



Iraq and U.S. Policy

Iraq Looks to the Future

In 2017, Iraqi officials declared victory in the country's years-long military struggle against the Islamic State (IS, aka ISIL/ISIS or the Arabic acronym *Da'esh*), but unresolved issues involving governance, territorial control, resources, and security cloud the path ahead. The May 2018 national election for Iraq's unicameral legislature, the Council of Representatives (COR), was carried out without major security disruptions, but the election's disputed outcome delayed government formation. In October, the newly seated COR elected former Kurdistan Regional Government (KRG) Prime Minister Barham Salih as Iraq's President. Salih, in turn, nominated former Oil Minister Adel Abd al Mahdi, a Shia Arab, as Prime Minister-designate. Lawmakers confirmed Prime Minister Abd al Mahdi and some of his cabinet nominees on October 24, 2018. As of January, most cabinet positions have been filled, while some remain subject to negotiations.

Tensions between the national government and the KRG remain in the wake of the KRG's September 2017 advisory referendum on independence and the subsequent return of Iraqi security forces to disputed territories. The paramilitary Popular Mobilization Forces (PMF) created to fight the Islamic State have yet to be fully integrated into national security institutions. Groups and individuals associated with the PMF, some of whom have close ties to Iran, won seats in the 2018 election. The 116th Congress may consider proposals for consolidating security gains made in Iraq since 2014, and conduct oversight into how the Trump Administration's decision to withdraw U.S. forces from Syria might affect stability and levels of violence in Iraq.

After the Islamic State

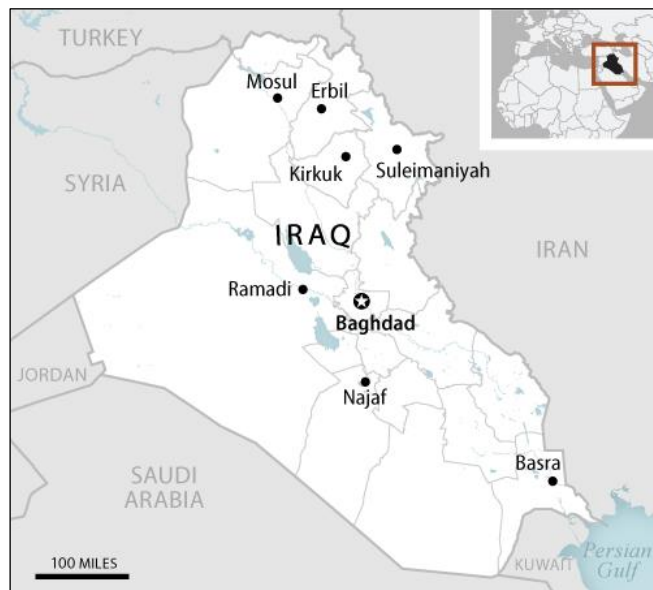
Iraq's government declared military victory against the Islamic State in December 2017, but counterinsurgency and counterterrorism operations against the remnants of the group are ongoing. Security conditions have improved since 2017, but IS fighters pose a continuing threat and have the potential to regroup and escalate insurgent activities.

As the Islamic State lost ground from 2015 to 2017, its fighters left destruction, displacement, and division in their wake. Explosive ordnance and infrastructure damage complicate civilian returns, with volatile interpersonal divisions remaining between those who fled or fought against the Islamic State and those accused of collaboration. Economic and humanitarian conditions remain difficult in many areas, and more than 1.9 million individuals remain internally displaced. The durability of battlefield successes achieved to date may depend on the ability of Iraqi forces, national ministries, and local authorities to protect and stabilize liberated areas and prevent IS reinfiltration, particularly should the Trump Administration seek to draw down U.S. forces. Iraqi officials have identified more than \$88 billion in short- and medium-term recovery needs.

Political and Economic Agenda

The fight against the Islamic State unfolded along several ethnic, religious, political, and regional fault lines whose contours hint at Iraq's internal challenges. The fight against the Islamic State mobilized Shia Arab paramilitaries (among others) and unfolded in areas inhabited, and in some cases disputed by, Sunni Arabs, Kurds, and other minorities. Sectarianism has diminished from its post-2003 highs, but some tensions remain. Iraqi leaders have attributed Iraq's battlefield successes in part to cooperation among various forces, including military and counterterrorism services, local and federal police forces, PMF volunteers, and Kurdish *peshmerga*. It remains to be seen whether such cooperation will last amid political, security, and territorial rivalries. Activists and citizens, including in Kurdish areas, stage periodic protests and demand better service delivery and an end to corruption. In southern Iraq, demonstrations in August and September 2018 resulted in deaths, injuries, and property destruction.

Figure 1. Iraq



Source: CRS, using ESRI and U.S. State Department data.

National and KRG Elections in 2018, Provincial Elections Delayed

Iraq held national legislative elections for the 328-seat COR on May 12, 2018. Turnout was lower in the 2018 COR election than in past national elections, but the United Nations Assistance Mission for Iraq (UNAMI) has stated that it was "largely peaceful and orderly." Elections for the Kurdistan Regional Government (KRG) were held in September 2018, and provincial elections have been postponed, without a new date being set.

Iraq's major ethnic and religious constituencies are internally diverse in political terms, as evident in the 2018

election results. A pan-ethnic and pan-sectarian coalition of interest groups agreed to support the new government, and differences over policy priorities and leadership preferences exist within communal blocs. Prime Minister Adel Abd al Mahdi does not lead or represent a single political party or bloc, and emerged as a consensus candidate acceptable to the *Sa'irun* (On the March) coalition led by populist Shia cleric and longtime U.S. antagonist Muqtada al Sadr, the predominantly Shia *Fatah* (Conquest) coalition led by Hadi al Ameri of the Badr Organization, the *Nasr* (Victory) coalition of former prime minister Hayder al Abadi, and Kurdish and Sunni Arab blocs. *Fatah* includes several individuals formerly associated with the mostly Shia PMF militias, including figures and movements with ties to Iran.

The Kurdistan Region and Disputed Territories

Already-difficult relations between the KRG and the national government in Baghdad soured further over the KRG's September 2017 advisory referendum on independence. Despite Iraqi, U.S., and coalition requests to delay or cancel the vote, the referendum was held in areas of recognized KRG authority as well as in disputed areas, and the results overwhelmingly favored independence. In its wake, Iraqi leaders moved to reassert the national government's sovereign control over international borders with the Kurdistan region and, in October 2017, reintroduced national government forces into disputed territories where they had been present prior to the Islamic State's 2014 advance. Intra-Kurdish tensions since have flared, with rivals blaming each other for the loss of control over strategic territories and resources. U.S. officials do not recognize the result of the referendum, warn against unilateralism and the use of force by both sides, and urge all Iraqis to engage in constitution-based dialogue.

In the May 2018 national elections, the two largest Kurdish parties, the Erbil-based Kurdistan Democratic Party (KDP) and the Suleimaniyah-based Patriotic Union of Kurdistan (PUK) won nationally significant numbers of seats despite stiff but diffuse competition from Kurdish opposition parties. The KDP won 45 of 111 legislative seats in the KRG's September 2018 election, followed by the PUK and smaller parties. Intra-Kurdish differences over relations with Baghdad may persist, especially in light of national government proposals to provide the KRG with a reduced share of the national budget.

The Future of the Popular Mobilization Forces

Iraq's Popular Mobilization Forces contributed to Iraq's fight against the Islamic State, even as ties between some PMF components and Iran have prompted Iraqi and international concerns. In 2016, the COR adopted a law to provide for a permanent role for the PMF as part of Iraq's national security sector. The law calls for the PMF to be placed under the authority of the commander-in-chief and to be subject to military discipline and organization. Some PMF units have since been integrated, but most remain outside the law's defined structure, including some units associated with groups identified by the State Department as receiving Iranian support. U.S. government oversight reporting has described post-2014 cases in which some Iran-backed PMF units gained access to U.S.-origin weaponry, prompting efforts to seek its return and reviews

of Iraqi compliance with U.S. end user agreements. Public U.S. intelligence assessments regard Iran-linked armed groups as serious threats to U.S. personnel in Iraq.

Fiscal Challenges

Fiscal shortfalls, reported corruption, and weak service ministry performance create public investment constraints and vex Iraqi decision makers. Oil exports, the lifeblood of Iraq's public finances and economy, brought diminished returns from 2014 through 2016. Revenue improved from mid-2017 to mid-2018 thanks to higher prices, but prices have again declined, and Iraq has limited its oil production in line with OPEC decisions. These factors have left Iraq more financially dependent on lenders and donors at a time of increased security and stabilization costs. Iraq's Standby Arrangement with the International Monetary Fund (IMF) and billions in World Bank programs commit it to a set of fiscal and administrative reform benchmarks. U.S. loan guarantees and U.S. technical assistance also have helped Iraq attract billions more in lending to meet pressing needs. To date, the IMF has described Iraqi performance on its commitments as "weak in some key areas" and called for further international support and improved public sector financial management. The KRG faces a budget and debt crisis of its own, brought on by war costs and Baghdad's oil dispute-driven withholding of budget support since 2014.

Iraq-U.S. Relations

The new Iraqi government envisions continued U.S. and coalition security assistance to Iraq, including the continuation of U.S. military training. U.S. forces are hosted by Iraq pursuant to an exchange of diplomatic notes under the 2008 U.S.-Iraq Strategic Framework Agreement. Some Iraqis remain deeply critical of and hostile to the foreign military presence in Iraq, while others may be concerned that the U.S. decision to draw down U.S. forces in Syria could be applied in Iraq with short notice.

Security Assistance and Foreign Aid

The United States provides foreign aid and security assistance to Iraq in support of Iraqi operations against the Islamic State, Iraqi security force development, Iraqi public financial management reform, United Nations-coordinated stabilization programs, and other objectives. Reflecting Iraq's needs, fiscal situation, and status as a major oil exporter, U.S. assistance to Iraq blends U.S.-funded programs with lending and credit guarantees.

The 115th Congress extended authority for U.S. train and equip programs in Iraq through December 2020. This includes U.S. aid to KRG forces. Congress has appropriated more than \$5.6 billion for the program through FY2019.

The United States has pledged more than \$265 million in stabilization aid to liberated areas of Iraq through the United Nations Development Program's Funding Facility for Stabilization (FFS), and President Trump requested additional stabilization and aid funds for Iraq for FY2018 (\$347 million) and FY2019 (\$198 million).

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