



Iraq and U.S. Policy

Iraqis Struggle to Define a Way Forward

Two years after victory was declared in the country's years-long military struggle against the Islamic State (IS, aka ISIL/ISIS) unresolved issues involving governance, territorial control, resources, and security cloud the path ahead for Iraq's leaders. Among the issues they face in late 2019 are popular protests and discontent, balancing competing priorities and competition between two of their key allies, the United States and Iran, and the potential for IS resurgence. Long-term fiscal challenges and demographic pressures loom.

The May 2018 national election for Iraq's unicameral legislature, the Council of Representatives (COR), proceeded without major security disruptions, but the election's disputed outcome delayed government formation. In October 2018, 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 later that month. Abd al Mahdi, a consensus candidate, has at times appeared unable to set the agenda amid ongoing competition between and within rival COR blocs.

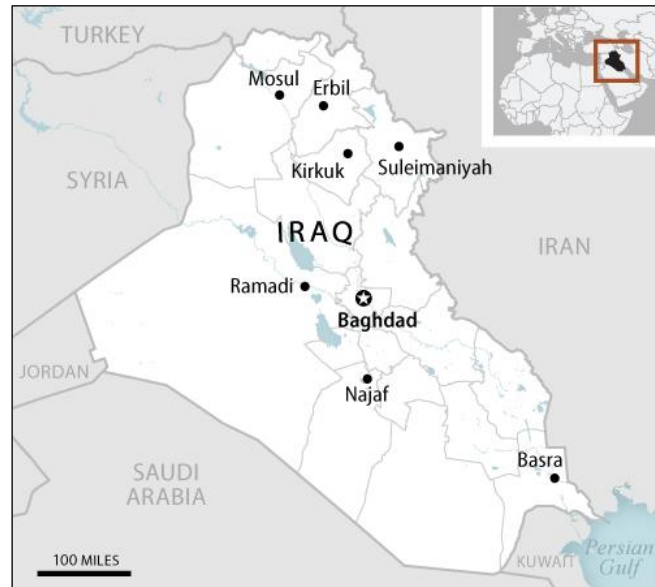
The summer months, which in recent years featured protests by civilians condemning corruption and calling for better governance and more economic opportunity, passed without incident. In October, however, persistent frustration surfaced in a series of mass demonstrations, during which, in some cases, security forces used live ammunition against protestors. Nearly 150 civilians died and more than 6,000 were injured. The unrest and the heavy handed, apparently unauthorized response led to calls for the government to resign. The Prime Minister has announced a series of socioeconomic support measures, fired military officers following a probe, and proposed a cabinet reshuffle that has failed to gain COR approval. Protests have subsided, but anger reportedly remains potent.

In August, Special Representative of the United Nations Secretary-General for Iraq Jeanine Hennis-Plasschaert had told the Security Council "the harsh reality is that the Government needs time to fight the many narrow partisan interests and to deliver." Without changes to underlying political dynamics and balances of political power, the prospects for improvement appear limited.

Behind the scenes, tensions between the national government and the KRG have diminished since the KRG's September 2017 advisory referendum on independence and the subsequent return of Iraqi security forces to disputed territories, but disputes remain over oil revenue. The paramilitary Popular Mobilization Forces (PMF) created to fight the Islamic State have resisted integration under national security institutions on the Prime Minister's terms,

in spite of his reiteration by decree in July 2019 of their obligation to do so. Groups and individuals associated with the PMF, some of whom have close ties to Iran, won COR seats in the 2018 election and remain politically influential.

Figure 1. Iraq



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

Islamic State Insurgency

Iraq's government declared military victory against the Islamic State in December 2017, but counterinsurgency and counterterrorism operations against remaining supporters of the group are ongoing. Security conditions have improved since 2017, but an estimated 15,000 IS fighters spread across Iraq and Syria pose a continuing threat and have the potential to regroup and escalate insurgent activities. The Islamic State does not control territory, but carries out frequent attacks in some areas. Iraqi forces, national ministries, and local authorities are cooperating to protect and stabilize liberated areas and prevent IS reinfiltration. Iraq's military has said that U.S. military forces withdrawing from northeastern Syria may transit Iraq, but do not have permission to remain in Iraq, where some groups continue to call for a full U.S. withdrawal.

The Islamic State left destruction, displacement, and division in its 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 1.5 million individuals remain internally displaced. Iraqi officials have identified more than \$88 billion in recovery needs.

Political and Economic Agenda

National Elections and Political Scene

Iraq held national legislative elections for the 328-seat COR on May 12, 2018. KRG elections were held in September 2018, and repeatedly postponed nation-wide provincial elections are now scheduled for April 2020. 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, though differences over policy priorities and leadership preferences exist within communal blocs. Prime Minister Abd al Mahdi 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. Sadr expressed solidarity with protesters in October 2019 and called for the government to resign.

The Kurdistan Region and Disputed Territories

Already-difficult relations between the KRG and the national government in Baghdad deteriorated further over the KRG's September 2017 advisory referendum on independence. The vote overwhelmingly favored independence, but the United States did not recognize the result. In its wake, Iraqi leaders reintroduced national government forces into disputed territories where they had been present prior to the Islamic State's 2014 advance. The risks of conflict since have declined, and U.S. officials urge 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. In July 2019, the KRG parliament confirmed KDP leader Masrour Barzani as KRG Prime Minister. His cousin Nechirvan Barzani is KRG President.

The Future of the Popular Mobilization Forces

Iraq's Popular Mobilization Forces contributed to Iraq's fight against the Islamic State, though 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 Prime Minister as commander-in-chief and to be subject to military discipline and organization. Some PMF units have demobilized, but many remain outside the law's defined structure, including some units associated with groups identified by the State Department as receiving Iranian support. U.S. officials have expressed concern about potential attacks by Iran-linked PMF forces and other militias amid U.S. tensions with Iran, and reduced the number of personnel deployed to the U.S. Embassy in Baghdad in May 2019. In July 2019, Prime

Minister Abd al Mahdi issued a decree restating a requirement that PMF units either serve as "an indivisible part of the armed forces and be subject to the same regulations" or disarm. Recent changes in military command personnel are renewing questions about the integrity and political independence of the armed forces.

Fiscal Challenges

High wage bills, corruption, and sclerotic bureaucracy create public investment constraints and vex Iraqi decision-makers. Oil exports, the lifeblood of Iraq's public finances and economy, have brought volatile returns since 2014, and Iraq has limited its oil production in line with OPEC decisions. Notwithstanding Iraq's 2018 budget surplus, the International Monetary Fund (IMF) warns that current spending on wages is expected to contribute to rising fiscal deficits that may crowd out public investment and increase reliance on lending. Iraq's Standby Arrangement with the IMF and billions more 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 in lending to meet pressing needs. The KRG has welcomed Baghdad's resumption of payments for KRG salaries, but unresolved oil and budget differences could renew the Kurdistan region's own fiscal crisis at any time.

Iraq-U.S. Relations

The Iraqi government seeks 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 express concern that U.S. and other forces could be drawn down precipitously or become involved in conflict with neighboring Iran or its proxies.

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. aid to Iraq blends U.S.-funded programs with lending and credit guarantees. Congress has authorized U.S. train and equip programs in Iraq through December 2020, including aid to KRG forces. Congress has appropriated more than \$5.8 billion for these security programs since 2014. More than \$365 million in U.S. stabilization aid has flowed to liberated areas of Iraq, largely through the United Nations Development Program's Funding Facility for Stabilization (FFS), with some of this aid directed toward religious and ethnic minority communities. President Trump requested additional foreign aid (\$165 million) and defense funds (\$745 million) for Iraq for FY2020. The United States has provided more than \$2.5 billion in humanitarian funding for Iraq programs since 2014.

Christopher M. Blanchard, Specialist in Middle Eastern Affairs

IF10404

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.