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**BIDEN'S IRAQ POLICY:  
REHABILITATING US-IRAQ  
RELATIONS FOR THE WORLD OF  
POST-UKRAINIAN WAR**

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# BIDEN'S IRAQ POLICY: REHABILITATING US-IRAQ RELATIONS FOR THE WORLD OF POST-UKRAINIAN WAR

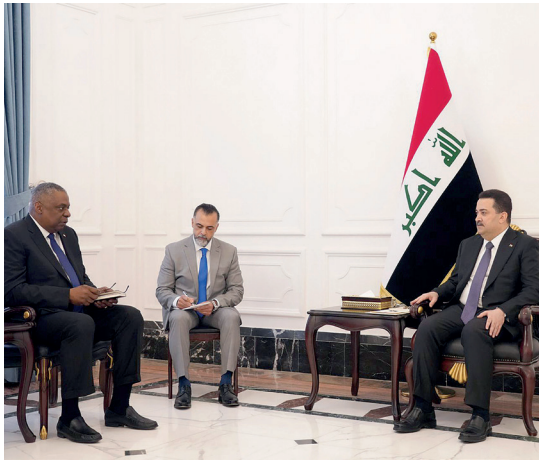
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## INTRODUCTION

**O**bservers following the USA's policies towards Iraq during President Joe Biden's term will realize that there are new dynamics in the nature of relations between the two countries. This has become even more evident after the new US ambassador, Alina Romanowski, who took office in June 2022, was appointed to her post in Baghdad. Romanowski<sup>1</sup> was appointed to this post after decades of working closely with the United States in the areas

of intelligence, counterterrorism, defense, and foreign affairs and dealing closely with Middle Eastern affairs. Currently, Romanowski oversees most US diplomatic activity in Baghdad. Indeed, since the establishment of the current Iraqi government in October 2022, Romanowski has met with Prime Minister Mohammed Shia al-Sudani 10 times and held dozens of meetings with most of his cabinet members, including ministers responsible for security.

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<sup>1</sup> Ambassador Romanowski belongs to an American immigrant family, with a Polish father and a Canadian mother. She holds a master's degree from the University of Chicago and also received education at Tel Aviv University in Israel. Romanowski joined the CIA while she was a student at the University of Chicago. During her work at the CIA, Romanowski spent many years as the director of the agency's branch in Israel. Romanowski also served as The Director of the Near East South Asia Center for Strategic Studies (NESAC) at the Pentagon's National Defense University (NDU). She later served as Deputy Minister of Defense for Near East and South Asian Affairs. Romanowski became the Principal Deputy Coordinator for Counterterrorism at the U.S. Department of State in 2017. Speaking to the US Senate Committee on Foreign Relations at the confirmation hearing on October 31, 2019, regarding his appointment as the US Ambassador to Kuwait, Romanowski stated that she, "has served in the US government for 40 years, about half of which is in the CIA, the Department of Defense, the Department of State, and as a senior executive focused on Middle Eastern affairs at the US Agency for International Development. For more information, see the full text of Romanowski's speech to the US Senate: Statement of Alina L. Romanowski Nominee to be U.S. Ambassador to the State of Kuwait, Senate Committee on Foreign Relations, October 31, 2019, <[https://www.foreign.senate.gov/imo/media/doc/103119\\_Romanowski\\_Testimony.pdf](https://www.foreign.senate.gov/imo/media/doc/103119_Romanowski_Testimony.pdf)>

The statements made by the parties after each meeting, create a positive and optimistic atmosphere about the future of US-Iraq relations. However, the current Iraqi government is, in practice, the government of the "Shiite Coordination Framework," and this alliance is composed of political forces defined as being close to Iran. Of course, in this government, there are also ministers from Kurdish and Sunni political forces who have come to terms with the Shiite Coordination Framework for the formation of the current government and who are in a broader coalition. The broader coalition, called the State of Law, was formed to add diversity to the cabinet on the one hand and to implement the "quota" system on the other. However, the decision-making process is in the hands of the Shiite Coordination Framework Alliance.

This change and the momentum of US diplomacy in Baghdad, as well as these positive "images" in the course of US-Iraq relations, came after the difficult time for American diplomatic missions to stay and work in Baghdad during the term of former US Ambassador Matthew Tueller. At that time, the USA had to move the majority of its embassy staff to the US Consulate in Erbil, Northern Iraq, due to the increasing security threats to the lives of its employees towards the end of 2020. So much so that at that time, rocket attacks were carried out around the Embassy building by Iran-backed groups as part of an armed

and political campaign against the US presence and interests in Iraq. This campaign was launched by Iranian-backed armed political groups after the deaths of Iranian General Qassem Soleimani and Deputy Chairman of the Popular Mobilization Committee Abu Mahdi al-Muhandis, who were killed by an American airstrike near Baghdad Airport on January 3, 2020.

It is noteworthy that this positive opening in diplomatic relations between the USA and Iraq took place during the tenure of Ambassador Romanowski, who adopted a tough stance towards Iran and its policies in the region. Earlier, Romanowski delivered a "stern" speech to the Senate Foreign Relations Committee on October 31, 2019, before being appointed as the US Ambassador to Kuwait (her last assignment before becoming the US Ambassador to Iraq). In the speech, Romanowski said, "Iran, through its proxies, has sown seeds of violence against US allies and interests in the Middle East and beyond... Iran seeks to destabilize the entire region by supporting the Houthis in Yemen, the Bashar al-Assad regime in Syria, and Hezbollah in Lebanon."

How do we understand this shift in the nature of US-Iraq relations? What are the hypotheses and theoretical frameworks that help us explain this transformation? What are the main features of Biden's policy on the Iraq issue?

## THE EFFECTS OF TRUMP AND OBAMA'S LEGACIES ON BIDEN'S IRAQ POLICY



Former President Obama and current President Biden during President Trump's inauguration ceremony in Washington DC, January 2017.

The main determinant of US policies, anywhere and anytime, on any international issue, is the protection of American interests. In January 2021, the administration of US President Joe Biden took office in the White House under the influence of two important determinants of US policy on Iraq, in addition to this main determining factor. The first is the legacy of Biden's predecessor, President Donald Trump, in the Iraqi arena, and the second is the legacy of former President Barack Obama's policy towards the Iraq issue. It should be emphasized here that Biden was at the forefront of these policymakers as Obama's deputy for two terms of office between 2009 and 2017. After February 2022, a third determining factor was added: the effects of the Russia-Ukraine war and its reflections on the interests of the USA in the Middle East region in general and in Iraq in particular.

When Trump left his post at the White House, there were three important events in US-Iraq relations. The first incident is the reaction to the US airstrike that killed Iranian General Qassem Soleimani and Deputy Chairman

of the Popular Mobilization Committee Abu Mahdi al-Muhandis near Baghdad Airport on January 3, 2020. This attack has increased the security and political conflicts between the US on the one hand and Iran and the armed-political Iraqi parties allied with it on the other.

Among the turning points of these conflicts in 2020 is the Iraqi parliament's resolution on January 5, which forced the Iraqi government to remove the American military presence from Iraqi soil. On the military side, the most dangerous was the Iranian missile attack on the "Ayn al-Asad" American base in Anbar and another American base in Erbil on January 8th. In addition, Iranian-backed armed groups bombed the "Taji" camp, which housed some American forces, on 11 March. The United States responded to this attack by launching air strikes on some of these groups' headquarters and warehouses in Central Iraq on March 13.

Most observers following the situation in Iraq at that time predicted that the conflicts between the USA and its extensions in Iran

and Iraq would escalate. At that time, the situation had reached a serious level, and it was difficult for the US diplomatic missions to continue their business in Baghdad. As a result, most of its employees moved to Erbil, in northern Iraq.

However, the second event in US-Iraq relations in the last year of Trump's term appeared inconsistent with the escalation expectations of the first event. As a matter of fact, as of March 19, 2020, American forces started to withdraw from bases such as Al-Qaim and Al-Taji in central and western Iraq and transferred these bases to Iraqi forces. On the other hand, the USA announced that it had reduced the number of its forces at the "Ayn al-Assad" base and maintained a limited military presence in Northern Iraq.

The third event, which was also incompatible with the security and political tensions between the USA and Iraq at that time, was the strategic dialogue session between the two countries held in mid-June 2020 with the participation of high-level officials from both countries. In these sessions, many issues in the fields of security, politics, economy, education, and healthcare were discussed in order to regulate the future of relations and cooperation between the two countries, and in the dialogues established, the USA made many promises to support Iraq in every field.

The legacy of former President Barack Obama's policies towards Iraq has influenced President Biden's approach to the Iraq issue.

So much so that when the Obama administration came to the White House in 2009, Biden was the head of its policymakers at the time, and Iran would have its second historic opportunity presented by the United

States to increase its influence and expansion in Iraq. Moreover, this opportunity is no less valuable than the opportunity for the United States to overthrow Saddam Hussein's regime by invading Iraq in 2003. Regardless of the consequences, according to the 2008 withdrawal agreement signed by former US President George W. Bush (son of Bush) with former Iraqi Prime Minister Nouri al-Maliki, the Obama administration has not had a clear strategy for Iraq other than to accelerate the US withdrawal from this country. Furthermore, the Obama administration's strategy in dealing with Iran has focused on reaching a nuclear deal with Iran, even as Iran and its allies' influence in Iraq grows and regardless of the price the United States will pay Iran. The celebration of the 2011 official announcement of the withdrawal of most US forces from Iraq resembled the official ceremony in which the US presented Iraq to Iran "on a gold platter" rather than on a "silver platter" in 2003.<sup>2</sup> In fact, during the eight years of the Obama and Biden administrations, from 2009 to 2017, Iran exerted the greatest extent of influence and expansion in its modern history, not just in Iraq but throughout the Middle East.

The US military withdrawal from Iraq, which was officially announced in 2011, has removed a major obstacle to Iran's consolidation of its influence in Iraq. Prior to that date, extensive US involvement in the political process in Iraq and the widespread presence of its forces in various parts of Iraq determined (to some extent) the movements, activities, and roles of Iranian-backed Iraqi political parties, groups, and armed factions. These groups gained greater freedom of movement and began to play larger roles after 2011, and as a result, Iran's influence in Iraq was strengthened.

<sup>2</sup> The late Saudi Foreign Minister, Prince Saud Al Faisal, told reporters during his official visit to the United States in 2005, "The United States presented Iraq to Iran on a silver platter."

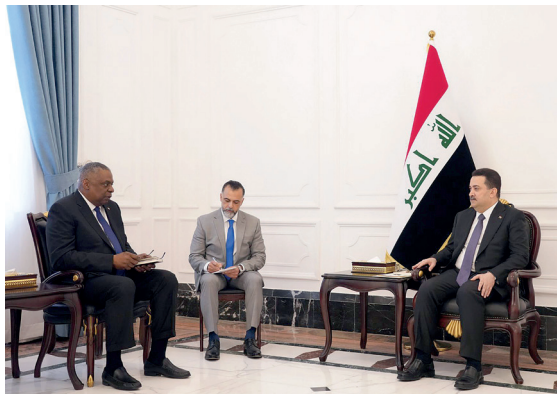


It is known that President Biden made various criticisms of his predecessor, Donald Trump's relations with Iran and his policy towards Iraq during the first days of his election campaign and presidency. However, Biden has not offered any criticism or reassessment of the results of Obama's policies on these issues. This shows us that the Biden administration is determined to reconsider and change the complex scenes left by Trump in the US-

Iraq relations and to create a new policy towards Iraq based on US interests in Iraq, and global and regional developments, and the effects of these developments on the Iraq issue. At the same time, we can say that while the Biden administration is forming its policies toward Iraq, it has no reservations about being inspired by or repeating the Middle East/Iraq experience of the Obama administration.



## HYPOTHESES FOR FRAMING THE BIDEN ADMINISTRATION'S IRAQ POLICY



US Secretary of Defense Lloyd Austin met with Iraqi Prime Minister Mohammed Shia Al-Sudani during his visit to Baghdad in March 2023.

There are several different hypotheses from which the nature of current US-Iraqi relations can be explored and Biden's policy towards Iraq issues outlined. Chief among these is the hypothesis that the USA is trying to adapt to the positive atmosphere prevailing in regional relations in the Middle East. As a matter of fact, it is clear that there are new attempts to reduce tensions to the point of cooperation and increase the area of dialogue and agreement in the relations between countries in the region, especially in Iranian-Arab and Turkish-Arab relations. The USA, with its current positive political stance in Iraq, tries to show that it encourages these developing relations in the region and is ready to contribute to their consolidation and success. However, there is a lot of doubt about the "reality" of the USA's attitude towards the positive course of relations between the countries of the region. Many people think that the US is uncomfortable with the Saudi Arabian-Iranian agreements and the Turkey-Egypt rapprochement. After all, it is no secret that US

Middle East policies have always invested in the division of the region.

The other hypothesis is that the US has neglected the Iraq issue, the issue is no longer among its priorities, and Biden is fully prepared to decide on a comprehensive military withdrawal from the entire Iraqi arena. This withdrawal means a complete military withdrawal from the Ayn al-Assad base and the remaining US bases in northern Iraq, abandoning Iraq to its fate under the pretext that it must dedicate itself to confronting China and Russia, similar to the US withdrawal from Afghanistan. On the other hand, it is claimed that Biden postponed or canceled such a decision due to the outbreak of the Russia-Ukraine war, which once again brought Iraq into the forefront of global and regional importance. In fact, threats to global energy security were among the most serious reflections of the war in Ukraine, and therefore, Iraq's potential in terms of energy resources was of great importance. On the other hand, after the last stance of Saudi Arabia rejecting the US's im-

**That there is currently a US-Iranian "quasi-agreement" on calming the Iraqi arena by the US contributing to creating the conditions that support the stability of the Shiite Coordination Framework government in return for Iran restraining armed groups affiliated with Iran and preventing them from targeting American interests in Iraq.**

positions on energy policies, the importance of Iraq for US energy interests has increased.

There is also a hypothesis that the Biden administration preferred to agree with the "Shiite Coordination Framework" government, despite its proximity to Iran, rather than other political alternatives in Iraq. The alternative proposed is a "national political majority" government project in Iraq, also demanded by Muqtada al-Sadr, which was proposed before the establishment of the current Iraqi government and the withdrawal of the "Sadr Movement" from the political process. It is certain that Americans prefer the pragmatism of the Framework government to the "expected" radicalism of the current government, for several reasons. After all, the Sadr Movement has an undeniable history of opposing the American presence and interests in Iraq, militarily and politically. The United States has failed to make a "significant" breakthrough to establish mutual trust with Muqtada es-Sadr or to establish bridges of communication and understanding with him. However, Americans, and especially Biden, have the opportunity to come to terms with many political leaders of the Shiite Coordination Framework, with which they have old relations that may always be renewed. Americans are well aware that these leaders are

capable of showing greater flexibility than the Sadrists. Of course, the Biden administration has great political flexibility to convince or deceive itself that past attacks on American facilities in Iraq by some of the parties currently in the Shiite Coordination Framework government are nothing more than Iran's periodic plans. The political leaders of the Framework at the time were incapable of thwarting these plans or not identifying with them. It is possible not to repeat that period by agreement with the Shiite Coordination Framework government (which is currently taking place).

The above hypothesis is supported by another hypothesis, which is that there is currently a US-Iranian "quasi-agreement" on calming the Iraqi arena by the US contributing to creating the conditions that support the stability of the Shiite Coordination Framework government in return for Iran restraining armed groups affiliated with Iran and preventing them from targeting American interests in Iraq. This US-Iranian agreement on the Iraqi field will, of course, provide the current Iraqi government with a "coordinating" role, thereby laying the groundwork for a greater understanding between the two sides on Iran's nuclear issue and all other issues pending between the US and Iran. Biden is adept at negotiating and making deals with the Irani-

ans, especially if he utilizes the skills that he demonstrated during the Obama presidency.

There is another, more daring hypothesis for analyzing current US policies in Iraq. Accordingly, in the "Shiite Coordination Framework" coalition, there are Iraqi parties that are considering getting rid of Iranian hegemony, who seem tired and exhausted, and who are planning to get off the Iranian "horse" that is likely to lose and plan to ride on the still-strong American "horse". The Biden administration has received these signals and is now trying to encourage them. This hypothesis goes even further, predicting that the Biden administration is currently attempting to "restrain" Iraqi armed groups affiliated with Iran and build relations between Washington and some of these groups. Perhaps we will witness America's promises to remove some of the leaders of these groups from the US sanctions lists they were included on under Trump. Just as Biden did to the Houthis as part of an American strategy to isolate some of these groups from Iran. Or the USA will use this as a tool of pressure against some regional countries that may take a stand against its interests or stand by the rivals of the USA, Russia, and China, such as the Gulf countries and Türkiye. The USA has taken similar steps in the past. For example, the United States officially classifies the Kurdistan Workers' Party (PKK) as a terrorist organization, but for decades, the USA has supported the PKK and armed actors that emerged from it financially and militarily to put pressure on Türkiye while Türkiye and the United States are supposedly allies in NATO. The Americans have no problem making deals with the armed factions in Iraq and Iran's extensions. In the years when the USA military occupied Iraq, it made vari-

ous agreements with Iranian militias. The USA is now one of Vietnam's largest trading partners, which is ruled by a regime it has fought for decades. Likewise, Americans have been making agreements with the Taliban and the Houthis, who have been chanting "death to America" for years.

The only hypothesis left is that, due to the recent dangerous developments in Iran's nuclear activity, the United States sensed the possibility of Israel launching a military attack on Iran. The US is currently trying to send serious messages to all influential Iraqi parties about the need to "neutralize" the Iraqi arena from this potential conflict through its "soft" diplomacy with the Shiite Coordinating Framework government. At the same time, the US says that protecting Israel's security is a priority for the Biden administration, on which it cannot make concessions, and that the involvement of any Iraqi parties in this conflict will have dire consequences. Many observers stated that US Secretary of Defense Lloyd Austin's visit on March 4 took place in this context.

An important question will arise here: What is the most likely hypothesis we can apply to determine the Biden administration's political strategy towards Iraq? In order to shorten the answer, in light of the known tendencies of the Biden administration, the experiences of the previous democratic administrations of the USA in general, and Biden's experiences and roles in American politics in particular, we can say that the above hypotheses can be applied simultaneously or can be applied throughout the current US policy towards Iraq, with one of these being adopted for each specific stage as complementary parts.



## THE THEORETICAL FRAMEWORK OF BIDEN'S POLICY TOWARDS IRAQ



In March 2021, the Biden administration published the Interim National Security Strategic Guidance, which consists of 23 pages and includes an introduction, two main axes, and a conclusion. The two main axes consist of the global security scene and the national security priorities of the Biden administration.<sup>3</sup>

Generally, successive US administrations announce the general framework of their foreign policy to their citizens and the world through such documents. Although this document contains the official discourse of the administration, it does not fully reflect what happened in the decision-making stages of US foreign policy, most of which took place behind closed doors. In a way, it provides important data in the context of the perceptions of the US administration regarding the threats they face and the strategies they will use to counteract them. Therefore, by drawing attention to some excerpts from this document

and especially considering that this country has become the main arena of the US-Iran conflict in the Middle East, we can learn about the characteristics of the Biden administration's orientation towards Iraq.

On the 11<sup>th</sup> page of the document, sentences such as "We will work with our regional partners to deter Iranian aggression and threats to sovereignty and territorial integrity, and to resolve the complex armed conflicts that threaten regional stability." "But we do not believe that military force is the answer to the region's challenges" and "Our aim will be to de-escalate regional tensions and create space for people throughout the Middle East to realize their aspirations" are given. "Working with allies and partners, we will pursue principled diplomacy to address the Iranian nuclear program and its other destabilizing activities." is on page 13, "In advancing America's interests globally, we will make smart and disci-

<sup>3</sup> President Joseph R. Biden, Jr., "RENEWING AMERICA'S ADVANTAGES: Interim National Security Strategic Guidance", WHITHOUSE.GOV, Washington, March 2021. < <https://www.whitehouse.gov/wp-content/uploads/2021/03/NSC-1v2.pdf>>

plined choices regarding our national defense and the responsible use of our military, while elevating diplomacy as our tool of first resort." and "The use of military force should be a last resort, not the first; diplomacy, development, and economic statecraft should be the leading instruments of American foreign policy" is provided on page 14. On Page 15, it is stated that "The United States should not, and will not, engage in "forever wars" that have cost thousands of lives and trillions of dollars".

In relation to Middle-Eastern issues that affect and are affected by the Iraq Issue, Biden has stated on page 11 of the document that, "In the Middle East, we will maintain our iron-clad commitment to Israel's security" and "we will not give our partners in the Middle East a blank check to pursue policies at odds with American interests and values. That's why we have withdrawn U.S. support for offensive military operations in Yemen (meaning the military operations of Saudi Arabia undertaken in Yemen) and backed UN efforts to end the war".

On the other hand, in many parts of the document, the determination of the Biden administration to resist the efforts of China and Russia to harm the interests of the USA in the world in general and in the Middle East in particular is mentioned. However, this document was published before the outbreak of the Russia-Ukraine war.

After this war, in October 2022, the Biden administration published the National Security Strategy document, which is more detailed than the previous document.<sup>4</sup> In this obsessively written document on the war in Ukraine, the necessity of "out-competing China" and "constraining Russia" has been emphasized several times. On page 23 of the document, it

states, "The PRC and Russia are increasingly aligned with each other, but the challenges they pose are, in important ways, distinct. We will prioritize maintaining an enduring competitive edge over the PRC while constraining a still profoundly dangerous Russia. The PRC is the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to do it."

President Biden's US national security strategy has contained clear criticisms of previous US policies in the Middle East. At the same time, he stated that the Biden administration would refrain from large-scale military operations or regime change policies in this region in the future. On page 42 of the document, it's stated, "Over the past two decades, U.S. foreign policy has focused predominantly on threats emanating from the Middle East and North Africa. We have too often defaulted to military-centric policies underpinned by an unrealistic faith in force and regime change to deliver sustainable outcomes while failing to adequately account for opportunity costs to competing global priorities or unintended consequences. It is time to eschew grand designs in favor of more practical steps that can advance U.S. interests and help regional partners lay the foundation for greater stability, prosperity, and opportunity for the people of the Middle East and for the American people. The United States has set forth a new framework for U.S. policy in the region based on America's unparalleled comparative advantage in building partnerships, coalitions, and alliances to strengthen deterrence, while using diplomacy to de-escalate tensions, reduce the risks of new conflicts, and set a long-term foundation for stability."

<sup>4</sup> President Joseph R. Biden, Jr., "NATIONAL SECURITY STRATEGY", WHITHOUSE.GOV, Washington, October 2022. < <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf> >



## IRAQ'S POSITION IN THE WORLD OF THE POST-UKRAINIAN WAR



Nahran Omar oil field is in Basra province, in southern Iraq.

It is understood by everyone that the Russia-Ukraine war that broke out in February 2022 turned into a real-world war. Three superpowers participate in this war (the USA, Europe, and Russia). The fourth power, China, is following the course and results of this war with a great desire to step in and join the war at any moment in order to protect its interests and consolidate its position in the international system.

Since the first day of this war, there have been radical changes in the course of international and regional relations. These changes continue to happen, and there is no doubt that they are part of the initial problems in the birth of a new world order, unlike previous wars. Russia and China seek to eliminate the monopolar system and American global hegemony established after the end of the Cold War in the early 1990s and replace them with a multipolar world order. China and Russia currently consider themselves sufficient to join the global leadership competition with the USA as a global power. The repercussions

of the war in Ukraine differed from previous global conflicts because the most important repercussions of this war are the risks it poses to energy and food security.

The US's global leadership has been based on its impact and influence in three regions: Southeast Asia, Europe, and the Middle East. Concerning the Middle East, the United States has strengthened its hegemony over the Middle East for decades under the leadership of the largest producer, Saudi Arabia, by controlling the energy policies of the oil-producing countries in the region and preventing their global rivals from influencing the Middle East. But things have changed with the Ukrainian war. So much so that the nature of US relations with Saudi Arabia and even all the Arab Gulf countries has changed. We are now witnessing enhanced partnerships and cooperation frameworks between the Gulf states, China, and Russia in the political, economic, and even defense fields.

The war in Ukraine is a historical moment in which Iraq has regained its prominent position

in the US's interest map, especially with the continuing decline in US-Gulf relations, Iraq's potential in energy resources, and its possibility to be the US's key point in the Middle East. In the context of the geostrategic features of Iraq's position, in addition to Iran's influence factor in Iraq, Iraq is Iran's neighbor, and Iran indirectly became a party to the war in

Ukraine by providing military, economic, and political support to Russia. Therefore, in order to counter or at least monitor Iran, the US is interested in maintaining its impact and influence in the Iraqi arena, in addition to previously prominent issues between the two sides, such as Iran's nuclear issue in the framework of the global conflict of the Ukraine war.

## WHAT REMAINS OF THE US INFLUENCE IN IRAQ?



Demonstrations near the Iraqi Central Bank building in Baghdad in January 2023 to protest the Iraqi dinar losing value against the USD.

On the military side, according to the statements of the US administration, the official number of US forces remaining in Iraq is in the range of 2,500 - 3,000 soldiers, especially after former President Trump's decision to reduce the US military presence in Iraq. These American soldiers are mainly located in Anbar province in western Iraq, at "Ayn al-Assad" airbase 180 km from the capital Baghdad and "Harir" air base 75 km east of Erbil city center in the Kurdistan region of northern Iraq.

The activities of these forces, including land reconnaissance patrols and aerial sorties, have been reduced to a minimum for now. In addition, there are long-term cooperation, training, and armament agreements between the US military and the Iraqi military.

We believe that the United States' strongest remaining influence in Iraq is its patronage of Iraqi currency. In accordance with Security Council Resolution No 1483, dated May 2003, which defines the responsibilities and obligations of the US and UK as occupying powers to Iraq, the revenues of the Iraqi Min-

istry of Finance from the sale of crude oil, gas, other derivatives exported, and other funds shall be deposited at the US Federal Reserve in New York. The money is deposited into an account of the Iraqi government held by the Central Bank of Iraq, named the Development Fund for Iraq (DFI), which was later renamed "Iraq Account 2". The purpose of this measure is a 5% deduction to pay compensation to Kuwait for Iraq's invasion of Kuwait in 1990, as well as compensation for other countries, companies, and individuals claiming to have been damaged by this war. At the same time, all the money that the Iraqi government earns from oil sales is under the protection of the United Nations and the US government. This patronage began with the 2003 invasion of Iraq by issuing a Presidential Decree, which is renewed annually to ensure the protection of Iraqi funds at the US Federal Reserve. Accordingly, the Iraqi Ministry of Finance purchases "Iraqi dinars" from the Central Bank of Iraq to finance the general budget with the remaining portion of the Iraqi government's funds in the US Federal Bank, after compensation is

**There is another element of US influence that has begun to cause reactions in Iraq in recent months: The US has recently imposed an "electronic platform" system on the Iraqi Central Bank's "USD" currency transfers.**

deducted. The Iraqi Ministry of Finance transfers the relevant amounts (in US dollars) from the "Iraq 2 account" to another account at the Central Bank called the "Iraq 1 account".<sup>5</sup>

In February 2022, the UN Security Council decided to close the financial compensation case that Iraq paid to Kuwait as a result of this invasion after Iraq paid the entire compensation amounting to 52.4 billion dollars. However, the US government continued to renew its patronage over Iraqi funds deposited in federal banks, following a request by the Al-Kadhimi government to the Biden administration. America's patronage of Iraqi funds has protected Iraqi funds from claims for compensation filed by various parties, countries, companies, and individuals for the Kuwait War, which have amounted to thousands since the nineties. Without this US patronage, the funds of the Iraqi government would have been looted by these parties. When US-Iraqi relations strained following the killing of Soleimani in early 2020, former President Trump threatened Iraq with removing US patronage over Iraqi funds.

In the same "financial" dimension of US-Iraq relations, there is another element of US influence that has begun to cause re-

actions in Iraq in recent months: The US has recently imposed an "electronic platform" system on the Iraqi Central Bank's "USD" currency transfers.

For years, the Central Bank of Iraq has sold hundreds of millions of dollars through daily "currency auctions" to private banks and foreign exchange companies to acquire "Iraqi dinars" and then sold Iraqi dinars to the Iraqi Ministry of Finance to finance its budget. This process was described in the previous paragraph of the article.

In order for these private banks and foreign exchange companies to obtain the dollar amount they need from foreign currency auctions, the central bank requests that these banks and foreign exchange companies provide official documentation of commercial import agreements for their clients that require US dollar financing from the central bank equivalent to the dollar amount they wish to purchase. Afterwards, the Central Bank transfers the dollar sales made in the foreign exchange auction to the accounts of these private banks and stock exchange companies.

There are more than 42 Iraqi private banks and foreign exchange companies participating in the foreign exchange auction.

<sup>5</sup> "Where are Iraq's oil revenues invested in? Al-Sudani's consultant answers", an article published on the website of Iqtisad News agency on 01/01/2023, link: <https://economy-news.net/content.php?id=31636>

It is known that most of the influential parties and personalities in Iraq, including the political-armed forces close to Iran, now own private banks and foreign exchange companies. This has prompted Americans to question the currency auction process, accusing pro-Iranian parties of abusing the system by offering "fake" import deal contracts or exaggerating their financial value. They claimed that they did this to smuggle hundreds of millions of dollars to Iran, which had difficulties in finding foreign currency due to sanctions. Based on these suspicions and accusations, the US has imposed sanctions on five Iraqi private banks in the past 2022, preventing them from participating in the Iraqi Central Bank's foreign exchange auction.

Then, about two months ago, the US imposed on the Central Bank of Iraq that all US dollar transfers be made over the electronic platform system. According to the statement from the Central Bank of Iraq, this new system requires providing information on the content of customers requesting money transfers, beneficiaries, correspondent banks, and import agreements that require funding in US

dollars.<sup>6</sup> This platform operates under the supervision and control of the Office of Foreign Assets Control (OFAC), a financial intelligence and law enforcement agency under the US Department of the Treasury. Based on U.S. foreign policy and U.S. national security goals, OFAC administers and enforces economic and trade sanctions against targeted foreign countries and organizations, terrorists and international drug traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and others that conduct activities threatening U.S. national security, U.S. foreign policy, or the U.S. economy.<sup>7</sup>

Following the transition to the electronic platform system, the US dollar gained value against the Iraqi dinar in local markets in Iraq. Some observers attribute this to the difficulties experienced by those who infiltrate the currency auction to buy US dollars from the Iraqi Central Bank. In fact, these parties had to buy US dollars from local foreign exchange companies. The increase in demand for the US dollar in the Iraqi local currency market also caused the dollar to gain value against the Iraqi dinar in Iraqi private banking markets.

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<sup>6</sup> "Central Bank of Iraq Media Office Press Release" in the official website of the Central Bank of Iraq, 12/15/2022. link: <https://cbi.iq/news/view/217>

<sup>7</sup> "Office of Foreign Assets Control - Sanctions Programs and Information", U.S. DEPARTMENT OF THE TREASURY, <<https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>>



## THE “COORDINATION FRAMEWORK” GOVERNMENT GETS ON WELL WITH AMERICANS SO FAR



Iraqi Prime Minister Mohammed Shia al-Sudani met with Kurdish leader Massoud Barzani during his visit to Erbil in March 2023.

The nomination of Mohammed Shia al-Sudani as prime minister was the first correct step taken by the Shiite Coordination Framework Alliance to improve US-Iraqi relations. It is known that the process of choosing the prime minister in Iraq after 2003 is a product of the interaction between many internal and external factors. The most important of these are the positions of the USA and Iran on the candidate, internal political reconciliations, the opinion of the Shiite high religious authority in Najaf, and Iraqi public opinion. In terms of the parameters of these factors, the Shiite Coordinating Framework did not have a candidate that would be a better fit than al-Sudani. All in all, al-Sudani has a balanced personality, a moderate political and professional career, and a level of integrity unmatched within the Coordination Framework.

Anyone who watches the foreign and domestic political steps and decisions taken by the Al-Sudani government in the first five months will see that these policies are well planned, and that this government has the

ability to examine and prioritize important and vital issues in the country. In the same context, this government (so far) has managed to embrace the current “soft” diplomacy in Iraq and avoid provoking the Americans by adopting a friendly, non-harsh political rhetoric towards the United States and taking domestic and foreign political steps that are desired and encouraged by the Americans, regardless of the consequences or the scale of their achievements. Among the most important steps taken by the al-Sudani government in the country are the following:

1- Focusing on anti-corruption efforts and adopting a serious political and media discourse on this issue.

2- Making decisions to support the youth and the poor to prevent further public protests like the October 2019 protests from erupting. Among the most important of these decisions is the decision on the transformation of temporary contracted personnel of some government institutions into permanent personnel

**New dynamics in Iran-Arab relations will certainly contribute to easing US pressures on the current Shiite Coordinating Framework government regarding the nature of Iran-Iraq government relations or Iran's influence in Iraq.**

and appointing high diploma holders.

3- Showing interest in strategic economic projects such as new contracts in the field of electricity with German Siemens and American General Electric companies, the Great Faw Harbor project, and the dry channel project.

4- Reducing political tension in the country, especially by not provoking the Sadr movement and its supporters. In this context, we see that al-Sudani kept Hamid El-Gazi in his post, a member of the Sadr Movement who previously served as the Secretary General of the Council of Ministers in the al-Kadhimi government. Also, on December 20, 2022, al-Sudani took the decision to build 90,000 new residences and an integrated medical city in the "Sadr City" of Baghdad. In addition, roads, bridges, and parks in this city have been improved. Sadr City hosts the largest mass of people in the Sadr movement.

5- To soften the political environment with the Kurdistan region and to allocate an "acceptable" share of the federal budget for them.

6- To control the movement of armed groups as much as possible.

Among the most important steps taken by the al-Sudani government in the field of foreign policy are increasing meetings

and dialogue with the Americans, maintaining communication with the Arab countries surrounding Iraq and making mutual official visits with them, as well as displaying an open political and economic approach with some European countries.

Much of the current government's domestic and foreign policies, particularly the improvement of US-Iraqi relations, were initiated by the previous government of Mustafa al-Kadhimi and advanced during the current government. However, the al-Kadhimi government did not have the necessary components for the success of these policies or their full implementation. This is because al-Kadhimi did not have a strong political party or armed faction that supported his political positions against his opponents. Perhaps this is why the United States has not been serious about making real progress in its relations and policies with Iraq. On the other hand, the Shiite Coordination Framework forces that were not in power during al-Kadhimi's term were putting obstacles in the way of the al-Kadhimi government's implementation of these policies, which they have now begun to implement. In our opinion, the main reason for this paradox is that the Shiite Coordination Framework forces want to carry out any real success or real reform themselves, that would have a tangible impact and



bring about positive changes in Iraq's domestic situation or the nature of the country's foreign relations, in particular the improvement of US-Iraqi relations.

The political friction between the al-Kadhimi government and the Shiite Coordination Framework forces is similar to the nature of the relationship between the reformist and conservative movements in Iran during the reign of reformist President Hasan Rouhani between 2013-2021. In fact, Iran's conservative political structures (the political environment surrounding the religious leader) and the army (Iran's Revolutionary Guards) were putting obstacles in the way of the Rouhani government's efforts to resolve Iran's problems with the US and the West, notably Iran's nuclear crisis. However, when conservatives came to power under President Ebrahim Raisi, they became more enthusiastic and determined than reformists to solve these problems.

It is fortunate for the al-Sudani government that the current trends in the region are reducing tensions between Iran and its Arab neighbors. On March 10, we witnessed the agreement to normalize Iran-Saudi relations under the auspices of China. General Ali Shamkhani, Secretary General of Iran's Supreme National Security Council, visited the UAE on March 16 after representing his country at the signing of this agreement. After meeting with UAE National Security Advisor Tahnoun bin Zayed, Shamkhani said that cooperation and rapprochement in the Gulf region should replace disagreement and hostility, and that Iran is currently seeking ways to overcome the existing problems in its relations with the countries of the region, which is not in the interest of the countries of the region to continue and stated that hostility and division should be replaced by cooperation and rapprochement, that the existence of disagreements and insecurity

among the strategic countries of the Gulf is an obstacle to the economic development of the region, and that it only feeds the greed of non-regional enemies. If Iran adheres to these statements, an ideal roadmap will undoubtedly be created for the resolution of regional crises.

These new dynamics in Iran-Arab relations will certainly contribute to easing US pressures on the current Shiite Coordinating Framework government regarding the nature of Iran-Iraq government relations or Iran's influence in Iraq.

In fact, despite US rhetoric condemning Iran's activities that destabilize and seek to compromise the security of the region, US concerns about Iran's policies differ from those of Iran's neighboring Arab countries.

The main concern of the USA and Israel is Iran's nuclear issue. The concerns of Iran's Arab neighbors include Iran's nuclear issue, Iran's ballistic missile issue, and Iran-backed militia issues. This data will provide great flexibility to the Shiite Coordinating Framework government in its dealings with the Biden administration.

On the other hand, in the light of the Biden administration's "National Security Strategy" document, which we mentioned in the previous paragraphs of the article, it can be seen that slogans such as "spreading democracy in the Middle East", "fighting regime corruption", "changing the ruling regimes to support their people," and "human rights" have disappeared. Instead, slogans such as "America First", "dialogue and understanding with the dominant regimes in the region in the name of American interests," and "cooperation with regional governments" are given priority in US policy.





## CONCLUSION

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When we examine the most important theoretical and practical features of the Biden administration's policies on Iraq issues, we can conclude that the general approach of Biden's Iraq policy is based on the following main elements:

Restoring the momentum and effectiveness of American diplomatic work in the capital, Baghdad.

Recognizing that the current Iraqi government is the Shiite Coordinating Framework government supported by Iran. The US should work with the Iraqi government within the framework of this reality to protect its interests in Iraq.

Calming the Iraqi field and eliminating the military option against Iran and its extensions.

At the same time, eliminating the conflict between them to ensure the flow of Iraqi oil to the global energy market. Thus, it will be ensured that oil prices do not rise and that military options will be compensated by diplomatic pressure. In addition, taking economic measures that narrow the scope of its extensions in Iran and Iraq and limit its influence in the Iraqi economy.

Fighting against Chinese and Russian efforts to increase their influence in Iraq.

Establishing relations to restrain Iranian armed groups, isolate some of them from Iranian agendas in the region, and win them over to American agendas.











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