U.S. AND IRANIAN STRATEGIC COMPETITION:

Competition between the US and Iran in Iraq

By Charles Loi

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Iraq is a key focus of the strategic competition between the United States and Iran. The history of this competition has been shaped by the Iran-Iraq War from 1980 to 1988, the Gulf War, the Iraq War that began in 2003, and the events that have followed. Both the US and Iran have competed to shape the structure of Iraq’s politics, governance, economics, and security. The US has used its status as an occupying power and Iraq’s main source of aid, and Iran has used its networks, patronage, and support of key Shiite factions to win friends and influence policy in the same areas.

**Historical background: strategic competition**

The competition between the United States and Iran has had a long history, but it became a key US foreign policy issue in 1979, when the revolution in Iran toppled the Shah. That same year, Saddam Hussein formally assumed power.¹ These events brought to power two regimes that were then hostile to the United States. In the same year that the new Iranian revolutionary regime took US hostages at the American embassy, President Jimmy Carter placed Iraq’s regime on a list of states sponsoring terrorism.² It was not until 1982, two years after Iran and Iraq began their war and after Iran was able to throw back Iraqi forces and go on the offensive that Iraq began to turn to the West. President Reagan began tilting towards Iraq in an effort to check Iran’s efforts to invade Iraq.³ The Reagan administration removed Iraq from its list of sponsors of terrorism and began providing money, weaponry, and intelligence to help

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Iraq in its war. The Iran-Iraq War ended in a ceasefire in 1988, but the war one that left Iraq both the dominant power in the region and deeply in debt to Kuwait and Saudi Arabia.  

Saddam Hussein responded by invading Kuwait in August 1990, an action that made Iraq a major threat to US strategic interests. The US responded with Operation Desert Shield, an American mission to deter attacks against Saudi Arabia, and then a US-led and UN-approved military campaign, Operation Desert Storm, to drive Iraq out of Kuwait.  The Gulf War then led the US to keep far larger forces in the Gulf to keep Saddam in check, while the UN Security Council placed sanctions on Iraq that virtually halted its military modernization and lasted until shortly after the American invasion of Iraq in March 2003. The end result both helped Iran deal with Iraq, and increased its fear of the US, but there was little Iran could do in Iraq except sponsor weak exile movements until another US-led coalition destroyed Saddam’s regime and Iraq’s military power in the spring of 2003.

As Figure 1 shows, the US-led invasion removed a key check on Iran’s influence in the region. This and the invasion of Afghanistan also created a situation in which the US occupied two of Iran’s neighbors. This increased Iran’s fear of the US. Iran feared that it was the next target.

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Figure 1: Iran and Iraq Military Balance in 2003 and 2010

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<tr>
<td>Active Manpower</td>
<td>424,000</td>
<td>513,000</td>
<td>8:10</td>
<td>191,957</td>
<td>263</td>
<td>312:0</td>
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<tr>
<td>Reserve Manpower</td>
<td>650,000</td>
<td>350,000</td>
<td>19:10</td>
<td>0</td>
<td>350,000</td>
<td>NA</td>
</tr>
<tr>
<td>Main Battle Tanks</td>
<td>2,200</td>
<td>1,565</td>
<td>7:5</td>
<td>149</td>
<td>1,613</td>
<td>1:10</td>
</tr>
<tr>
<td>OAFVs</td>
<td>1,300</td>
<td>815</td>
<td>8:5</td>
<td>505</td>
<td>725</td>
<td>7:10</td>
</tr>
<tr>
<td>APCs</td>
<td>2,400</td>
<td>590</td>
<td>4:1</td>
<td>1,479</td>
<td>650</td>
<td>23:10</td>
</tr>
<tr>
<td>Towed Artillery</td>
<td>1,900</td>
<td>2,085</td>
<td>9:10</td>
<td>0</td>
<td>2,010</td>
<td>NA</td>
</tr>
<tr>
<td>SP Artillery</td>
<td>150</td>
<td>310</td>
<td>1:2</td>
<td>0</td>
<td>310</td>
<td>NA</td>
</tr>
<tr>
<td>MRLs</td>
<td>200</td>
<td>889</td>
<td>1:5</td>
<td>0</td>
<td>876</td>
<td>NA</td>
</tr>
<tr>
<td>Combat Aircraft</td>
<td>316</td>
<td>283</td>
<td>11:10</td>
<td>0</td>
<td>312</td>
<td>NA</td>
</tr>
<tr>
<td>Attack Helicopters</td>
<td>100</td>
<td>85</td>
<td>6:5</td>
<td>0</td>
<td>50</td>
<td>NA</td>
</tr>
<tr>
<td>Major SAM Launchers</td>
<td>225</td>
<td>205</td>
<td>11:10</td>
<td>0</td>
<td>234</td>
<td>NA</td>
</tr>
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Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions; Jane’s sentinel series
Although the US invasion of Iraq removed Iran’s greatest threat in the region, Iran officially opposed the US invasion.\(^8\) After the invasion actually took place and succeeded, Iran initially took a wait-and-see approach to Iraq and made sure that it and its allies stayed away from confrontations with the Coalition.\(^9\) At the same time, the Coalition Provisional Authority sought to persuade Iran to play a constructive role vis-à-vis Iraqi Shiites, who make up between 60-65% of Iraqis.\(^10\) Whether it was sincere or not, Iran initially offered to cooperate with the United States in Iraq, as it had in the invasion of Afghanistan. When the United States rebuffed the offer, Iran called for the withdrawal of US troops, challenged the legitimacy of the Coalition Provisional Authority, pushed for Iraqi self-governance, and called for elections, which it knew would bring Shiites into power.\(^11\)

US failures to follow-up its overthrow of Saddam Hussein’s regime with effective stability operations and nation-building,\(^12\) the rise of Iraqi Shiites, and a drift towards civil war then opened the door to increased Iranian influence in Iraq. In one example of the most significant missteps, the head of the Coalition Provisional Authority L. Paul Bremer issued Order Number 2 on May 23, 2003 which dissolved the Iraqi army, leaving a Sunni-dominated officer corps and 400,000 soldiers unemployed.\(^13\) More broadly, however, the US was simply unprepared to carry out armed nation-

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13 Anthony Cordesman and Emma R. Davies, Iraq’s Insurgency and the Road to Civil Conflict, Westport, Connecticut: Praeger Security International. 6
building in Iraq and its action helped trigger and release deep divisions between Shiites and Sunnis and between Arabs and Kurds.

These actions helped spark a Sunni-dominated insurgency and civil conflict, where Islamists gradually replaced the supporters and Saddam Hussein. The leading insurgent movement became tied to Al Qaida. Iran, in turn, supported the Shiites, and saw the developing conflict as an opportunity to limit US influence and power. Iran took advantage of the porous border, newfound freedom of communication and transportation between the two countries, and post-war chaos to develop unprecedented and broad-based influence in Iraq.

Iran extended its influence across a spectrum of liberal secularists, the Kurds, and Shiite Islamists. Reports by coalition forces show that Iran used money, weapons, training, and other forms of support to bolster both Shiite and non-Shiite allies inside Iraq, disrupt coalition and US forces, and ensure Iraq is too weak to pose a challenge to its security and interests. According to a State Department memo obtained by Wikileaks, Iran now provides $100-200 million a year to its clients in Iraq. It also seeks to prevent and discourage an American attack on Iran, create a buffer zone against invasions from its west, cultivate an Arab partner, and counteract Sunni religious extremism. According to some analysts, Iran has also exploited the crisis in Iraq to defend itself against criticisms of its nuclear

program, to offset international sanctions in response to its program, to weaken the American military and keep it preoccupied in Iraq, and to suppress Iraqi-based Iranian dissidents.\(^\text{18}\)

The US has gradually corrected many of the mistakes it made between 2003 and 2007. It has changed its approach to Iraq to building up as unified a state as possible with security forces capable of both defeating extremists and insurgents and expanding their capabilities to deter and defend against threats posed by Iraq’s neighbors. On November 13, 2009, the US embassy in Baghdad laid out its approach in a memo that was among the US diplomatic cables obtained by Wikileaks:

"Our objective in Iraq should be less about countering all-things Iranian, and more about developing viable alternatives and approaches that gradually alter the GOI’s political, economic, and social worldview. Development of viable international alternatives in Iraq is one of the most effective measures of countering Iranian ambitions and, ultimately, integrating Iraq as a constructive member of the international community. Specifically, our ongoing efforts to bolster the GOI through capacity-building and assistance within the Strategic Framework Agreement (SFA) and to remove Iraq from Chapter VII remain our most valuable tools in this regard. Given the value placed on the SFA by the GOI and the Iraqi public, our ability to recognize, enhance, and exploit the value of the partnership will constitute an essential element of any effort to counter "malign" Iranian influence."\(^\text{19}\)

Since 2008, the US approach to Iran’s influence in Iraq has been to create an Iraq that is less reliant on Iranian aid and vulnerable to Iranian influence and, instead, stable, tied to a partnership with the US, prepared to counter any possible Iranian attack, and with an inclusive government.


More broadly, the competition between the United States and Iran has played out in the politics, security, economics, and diplomacy in Iraq. In the realm of politics, American efforts to create stable and inclusive governance have clashed with Iranian efforts to support Iraq’s Shiites. Iran’s efforts have met with mixed success, as Shiite political fragmentation and an anti-Iranian popular backlash have complicated its still significant ability to bring important players together in coalition. In security, Iran has indirectly supported attacks on American, coalition, and government forces via a powerful military branch, the Qods Force of the Iranian Revolutionary Guard Corps. The United States and Iran have competed for influence within the Iraqi Security Forces and for domination in the post-invasion violence. The creation of a new government in Iraq and the withdrawal of American troops by the end of 2011 will alter this pattern of Iranian-American competition. US influence has already been sharply reduced since the end of the most serious fighting in 2008, ongoing US force withdrawals, and the end of most US military operations in June 2010.

Iran has reacted by seeking to increase its political and economic influence as the US role has been reduced, worked with Iraq Shiite and other political leaders to form a new government in 2010, and has continued to back Sadr and various Shiite militias. Iran has sought to ensure that Iraq will complicate rather assist Western attempts to contain it. Though border tensions still exist, Iraq’s much-reduced military capabilities make it dependent on aid, military sales, and training from United States and unable to defend itself from outside attack or from the unlikely case of an Iranian attack. The US is currently committed to coming to Iraq’s aid in case of any attack on it. The balance of economic influence is also changing. America’s aid packages to Iraq are rapidly decreasing as the US economic crisis, debt issue, weariness with Iraq, and Afghan War make Congress less willing to make appropriations for aid to Iraq. Iraq’s instability has made it difficult to convince American investors to invest in Iraq. On the other hand, Iran’s significant aid and greatly expanded commercial ties to Iraq, make Iran one of Iraq’s most
important trade partners. Iraqi imports of Iranian goods may reach $10 billion by 2012, and Iraq is also dependent on Iranian energy imports.\textsuperscript{20} Much will depend on how the US reacts to the growing role of Iran in Iraq as its role in Iraq changes.

**Political competition: The regional response**

These shifts in Iran’s influence and the uncertainty over the future US role in Iraq have had a broader impact. Regional actors, especially Saudi Arabia and Jordan have expressed reservations and criticisms of Iran’s role in Iraq. They worry about the development of “a Shiite crescent” of influence from Hezbollah (the only active militia in Lebanon) to Syria (ruled by Shiite Allawites) to Iran to Iraq.\textsuperscript{21} Prior to the January 2005 elections, leaders in Iraq and in the region accused Iran of coaching candidates, pouring money into campaigns, and even rigging the election.\textsuperscript{22} Jordan’s King Abdullah II claimed that over a million Iranians went to Iraq to vote in the election and that Iran was giving money to the unemployed to influence their vote.\textsuperscript{23}

The Saudis, worried about the Iranian Shiite brand of Islam, terrorists flowing from Iraq to Saudi Arabia, and the long-term oil issue in Iraq, expressed concern about Iran’s role in Iraq.\textsuperscript{24} In September 2005, Saudi Prince Saud al-Faisal, Saudi Arabia’s Foreign Minister, said, “The Iranians now go in this pacified area that the American forces have pacified, and they go into every government of Iraq, pay

\begin{itemize}
\item[\textsuperscript{21}]Anthony Cordesman and Emma R. Davies, Iraq’s Insurgency and the Road to Civil Conflict, Westport, Connecticut: Praeger Security International. 133
\item[\textsuperscript{24}]Ali Allawi, The Occupation of Iraq: Winning the War, Losing the Peace, 298
\end{itemize}
money, install their own people, put their own— even establish police forces for them, arms and militias that are there and reinforce their presence in these areas.” That same year, a leaked State Department memo shows, Saudi Arabia’s king in private expressed anger over the fact that “that whereas in the past the U.S., Saudi Arabia and Saddam Hussein had agreed on the need to contain Iran, U.S. policy had now given Iraq to Iran as a ‘gift on a golden platter.’” However, Ellen Laipson, President and CEO of the Stimson Center, argues that Iraq’s Arab neighbors made few investments of political capital to counter Iranian influence despite their rhetoric and complaints to US diplomats.

**Political competition: Elections**

Ironically, American efforts to produce a representative government in Iraq initially did much to serve the Iranian goal of creating a Shiite-dominated government. This first became clear in June 2004, when the US Coalition Provisional Authority transitioned control to a sovereign Iraqi Interim Government with Iyad Allawi as its prime minister. The creation of Allawi’s government was intended to provide another half year for the US to continue to shape Iraq’s governance before elections created a new and more lasting government. In practice, however, the lack of Iraqi Sunni participation in the elections on January 30, 2005, was a boon to Iran and a blow to the American goal of creating an inclusive political process that would bring stability to Iraq.

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The elections took place to form a 275-member National Assembly that would write Iraq’s new constitution. The Shiite United Iraqi Alliance (UIA) won 140 seats. Iran played an important role in bringing together this coalition, which included most of Iraq’s Shiite political groups, most prominent of which were the Hakim-led SCIRI and Maliki’s Dawa Party. The Kurdistan Alliance won 75 seats. The two major parties in this coalition were the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). The PUK’s leader Jalal Talabani became President of Iraq and Massoud Barzani became President of the Kurdistan Regional Government. The Iraqi List, led by Iyad Allawi, won 40 seats. Most Sunnis boycotted the election, and Ibrahim Al-Jaafari of the Dawa Party took over as Prime Minister.

A second round of elections on December 15, 2005, created a new 275-member Council of Representatives with a five-year term. The Shi’ite-dominated United Iraqi Alliance was again the largest bloc, winning 128 seats. This time, Moqtada al-Sadr’s followers joined the bloc, and the end result put religious parties, with many leaders who had been in exile in Iran, in leading positions. The Kurds won 53 seats. Tawafuq, also known as the Iraq Accord Front and mostly composed of Arab Sunnis, won only 44 seats. Allawi’s former coalition Iraqi List joined others to form the Iraqi National List, which won a token 25 seats. Iran played a role in the struggle to form a government that followed. Nouri al-Maliki of the Shi’ite Dawa Party replaced Jaafari as Prime Minister. SCIRI gained several important ministerial posts, and five Sadrists also took ministerial posts.
Loi, Competition between the US and Iran in Iraq 3/2/11

Political competition: The Shiites

Iran has continued to provide support to various Iraqi Shiite groups. From the beginning, Shiites in the Governing Council soon after the toppling of Saddam praised Iran’s role in Iraq, particularly for harboring the opposition prior to 2003. Sayyid Abd el-Aziz al-Hakim of the Supreme Council for Islamic Revolution in Iraq even suggested Iraq pay reparations to Iran for the Iran-Iraq War. The US, in turn, has sought to limit or eliminate Iranian influence, focus Iraq’s Shiite parties on security and governance, and move Iraq’s Shiites toward conciliation with its Sunnis and Kurds and the creation of a national and independent government.

The US has had some success in meeting these goals, but its 2003 invasion reopened linkages between Iranian and Iraqi Shiites. Previously, Ba’athist rule suppressed open cultural connections to Persian culture and Iran. Iraqi Shiites lost contact with relatives in Iran, and some Iraqis even received financial incentives to divorce their spouses if their spouses were suspected of having Persian ancestry. Urban Iraqi Arab Shiites stopped celebrating Nowruz, the Iranian New Year, though Kurds continued to celebrate it. This situation changed quickly in Iraq’s Shiite dominated areas once the invasion took place, and movement across the Iranian-Iraq border became easy. Iranian religious books in Arabic

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began to replace those from Lebanon and Egypt, and the Iranian government sponsored popular book fairs in Baghdad universities. At the same time, even independent Iraqi clerics like Grand Ayatollah Sistani benefitted from Iranian knowledge of media and the Internet, which expanded the distribution of their work. Moreover, Iranian and Iraqi ties built upon the fact that some senior commanders in the Iranian Revolutionary Guards Corps, members of the Iranian judiciary, and other Iranian leaders were born in Iraq, in addition to some Iraqi expatriate businessmen based in Iran.

Iran was able to extend broad support to Shiite Islamic groups. In 2005, the London Times identified eight significant Islamic groups with Iranian ties: the Badr Brigades, the Dawa Party, the Mahdi Army, the Mujahideen for Islamic Revolution in Iraq, Thar Allah (Vengeance of God), the Jamaat al-Fudalah (Group of the Virtuous), Al-Fadilah (Morality), and Al-Quawaid al-Islamiya (Islamic Bases). One estimate places that amount of Iranian aid per month to Shiite militias like the Mahdi Army at $3 million in 2009. In 2006, Iranian and Iraqi Shiite interests aligned to an even greater degree against Sunni resumption of power in Iraq. Clerics were mainly silent about Iran’s role in Iraq, Iranians continued to visit Shiite holy sites in Najaf and Karbala, and trade boomed between Iraq and Iran.

However, Iran’s ability to compete with the US in Iraq was limited by the fact that deep tensions between Iranians and Iraqi Shiites continue to exist. Iraqis – including Iraqi Shiites – have not forgotten that the two countries fought an eight-year war that involved trench warfare, human wave attacks,

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42 Richard Beeston, “Two Years On, Iran Is the Only Clear Winner in the War on Saddam,” Times (London), September 23, 2005.
mustard gas, over a million dead, and millions more wounded and displaced.\textsuperscript{44} Relationships between Iraqi exile groups in Iran and the Iranian regime before the US invasion were fraught with tensions and resentments.

Iran must also contend with the power of Iraq’s Shiite Grand Ayatollah al-Sistani, who was born in Iran,\textsuperscript{45} speaks Arabic with a Persian accent,\textsuperscript{46} and resides in Najaf, Iraq.\textsuperscript{47} Like many other Iraqi clerics, Sistani belongs to the “quietest” trend of Shiite Islam, tending to separate the religious from the political. However, he faces competition from other Shiite religious leaders who want to see closer integration between religion and politics, including Kazim al-Haeri of Qom, who would be leading replacements in the Shiite community in Iraq if anything were to happen to Al-Sistani.\textsuperscript{48}

Sistani and most Iraqi Shiites do not accept the Iranian Ayatollah as Iraq’s highest ranking cleric. Sistani rejects the religious legitimacy of a velayat-e faqih, or supreme religious leader, much less the religious authority of Iran’s Ayatollah Ali Khamenei.\textsuperscript{49} One Shiite cleric, Sayyid Ayad Jamaluddin, who later joined Allawi’s list in the December 2005 elections, argued, “The leadership of the jurist as in Iran is unique in the history of the Shi’a sect... Ayatollah Khomeini did not rely on specific religious texts to implement the doctrine of the rule of the jurist.”\textsuperscript{50} Most Shiite parties no longer even support the idea of

\textsuperscript{44}“Iran-Iraq War (1980-1988),” GlobalSecurity.org, April 27, 2005, \url{http://www.globalsecurity.org/military/world/war/iran-iraq.htm}


\textsuperscript{47}“Iraq's SCIRI party to change platform - officials,” Reuters, May 11, 2007, \url{http://www.alertnet.org/thenews/newsdesk/YAT153309.htm}

\textsuperscript{48}Robert Lowe and Claire Spencer, “Iran, Its Neighbours and the Regional Crises.” \textit{The Royal Institute of International Affairs}, 2006


\textsuperscript{50}Ali Allawi, \textit{The Occupation of Iraq: Winning the War, Losing the Peace}, New Haven: Yale University Press, 2007. 308
a theocratic state, though there was some support from Shiite quarters initially for an Islamic state when Iraq’s leaders drafted its constitution.\(^5\)

In 2004, Sistani criticized Iran’s strategy of what some call “managed chaos”:\(^5\)

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\text{Iran’s policy in Iraq is 100 percent wrong. In trying to keep the Americans busy they have furthered the suffering or ordinary Iraqis... We are not asking them to help the Americans, but what they are doing is not in the interests of the Iraqi people; it is making things worse. We [Iranians] have lost the trust of the Iraqi people [Mardom-e Aragh az dast dadeem].}
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Sistani has also often used his moral authority to reduce violence in Iraq and bridge over the Sunni-Shiite and Arab-Kurd tensions that Iran has sometime sought to exploit against the US. In 2004, for example, he struck a deal to end a bloody three-week siege of Najaf’s Imam Ali shrine between Moqtada al-Sadr and Iyaq Allawi’s government.\(^5\)

Iraq’s Shiite religious leaders may have ties to their counterparts in Iran, but most remain their own masters. Sistani has always pursued his own agenda, sometimes to the benefit of US interests in Iraq and sometimes not. It was Sistani’s nod of approval that allowed the United States to delay Iraq’s

\(^{51}\) Anthony Cordesman and Emma R. Davies, Iraq’s Insurgency and the Road to Civil Conflict, Westport, Connecticut: Praeger Security International. 214


\(^{53}\) Translation of the Al Fayhaa TV interview by The Middle East Media Research Institute, Special Dispatch Series, No. 849, January 19, 2005

first elections with minimal unrest. According to a leaked State Department memo, Sistani’s “domineering authority and religious credibility” is Iran’s “greatest political roadblock.”

The religious relationship between Iranians and Iraqi Shiites is complex. Sistani and the Najaf hierarchy have not become the pole opposing Iranian clerics which some proponents of the Iraq War thought they would. In addition, Iran may have made headway with clerics other than Sistani. Though a source to the State Department claimed that Sistani prevents Iranian students from enrolling in the religious seminary, or the howzeh, the same source claims that other imams are “in the pocket of the Iranians’, despite their proclaimed loyalties to Sistani.” Furthermore, Sistani has long supported Shiite unity and has opposed blocs that would cut across sectarian lines. Sistani allegedly opposed the United Iraqi Alliance’s plans to ally with Kurds and Sunnis in 2006.

More broadly, most Iraqi Arabs remain Iraqis first rather than Shiites or Sunnis. Polls since 2003 have repeatedly shown that most Iraqi Arabs – Sunni and Shiite – see themselves as Iraqis and Arab, although the situation with Shiite extremists is very different. In a poll conducted in 2008 by the Iraq Center for Research and Strategic Studies of Iraqis, 69.8% of respondents identified themselves as Iraqis first before any other identity.

**Political competition: Maliki**

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Since 2005, Iran and the US have engaged in a steadily evolving competition for influence over Iraq’s government. Prime Minister Nouri al-Maliki’s personal and political relationship with Iran has a long and complicated history, one that illustrates the complex relationship between Iraq’s Shiite leaders and those of Iran. Maliki had fled to Iran in 1979, where Iran had granted the Dawa Party space for a rebel training camp. However, tensions between Dawa and the Iranian government culminated in Iran’s initiative in 1982 to organize the Shiite resistance in the form of the Supreme Council for Islamic Revolution in Iraq (SCIRI), peeling away members from Dawa and turning over Dawa’s training camp to SCIRI.

As a senior member of Dawa in exile in Iran, he cooperated with Iran to run missions against Saddam Hussein’s regime. However, Maliki chafed under his Iranian handlers while in exile and could never fully trust them. On one occasion, he travelled twelve hours to obtain permission from an Iranian official to visit the Iran-Iraq border area only to have the official reject his request. On another occasion, the town of Ahwaz was under threat of Saddam’s bombs soon after his wife had given caesarian birth there. The workers and patients fled the hospital, and Maliki searched in vain for Iranians to help him evacuate his wife. He and his advisor Talib al-Hassan, later governor of Thiqar, carried her themselves to a car.

Iran did play an important role in bringing together the United Iraqi Alliance, which chose Maliki as their compromise candidate for Prime Minister in May 2006 after five months of negotiations because Iran thought, as Jeffrey White, a former Defense Intelligence Agency Middle East analyst, put

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it, "he was weak and pliable." At the same time, Maliki initially faced critics who saw him as America’s lackey and reportedly once told then-Ambassador Zalmay Khalilzad, "I'm a friend to the United States, but not America's man in Iraq." Maliki also resisted early American requests to outlaw Shiite militias because he depended on their political support.

This may have led Maliki to appease Iraqis by putting distance between himself and the United States, by making actions such as criticizing a US raid on Sadr City, criticizing US forces and security contractors for civilian deaths, and proposing amnesty to insurgents, even those who had killed Americans. American displeasure at this proposal at the time led to the sacking of the official in Maliki’s government who had leaked it. Rumors began to circulate in late 2006 that the Americans were looking to replace his government, which they criticized as being weak on Shiite militias compared to its effort to fight Sunni insurgents and unable to prevent Shiite death squads within the Iraqi security forces themselves from feeding the sectarian civil war.

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Maliki began to demonstrate that many Iraqi political leaders are also their own men. He gradually emerged as a much stronger politician than his critics (and supporters) initially assumed. He maintained his ties with Iran, but he worked with ISCI and the Americans to combat Shiite militias, battle the Sunni insurgency, convince disaffected Sunnis to participate in the government, integrate militia groups into the government’s security forces through the Sons of Iraq program, and eventually win important battles against Moqtada al-Sadr’s Mahdi Army.

Maliki had to balance Iraq’s relationship between the United States and Iran. He depended on American forces to bring stability to Iraq but had to maintain the image of independence from the American occupation while dealing with the reality that true independence depended on close cooperation with American forces. Only that close cooperation would create enough stability for American forces to leave. According to some sources, Maliki was frustrated by his impression that that Americans were not committing enough equipment and training to Iraqi security forces, while Americans were frustrated that he had not managed to break the ties between his forces and Shiite militias and were afraid of weapons falling into the rogue Shiite soldiers’ hands.74

In turn, Maliki maintained a relationship with Tehran while he pushed for a reduction in Iranian weapons smuggling into Iraq and increasingly committed forces to fight the Sadrist militias funded by Tehran.75 Appearing with Ahmadinejad in Tehran in August 2007, he called Iran’s role in Iraq’s security “positive and constructive.”76 In early 2008, he almost unilaterally shaped a major offensive against Sadr and his militias, and other Iranian-backed Shiite militias in Basra and the South. While success of the

offensive depended on the US rapidly deploying forces and aid, it played a critical role in expanding the central government’s control in Shiite areas and limiting Iranian influence.

By late 2008, this campaign and overall patterns in the fighting had a major impact on the pattern of US and Iranian competition. It produced an increase in stability that served both Iraqi and American interests and began to create the conditions that made it possible for US forces to withdraw from Iraq. This success impeded Iran’s strategy of supporting unrest in Iraq, but it did not necessarily reduce Iran’s political power. Iran built up both its political and economic ties to a more stable Shiite south and Iraq’s Shiite political leaders. Iran was strong enough to play a major role in shaping the creation of a compromise Iraqi government following the 2010 election, and it also played a major – if not fully understood – role in getting Moqtada al-Sadr to throw his support behind Maliki after the 2010 elections.

**Political competition: The Sadrists**

The Sadrist faction has also played a major role in the political competition between the US and Iran for Iraq’s Shiites. The Sadr has long been a prominent family in Iraq, both for religious scholarship and their resistance against Saddam. Mohammad Baqr al-Sadr, founder of the Dawa Party in the late 1950’s who was hung by Saddam Hussein in 1980, was an ally of Ayatollah Khomeini during his years in
exile in Najaf from 1964-1978.\(^7^7\) Saddam Hussein ordered the execution of Moqtada al-Sadr’s father, Mohammed Sadiq al-Sadr in 1999.\(^7^8\)

Iran has since had a significant influence on Baqr al-Sadr’s cousin, Moqtada al-Sadr, and his followers, who began attacking coalition forces in Iraq in 2004. His base of support is in Sadr City, a Shiite neighborhood in Baghdad, and encompasses mainly lower-class Iraqi Shiites.\(^7^9\) His Mahdi Army, 60,000-strong in 2003,\(^8^0\) relies on Iranian funding and arms through Iran’s Qods Force. Sadr used the Mahdi Army to challenge the US occupation and kill Sunnis between 2004 and 2008.

In 2004, Mahdi Army attacks on US troops were serious enough to threaten to delay the 2005 elections.\(^8^1\) This could have produced a level of instability and divisions between Shiite factions that did not serve either Iranian or US interests. Iran pressured Sadr into a ceasefire, and the elections proceeded in 2005 as scheduled, bringing to power an Iran-friendly coalition of the United Iraqi Alliance, the PUK, and the KDP.\(^8^2\) The end result helped both Iran and Sadr. The Sadrist Trend won 30 seats in the December 2005 elections, the largest group in the United Iraqi Alliance, which was the largest bloc with 128 seats.\(^8^3\)

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Sadr, in turn, kept up his links to Iran. In 2006, Sadr pledged to support Iran if it were to be attacked.\textsuperscript{84} At the same time, Sadr had problems with his own militia. The Mahdi Army’s killings of Sunnis increased especially after the February 2006 bombing of the Al Askari Mosque,\textsuperscript{85} a holy Shiite mosque in Samarra built in 944 C.E. and where Shiite belief has it the 12\textsuperscript{th} and last Imam hid, marking the first time a religious site was targeted in Iraq after the invasion.\textsuperscript{86} Though Sadr was the formal leader of the Mahdi Army, there were signs that he was not completely in control of violence committed by his loyalists. On October 27, 2006, his deputy denounced "people who violated and stood against the wise and honorable leadership."\textsuperscript{87} In early 2007, Moqtada al-Sadr fled to Iran,\textsuperscript{88} where he purportedly split his time between studying at an Islamic seminary in Qom where he would boost his clerical credentials and living in Tehran.\textsuperscript{89}

Shifts took place in 2007, however, which limited both Sadr and Iran’s influence. Maliki had initially prevented the US from forcefully attacking Sadr’s Mahdi Army in order to maintain the Shiite political alliance that Iran had played a role in creating.\textsuperscript{90} In 2007, that alliance broke down and the US launched a “surge” that targeted both Sunni and Shiite extremes.\textsuperscript{91} This helped lead to Sadr’s declaration of a ceasefire in August 2007 that helped lower the level of violence in Iraq, although the ceasefire did


\textsuperscript{86} Sam Knight, "Al-Askariya shrine: ‘Not just a major cathedral’”, The Sunday Times, February 22, 2006, http://www.timesonline.co.uk/tol/news/world/iraq/article733713.ece


not last. Maliki, SCIRI, and government forces then cooperated with the US to combat Sadr’s Mahdi Army, which began to suffer a backlash among Iraqi Shiites, especially when it took over Karbala’s religious sites.

As has been touched upon earlier, another major turning point in the power struggle between Sadr and Maliki occurred in 2008, when Maliki retook Basra from the Sadrists using government forces, Badr fighters, and SCIRI in “Operation Charge of the Knights.” During the Battle of Basra, Iraqi security forces recovered weapons from Sadrists marked “Made in Iran.” Iran played an integral role in the ceasefire reached between Sadr and government forces. Sadr’s loss in the Battle of Basra helped the US bring some stability to Iraq and make a withdrawal easier. It also reduced the power of one of Iran’s closest allies while empowering its other allies, and created some opportunity for Iran. Iran took advantage of the fracturing of Moqtada al-Sadr’s Mahdi Army into Special Groups to increase its influence across more independent Shiite groups.

**Political competition: SCIRI/ISCI**

The Islamic Supreme Council of Iraq (ISCI), formerly known as the Supreme Council for Islamic Revolution in Iraq (SCIRI), has had strong ties to Iran ever since many SCIRI leaders found refuge in Iran during the Saddam Hussein era. ISCI ideology originally followed the vilayet-e faqih and the Iranian

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Ayatollah, and the Iranian Revolutionary Guard Corps trained and staffed its 15,000-member militia, now called the Badr Organization, during the 1980-1988 Iran-Iraq War. US intelligence officials claim that members of SCIRI/ISCI were closely tied to Iranian intelligence during the period immediately after the invasion, and that the group was heavily funded by Iran, serving to bolster Iran’s influence in Iraq because during ISCI member Bayan Jabr’s tenure as Minster of Interior, the Badr Brigade inserted itself into the Iraqi Security Forces.

The leadership of SCIRI/ISCI has, however, undergone many changes over the years and seems far more independent of Iran than these initial US assessments would indicate. Mohsen Hakim was the foremost Shiite leader in the world from the 1955 to 1970. His son, Ayatollah Sayed Mohammed Baqir Al-Hakim, and Ayatollah Sayed Mohammed Baqir Al-Sadr were among the founders of SCIRI. Sayed Al-Hakim was his father’s representative and eventually worked with Sayed Al-Sadr to establish the Islamic Movement, a political group opposed to the Baathists. Al-Hakim was arrested and tortured in 1972.

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then re-arrested in 1977.\textsuperscript{106} He was eventually released in 1979, and then, shortly after Sadr was assassinated by Saddam's regime, he fled to Iran in 1980.\textsuperscript{107}

The Iran-Iraq War began soon thereafter.\textsuperscript{108} Sayed Al-Hakim played an important role in the formation of SCIRI in 1982 in Iran.\textsuperscript{109} The next year, Saddam's regime arrested 125 members of his family.\textsuperscript{110} His brother was assassinated in Sudan in 1988.\textsuperscript{111} SCIRI led a failed Shiite uprising against Saddam Hussein in 1991.\textsuperscript{112} Over the years, the Hakim family claims, over 60 members of the family were killed by the Saddam regime.\textsuperscript{113} Sayed Al-Hakim rose in the ranks of Iraqi Shiite leaders, and in 2003, he became a grand ayatollah and the marja’a ala, the leading Shiite cleric.\textsuperscript{114} In his speech after his return to post-invasion Iraq, he thanked Iran for its help and condemned the American occupation.\textsuperscript{115} However, he later participated in the new Coalition-supported Iraqi government and claimed to support

\begin{itemize}
\item \textsuperscript{106} Ayatollah Sayed Mohamad Baqir Al-Hakim,” Global Security, May 22, 2005, \url{http://www.globalsecurity.org/military/world/iraq/baqir-hakim.htm}
\item \textsuperscript{107} Ayatollah Sayed Mohamad Baqir Al-Hakim,” Global Security, May 22, 2005, \url{http://www.globalsecurity.org/military/world/iraq/baqir-hakim.htm}
\item \textsuperscript{108} Ayatollah Sayed Mohamad Baqir Al-Hakim,” Global Security, May 22, 2005, \url{http://www.globalsecurity.org/military/world/iraq/baqir-hakim.htm}
\item \textsuperscript{109} Ayatollah Sayed Mohamad Baqir Al-Hakim,” Global Security, May 22, 2005, \url{http://www.globalsecurity.org/military/world/iraq/baqir-hakim.htm}
\item \textsuperscript{110} Ayatollah Sayed Mohamad Baqir Al-Hakim,” Global Security, May 22, 2005, \url{http://www.globalsecurity.org/military/world/iraq/baqir-hakim.htm}
\item \textsuperscript{111} Ayatollah Sayed Mohamad Baqir Al-Hakim,” Global Security, May 22, 2005, \url{http://www.globalsecurity.org/military/world/iraq/baqir-hakim.htm}
\item \textsuperscript{112} Kenneth Katzman, “Iran-Iraq Relations,” Congressional Research Service, August 13, 2010. 1. \url{http://www.fas.org/sgp/crs/mideast/RS22323.pdf}
\item \textsuperscript{113} T. Christian Miller, ”Iraqi Election Catapults Critic of U.S. to Power,” the Los Angeles Times, February 14, 2005, \url{http://articles.latimes.com/2005/feb/14/world/fg-hakim14/2}
\item \textsuperscript{114} Ayatollah Sayed Mohamad Baqir Al-Hakim,” Global Security, May 22, 2005, \url{http://www.globalsecurity.org/military/world/iraq/baqir-hakim.htm}
\item \textsuperscript{115} Ayatollah Sayed Mohamad Baqir Al-Hakim,” Global Security, May 22, 2005, \url{http://www.globalsecurity.org/military/world/iraq/baqir-hakim.htm}
\end{itemize}
separation of church and state. In August 2003, he and about 75 others died in a car bomb attack on the Imam Ali Mosque, Shiite Islam’s holiest mosque.

Sayed Al-Hakim’s brother, Abdel Aziz Al-Hakim, took over the leadership role in SCIRI. Despite Hakim’s connections to Iran, he built up a relationship with President George W. Bush. He also changed his movement’s name from SCIRI to the Islamic Supreme Council of Iraq (ISCI), removing the word “Revolutionary,” which ISCI officials said was in reference to Saddam Hussein regime. That same year, ISCI distanced itself from Iran by stating that it would place more importance on the leadership of Iraq’s Grand Ayatollah Ali Sistani.

Under Hakim’s leadership, SCIRI/ISCI pushed for greater decentralization and for a period advocated the creation of an autonomous region of nine Shiite-majority provinces, much like the Kurdistan Region. In 2008, Al-Hakim collaborated with Maliki in getting the Iraqi Army and ISCI’s Badr Organization to cooperate in fighting against Moqtada Al-Sadr’s Mahdi Army in Basra. The resulting victory strengthened Maliki’s hand in security and was a turning point in the civil war. Abdel Aziz Al-

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Hakim, a former heavy smoker, was diagnosed with lung cancer in Houston and treated in Iran.\(^{122}\) He died in August 2009.\(^{123}\)

Ammar Al-Hakim followed in his father’s footsteps to take over the formal leadership of ISCI.

The Iraqi National Alliance won 70 seats in the March 2010 elections, placing a disappointing third after Iraqiya and State of Law. According to a State Department memo in November 2009 released by Wikileaks, Iran provides an estimated $70 million to ISCI each year.\(^{124}\)

**Political competition: The Kurds**

Iran’s influence in northern Iraq stretches back to the time the Iranian Shah backed Iraq’s Kurds in their fight against the Iraqi government as a way of forcing Iraq to accept Iran’s position regarding the Iranian-Iraqi border and control over the Shatt al-Arab. The Khomeini government, however, ruthlessly suppressed Kurdish independence movements during the Iran-Iran War, and Iran both supported the Kurds in Iraq and threatened them. Iran has maintained offices in Irbil and Sulaimaniya ever since the Kurdish security zone was established in 1992.\(^{125}\) At the beginning of the Iraq War in 2003, Iran established relatively good relations with the Patriotic Union of Kurdistan (PUK) and Kurdistan Democratic Party (KDP).\(^{126}\)

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\(^{123}\) Hassan Abdul Zahra, "Iraq’s Shiite leader Hakim buried in Najaf," AFP, August 29, 2009, [http://www.google.com/hostednews/afp/article/ALeqM5hzq1rH_a3dgN360UFqdWOIrW6VgOQ](http://www.google.com/hostednews/afp/article/ALeqM5hzq1rH_a3dgN360UFqdWOIrW6VgOQ)


However, Iran’s own internal Kurdish problem has continued to complicate its relationship with Iraqi Kurds. Like Syria and Turkey, Iran does not want to see Kurdish independence and wants to limit Iraqi Kurdish influence. Meanwhile, President Jalal Talabani, a Kurd, has spoken out against regional influence.\textsuperscript{127} A leaked State Department cable suggests that Iran may have tried to give indirect financial assistance to Gorran, a small Kurdish group which ran in the March 2010 elections, by funding the Jaff tribe, the largest Kurdish tribe in Iraq, some of whom are members of Gorran.\textsuperscript{128} Stephen Zunes, who chairs the Middle Eastern studies program at the University of San Francisco, suggests that this may be because Iran saw Talabani as inching too close to the US.\textsuperscript{129}

As with the Azeri, and Baluchi, the United States has worked with Kurds to fight Iran. Tensions exist between Iran and the Kurds because Iraqi Kurdistan gives sanctuary to the Kurdish resistance group Party for a Free Life in Kurdistan (PJAK), which has carried out successful attacks on Iran.\textsuperscript{130} Iran accused the United States of funding PJAK.\textsuperscript{131} In retaliation, Iran has carried out limited operations against Kurdish opposition groups inside the Iraqi border.\textsuperscript{132} After a bombing in Iran killed 10 civilians in late 2010, Iran publicly announced that it had carried out an anti-terrorist operation in Iraq that Kurdish leaders denied took place.\textsuperscript{133}

\textsuperscript{127} Kim Murphy, “Kurds, Sunni Arabs Clash in North – a Small Echo of Larger Dispute.” \textit{Los Angeles Times}, September 26, 2006

\textsuperscript{128} Hawar Abdul-Razaq, "Wikileaks Revelations Endanger US International Relations," Rudaw, December 14, 2010, \url{http://www.rudaw.net/english/world/3360.html}

\textsuperscript{129} Hawar Abdul-Razaq, "Wikileaks Revelations Endanger US International Relations," Rudaw, December 14, 2010, \url{http://www.rudaw.net/english/world/3360.html}

\textsuperscript{130} PJAK / PEJAK,” GlobalSecurity.org, December 11, 2007, \url{http://www.globalsecurity.org/military/world/para/pjak.htm}

\textsuperscript{131} PJAK / PEJAK,” GlobalSecurity.org, December 11, 2007, \url{http://www.globalsecurity.org/military/world/para/pjak.htm}


Political competition: The Sunnis

Former Prime Minister Ayad Allawi, though a Shiite, has strong ties with Sunnis and has often criticized Iran for interference in Iraq. When he rose to power in post-invasion Iraq, he found welcome from Jordan, Egypt, the UAE, Qatar and Rafik Hariri in Lebanon.\footnote{\textit{“Anti-terrorist' operation took place in Iraq - Iran MP,”}}\footnote{Ali Allawi, The Occupation of Iraq: Winning the War, Losing the Peace, New Haven: Yale University Press, 2007.}{134} Ali A. Allawi, an Iraqi political advisor and former Minister of Defense and former Minister of Finance, argues in The Occupation of Iraq that the underlying premise of the Interim Government was to limit Iran’s influence in Iraq, especially prior what was expected to be increased Iranian influence after elections in 2005 which Iraqi Shiites would win simply based on their superiority in numbers.\footnote{Ali Allawi, The Occupation of Iraq: Winning the War, Losing the Peace, New Haven: Yale University Press, 2007.}{135}

With Ayad Allawi at the head of the Interim Government, the US and regional Arab states had an ally in place who would limit religious Shiite power in the government.\footnote{Ali Allawi, The Occupation of Iraq: Winning the War, Losing the Peace, New Haven: Yale University Press, 2007.}{136} The UAE and Qatar supported the Interim Government and voiced support for Allawi himself when he ran in January 2005.\footnote{Ali Allawi, The Occupation of Iraq: Winning the War, Losing the Peace, New Haven: Yale University Press, 2007.}{137} As the elections approached, Allawi’s Minister of Defense Hazem Sha’alan denounced Iran by calling it “Iraq’s number one enemy” and accusing it of seizing border posts, sending spies into Iraq, and

\footnote{\textit{“Anti-terrorist' operation took place in Iraq - Iran MP,”} editing by Ralph Boulton, Reuters, October 1, 2010, \url{http://af.reuters.com/article/worldNews/idAFTRE69050B20101001}}
infiltrating the Iraqi government. Iran’s support for Shiite militia groups that have killed Sunnis further deepened Sunni mistrust of Iran.

The low turnout of Sunnis in the January 2005 election, however, brought the legitimacy of the election into question along with the viability of American efforts in Iraq. It also gave Iran more influence in the government. This situation shifted as the December 2005 elections approached, which saw a rise in Sunni voter participation. Moreover, Sunni leaders criticized Iranian influence in elections, such as Interim President Ghazi al-Yawer’s pointed criticisms of Iran and the possibility of a religious state working in Iraq. The key turning point occurred in 2008 when Sunnis began to fight back against Al Qaeda and other insurgents and cooperate with coalition forces in what became known as the Sunni Awakening.

Sunnis do recognize the importance of cooperating with Iran despite their distrust of Iran. After the March 2010 parliamentary elections, Iraqiya made concessions to Iran. The spokeswoman for Allawi’s bloc said that Iraqiya would not allow the use of Iraq for an attack on Iran. Iran, in turn, said that all major coalitions should play a part in Iraq’s new government, including Iraqiya, perhaps out of concern that Sunni alienation would lead to too much instability within its neighbor and continued US presence.

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If Iraqiya and Sunnis stay in the government after the 2010 elections, this is likely to favor the United States, which pushed for an inclusive government. The Obama administration pushed successfully for the creation of a new Political Council for National Security to give an important role to the Sunnis. However, the amount of influence within the government Iraqiya will actually wield is still uncertain, especially as the Political Council for National Security’s powers remain undefined. The American plan would give the head of the council powers over security policy, military appointments, and the budget.

The January 2009 Governorate Elections and March 2010 Parliamentary Elections

Recent Iraqi elections have been a limited setback for Iran. The January 2009 provincial elections saw the further fragmentation of the Iranian-backed coalition that had formed the United Iraqi Alliance. Maliki’s Dawa Party separated from ISCI and formed a new list called State of Law. The three major Iraqi Shiite parties were competing with each other, further reducing Iran’s influence. State of Law came in first in most Shiite governorates, while ISCI ISCI’s best performance in the South was in Najaf, where it tied with State of Law with 7 seats each out of 28 in the governorate council. Sadr’s list performed even worse.

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Yet, although Iran’s attempt to revive the United Iraqi Alliance failed, post-election complications gave Iran a major role in forming the next Iraqi government. The March 7, 2010 elections resulted in 91 seats for Allawi’s Iraqiya list. Maliki and his allies split off from the United Iraqi Alliance to form the State of Law list, which won 89 seats. 70 seats went to the successor to the UIA, the Iraqi National Alliance. Meanwhile, the Kurds won 57 seats total.\textsuperscript{146} Iran pushed for a unity Shiite alliance, though according to Reidar Visser, it wanted to allow Sunnis token power. Allawi spoke often in Iraq and foreign cities of the danger of regional influence, i.e. Iran.

It took eight months to reach a compromise on a new government, setting a new world record for the longest period of time between elections and the seating of a government. Sadr, most likely with Iranian encouragement, finally threw his support behind Maliki. Allawi also initially agreed to have Iraqiya join the government. The Kurds also agreed to participate. In November 2010, the outlines of a new government took shape. Jalal Talabani remained as President.\textsuperscript{147} The speakership of the Council of Representatives went to Osama al-Nujieifi, a member of Iraqiya with a tense relationship with the Kurds, especially regarding Kirkuk’s future.\textsuperscript{148}

The US government also played a major role in forming the new government, and US officials applauded the inclusiveness of the new government when it was formed. American officials also pointed to the influence of the United States in pushing for the outcome, including the adoption of an American suggestion that Iraqiya head a National Council for Security Policy. However, that council’s powers

\textsuperscript{146} Iraqi CoR Election Results,” the Independent High Electoral Commission, \url{http://ihec-iq.com/en/results.html}
remain poorly defined, and some critics argue that the power-sharing arrangement will sharply reduce the quality of governance.

All of the new arrangements among Iraq’s political leaders remains fragile. Allawi has more broad-based appeal than any other politician in Iraq. In one poll, 56% of Iraqis said they would not see the government as fully legitimate if Allawi were not part of it, while 31% said they would see it as “legitimate” or “somewhat legitimate.” It is unclear how the National Council for Security Policy will fit into the legal framework of Iraq, since it is not mentioned in the constitution. Moreover, serious Sunni and Shiite differences remain, and key sources of tension between Arabs and Kurds have not been resolved. For example, the Kurds won tacit Maliki’s tentative acceptance of the international oil deals it was making outside of the federal government’s authority but it is still far from clear what this means in practice.

The compromises that have created a new government have also resulted in a de facto Shiite majority regime in Iraq. This outcome has increased Iran’s influence, and Iran worked hard to assure this outcome. Iran played a role in the Independent High Electoral Commission’s decision to ban Sunni and secular candidates from the vote. Iran’s efforts to include the supporters of both Maliki and Sadr in the new government is part of a long-standing Iranian strategy in which Iran has supported diverse Shiite factions so that the result can still serve Iran’s interests regardless of the outcome of Iraqi competition. Iran worked hard to bring Maliki together with the Sadrists, allies whose role in the government assures Iran a continued influence on government policy, politics, and security issues. Iran

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may also have provided $8 million a month to Moqtada al-Sadr’s party for the 2010 election.\textsuperscript{151} It is unlikely that the sudden change in the Sadrists’ position from opposition to support of Maliki occurred without Iranian intervention of some form.

The impasse, however, may have had two small positive outcomes in shaping the governance in Iraq, ones that may help the US meet its goal of leaving behind as stable a government as possible. One has been the training of the bureaucratic machinery in the Iraqi government, who have been forced to mature as they run a country while Iraq’s politicians struggled to form a new government. The other has been the judiciary’s flexing of muscles in first declaring it unconstitutional for the Council of Representatives to not meet and therefore pushing the parties to come to a deal and second in declaring the powers of the presidency set out in bylaws to be against the Constitution.\textsuperscript{152}

\textit{Security competition: The role of the US}

The US has been instrumental in the development of the Ministry of Defense and Ministry of Interior since 2003, including training, funding, arming, equipping, and fighting next to Iraq’s security forces. The US presence and role in the creation of the new Iraq post-invasion not only gave it influence over the shape of Iraq’s security forces but cultivated important relationships between the US and Iraqi security leaders. Western intelligence agencies also developed close ties to the Interim Government’s

\textsuperscript{151}Michal Hariri, “Status Update: Shi’a Militias in Iraq,” Institute for the Study of War, August 16, 2010, \url{http://www.understandingwar.org/files/Backgrounder_ShiaMilitias.pdf}

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Defense Minister, Hazem Sha’alan; Interior Minister, Falah al-Naqib; and the head of Iraq’s intelligence services, General Muhammed Shahwani, who each warned of the influence of Iran.\(^{153}\)

The key question now is what level of influence the US will have in the future. The last active US combat forces left Iraq in August 2010, marking the end of Operation Iraqi Freedom and the beginning of Operation New Dawn.\(^{154}\) Some 49,000 advisory troops, four advisor assistance brigades, and a limited number of special operations forces (SOF) remain to train, advise, and assist Iraq’s security forces, including the military, intelligence, and police.\(^{155}\) Unless Iraq’s new government negotiates a new security agreement with the United States, however, nearly all US military forces will depart Iraq by the end of December 2011.\(^{156}\) The makes the future US role in aiding Iraqi Army and other military forces a critical element of US and Iranian competition.

The same is true of the future US role in aiding the forces of Iraq’s Ministry of the Interior. As the troop drawdown continues, the Department of State and Department of Justice will play a significant role in police training.\(^{157}\) The US military will be reduced to an advisory role and providing arms transfers and intelligence, surveillance, and reconnaissance (IS&R) support. Funding for the transition is currently at risk as Congress contemplates Iraq funding cuts for the upcoming budget.\(^{158}\)

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No one can be certain how the decisions of the new Iraqi government will affect a US strategic partnership with Iraq, but the American-Iraqi strategic partnership is likely to continue if it receives Congressional funding. In the third quarter of 2010, Iraq received 11 US M1 Abrams tanks.\(^1\) By December 2011, 129 more will arrive.\(^2\) Current US plans include sales of $4.2 billion in arms to Iraq.\(^3\) The security package includes land force weapons, naval systems, reconnaissance equipment, Raytheon AIM-9 Sidewinder air-to-air heat-seeking missiles, laser-guided bombs, and 18 Lockheed Martin F-16 strike jets.\(^4\) Iraq eventually wants 96 of the F-16s, along with Sidewinder missiles to arm them.\(^5\)

Many Iraqi security experts and military officers believe Iraq should depend on the United States to provide a counterbalance against Iran because so many sources of tension still exist between Iraq and Iran. Territorial disputes over Shatt al-Arab,\(^6\) and Iranian incursions in Iraq are potential tinderboxes in the Iran-Iraq relationship. The difficulty of securing borders today is highlighted by the fact that neither side could do so during the Iran-Iraq War.

Security competition: the Air Force

Iraq’s undeveloped air force means that it will need to continue to depend on the United States for its air defenses. As with many other issues, the late formation of Iraq’s government after the March


2010 elections have made it difficult to clearly define the US’s role in improving the Iraqi Air Force after the end of 2011. The $4.2 billion security package mentioned above would include reconnaissance equipment, Raytheon AIM-9 Sidewinder air-to-air heat-seeking missiles, laser-guided bombs, and 18 Lockheed Martin F-16 strike jets.\(^{165}\) Iraq eventually wants 96 F-16s, along with Sidewinder missiles to arm them.\(^{166}\) This means much depends on US willingness to help Iraq train personnel, develop logistics, and strategize on the use of the Air Force.\(^{167}\)

Security competition: The Navy

Naval security is critical to Iraqi export and inevitably affects Iranian and US military competition as well as Iraqi security forces, and is a reason the US often deploys two US aircraft carrier groups in the Gulf region.\(^{168}\) According to the Department of Defense, Iraq’s oil infrastructure is vulnerable to the Iranian Republican Guard Corps Navy (IRGCN).\(^{169}\) Iraq’s off-shore oil loading points are potentially vulnerable to future attacks, highlighting the importance of rebuilding Iraq’s fragile navy. In 2007, Iraq had a 1200-man navy, 2 afloat squadrons, and 4 marine companies. It was adding offshore support vessels, patrol ships and boats, and smaller vessels.\(^{170}\)

Past naval incidents are a reminder that Iranian and Western relations in the Gulf remain tense. The IRGC captured 15 British soldiers in Iraqi waters in March 2007. On January 6, 2008, five armed


Iranian speedboats maneuvered aggressively towards and issued radio threats against three American Navy warships in international waters while the warships were entering the Strait of Hormuz.\textsuperscript{171} According to Pentagon officials, the American commander was close to issuing an order to fire on one of the speedboats which came within 200 yards of the warship – and within range of one of the machine guns aimed at it – before it suddenly veered away.\textsuperscript{172}

Much depends on both the US showing it will deter Iran by staying in the Gulf and providing aid to the Iraqi Navy. In October 2010, the Iraqi navy inaugurated the first of 15 $20 million US-built Swift Class patrol boats.\textsuperscript{173 174} Iraq will also receive two $70 million US-built offshore support vessels in 2011.\textsuperscript{175}

**Security Competition: The role of Iran**

Iran has played a significant role as spoiler in Iraq. It has supported insurgents and militias while also extending its influence and, some experts argue, infiltration in Iraq’s security forces and ministries.\textsuperscript{176} Iran’s support of Shiite groups in Iraq has sometimes meant that Iran’s ability to restrain those same groups has been decisive in reducing violence in Iraq. As violence increased in 2006, Iran

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\textsuperscript{176} Anthony Cordesman and Emma R. Davies, Iraq’s Insurgency and the Road to Civil Conflict, Westport, Connecticut: Praeger Security International. 213
pushed Iraqi Shiites to not retaliate against Sunnis.\textsuperscript{177} This along with the Sunni Awakening and the American troops surge led to the decrease in violence in the second half of 2007. Iran has also been anything but helpful in the fight against Al Qaeda, refusing to bring to justice, identify, or transfer its Al Qaeda detainees.\textsuperscript{178}

Some Iraqi military and intelligence officials fear that Iran has influence over elements of the Ministry of the Interior, and have accused Iran of providing shaped charges and artillery fire to Iraqi militants. Iran has also recruited thousands of Iraqis for intelligence gathering\textsuperscript{179} and has had intelligence agents in northern Iraq for at least 20 years.\textsuperscript{180} Meanwhile, one estimate puts the number of Iranian intelligence officers in Iraq in 2007 at 150.\textsuperscript{181}

On the other hand, there are areas where Iranian security and Iraqi security intersect. Security competition is complicated by the fact some Iraqis see Iran’s efforts to acquire nuclear weapons in the context of the Arab-Israeli conflict, and thus as a “Muslim bomb.”\textsuperscript{182} Furthermore, Iran has given some funding to Iraq’s security forces. In 2005, for example, Iraq and Iran agreed to a billion dollar aid package, some of which went to the Ministry of Defense.\textsuperscript{183} Iraq had to promise the United States that Iran would not train Iraqi security forces.

\textsuperscript{182}Robert Lowe and Claire Spencer, “Iran, Its Neighbours and the Regional Crises.” The Royal Institute of International Affairs, 2006.
\textsuperscript{183}Anthony Cordesman and Emma R. Davies, Iraq's Insurgency and the Road to Civil Conflict, Westport, Connecticut: Praeger Security International. 214
Iranian pressure has also scored victories against the United States by influencing some aspects of the security arrangements between the US and Iraq. Then-Commander of the Multi-National Force-Iraq General Odierno said in October 12, 2008, that Iran might have tried to bribe members of the Council of Representatives to vote against the Status of Forces agreement.\textsuperscript{184} Iran managed to the Iraqi government to include a December 2011 withdrawal date for US forces and a provision that Iraqi land, sea, and air not be used as a launching or transit point for attacks against other countries.\textsuperscript{185} Iran has also pressured Iraqi leaders to eliminate an anti-Iranian group in Iraq, which the United States protected for a short period, called the Mujahedin e Khalq Organization (MEK), or the People's Mojahedin of Iran (PMOI). The 3,400-member MEK was a Saddam-backed organization dedicated to toppling the Iranian regime.\textsuperscript{186,187} Though the State Department considered the MEK a terrorist group, the US disarmed but did not expel the MEK from Camp Ashraf in Diyala, a decision which did not send reassuring signals to Iran.\textsuperscript{188} Although the MEK has been weak in recent years, its revelations that Iran had nuclear facilities in Natanz and Isfahan in 2002 did help lead to international concern over Iran’s nuclear program.\textsuperscript{189} The group also alleged in September 2010 that Iran has another nuclear site near

\begin{thebibliography}{99}
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\bibitem{186} Ali Allawi, The Occupation of Iraq: Winning the War, Losing the Peace, New Haven: Yale University Press, 2007. 304
\bibitem{188} Ali Allawi, The Occupation of Iraq: Winning the War, Losing the Peace, New Haven: Yale University Press, 2007. 304
\end{thebibliography}
Qazvin, 70 miles west of Tehran. Otherwise, the group has played little role in the competition between the United States and Iran.

**Security competition: the role of the Iranian Revolutionary Guard, the Qods Force, the Ramazan Corps, and the Special Groups**

The US and Iran have competed for influence over Iraqi security forces ever since the invasion in 2003. Iran began funneling much of its aid to militias in Iraq via the Qods Force, a branch of the Islamic Revolutionary Guard Corps, immediately after the fall of Saddam regime in 2003. This force also provides or has provided funding, weapons, operatives, and training to groups in Palestine, Islamic militants in Bosnia, fighters in south Sudan, Hezbollah in Lebanon, and the Taliban in Afghanistan.

The Qods Force provides training, funding, and weapons in Iraq. Mahan Abedin, director of research at the London-based Center for the Study of Terrorism, argues that this training has largely focused on gathering and utilizing intelligence that have been key to successful operations in a place as fluid and complex as Iraq. One official estimate in 2007 puts the number of Qods and Iranian intelligence personnel in Iraq at 150, while some U.S. commanders believe there are only one or two per

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Shiite province.\textsuperscript{195} Brigadier General Kevin Begner said on July 2, 2007, that Iran gave the Iraqi militias $3 million per month.\textsuperscript{196}

The United States was slow to grasp the full extent of Iran’s expanding role in Iraq until 2005. On July 19, 2005, the United States sent Iran a secret cable complaining that a British soldier was killed by an explosive supplied by Iran.\textsuperscript{197} Iran denied any involvement, leading to a more public confrontation over the issue beginning in December later that year.\textsuperscript{198} However, then-Commander of the Multi-National Force-Iraq (MNF-Iraq) General David Petraeus stated in his September 2007 testimony to Congress that “none of us earlier this year appreciated the extent of Iranian involvement in Iraq, something about which we and Iraq’s leaders all now have greater concern.”\textsuperscript{199}

The Qods Force has been Iran’s tool for sowing chaos in Iraq but also for indirectly bleeding the US military and disrupting American interests in Iraq. In 2007, Gen.Petraeus said, “There should be no question about the malign, lethal involvement and activities of the Qods Force in this country.”\textsuperscript{200} He went on to add that Iran was “responsible for providing the weapons, the training, the funding and in some cases the direction for operations that have indeed killed US soldiers.”\textsuperscript{201}

American officials have avoided accusing the Qods Force of directly attacking Americans and have been careful to say that they do not know to what extent the top leadership of the Iranian government knows of or is involved in the


\textsuperscript{199}General David Petraeus, “Report to Congress on the Situation in Iraq,” September 10-11, 2007, \texttt{http://www.house.gov/daily/Petraeus.htm}

\textsuperscript{200}US accuses Iran's envoy to Iraq,” BBC News, October 7, 2007, \texttt{http://news.bbc.co.uk/2/hi/7032557.stm}

\textsuperscript{201}US accuses Iran's envoy to Iraq,” BBC News, October 7, 2007, \texttt{http://news.bbc.co.uk/2/hi/7032557.stm}
Qods Force’s activities. On February 14, 2007, President Bush said that he was certain that explosively formed projectiles, rocket-propelled grenades, and mortars used in Iraq came from the Qods Force, but “what we don’t know is whether or not the head leaders of Iran ordered the Quds Force to do what they did.”

Sources suggest that the Qods Force plays a significant role, if not the most significant role, in implementing Iranian policy in Iraq. A message from Qods Force leader Qassem Suleimani to Gen. Petraeus in 2008 during the Battle of Basra is revealing. Gen. Petraeus paraphrased the message as saying,

“General Petraeus, you should know that I, Kassim Suleimani, control the policy for Iran with respect to Iraq, Lebanon, Gaza, and Afghanistan. And indeed, the ambassador in Baghdad is a Qods Force member. The individual who’s going to replace him is a Qods Force member. Now, that makes diplomacy difficult if you think that you’re going to do the traditional means of diplomacy by dealing with another country’s Ministry of Foreign Affairs because in this case, it is not the ministry. It’s not Mottaki who controls the foreign policy, again, for these countries, at least. It is, again, a security apparatus, the Qods Force, which is also carrying out other activities.”

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A leaked November 2009 State Department memo also indicates that the Qods Force is a central implementer of Iranian policy in Iraq and competitor with the US in trying to shape Iraqi security.\textsuperscript{205}

Since at least 2003, Brigadier General Qasem Soleimani, the commander of the Islamic Revolutionary Guards Corps-Qods Force (IRGC-QF), has been the point main directing the formulation and implementation of the IRIG’s [Islamic Republic of Iran Government] Iraq policy, with authority second only to Supreme Leader Khamenei. Through his IRGC-QF officers and Iraqi proxies in Iraq, notably Iranian Ambassador and IRGC-QF associate Hassan Kazemi-Qomi, Soleimani employs the full range of diplomatic, security, intelligence, and economic tools to influence Iraqi allies and detractors in order to shape a more pro-Iran regime in Baghdad and the provinces.

Soleimani enjoys long-standing close ties with several prominent GOI officials, including President Talabani, Vice-President Adel Abdul-Mahdi (ISCI), Prime Minister Maliki (Da’wa), former PM Jaafari, and more recently, Speaker Samarra’i (Septel [a separate telegram] reports Iranian Speaker Larijani’s November 4-7 visit to Iraq at Samarra’i’s invitation.). Khamenei, President Ahmadinejad, Speaker Larijani, and former president Rafsanjani consult regularly with visiting GOI officials as part of the IRIG’s broader "strategic" council of advisers seeking to influence the GOI.

The various recipients of Qods Force aid include the Mahdi Army, the Badr Brigades, the Qazali Network, the Sheibani Network, and other groups. According to Gen. Petraeus, Lebanese Hezbollah has also

\textsuperscript{205} State Department memo, "US embassy cables: Iran attempts to manipulate Iraq elections," The Guardian, December 4, 2010, \url{http://www.guardian.co.uk/world/us-embassy-cables-documents/234583}
assisted the Qods Force.\textsuperscript{206} Their targets have included political rivals, the Iraqi Security Forces, and Coalition forces.\textsuperscript{207} When the Badr Brigades and SCIRI integrated with the government, other Iranian-backed groups began targeting them as well.\textsuperscript{208} Iran has also been implicated in using lethal force to shape politics in Iraq. For example, Gen. Petraeus implicated Iran in the 2007 car bomb assassinations of two southern Iraqi governors.\textsuperscript{209}

The Qods Force is further organized into the Ramazan Corps. According to The Long War Journal, which draws heavily on interviews with mid-level and senior military and intelligence officials, the Qods Force streamlined its operations in Iraq by creating the Ramazan Corps.\textsuperscript{210} The Corps, which the spokesman for the Multinational Forces Iraq said was responsible for most of Qods Forces operations in Iraq in 2007, is composed of the Nasr command in the north, Zafar command in central Iraq, and Fajr command in the south.\textsuperscript{211}

Iranian arms smuggled into Iraq have been deadly for Americans and Iraqis alike. Abu Mustafa al-Sheibani, a former member of SCIRI and the head of the Sheibani Network, is one of many suspected of operating a smuggling network for Iran’s Qods Force. Suspected Iranian arms given to militants in Iraq have included 122-millimeter mortars fired at the Green Zone in Baghdad,\textsuperscript{212} improvised explosive

\textsuperscript{206} General David Petraeus, “Report to Congress on the Situation in Iraq,” September 10-11, 2007, \url{http://www.house.gov/daily/Petraeus.htm}
\textsuperscript{208} Bill Roggio, "Iran's Ramazan Corps and the ratlines into Iraq," The Long War Journal, December 5, 2007, \url{http://www.longwarjournal.org/archives/2007/12/irans_ramazan_corps.php}
\textsuperscript{209} \url{http://news.bbc.co.uk/2/hi/7032557.stm}
\textsuperscript{210} Bill Roggio, "Iran's Ramazan Corps and the ratlines into Iraq," The Long War Journal, December 5, 2007, \url{http://www.longwarjournal.org/archives/2007/12/irans_ramazan_corps.php}
\textsuperscript{211} Bill Roggio, "Iran's Ramazan Corps and the ratlines into Iraq," The Long War Journal, December 5, 2007, \url{http://www.longwarjournal.org/archives/2007/12/irans_ramazan_corps.php}
devices (IEDs), explosively formed projectiles (EFPs), and missiles. Iranian 107 mm can carry 100 pounds of explosives that turn them into “flying bombs” known as “Improvised Rocket Assisted Munitions.”

EFPs have been particularly deadly for coalition forces. Militants use these EFPs to penetrate the armor of Humvees and kill coalition troops, which have been responsible for at least 200 American deaths in Iraq. According to The Long War Journal’s interviews with US military officials, the EFPs are manufactured in Iranian factories in Ahvaz and Mehran. Documents obtained by Wikileaks also demonstrate that officials in the US State Department believe the EFPs are from Iran. Shiite militias in Iraq in 2005 began to place the EFPs in foam blocks that resembled rocks. Lebanon’s Hezbollah, a close ally of Iran, began adopting the technique in 2006 when it fought Israel.

Investigations have revealed other deadly plots. Leaked documents also show that some officials in the State Department believe that Iran had indirectly supplied 50 82mm rockets with neuroparalytic agents to Iraqi militants in January 2006, although the explosion alone might have rendered the agents useless. Another Iranian plot, according to the leaked documents, was to explode combine poisonous

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chemicals with a car bomb in the Green Zone, though bomb experts contend that the plot would have been impractical.\textsuperscript{219}

Over the course of the war, coalition troops have captured and killed several Qods Force members. In 2006, the Bush Administration authorized killing Iranian security agents in Iraq.\textsuperscript{220} From the winter of 2006 to the end 2007, the US performed high-profile raids that resulted in the arrests of several Iranian security officers. Since then, the US has killed several Qods Force members.\textsuperscript{221} Others captured have included a commander in the Ramazan Corps, Mahmud Farhadi; a senior member of Lebanese Hezbollah, Ali Mussa Daqduq; and Qais Khazali, a former Sadrist leader, head of Asa’ib Ahl al-Haq (AAH, or the League of the Righteous), and head of the Special Groups.\textsuperscript{222} In 2007, the U.S. also captured the deputy commander of Lebanese Hezbollah Department 2800, which assisted the Qods Force.\textsuperscript{223}

The remaining Shiite militants and extremists are often products of Special Groups and are mostly formerly Mahdi Army elements. According to Gen. Petraeus, Iran was arming these as a “Hezbollah-like force to serve its interests and fight a proxy war against the Iraqi state and coalition forces.”\textsuperscript{224} Gen. Petraeus accused Asaib Ahl Al-Haq of carrying out a January 2007 attack on Karbala’s

\textsuperscript{220} Dafna Linzer, “Troops Authorized To Kill Iranian Operatives In Iraq,” The Washington Post, January 26, 2007, p. 1
provincial Joint Coordination Center, which killed five American soldiers.\textsuperscript{226} Khazali was released in December 2009 in exchange for a British hostage\textsuperscript{227} and as part of an American effort to reintegrate Shiite militias into Iraqi politics.\textsuperscript{228} Asaib Ahl al-Haq has since reconciled with the Iraqi government, while the US designates Kata’ib Hezbollah as a Foreign Terrorist Organization.\textsuperscript{229}

US efforts to build up Iraqi forces have helped deal with these threats, both internal and in Iran. The US has also taken unilateral and multilateral approaches to counter Iran’s security challenge to the US in Iraq. The US pushed the UN Security Council to include a ban on arms exports by Iran in its Resolution 1747 on March 24, 2007.\textsuperscript{230} On October 25, 2007, the United States named the Qods Force a Specially Designated Global Terrorist, along with naming four state-owned banks sponsors of terrorism, though it did not go as far as designating the IRGC itself as a terrorist organization.\textsuperscript{231,232}

The moves placed sanctions on the Qods Force and the banks. In 2007 and 2008, the US built bases near the Iranian border to block the smuggling of Iranian weapons into Iraq.\textsuperscript{233} On September 26, 2007, the US Senate, including then-Senator Hillary Clinton, approved a resolution urging President

\textsuperscript{231} US Department of the Treasury, “Treasury Designates Individuals and Entities Fueling Violence in Iraq,” September 16, 2008, \url{http://205.168.45.71/press/releases/hp1141.htm}
Bush to make the stronger move of designating the IRGC itself as a sponsor of terrorism. On September 16, 2008, the United States froze the American assets of a deputy commander of the Qods Force, a Mahdi Army leader, several others and a Syrian television station for their actions in Iraq. However, the designations only escalated what were already strong sanctions on Iran. Those sanctions have been in place since 1979, and have shown that such US actions and the effect of the terrorism designations is mostly symbolic.

**Economic competition**

Trade between Iran and Iraq has steadily increased since the US invasion. Legal trade now consists of building materials, chemicals, consumer goods, and foodstuffs, much of it via the border at Mehran and Mundhirriya/Qasr Shirin, but this is only part of the story. Iran has negotiated electricity deals with Iraq that were implemented after the CPA era. According to the Iranian ambassador to Iraq, Iran supplies 750 megawatts of electricity to Iraq daily. Meanwhile, two Iranian banks, Parsian and

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Karafarin, have been approved to open up branches in Iraq. President Talabani in November 2003 signed protocols on investment, oil, construction, and transportation.

Some Arab states resent Iraq’s post-invasion shift towards trade with Turkey, Iran, and the Gulf. Iran and Iraq also compete industrial and commercially, and in terms of agricultural products. This creates tension because Iran has the upper hand for the time being. Moreover, its investments in real estate and businesses in Basra, Karbala, and Najaf have been seen as exploitative rather than winning much gratitude from Iraqis.

However, Iran-Iraq economic ties are now strong, and have been encouraged to some degree by the impact of international sanctions on Iran in other markets. In August 2010, Iran’s ambassador said Iran would double trade volume with Iraq. A leaked State Department memo from November 2009 noted that Iran’s geographic proximity and willingness to take business risks in the insecure environment makes it an important trade partner for Iraq:

With annual bilateral trade estimated at USD 4 billion (up 30 percent since 2008) and comprised mostly of Iranian imports (approximately 48 percent of Iraq’s imports are Iranian goods), the IRIG [Islamic Republic of Iran Government] continues to jockey for economic domination in Iraq through targeted development assistance, focused largely on refurbishment of Shia religious shrines, and trade deals and bilateral agreements aimed at fostering greater Iraqi economic dependency on Iran. This measure has been successful, largely because of Iran’s geographic

proximity and access to Iraqi markets that are otherwise financially or politically less appealing to other states, notably the United States, Europe, and other industrialized nations. Turkey, on the other hand, remains Iran's biggest economic competitor, particularly in the Kurdistan Regional Government (KRG).²⁴⁵

Mohsen Milani has different numbers for this trade, but they reflect the same trends and note the importance of Iran in providing electricity to Iraq:

Iraq is Iran’s second-largest importer of non-oil goods. In 2003, Iraq's non-oil imports from Iran totaled $184 million; by 2008, this figure was $7 billion and is expected to top $10 billion by 2012. Iraq is also largely dependent on energy imports from Iran. In 2009, it imported $1 billion in energy -- 40 percent of which was electricity and 30 percent refined petroleum products. Iran has also been involved in rebuilding Iraq's energy infrastructure. In 2007, for example, Tehran signed a $150 million contract to build a 300-megawatt power plant in Baghdad, and in 2008 it agreed to build a 400-megawatt electricity line between Abadan, a port city in southwestern Iran, and Alharasa in southern Iraq. Iran is also heavily invested in Basra, a strategically important port and Iraq's second-largest city: Iran plans to develop a free-trade zone there and build crude-oil and oil-product pipelines between the city and Abadan. Its commercial relations with Kurdistan have expanded as well; there are more than 100 Iranian companies operating there, and Kurdistan has been exporting its surplus oil to Iran in exchange for the import of Iranian electricity.²⁴⁶

As Iraq struggles to build its electricity infrastructure, Iranian influence in this sector will continue to be vital to Iraq’s growth. Iran also has influence at the local level. In 2005, for example, there were reports that finding a job in Basra required the sponsorship of an Iranian-backed group, and teaching posts were filled only by those with leanings towards Iran. Traders in parts of southern Iran are increasingly speak Farsi\(^{247}\) and many accept Iranian currency. Iraqis more and more receive medical care in Iran. Iranian exports include electricity, refined oil products, cars. It also helps to fund reconstruction.

American aid has been an important source of influence for the United States, and may be a key counter in competing with Iran in the future. As of October 2010, the United States had expended $43.61 billion dollars for reconstruction in Iraq since 2003, out of $56.81 billion which Congress has made available or appropriated.\(^{248}\) The Special Inspector General for Iraq Reconstruction (SIGIR) reported in October 2010 that the bulk of the funds, $49.32 billion, had been made available though not fully expended through:\(^{249}\)

- the Iraq Relief and Reconstruction Fund (IFFR) - $20.86 billion
- the Iraq Security Forces Fund (ISFF) - $19.04 billion
- the Economic Support Fund (ESF) - $4.56 billion
- the Commander’s Emergency Response Program (CERP) - $3.79 billion
- International Narcotics Control and Law Enforcement (INCLE) - $1.07 billion

To put this aid into perspective, Maliki announced a National Development Plan in July 2010 estimated to cost $186 billion between 2010 and 2014, with over half of it from the government and the rest from

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\(^{247}\) Anthony Cordesman and Emma R. Davies, Iraq’s Insurgency and the Road to Civil Conflict, Westport, Connecticut: Praeger Security International. 214


the private sector. The government’s proposed budget for 2011, which SIGIR believes overestimates oil revenue, is $86.4 billion. Meanwhile, the IMF approved in February 2010 a two-year, $3.7 billion loan package for Iraq for the purpose of budget support, structural reforms, and macroeconomic stability.²⁵⁰

Quality is an issue as well as quantity. Past American aid has not necessarily helped America’s image in Iraq. One major problem with American reconstruction programs is that, according to the Special Inspector General for Iraq Reconstruction, their profile has been too low among Iraqi citizens.²⁵¹ Safia al-Souhail, member of the Council of Representatives and of Maliki’s State of Law coalition, told SIGIR, “If you lived in a community and someone donated money to expand the water treatment plant in your neighborhood, it is unlikely the average household would know who donated the money.”²⁵²

The US may be able to compensate for cuts in future aid by focusing on the technical advice and expertise Iraq needs to use its own resources effectively. Congress, however, may cut such aid in the upcoming budget,²⁵³ which would make the current lag in American energy investment and commercial ties even more important. It is unlikely, however, that any near- to mid-term US private investment will replace American aid or compete with Iranian commercial ties in Iraq. American companies have been increasing investment in Iraq, but many have been risk-averse. The US Ambassador Jim Jeffrey has publicly encouraged American investment, but American business have been slow to jump into Iraq’s business environment, which ranks 166th out of 183 countries in a World Bank report.²⁵⁴ Iraq made no

business sector reforms in 2010. It also ranked as the tenth most difficult country to start a business in, fifth most difficult for cross-border trade, and seventh most difficult to enforce a contract.²⁵⁵

There has been progress in the petroleum sector. Several American companies are working in the oil industry in Basra, namely Halliburton, Baker Hughes, Schlumberger, and Weatherford.²⁵⁶ Halliburton is working with Shell to develop the Majnoon oil field 37 miles from Basra.²⁵⁷ Majnoon is one of the world’s largest oil fields, named after the Arabic word for “crazy” because of the size of its oil reserves at up to 25 billion barrels of oil.²⁵⁸ However, the leading investor in Iraq’s oil industry is not the United States, but rather China.²⁵⁹ Moreover, oil cooperation between Iraq and Iran may also strengthen Iraq’s ties to Iran and increases its ability to deal with sanctions. Construction of a proposed pipeline between Basra in Iraq to Abadan in Iran is still stalled at doorstep of the Iraqi government, six years after both countries signed a Memorandum of Understanding.²⁶⁰ The pipeline would transport up to 150,000 barrels of crude a day from Iraq to Iran, and Iranian refined products would go back to Basra.²⁶¹ Iraq’s Kurdish area also exports oil through Iran, which incentivizes Iraqi cooperation with Iran and allows Iran to soften the impact of American-backed sanctions on Iran.²⁶²

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The key problem this presents for Iran is that Iran and Iraq have long competed to be the most important “oil power.” In Maysan, Iranian troops in 2009 crossed the Iraqi border and taken control of Well 4 of the Fauqa Field, increasing crude oil futures by 2.2%.263 This competition led both states to suddenly raise their claims for oil reserves during the Iran-Iraq War, an experience they have recently repeated. In 2010, weeks after Iraq announced crude oil reserve estimates of 143.1 billion barrels, Iran announced a new estimate of 150.31 billion barrels.264 Both were significant increases which again had little substantive evidence to support them: Iraq’s estimate was 25% higher than its previous estimate, while Iran’s was 9% higher than its previous estimate.265 The timing of the second announcement could indicate the intensity of oil competition between the two countries and Iran’s intention not to be outdone by its neighbor. Iraq still has yet to rejoin OPEC’s production quota system.266 A former oil minister who served under Saddam Hussein, however, said both estimates are politically motivated and unreliable.267

Diplomacy and Competition

As with the larger nuclear issue, the diplomatic track to resolve the US-Iranian conflict in Iraq has not borne fruit. In December 2006, the Iraq Study Group recommended inclusion of Iran in stabilization efforts in Iraq, and on March 10, 2007, on May 3-4 2007, and on April 22, 2008, the US

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included Iran in regional conferences on Iraqi stability. Bilateral talks on Iraq between the U.S. and Iran took place on May 28, 2007, on July 24, 2007, and on August 6, 2007, though they did not continue after that.

Iranian diplomacy sees Iraq as a theater or competition, not an area for compromise or cooperation. This is illustrated by the influence of the Qods Force over Iran’s diplomacy in Iraq and the background of Iran’s ambassadors. The current Iranian ambassador to Iraq, Hassan Danafar, and his predecessor, Hassan Kazemi-Qomi, were members of the Iranian Revolutionary Guard Corps (IRGC). In October 2007, Gen. Petraeus claimed that Kazemi-Qomi was still a member of the Qods Force. Qomi had previously helped organized Hezbollah in Lebanon. Danafar was commander in the IRGC, deputy commander in its navy, and also a member of the Qods Force. Danafar is a native of Baghdad but was expelled by Saddam’s regime for ethnic ties to Iran. During the Iran-Iraq War, he was an IRGC ground forces operations commander and was responsible for the planning and operations division of Khatam-ol-Anbia (“The Last Prophet,” i.e. Muhammed), an Iranian company under IRGC control.

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274 [Exclusive: Iran’s new ambassador to Iraq, “Iran Focus, July 26, 2010, [http://webcache.googleusercontent.com/search?q=cache:mznx8ztHPPYJ:www.iranfocus.com/en/index.php%3Foption%3Dcom_content%26view%3Darticle%26id%3D26%26catid%3D29%26Itemid%3D42%3Biranian%2Bambassador%2Bto%2Biraq%2Bcd%3D9%26hl%3Den%26ct%3Dclnk%26gl%3Dus](http://webcache.googleusercontent.com/search?q=cache:mznx8ztHPPYJ:www.iranfocus.com/en/index.php%3Foption%3Dcom_content%26view%3Darticle%26id%3D26%26catid%3D29%26Itemid%3D42%3Biranian%2Bambassador%2Bto%2Biraq%2Bcd%3D9%26hl%3Den%26ct%3Dclnk%26gl%3Dus)]
275 [Exclusive: Iran’s new ambassador to Iraq, “Iran Focus, July 26, 2010, [http://webcache.googleusercontent.com/search?q=cache:mznx8ztHPPYJ:www.iranfocus.com/en/index.php%3Foption%3Dcom_content%26view%3Darticle%26id%3D26%26catid%3D29%26Itemid%3D42%3Biranian%2Bambassador%2Bto%2Biraq%2Bcd%3D9%26hl%3Den%26ct%3Dclnk%26gl%3Dus](http://webcache.googleusercontent.com/search?q=cache:mznx8ztHPPYJ:www.iranfocus.com/en/index.php%3Foption%3Dcom_content%26view%3Darticle%26id%3D26%26catid%3D29%26Itemid%3D42%3Biranian%2Bambassador%2Bto%2Biraq%2Bcd%3D9%26hl%3Den%26ct%3Dclnk%26gl%3Dus)]
Khatam-ol-Anbia, which employs 40,000 people and has ties to Chinese oil companies, is responsible for projects in oil, industry, natural gas, transportation, and construction.\textsuperscript{277} Danafar was also Secretary of the Department of Iran-Iraq Economic Development and headed the Mobayen Center, a cultural center that Iran Focus News and Analysis accuses of training Iraqis to work with the Qods Force. The oppositionist National Council of Resistance of Iran also accuses the Qods Force of sending its members posing as Iranian businessmen.\textsuperscript{278} Immediately before assuming the post of ambassador, he headed the Center for Reconstruction of Holy Sites.\textsuperscript{279}

**Conclusions**

The withdrawal of American troops from Iraq at the end of 2011 may be a boost to Iranian ambitions, though much will depend on how strong and successful US effort are to building an enduring strategic partnership with Iraq, and Iran will face problems of its own. One of them is public Iraqi resentment over Iran’s political and economic influence in Iraq. Iran’s strongest Iraqi allies did not perform well in March 2010 polls. Iraqiya, which loudly attacked Iranian influence, won the most votes out of any bloc, and ISCI badly lost ground -- although Sadr’s followers made significant gains.
Much will depend on the level of continuing US diplomatic, advisory, military, and police training presence in Iraq. The same is true of US aid. American reconstruction funding, though much reduced, is planned to continue to flow to Iraq. US forces are now schedule to fully withdraw by the end of 2011, and provincial reconstruction teams plan to wrap up their work by September 2011. However, US advisors and trainers are to continue their work with the Ministry of Interior and the Ministry of Defense. Current US plans depend on the support of both the new Iraqi government and approval by the US Congress, but they call for 9,426 personnel under Chief of Mission authority in Baghdad and 4,142 in the provinces by January 2012. There are to be two new permanent consulates in Erbil and Basrah and two new temporary Embassy Branch Offices in Kirkuk and Mosul, though there will not be outposts in Najaf, Karbala, Ramadi, or Fallujah. Half the staffs of each consulate will consist of security, police, and military contractors, in part because of the role the US will play in developing Iraq’s security forces.

There is no doubt that when the United States invaded Iraq, it eliminated Saddam Hussein as a major concern at the cost of helping to empower Iran. Time will tell, however, if United States will leave Iraq with the kind of stable, functioning, and effective government that will make Iraq an independent state that can and will contain Iran in the future.

One key question is how firmly and fully the US understands the challenges involved. The new Iraq government will have to grapple with lack of government capacity, the loss of foreign aid, the

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smoldering remnants of the insurgency and foreign fighters, broken infrastructure, basic electricity problems, and ethnic and religious tensions. Iran now enjoys deep ties in a neighboring country with whom it once fought a fierce and bloody eight-year war. Iran’s efforts will continue to meet obstacles in the form of Shiite political fragmentation and an anti-Iranian popular backlash. However, the 2011 withdrawal of American troops will further increase the space for Iran to play in Iraq.

Iraq’s leaders face critical choices about their ability to put an end to Iraq’s internal violence, the extent to which they align themselves with the US and Arab world versus Iran, and how to reshape and modernize governance, Iraq’s economy, and Iraq’s security forces. In the process, the US and Iran will continue to compete for influence, especially in aid, military sales, and security training. If the US does not compete skillfully and consistently, Iraq’s insecurity and Iran’s economic ties to Iraq may tether Iraq closer and closer to Iran while US politicians cut down on the US presence in Iraq and aid. Iran’s relative influence in Iraq may rise even if Iraqi nationalism chafes against Iranian interference. The US unleashed forces in 2003 it must now deal with or risk seeing Iran as the real winner of the invasion.