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Iraq

The Republic of Iraq (**Figure 1**), with a substantial history of U.S. involvement, large energy resources, and a growing, diverse population, continues to experience security and political challenges that are further complicated by competition between outside powers, including neighboring Iran and the United States. U.S. military operations in Iraq from 2003 to 2011 involved billions of dollars in U.S. investments in Iraq's reconstruction and stabilization. After withdrawing in 2011, U.S. forces returned to the country in 2014 at the Iraqi government's invitation to assist Iraqis in defeating the Islamic State group (IS, aka ISIS/ISIL). Through September 2024, about 2,400 U.S. military forces remained deployed in Iraq to provide advice and aid to Iraqi security forces, including the *peshmerga* forces of the federally recognized Kurdistan Regional Government (KRG). The Biden Administration has supported continued U.S.-Iraqi security cooperation and encouraged Iraqi leaders to fight corruption and respect citizens' rights.

Iran's ties to some Iraqi parties and militias complicate U.S.-Iraqi relations, and some Iraqis with ties to the Iranian government lead calls for the expulsion of U.S. and other foreign forces from Iraq. Iran-backed groups' attacks on U.S. and coalition forces have prompted U.S. response strikes in a pattern that intensified after the onset of the Israel-Hamas war in October 2023. Iraq's government has criticized U.S. strikes as inconsistent with the coalition's mission and has engaged in talks with the United States to determine a timeline for an end to the coalition's mission and presence.

In September 2024, U.S. officials announced the coalition's mission in Iraq would end by September 2025, with coalition forces in Iraq continuing to support anti-IS missions in Syria "until at least September 2026," subject to security conditions and ongoing consultations. Iraqi and U.S. officials have stated their intent to continue security cooperation and training on a bilateral and enduring basis.

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

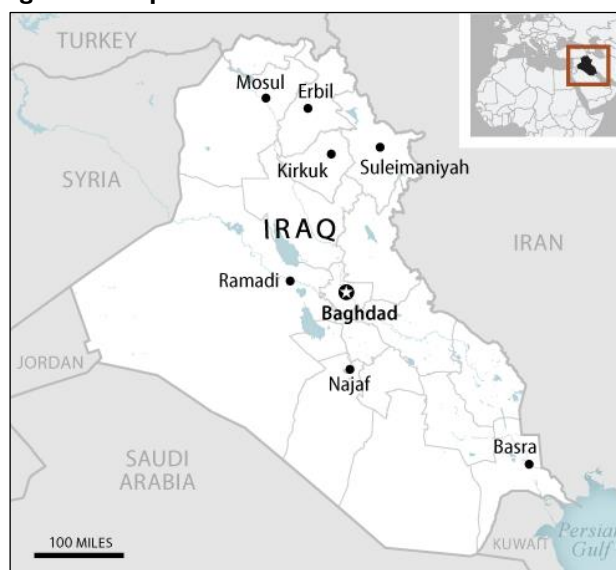
Background

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 ended the decades-long rule of Saddam Hussein and 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 IS insurgents to seize and exploit much of northwestern Iraq from 2014 to 2018. Iraqis leveraged new U.S. and coalition military support to defeat the Islamic State, but as of 2024, some IS remnants remain active, especially in disputed territories between the Kurdistan region and areas to the south secured by national government forces. IS fighters are also active in Syria, where U.S.-backed forces detain thousands of IS fighters and thousands of Iraqi nationals await repatriation.

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 that were then reversed in 2023. 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.

Iraq's Government Grapples with Internal Divisions and External Pressures

Following an October 2021 early legislative election for Iraq's unicameral Council of Representatives (COR), government formation talks devolved into stalemate. After a year marked by contested judicial decisions, protests, high-profile resignations, and some armed confrontations, Iraqi parties in October 2022 formed a power-sharing government led by Prime Minister Mohammed Shia Al Sudani, the nominee of the Shia political coalition known as

the Coordination Framework (CF). The ruling State Administration Coalition combines the CF parties, the principal Kurdish and Sunni parties, and aligned independents. It is the first government since 2003 that does not include all major political factions, following the resignation and withdrawal of followers of Shia religious and social movement leader Muqtada Al Sadr, who won the most seats in the 2021 election.

Sudani, like his predecessors, faces challenges posed by patterns of patronage and corruption in the Iraqi government, Iraq's fiscal dependence on oil export revenue, Iraq's assertive neighbors, and the activities of armed non-state actors, including militia groups associated with some CF members. In 2023, Iraqi leaders enacted a three-year \$153 billion budget of expansionary public spending and hiring. Sudani's government has struggled to implement service improvement elements of its platform, and patterns of spending extend and deepen Iraq's fiscal vulnerability to declines in world oil prices. Political competition among the government's coalition partners may grow more acute as the 2025 election approaches.

Sudani has adopted a nationalist posture toward unilateral foreign military operations and attacks inside Iraq, criticizing actions by Iran, Turkey, and the United States. His government has described Iran-aligned Iraqi armed groups' attacks as illegal and inconsistent with Iraq's desire to continue security cooperation with foreign partners.

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 2005 constitution recognizes the authority of the KRG in areas that were under Kurdish control as of March 2003. After a 2017 KRG independence referendum, national forces reassert control over some disputed territories.

The Erbil-based KDP and the Suleimaniyah-based PUK won the most seats in the October 2024 KRG regional election and are the largest Kurdish parties in the COR. KDP leader and former KRG president Masoud Barzani remains influential; his son, Masrour Barzani is KRG prime minister. Nechirvan Barzani is KRG president and is the prime minister's cousin. Historic KDP-PUK tensions have resurged, and struggles within the PUK's leading Talibani family shape PUK relations with the KDP and parties in Baghdad. The KDP and PUK retain separate politically aligned militia and security force units, in spite of U.S. efforts to encourage the unification and depoliticization of the KRG security sector.

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. Baghdad has maintained conditions on the transfer of funds to the KRG, contributing to the KRG's fiscal strains. Since 2022, Iraq's Federal Supreme Court (FSC) has issued a series of rulings that have affected the KRG's autonomy, including rulings that have found the KRG oil and gas sector law unconstitutional, temporarily barred and set new conditions for fiscal transfers, invalidated long-standing KRG electoral

arrangements, and required the transfer of KRG revenue to national authorities for payment of KRG employees.

Iraq has opposed Turkey's unilateral military presence and operations in the Kurdistan region, where Turkish forces target the Kurdistan Workers Party (PKK). KRG and Iraqi officials have called on the PKK to leave the region, and Iraq and Turkey signed a bilateral counterterrorism and military agreement in August 2024.

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. Since the onset of the Israel-Hamas war in 2023, Iran-backed Iraqi groups have resumed and expanded attacks on U.S. forces, prompting U.S. counterstrikes that have drawn Iraqi criticism. Iraqi and U.S. officials have outlined plans to end the counter-IS coalition mission in Iraq in 2025, with Iraq hosting Syria-focused coalition forces into 2026. Subsequent bilateral security cooperation may include a residual U.S. force presence.

The U.S. Embassy in Baghdad and U.S. Consulate in Erbil remain open. The U.S. Consulate in Basra has been closed since 2018. In January 2024, President Biden nominated Tracey Ann Jacobson to serve as U.S. Ambassador to Iraq.

Since 2014, Congress has appropriated more than \$7.9 billion for counter-IS train and equip programs for Iraqis. Congress has authorized counter-IS train and equip programs for Iraq through 2024, and has appropriated related funds available through September 2025, including aid to the KRG Ministry of Peshmerga Affairs (MoPA) subject to Baghdad's approval and pursuant to a nonbinding U.S.-KRG 2022 memorandum of understanding.

The State Department and the U.S. Agency for International Development fund security, economic, stabilization, and democracy programs in parallel to Foreign Military Financing and Defense Department Counter-ISIS Train and Equip Fund (CTEF) and Global Train and Equip (10 U.S.C. 333) security assistance. The United States was the top humanitarian funding donor for Iraq in 2022, and provided more than \$114 million in humanitarian aid for Iraq in FY2023. The Administration requests \$285.7 million for foreign aid programs for Iraq in FY2025, along with \$380.75 million in FY2025 CTEF funds for Iraq. Defense appropriations bills in the House (H.R. 8774) and Senate (S. 4921) would provide the requested CTEF amount.

Iraq has withheld funds owed to Iran for Iraqi electricity purchases consistent with U.S. sanctions. The Biden Administration has renewed related sanctions waivers and has approved some related in-kind humanitarian transfers to Iran and transfers of Iraq-withheld funds to third countries.

As U.S. and Iraqi officials work to define a framework for future cooperation, Congress may consider Iraq's relations with Iran and its other neighbors, KRG-Baghdad relations, human rights, religious freedom, and other issues in assessing bilateral ties and executive branch requests.

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