

Iraq and U.S. Policy

Government Formation Impasse Persists

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. Negotiations among Iraqi political groups since the election have sought to identify the new COR's "largest bloc," which under Iraq's constitution nominates the president who would then designate a prime minister tasked with proposing a cabinet. This ruling party or coalition may or may not include the coalition or party that actually won the most COR seats. An impasse between competing blocs has delayed the COR's selection of the president since January 2022.

Iraq adopted a new electoral law for the 2021 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. Independents and grassroots candidates won 43 seats in the 2021 election, but established political forces predominate. Newcomers have faced unique pressures during the post-election talks, and several have aligned since with parties or coalitions.

Intra-Shia rivalries have defined post-election politics. Supporters of Shia cleric Muqtada Al Sadr won 73 of the 329 seats, the most by a single movement. Sadr, long a critic of the United States and a rival of other Iraqi Shia leaders with closer ties to Iran, has called for "the formation of a government of national majority that is neither Eastern nor Western." He has been joined by the Taqaddum (Progress) movement of COR Speaker Mohammed al Halbousi (37 seats) and other Sunnis, the Kurdistan Democratic Party (KDP) (31 seats), and others. Through April, their bloc had attempted unsuccessfully to achieve a required two-thirds quorum for the selection of the president. Former prime minister Nouri al Maliki's State of Law bloc (33 seats), the pro-Iran Fatah (Conquest) coalition (17 seats), and other mostly Shia parties anchor the rival bloc to Sadr's. They seek the formation of a Shia-led coalition government that will preserve their influence and interests under the prevailing elite consensus-based system.

It remains to be seen whether the election result and formation talks will reduce the formal influence of Iran-aligned groups who seek to revise or rescind Iraq's invitation to U.S. military advisors to remain in Iraq. A compromise coalition government could emerge that includes or reflects the interests of Iran-backed groups alongside their rivals. Such a government could lower the risk of political violence, but also may make systemic reforms less likely.

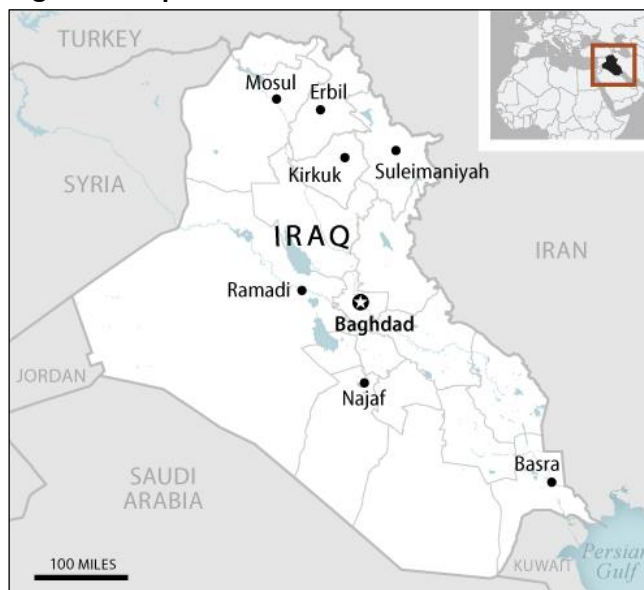
In assessing the government that emerges in Iraq, Congress and the Biden Administration may weigh the benefits of continued security cooperation and other bilateral ties

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 Kadhimi remains as a caretaker, but observers do not expect he will serve a second term. His term began in May 2020, after months of political deadlock following his predecessor's protestor-demanded resignation in late 2019. Negotiations leading to Kadhimi'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—continue and have tested Prime Minister Al Kadhimi 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 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. Oil

prices in 2022 have been higher than expected, though the International Monetary Fund (IMF) reports Iraq's non-oil sector growth has slowed. The IMF describes the improved fiscal picture as an opportunity for change and has recommended "civil service reform ... and containing the wage bill, reducing inefficient energy subsidies, diversifying fiscal revenues, stemming losses in the electricity sector, [and] strengthening governance." All of these efforts could prove politically sensitive. The Biden Administration renewed a sanctions waiver on specific Iraqi energy purchases from Iran in March 2022; Iraq withholds the proceeds in accordance with the waiver.

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, especially in under-secured, disputed territories between the Kurdistan region and areas to the south secured by national government forces. In February 2022, U.S. officials reported that IS fighters in Iraq had "a larger presence and greater capability" than their IS counterparts in Syria.

In 2019, Iran-backed 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 rocket, drone, and improvised explosive device (IED) attacks continue against U.S. and Iraqi targets.

COVID-19 and Iraq

Iraq's public and private health systems have significant shortcomings and limited capacity. Data is incomplete, but as of May 18, Iraq had recorded more than 2.3 million COVID-19 cases with more than 25,200 deaths. Iraq's total population is more than 41 million people; caseloads are likely underestimated due to limited testing. As of November 2021, the United States had provided more than \$60 million to support the COVID-19 response in Iraq. Iraq has received more than 500,000 U.S. vaccine doses among more than 6 million doses received through the COVAX initiative and others. As of May 2022, more than 18 million vaccine doses had been administered in Iraq.

Views from the Kurdistan Region

The United States partners with the Kurdistan Regional Government (KRG) of Iraq and supports the federal region's efforts to resolve differences with the national government 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 international scrutiny since the October 2020 arrests and

subsequent convictions and sentencing of individuals reporting on corruption and protests among Kurds.

In February 2022, Iraq's Federal Supreme Court found the KRG's oil and gas sector law unconstitutional. A series of attacks without definitive attribution have targeted energy infrastructure in the Kurdistan region in 2022.

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 non-combat advisory mission.

In December 2021, U.S. and Iraqi officials confirmed that all U.S. military personnel with a combat role have been withdrawn from Iraq, with an undisclosed number remaining at the invitation of the Iraqi government with "a mission limited to advising, assisting and enabling the Iraqi Security Forces to ensure ISIS can never resurge."

U.S. assessments note that Iraq's security forces depend on coalition support for some operations. Congress has authorized U.S. train and equip programs for Iraq through December 2022, and appropriated funds available through September 2023, including aid to KRG forces subject to the Iraqi government's approval. Since 2014, Congress has appropriated more than \$7.4 billion for train and equip programs for Iraqis. The Administration's FY2023 defense request seeks an additional \$358 million, including funds for aid to the Iraqi military, Counter Terrorism Service, and selected Ministry of Interior forces, and \$265 million for KRG Peshmerga stipends, sustainment, and equipment. Iraq also began receiving aid through the Department of Defense Global Train and Equip (10 U.S.C. §333) program in 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. The Biden Administration is requesting \$743.3 million in worldwide security protection funds for Iraq in FY2023.

U.S. 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 \$448.5 million for U.S. aid programs in Iraq in FY2022. President Biden is requesting \$355.3 million for FY2023, including \$100 million less in Foreign Military Financing (FMF) aid. The United States has provided more than \$294.8 million in humanitarian aid for Iraq in FY2021 and FY2022. Nearly 1.2 million Iraqis are internally displaced and more than 1.4 million have returned to areas labelled "hotspots." Social discord, a lack of services, and poverty complicate returns.

Christopher M. Blanchard, Specialist in Middle Eastern Affairs

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.