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Iraq and U.S. Policy

Violence Shadows Post-Election Talks

Iraq held a national election on October 10, 2021, with voters selecting 329 members for the unicameral legislature, the Council of Representatives (COR). The COR elects Iraq's president and approves the prime minister's program and cabinet nominees. The election results will inform negotiations among political groups to identify the new COR's "largest bloc," which nominates the prime minister. The largest bloc may or may not include the coalition or party that won the most COR seats. Past government formation talks have taken months to resolve.

Election observers judged that officials administered the election fairly, amid low turnout and some boycotts. Recounts have not resulted in major changes. Some parties nevertheless have continued to question the outcome, with some Iran-aligned groups engaging in confrontational protests and intimating that violence could result if Iraq's next government excludes them. Unnamed Iraqi officials attributed a November 2021 drone attack on the prime minister's residence to Iran-aligned Iraqi militia, but militia leaders and Iranian officials have denied any involvement. Condemning the "terrorist attack" against Prime Minister Al Khadimi, President Biden said, "The United States stands firmly with the government and people of Iraq as they strive to uphold Iraq's sovereignty and independence."

Iraq adopted a new electoral law for the October election based on individual candidacy and local districts, creating new political opportunities for independents and members of the protest movement that brought down the government formed after the 2018 election. Shia leader Muqtada al Sadr's supporters won fewer votes than in 2018 but adapted their candidacy approach to the new system and won the most seats (75). Independents and grassroots candidates won 41 seats, followed by the Taqaddum (Progress) movement of COR Speaker Mohammed al Halbousi (40), former prime minister Nouri al Maliki's State of Law bloc (37), and the Kurdistan Democratic Party (KDP) (34). The pro-Iran Fatah (Conquest) bloc drew support comparable to Sadr's, but won 29 seats, down from 48 in 2018.

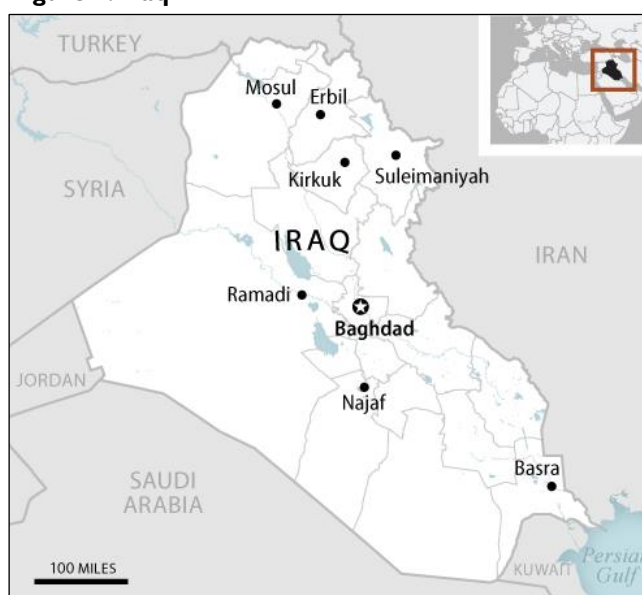
For the United States, the election result could reduce the formal influence of Iran-aligned groups who seek to revise or rescind plans for a continued U.S. military advisory presence in Iraq after December 31, 2021. However, Iraqi analysts expect a compromise coalition government to emerge that includes or reflects the interests of Iran-backed groups alongside their more electorally successful rivals. Such a government could lower the risk of political violence, but also may make systemic reforms less likely.

In assessing the government that emerges in Iraq, U.S. officials may weigh the benefits of continued security cooperation and other bilateral ties against risks to Iraq's stability posed by the persistence of patronage politics, corruption, oil dependence, and armed non-state actors.

Challenges Await New Government

Prime Minister Mustafa al Kadhim has led the government since May 2020, after months of political deadlock following his predecessor's protestor-demanded resignation in late 2019. Extensive negotiations leading to Kadhim's nomination occurred during a period of escalating U.S.-Iran tensions in Iraq. Attacks by Iran-backed groups targeting U.S. and Coalition forces—and their Iraqi hosts—have tested Prime Minister Al Kadhim throughout his tenure.

Figure 1. Iraq



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

The Islamic State (IS, aka ISIS/ISIL) group's control of territory in Iraq ended in 2017, creating space for Iraqis to seek more accountable governance, improved service delivery, an end to corruption, and greater economic opportunity. These demands drove mass protests in 2019 and 2020 that subsided as the Coronavirus Disease-2019 (COVID-19) pandemic spread, but resurged in May 2021 with demonstrators insisting that the government identify and prosecute suspects in a series of assassinations and kidnappings of protest leaders, activists, and others. The state's use of force to contain and disperse protests and the impunity surrounding violence against activists has intensified public scrutiny of the Prime Minister's credibility and his government's ability to act against armed groups operating outside state control.

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 exacerbated underlying economic and fiscal challenges. A precipitous drop in global oil prices slashed state revenues through the middle of 2020, but price increases have since created some fiscal breathing room. Iraq's \$89 billion 2021

budget projected a \$20 billion deficit on an assumed oil price of \$45 per barrel (Through September 2021, the average year-to-date OPEC Basket price was \$66.83.)

Iraqi leaders in 2020 described the condition of state finances as dire, but the COR-approved 2021 budget did not include some cabinet-proposed spending reforms. Protests have followed some cabinet-approved public spending cuts since 2020, and some politicians have derided austerity measures in populist critiques of the government. The International Monetary Fund has recommended “reversing the unsustainable expansion of wage and pension bills, reducing inefficient energy subsidies, and raising non-oil revenues,” with targeted cash transfers to those in need.

Islamic State Remnants and Militias Pose Threats

Iraqi forces continue to combat remaining Islamic State insurgents, who retain an ability to operate in rural areas and particularly in under-secured, disputed territories between the Kurdistan region of northern Iraq and areas to the south secured by national government forces. According to U.S. military oversight reporting, the Islamic State maintains a “well-entrenched, low-level insurgency” in Iraq and Syria but is unable to sustain “coherent military operations” against U.S. partner forces.

Tensions involving militia groups have remained high since 2019, when Iran-backed groups expanded attacks on U.S. targets, and 2020, when 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, and Iran retaliated with attacks on Iraqi sites hosting U.S. forces. Intermittent rocket, drone, and improvised explosive device (IED) attacks against U.S. and Iraqi facilities and convoys have continued since 2020, with some analysts observing less coordination among militia leaders.

COVID-19 Surges, Vaccines Arrive

Iraq’s public and private health systems have significant shortcomings and limited capacity. Data is incomplete, but reported COVID-19 infections increased through August 2020 and then declined before resurging in 2021, with new case rates reaching a peak of more than 13,500 daily in late July 2021. As of November 9, Iraq had recorded more than 2 million COVID-19 cases with more than 23,370 deaths. Iraq received some Sinopharm vaccine from China and is receiving shipments of other vaccines via the COVID-19 Vaccines Global Access Facility (COVAX) that should allow for vaccination of 20% of its population in 2021.

Views from the Kurdistan Region

Leaders of Iraq’s Kurdistan Regional Government (KRG) seek to preserve the Kurdistan federal region’s rights under Iraq’s constitution and remain engaged with counterparts in Baghdad to resolve differences over oil production, the budget, disputed territories, and security. Following a 2017 KRG-sponsored independence referendum, the national government reasserted control over some disputed territories and has maintained conditions on the transfer of funds to the KRG, contributing to the KRG’s fiscal strains.

The Erbil-based Kurdistan Democratic Party (KDP) and the Suleimaniyah-based Patriotic Union of Kurdistan (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 serves as KRG Prime Minister. His cousin Nechirvan Barzani is KRG President. Factional struggles in the PUK’s leading Talibani family may affect prospects for the party’s relations with the KDP and parties in Baghdad. Human rights in the Kurdistan region have come under additional scrutiny since the October 2020 arrests and subsequent convictions and sentencing of individuals reporting on corruption and protests among Kurds.

Partnership with the United States

Prime Minister Al Kadhimi visited Washington, DC, in July 2021, marking the culmination of a four round strategic dialogue between Iraq and the United States that began in 2020. The Prime Minister and President Biden jointly reviewed the discussions, “which focused on strengthening the long-term strategic partnership defined by” the bilateral 2008 Strategic Framework Agreement. They reaffirmed Iraq’s sovereign invitation to host U.S. and other coalition forces and announced, “there will be no U.S. forces with a combat role in Iraq by December 31, 2021.” The Biden Administration renewed a sanctions waiver on specific Iraqi energy purchases from Iran in August 2021.

Since March 2020, the U.S. Embassy in Baghdad has operated under ordered departure rules because of “security conditions and restricted travel options as a result of the COVID-19 pandemic.” The U.S. Consulate in Erbil remains open; the State Department suspended operations at the U.S. Consulate in the southern city of Basrah in 2018.

Iraqi and U.S. officials have endorsed continued security cooperation, including a U.S. military presence. U.S. force levels in Iraq declined from 5,200 in 2020 to 2,500 in January 2021. U.S. assessments note that Iraq’s security forces remain dependent on coalition support for some operations against Islamic State fighters. Congress has authorized U.S. train and equip programs for Iraq through December 2021, including aid to KRG forces, and has appropriated defense funding for train and equip programs in Iraq through September 2022. Since 2014, Congress has allocated nearly \$7 billion for train and equip programs for Iraqis. The Administration’s FY2022 defense request seeks \$345 million for train and equip efforts under Iraq-specific authorities, including \$240 million for KRG Peshmerga stipends, which the United States resumed paying in 2021. The House and Senate FY2022 defense appropriations bills would provide funding for Iraq at the requested level.

U.S. foreign aid in Iraq supports de-mining, public sector financial management reform, U.N.-coordinated stabilization, and other goals. The U.S. government has obligated more than \$405 million for stabilization of liberated areas since 2016, including funds for religious and ethnic minority communities. Congress allocated \$454.1 million for U.S. aid programs in Iraq in FY2021. President Biden requested \$448.5 million for FY2022. The United States provided more than \$344 million in humanitarian aid for Iraq in FY2020 and FY2021, and more than \$47 million for COVID-19 programs. Nearly 1.2 million Iraqis remain internally displaced and more than 1.4 million have returned to areas labelled “hotspots” due to various risks.

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