



Iraq and U.S. Policy

Sadrist Resignations Recast Government Formation Process

In June 2022, Shia cleric Muqtada al Sadr directed his supporters to withdraw from the Council of Representatives (COR, Iraq's unicameral legislature), recasting the political dynamics of the country's long delayed government formation process. Iraq held a national election in October 2021 for the 329 members of the COR, the "largest bloc" of whom the constitution tasks with nominating a president and designating a new prime minister. Negotiations among Iraqi political groups since the election to identify the new COR's largest bloc became deadlocked.

Sadr and his supporters had won the most seats (73) in the October 2021 election and had proposed forming a "national majority" government in cooperation the Taqaddum (Progress) movement of COR Speaker Mohammed al Halbousi (37 seats), the Kurdistan Democratic Party (KDP) (31 seats), and others. Sadr's Shia Arab rivals in the Coordination Framework (CF) bloc, including former prime minister Nouri al Maliki and Hadi al Ameri of the pro-Iran Fatah (Conquest) coalition, insisted on forming an inclusive government according to the informal rules of the prevailing political system, which provide for nominally proportional power sharing but remain patronage-based and can facilitate corruption. Sadr had sought to exclude Maliki from the new government, and Sadr has portrayed his supporters' withdrawal as a refusal to participate in government with unspecified "corrupt" parties.

COR leaders have sworn in new members to replace the resigned Sadrists, with independents and Shia parties gaining seats as a result. The Sadrists' exit leaves their CF rivals and the CF's coalition partners as the COR's apparent largest bloc. Sadr has positioned his movement to act in opposition to the next government. A CF-led government may revisit electoral reforms that benefitted Sadrists and independents in the 2021 election.

For the United States, the next government may be more likely to reflect the influence of some pro-Iran groups, but Iraqi observers do not expect the incoming administration to rescind Iraq's sovereign invitation for U.S. military advisors to remain in the country. A consensus-based coalition government could lower the immediate risk of political violence among rival blocs, but also may make systemic reforms less likely. In the months ahead, unresolved popular demands and growing economic and environmental strains could reignite protests, including in the federally recognized Kurdistan region.

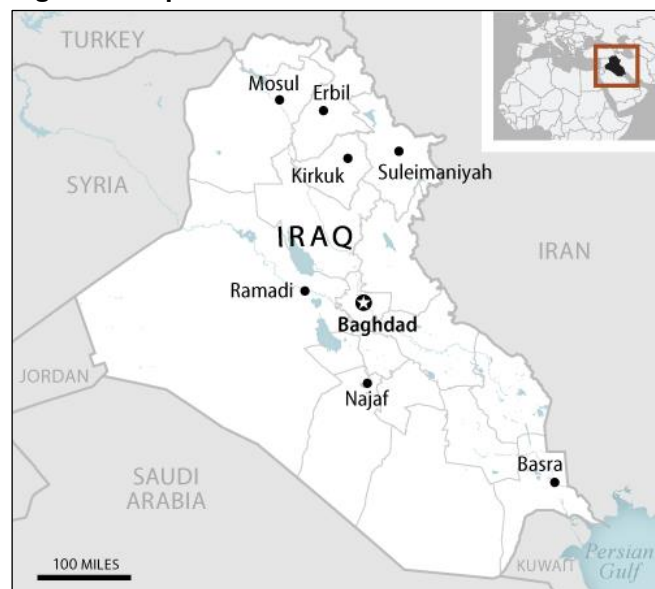
In assessing the government that emerges in Iraq, Congress and the Biden Administration may weigh the benefits of continued security cooperation and other bilateral ties against risks to Iraq's stability posed by the persistence of

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—have tested Prime Minister Al Kadhimi throughout his tenure and continue. The United States has condemned a series of indirect fire and infrastructure attacks in the Kurdistan region, including a March 2022 missile attack from Iran.

Figure 1. Iraq



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

Iraqi and coalition forces ended the Islamic State (IS, aka ISIS/ISIL) group's control of territory in Iraq in 2017, creating space for Iraqis to seek more accountable governance, improved service delivery, action against 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, the impunity surrounding violence against activists, and attacks against foreign and Iraqi security forces have intensified public scrutiny of the government's ability to act against armed groups operating outside state control.

Data is incomplete, but as of July 15, Iraq had recorded nearly 2.4 million COVID-19 cases with more than 25,200 deaths. Iraq's total population is more than 41 million people; caseloads are likely underestimated.

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 related payments 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 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 rocket, drone, and improvised explosive device (IED) attacks continue against U.S. and Iraqi targets.

2022 Russia-Ukraine War and Iraq

Iraq is experiencing indirect effects from Russia's 2022 invasion of Ukraine and the ensuing war. Higher prices in global oil markets are generating higher oil export revenues, but war-driven changes in food commodity markets are increasing food prices for Iraqis. Related protests have occurred, and the government has increased spending on subsidies of food and gasoline imports.

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. In February 2022, Iraq's Federal Supreme Court found the KRG's oil and gas sector law unconstitutional. KRG-Baghdad negotiations have continued amid parallel government formation talks.

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. KRG elections set for October 2022 may be delayed. 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. Convictions of journalists since 2020 have increased foreign scrutiny of human rights in the Kurdistan 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 non-combat advisory mission.

In December 2021, U.S. and Iraqi officials confirmed that all U.S. military personnel with a combat role had 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."

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 Basra in 2018.

U.S. assessments note that Iraq's security forces depend on coalition support for some operations. Congress has authorized counter-IS train and equip programs for Iraq through 2022, and has appropriated related 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 counter-IS train and equip programs for Iraqis. Iraq also began receiving Department of Defense Global Train and Equip (10 U.S.C. §333) program aid in 2021.

President Biden requested \$358 million in counter-IS train and equip funds for Iraq in 2023, including funds to aid the Iraqi military, Counter Terrorism Service, and selected Ministry of Interior forces. Of the request, \$265 million would support KRG Peshmerga stipends, sustainment, and equipment. The House Appropriations Committee report on its defense spending bill for 2023 (H.R. 8236) would make \$300 million in new funding available and would direct the Administration to use unobligated funds for the balance and to reduce future spending on Peshmerga stipends.

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.

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