

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The text is centered within the hourglass.

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*Iraq: Regional Perspectives and U.S. Policy*

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December 1, 2008

**Abstract.** This report provides information about the current perspectives and policies of Iraq's neighbors; analyzes potential regional responses to continued insurgency, sectarian and ethnic violence, and long-term stabilization; discusses shared concerns and U.S. long-term regional interests; and reviews U.S. policy options for responding to various contingencies.

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# Iraq: Regional Perspectives and U.S. Policy

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## Summary

Iraq's neighbors have influenced events in Iraq since the fall of the Saddam Hussein regime in 2003, and developments in Iraq have had political, economic, and security implications for Iraq's neighbors and the broader Middle East. Declining levels of violence in Iraq and discussion of options for modifying U.S. policy toward Iraq are fueling consideration of Iraq's future and the current and potential policies by Iraq's neighbors. Policymakers and observers are now considering several potential "Iraq scenarios," ranging from the resolution of outstanding Iraqi political disputes and the successful consolidation of Iraq's government and security forces, to a competition among Iraq's neighbors for influence in Iraq or the return to widespread civil violence.

Understanding regional perspectives on Iraq and the potential nature and likelihood of regional policies toward Iraq will be essential for Members of the 111<sup>th</sup> Congress as they consider the future of U.S. policy, including troop withdrawal options, the implementation of U.S.-Iraq security agreements, and annual appropriations and authorization legislation. The National Intelligence Estimate (NIE) on Iraq released in August 2007 assessed that "Iraq's neighbors will continue to focus on improving their leverage in Iraq in anticipation of a Coalition drawdown." The NIE identified Iranian assistance to armed groups and the "reluctance" of Iraq's Sunni Arab neighbors to support the Iraqi government as particularly problematic.

This report provides information about the current perspectives and policies of Iraq's neighbors; analyzes potential regional responses to continued insurgency, sectarian and ethnic violence, and long-term stabilization; discusses shared concerns and U.S. long-term regional interests; and reviews U.S. policy options for responding to various contingencies. For more information on Iraq and regional perspectives, see CRS Report RL31339, *Iraq: Post-Saddam Governance and Security*, by Kenneth Katzman; CRS Report RS22079, *The Kurds in Post-Saddam Iraq*, by Kenneth Katzman; CRS Report RS22323, *Iran's Activities and Influence in Iraq*, by Kenneth Katzman; and CRS Report RL33533, *Saudi Arabia: Background and U.S. Relations*, by Christopher M. Blanchard. This report will be updated to reflect major developments.

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**R**egional perspectives on the conflict in Iraq and the policies of Iraq's neighbors will be relevant to Members of the 111<sup>th</sup> Congress as they consider troop withdrawal options, the implementation of U.S.-Iraq security agreements, and annual appropriations and authorization legislation. Principal current concerns include alleged Iranian political, financial, and military support for various Iraqi Shiite political parties and militia groups; Turkish military operations against the Kurdistan Workers Party in northern Iraq; and Sunni Arab states' anxiety about the future of Iraq's minority Sunni Arab population and the growth of Iran's regional influence. Longer term concerns focus on the challenges likely to arise during the reintegration of a deeply changed Iraq into the region's strategic military balance and global economic and energy markets.

Iraq and other regional security problems, such as the Israeli-Palestinian conflict, the enduring threat of transnational terrorism, Iran's nuclear program, and the ongoing political crisis in Lebanon, have become increasingly intertwined. Some observers believe that, in order for the United States and its allies to reach a sustainable reconciliation and find a lasting solution in Iraq, related regional crises also must be addressed. Others contend that lasting resolutions to these problems can only be secured according to their own time-lines and that efforts to link them to the stabilization of Iraq are unlikely to produce desirable results. The Iraq Study Group and others have argued that if Iraqis are unable to resolve their differences and rein in armed groups, then widespread violence could return to Iraq. Should Iraq stabilize, Iraq's neighbors are expected to deepen their economic and political re-engagement with Iraqis while seeking to minimize the potential for the post-Saddam Iraq to threaten their security or regional standing. Under any circumstances, Iraq's neighbors are expected to seek to defend their perceived national interests.

## **Common Questions, Unique Concerns**

The United States, Iraq's neighbors, and Iraqi political groups have distinct views and interests with regard to a common set of policy questions about Iraq's future. As observers of and participants in Iraqi affairs, Iraq's neighbors are seeking to understand and influence changes in the following five areas:

- the regional strategic balance;
- prospects for sectarian and ethnic violence (in Iraq and elsewhere);
- the strength of Iraq-based transnational terrorist groups;
- the status of Iraqi refugees and internally displaced persons; and
- the emergence of viable long term economic opportunities.

The manner in which the United States and regional parties prioritize and pursue their interests in these areas will determine whether greater cooperation or confrontation define Iraq's future and its long-term relations with its neighbors.

## **The Regional Strategic Balance and Political Stability**

The removal of the Saddam Hussein regime upset the tenuous political and economic balance that had existed in the Persian Gulf region since the end of the 1991 Gulf War. In political and military terms, the regime's fall and the subsequent dismantling of Iraq's armed forces removed a potential military threat to the Arab Gulf states but also eliminated a key strategic counterweight

to Iran. Subsequent elections have installed a Shiite-dominated government, some of whose members are friendly to Iranian interests. In economic terms, the termination of the U.N. sanctions on Iraq created new trade and investment opportunities that have contributed to regional economic growth but have remained limited by ongoing violence. Other trends that have defined the postwar environment in Iraq are reflected elsewhere in the region and are creating significant concern among regional powers: the mobilization of populations along ethnic or sectarian lines and the emboldening of politically affiliated, armed non-state actors have upended established patterns of rule and challenged central government authority.<sup>1</sup>

From the U.S. perspective, regime change in Iraq brought an end to the need for a policy of containment toward Iraq and the attendant U.S. military posture that had supported it since the end of the 1991 Gulf War. Stabilization and training efforts in Iraq, regional counterterrorism activities, and the potential for confrontation with Iran have replaced containment of Saddam's Iraq as the principal strategic drivers of the U.S. military presence in the region. Subsequent developments in Iraq and with regard to potential Iranian threats will affect future consideration of U.S. basing, access, and pre-positioning needs and, by extension, bilateral relations between the United States and a number of regional governments.<sup>2</sup>

## **Sectarian and Ethnic Politics and Violence**

The hardening of sectarian and ethnic identities in Iraq has created significant anxiety among Iraq's neighbors, many of whom also have religiously and ethnically diverse populations. Sunni Arab governments and religious figures have characterized the empowerment of Iraq's Shiite Arabs and close relationships between the Iranian government and some Iraqi and non-Iraqi Shiite political parties and armed groups as evidence of an emerging and potentially hostile "Shiite crescent." At the height of Iraq's sectarian violence, Sunni Arabs in Saudi Arabia, Jordan, and Egypt accused Iraqi Shiite militia groups and Shiite-dominated Iraqi security forces of targeting Sunni Arab civilians. Similarly, Shiites outside of Iraq expressed alarm about the targeting of Iraqi Shiite civilians by Sunni Arab-led insurgent and terrorist groups and the potential for Sunni Arab-led governments to intervene in Iraqi affairs to the detriment of Iraqi Shiites. Turkish concerns about Kurdish separatism and the fate of Iraq's ethnically-Turkish Turkoman minority group are well documented and continue to drive Turkish policy regarding Iraq.

The post-Saddam strengthening of Iraqi Shiite political parties and the Shiite *hawza*, or religious establishment, in the Iraqi city of An Najaf also have regional implications. Both phenomena contribute to concern in Saudi Arabia and Bahrain that indigenous Shiite Arabs may become more politically active or hostile, based on the example of Iraq's empowered Shiite population or in response to future pronouncements from Iraq-based clerics. Sectarian tension continues to characterize Bahrain's domestic politics, and Saudi Arabia's minority Shiite population has come under renewed scrutiny from some Sunni Saudis in spite of a recent efforts toward rapprochement led by Saudi King Abdullah. Iran, the traditional target of Sunni Arab concerns about Shiite interference, also may harbor concerns that clerics in An Najaf could challenge or undermine the religious authority of the *hawza* in the Iranian city of Qom.

<sup>1</sup> For a discussion of these trends, see Graham Fuller, "The Hizballah-Iran Connection: Model for Sunni Resistance," *Washington Quarterly*, Vol. 30, No. 1, Winter 2006-2007.

<sup>2</sup> See Dr. W. Andrew Terrill, *Regional Fears of Western Primacy and the Future of U.S. Middle Eastern Basing Policy*, U.S. Army War College, December 15, 2006.

## Transnational and Nationalist Terrorism

The United States and Iraq's neighbors have expressed concern about the establishment and growth of various transnational terrorist organizations in Iraq since the fall of the Saddam Hussein regime. Still tenuous security progress and the inexperience of Iraq's security establishment create the potential for a chaotic Iraq to serve as an ungoverned space that terrorist organizations can exploit. Under the late Jordanian terrorist leader Abu Musab al Zarqawi, Al Qaeda in Iraq grew to embody these fears by creating a sophisticated Iraqi and regional terrorist network that claimed responsibility for deadly attacks in neighboring Jordan. Ethnic nationalist terrorist organizations such as the Mojahedin-e Khalq (MEK/MKO), the Party for Freedom and Life in Kurdistan, and the Kurdistan Workers' Party (PKK) pose similar transnational threats to Turkey and Iran.<sup>3</sup> From a U.S. perspective, these groups may contribute to regional instability if their activities provoke hostile responses by Iraq's neighbors, as PKK terrorist attacks in Turkey have in provoking Turkish operations in northern Iraq.

Broader international concerns focus on foreign fighters who have fought Coalition forces and the Iraqi government in Iraq. Although the overall numbers of volunteers reportedly remain limited and their survival rates are reported to be quite low, the foreign fighter phenomenon has led many observers to suspect that non-Iraqi fighters who survive their experiences in Iraq may attempt to follow the example of the so-called "Afghan Arab" veterans of the anti-Soviet war in Afghanistan by returning to their countries of origin or traveling to other conflict zones and helping to ignite and sustain insurgencies and terrorist campaigns. Recent research has determined that experienced "Afghan Arab" fighters and their recent trainees formed the core cadre of Al Qaeda in the Arabian Peninsula and contributed to the group's lethality and resilience in the face of Saudi counter-terrorism efforts.<sup>4</sup> Continued coordination between the United States, regional governments, and the wider international community may be required to effectively stem any reverse flow of volunteers from Iraq.

## Refugees and Internally Displaced Persons

The conflict in Iraq has produced a serious humanitarian situation for millions of Iraqis who have become internally displaced or have fled Iraq to other regional countries. Non-Iraqi refugees within Iraq also have suffered. Iraq's neighbors are faced with the dual pressures of responding to the displaced Iraqis reaching their borders as well as to the needs of Iraqis and non-Iraqis displaced within Iraq. At the popular level, strong religious charitable imperatives and the bonds of ethnicity and sectarian concern have produced calls for greater involvement, while, in some countries, the massive influx of Iraqi refugees has created economic and political disruptions. The United Nations continues to call on the countries of the region and the international community to coordinate a more effective relief response. In the event of wider or lasting civil conflict, those needs could increase substantially.

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<sup>3</sup> The MEK is designated by the U.S. government as a Foreign Terrorist Organization (FTO). The U.S. military and U.S. intelligence services disarmed and screened over 3,000 MEK members present in Iraq, who remain at a facility northeast of Baghdad known as Camp Ashraf. They have been granted "protected persons" status under the Geneva Conventions and U.S. forces have made preparations to transfer security control of the camp to Iraq.

<sup>4</sup> See Thomas Hegghammer, "Terrorist Recruitment and Radicalization in Saudi Arabia," *Middle East Policy*, Vol. XIII, No. 4, Winter 2006.

**Table I. Refugees and Internally Displaced Persons (IDPs)**

<b>Refugees and IDPs in Iraq</b>	
Internally Displaced Persons in Iraq (includes ~ 44,000 non-Iraqis)	2,808,556
<b>Estimated Number of Iraqi Refugees, by Country</b>	
Jordan	450-500,000
Syria	1-1,500,000
Lebanon	50,000
Iran	>57,000
Gulf States	>200,000
Turkey	6-10,000
Egypt	20-40,000
<b>Total Upper Estimate of Iraqi Refugees</b>	<b>2,357,000</b>

**Source:** United Nations High Commissioner for Refugees (UNHCR), Iraq Factsheet, September 2008, and Iraq Situation Update, August 2008.

## Economic Opportunities

Iraq's vast energy resources, its large consumer market, and its position as a geographic crossroads make it an attractive economic partner for its neighbors and the international community. However, since 2003, the lingering effects of over a decade of international sanctions and continuing postwar violence have created conditions that limit the ability of Iraq's neighbors to expand trade with and investment in Iraq to its full potential. Bilateral and intra-regional trade levels have increased from the Saddam era, especially with regard to regional demand for Iraq's energy resources. However, violence has limited the extent to which entities and individuals in the region have been willing and able to invest and conduct business in Iraq. Over the medium to long term, the rehabilitation of Iraq's oil production infrastructure and the expansion of exploration and production are expected to increase the availability of oil and refined petroleum products in the region, but may also create production quota competition within OPEC and affect prices and consumption patterns in global energy markets.

## Iraq's Future

The diversity of political actors in Iraq and the confluence of regional and international policy problems with Iraqi affairs complicate efforts to predict the course of events in Iraq. As U.S. policy and circumstances in Iraq and the region have changed since 2003, the perspectives and policies of Iraq's neighbors have evolved. Looking forward, Iraq's neighbors can be expected to react differently to different scenarios and U.S. policy choices. The following discussion uses a scenario-based framework to illustrate challenges that may confront the United States and Iraq's neighbors during the term of the 111<sup>th</sup> Congress.

## **Renewed Insurgency and Disorder?**

From mid-2003 through early-2006, the foremost concerns of U.S. policymakers and the new Iraqi government were the Sunni-led insurgency against coalition and Iraqi forces, the presence of foreign terrorist operatives in Iraq, and the growth of organized criminal activity such as kidnaping, extortion, and drug trafficking. The bombing of an important Shiite mosque in the Iraqi city of Al Samarra in February 2006 exacerbated pre-existing cycles of retaliatory sectarian attacks between Sunnis and Shiites that continued in earnest through early 2007, leading many observers to characterize the violence between rival communities and militias as the beginnings of a civil war. U.S. forces embarked throughout 2007 on efforts to reduce sectarian and ethnic violence, which seriously jeopardized U.S. security goals and prevented the emergence of a stable Iraqi government. Since November 2007, U.S. and Iraqi officials have presented statistics showing a dramatic drop in sectarian violence—attributing the progress to the U.S. troop surge and the “ceasefire” of the Shiite Jaysh al Mahdi (JAM) militia affiliated with cleric Moqtada Al Sadr. The return of widespread sectarian violence could rekindle domestic pressure on the governments of Iraq’s neighbors to intervene on behalf of members of specific sects or ethnic groups.

Iran and Turkey have engaged directly with Iraq’s Kurdish and Shiite Arab populations, respectively, in order to secure their interests and guard against some of the potentially negative implications of these problems. However, Iran’s intervention on behalf of Iraq’s Shiites may be contributing to the persistence of Sunni-led resistance activities and Iraq’s Kurds remain wary of Turkish intentions, particularly in light of ongoing Turkish military operations in northern Iraq against the PKK. Members of Congress may be asked to consider various potential U.S. responses to efforts by Iraq’s neighbors to influence developments in Iraq through proxies or more direct intervention.

Relations between Iraq and its Sunni Arab neighbors remain characterized by limited diplomatic engagement, limited investment and trade, and general reluctance among Sunni Arab governments to embrace the Iraqi government. In much of the Arab world, governments and citizens remain divided on the question of whether the U.S. military presence in Iraq is an ultimately stabilizing or aggravating factor. Most Arab governments fear a general failure of the new Iraqi government and the prospect of chaos that could leave Iraq’s minority Sunni Arab population vulnerable or create opportunities for terrorist elements to prosper. Many Arab citizens oppose the continuing U.S. military presence in Iraq, and some view the current Iraqi government as an illegitimate outgrowth of U.S. occupation. Reconciling these differences of opinion is likely to remain difficult and could complicate efforts to secure the cooperation of Iraq’s Arab neighbors with new stabilization initiatives.

## **A Stable Iraq?**

The Bush Administration has claimed success in reversing the deterioration in security that became acute by the end of 2006, attributing the sizable reductions in violence to the troop surge strategy announced by President Bush on January 10, 2007 and to developments in Iraq such as the Al Sadr cease-fire and the Sunni Awakening. The Administration believes that future U.S. decisions about troop withdrawals should remain conditions-based, and that modest reductions in U.S. forces over time and the continued building of Iraq’s security forces are likely to produce a central government able to defend itself. Some critics contend that, security improvements notwithstanding, the current strategy has not, to date, accomplished its primary intent—to use

improved security conditions to achieve major political reconciliation among Iraq's key communities—and that any security gains are therefore tenuous. Article 24 of the SOFA states that “All the United States Forces shall withdraw from all Iraqi territory no later than December 31, 2011.” Section 1 of the Iraqi-U.S. Strategic Framework Agreement and Article 27 of the Status of Forces Agreement (SOFA) states that “The United States shall not use Iraqi land, sea, and air as a launching or transit point for attacks against other countries; nor seek or request permanent bases or a permanent military presence in Iraq.”

In considering longer term possibilities for Iraq's stability and unity, the United States and Iraq's neighbors are seeking to determine and influence “which Iraq” will emerge from the current period of consolidation. Faced with the prospect of destabilizing violence in Iraq or terrorist threats from Iraq-based entities, such as the remnants of Al Qaeda in Iraq (AQI) and the Kurdistan Workers' Party (PKK), Iraq's neighbors may welcome and seek to promote the establishment of a strong central government in Iraq and oppose federal arrangements that could leave local security responsibilities in the hands of weaker or potentially less responsive regional governments. On the other hand, some analysts have argued that the “demonstration effect” of a united, democratic Iraq in which Islamist political parties, Shiites, and ethnic minority groups are represented in government and are allowed to participate freely would create political pressure on neighboring countries, where similar parties and groups do not enjoy comparable rights or privileges.

A stable Iraq, its neighbors, and the United States also will need to reconcile several outstanding differences in order to define the new Iraqi government's role in the region's economic and strategic environment. Long term questions about key issues remain unresolved and could prove to be divisive, such as:

- Iraq's participation in OPEC and the Gulf Cooperation Council;<sup>5</sup>
- Iraq's future ability to project military force beyond its borders;
- the presence in Iraq of U.S. or other military bases or personnel; and
- the new Iraq's sovereign economic, political, and military relations with regional powers such as Iran and Syria and with global powers such as China and Russia.

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<sup>5</sup> The GCC members are Saudi Arabia, Kuwait, the UAE, Qatar, Bahrain, and Oman.

Figure 1. Iraq and its Neighbors



Source: Map Resources. Adapted by CRS. (1/2007).

## Iraq's Neighbors: Perspectives and Policies

Official policy statements and independent sources of analysis are available that help to illustrate regional governments' perspectives and policies on Iraq. Nevertheless, there remain inherent limits on the ability of outside observers to fully understand and describe the priorities, perspectives, and policies of foreign governments, particularly on an issue of such fluidity and importance. The influence of broader regional and international issues such as the Arab-Israeli peace process and Iran's nuclear program further complicate analysis. With these limits in mind, the profiles below seek to define the key interests of Iraq's neighbors, review their diplomatic engagement and trade with post-Saddam Iraq, and discuss their perspectives on Iraq's future in light of the issues and scenarios outlined above.

## Iran<sup>6</sup>

### Perspectives and Interests

Iran's interests in Iraq reflect its longstanding regional ambitions as well as its desire to affect its ongoing dispute with the United States over nuclear technology development and the Arab-Israeli conflict. With a conventional military and weapons of mass destruction (WMD) threat from Saddam Hussein's regime removed, Iran seeks to ensure that Iraq can never again become a threat to Iran, either with or without U.S. forces present in Iraq. Iran views Iraq's majority Shiite Arab population as a potential strategic asset in light of these interests, and thus, Iran's overall goals in Iraq have differed little from the main emphasis of U.S. policy—establishing a democratic process that reflects majority preferences and thereby empowers potential Shiite allies. Iran sees continued control by Iraq's diverse Shiite parties as providing Iran with “strategic depth” and ensuring that Iraq remains pliable and attentive to Iran's interests. However, Iran's reputed aid to some Iraqi Shiite parties and their militias has at times hindered U.S. efforts to stabilize Iraq, and has heightened the U.S. threat perception of Iran generally. However, Iran now faces difficult choices in Iraq as its protege Shiite factions, formerly united, are competing and often fighting each other.

### Policy Priorities

In the first three years after the fall of Saddam Hussein, Iran's leaders and diplomats worked to persuade all Shiite Islamist factions in Iraq to work together through the U.S.-orchestrated political process, because the number of Shiites in Iraq (roughly 60% of the population) virtually ensures Shiite predominance of government. Iran's strategy bore fruit with victory by a Shiite Islamist bloc (the “United Iraqi Alliance” or UIA) in the two National Assembly elections in 2005. The UIA bloc, which won 128 of the 275 Assembly seats in the December 15, 2005 election, includes Iran's primary Shiite Islamist proteges in Iraq—the Islamic Supreme Council of Iraq (ISCI) and the Dawa (Islamic Call) party. Prior to 2007, the UIA also had the support of the faction of the mercurial young Shiite cleric Moqtada al Sadr, but Sadr's faction withdrew from the UIA in September 2007 after the United States insisted that the Iraqi government allow U.S. forces to pursue Mahdi Army (*Jaysh al-Mahdi*, JAM) militiamen as part of the 2007 troop surge.

Like his predecessor as Prime Minister, Ibrahim al Jafari, the current Prime Minister, Nouri al Maliki, is from the Dawa Party. Al Maliki spent most of his exile in Syria. Most ISCI leaders spent their years of exile in Iran, and the organization is considered to be the most pro-Iranian of Iraq's Shiite political groups. The Sadr faction's ties to Iran were initially less extensive because his family remained in Iraq during Saddam's rule. Still, the Sadr clan has ideological ties to Iran; Moqtada al Sadr's great uncle, Mohammad Baqr Al Sadr, was a political ally of Iran's Ayatollah Ruhollah Khomeini and was hung by Saddam Hussein in 1980. Iran later came to see Sadr's faction—which has 30 seats in parliament, a large and dedicated following, particularly among lower-class Iraqi Shiites—as a growing force in Iraq.

Since 2006, U.S. and allied officials have emphasized the adverse aspects of Iranian policy—its purported financial and materiel support to the Shiite militias discussed above. On several

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<sup>6</sup> Prepared by Kenneth Katzman, Specialist in Middle East Affairs. See also CRS Report RS22323, *Iran's Activities and Influence in Iraq*, by Kenneth Katzman.

occasions, senior U.S. commanders in Iraq have provided specific information, including displaying captured weaponry, that Iran's "Qods Force"—the force within Iran's Revolutionary Guard that conducts operations outside Iran's borders—has supplied to Shiite militias in Iraq. This includes explosives (including highly lethal "explosively forced projectiles," or EFP's) and other weaponry. An October 2008 study by the Combating Terrorism Center at the U.S. Military Academy at West Point details this activity, based on declassified interrogation and other documents.<sup>7</sup> By supplying armed groups in Iraq, U.S. officials fear that Iran seeks to develop a broad range of options that includes being positioned to retaliate in Iraq should the United States take military action against Iran's nuclear program.

Iran's efforts to promote Shiite solidarity were set back in 2007 as Maliki and ISCI recognized they needed to cooperate with the U.S. "troop surge" by permitting U.S. military pressure against the JAM. As a result, Sadr broke with Maliki, pulling his five ministers out of the cabinet and withdrawing his faction from the UIA bloc during 2007. As the political rift widened, JAM fighters battled Badr-dominated Iraqi forces, and U.S., and British forces for control of such Shiite cities as Diwanayah, Karbala, Hilla, Nassiriyah, Basra, Kut, and Amarah. This caused a backlash against Sadr among Iraqi Shiite civilian victims, particularly after the August 2007 JAM attempt to take control of religious sites in Karbala. The backlash caused Sadr to declare a six month "suspension" of JAM activities, extended at six month increments since.

Continuing to present evidence of Iranian material assistance to Shiite militias, Gen. Petraeus testified on April 8-9, 2008, that Iran continues to arm, train, and direct "Special Groups"—radical and possibly breakaway elements of the JAM—and to organize the Groups into a "Hezbollah-like force to serve [Iran's] interests and fight a proxy war against the Iraqi state and coalition forces...." The testimony was delivered amidst an ISF offensive, launched by Maliki on March 26, 2008, to clear JAM (and Fadhila party) militiamen from Basra, particularly the port area which these militias controlled and used for financial benefit. Maliki reportedly launched the offensive in part to reduce Sadrist strength in provincial elections planned for the fall of 2008 (but now put off until early 2009). In the initial assault, the ISF units (dominated by Badr loyalists) failed and partly collapsed, but U.S. and British forces intervened with air strikes and military advice, helping the ISF gain the upper hand and restore relative normality. Sadr, who reportedly received Iranian aid during the fighting, agreed to an Iran-brokered "ceasefire" on March 30, 2008, but not to disarm. Some fighting and JAM rocketing of U.S. installations in Baghdad continued subsequently, in some cases killing U.S. soldiers, and U.S. forces continued to fight JAM elements in Sadr City until another Sadr-government agreement on May 10, 2008. Subsequently, the ISF moved into Amarah unopposed on June 16, 2008, and quieted that city.

In responding to Maliki's moves, Sadr told his followers on June 13, 2008 that most of the JAM would now orient toward "peaceful activities," clarified on August 8, 2008 to be social and cultural work under a new movement called "Mumahidun," or "trail blazers;" (2) that a small corps of "special companies" would be formed from the JAM to actively combat U.S. (but not Iraqi) forces in Iraq; and (3) in order to circumvent the government's demand that the JAM be disbanded as a condition for Sadrist participation in the provincial elections, the Sadr movement would back technocrats and independents for upcoming provincial elections but not offer a separate "Sadrist" list. However, the number two U.S. commander in Iraq, Gen. Lloyd Austin, said on August 18, 2008 that U.S. forces were increasingly uncovering arms caches and other JAM weaponry and that JAM fighters had gone to Iran temporarily for more training and

<sup>7</sup> Combating Terrorism Center, "Iranian Strategy in Iraq: Politics and 'Other Means'", October 2008. Available at

resupply. The U.S. commander for Baghdad city, Maj. Gen. Jeffery Hammond, told journalists on October 19, 2008 that some special groups fighters have been returning to Baghdad recently, perhaps to try to influence the provincial elections. The Defense Department's "Measuring Stability and Security in Iraq" report for September 2008 (it is published quarterly) assesses that continuing Iranian support for the special groups constitutes "the most significant threat to long term stability in Iraq."

In a policy shift conducted in concert with the 2007 U.S. "troop surge," the United States attended regional (including Iran and Syria) conferences "Expanded Neighbors Conference") in Baghdad on March 10, 2007, in Egypt during May 3-4, 2007, and in Kuwait on April 22, 2008. Secretary of State Rice and Iranian Foreign Minister Mottaki held no substantive discussions at any of these meetings. In a more pronounced effort, the United States agreed to bilateral meetings with Iran, in Baghdad, on the Iraq issue, led by U.S. Ambassador to Iraq Ryan Crocker and Iranian Ambassador Kazemi-Qomi. The first was on May 28, 2007. A second round, held on July 24, 2007, established a lower level working group, which met on August 6, 2007. Talks in Baghdad scheduled for December 18, 2007, were postponed by Iran. On May 6, 2008, Iran said it would not continue the dialogue because U.S. forces are causing civilian casualties in Sadr City, although the Iranian position might reflected a broader Iranian assessment that it needs to make no concessions to the United States in Iraq.

### **Economic and Diplomatic Relations**

Iran has exploited its close ties to Iraqi leaders to build broad political and economic influence over outcomes in Iraq, although Iran's commerce with and investment in Iraq, do not necessarily conflict with U.S. goals. Reports suggested that Iran made some effort to derail Iraq's acceptance of the U.S.-Iraq Status of Forces Agreement that will replace the U.N. mandate for the U.S. troop presence, which expires on December 31, 2008. Some Iranian leaders publicly opposed the pact as an infringement of Iraq's sovereignty—criticism that likely masks Iran's fears the pact is a U.S. attempt to consolidate its "hold" over Iraq and encircle Iran militarily. In October 2008, Iraqi leaders began reviewing a draft agreement, but, possibly due in part to Iranian pressure, but also to wide opposition to the draft in the Council of Representatives (COR, parliament), Iraq's government asked for further modifications, including to make more firm the December 2011 timetable for U.S. troop withdrawal. As an example of the extent to which Iran reputedly tried to derail the agreement, Gen. Odierno said on October 12, 2008 that intelligence reports suggested that Iran may have tried to bribe Iraqi parliamentarians to vote against the agreement.

Previously, Iran's interests have been served by post-Saddam Iraqi leaders. During exchanges of high-level visits in July 2005, Iraqi officials took responsibility for starting the 1980-1988 Iran-Iraq war, indirectly blamed Saddam Hussein for using chemical weapons against Iranian forces in it, signed agreements on military cooperation, and agreed to Iranian consulates in Basra, Karbala, Irbil, and Sulaymaniyah. In response to U.S. complaints, Iraqi officials subsequently said that any Iran-Iraq military cooperation would not include Iranian training of Iraqi forces. On May 20, 2006, Iraq's Foreign Minister, Hoshyar Zebari, supported Iran's right to pursue "peaceful" nuclear technology.<sup>8</sup> Maliki is threatening to expel the 3,400 members of the Iranian opposition People's Mojahedin Organization of Iran (PMOI), a group allied with Saddam against Iran but whose members are confined by U.S.-led forces to "Camp Ashraf" near the Iran border.

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<sup>8</sup> "Clarification Statement" issued by Iraqi Foreign Minister Hoshyar Zebari. May 29, 2006.

Suggesting the degree to which the Iraqi government views Iran as a mentor and benefactor, Maliki has visited Iran three times to consult on major issues and to sign agreements: September 13-14, 2006, resulting in agreements on cross border migration and intelligence sharing; August 8-9, 2007, resulting in agreements to build pipelines between Basra and Iran's city of Abadan to transport crude and oil products for their swap arrangements (finalized on November 8, 2007); and June 8, 2008, resulting in agreements on mine clearance and searches for the few Iran-Iraq war soldiers still unaccounted for. On March 2-3, 2008, Iran's President Mahmoud Ahmadinejad visited Iraq, a first since the 1979 Islamic revolution. In conjunction, Iran announced \$1 billion in credits for Iranian exports to Iraq (in addition to \$1 billion in credit extended in 2005, used to build a new airport near Najaf, opened in August 2008). Iraq is now Iran's second largest non-oil export market, buying about \$2 billion in goods from Iran in 2007.

## Prospects

Some believe Iran's influence is fading as Iraq asserts its nationhood, as the security situation has improved, and as Arab-Persian differences reemerge. Although Iran appears to be benefitting from Iraq's current political structure, events in Iraq might possibly rebound to Iran's disadvantage. Were a secular, strong Arab nationalist leader, whether Sunni or Shiite, to emerge in Iraq, Iran might face a far less pliable Baghdad than it does now. Iran now alleges that Iraq is not doing enough to deny safe-haven to the Party for a Free Life in Kurdistan (PJAK), an Iranian Kurdish separatist group, which Iran says is staging incursions into Iran. However, most territorial issues are resolved as a result of an October 2000 rededication to recognize the *thalweg*, or median line of the Shatt al Arab waterway as the water border (a provision of the 1975 Algiers Accords between the Shah of Iran and the Baathist government of Iraq, abrogated by Iraq prior to its September 1980 invasion of Iran.)

Even if Iraq is stabilized under leadership similar to that now in power in Iraq, various alternative scenarios might not necessarily be beneficial to Iran. Some analysts believe that Iran's clerical leadership fears a successful non-cleric-led democracy in Iraq because that outcome would increase pressure for political liberalization in Iran—and maybe for an end to clerical rule there. Others feel that a stable Iraq would help the traditional center of Shiite theology, An Najaf, reassert itself to the detriment of Iran's holy city of Qom, which benefitted during Saddam's secular rule in Iraq. On the other hand, Iran's position might be enhanced if its main ally, ISCI, remains empowered or succeeds in establishing a Shiite-dominated federal region in southern Iraq. Southern Iraqi Shiites generally stayed loyal to the Iraqi regime during the 1980-1988 Iran-Iraq war.

## Turkey<sup>9</sup>

### Perspectives and Interests

Turkey's relationship with Iraq since the 1991 Gulf war has been defined by Turkish fears about Kurdish separatism and ambiguity toward the regime of Saddam Hussein and its successors. After the 1991 war, Turkey allowed U.S. and British planes flying from Incirlik Air Base to enforce a no-fly zone over northern Iraq (Operation Provide Comfort/Operation Northern Watch) in order

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<sup>9</sup> Updated by Carol Migdalovitz, Specialist in Middle Eastern Affairs, November 7, 2008.

to protect Iraq's Kurds from Saddam Hussein and to monitor Iraq's armed forces. This protective shield enabled an autonomous Iraqi Kurdish administration to develop. However, Turkish leaders expressed serious concerns about U.S. regime change plans for Iraq before the 2003 invasion and, on March 1, 2003, the Turkish parliament refused to authorize the deployment of U.S. forces to Turkey for the purpose of opening a northern front against Iraq.

Turkish officials now seek a stable, democratic, and unified Iraq. Foremost, they desire an Iraq that retains its territorial integrity and view preventing the creation of ethnic/sectarian states in their neighborhood as key to regional stability. Concerned that even more chaos will follow a U.S. military withdrawal from Iraq, the Turks have encouraged all Iraqi parties to resolve problems through reconciliation and negotiations. Among them, Turks care particularly about the Iraqi Turkomen (or Turkmen), their ethnic kin, and also seek economic ties with Iraq.

## **Policy Priorities**

The high priority that Turkey puts on Iraq's territorial integrity stems from its desire to thwart the emergence of an independent Iraqi Kurdish state that could serve as a model for separatist Turkish Kurds and a staging site for anti-Turkish terror. From 1984 to 1999, Turkey fought a war costing more than 30,000 lives against the separatist Kurdistan Workers Party (PKK), mainly in southeast Turkey. The U.S. State Department lists the Kongra-Gel(KGK)/PKK as a Foreign Terrorist Organization (FTO). Of an estimated 4,000 to 5,000 PKK members, about 3,000 to 3,500 are believed to be in the Qandil (or Kandil) Mountains of northern Iraq.<sup>10</sup> Turkish authorities blame the PKK for an upsurge in terrorism in Turkey since 2004, which has provoked public outrage and calls for military action. The government has deployed military forces into northern Iraq to combat the threat, but increasingly has used diplomacy with Iraq and Iraqi Kurdish officials as well.

The Turkish government maintains that if Iraq is unable to stop terrorists from using its territory against Turkey, then it is Turkey's right under international law to defend itself. While Ankara addressed Baghdad, it also challenged Washington. Most Turks viewed the United States as the authority in Iraq and were dissatisfied with U.S. excuses that U.S. forces in Iraq had other, higher priorities and with U.S. suggestions that means other than force, such as cutting off its finances, might be as effective in combating the PKK.

In the summer of 2006, Turkey mobilized military forces on the border to signal its impatience with the continuing PKK presence in northern Iraq. The Bush Administration responded to the message by appointing retired General Joseph Ralston, former Vice Chairman of the Joint Chiefs of Staff and former NATO Supreme Allied Commander Europe (SACEUR), as Special Envoy for Countering the PKK. His mission was to coordinate with the governments of Turkey and Iraq in order to eliminate the threat of the PKK operating across the border. The Turkish government initially viewed Ralston's appointment positively as an indication of high level U.S. government interest and named a retired general to be his counterpart. However, Ralston never achieved

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<sup>10</sup> U.S. State Department, *Country Reports on Terrorism 2007*, released April 30, 2008, accessible at <http://www.state.gov/s/ct/rls/crt/2007/>. On June 27, 2007, then Turkish Land Forces Commander (now Chief of Staff) General Ilker Basbug reported somewhat different figures: between 2,800 and 3,000 PKK terrorists in northern Iraq out of a total group strength of 5,150 to 5,650. "Live Press Briefing on War Against Terrorism," CNN Turk, June 27, 2007, Open Source Center Document GMP20070627734009. In November 2003, the PKK began to call itself the People's Congress of Kurdistan (Kongra-Gel/KGK). The U.S. State Department uses both names, but the group still is commonly referred to as the PKK.

concrete results, traveled to the region infrequently, and even suggested that his mission was reconciling Turkey and the Iraqi Kurds, not combating the PKK.<sup>11</sup> In October 2007, the State Department confirmed that Ralston had resigned. His appointment succeeded only in preventing Turkey from acting against the PKK for a year, which Turks believe was his sole purpose.

Another Turkish military buildup was reported in spring 2007, but action then was limited to increased operations within southeast Turkey and to “hot pursuit” raids and artillery shelling of alleged PKK camp sites in northern Iraq. Later in the year, Ankara opened a parallel diplomatic track. On August 7, 2007, at the invitation of Turkish Prime Minister Recep Tayyip Erdogan, Iraqi Prime Minister Nuri al Maliki visited Ankara to sign a memorandum of understanding (MOU) on countering terrorism, including the PKK. However, Maliki noted that his parliament had to approve and he was unable to implement the MOU without the cooperation of the Kurdish Regional Government (KRG) in northern Iraq. At the time, Turkey would not engage the KRG because its President, Massoud Barzani, used inflammatory language regarding Turkey and admitted that he supported the PKK.<sup>12</sup>

After a spate of deadly PKK attacks in southeast Turkey in September and October 2007, Turkish forces again massed on the border. Fearing that an invasion would destabilize Iraq, President Bush invited Prime Minister Erdogan to the White House on November 5. The President referred to the PKK as “our common enemy” and promised the Turks “real time” or “actionable” intelligence. He also established consultations among then Commander of the Multinational Force in Iraq General David Petraeus, then Deputy Chief of the U.S. Joint Chiefs of Staff General James Cartwright, and then Turkish Deputy Chief of the General Staff General Ergin Saygun. As a result, the Turks concluded that the United States was finally taking their concerns seriously. General Ray Odierno and General Hasan Igsiz, the successors of Petraeus and Saygun, have continued the consultations, and Odierno has asserted, “I am committed to working with the government of Turkey and the government of Iraq to prevent further atrocities (in Turkey).”<sup>13</sup>

Since the November 5, 2007, White House meeting, Turkish forces have conducted frequent, targeted air strikes against the PKK. In addition, on February 21, 2008, Turkish special forces launched a week-long incursion into the Iraqi border area of Zap.<sup>14</sup> The operation was said to have seriously degraded PKK communications, supply depots, and training facilities and Turkish officials expressed pleasure with U.S. intelligence assistance.<sup>15</sup> They were less pleased when President Bush and Defense Secretary Robert Gates called for Turkish troops to withdraw rapidly.

On the same day that the offensive was launched, Turkish President Abdullah Gul invited Iraqi President Jalal Talabani to visit Ankara on March 7, 2008 and begin a mutual effort to ease tensions. Unlike Barzani, Talabani is a Kurd who has described the PKK as a terrorist organization, although he also has called on Turkey to resolve the issue by means other than military.

<sup>11</sup> “US Strategy to Contain PKK in Turkish Election Year,” *Turkish Daily News*, April 5, 2007.

<sup>12</sup> In a March 2007 Al Arabiya TV interview broadcast on April 6, Barzani threatened to interfere in predominantly Kurdish populated southeast Turkey if Turkey intervened in northern Iraq. Such comments may have been in response to Turkish saber-rattling.

<sup>13</sup> “U.S., Turkish Generals Meet on PKK,” Xinhua News Agency, October 25, 2008.

<sup>14</sup> Then Chief of Turkish General Staff General Yasar Buyukanit said that Zap was targeted because it is the PKK “nerve center” where actions are planned. “Gen Buyukanit Briefs Media on Turkish Cross-Border Operation,” *Anatolia*, March 3, 2008, Open Source Center Document GMP20080304016007.

<sup>15</sup> Overview by U.S. Ambassador to Turkey Ross Wilson in Turkey, March 28, 2008.

Turkey's diplomatic moves have not served to diminish PKK attacks. On October 3, some 350 PKK terrorists carried out an especially deadly attack at the Turkish border outpost of Aktüntün, killing 17 soldiers. On October 7, the group attacked a police bus in Diyarbakir, in southeast Turkey, killing 6. Turkey responded to both operations with more air strikes and, on October 10, the Turkish parliament extended the government's authority to order cross-border operations into northern Iraq for another year. Yet, unexpectedly, the government also decided to shift policy and engage Massoud Barzani. On October 14, Turkey's Special Envoy to Iraq Murat Ozelik and a military/diplomatic delegation met Barzani in Baghdad. Ozelik said that the talks were "positive," without elaborating, while Barzani described the encounter as one "to break the ice" and discuss general points. Foreign Minister Ali Babacan stated that Turkey intended to pursue "silent diplomacy" aimed solely at discussing eliminating the PKK, while KRG Prime Minister Nechirvan Barzani said, "The dialogue ... is continuing away from the media spotlight. I can confirm that much progress has taken place in our talks with Ankara. I am personally very optimistic about the future of the diplomatic relations between the Kurdistan region and Turkey."<sup>16</sup>

The Iraqi Turkomen, ethnic kin of the Turks who reside alongside the Kurds in northern Iraq, are a related policy concern for Turkey.<sup>17</sup> Ankara sympathizes with Turkomen complaints of being displaced and outnumbered by Iraqi Kurds returning to the north. (Saddam Hussein had moved them out of the region.) Although the Turkomen issue appeared less acute after Iraqi national elections in which their turnout was far less than expected, it remains important because both Ankara and the Turkomen are concerned about Kirkuk, a multiethnic city claimed by the Iraqi Kurds situated in the heart of an oil-producing region.<sup>18</sup> Ankara advocated postponing a referendum on the fate of Kirkuk, fearing that it could prove that the city is predominantly Kurdish at the expense of Turkomen residents and that the oil resources on which the city sits could be used to finance an independent Iraqi Kurdish state. Turkish officials argue that Kirkuk and Iraq's natural resources must be equitably shared by all Iraqis. Tensions related to Kirkuk have abated somewhat as Iraqi officials have postponed the referendum, but they could revive should a referendum be scheduled.

## Economic and Diplomatic Relations

Turks have taken advantage of economic opportunities offered in post-Saddam Iraq. Bilateral trade increased to \$2.8 billion in 2007 and Turkish Trade Minister Kursad Tuzman has repeatedly expressed a desire for a free trade agreement with Iraq.<sup>19</sup> Traffic at the single border gate at Habur

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<sup>16</sup> "Senior Turkish Diplomat Meets Iraqi President, Premier, Regional Administration Head," *Anatolia*, October 14, 2008, Open Source Center Document GMP20081014017011; "Kurdish Region President Discusses Iraq-US Pact, Relations with Turkey," *Khabat* (Arbil), October 21, 2008, BBC Monitoring Middle East, October 23, 2008; "Hope in Iraq-Turkey Relations, Dimming at Home Amid Tension," *Hurriyet*, October 22, 2008, Open Source Center Document GMP20081022017014; "Turkey Ponders Three-Way Mechanism to Combat PKK," *Turkish Daily News*, October 21, 2008; Barzani interview with *Al-Sharq al-Awsat*, November 5, 2008, BBC Monitoring Middle East, November 6, 2008.

<sup>17</sup> Before the Iraq war, the Turkish government and Turkomen leaders claimed that there were 3 million Turkomen in Iraq out of a total population of about 25 million. Sources suggest, however, that this number is highly inflated and estimate that Turkomen number about 330,000 and that they have assimilated with other Iraqi groups for years. See Colbert C. Held, *Middle East Patterns: Places, Peoples, and Politics*, Boulder, Colorado, Westview Press, 2000; according to the author, there are about 1.5 million Turkomen in the Middle East, residing in Iraq, Iran, and Turkey.

<sup>18</sup> The electoral slate of the Iraqi Turkomen Front won 3 seats in the January 2005 Iraqi parliamentary election, but only 1 out of 275 total seats in the December 2005 election in which Sunnis also ran.

<sup>19</sup> "Turkish Exports to Neighbor Countries Rises by 35.5%," citing Turkish Secretariat for Foreign Trade, *Anatolia*, Open Source Center Document GMP20080324737003, March 24, 2008.

is notoriously backed up, with trucks waiting days or weeks to cross. The Iraqi Kurds collect tariffs on this border trade. They admit that Turkey is their most important trading partner. Some 15,000 Turks, many Kurds, work in northern Iraq and Turkish companies are drilling for oil in Iraq.<sup>20</sup> In addition, the Kirkuk-Yumurtalik oil pipeline, although often sabotaged or incapacitated, is a source of income for both countries and there are plans to increase its capacity. The two countries also plan to cooperate on a pipeline to ship Iraqi natural gas to Europe via Turkey. Playing this economic role is not without cost. About 150 Turkish lives have been lost, including truck drivers, engineers, construction workers, and contractors.

As a sign of Iraq's importance to it, Turkey has an ambassador in Baghdad, an ambassadorial level Special Representative to Iraq, an ambassador based in Ankara responsible for reconstruction in Iraq and Afghanistan, a consulate in Mosul, and plans for a consulate in Basra. The Turkish government kept its embassy in Baghdad open despite a suicide bombing against it in 2003 and attacks on its diplomats.

## Prospects

A unilateral declaration of an independent Iraqi Kurdistan might trigger a very large scale Turkish military invasion as well as a breach in U.S.-Turkish ties. For now, however, Turkish authorities accept the Iraqi Kurds' claim that independence is not their goal and say that they will respect decisions made by all of the Iraqi people. Despite their skepticism, some Turks even accept U.S. assurances that Washington does not want an independent "Kurdistan." Ankara has made overtures to other Iraqi ethnic groups, encouraging Sunni Arab participation in elections and establishing good relations with Shiite prime ministers, in an effort to further Iraqi unity and bilateral relations. Turkey has improved ties with Iran and Syria and consults them regularly about Iraq. Kurdish and other media reports have alleged that Turkish military forces have operated with Iranians against the PKK and the Party for a Free Life in Kurdistan (PJAK), a related Iranian Kurdish group, in northern Iraq. Turkish officials insist that multilateral contact groups include all of Iraq's neighbors, meaning Syria and Iran, and meetings of neighbors have included Turkey, Syria, Iraq, Iran, Jordan, the United States, the United Kingdom, and the Arab League.

Turkish officials contend that the public attitudes toward the United States, which had deteriorated due to the PKK issue, have been changing in a positive direction since President Bush's meeting with Prime Minister Erdogan and subsequent U.S. intelligence support for Turkish military operations against the PKK. Yet, polls have not confirmed that conclusion. The German Marshall Fund's *Transatlantic Trends* report of 2008, released in September 2008, indicated that only 3% of Turks thought that their country should cooperate with the United States on international matters.<sup>21</sup>

<sup>20</sup> Director General of the Ministry of Trade in Irbil Aziz Ibrahim Abdo quoted in Nicholas Birch, "Kurds Rely on Turkey for Workers, Goods," <http://www.washingtontimes.com>, July 2, 2007.

<sup>21</sup> On February 28, 2008, Justice and Development Party (AKP) Deputy Leader and Member of Parliament Egemen Bagis told a Center for Strategic and International Studies/International Republican Institute event that U.S. favorability ratings had risen to the 30's. GMF 2008 Transatlantic Trends report is accessible at <http://www.gmfus.org/trends/index.cfm?id=123>.

## Saudi Arabia<sup>22</sup>

### Perspectives and Interests

Saudi Arabia's relationship with Iraq has been tense historically, although periods of Saudi-Iraqi cooperation have occurred when supported by convergent interests, most notably during the Iran-Iraq war of the 1980s. Saudi Arabia publicly opposed the U.S.-led invasion of Iraq in 2003, but provided logistical support to U.S. forces,<sup>23</sup> and Saudi officials have called on U.S. forces not to leave Iraq on an "uninvited" basis.<sup>24</sup> Saudi Arabia's principle interests with regard to Iraq are—first, to prevent instability and conflict in Iraq from threatening Saudi Arabia's internal security and stability; second, to prevent the repression of Iraq's Sunnis by newly dominant Shiites; and, third, to limit the regional influence of a potentially hostile Iran.<sup>25</sup> Saudi Arabia's longer term interests include ensuring that the revival of Iraq's oil industry does not threaten Saudi preeminence and preferences in global energy markets and that Iraq does not re-emerge as a strategic military threat to the Arab Gulf states.

### Policy Priorities

The Saudi Arabian government has refrained from overt political or military intervention in Iraq since 2003, in spite of the threat that instability in Iraq has posed to Saudi Arabia's national security. To date, Saudi policy initiatives have sought to meet the humanitarian needs of Iraqis displaced by ongoing violence; to promote political and religious reconciliation among Iraqis by hosting and participating in various regional conferences; and, to take preventive security measures to limit the spread of violence into Saudi Arabia. Some analysts believe that Saudi Arabia has not fulfilled pledges of aid to Iraq because it does not want to support an Iraqi government that many Saudis believe has a Shiite sectarian agenda. Other observers also speculate that the Saudi government may be offering financial support to Sunni Arab individuals and groups in Iraq, including tribal leaders and others associated with the so called "awakening" movement.

The willingness of influential Saudi clerics, wealthy Saudi individuals, and young Saudi citizens to offer rhetorical,<sup>26</sup> financial,<sup>27</sup> or personal support to various combatants in Iraq remains a

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<sup>22</sup> Prepared by Christopher M. Blanchard, Analyst in Middle Eastern Affairs.

<sup>23</sup> See CRS Report RL33533, *Saudi Arabia: Background and U.S. Relations*, by Christopher M. Blanchard for a full discussion of Saudi support for U.S. combat efforts. See also "U.S. And Saudis Agree On Cooperation," *Washington Post*, February 26, 2003; and John Solomon, "Saudis had wider role in war," *Associated Press*, April 26, 2004.

<sup>24</sup> In October 2006, and repeatedly thereafter, then-Saudi Ambassador to the United States Prince Turki al Faisal argued that, "The kingdom's position has always been that since the United States came into Iraq uninvited, they shouldn't leave uninvited." Arshad Mohammed, "Saudi envoy warns US against abrupt Iraq withdrawal," *Reuters*, October 30, 2006.

<sup>25</sup> For the Saudi cabinet's statement of its key principles for Iraq, see *Saudi Press Agency* (Riyadh), "King Abdullah Chairs Cabinet's Session," November 20, 2006.

<sup>26</sup> "Saudi Clerics Appeal Iraqi Islamic Insurgency Factions to Unite Against 'Enemy,'" Open Source Center (OSC) Document GMP20070411860009, April 11, 2007; "Saudi Cleric Al Jibrin Statement Denounces Shiites' Acts Against Sunnis in Iraq," OSC Document GMP20070122836001, January 20, 2007; "Saudi Arabian Clerics Issue Statement Backing Iraq's Sunni Muslims," OSC Document GMP20061211837002, December 10, 2006.

<sup>27</sup> Saudi officials generally deny that Saudi citizens provide financial support for Iraqi combatants, and little specific information is publicly available to corroborate claims to the contrary. Nevertheless, a number of press reports citing unnamed U.S. officials allege that such support exists and the Iraq Study Group report (p. 25) stated that, "funding for (continued...)"

challenge. However, official Saudi clerics, including Grand Mufti Shaykh Abd al Aziz bin Abdallah Al Shaykh, repeatedly have released fatwas stating that travel to Iraq for the purpose of participating in violent activity is illegitimate and not religiously sanctioned.<sup>28</sup> Nevertheless, the phenomenon of Saudis traveling to Iraq to fight alongside other foreign fighters has created a long term security risk for both countries: Saudi veterans of similar conflicts in Afghanistan, Bosnia, Chechnya, and other regions constituted the hard core of the Al Qaeda-affiliated group responsible for the series of successful and attempted terrorist attacks that occurred in the kingdom from late 2002 through early 2006.

Estimates of the number of Saudis who have traveled to Iraq to fight remain imprecise and difficult to verify. In November 2006, a U.S. military spokesman stated that of the approximately 1,100 foreign fighters that had been killed or captured in Iraq during the previous 12 months, 12% were Saudi nationals.<sup>29</sup> One July 2007 press report cited unnamed U.S. military and intelligence officials as claiming that 30 to 40 Saudis were traveling to Iraq to fight each month and that the majority of foreign suicide bombers in Iraq were Saudis.<sup>30</sup> To help prevent the return of Saudi volunteers or the flow of other combatants and materiel from Iraq into Saudi Arabia, Saudi officials have strengthened their border control efforts and are planning to implement a significant border security infrastructure improvement program.<sup>31</sup> In August 2007, Prince Saud al Faisal dismissed reports that Saudis were traveling to Iraq as combatants in disproportionate numbers and argued that volume of “the traffic of terrorists” from Iraq to Saudi Arabia was greater than the volume flowing in the other direction.<sup>32</sup> U.S. military assessments have suggested that Saudi efforts to more carefully control exit visas has contributed to a decline in the number of Saudi fighters reaching Iraq.

Saudi official and public views of Iraq also reflect concern about the empowerment of Iraq’s Shiite Arab population and the growth of Iranian influence in the Persian Gulf region and broader Middle East. During a well publicized speech in New York in September 2005, Saudi Foreign Minister Prince Saud al Faisal commented that “we are handing the whole country [Iraq] over to Iran without reason,” and warned of increased Sunni-Shiite violence.<sup>33</sup> The historically tense relationship between Saudi Arabia’s Sunni Arab majority and Shiite Arab minority further compounds the situation: some Saudi Shiites have welcomed the empowerment of Iraq’s Shiite

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(...continued)

the Sunni insurgency comes from private individuals within Saudi Arabia and the Gulf States.”

<sup>28</sup> “Iraqi Newspaper Reports on Saudi Fatwas Forbidding Travel to Fight in Iraq,” OSC Document GMP20070610621002, June 3, 2007.

<sup>29</sup> In a February 13, 2006, interview, Prince Turki al Faisal said that as of mid-2005 approximately 10% of captured foreign fighters held in Iraq were Saudis. See Mark Huband and William Wallis, “Saudi Arabia Fears Attacks from Insurgents Battle-hardened in Iraq,” *Financial Times* (London), December 20, 2004; “U.S. Faults Saudi Efforts on Terrorism,” *Los Angeles Times*, January 15, 2006; and, Remarks by Major General William Caldwell, Spokesman, Multinational Force-Iraq, Defense Department News Briefing, November 20, 2006.

<sup>30</sup> Helene Cooper, “U.S. Officials Voice Frustrations With Saudis, Citing Role in Iraq,” *New York Times*, July 27, 2007.

<sup>31</sup> According to press reports, Saudi Arabia is considering plans to construct a high-tech system of fences and detection systems along its entire 900 kilometer border with Iraq, but some Saudi officials have stated that the structures will be targeted to certain key areas rather than stretching along the entire border. The Saudi government claims to have spent \$1.8 billion on strengthening the border with Iraq since 2004. See P.K. Abdul Ghafour, “Work on Iraq Border Fence Starts in 2007,” *Arab News*, November 15, 2006; and Raid Qusti, “Kingdom Denies Plans to Build Fence on Border With Iraq,” *Arab News*, November 20, 2006.

<sup>32</sup> Transcript of Press Availability with U.S. Secretary of State Condoleezza Rice, U.S. Secretary of Defense Robert Gates, and Saudi Arabian Foreign Minister Prince Saud al Faysal, Jeddah, Saudi Arabia, August 1, 2007.

<sup>33</sup> *Reuters*, “Saudi Says U.S. Policy Handing Iraq over to Iran,” September 20, 2005.

Arabs and recognize Iraq-based Shiite clerics as their religious leaders. In turn, some conservative Sunni Saudis regard the Shiite minority as religiously aberrant and potentially politically disloyal.<sup>34</sup>

## **Economic and Diplomatic Relations**

Sectarian and strategic anxieties complicate Saudi efforts to engage the Shiite-led Iraqi government, to establish strong trade links, and to discourage and prevent Saudi clerics and individuals from supporting Sunni Arab combatants in Iraq. Saudi leaders maintain regular contact with prominent Iraqi government officials, clerics, and political figures. A Saudi Foreign Ministry delegation visited Iraq in August 2007 to explore the possibility of reopening an embassy in Baghdad, and in January 2008, Prince Saud al Faisal announced that an ambassador had been chosen and that Saudi Arabia hoped to open an embassy in Baghdad “in the next few months.”<sup>35</sup> As of November 2008, a Saudi Embassy had not been opened and no ambassador had been publicly identified. The Saudi government has pledged \$500 million from the Saudi Development Fund to sponsor Iraqi government-requested development projects, along with \$500 million to finance potential bilateral trade and close to \$90 million in humanitarian relief assistance.<sup>36</sup> However, since 2003, trade between Iraq and Saudi Arabia has remained very limited. Saudi and Iraqi security services have increased their cooperation over the last year, and Iraqi National Security Adviser Muwaffaq Al Rubai said in a March 2008 press interview that, “we believe now that Saudi-Iraqi coordination is at its best and its highest levels.”<sup>37</sup>

Debt forgiveness remains a key outstanding issue in Iraqi-Saudi relations. As of January 2004, Iraq reportedly owed the Saudi government \$9 billion for debt incurred under the Saddam Hussein regime (mostly during the Iran-Iraq war of the 1980s). Private Saudi firms and banks hold about \$19 billion in additional Iraqi debt.<sup>38</sup> Questions have been raised about whether Iraq’s debt to Saudi Arabia should be subject to interest payments, and both parties have agreed to discuss the matter further. U.S. officials have encouraged Saudi Arabia and Kuwait to forgive Iraq’s outstanding debt to support Iraqi reconstruction and economic recovery efforts.<sup>39</sup>

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<sup>34</sup> See International Crisis Group, *The Shiite Question in Saudi Arabia*, Middle East Report No. 45, September 19, 2005; and John Solomon, “Saudi Arabia’s Shiites and their Effect on the Kingdom’s Stability,” *Terrorism Monitor*, Volume 4, Issue 15, July 27, 2006.

<sup>35</sup> Prince Saud al Faisal quoted in “U.S. Secretary of State Condoleezza Rice Remarks With Saudi Arabia Minister of Foreign Affairs, His Royal Highness Prince Saud Al-Faisal,” State Department Press Releases and Documents, January 15, 2008.

<sup>36</sup> Statement of Foreign Minister Prince Saud al Faisal to United Nations meeting on Iraq, September 18, 2006. Available at <http://www.mofa.gov.sa/Detail.asp?InNewsItemID=55259>.

<sup>37</sup> Iraq’s Al-Rubay’i on Handling Saudi Detainees to Riyadh, “Talks With Saudi FM,” Al Sharq al-Awsat (London), OSC Document GMP20080327825008, March 27, 2008.

<sup>38</sup> For more information, see CRS Report RL33376, *Iraq’s Debt Relief: Procedure and Potential Implications for International Debt Relief*, by Martin A. Weiss, “Opposing Views of the Kingdom to Come,” *Middle East Economic Digest*, January 23-29, 2004, p. 1.

<sup>39</sup> Mariam Karouny and Alister Bull, “Iraq Finance Minister Says Still no Deal on Gulf Debt,” *Reuters*, August 1, 2006; and Iraq Study Group Report, p. 35.

## Prospects

The Saudi Arabian government's restraint from overt involvement in the Iraq conflict stands in contrast to reported patterns of private Saudi support for anti-coalition and anti-Iraqi government activity. The Saudi regime is likely to continue to refrain from providing direct support for insurgent forces in order to avoid confrontation with the United States and out of fear that the collapse of Iraq's government could strengthen Iraq-based transnational terrorist elements hostile to the Al Saud family. However, a return to sectarian violence in Iraq or more assertive Iranian policy could undermine domestic support for a policy of restraint among Saudis. From late 2006 through mid-2007, a number of influential figures and religious scholars in Saudi Arabia called for their government and fellow citizens to provide direct political and security assistance to Iraq's Sunni Arab community and to confront what they perceived as Iranian-led Shiite ascendance in the region.<sup>40</sup> Official Saudi clerics have released statements forbidding Saudis from traveling to Iraq to fight, but popular support for anti-U.S. or anti-Iranian activity may remain strong.

Prince Saud al Faisal has dismissed calls for direct involvement and has stated, that "since the start of the crisis in Iraq ... the Kingdom has said it will stand at an equal distance from all Iraqi groups and does not describe itself as the guardian of any group or sect."<sup>41</sup> Nevertheless, Saudi officials have delayed a full embrace of the current Iraqi government and reportedly remain frustrated with what they perceive to be Prime Minister Al Maliki's anti-Sunni sectarian policy approach and his administration's unduly close relationship with Iran.

Reconciliation and long term stability in Iraq could ease Saudi fears of creeping instability, but could also create new challenges. Saudi Arabia's immediate concern remains the reintegration or elimination of returning Saudi militants. The outcome of reconciliation or conflict in Iraq and the leadership and character of Iraq's government will determine whether Saudi fears about the empowerment of Shiite Arabs and the growth of Iranian influence persist or diminish. Future Iraqi choices in key areas such as energy and military policy will have important implications for Iraqi-Saudi relations over the long term.<sup>42</sup>

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<sup>40</sup> Nawaf Obaid, "Stepping Into Iraq: Saudi Arabia Will Protect Sunnis if the U.S. Leaves," *Washington Post*, November 29, 2006.

<sup>41</sup> *Arab News* (Jeddah), "Kingdom Won't Take Sides in Iraq, Says Saud," December 20, 2006; and Robin Wright, "Royal Intrigue, Unpaid Bills Preceded Saudi Ambassador's Exit," *Washington Post*, December 23, 2006.

<sup>42</sup> With regard to oil policy, there is a possibility, in the words of one analyst, that over the long term, "the Saudi interest in moderate prices and preserving market share will run afoul of the Iraqi need for maximum production at high prices to fund national reconstruction." See Joseph McMillan, *Saudi Arabia and Iraq: Oil, Religion, and an Enduring Rivalry*, USIP, Special Report No. 157, January 2006, p. 14.

## Syria<sup>43</sup>

### Perspectives and Interests

For over three decades, Syria and Iraq were rivals,<sup>44</sup> though the two sides were in the process of making amends prior to the 2003 U.S. invasion of Iraq. The overthrow of the Saddam Hussein regime forced the Syrian government to adjust to radically changed political circumstances inside Iraq, a process they were diplomatically ill-equipped to handle due to the years of neglect in their bilateral relationship.<sup>45</sup> In addition, Syrian opposition to the U.S. presence in Iraq forestalled any attempt to formulate a coherent Iraq policy other than one that was obstructionist and deliberately detrimental to coalition forces and the nascent Shiite and Kurdish dominated Iraqi government.

Once full-blown sectarian warfare reached its height between 2006 and 2007, Syria re-engaged Iraq, as nearly 1.3 million Iraqi refugees flooded Damascus and its suburbs, bringing the conflict to Syria's doorstep. Since then, as Iraq has stabilized, Syria has improved its ties not only with the Maliki government, but with the myriad of other Iraqi religious and sectarian actors. As a majority Sunni Arab country with a strategic relationship with a Shiite Persian Iran, Syria feels that it can play both sides of the Iraqi religious and sectarian equation.

### Policy Priorities

To date, overall Syrian-Iraqi bilateral cooperation has been limited. The Maliki government has insisted that relations will only improve once Syria demonstrates greater resolve to limit the flow of foreign fighters into Iraq and crack down on Al Qaeda in Iraq's Syrian network.<sup>46</sup> According to the latest Department of Defense (DoD) report on Iraqi stability, "Both Iraq and Syria hope to improve their relationship, but neither side seems willing to take the first step to better diplomatic relations. Syria continues to focus on economic cooperation, while Iraq demands security cooperation as a prerequisite to reestablishing full diplomatic relations."<sup>47</sup> U.S. military officials continue to assert that Syria remains the primary transit point for foreign fighters entering Iraq.

Syrian-Iraqi relations suffered a setback after the Iraqi government initially reacted positively to the October 30, 2008 U.S. air strike inside Syrian territory that killed a high level Al Qaeda

<sup>43</sup> Prepared by Jeremy M. Sharp, Specialist in Middle Eastern Affairs.

<sup>44</sup> For many years, Syria and Iraq had an uneven and often troubled relationship, stemming from political disputes, border tensions, demographic differences, and personal animosity between the two countries' late leaders: Syrian President Hafiz al Asad and Iraqi President Saddam Hussein. Moreover, the two countries were governed by rival wings of the pan-Arab Baath Party. Syria severed diplomatic relations with Iraq in 1982 after it accused Saddam Hussein's regime of inciting and supporting Syrian Muslim Brotherhood-led riots. In the late 1990s bilateral relations improved markedly, primarily in the economic sphere. The two countries formally restored relations in November 2006.

<sup>45</sup> According to one *International Crisis Group* report, "neither country had an embassy in the other's capital, there were no formal visits, no cultural exchanges and no telephone lines linking the two. Syrians wanting a travel permit would get the words 'All Arab countries except Iraq' stamped on their passports." See, "Failed Responsibility: Iraqi Refugees in Syria, Jordan, and Lebanon," *International Crisis Group*, Middle East Report, Number 77, July 10, 2008.

<sup>46</sup> In February 2008, General David Petraeus stated that the flow of foreign militants entering Iraq to fight for Al Qaeda has fallen by half, but that "It's a result not just of Syrian activity, although there has been some. It's the result of source countries making it tougher to fly as a military age male."

<sup>47</sup> Measuring Stability and Security in Iraq, September 2008. Available online at [http://www.defenselink.mil/pubs/pdfs/9010\\_Report\\_to\\_Congress\\_Sep\\_08.pdf](http://www.defenselink.mil/pubs/pdfs/9010_Report_to_Congress_Sep_08.pdf)

operative who smuggled foreign fighters into Iraq. Reportedly, Iraqi Government spokesperson Ali al-Dabbagh stated after the strike that “the Syrian Abu Kamal region near the border with Iraq has been a theater of insurgent activities against Iraq, using Syria as a launch pad.”<sup>48</sup> Iraq later condemned U.S. “aggression” against Syria, though officials acknowledged that the Al Qaeda leader killed in the attack had been wanted by Iraq for years. According to Iraqi Foreign Minister Hoshyar Zebari, who visited Syria to smooth over relations, “This incident, and others, shows the need for security coordination. I received assurances from President Asad that Syria is ready to discuss this issue professionally.” The Syrian government vociferously demanded that the U.S.-Iraqi Status of Forces Agreement (SOFA) include provisions that prevent the United States from using its bases in Iraq to conduct raids against neighboring countries. After the raid, Iraqi officials told Syria that their territory would not be used as a base of operations to conduct raids into Syria.

The Iraqi refugee crisis has been another constraint on Syrian-Iraqi relations. Syria, which has absorbed the most Iraqi refugees (1.3 million est.) of any neighboring country, feels that it has expended significant resources in hosting displaced Iraqis with very little acknowledgment or support from the nascent Iraqi government. Iraqi refugees have settled at least temporarily in the Damascus suburbs, changing the character of entire neighborhoods and creating strains on the Syrian domestic economy in the form of inflation, rising rents, housing demands, and impending water and electricity shortages. The sex trade in Syria has grown, as many Iraqi women work as prostitutes in Syria. The Iraqi refugee population in Syria has more female-headed households in which mothers lack personal savings and cannot work legally. Syrian authorities maintained an open door policy regarding new arrivals until they imposed a visa requirement in September 2007, and demanded more Iraqi government and international assistance. So far, the Maliki government has provided very little, pledging only \$15 million to Syria in April 2007. In addition, Syria’s own cumbersome rules have dissuaded international aid organizations from working with the inefficient Syrian bureaucracy. As a result, international aid organizations claim that Iraqis in Syria have received insufficient support, though it appears that only the most destitute have been forced to return to Iraq.

## **Economic and Diplomatic Relations**

At the official level, Syria has engaged Prime Minister Maliki’s government on a variety of issues, including energy cooperation, water, and border security. In September 2008, Syria appointed its first Ambassador to Iraq in decades following similar moves by other Arab states.<sup>49</sup> In August 2007, Iraqi Prime Minister Maliki paid his first visit to Syria to discuss security issues, the possible reactivation of commercial agreements that pre-date the US invasion of Iraq in 2003, and the possible reopening of an oil pipeline between the two countries.<sup>50</sup>

Beyond the prime minister’s office, Syria has reached out to other Iraqi parties. Among Iraqi Shiites, Syria has developed ties with both the Supreme Islamic Iraqi Council and the Sadrists. In July 2008, Syrian President Bashar al-Asad met with Deputy Chairman of Supreme Islamic Iraqi

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<sup>48</sup> “Iraqi Tribal Chief Al-Hatam Confirms Militants Enter Iraq Through Syrian Border,” *Al-Sharq al-Awsat Online* (London), October 30, 2008.

<sup>49</sup> The new Syrian Ambassador to Iraq is Nawaf al-Fares, who was the former head of the Baath Party in Deir ez-Zour province and is the leader of the powerful ‘Uqaydat tribe who live near the Syrian-Iraqi border.

<sup>50</sup> As part of a partial rapprochement between the two countries that began in the late 1990s, Iraq shipped 200,000 barrels per day to Syria; these shipments were halted by allied coalition forces after the overthrow of Saddam Hussein in April 2003. Reportedly, the Russian firm Stroytransgaz has begun repairing the Syrian side of the pipeline.

Council Amar Abdul Aziz al-Hakim, the son of the Iraqi Shiite leader Abdul Aziz al-Hakim. Several months earlier, Muqtada al-Sadr visited Syria, where he was treated as a head of state. As Iranian influence among Iraq Shiites has expanded since 2003, Syria has been compelled to engage these groups to retain a limited degree of influence in Iraqi affairs. President Asad also maintains a good relationship with Kurdish leader and Iraqi President Jalal Talabani, who spent several years in exile in Syria.

## Prospects

Should Iraq continue to be somewhat stable as U.S. forces begin to draw down and U.S.-Syrian relations improve on other fronts, Syria might be more inclined to aggressively secure its border and cooperate more extensively with Iraq against insurgents and foreign fighters. If this cooperation can be sustained, then Syria may derive some economic benefits from partnering with Iraq, such as favorable energy deals and access to Iraqi markets. On the other hand, should the situation deteriorate again in Iraq and Syria's international isolation continue, Syria-Iraqi relations may remain lukewarm and stalled on other fronts. It is unclear when many middle class Iraqis residing in Syria will return, if ever, to Iraq. This presents the Asad regime with serious long term domestic constraints on state resources.

## Jordan<sup>51</sup>

### Perspectives and Interests

Jordan's relations with Iraq during the Saddam Hussein era were strong. In 2003, Jordan publicly opposed military action against Iraq, but it informally and quietly provided logistical support to the U.S.-led campaign to oust Saddam Hussein. Since 2003, Jordanians have repeatedly criticized what they perceive to be the political marginalization of Iraq's Sunni Arab population. Unlike Iraq's other neighbors, Jordan has a limited ability to intervene in Iraq's affairs at present, and, since 2003, Jordanian leaders have been far more concerned with Iraq's influence on the kingdom's own politics, trade, and internal security.

### Policy Priorities

Jordan continues to be both a source of foreign fighters joining the Sunni insurgency and a target of Al Qaeda-inspired terrorist groups. The industrial town of Zarqa, several miles northeast of Amman, has been well documented as a source of Sunni militancy, as dozens of its young men have traveled to Iraq to die as suicide bombers. According to one Islamist community leader in Zarqa, "Most of the young people here in Zarqa are very religious.... And when they see the news and what is going on in the Islamic countries, they themselves feel that they have to go to fight jihad. Today, you don't need anyone to tell the young men that they should go to jihad. They themselves want to be martyrs."<sup>52</sup>

Potential threats from transnational terrorism also dominates Jordan's Iraq policy agenda. Despite the killing of Jordanian terrorist mastermind Abu Musab al Zarqawi in June 2006 by U.S. and

<sup>51</sup> Prepared by Jeremy M. Sharp, Specialist in Middle Eastern Affairs.

<sup>52</sup> "In Jihadist Haven, a Goal: To Kill and Die in Iraq," *New York Times*, May 4, 2007.

Iraqi forces (reportedly with assistance from Jordanian intelligence), the threat of Al Qaeda-affiliated or inspired terrorists using Iraq's predominately Sunni Al Anbar Province as a launching pad to destabilize Jordan remains high. On November 9, 2005, near simultaneous explosions at three Western-owned hotels in Amman killed 58 persons and seriously wounded approximately 100 others. Al Qaeda in Iraq claimed responsibility for the attacks. In late 2006, Jordanian intelligence authorities thwarted a potential bomb attack against foreign tourists traveling through Queen Alia Airport in Amman. Several of the convicted conspirators were Iraqis, and one of the ringleaders of the plot reportedly had sought to place a bomb in a sports bag using the explosive PE-4A which is used by insurgents in Iraq.<sup>53</sup>

With over half of Jordan's population claiming Palestinian descent, the kingdom has coped with refugee issues for decades. Nevertheless, the estimated 400,000-500,000 Iraqis living in Jordan have not been welcomed by the government and face difficult day-to-day circumstances there. For a small, relatively poor country such as Jordan, the Iraqi influx is creating profound changes in Jordan's economy and society. Inflation has soared, creating hardships for middle class Jordanians of all backgrounds. In early 2007, Jordan sealed its borders and has since tried to stop any further inflow of Iraqis into the capital Amman and its environs.

In addition to concerns over absorbing more Iraqis, the Jordanian government may be treating the steady inflow of Iraqi refugees as a national security issue. Jordanian authorities have imposed restrictions on young Iraqi males to prevent their entering the country in response to security concerns. The Jordanian government classifies displaced Iraqis living in Jordan as "visitors" or "guests," not refugees, as Jordan does not have a domestic refugee law, nor is it a party to the 1951 UN refugees' convention.<sup>54</sup> Iraqis who are able to deposit \$150,000 in Amman banks are granted residency almost instantly, while the vast majority of Iraqis in Jordan have become illegal aliens due to the expiration of their visitor visas.<sup>55</sup>

Jordan's positive relationships with Western donor countries and international organizations have enabled it to receive some outside assistance for coping with its large Iraqi refugee population. The FY2007 Supplemental Appropriations Act (P.L. 110-28) provided \$45 million to Jordan for assistance to Iraqi refugees and an additional \$10.3 million in economic assistance for Jordanian communities hosting large refugee populations. P.L. 110-161, the FY2008 Consolidated Appropriations Act, also provided bilateral aid to Jordan to be used to address social and economic development needs, including for Iraqis seeking refuge in Jordan. P.L. 110-252, the FY2008 Supplemental Appropriations Act, also specified up to \$175 million in economic aid for Jordan to meet the needs of Iraqi refugees.

## **Economic and Diplomatic Relations**

In 2008, as the situation in Iraq has somewhat stabilized, Jordan has moved to normalize its relations with the predominately Shiite Iraqi government. In August 2008, perhaps as a response to U.S. demands that Arab states end their isolation of Iraq, King Abdullah II became the first

<sup>53</sup> "Militants Widen Reach as Terror Seeps Out of Iraq," *New York Times*, May 28, 2007.

<sup>54</sup> According to the UNHCR's representative in Jordan, Robert Breen, "The term 'refugee' has political implications for the government and Iraqis because of the Palestinian question.... Most Iraqis, who represent a very diverse group here, don't view themselves as refugees." See, "Uncertain Future for Jordan's 'Guests,'" *Financial Times*, March 12, 2007.

<sup>55</sup> Many Iraqis in Jordan lack valid residency permits or visas altogether. "Uneasy Havens Await Those Who Flee Iraq," *New York Times*, December 8, 2006.

Arab leader to visit Iraq since the fall of the Saddam Hussein regime in 2003. Earlier in the year, Jordan announced that it had appointed an ambassador to Baghdad, the first nation to do so since all Arab governments withdrew their ambassadors after the 2005 kidnapping and murder of Egypt's former envoy.<sup>56</sup>

Jordan also has sought to reap tangible benefits from relations with its larger, oil-rich neighbor. During the Saddam Hussein regime, Iraq provided nearly all of Jordan's domestic oil needs, half of it free of charge.<sup>57</sup> After the U.S. invasion in 2003 and until 2008, Jordan was forced to receive or purchase its oil elsewhere, as its relationship with a fledgling, Shiite-dominated Iraqi government in the throes of an insurgency and civil war hindered the normalization of bilateral ties. The two sides did reach a tentative oil deal in August 2006; however, security and logistical concerns prevented the resumption of oil shipments.

After years of delay, Iraqi crude oil shipments began arriving in Jordan in September 2008. Under the original terms of their agreement, Jordan was to receive approximately 10,000 barrels of oil per day (roughly 10% of their daily consumption) from Iraq, at a price between \$10-\$18 per barrel. This quantity would increase to 30,000 barrels at a later stage, based on the memorandum of understanding signed between the two countries. Due to spiraling global oil prices, Iraq revised the agreement in 2008 to provide crude oil to Jordan at \$22 per barrel—still a substantial discount from the international market price for Brent crude oil.

Jordan and Iraq had discussed the construction of a pipeline from Iraq to the Jordanian port of Aqaba but cost projections have scuttled this proposal. Reportedly, the Jordanian government is now seeking international financing for the construction of a 600-mile railroad system to ferry Iraqi crude oil directly to Jordan's sole refinery in the industrial town of Zarqa.<sup>58</sup>

## Prospects

Militant Islamist groups operating inside Iraq remain a significant threat to Jordan. As U.S. forces begin to withdraw from Iraq as called for in the newly ratified SOFA, the status of Al Qaeda in Iraq and other terrorist groups with significant foreign elements remains uncertain. On the one hand, these groups may maintain their safe havens in Iraq to conduct operations inside Jordan or even influence domestic Jordanian militants. On the other hand, as Iraq's Shiite-dominated central government consolidates its power, veteran fighters may soon leave Iraq to fight elsewhere, such as in Jordan. Nevertheless, Jordan's intelligence services and internal security forces are formidable, as Jordan is more at risk of experiencing a single but perhaps large-scale terrorist attack similar to the 2005 hotel bombings rather than an Islamist-led revolution.

At the official level, government-to-government relations between Jordan and Iraq are likely to improve as long as Iraq remains stable and relatively free of sectarian bloodshed. Nevertheless,

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<sup>56</sup> In August 2003, 17 people were killed outside the Jordanian embassy in an insurgent attack designed to deter Arab cooperation with coalition forces.

<sup>57</sup> During the decade preceding Operation Iraqi Freedom while Iraq was under an international economic embargo, Jordan imported between 70,000 and 95,000 barrels per day of oil and oil products from Iraq. Jordan bought the oil at discounted prices, and actual payments were made in commodities rather than cash, through shipments of humanitarian goods from Jordan to Iraq. These transactions were outside the U.N.-approved oil-for-food program; however, the United Nations "took note" of Jordan's position that it had no other source of oil, and U.S. administrations waived legislation that would have penalized Jordan for these transactions on this basis.

<sup>58</sup> "Jordan Plans Regional Railway, Oil Link with Iraq," *Agence France Presse*, July 27, 2008.

Jordan's Sunni tribal Arab elite had strong ties to the Saddam Hussein regime, and few analysts expect Jordan-Iraqi relations to revert back to earlier times. In the months and years ahead, both sides will have to tackle the Iraqi refugee issue, energy deals, border security, and, most importantly, their relationship with Iran. Jordan, like other Sunni Arab states, is suspicious of Iranian intentions in the region.

## Other Regional Governments

### The Gulf States<sup>59</sup>

Prior to the U.S. intervention in Iraq, the Sunni Arab-led governments of the Gulf Cooperation Council had predicted that removing the Saddam Hussein regime would not necessarily produce stability in Iraq, and several were reluctant to support U.S. military operations. For the most part, Gulf leaders publicly indicated that they would only support a U.S. attack if such action were authorized by the United Nations and had broad international support. Two of the Gulf states, Kuwait and Qatar, were more openly supportive of U.S. plans.<sup>60</sup>

The fall of the Saddam Hussein regime initially generated a sense of relief by removing the principal conventional threat to the Gulf states' security. However, instability and violence in Iraq, coupled with Arab perceptions of an emboldened and potentially hostile Iran, created new shared fears among Gulf leaders. During the period of escalating sectarian violence in Iraq, Gulf leaders feared that sectarian clashes could draw in Iraq's neighbors and bring them into conflict with Iran. Despite the return of relative calm, the rise of Shiite Islamist factions in post-Saddam Iraq has created a residual threat perception among some in the Gulf. Several of the Gulf states have substantial Shiite populations but most Gulf Shiite communities consider themselves to be under-represented in government and to lack key economic opportunities. Nevertheless, some Gulf states have reached out to the Iraqi government in an attempt to open a new chapter in their respective bilateral relations. In June 2008, the United Arab Emirates appointed an ambassador to Iraq and, the following month, wrote off \$7 billion (including interest) in Iraqi debt. Bahrain also appointed an ambassador, who presented his credentials in October 2008.

Gulf governments generally believe that parts of Iraq could become a safe-haven for terrorists if security gains are reversed or if the United States were to withdraw militarily from Iraq without ensuring that Iraqi forces were adequately trained and equipped. In response to these and other concerns, the Gulf states and the United States have renewed security discussions under the framework of multilateral consultations and bilateral consultations under the Gulf Security Dialogue.<sup>61</sup>

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<sup>59</sup> Prepared by Christopher M. Blanchard, Analyst in Middle Eastern Affairs, and Kenneth Katzman, Specialist in Middle Eastern Affairs.

<sup>60</sup> Both governments hosted buildups of U.S. forces and equipment that were used in the offensive against Iraq. Kuwait, which wanted to see its former invader, Saddam Hussein, overthrown, hosted the bulk of the personnel and equipment used in the ground assault.

<sup>61</sup> See CRS Report RL34322, *The Gulf Security Dialogue and Related Arms Sale Proposals*, by Christopher M. Blanchard and Richard F. Grimmett.

## Israel<sup>62</sup>

On November 22, 2006, Israeli Prime Minister Ehud Olmert claimed, "Iraq without Saddam Hussein is so much better for the security and safety of the State of Israel," and praised President Bush for his leadership.<sup>63</sup> Olmert later added that the removal of Saddam was a "major, major contribution to stability in our part of the world."<sup>64</sup> Yet, Israelis had not viewed Iraq as a significant threat after the first Gulf war, and other Israeli voices have been skeptical about the chances of achieving the U.S. goal of bringing democracy to the region via the second war.

Many in Israel are very concerned that, as a result of the war in Iraq, an arc of Iranian-led Shiite enemies of Israel, including Iran, a Shiite-led Iraq, Alawite-led Syria, and a Hezbollah-dominated Lebanon has emerged. Some maintain that a permanently weak Iraq would interrupt this geographical/ideological/sectarian formation and, therefore, would be in Israel's interest. Others see the need for a stronger Iraq to act as a counterpoise to an Iran elevated by the removal of Saddam Hussein from Iraq and the Taliban in Afghanistan. Decentralization in Iraq might accomplish the goals of the former analysts. There have been reports that Israelis are training the Iraqi Kurdish militia (*peshmerga*) and that Israelis of Kurdish origin are establishing economic ties in northern Iraq. Iraqi Kurdish leaders deny these reports, while Israeli officials insist that they continue to see Iraq as one unit.<sup>65</sup>

As the debate about the future of U.S. forces in Iraq has intensified, some Israeli analysts have suggested that no Israeli interest would be served by a continued U.S. presence in Iraq. They argue that Israel's main interest is in not having the United States, Israel's preeminent ally and benefactor, perceived as a weak or failing power. In their view, Israel is less safe to the extent that the United States is so perceived.<sup>66</sup> The late Israeli pundit Ze'ev Schiff suggested that Israel could look forward to a radical Arab shift that will strengthen extremists if Arabs interpret America's withdrawal as a sign of defeat.<sup>67</sup> In a March 12, 2007, speech, Prime Minister Olmert warned against the consequences of a "premature" U.S. withdrawal, arguing that a negative outcome would harm Israel, the Gulf States, and the stability of the Middle East as well as the ability of the United States to address threats emerging from Iran.<sup>68</sup> In the same vein, Israel's Ambassador to the United States Sallai Meridor expressed hope that the withdrawal from Iraq would be done "in such a way that does not strengthen Iran and Al Qaeda or boost organizations such as Hezbollah and Hamas, so that we don't face a new eastern front from Iran to Kfar Saba (center of Israel)."<sup>69</sup> Others added that Israel fears that if the U.S. withdrawal is seen as a victory for Iran, then Syria

<sup>62</sup> Prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs.

<sup>63</sup> Speech to biennial national convention of the Union of Orthodox Jewish Congregations of American, in Jerusalem, cited in "Olmert: Israel Safer Post-Saddam and After Lebanon War," *Jerusalem Post*, November 23, 2006.

<sup>64</sup> Remarks at annual meeting with Daily Newspaper Editors' Committee, December 7, 2006, *BBC Monitoring Middle East*.

<sup>65</sup> See Seymour M. Hersh, "Plan B; Annals of National Security," *New Yorker*, Vol. 80, Issue 17, June 28, 2004. Umit Enginsoy and David Judson, "Israel Denies Helping Iraqi Kurds, sees One Iraq," *Turkish Daily News*, April 20, 2007. Others suggest that Israeli trainers are former members of the Israeli Defense Forces (IDF) and not soldiers on active duty.

<sup>66</sup> Dion Nissenbaum, "U.S. Policy Stirs Israeli Backlash; Prolonged War in Iraq Puts Jewish State at Greater Risk, Analysts Increasingly Say," McClatchy printed in *The Sacramento Bee*, January 15, 2007.

<sup>67</sup> Ze'ev Schiff, "US Withdrawal in Iraq to Strengthen Arab Extremists Around Israel," *Ha'aretz*, April 20, 2007.

<sup>68</sup> For text of speech, see <http://www.pmo.gov.il/PMOEng/Archive/Speeches/2007/03/speechaipac130307.htm>.

<sup>69</sup> Interview by Tal Schneider, *Ma'ariv*, April 27, 2007, OSC Document GMP20070427754006.

might consider military options to recover the Golan Heights.<sup>70</sup> Some of these sentiments may have influenced H.Rept. 110-60, March 20, 2007, to accompany H.R. 1591, Emergency Supplemental Appropriations for FY2007, which states, “The fight in Iraq is also critical to the future of Israel. A failure in Iraq will further destabilize the region, posing a direct threat to Israel. We must not let that occur to our friend and ally.”

Olmert disagreed strongly with the conclusions of the Iraq Study Group Report that a positive outcome in Iraq is linked to achieving Israeli-Arab peace. He specifically rejected the Report’s suggestion to engage Syria in order to get its help regarding Iraq before Damascus ends support for Palestinian terrorist groups and the Lebanese Hezbollah. His later statements did not include those preconditions, and, in May 2008, Israel began indirect peace talks with Syria in Turkey. Perhaps to counter the “Shiite crescent,” Olmert also reached out to other Sunni states with which Israel has no ties. This was evident in his reference in a November 26, 2006, speech to “positive parts” of the 2002 Saudi peace initiative and offer to meet Saudi officials. (It was reported that Olmert met with a Saudi National Security Advisor Prince Bandar in September 2006.)<sup>71</sup>

## Issues for Congress

The divergent interests and policies of Iraq’s neighbors and the United States’ need to reconcile its policy in Iraq with the pursuit of wider regional interests create a challenging context for U.S. policy makers and Members of Congress. During the first session of the 111<sup>th</sup> Congress, Members may be asked to consider policy proposals to modify U.S. policy in Iraq and to ensure comprehensive regional and international support for Iraq’s stabilization. The following section reviews stated U.S. objectives in Iraq and the region and outlines how Congress may influence the new Administration’s use of various instruments of national power to pursue them.

## U.S. Regional Interests and Concerns

### Maintaining Political Stability and Energy Security

The security and stability of the Persian Gulf region and its energy resources are of critical strategic and economic importance to the United States and the wider international community. Insurgency and sectarian violence in Iraq created unique political challenges and security threats for Iraq’s neighbors, contributing to regional uncertainty and insecurity. Disputes between Iran and the United States over Iraq, Iran’s nuclear program, and Iranian support for terrorist groups opposed to peace with Israel also heighten regional tension. The U.S. military presence in Iraq and elsewhere in the Middle East remains politically unpopular in the region in spite of a measure of support from Sunni Arab-led governments and Sunni citizens’ fears of terrorist threats and possible Iranian ambitions. Insurgents have attacked Iraqi oil infrastructure and similar attacks have been attempted by terrorist organizations in Saudi Arabia and Yemen. Greater coordination between the United States and its regional allies may improve U.S. chances of meeting and overcoming these challenges. However, local political developments will continue to affect U.S. efforts to shape the region’s strategic landscape.

<sup>70</sup> Hussein Agha, “The Last Thing the Middle East’s Main Players Want is US Troops to Leave Iraq...,” *The Guardian*, April 25, 2007.

<sup>71</sup> Greg Myre, “Israeli Premier and Saudi Said to Hold Secret Meeting,” *New York Times*, September 26, 2006.

## **Eliminating Transnational Terrorist Threats**

The success of U.S. efforts to contain terrorist elements within Iraq and reduce the flow of foreign fighters to and from Iraq remains largely dependent on cooperation from Iraqi political parties and regional governments. The concern over potential Iraqi government cooperation with terrorist groups that drove U.S. policy toward Iraq in 2002 and early 2003 has given way to a wider concern that instability in Iraq created safe-havens for expanded operations by Al Qaeda and regional terrorist entities such as the PKK. To some extent, success against Al Qaeda in Iraq has reduced these threats, although Iranian and Turkish concerns about Kurdish militants persist, and Sunni governments are uniformly wary about returning fighters from Iraq. While Al Qaeda's presence in Iraq is now reportedly small and under threat, its organization there could regenerate in an atmosphere of renewed instability.

## **Managing the Rise of Iran**

Iran's role in the strategic balance of the Persian Gulf region has been a central policy concern for the United States since the Second World War. The removal of the Saddam Hussein regime and the disbanding of Iraq's armed forces removed the region's principal military counterweight to Iran. The subsequent political successes of Iraq's Shiite Arab majority has created new opportunities for the expansion of Iran's political influence. However, some built-in barriers to the spread of Iranian influence in the region persist, such as political divisions among Iraq's Shiite Arab population, Arab-Persian ethnic and linguistic differences, and policy coordination mechanisms such as the GCC and the Arab League. Israel and the Sunni Arab-led governments of the region largely share U.S. apprehension about Iran's regional ambitions, its nuclear program, and the potential consequences of armed confrontation with Iran. Political sensitivities and the priorities of individual governments will continue to complicate U.S. consultations and cooperation with these countries and their citizens with regard to Iran.

## **Promoting Political and Economic Reform**

The Bush Administration made the advancement of political and economic reform a centerpiece of its Middle East policy agenda. In some countries, governments and interest groups have carried out parallel reform efforts to increase political participation and broaden economic development, fueled by shared concerns about the potential for political dissatisfaction and limited economic prospects among young, growing populations. Reformers and their opponents have closely monitored the course of the U.S.-led intervention in Iraq and the establishment of the democratically elected, yet politically divided Iraqi government. Some observers have suggested that events in Iraq have encouraged Islamist parties, opposition groups, and minorities to push for greater representation and reform, while others warn that Iraq's instability and political paralysis have tarnished the image of groups promoting political and economic change. In the event of wider conflict in Iraq, regional governments and their citizens may begin to favor steps that promote short term stability and security at the expense of reforms designed to meet long term development goals and requirements.

## **Policy Options**

Of the policy options reviewed by the Bush Administration and the 110<sup>th</sup> Congress, proposals for greater diplomatic engagement, efforts to contain the negative effects of conflict to Iraq, and potential responses to hostile regional intervention received the most attention. For Members of

the 111<sup>th</sup> Congress, consideration of annual appropriations and authorization legislation, as well as ongoing oversight activities and outreach efforts by individual members and committees will provide opportunities to discuss these and other proposals and recommendations and to influence their implementation.

## **Regional Diplomatic Engagement**

Many of the Iraq Study Group's recommendations proposed increased regional, multi-lateral, and international diplomacy, and the Bush Administration took steps to expand engagement with Iraq's neighbors, including Syria and Iran. The unifying theme of the Group's regional diplomacy recommendations (Recommendations 1 through 18) is a "diplomatic offensive to deal with the problems of Iraq and of the region." As a complement to this "offensive," the Iraq Study Group recommended the creation of a "Support Group" made up of Iraq, its immediate neighbors, key regional states such as Egypt and the Arab Gulf states; the five permanent members of the United Nations Security Council; the European Union; and other interested countries. Such a group coalesced in the form of the United Nations-sponsored International Compact for Iraq. The Iraq Study Group also recommended direct U.S. engagement with Syria and Iran (Recommendations 9 through 12), and the resolution of outstanding Arab-Israeli and Israeli-Palestinian disputes as part of a comprehensive regional peace initiative (Recommendations 13 through 17).

From early 2003 through early 2007, the United States engaged regularly with Iraq's neighbors on Iraq-related issues of common concern, with the exception of Syria and Iran.<sup>72</sup> U.S.-supported diplomatic efforts include the international conference on Iraq that was held in November 2004, in Sharm al Shaykh, Egypt, which included high level representatives from Iraq, its key neighbors (including Iran and Syria), the G-8, the United Nations, the European Union, the Arab League, and the Organization of the Islamic Conference.<sup>73</sup> Select multilateral fora, such as the meetings of the U.N.-sponsored International Compact for Iraq, also provided opportunities for U.S. officials to hear from and potentially interact with Iraq's neighbors, including their Iranian and Syrian counterparts.

Although many U.S. engagement efforts from 2003 through 2007 focused on the so-called "GCC plus two" group, which includes the six members of the Gulf Cooperation Council plus Jordan and Egypt, engagement with Syria and Iran expanded after early 2007. The International Compact for Iraq was adopted in May 2007 at a two-day summit in Sharm al Shaykh, at which U.S. Secretary of State Condoleezza Rice met with Syrian Foreign Minister Walid Muallam. As described above, the Administration also has opened discussions with Iranian government representatives regarding Iraq, and a working group chaired by the U.S. and Iranian ambassadors to Iraq met in Baghdad. Iraqi leaders and political figures continue to conduct high-level discussions of their own with neighboring governments, including those of Iran and Syria. Current engagement efforts focus on a series of ministerial conferences of Iraq's neighbors: the last was held in April 2008 in Kuwait.

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<sup>72</sup> Then-Secretary of State Colin Powell traveled to Syria in May 2003 in an unsuccessful attempt to secure Syria's support for U.S. counterterrorism policy and U.S. efforts to stabilize Iraq. After the February 2005 assassination of former Lebanese Prime Minister Rafiq Hariri, widely blamed on Syrian agents, Secretary of State Rice recalled U.S. Ambassador Margaret Scobey to Washington for consultations. She has not been replaced.

<sup>73</sup> See *Agence France Presse*, "List of Participants at Iraq Conference," November 22, 2004; "Egypt: Summit's Final Communique Reaffirms Iraqi Sovereignty, Unity," OSC Document GMP20041124000066, November 24, 2004.

Iraqis generally have welcomed regional mediation initiatives since 2003, but some efforts, such as an October 2006 religious dialogue conference in Mecca, Saudi Arabia,<sup>74</sup> have suffered from a lack of direct participation by some key Iraqi religious scholars and political figures. The Arab League's Special Committee on Iraq attempted to convene a regionally supported national reconciliation conference for Iraqis, and in October 2008 sent a new Ambassador to represent its mission in Baghdad.<sup>75</sup> In early December 2006, Iraqi Prime Minister Nouri al Maliki told reporters that his government accepts regional and international diplomatic intervention, "but not on the premise that it finds solutions on its own, but in light of what the national unity government wants."<sup>76</sup>

The key questions with regard to diplomatic outreach proposals remain: how much political and material support will Iraq's neighbors be willing to provide to sustain the implementation of reconciliation arrangements; and, which Iraqis will be willing to cooperate with regionally supported initiatives? Statements agreed to and commitments made by Iraqis and their neighbors in regional conferences held since 2003 generally have not been implemented, although as security conditions have improved, some neighboring states have expanded their engagement with Iraq.

### **Potential Containment Strategies**

The ability of the Iraqi people and their leaders to resolve outstanding political differences and to eliminate residual security threats from militias, insurgents, terrorists, and criminal organizations may remain limited or deteriorate significantly. Although the new Strategic Framework Agreement and Status of Forces Agreement place the United States in a conditional assistance role vis-a-vis the Iraqi government, new U.S. efforts to help contain the negative effects of renewed insurgency, civil conflict, and criminality in Iraq may become necessary in order to preserve wider regional interests. Such steps could require congressional authorization, new appropriations, or expanded oversight, and could include:

- appropriation and authorization requests for increased levels of military and counterterrorism assistance for some of Iraq's neighbors;
- border security cooperation and/or joint efforts to target transnational groups of primary concern to the U.S. and Iraq's neighbors, such as the Kurdistan Worker's Party (PKK);
- modification of sanctions laws targeting Iran, Syria, or introduction of new sanctions legislation targeting other governments;
- efforts to restrict the reverse flow of foreign fighters and other combatants from Iraq; or
- the provision of emergency support for humanitarian operations.

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<sup>74</sup> See closing statement at <http://www.oic-oci.org/oicnew/english/conf/iraq-meeting/makka-doc.htm>.

<sup>75</sup> Jonathan Wright, "Iraq's Arab Neighbors Meet, Afraid of Chaos," *Reuters*, December 5, 2006; and "Closing Statement of Iraqi Meeting Calls For Supporting Iraqi Political Process," *Cairo Nile News TV*, OSC Document GMP20051121710037, November 21, 2005.

<sup>76</sup> John O'Neil, "Maliki Urges Regional Meeting on Stabilizing Iraq," *New York Times*, December 5, 2006.

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