF funding level.

Lending Support for Iraq's Security Sector

In recent years, U.S. Foreign Military Financing (FMF) assistance has subsidized the cost of Iraqi loans that support Iraqi procurement and sustainment of U.S.-origin defense articles and services such as armored vehicles, tanks, coastal vessels, and combat aircraft. In FY2016, Iraq used \$250 million in FMF assistance to subsidize the cost of a \$2.7 billion defense procurement loan, and, in July 2017, the Administration notified Congress of its intent to use \$250 million in FY2017 FMF to subsidize the cost of a new \$1.85 billion loan. President Trump did not request FMF for Iraq for FY2018.

Security Assistance to the Kurdistan Regional Government

Congress has authorized the President to provide U.S. assistance to the Kurdish *peshmerga* and certain Sunni and other local security forces with a national security mission, and to do so directly under certain circumstances. In coordination with the Iraqi government and pursuant to a 2016 U.S.-KRG memorandum of understanding (MOU), the United States has offered more than \$400 million in defense funding and in-kind support to the Kurdistan Regional Government of Iraq, delivered in smaller monthly installments. The December 2016 continuing resolution (P.L. 114-254) included \$289.5 million in additional FY2017 Iraq training program funds to continue support for *peshmerga* forces. In 2017, the Trump Administration requested an additional \$365 million in defense funding to support programs with the KRG and KRG-Baghdad cooperation as part of the FY2018 CTEF request. The Administration also proposed a sale of infantry and artillery equipment for *peshmerga* forces that Iraq agreed to finance using a portion of its U.S.-subsidized Foreign Military Financing loan proceeds.

Foreign Operations provisions of the FY2017 Consolidated Appropriations Act on Iraq (Section 7041(c) of Division J, P.L. 115-31) state that International Narcotics Control and Law Enforcement (INCLE) and Foreign Military Financing (FMF) funds "shall be made available to enhance the capacity of Kurdistan Regional Government security services and for security programs in the Kurdistan Region of Iraq to address requirements arising from the violence in Syria and Iraq." The explanatory statement for the act directs that Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) funding be used for Counterterrorism Partnerships Fund programs, "including for programs to enhance the capacity of the Kurdistan Regional Government security services and for security programs in the Kurdistan Region of Iraq to further the security interest of the United States."

The specific content and timing of new announcements regarding U.S. support to the KRG may be shaped by developments in Iraq, especially developments related to the outcome of KRG-Baghdad consultations on border control and joint security arrangements in disputed territories. As of November 2017, U.S. officials had not announced a renewal of the 2016 MOU with the KRG, amid continuing tensions among Iraqis.

Stabilization Programs

U.S. stabilization assistance to liberated areas of Iraq is directed through the United Nations Development Program (UNDP)-administered Funding Facility for Stabilization (FFS), which includes a Funding Facility for Immediate Stabilization (FFIS), a Funding Facility for Expanded Stabilization (FFES), and Economic Reform Facilities for the national government and the KRI. U.S. contributions to FFIS support stabilization activities under each of its “Four Windows:” (1) light infrastructure rehabilitation, (2) livelihoods support, (3) local official capacity building, and (4) community reconciliation programs.⁶⁰ A number of FFS programs have been completed and are underway in areas populated by religious minorities, including in the Ninewa Plain.⁶¹ In August, UNDP and the Iraqi government also reached agreement on a new initiative focused on community reconciliation initiatives, including assistance in atrocity documentation efforts and support for local peace committees working to resolve grievances.

As of November 2017, UNDP Iraq reported that the FFS had received more than \$420 million in resources since its inception. Since mid-2016, the executive branch has notified Congress of its intent to obligate \$265.3 million in assistance funding to support UNDP FFS programs, including post-IS stabilization funding made available through FY2018 in the December 2016 continuing resolution (P.L. 114-254).⁶² Of U.S. funds that had been obligated for UNDP’s Iraq programs as of March 2017, \$65.3 million was supporting FFIS programs and \$50 million was supporting FFES programs. The Trump Administration requested an additional \$300 million in FY2018 Economic Support and Development Fund monies for Iraq, a portion of which would fund continued U.S. contributions to post-IS stabilization programs. House and Senate versions of the FY2018 foreign operations appropriations bill would make Economic Support Fund (ESF) monies available for contributions to stabilization in Iraq on different terms.

The Mosul Dam

Experts have warned that the Mosul Dam on the Tigris River could collapse because of a lack of maintenance, with severe consequences. The dam sits on porous soil that requires regular injections of concrete to ward off leaks and subsidence. Kurdish forces recaptured the dam and nearby villages from the Islamic State in 2014, and national forces have reasserted control of the dam area since October 2017. Italy deployed ~500 troops to guard the dam area in 2016, and an Italian company is carrying out needed repairs under contract with Iraq. In April 2016, the Obama Administration notified Congress of its intent to reprogram \$75 million and drawdown more than \$33 million in Defense Department resources to support the project, including for U.S. Army Corp of Engineers personnel and private contractors to provide project oversight, architecture, and engineering services. In July 2017, the State Department noted that while Iraq had begun work to stabilize the dam, “it is impossible to accurately predict the likelihood of the dam’s failing...”

Governance and Fiscal Support

The U.S. Agency for International Development (USAID) oversees implementation of the Governance Strengthening Project (GSP)/*Taqadum* program and implementing a new \$25 million Iraq Governance Performance and Accountability Project. The latter project seeks to build the

⁶⁰ UNDP’s latest FFS self-assessment report highlights the doubling of the number of projects undertaken nationwide since 2016 (to more than 1,000), but observes that the expansion “has placed a significant strain on program systems including procurement, management and monitoring” and has required a doubling of operations staff.

⁶¹ For examples, see UNDP, Funding Facility for Stabilization Quarter II Report 2017, August 6, 2017.

⁶² See USAID, FY2017 Notification #112, April 19, 2017. P.L. 114-254, the Further Continuing and Security Assistance Appropriations Act, 2017, provided \$1.03 billion in Economic Support Fund monies for programs to counter the Islamic State, including in minority populated areas of Iraq.

capacity of Iraqi governors, governorate councils, local officials, and ministry directorates to provide services and monitor delivery and public expenditure in support of Iraq's decentralization plans. In addition, USAID provides technical assistance to the national government and KRG to help them manage current fiscal pressures, secure financing, implement recommended reforms, and meet performance targets agreed under the IMF Standby Arrangement.

In September 2016, the Obama Administration requested that Congress include in the FY2017 continuing resolution an authorization for a \$1 billion sovereign loan guarantee to Iraq from amounts provided within the Economic Support Fund (ESF) account. The December 2016 CR authorized the use of FY2017 ESF-OCO funds for sovereign loan guarantees in support of Iraq's current IMF agreement. In January 2017, Iraq offered a \$1 billion, U.S.-guaranteed five-year sovereign bond.⁶³ The House and Senate versions of the FY2018 Foreign Operations appropriations act would authorize further loan guarantees for Iraq.

Humanitarian Assistance

In September 2017, the Trump Administration announced that an additional \$264 million would be directed to humanitarian programs in Iraq (\$150.38 million in USAID-administered funds and \$113.47 million in State Department-administered funds).⁶⁴ This brings the U.S. humanitarian assistance contributions in Iraq since 2014 to \$1.7 billion, of which \$581 million has been identified in FY2017. The United States provides humanitarian assistance specifically for programs in the KRI, with approximately \$175 million in FY2016 funding having been directed for KRI-based humanitarian responses and comparable FY2017 funding planned. U.S. humanitarian assistance provides food; safe drinking water; improved sanitation and hygiene; emergency and transitional shelter; relief items—including blankets, kerosene heaters, and kitchen sets; assistance for displaced and vulnerable communities to rebuild their livelihoods; critical health interventions; and protection services.

De-mining and Unexploded Ordnance Removal

In July 2017, U.N. OCHA reported that “after decades of war, the sheer volume of explosive devices renders Iraq one of the most heavily contaminated countries in the world.”⁶⁵ Unexploded ordnance and improvised explosive devices pose risks to individuals returning to liberated areas pose complex challenges in urban environments and rural agricultural areas. The U.S. government funds a range of programs that assist in de-mining, conventional weapons destruction, and unexploded ordnance removal in Iraq, supported by funding from Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) account.

Arms Sales and the Office of Security Cooperation

Since 2003, the United States has worked to help reconstitute and support the development of Iraq's security forces, especially its military services and counterterrorism units. U.S. grant

⁶³ USAID, Government of Iraq Issues \$1 Billion Sovereign Bond with U.S. Guarantee, January 18, 2017.

⁶⁴ USAID, Iraq Complex Emergency Fact Sheet FY2017 #7, September 20, 2017. The State Department and USAID fund implementing partners, including international aid organizations and non-governmental organizations primarily from USAID's Office of Foreign Disaster Assistance (OFDA), USAID's Food for Peace (FFP), and the U.S. Department of State's Bureau of Population, Refugees, and Migration (State/PRM) using “global accounts” (rather than bilateral), such as International Disaster Assistance (IDA), Food For Peace (FFP), and Migration Refugee Assistance (MRA).

⁶⁵ UN OCHA, Iraq: Humanitarian Bulletin, July 2017.

assistance and lending and Iraqi purchases of U.S. defense articles and services have funded a robust range of systems acquisitions, training programs, and advisory missions. Since 2011, a U.S.-funded Office of Security Cooperation at the U.S. Embassy in Baghdad (OSC-I) has assisted in the implementation of hundreds of Foreign Military Sales (FMS) cases for Iraq involving acquisition, training, and maintenance (see **Appendix B**).

U.S. defense funds have sustained the activities of the OSC-I, and Congress has reduced annual funding allocations for the office in successive years. The FY2018 NDAA would authorize the use of up to \$42 million for OSC-I activities, and would restate the office's authority to focus on professionalization and management support and expand the range of Iraqi national security forces eligible for support, to include all forces with a national security mission that are of or associated with the government of Iraq.

In the FY2017 defense appropriation act and joint explanatory statement accompanying the FY2017 NDAA, Congress directed the executive branch to report on plans for the transition of U.S.-funded OSC-I activities to another entity or the transition the funding of OSC-I activities to another source. The FY2018 NDAA would prohibit the use of half of the defense funds authorized to be made available by the act until 30 days after the report requested in the FY2017 NDAA joint explanatory statement is submitted.

Recent OSC-I oversight reporting to Congress describes U.S. efforts to support Iraqi and KRG security leaders in their efforts to develop long term force structure plans and to reorganize and reconstitute their forces as the military fight against the Islamic State winds down.⁶⁶ The legislative requirement for biannual reporting on OSC-I activities, including basic capability assessments of Iraqi forces, expires in November 2017.⁶⁷

Select Areas of U.S. Concern

Over time, the executive branch and some Members of Congress have expressed concern about a range of governance and human rights-related issues in Iraq in annual reporting, through inter-branch correspondence, in statements in hearings and at other public events, or through the introduction of legislation and amendments for congressional consideration. Annual congressionally-mandated executive branch reporting on human rights, international religious freedom, international narcotics control, and trafficking in persons reflects these concerns. In the 115th Congress, these concerns are reflected in ongoing congressional oversight efforts and legislation such as H.R. 390, the Iraq and Syria Genocide Emergency Relief and Accountability Act of 2017.

Governance and Corruption

The State Department reports that public sector corruption, including in some military and security agencies, is widely recognized as a problem in Iraq, and some Iraqi leaders continue to make statements pledging to improve action on the issue. According to Transparency International, corruption in public services has been enabled by weak public administration, limited state capacity to manage and account for assistance funds, and limited civil society

⁶⁶ See Office of Security Cooperation-Iraq Activities Report, pursuant to Section 1215 of the NDAA for FY2012 (P.L. 112-81), as amended.

⁶⁷ The OSC reporting requirement expires November 25, 2017, pursuant to Section 1080 of the NDAA for FY2016 (P.L. 114-92), as amended.

oversight.⁶⁸ The State Department's 2017 International Narcotics Control Strategy Report notes Iraqi progress on anti-money laundering issues related to terrorist financing, but states that "investigations into financial gains from political corruption... remain virtually nonexistent."⁶⁹ The State Department also attributes related problems to a lack of coordination among Iraqi intelligence agencies, the Central Bank of Iraq, Iraq's Financial Investigation Unit, and the judiciary. Personnel and technical capacity problems are prevalent in many of these entities. At the governorate level, leaders in different areas of the country, including governors, have been forced from office in 2017 amid corruption charges against them.⁷⁰ KRG authorities enforce Iraq's 2015 anti-money laundering law, but coordination with Baghdad has remained minimal.⁷¹

Human Rights

The State Department report on human rights conditions in Iraq in 2016 concluded that "severe human rights problems were widespread," attributing most serious abuses to terrorist groups and citing "sectarian hostility, widespread corruption, and lack of transparency at all levels of government and society" as factors weakening government authority.⁷² The report states that a lack of effective Iraqi civilian oversight of the Iraqi security forces, armed forces, law enforcement, Popular Mobilization Forces (PMF), and *peshmerga* forces in the KRI continues to contribute to human rights violations. According to the department, sectarian tensions, corruption, and lack of governmental transparency have also undermined the Iraqi government's ability to curtail human rights abuses.

State Department analysis also cites reports that Iraqi security forces, federal police, and *peshmerga* have committed human rights violations, along with instances in which PMF members reportedly have killed, tortured, or kidnapped civilians. According to the department, during 2016, the Iraqi government investigated some alleged PMF and security forces human rights abuses but did not make the results public. The KRG established a 'High Committee to Evaluate and Respond to International Reports' to investigate alleged *peshmerga* human rights violations against internally displaced persons but did not prosecute *peshmerga* members.⁷³ Conditions reportedly remain harsh in Iraqi prisons, judicial due process guarantees remain weak, and women continue to face barriers from attaining key positions of power.

Trafficking in Persons

According to the U.S. State Department, Iraq does not fully meet the minimum standards for the elimination of trafficking but "is making significant efforts to do so."⁷⁴ Iraq was downgraded to a Tier 2 Watch List country in 2017. The latest department report on trafficking in persons states that the Iraqi government's 2012 anti-trafficking law "does not prohibit all forms of human trafficking" and finds enforcement in some areas to be inadequate. The report also notes that violence in the country "continued to severely hinder the Iraqi government's ability to combat trafficking." According to the report, the KRG has only partially implemented Baghdad's 2012 anti-trafficking law and lacks a law of its own prohibiting all human trafficking. The department also cites reports that the Iraqi government has punished and deported some human trafficking victims who were used in sex trafficking and forced labor.

⁶⁸ Transparency International, Iraq: Overview of Corruption and Anti-Corruption, May 7, 2015.

⁶⁹ U.S. State Department, International Narcotics Control Strategy Report Vol. 2, March 2017.

⁷⁰ This includes Salah al-Din governor Ahmed al Jubouri, Anbar governor Suhaib al Rawi, Basra governor Majid al Nasrawi, and Basra governorate council chairman Sabah Hassan al Bazouni.

⁷¹ U.S. State Department, International Narcotics Control Strategy Report Vol. 2, March 2017.

⁷² U.S. State Department, 2016 Human Rights Report, Iraq.

⁷³ U.S. State Department, 2016 Human Rights Report, Iraq.

⁷⁴ U.S. State Department, 2017 Trafficking in Persons Report, Iraq.

According to the report, Iraqi authorities provided only limited support and cooperation to NGO efforts to assist trafficking victims.

Religious and Ethnic Minorities

State Department reports on human rights conditions and religious freedom in Iraq have documented the difficulties faced by religious and ethnic minorities in the country for years. In some cases, these difficulties and security risks have driven members of minority groups to flee the country or to take shelter in different areas of the country, whether with fellow group members or in new communities. Minority groups that live in areas subject to long running territorial disputes between Iraq's national government and the KRG face additional interference and exploitation by larger groups for political, economic, or security reasons.

Members of diverse minority communities express a variety of territorial claims and administrative preferences, both among and within their own groups. Some minorities in the disputed territories may prefer administrative alignment with the Kurdistan Region, while others may seek alignment with the national government.⁷⁵ Still other may seek federally recognized administrative status on communal or territorial terms.

While much attention is focused on potential intimidation or coercion of minorities by majority groups, disputes within minority communities over various options also have the potential to generate tension and violence. Members of minority groups who align themselves with Kurdish or national government entities also may seek to influence the preferences and decisions of members of their own groups through intimidation or coercion.

U.S. Genocide Determination

Pursuant to a legislative directive, on March 17, 2016, then-Secretary of State Kerry informed Congress of his determination that the Islamic State had indeed committed actions that constitute genocide against the Yezidi, Christian, and Shia Muslim communities in Iraq and Syria. He added that the Islamic State is genocidal in its ideology, and is committing crimes against humanity and ethnic cleansing as well in its areas of control.

While Secretary Kerry's statement and an accompanying report from the Atrocities Prevention Board laid out evidence of atrocities and referred to the crime of genocide, the statement and report do not lay out a legal analysis of the crime of genocide as it applies to IS actions in Iraq and Syria. Secretary Kerry stated that his determination was not intended to take the place of appropriate criminal accountability measures to be taken by national authorities or a competent international criminal tribunal, but stated that the United States would continue to gather evidence of genocide and other atrocity crimes and would rely on the genocide determination as another reason to oppose and defeat the Islamic State.

Since Secretary Kerry's determination, U.S. officials in both the Obama and Trump Administrations have continued to label IS actions in Iraq against minority groups as genocide. On August 15, 2017, Secretary Tillerson said,

"To remove any ambiguity from previous statements or reports by the State Department, the crime of genocide requires three elements: specific acts with specific intent to destroy in whole or in part specific people, members of national, ethnic, racial, or religious groups. Specific act, specific intent, specific people. Application of the law to the facts at hand leads to the conclusion ISIS is clearly responsible for genocide against Yezidis, Christians, and Shia Muslims in areas it controls or has controlled. ISIS is also responsible for crimes against humanity and ethnic cleansing directed at these same groups, and in some cases against Sunni Muslims, Kurds, and other minorities. More recently, ISIS has claimed responsibility for attacks on Christian pilgrims and churches in Egypt. The protection of these groups – and others subject to violent extremism – is a human rights priority for the Trump administration. We will continue working with our regional partners to protect religious minority communities from terrorist attacks and to preserve their cultural heritage."

⁷⁵ Populations located in Kurdish-controlled areas may be subject to additional pressures regarding relations and their views regarding a potential referendum on Kurdish independence.

Child Soldiers

In 2016, the State Department included Iraq on a list of countries designated “as having governmental armed forces or government-supported armed groups that recruit and use child soldiers.” President Obama waived the applicability of related sanctions pursuant to the Child Soldiers Protection Act of 2008 in September 2016.⁷⁶ The designation followed reports that Iraqi militia groups, including some Popular Mobilization Forces, were training and deploying minors. The State Department chose not to include Iraq on the 2017 list, although its 2017 Trafficking in Persons report notes allegations of the continued recruitment and use of child soldiers by some armed groups in Iraq. The report recommends that Iraq “continue to make efforts to stop the recruitment and use of child soldiers by the PMF and tribal forces, hold complicit individuals accountable for child soldiering, and provide protection services to child soldiers.” On November 21, press reports cited a reported State Department memorandum from department officials objecting to the Administration’s decision not to include Iraq on its 2017 list.⁷⁷ In October 2017, the U.N. Secretary-General reported to the Security Council that U.N. officials have received reports that the Islamic State and some parts of the Popular Mobilization Forces have used child soldiers in 2017.⁷⁸

Outlook

U.S. support for Iraq’s campaign against the Islamic State and U.S. respect for Iraqi sovereignty have contributed to an improvement in U.S.-Iraqi relations since 2014. Nevertheless, the presence and activities of foreign military forces in Iraq remain sensitive domestic political issues among Iraqis. President Trump and Prime Minister Abadi have signaled their shared preference for close bilateral ties to continue beyond the current joint military campaign, and officials in both governments have discussed taking steps to more fully implement the 2008 Strategic Framework Agreement to deepen current patterns of cooperation.

From a U.S. perspective, partnership with Iraq may present opportunities to further strengthen increasingly capable and professional Iraqi security forces, limit the potential for resurgence by the Islamic State and other violent Islamist extremists, and limit the likelihood of greater Iranian government influence over Iraq’s security forces. At the same time, the prospect of continued U.S. assistance to Iraq may reopen contentious U.S. debates about the proper scope, form, content, and conditions of U.S. assistance to Iraq, including the presence and missions of any U.S. forces deployed to Iraq after remaining Islamic State forces are defeated.

From an Iraqi perspective, partnership with the United States may allow Iraq to consolidate and extend the improvements its security forces have made, while providing a bulwark against unwanted interference by neighboring countries or other global powers. However, controversy surrounding partnership with the United States and the opposition of some Iraqis (and the government of Iran) to close U.S.-Iraqi ties also may present risks from the perspective of some Iraqi leaders.

Expanded U.S. and other international support for the KRG and for *peshmerga* forces since 2014 has been largely transactional and driven by the logic of defeating the Islamic State. Once that

⁷⁶ President Barack Obama, Presidential Determinations with Respect to the Child Soldiers Prevention Act of 2008, and Delegation of Authority Under Section 404(c) of the Child Soldiers Prevention Act of 2008, September 28, 2016.

⁷⁷ Jason Szep and Matt Spetalnick, “State Dept. revolt: Tillerson accused of violating U.S. law on child soldiers,” Reuters, November 21, 2017.

⁷⁸ U.N. Document S/2017/881, Report of the Secretary-General pursuant to resolution 2367 (2017), October 19, 2017.

defeat is secured in military terms, the United States and other KRG patrons may face thorny questions about the continuation of assistance, particularly if some Kurdish leaders continue to advocate and work toward independence or if disputes between Kurdish factions or between Kurds and non-Kurds over territory, oil, and/or security descend further into violence.

With elections pending and the future of relations between Iraq's national government and the Kurdistan region uncertain, U.S. decision-makers might also consider how less desirable scenarios could affect bilateral ties and U.S. interests, including scenarios under which Iraqi leaders might rescind permission for or place undesirable conditions on the continued presence of U.S. forces in Iraq. Under current or new leadership, Iraq's national government could demand the United States cease its support for the KRG in the context of KRG-Baghdad disputes. It is also possible that confrontation among Iraqis over the question of a continued U.S. presence could lead to new rounds of violence, and groups hostile to continued U.S.-Iraqi cooperation might attack U.S. personnel or facilities as a means of protest or provocation.

While the Islamic State has been on the defensive in Iraq since mid-2015 and appears incapable of overcoming the range of forces arrayed against it there at present, its antecedents demonstrated a capacity for resilience and reemergence that is focusing the attention of some U.S. and Iraqi observers on "winning the peace" and avoiding past "mistakes." Iraqis and their U.S. counterparts may draw different lessons about what led to the Islamic State's rise and may reach different conclusions about how best to preserve gains made to date. As noted above, capacity shortfalls and corruption in national and local government in Iraq remain problematic, with security forces also facing significant capability and management gaps. Iraq's fiscal resources are constrained, stabilization and reconstruction needs are daunting, and more robust reform efforts may prompt opposition from entrenched interests. Addressing these challenges may require persistence and sacrifice from Iraqis, and the ability of U.S. assistance programs to address them may remain limited.

Having recaptured most areas that had been overrun and occupied by the Islamic State since 2014, Iraqis and their U.S. and coalition partners are now preparing to combat renewed insurgent violence from the group while looking beyond to 2018 national elections. Military coordination among different forces has contributed to success against the Islamic State but has not guaranteed political accommodation among the victors. The roles played and actions taken by various Iraqi forces and political actors in the run up to spring 2018 election may reshape relationships that are important for the country's stability and, by extension, important to U.S. interests. Prominent considerations in this regard may include:

- the relative success or failure of national authorities in integrating and depoliticizing forces mobilized to fight the Islamic State, including the PMF;
- Baghdad-KRG disputes over territory, security, resources, and revenue transfers;
- the future of Iraqis uprooted by fighting, who are returning to damaged, underserved areas and some of whom may remain wary of empowered militias;
- re-emergent rivalries within the Shia Arab majority, some of whose members may fear a resurgence of Sunni radicalism and remain skeptical of Kurdish and U.S. intentions; and
- the future mission, extent, and terms of any enduring U.S. military presence.

Members of Congress and U.S. officials face difficulties in developing policy options that can secure U.S. interests on specific issues without provoking levels of opposition from Iraqi constituencies that may jeopardize wider U.S. goals. Debates over U.S. military support to Iraqi state and sub-state actors in the fight against the Islamic State have illustrated this dynamic, with

some U.S. proposals for the provision of aid to all capable Iraqi forces facing criticism from Iraqi groups suspicious of U.S. intentions or fearful that U.S. assistance could empower their domestic rivals. U.S. aid to the Kurds has been provided with the approval of the Baghdad government, and U.S. assistance to Baghdad is provided on the understanding that U.S. equipment will be responsibly used by its intended recipients. Recent confrontations between the national government and Kurdish forces in disputed territories implicates these issues directly and may complicate the continuation of prevailing patterns of assistance.

Overall, it seems reasonable to expect that Iraqis will assess and respond to U.S. initiatives (and those of other outsiders) primarily through the lenses of their own domestic political rivalries, anxieties, and agendas. Reconciling U.S. preferences and interests with Iraq's evolving politics and security conditions may thus require continued creativity, flexibility, and patience.

Appendix A. Timeline: U.S. Relations with Iraq

Chronology

1888-1889	The United States establishes consular relations for Baghdad with the Ottoman Empire.
January 1930	The United States recognizes Iraq as an independent state, while acknowledging the League of Nations mandate relationship between Iraq and the United Kingdom.
March 1931	The United States establishes diplomatic relations with Iraq and a Legation in Baghdad.
1932	Iraq achieves independence.
1941	Axis sympathizers depose Hashemite regent. U.K. forces invade and restore regency. United States provides commercial American aircraft to the British for use in moving reinforcements during the 1941 Anglo-Iraqi War.
July 1945	United States and Iraq sign agreement on mutual defense assistance.
December 1946	U.S. diplomatic representation in Iraq is upgraded to an Embassy.
1954	U.S. military assistance to Iraq begins.
1955	Baghdad Pact established by Turkey, Iraq, Great Britain, Pakistan, and Iran in order to work together militarily, politically, and economically against Soviet influence in the Middle East. The United States maintained observer status in the BP. In 1959, it was renamed the Central Treaty Organization (CENTO).
1957	President Eisenhower, in a statement to a joint session of Congress, states that the United States will provide economic or military aid to allied countries in the Middle East facing Soviet aggression. The 85 th Congress enacts Joint Resolution 117 on the Middle East to promote peace and stability in the Middle East.
July 1958	King Faysal II of Iraq is executed following a military coup ending the monarchy. U.S. Marines land in Lebanon to secure its pro-U.S. government.
March-May 1959	Iraq withdraws from the Baghdad Pact, reestablishes diplomatic relations with the U.S.S.R., and accepts Soviet military assistance. The United States rescinds assistance.
June 1967	Iraq severs diplomatic relations with the United States after the 1967 Arab-Israeli War. Belgium serves as the protecting power for U.S. interests until 1972.
October 1972	A U.S. Interests Section is established in the Belgian Embassy in Baghdad.
1975	The United States provides covert military support to Kurdish insurgents in Iraq in partnership with the Shah of Iran. U.S. support ends after Iran and Iraq conclude the Algiers Agreement.
July 1979	Saddam Hussein assumes power in Iraq, purging rivals from the ruling Ba'ath Party.
December 1979	The Carter Administration imposes export controls on Iraq as a country that has "repeatedly provided support for acts of international terrorism."
1981	Israeli forces strike the Iraqi nuclear reactor at Osirak using U.S.-origin aircraft and munitions.
February 1982	The Reagan Administration removes Iraq from list of countries not supporting U.S. counterterrorism objectives.
November-December 1983	Reagan Administration reaches consensus on policy toward Iran-Iraq war. Donald Rumsfeld visits Baghdad as a presidential envoy and meets with Saddam Hussein.
March 1984	The Reagan Administration imposes controls on the export of chemical weapons precursors and dual use technologies to Iraq.
September 1984	Tanker War between Iraq and Iran begins after Iraqi attack on Iranian tankers and oil facilities on Kharg Island.
November 1984	U.S.-Iraqi diplomatic relations resume. The U.S. Interests Section in Baghdad is upgraded to Embassy status.

May 1987	USS Stark hit by Iraqi Exocet missiles on May 17, 1987.
March 1988	Thousands of Iraqi Kurds are killed when government forces attack Halabja with chemical weapons.
July-August 1988	Iran-Iraq war ends as Iran and Iraq accept U.N. Security Council Resolution 598.
August 1990	After Iraq invades neighboring Kuwait, President George H.W. Bush demands that Iraq remove its military forces and deploys U.S. military forces to Saudi Arabia. UNSCR 660 declares that Iraqi invasion of Kuwait violates international peace and security. The UN condemns the Iraqi invasion and demands Iraq withdraw all troops from Kuwait.
January 1991	Congress authorizes the use of military force in Iraq pursuant to United Nations Security Council Resolution 678 (P.L. 102-1, H.J.Res. 77).
January-February 1991	U.S. Embassy in Baghdad closes. U.S. and coalition military operations expel Iraqi forces from Kuwait. Iraq severs diplomatic relations with the United States.
March-July 1991	U.S. military forces launch Operation Provide Comfort I and Operation Safe Haven in northern Iraq to protect Iraqi Kurds.
April 1991	U.N. Security Council Resolution 687 states that Iraq should accept the international supervision of the destruction of its weapons of mass destruction and ballistic missiles that have a 150 kilometer range. In addition, a monitoring regime will be put in place to confirm Iraqi compliance. Iraq accepts.
July 1991	Operation Provide Comfort II begins, securing a no fly zone north of the 36 th parallel in Iraq.
August 1992	Operation Southern Watch begins, securing a no fly zone south of the 32 nd parallel in Iraq.
September 1996	Operation Desert Strike launched in response to Iraqi incursion into Kurdish-held north during Kurdish infighting. Southern Watch no-fly zone extended to 33 rd parallel.
December 1996	United States directs drawdown of Defense Department funds to support a Turkish-led Peace Monitoring Force to monitor a ceasefire between Kurdish parties in northern Iraq.
January 1997	Operation Northern Watch replaces Operation Provide Comfort II.
October 1998	Congress adopts the Iraq Liberation Act (P.L. 105-338, H.R. 4655), stating that it should be the policy of the United States to “support efforts” to remove Saddam Hussein from power in Iraq.
December 1998	The United States and United Kingdom carry out Operation Desert Fox, a four day air and missile strike operation targeting Iraqi military and government installations following disputes with Iraq over weapons inspections.
October 2002	Congress considers legislation (S.J.Res. 45) to authorize the use of force against Iraq, and adopts a compromise draft (H.J.Res. 114/P.L. 107-243).
November 2002	U.N. Security Council adopts Resolution 1441 giving weapons inspectors new authorities. Inspections begin.
January-March 2003	UNMOVI head Hans Blix and IAEA head Mohammad Baradei report that Iraq had failed to fully comply with Resolution 1441 but that Iraq had been providing more active cooperation and that inspections were making progress, including some substantive disarmament.
March 2003	Over 130,000 U.S. forces begin being deployed to the Persian Gulf. U.S. officials withdraw draft Security Council Resolution that would have threatened the use of force if Iraq did not fully cooperate with inspectors. President Bush issues ultimatum demanding that Saddam Hussein leave Iraq and informs Congress of his decision that the use of force is required.
March-May 2003	U.S.-led coalition military forces invade Iraq. The United Nations Security Council recognizes United States and United Kingdom as occupying powers and identifies the Coalition Provisional Authority as the responsible administrative entity for Iraq.
August 2003	U.N. Baghdad headquarters is bombed, killing 22 people. Congress enacts supplemental appropriations in S. 1689 “Emergency Supplemental Appropriations for Iraq and Afghanistan Security and Reconstruction Act”
April 2004	U.S. forces battle insurgents in the first battle for Fallujah in Operation Vigilant Resolve in

	retaliation for the deaths of private military contractors and various other attacks in Iraq against coalition forces.
June 2004	The Coalition Provisional Authority transfers sovereignty to the Interim Iraqi Government. U.S. diplomatic relations with Iraq are reestablished.
September 2004	Iraq is removed from U.S. State Department's State Sponsor Terrorism list.
November 2004	U.S. forces again battle insurgents in the city of Fallujah in Operation al-Fajr/Phantom Fury, also known as the second battle for Fallujah.
June 2006	Abu Musab al Zarqawi is killed by U.S. forces. Congress appropriates \$1 million for support of the Iraq Study Group via the U.S. Institute of Peace (P.L. 109-234). The bipartisan Study Group, proposed by Hon. Frank Wolf and others in late 2005, had been launched in March 2006 and released its report in December 2006.
November 2006	Troop surge debate dominates policy discussion in Washington, DC.
January 2007	President Bush orders deployment of additional troops to Iraq.
February 2007- August 2008	The United States deploys additional military forces to Iraq as part of the "surge" plan to combat the Iraqi insurgency and help stabilize the country.
May 2007	Congress enacts a supplemental appropriations act establishing benchmarks for assessing progress in Iraq (P.L. 110-28).
November 2008	The United States and Iraq sign a Security Agreement and Strategic Framework Agreement. Barack Obama is elected President having pledged to end the U.S. war in Iraq.
June 30, 2009	U.S. forces withdraw from Iraqi cities according to terms of the 2008 Security Agreement.
August 31- September 1, 2010	President Obama declares an end to U.S. combat operations in Iraq. Operation New Dawn begins.
December 2011	After the United States and Iraq fail to reach agreement on a new Status of Forces Agreement, U.S. military forces complete their withdrawal from Iraq.
October 2013	Prime Minister Nouri al Maliki visits Washington, DC, and requests additional security assistance. U.S. officials warn of deteriorating political and security conditions in Iraq.
January-July 2014	Islamic State forces capture Fallujah (January) and Mosul (June), and threaten Baghdad and Erbil. President Obama directs the deployment of additional U.S. military personnel to Iraq to protect U.S. personnel and advise Iraqi forces.
August – September 2014	Islamic State forces besiege the Sinjar region of northwestern Iraq, killing and kidnapping thousands of Yazidis. President Obama directs the U.S. military to conduct strikes against Islamic State forces. Iraq formally requests foreign military assistance to defeat the Islamic State.
December 2014	Congress authorizes and appropriates funds for a new train and equip program for Iraqi forces engaged in the fight against the Islamic State.
April 2015	Prime Minister Abadi visits Washington, DC for a bilateral meeting with President Obama. President Obama pledges \$200 million to Baghdad in order to aid victims of the Islamic State.
December 2015 – February 2016	Ramadi recaptured by ISF with support of U.S. coalition aircraft.
May-June 2016	Battle of Fallujah. Iraqi Security Forces and Popular Mobilization Forces (PMF) recapture Fallujah from the Islamic State with the aid of U.S.-led coalition aircraft.
October 2016	Battle of Mosul begins with ISF, PMF, Kurdish fighters, and Sunni Arab tribesmen with the United States providing military advisors and coalition aircraft to aid the operation.
January 2017	President Donald Trump is inaugurated. The Trump Administration includes Iraq in an executive order preventing refugees from being admitted into the United States and suspends visas for 90-days.
March 2017	Prime Minister Abadi visits Washington. President Trump and Prime Minister Abadi state their

	desire to see U.S.-Iraqi security cooperation continue after the Islamic State's defeat.
July 2017	Iraqi officials declare victory in their battle to regain control of the northern city of Mosul after a nine month battle with support from U.S. and coalition military forces.
August 2017	U.S. officials voice opposition to Iraqi Kurdish plans to hold an advisory referendum on independence in September 2017.
September 2017	Kurdistan Regional Government administers advisory referendum on independence. U.S. officials, including Secretary of State Rex Tillerson, oppose the referendum on the grounds that it will undermine the fight against ISIS.
October 2017	Iraqi forces retake Kirkuk and surrounding oil fields. Kurdish forces are pushed back to 2014 borders.
November 2017	Iraqis retake Al Qaim and remaining population centers of western Anbar province, set May 2018 date for elections.

Appendix B. Proposed U.S. Foreign Military Sales

Table B-1. Proposed U.S. Foreign Military Sales to Iraq, 2005-2017

U.S. \$, millions

Notification Date		Potential Value
March 2005	T-56A-7 Engines and Logistics Support for C-130 Aircraft	\$132
September 2006	Logistics Support for Helicopters, Vehicles, and Weapons	\$250
September 2006	Helicopters, Vehicles, Weapons and Support	\$500
September 2006	AN/FPS-117 or TPS-77 Long Range Air Traffic Control Radar	\$142
September 2006	King Air 350ER for Intelligence/Surveillance/Reconnaissance	\$900
December 2006	Trucks, Vehicles, Trailers, and Support	\$463
May 2007	Small Arms Ammunition, Explosives, other Consumables	\$508
May 2007	Medical Supplies, Equipment, and Training	\$1,050
May 2007	Technical Assistance for Construction of Facilities and Infrastructure	\$350
August 2007	Upgrade of UH-1 to UH-1H Huey Helicopters	\$150
September 2007	Logistics Support for C-130E Aircraft	\$172
September 2007	Vehicles, Small Arms Ammunition, Explosives, and Communications Equipment	\$2,257
March 2008	Vehicles, Small Arms and Ammunition, Communication Equipment, Medical Equipment, and Clothing and Individual Equipment	\$1,389
May 2008	Technical Assistance for Construction of Facilities and Infrastructure	\$450
July 2008	Light Armored Vehicles	\$3,000
July 2008	Helicopters and Related Munitions	\$2,400
July 2008	M1A1 and Upgrade to M1A1m Abrams Tanks	\$2,160
July 2008	Technical Assistance for Construction of Facilities and Infrastructure	\$1,600
July 2008	Armored Security Vehicles	\$206
July 2008	C-130J-30 Aircraft	\$1,500
December 2008	Texan II Aircraft, Spare Parts and Other Support	\$520
December 2008	T-6A Texan Aircraft	\$210
December 2008	Helicopters and Related Munitions	\$366
December 2008	M1A1 and Upgrade to M1A1m Abrams Tanks	\$2,160
December 2008	M16A4 Rifles, M4 Carbines and M203 Grenade Launchers	\$148
December 2008	Coastal Patrol Boats, Offshore Support Vessels	\$1,010
December 2008	Deployable Rapid Assembly Shelters, Communication Equipment	\$485
December 2008	Light Armored Vehicles	\$1,110
November 2009	Light and Medium Utility Helicopters	\$1,200
March 2010	Various Radios and Communication Equipment	\$142
August 2010	Technical Support Services	\$152
September 2010	Contractor Technical Support for the Mobile Communications Centers	\$57

Notification Date		Potential Value
September 2010	F-16 Aircraft	\$4,200
September 2010	Contractor Technical Support for Iraqi Defense Network	\$98
September 2010	Refurbishment of M113A2 Armored Personnel Carriers	\$131
November 2010	Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) Systems	\$68
November 2010	M1A1 Abrams Tank Ammunition	\$36
March 2011	AN/TPQ-36 (V) 10 FIREFINDER Radars	\$299
May 2011	Radios and Communication Equipment	\$67
June 2011	Follow-On Support and Maintenance of Multiple Aircraft Systems	\$675
October 2011	Howitzer Ammunition	\$82
December 2011	F-16 Aircraft	\$2,300
July 2012	FIREFINDER Radars	\$428
August 2012	Air Traffic Control and Landing System	\$60
December 2012	VSAT Operations and Maintenance Support and Services	\$125
February 2013	RAPISCAN System Vehicles	\$600
July 2013	Bell 412 EP Helicopters	\$300
July 2013	M1135 Stryker Nuclear, Biological, and Chemical Reconnaissance Vehicles	\$900
July 2013	Multi-Platform Maintenance Support	\$750
August 2013	Mobile Troposcatter Radio Systems	\$339
August 2013	Integrated Air Defense System	\$2,403
January 2014	AGM-114K/R Hellfire Missiles	\$82
January 2014	AH-64E APACHE LONGBOW Attack Helicopters	\$4,800
January 2014	APACHE Equipment, Parts, Training, Logistics	\$1,370
February 2014	FAA (ATC equipment)	\$700
May 2014	AT-6C Texan II Aircraft	\$790
May 2014	M1151A1 HMMWVs	\$101
May 2014	Aerostats and Rapid Aerostat Initial Deployment Tower Systems	\$90
July 2014	Helicopter Sustainment Support	\$500
October 2014	M1A1 Abrams Tank Ammunition	\$600
November 2014	APKWS (Advanced Precision Kill Weapon System)	\$97
November 2014	FMSO II(Foreign Military Sales Order II)	\$600
November 2014	C-130E/J Sustainment and Equipment, Parts, Training	\$800
December 2014	M1151A1 HMMWVs	\$579
December 2014	M1A1 Abrams Tanks	\$2,400
May 2015	Ammunition	\$395
January 2016	F-16 weapons, munitions, equipment, and logistics	\$1,950
January 2016	Hellfire Missiles and Captive Air Training Missiles	\$800

Notification Date		Potential Value
February 2016	KA-350 Sustainment, Logistics, and Spares Support	\$350
June 2016	AC-208 Sustainment, Logistics, and Spares Support	\$181
October 2016	AC-208 Aircraft	\$65.3
April 2017	Pilot and Maintenance Training, Contractor Logistical Support (CLS) for Trainer Aircraft, and Base Support	\$1,060
April 2017	Equipment for 2 Peshmerga Infantry Brigades and 2 Support Artillery Battalions	\$295.6
August 2017	FOTS (Follow on Technical Support) for U.S. Origin Navy Vessels and a Ship Repair Facility	\$150
Total Possible Value of FMS Proposed to Congress, 2005-2017 (\$, million)		\$55,371
Actual Value of All Deliveries (FMS/DCS/Other), FY2004-2016 (\$, million)		\$18,449

Source: Defense Security Cooperation Agency (DSCA), Foreign Military Sales Notifications, 2005-2017; DSCA Historical Facts Book 2012-2016.

Notes: Potential value of proposed Foreign Military Sales may not match value of actual agreements reached or deliveries made. Total for All Deliveries includes DSCA reported totals for Foreign Military Construction Sales, Licensed Commercial Export Deliveries, and Other Programs Sales Deliveries, 2004 through 2016.

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