American policy toward Iraq has been drifting since U.S. military forces completed their withdrawal one year ago. The United States has strategic interests in a strong, unified and sovereign Iraq. It also has clear diplomatic, economic and security objectives in Iraq, which are codified in the bilateral Strategic Framework Agreement (SFA). However, the U.S. government has not yet formulated a clear way to promote those interests, implement the SFA and manage divergent policies. Disagreements among sovereign states are normal, even for the closest allies and partners, but tensions over Iran and Syria are increasingly overshadowing areas of common interest. The current U.S. strategy toward Iraq is not robust enough to deal with these areas of contention. A revitalized strategic approach toward Iraq would promote U.S. interests while addressing such disagreements more effectively, potentially even establishing consequences for Iraqi actions that threaten the most vital U.S. interests.

Introduction
On December 17, 2011, the United States withdrew its last troops from Iraq in accordance with the 2008 U.S.-Iraqi Security Agreement. Since then, the bilateral relationship has confronted many challenges, and at times Iraqi actions have directly contradicted U.S. policies and preferences. Prime Minister Nouri al-Maliki has continued to consolidate the powers of his office, raising concerns about the future of Iraq’s fragile democracy. Tensions over oil rights led the Kurdish Regional Government (KRG) to halt exports for six months, which stymied both economic and political progress. Perhaps most notably, Iraq has pursued closer relations with Iran. In April, Maliki met with Iranian President Mahmoud Ahmadinejad during a two-day visit to Iran and stated that closer political, cultural and economic ties between Iraq and Iran would “boost stability and security in the region.”1 And in September, Iraqi officials disputed reports alleging that Iranian airplanes carrying weapons were transiting Iraqi airspace to resupply the Syrian regime,2 which led some U.S. lawmakers to propose restricting U.S. aid to Iraq until such flights stop (even though Iraq does not currently fully control its own airspace).3

A number of observers have noted with concern that the United States is losing its leverage over Iraq,4 but they overlook two important points. First,
after the U.S. occupation of Iraq ended in 2004, the United States has never had enough leverage to dictate Iraqi policy. Even at the height of the surge, when the United States had as many as 171,000 troops on the ground, Iraqi political leaders acted in their own interest rather than in the U.S. interest. In 2008, for example, Iraq faced a significant political crisis as several Sunni and secular Shia parties boycotted parliament after terrorism charges were filed against a Sunni Arab political leader. Despite the large U.S. military presence and intensive U.S. diplomatic efforts, the political crisis remained unresolved for eight months.3

Second, and more important, the United States often has very strong policy differences with even its closest allies and partners. For example, the United States does not always agree with its ally Israel on all aspects of the Arab-Israeli peace process (such as Israeli settlements in the West Bank).6 The United States also disagreed with many of its European allies in the 1990s and early 2000s about sanctions on Iran; some European countries actively engaged Iran, whereas U.S. policy focused on containment and isolation. Such policy disagreements are a normal part of diplomatic affairs, even among close partners, and Iraq is no exception.

States manage these disagreements (and sometimes resolve them) through diplomacy and other tools of statecraft, and the United States can use these tools in Iraq as well. The U.S. Embassy in Baghdad is now and will continue to be one of the largest in the world,7 and the State Department’s budget for Fiscal Year (FY) 2012 included more than $1 billion for various diplomatic initiatives, economic assistance programs and educational and cultural exchanges.8 The Department of Defense also maintains a robust foreign military sales program with Iraq, with current cases estimated at $10.6 billion as of FY 2012,9 and conducts regular joint military and security talks to discuss shared goals and objectives.10 However, since the military withdrawal one year ago, U.S. policy toward Iraq has been drifting. Other foreign and defense issues are now higher priorities, and Iraq is seldom mentioned in public debates even though significant violence continues.11 Yet the United States retains key strategic interests in Iraq. Both countries still support the SFA, which identifies broad principles for cooperation on political, security, cultural, economic, communications and judicial issues.12 Since the withdrawal, the U.S. government has lacked a way to translate those principles into a coherent policy framework that identifies the highest priority issues and helps manage the inevitable disagreements. Going forward, a strong bilateral relationship will require a new approach that clearly identifies areas of common interest and key challenges, and then identifies ways to promote the former and minimize the latter.

**Common Interests and Objectives**

The United States and Iraq share a strong interest in Iraq becoming a strong and sovereign state that is secure within its borders, contributes to regional stability and security and helps to balance an ambitious Iran. They also share the following key objectives:

- **Maintaining a unified Iraq.** An Iraq splintered along ethno-sectarian lines could have cascading effects across the region, which is already aflame with sectarian tensions emanating from Syria’s civil war and from Iran’s increasing support for Shia militant groups. A fractured Iraq could further empower Iran, and an independent Iraqi Kurdistan could galvanize separatist ambitions among Turkey’s Kurdish population (along with those in Syria and Iran).

- **Increasing oil production.** Iraq’s substantial petroleum resources could rejuvenate the country’s economy if Iraq’s leaders can navigate the dispute between the KRG and the central
government on oil-rich territory and enact critical hydrocarbon legislation. Iraq possesses an estimated 43 billion barrels of crude oil, the world’s fifth-largest oil reserves, and it surpassed Iran in terms of output in July. Iraq’s output could stabilize or agitate the global market, directly affecting the U.S. economy in the near term, although the United States may be less vulnerable to shocks as additional domestic oil resources come on line. Iraqi oil exports could help offset the negative impact on the global market of oil sanctions on Iran (as exports from Saudi Arabia have), but such exports may face stiff pressure from Iranian allies in Iraq.

- **Continuing bilateral security cooperation.** After nine years of close military partnership, it is no surprise that Iraq wants the United States to remain its key defense partner. Iraq wants to continue procuring U.S. military equipment because of its technological superiority, and Iraq’s defense minister and military chief are reportedly interested in increasing training and security cooperation with the United States, including joint exercises.

Iraq’s location also makes it a valuable strategic partner for the United States. A strong bilateral partnership would help ensure U.S. strategic access to the Persian Gulf, which remains vital for a wide range of missions, such as conducting counterterrorism and counterpiracy operations, safeguarding passage of roughly one-third of the world’s oil transported by sea, and potentially carrying out military operations against Iran.

- **Integrating Iraq into the region’s security architecture.** Iraq may increasingly seek partnership with the Gulf countries in a conflict-prone region. Iraq and the members of the Gulf Cooperation Council (GCC) share the same primary security concerns – Syria, Iran and domestic terrorism. Iraq’s military will likely continue to prefer U.S. training and equipment, as many GCC countries do, which promotes cooperation and interoperability. This would benefit the United States, particularly as it seeks to bolster bilateral and multilateral relationships among countries in the Gulf and as it transitions over time from being the Gulf’s “security provider” to being the “security enhancer.”

However, the willingness of Sunni-led Gulf countries to partner with Iraq will be limited by their deep suspicions of Baghdad’s Shia-led government – particularly on the part of GCC leader Saudi Arabia – and by Iraq’s relationship with Iran. Other GCC countries (such as the United Arab Emirates and Qatar) may have a more relaxed policy toward Iraq and be more willing to collaborate bilaterally.

**Key Challenges**

The U.S. relationship with Iraq currently faces three key challenges: policies toward Iran, Syria’s civil war and growing sectarianism in Iraq.

**POLICIES TOWARD IRAN**

Iran’s reportedly growing influence in Iraq following last year’s U.S. withdrawal worries U.S. policymakers. Yet Iran’s relationship with Iraq is quite nuanced: Iran does often influence Iraqi decisionmakers and policies, but influence is not the same as control. The legacy of the Iran-Iraq War and the prevalence of Iranian-backed Shia militias in Iraq cloud Iraq’s perceptions of Iran’s
intentions, while economic and religious ties and a long common border bind the countries together. Iraq’s Arab identity also sets it apart from its Persian neighbor. Iran wields a notable degree of political influence in Iraq, but Prime Minister Maliki does not always bend to Iranian will. Maliki has sought to counterbalance his relationship with Iran with his relationship with the United States. But continuance of the former complicates the latter, as Washington remains deeply suspicious of Tehran’s intentions and activities in the region.

More urgently, Iraq’s willingness to allow Iran to fly assistance to Bashar al-Asad in Syria over Iraqi airspace earlier this year put Iraq at odds not only with Saudi Arabia and its Sunni allies that support Syria’s rebels but also with the United States. If Asad falls, Iran may seek to increase its influence in Iraq to bolster its clout in the region.

Any Israeli airstrikes on Iranian nuclear facilities would severely test U.S. relations with Iraq, as the United States would be seen as complicit in the strike. Iraqi political actors that oppose Israeli aggression might press Maliki to distance himself from the United States. Iran might pressure Iraq’s government to distance itself from Washington, or use connections to Shia groups in Iraq to encourage attacks on U.S. interests there. Strikes could take the form of rocket attacks against U.S. diplomatic and military facilities, attacks on convoys, or criminal attacks on and kidnappings of U.S. citizens.

SYRIA’S CIVIL WAR
The United States and Iraq share a common concern about spillover effects from the Syrian civil war. However, they have adopted opposite policy positions: Iraq openly supports Asad’s regime, whereas the United States is providing nonlethal support to Syrian rebels. Iraq wants to avoid a sudden collapse of the Asad regime and the emergence of a Sunni Islamist-led government in Damascus, which could accelerate spillover effects and result in an antagonistic neighbor. Sunni-Shia conflict in Syria, especially involving attacks on Shia holy sites, could also catalyze sectarian conflict in Iraq. To contain spillover effects from Syria, the Iraqi government has taken preventative measures to shore up its border. Although this tactic aims to prevent militants from crossing into Iraq, it has also forestalled some Syrian refugees from escaping their country’s civil war.

However, the United States and Iraq do share an interest in stemming the flow of militants across the Syrian border with Iraq. Violent extremists once transited Syria to feed Iraq’s civil war; the flow has now reversed, with militants crossing the long, desert border into Syria. Iraq’s political leaders fear that this feedback loop could endanger Iraq’s security as Syria’s conflict continues to deepen and militants flow back across Iraq’s border. Al Qaeda in Iraq may also be playing an increasing role in Syria’s conflict, with possible links to suicide bombings in Syria earlier this year. Furthermore, Iraq may fear growing links between Saudi Arabia and Qatar, Sunni rebel groups in Syria, and Sunni tribes in western Iraq and eastern Syria (for whom tribal, familial and economic ties transcend the Iraqi-Syrian border).

To the north, the U.S. alliance with Turkey could seriously strain U.S. relations with Iraq if Turkey becomes drawn into the Syrian civil war. Turkey’s cross-border exchange of artillery fire with Syrian army units could escalate and draw in neighboring countries, including Iraq. Turkish warplanes have increased attacks on the mountain hideouts of Kurdish militants in Iraq, who are mobilized by the war in Syria, highlighting Iraq’s inability to control its own airspace. Meanwhile, Syria’s Kurdish population grows more restive, with links reportedly strengthening between that community and Turkish and Iraqi Kurds. Turkey may ultimately
take a more aggressive stance to protect its border with Syria, which would draw in the United States to protect its ally and would fray the U.S. relationship with an Iraq that supports Asad.

*From July to October 2012, violence in Iraq rose to the highest level in two years, with 854 civilians killed and 1,640 wounded.*

**Growing Sectarianism**

Sectarianism in Iraq has increased during the past year, which stresses Iraq’s young political system and makes it difficult for the national government to pursue a coherent and forward-looking national agenda. Tensions between the government and the Sunni community have escalated since the summer, when al Qaeda in Iraq and other Sunni militant groups started conducting coordinated and simultaneous attacks across a number of Iraqi cities. From July to October 2012, violence in Iraq rose to the highest level in two years, with 854 civilians killed and 1,640 wounded. These attacks were designed not only to broadly undermine the Shiite-led national government but also to retaliate against Prime Minister Maliki’s perceived marginalization of Sunnis and to dissuade other Sunnis from cooperating with the national government. The Iraqi Security Forces have capably suppressed some of these activities, but the continued attacks nevertheless put additional pressure on Maliki’s government to prevent a resurgence of violence.

Sunnis are also extremely concerned about Maliki’s efforts to consolidate power. All security cabinet posts remain under Maliki’s direct control, for example, and his government has forestalled creating the equivalent of the U.S. National Security Council, worrying that it might impinge on the power of the prime minister. Furthermore, Maliki’s dismissal of his Sunni vice president, Tareq al-Hashemi, on terrorism charges remains controversial in the Sunni community (although the United States may believe that the charges are valid). An Iraqi court issued death sentences against him for allegedly ordering his bodyguards to attack Shia pilgrims and for reported involvement in the killing of government security officials. Yet many Sunnis see these sentences as politically motivated.

Tensions with the Kurdish region are also growing and are challenging Iraq’s ability to govern. Control over oil resources in Iraq’s northern region drives disputes between the KRG and Iraq’s central government, involving international investors and neighboring Turkey. Six months after the KRG halted oil exports to protest a lack of central government reimbursement for oil-field development costs, Baghdad and Erbil reached an agreement in late September to resume oil exports from the north. This breakthrough eased the escalating crisis, but Arab-Kurd territorial disputes and the failure to pass the hydrocarbons law could undermine Iraq’s economic future – and potentially its territorial integrity.

Arab-Kurd tensions have also recently escalated in and around Kirkuk, as Maliki has sought to increase his control over security. Despite the historical legacy of Iraq’s Sunni Arab leaders repressing the Kurdish community, Kurdish leaders have increasingly aligned with Sunni critiques of Maliki’s efforts to monopolize power. To help ease tensions, the United States helped coordinate joint patrols and checkpoints by Iraqi Security Forces and Kurdish forces in the northern region, although U.S. forces have not participated directly since their 2011 withdrawal.

**A Revitalized Strategic Approach**

The U.S. government has clear strategic interests in Iraq and an enduring commitment to the objectives stated in the SFA, but it needs to adopt...
a coherent strategic approach to implement the SFA objectives while mitigating policy disagreements. U.S. officials do engage Iraq’s political and security elites to promote their policies, but they sometimes seem to view the relationship with the mindset of an occupier rather than a partner, growing frustrated when Iraq adopts policies that differ from those of the United States. Such differences may be inevitable given that Iraq is a sovereign state. Yet the current U.S. strategy does not provide the means to effectively manage policy disagreements, particularly on Iran and Syria. The United States therefore needs a revitalized strategic approach that builds a productive and supportive partnership with Iraq but also establishes consequences for threatening key U.S. interests. This new approach should include three specific initiatives:

- **Establish clear redlines for Iraqi actions that threaten key U.S. interests.** Such limits could include Iraq becoming a permissive training ground for Iranian-backed Shia militants, obstructing free and fair elections in 2013, militarizing Arab-Kurd tensions or taking concrete steps toward authoritarianism. The U.S. government should communicate these redlines privately to senior Iraqi officials, and it should be prepared to limit or condition aid if these lines are crossed.

- **Engage Iraqi national security leaders to understand how they view threats to their interests and their regional role.** Soliciting Iraq’s strategic viewpoints will help to prevent miscommunication when policy disagreements emerge and to clarify what policy areas are the most problematic.

- **Reform the defense office in the U.S. Embassy, Baghdad.** The Office of Security Cooperation-Iraq retains an operational command structure, a legacy of the time when the United States had tens of thousands of troops in Iraq. This office should transition to a more traditional defense office, led by a defense attaché or senior defense official and staffed by U.S. military foreign area officers. This reform would strengthen relationships with Iraq’s security leaders, thereby increasing overall U.S. leverage in Iraq, and enhance partnership on key counterterrorism and intelligence initiatives.

The United States should also continue to:

- **Strengthen communication and security cooperation with the Iraqi Security Forces and the KRG to reduce the risk of violent Arab-Kurd conflict.** For example, beyond helping to coordinate joint patrols and checkpoints, the United States should encourage both parties to war-game potential conflict-escalation scenarios to identify points of weakness in communication and security cooperation. This will build confidence between the parties and reduce the risk of violent confrontation.

- **Buttress security, economic and political links between Iraq and the GCC members through bilateral and multilateral initiatives.** In particular, the United States should continue to assuage Saudi Arabia’s concerns about Iraq’s role in the region by underscoring areas of common Saudi-Iraqi interest. Persuading Saudi Arabia that Maliki is not an Iranian agent may continue to prove difficult, but both Iraq and Saudi Arabia share a strategic interest in countering al Qaeda affiliates.
• Bolster intelligence sharing with Iraq on al Qaeda affiliates operating in Iraq and Syria and transiting the Iraq-Syria border. The United States and Iraq are pursuing very different policies towards Syria, but both states share an interest in minimizing the spillover from the civil war. Sharing intelligence benefits both countries right now and could become particularly critical after Asad falls from power.

Conclusion

One year after the U.S. military withdrawal, Iraq remains a weak state. Yet its importance to the region and to U.S. interests demands a revitalized strategic approach that helps translate broad SFA objectives into a coherent set of policies that promote mutual interests and help manage critical policy disagreements. However, even if the United States adopts a renewed strategic approach, the interrelated policy challenges in Iran, Syria and Iraq will continue to trouble U.S. decisionmakers. Failure or success in one country will inevitably affect the others, raising the tradeoff costs of intervention, containment and spillover effects. Continued U.S. policy drift in Iraq will certainly increase those risks. A revitalized U.S. strategic approach to Iraq could help strengthen a partnership that will remain challenging but will ultimately prove critical in an evolving region.

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ENDNOTES


9. Information provided by the Office of the Secretary of Defense, December 2012.


11. According to the Iraq Body Count, 4,149 civilians in Iraq were killed between January and November 2012, which is roughly the same as the number of civilians killed in 2011 (4,131) and 2010 (4,068). See http://www.iraqbodycount.org/database/.

13. Despite U.S. and international efforts to press for the enactment of a hydrocarbons law in 2007 that would tie the Kurds to the state structure on terms acceptable to both the central government and the KRG, talks foundered and have not been successfully revived. Since then, both Baghdad and the KRG have unilaterally developed oil-rich territory under their control in the disputed northern region. See “Iraq and the Kurds: The High Stakes Hydrocarbon Gambit,” Middle East Report No. 120 (International Crisis Group, April 19, 2012), http://www.crisisgroup.org/en/regions/middle-east-north-africa/iraq-iran-gulf/iraq/120-iraq-and-the-kurds-the-high-stakes-hydrocarbons-gambit.aspx.


17. “U.S. Hopes for Stronger Military Ties With Iraq: General,” Agence France-Press, August 19, 2012, http://www.google.com/hostednews/afp/article/ALeNoqM5gnYOY1233j7x4sLHuElhz997s3Q?docid=PNG.ad0ff3d7a3b5214de768b7688c51.2f1. Older generations of Iraq’s security forces received training in Russia and are more familiar with Russian equipment, whereas younger generations have been more exposed to U.S. training and equipment. As this generational dynamic plays out, Iraq may seek to diversify its security relationships and draw on institutional links to Russia. For example, Iraq recently explored, and later declined, a $4.2 billion arms deal with Russia. See Edward Yeranian, “Iraq Rethinks Russia Arms Deal,” Voice of America, November 10, 2012, http://www.voanews.com/content/iraq-cancels-4-point-2-billion-arms-deal-with-russia/1543230.html.


20. To increase Gulf partners’ security capabilities and reduce the need for a U.S. force presence over time, the United States has increasingly sought to build a regional security architecture that promotes multilateralism, interoperability and shared security responsibility in partner countries, particularly among GCC member states. U.S. funding, equipment, training and joint exercises and operations undergird the initiatives of the regional security architecture, but the United States has sought to encourage Gulf partners to overcome their distrust of and aversion to working multilaterally and take ownership of core security functions that are in their mutual interest. See Gen. David Petraeus, “Changing Regional Security Architecture” (IISS Manama Dialogue, December 14, 2008), http://www.centcom.mil/from-the-commander/gen-petraeus-changing-regional-security-architecture.

21. In perhaps his most defining moment as prime minister and at a critical moment of the U.S. surge, Maliki ordered Operation Charge of the Knights, which defeated the Shia Jaish al-Mahdi militia in Iraq’s southern cities, temporarily degraded Iran’s influence and galvanized Iraqi Sunni support for the central government. Yet Iran persuaded the Sadrist to support Maliki's reelection in 2010, and in the absence of a palatable Shia alternative, pressured both the Sadrists and Jalal Talabani’s Patriotic Union of Kurdistan to avert a no-confidence vote to oust Maliki from office earlier this year. See Kenneth M. Pollack, “Reading Machiavelli in Iraq,” The National Interest, October 24, 2012, http://nationalinterest.org/article/reading-machiavelli-iraq-7611.


26. Raising the specter of spreading sectarian conflict from Syria into Iraq, Iraqi Shia reportedly worry about the risk of Syrian Sunni attacks on the Sayyida Zainab mosque outside of Damascus, which is revered in the Shia faith for housing the remains of the Prophet Mohammad’s granddaughter. A suicide bombing damaged the mosque in June, and Sunni hardliners in Syria have allegedly threatened to strike the site since then. Some Iraqi Shia allegedly fear that such an attack could precipitate a repeat of the cycle of retaliatory violence between Syrian Sunnis and Shia that was seen following the 2006 targeting of the al-Askari mosque in Samarra, Iraq, and catalyze sectarian conflict in Iraq. See Adam Schreck and Qassim Abdul-Zahra, “Iraqi Shiites Brace for Violence Amid Syria Fears,” ABC News, October 25, 2012, http://abcnews.go.com/International/wireStory/iraqi-shites-brace-violence-amid-syria-fears-17558591#.UIlBWxg4_QM.


30. Arango, “Syrian War’s Spillover Threatens a Fragile Iraq,”


38. As Ankara’s relationship with Baghdad has deteriorated, Turkey is reportedly exploring a deal to buy oil directly from the Kurds. KRG President Massoud Barzani has allegedly offered a reliable flow of one million barrels a day through pipelines extending from Iraq’s Kurdish region to Turkey. This deal would buttress Kurdish separatist ambitions and give it some leverage over Ankara, but it would not likely be enough to sustain Iraq’s Kurdish region as an independent state. See Joost Hiltermann, “Revenge of the Kurds;” Foreign Affairs, 91 no. 6 (November/December 2012), http://www.foreignaffairs.com/articles/138359/joost-r-hiltermann/revenge-of-the-kurds.


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President Barack Obama meets Prime
Minister Nouri al-Maliki of Iraq at the Oval
Office of the White House in Washington on
December 12, 2011.
(REX FEATURES/The Associated Press)