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Iraq

The Republic of Iraq is strategically located in the central Middle East region (**Figure 1**) and has large energy resources and a growing, diverse population. Its potential and regional influence make it a venue for competition between outside powers, including the United States and Iran. About 2,000 U.S. military forces are deployed in Iraq at the invitation of the Iraqi government and provide advice and assistance to Iraqi security forces, including the *peshmerga* forces of the federally recognized Kurdistan Regional Government (KRG). The Biden Administration supports continued U.S.-Iraqi security cooperation and encourages Iraqi leaders to fight corruption and respect citizens' rights.

Neighboring Iran's ties to some Iraqi parties and militias complicate U.S.-Iraqi relations, and some Iranian government-linked Iraqis call for the expulsion of U.S. and other foreign forces from Iraq. In 2019, Iran-backed Iraqi groups expanded attacks on U.S. targets, and in 2020, a U.S. strike in Iraq killed Iranian Islamic Revolutionary Guard Corps Qods Force Commander Qassem Soleimani and Iraqi Popular Mobilization Forces (PMF) leader Abu Mahdi al Muhandis. Iran retaliated with attacks on Iraqi sites hosting U.S. forces. Intermittent attacks claimed by Iran-backed Iraqi groups have continued, targeting U.S. and Coalition forces—and their Iraqi hosts. The United States has condemned a series of indirect fire and infrastructure attacks in the Kurdistan region, including March and September 2022 missile attacks from Iran.

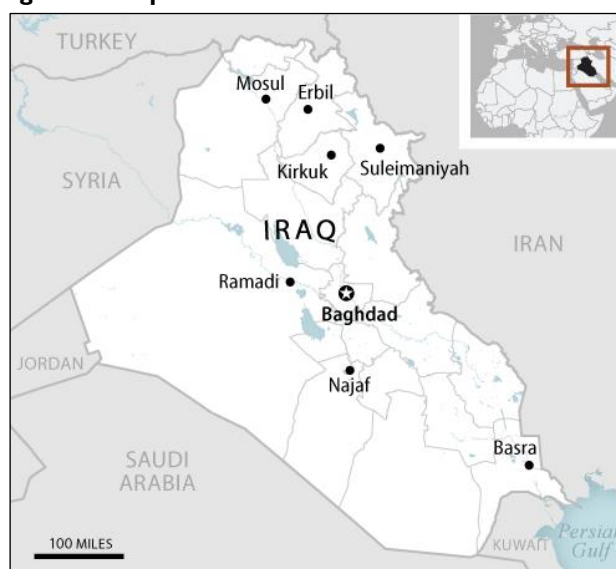
The 118th Congress may consider developments in Iraq and Iraq's relationships with its neighbors in the context of requests for U.S. foreign aid and defense assistance for FY2024. Members also may consider steps to shape U.S.-Iraq economic ties, mend relations between Iraq's national government and the KRG, meet humanitarian needs, and promote human rights, including those of religious and ethnic minorities.

Background

Iraqis have persevered through intermittent wars, internal conflicts, sanctions, displacements, terrorism, and political unrest since the 1980s. The legacies of the 2003 U.S.-led invasion of Iraq continue to shape U.S.-Iraq relations: the invasion ousted the dictatorial government of Saddam Hussein and ended the decades-long rule of the Baath Party but ushered in a period of chaos, violence, and political transition from which the country struggled to emerge. U.S. forces withdrew in 2011, but conflict in neighboring Syria and divisive sectarianism in Iraq enabled the insurgent terrorist forces of the Islamic State organization (IS, aka ISIS/ISIL) to seize and exploit much of northwestern Iraq from 2014 to 2018. Iraqis leveraged new U.S. and coalition military support to reclaim ground lost to the Islamic State, but IS remnants retain an ability to operate in rural areas, especially in disputed territories between the Kurdistan region and areas to the south secured by national

government forces. U.S. officials note that Iraq's security forces depend on coalition support for some operations. Iraq's government still struggles to meet the demands of its citizens for more accountable, transparent, and responsive governance. During mass protests in 2019 and 2020, security forces and politically aligned militias killed hundreds of demonstrators, but protestors succeeded in bringing down the government formed after the 2018 national election and prompted changes to Iraq's electoral system. A caretaker government led the country through a severe economic and fiscal crisis in 2020 and 2021 but lacked a legislative mandate for new initiatives.

Figure 1. Iraq



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

Political Stalemate Ends. Rivalry, Corruption, and Oil Dependence Endure

Following an October 2021 early election for Iraq's unicameral legislature, the Council of Representatives (COR), competition among Iraqi factions devolved into stalemate over government formation. At issue was whether the party that won the most seats in the election—supporters of Shia Arab religious, social, and political leader Muqtada Al Sadr—would form a majority-based government with Sunni and Kurdish parties and exclude Sadr's rivals in the Coordination Framework (CF), a predominantly Shia Arab coalition whose members include some pro-Iran parties. Sadr's supporters resigned from the COR in June 2022 in response to a court ruling that blocked Sadr's government formation efforts. Related protests and armed confrontations escalated in mid-2022 before the October 2022 formation of a power-sharing government led by the CF's nominee, Prime Minister Mohammed Shia Al Sudani. Sadr's movement is not represented in Sudani's cabinet, marking the first time since 2003 that Iraqis have formed a government that does not include all major

political factions. Sudani, like his predecessors, faces challenges posed by patronage, corruption, oil dependence, assertive neighbors, and armed non-state actors. Sudani has pledged to govern for all Iraqis, pursue anti-corruption measures, and protect Iraq's sovereignty. He has said his administration supports the continuation of Iraq's cooperation with the U.S.-led counter-IS military coalition, including the continued presence of U.S. and other foreign forces for advisory and training purposes. His government's program calls for revising Iraq's electoral law and holding an early election within a year. Many Iraqi observers doubt the government will arrange the early election but expect CF parties to seek to revisit electoral law reforms that benefitted Sadrists and independents in the 2021 election.

In August 2022, then-Finance Minister Ali al Allawi resigned, writing that "a vast octopus of corruption and deceit" threatens Iraq's future. Prime Minister Sudani has directed some actions against corrupt officials, and Iraqi authorities continue to investigate the theft of \$2.5 billion in tax revenue during 2020 and 2021, which may implicate officials in the previous government. In 2022, the Central Bank of Iraq instituted international payment transparency standards for certain transnational financial transactions.

Continued dependence on oil revenues and expansive state liabilities left Iraq vulnerable to financial collapse in 2020, as the systemic effects of the COVID-19 pandemic and oil price declines exacerbated underlying economic and fiscal problems. Oil prices in 2022 exceeded Iraqi budget assumptions, but the government faces demands to expand public sector employment and provide additional cost-of-living support to citizens. Moves to reduce state spending or public sector employment could prove politically sensitive.

Views from the Kurdistan Region

Iraqi Kurdish self-government developed after the 1991 Gulf War. 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. Iraq's constitution formally recognizes the authority of the Kurdistan Regional Government (KRG) in areas that were under Kurdish control as of March 19, 2003.

The United States cooperates with the KRG and supports the resolution of long-standing KRG-Baghdad disputes over oil production, the budget, territory, and security. Following a 2017 KRG-sponsored independence referendum, national forces reasserted control over some disputed territories. Baghdad has maintained conditions on the transfer of funds to the KRG, contributing to the KRG's fiscal strains. In February 2022, Iraq's Federal Supreme Court (FSC) found the KRG's oil and gas sector law unconstitutional. KRG-Baghdad negotiations continued amid government formation talks during 2022, without agreement. In January 2023, the FSC ruled against new national fiscal transfers to the KRG under the still-operative 2021 budget law.

The Erbil-based KDP and the Suleimaniyah-based PUK are the largest Kurdish parties in the COR and won the most seats in the KRG's 2018 regional election. KDP leader Masrour Barzani is KRG prime minister. His cousin Nechirvan Barzani is KRG president. Historic KDP-PUK tensions appear to have resurged, as struggles within the

PUK's leading Talibani family shape PUK relations with the KDP and parties in Baghdad. Convictions of journalists and crackdowns on activism in the Kurdistan region since 2020 have increased foreign scrutiny of human rights there.

Iraq's government opposes Turkey's military's presence and operations in the northern Kurdistan region, where Turkish forces target the Kurdistan Workers Party (PKK). KRG officials have called on the PKK to leave the region.

Partnership with the United States

After a two-year bilateral strategic dialogue, U.S. and Iraqi leaders agreed in July 2021 on the transition of the U.S. military presence in Iraq to a noncombat advisory mission.

President Biden reported to Congress in December 2022 that U.S. forces remain in Iraq "to advise, assist, and enable select elements of the Iraqi security forces, including Iraqi Kurdish security forces. United States Armed Forces also provide limited support to the North Atlantic Treaty Organization mission in Iraq."

Congress has authorized counter-IS train and equip programs for Iraq through 2023, and has appropriated related funds available through September 2024, including aid to KRG forces subject to Baghdad's approval. The State Department and the U.S. Agency for International Development (USAID) fund security, economic, stabilization, and democracy programs in parallel to Foreign Military Financing (FMF) and Defense Department Counter-ISIS Train and Equip Fund (CTEF) and Global Train and Equip (10 U.S.C. 333) security assistance.

Since 2014, Congress has appropriated more than \$7.7 billion for counter-IS train and equip programs for Iraqis. Since 2015, the U.S. government has obligated more than \$405 million for stabilization of areas of Iraq liberated from the Islamic State, including funds for religious and ethnic minority communities. The United States remains the top humanitarian funding donor for Iraq and provided more than \$251 million in humanitarian aid for Iraq in FY2022. The Biden Administration renewed a sanctions waiver on specific Iraqi energy purchases from Iran in July 2022; Iraq withholds related payments in accordance with the waiver.

The status of U.S. diplomatic facilities in Iraq is mixed: the U.S. Embassy in Baghdad has suspended consular operations but remains open, the U.S. Consulate in Erbil remains open, and the U.S. Consulate in Basra has remained closed since 2018.

Since 2021, U.S. forces have conducted strikes in the Iraq-Syria border region and in Syria after attacks on U.S. personnel and facilities in Syria and Iraq. These U.S. strikes have targeted Iran-backed militia groups, including Iraqi militia groups such as Kata'ib Hezbollah and Kata'ib Sayyid al Shuhada. The executive branch reports to Congress on U.S. military operations in Iraq consistent with the 2001 Authorization for Use of Military Force (AUMF, P.L. 107-40), the 2002 Iraq AUMF (P.L. 107-243), and other laws.

Christopher M. Blanchard, Specialist in Middle Eastern Affairs

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