



## Iraq

The Republic of Iraq is strategically located in the central Middle East region (**Figure 1**) and has large energy resources and a growing, diverse population. Its potential and regional influence make it a venue for competition between outside powers, including the United States and Iran. About 2,000 U.S. military forces are deployed in Iraq at the invitation of the Iraqi government and provide advice and aid to Iraqi security forces, including the *peshmerga* forces of the federally recognized Kurdistan Regional Government (KRG). The Biden Administration supports continued U.S.-Iraqi security cooperation and encourages Iraqi leaders to fight corruption and respect citizens' rights.

Neighboring Iran's ties to some Iraqi parties and militias complicate U.S.-Iraqi relations, and some Iraqis with ties to the Iranian government call for the expulsion of U.S. and other foreign forces from Iraq. 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 attacks claimed by Iran-backed Iraqi groups have followed, targeting U.S. and Coalition forces—and their Iraqi hosts. The United States has condemned a series of indirect fire and infrastructure attacks in the Kurdistan region, including March and September 2022 missile attacks from Iran.

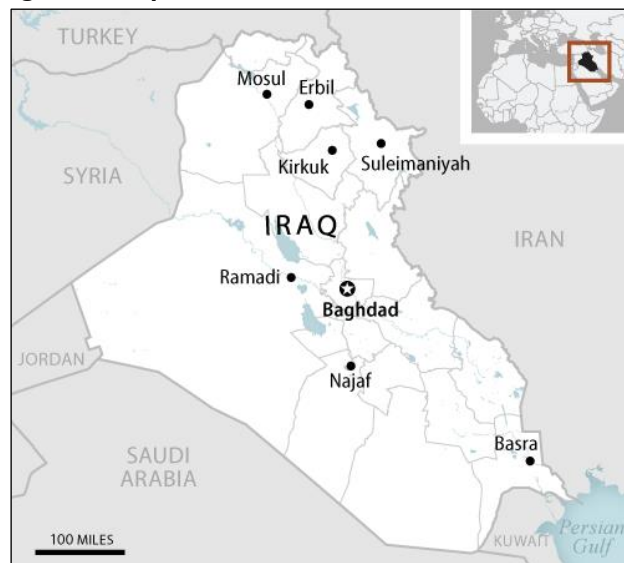
The 118<sup>th</sup> Congress is considering developments in Iraq and Iraq's relationships with its neighbors as Members review the Biden Administration's requests for U.S. foreign aid and defense assistance for Iraq. Members also may consider steps to shape U.S.-Iraq economic ties, support positive relations between Iraq's national government and the KRG, meet 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 ousted the dictatorial government of Saddam Hussein and ended the decades-long rule of 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 the insurgent terrorist forces of the Islamic State organization (IS, aka ISIS/ISIL) to seize and exploit much of northwestern Iraq from 2014 to 2018. Iraqis leveraged new U.S. and coalition military support to reclaim ground lost to the Islamic State, but as of 2023, some IS remnants retain an ability to operate in rural areas, especially in disputed territories between the Kurdistan region and areas to the south secured by national government forces.

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 Seeks to Move Beyond Stalemate, Improve Services

Following an October 2021 early legislative election for Iraq's unicameral Council of Representatives (COR), competition among Iraqi factions devolved into stalemate over government formation. 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 government is the first 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 revenue, Iraq's assertive neighbors, and the activities of armed non-state

actors, including militia groups associated with members of the Coordination Framework. Iraq plans provincial elec

Sudani and his advisors describe the government as devoted to the interests of all Iraqis and focused on protecting Iraq's sovereignty. The Prime Minister's office has asserted direct supervision over the awarding of some contracts and implementation of some programs in a bid to establish clearer anti-corruption standards. The Prime Minister has directed some actions against corrupt officials, and Iraqi authorities continue to investigate the theft of \$2.5 billion in tax revenue during 2020 and 2021, which may implicate officials in the previous government. The Central Bank of Iraq is instituting international payment transparency standards for certain transnational financial transactions and has altered Iraqi financial entities' access to U.S. dollars in response to U.S.-Iraqi concerns about money laundering.

The Sudani government has supported the continuation of Iraq's cooperation with the U.S.-led counter-IS military coalition, including the continued presence of U.S. and other foreign forces for advisory and training purposes. The United States and Iraq continue to consult on the future of U.S.-Iraq security cooperation.

The Sudani government proposed and the COR enacted an expansive three-year, \$153 billion budget in June 2023 which Iraqi leaders describe as enabling investment in improved service provision and infrastructure, but which some outside observers warn increases fiscal burdens through new government hiring and may do little to reduce dependence on oil revenues. Reductions in state spending or public sector employment could prove politically sensitive, amid Iraq's other challenges.

### 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 constitution formally recognizes the authority of the Kurdistan Regional Government (KRG) in areas that were under Kurdish control as of March 19, 2003.

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. Following a 2017 KRG-sponsored independence referendum, national forces reasserted control over some disputed territories. Baghdad 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 (FSC) found the KRG's oil and gas sector law unconstitutional. KRG-Baghdad negotiations continued amid government formation talks during 2022, without agreement. In January 2023, the FSC ruled against new national fiscal transfers to the KRG under the then-operative 2021 budget law. The Sudani government and KRG leaders reached new shared understandings and continue to consult on the implementation of the 2023 budget law.

The Erbil-based KDP and the Suleimaniyah-based PUK are the largest Kurdish parties in the COR and won the most seats in the KRG's 2018 regional election. KDP leader 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. Convictions of journalists and crackdowns on activism in the Kurdistan region since 2020 have increased foreign scrutiny of human rights there.

Iraq's government opposes Turkey's military's presence and operations in the Kurdistan region, where Turkish forces target the Kurdistan Workers Party (PKK). KRG officials have called on the PKK to leave the 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 noncombat advisory mission.

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**President Biden reported to Congress in June 2023 that U.S. forces remain in Iraq “to advise, assist, and enable select elements of the Iraqi security forces, including Iraqi Kurdish security forces. United States Armed Forces also provide limited support to the North Atlantic Treaty Organization mission in Iraq.”**

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Congress has authorized counter-IS train and equip programs for Iraq through 2023, and has appropriated related funds available through September 2024, including aid to KRG forces subject to Baghdad's approval. The State Department and the U.S. Agency for International Development (USAID) fund security, economic, stabilization, and democracy programs in parallel to Foreign Military Financing (FMF) and Defense Department Counter-ISIS Train and Equip Fund (CTEF) and Global Train and Equip (10 U.S.C. 333) security assistance.

Since 2014, Congress has appropriated more than \$7.7 billion for counter-IS train and equip programs for Iraqis. Since 2015, the U.S. government has obligated more than \$405 million for stabilization of areas of Iraq liberated from the Islamic State, including funds for religious and ethnic minority communities. The United States remains the top humanitarian funding donor for Iraq and provided more than \$251 million in humanitarian aid for Iraq in FY2022. The Biden Administration renewed a sanctions waiver on Iraqi electricity purchases from Iran in July 2023; Iraq has withheld related funds owed to Iran, but reports suggest the Administration has approved some Iraqi in-kind payments. The U.S. Embassy in Baghdad and U.S. Consulate in Erbil remain open. The U.S. Consulate in Basra has remained closed since 2018.

Since 2021, U.S. forces have conducted strikes in the Iraq-Syria border region and in Syria after attacks on U.S. personnel and facilities in Syria and Iraq. These U.S. strikes have targeted Iran-backed militia groups, including Iraqi militia groups such as Kata'ib Hezbollah and Kata'ib Sayyid al Shuhada. The executive branch reports to Congress on U.S. military operations in Iraq consistent with the 2001 Authorization for Use of Military Force (AUMF, P.L. 107-40), the 2002 Iraq AUMF (P.L. 107-243), and other laws.

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