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Iraq and U.S. Policy

Al Kadhimi Government Facing Numerous Challenges

In May 2020, Iraq's parliament confirmed Iraqi National Intelligence Service director Mustafa al Kadhimi as Prime Minister, and in June finished confirmation of his cabinet members, bringing months of political deadlock over government leadership to a close. Upon taking office, Al Kadhimi declared that his government would serve in a transitional capacity and would work to improve security and fight corruption while preparing for early elections. Iraqi authorities have instituted curfews and travel restrictions in response to the Coronavirus Disease-2019 (COVID-19) pandemic, which threatens public health, the economy, and public finances.

Prime Minister Al Kadhimi's priorities include:

- mobilizing resources to fight the COVID-19 pandemic;
- "restricting weapons to state and military institutions";
- addressing what he calls "the worst economic situation since the formation of the Iraqi state"; and
- "protecting the sovereignty and security of Iraq, continuing to fight terrorism, and providing a national vision on the future of foreign forces in Iraq."

Al Kadhimi has called for early elections in June 2021 under a revamped electoral system, but fiscal pressures, political rivalries, and limited institutional capacity present serious hurdles to reform. A series of high profile assassinations in 2020 of protest leaders and of a prominent security researcher have intensified public scrutiny of Al Kadhimi's credibility and his government's ability to act against armed groups operating outside state authority. Ongoing rocket and improvised explosive device (IED) attacks against U.S. and Iraqi facilities and convoys further underscore these concerns. Islamic State insurgents also remain active, especially in rural areas.

To date, Al Kadhimi's administration has focused on COVID-19 risks and responding to related economic and fiscal fallout. The Prime Minister visited the United States in August 2020 for strategic dialogue talks. Persistent reform demands from Iraqi activists and U.S. pressure for action against Iran-backed armed groups continue to dominate the policy agenda in Iraq, as COVID-19 infection rates remain high.

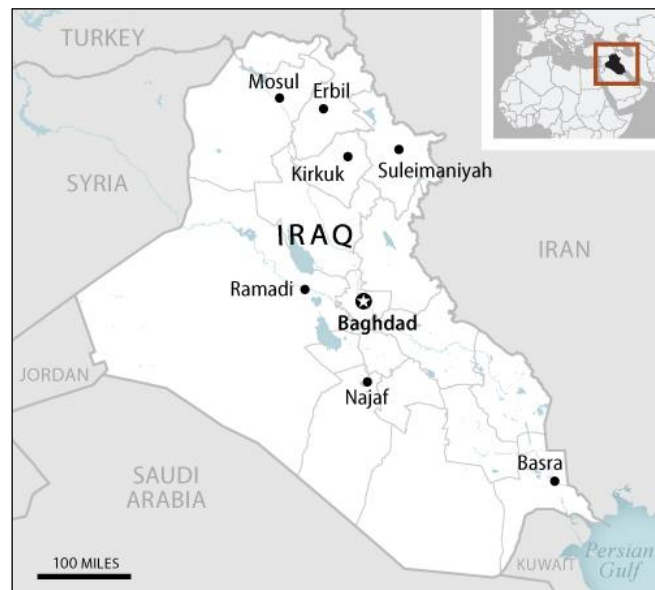
Demands of Protest Movement Unmet

Al Kadhimi's predecessor, Adel Abd Al Mahdi, resigned in November 2019, after just over a year in office and following deadly attacks by some security forces and militias that killed hundreds of protestors and wounded thousands across central and southern Iraq. Abd Al Mahdi served in a caretaker role while political blocs grappled over identifying his replacement. A spirited protest movement, of unprecedented scope in Iraq's post-2003 history, had erupted in October 2019 and mobilized

hundreds of thousands seeking systemic change. Protests subsided in early 2020 amid COVID-19 mitigation measures, but protestors' demands for reform and an end to corruption and foreign interference remain unsatisfied.

As protests intensified in late 2019, the parliament (Council of Representatives, COR) adopted a new election law to replace Iraq's list-based electoral system with an individual candidate- and district-based system. In October 2020, the COR finalized the law, creating electoral districts in each governorate based on the governorate's number of women's quota seats. Some voting systems experts warn that the electoral system changes alone will not ensure different political leadership or better governance. Meanwhile, mounting fiscal pressure is delaying public salary payments and undermining service delivery, with some experts warning of financial collapse.

Figure 1. Iraq



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

Iran-U.S. Tensions Grip Iraq

U.S.-Iran confrontation amplifies underlying disputes among Iraqis over government leadership and Iraq's international orientation and security partnerships. Following escalating Iran-linked threats in 2018 and 2019, a January 2020 U.S. air strike in Iraq killed Iranian Islamic Revolutionary Guard Corps-Qods Force Commander General Qasem Soleimani and Iraqi Popular Mobilization Forces (PMF) leader Abu Mahdi al Muhandis. Iran launched missiles at Iraqi bases hosting U.S. forces in retaliation for the U.S. strike, injuring U.S. personnel. In addition, the COR voted to direct then-acting Prime Minister Abd Al Mahdi to remove foreign forces from Iraq, but he deferred pending the seating of the new government.

The U.S. operation eliminated key figures in Iran's efforts to shape Iraqi security and politics, but also led to the temporary suspension of security cooperation and training. Some security cooperation activities have resumed, but some Iraqi armed groups continue to conduct rocket and IED attacks against Iraqi and U.S. facilities and convoys. Some attacks have killed and injured U.S. and coalition personnel, along with Iraqi personnel and civilians.

The Trump Administration reportedly has threatened to close the U.S. Embassy in Baghdad if Iraqi authorities do not act more comprehensively against groups threatening U.S. personnel and facilities, and in December 2020 began reducing the number of U.S. citizen personnel in Iraq. Staff reductions and facility closures could limit U.S. diplomatic, consular, and assistance activities, and some observers argue such steps could lower retaliation risks from any U.S. military strikes against hostile Iran-aligned armed groups.

Pandemic Worsens and Economy Suffers

Since March 2020, Iraq's government has instituted travel restrictions and internal curfews while mobilizing the country's limited health resources to fight the COVID-19 pandemic. Iraq's public and private health systems have significant shortcomings and limited capacity. According to the World Bank, Iraq has approximately 0.8 physicians and 1.3 hospital beds per 1,000 people (below the global averages of 1.5 and 2.7, respectively). Data is incomplete, but reported infections increased rapidly through August, with new case rates remaining above 2,000 daily by December. As of December 3, Iraq had recorded more than 558,000 COVID-19 cases with more than 12,360 deaths.

COVID-19 mitigation measures have deepened an economic contraction that had already begun in urban areas paralyzed by protests in late 2019 and early 2020. In parallel, a precipitous drop in global oil prices has slashed state finances. Iraq remains dependent on oil exports for more than 90% of its budget revenue, much of which pays salaries and benefits to state employees and retirees. Iraq has been forced both to accept lower prices and reduce output in accordance with decisions reached by the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC countries (OPEC+), including Russia. In November the COR passed legislation to allow the government to borrow, but less than it requested. Iraqi leaders publicly describe the dire condition of state finances, while protests have followed cabinet-approved public sector spending cuts.

Views from the Kurdistan Region

Leaders of Iraq's federal Kurdistan Regional Government (KRG) defend the Kurdistan region's rights under Iraq's constitution and remain engaged with Baghdad on oil, budget, and security differences. The KRG has instituted local COVID-19 containment and curfew measures. The two largest Kurdish parties, the Erbil-based Kurdistan Democratic Party (KDP) and the Suleimaniyah-based Patriotic Union of Kurdistan (PUK), hold significant numbers of COR seats and won the most seats in the KRG's September 2018 regional election. KDP leader Masrour Barzani serves as KRG Prime Minister. His cousin Nechirvan Barzani is KRG President. Islamic State insurgents have exploited security and governance gaps in

territory disputed between the Kurdistan region and the rest of Iraq.

Partnership with the United States

The Trump Administration's approach to Iraq has sought to promote Iraqi unity and stability, prevent an IS resurgence, and limit Iranian influence in Iraq. Iraqi activists' calls for improved governance, reliable local services, more trustworthy and capable security forces, and greater economic opportunity broadly correspond to stated U.S. goals. During the peak period of unrest from October 2019 to March 2020, U.S. officials advocated for protestors' rights to demonstrate and express themselves, while urging Iraqi leaders to respond seriously to protestors' demands and to prevent attacks against unarmed demonstrators.

Iraqi and U.S. leaders have engaged in a high-level strategic dialogue in 2020 to renew shared understandings about bilateral security cooperation and U.S. assistance. Meeting in August, Iraqi and U.S. officials endorsed continued security cooperation, including a U.S. military presence. U.S. Central Command subsequently announced that U.S. force levels in Iraq would decline from 5,200 to 3,000, and in November, President Trump directed a further drawdown to 2,500 by January 2021.

The drawdowns reflect U.S. assessments that Iraq's security forces increasingly are capable of independent operations against the remnants of the Islamic State group. U.S. forces have consolidated on fewer Iraqi facilities, and in 2020 returned a number of facilities used for operations and training to full Iraqi control. U.S. military remain in Iraq pursuant to a 2014 exchange of diplomatic notes under the 2008 bilateral Strategic Framework Agreement. The U.S. Consulate in Basra remains closed due to security concerns. The U.S. Consulate in Erbil remains operational.

Congress has authorized U.S. train and equip programs for Iraq through December 2020, including aid to KRG forces, and has appropriated defense funding for the train and equip programs through September 2021. Since 2014, Congress has appropriated more than \$6.5 billion for train and equip programs for Iraqis. The FY2021 National Defense Authorization Act conference report would authorize \$322.5 million of the Administration's requested \$645 million for train and equip efforts under Iraq-specific authorities extended through 2021, with the rest (\$322.5 million) authorized for Iraq under 10 U.S.C. 333.

The United States provides foreign aid in Iraq in support of de-mining programs, public sector financial management reform, U.N.-coordinated stabilization, and other goals. The U.S. government has obligated more than \$365 million for stabilization of liberated areas of Iraq since 2016, including funds for religious and ethnic minority communities. Congress allocated \$451.6 million for U.S. foreign aid programs in Iraq in FY2020. The Trump Administration has requested \$124.5 million for FY2021. The United States is the top humanitarian funding donor for Iraq and provided more than \$345 million in humanitarian aid for Iraq in FY2020, including more than \$47 million for COVID-19 programs. Nearly 1.3 million Iraqis remain internally displaced and many more remain in need of aid.

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