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Issue Brief

Iraq under Mustafa Al-Kadhimi: Turning Over a New Leaf

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S*ummary*

Since taking over as the Iraqi prime minister in May 2020, Mustafa al-Kadhimi had to contend with significant domestic as well as external challenges. He has blended pragmatism with caution in the pursuit of his country's national interests. Even as he has tried to reduce the influence of external actors in Iraq's domestic affairs, he has secured economic incentives from key regional players, as well as the United States, to address the country's economic challenges.

Introduction

Since October 2019, the Republic of Iraq has witnessed severe political, economic and foreign policy challenges. Politically, Iraq has faced relapsing protests, electoral deadlocks and a tug of war between various political factions, as illustrated in the failed attempts by Adnan al-Zurfi and Mohammad Allawi to form the government, after Prime Minister Abdul Mahdi resigned in November 2019. The Covid pandemic has further hurt the economy that was already beset with poor infrastructure and mismanagement. Furthermore, the assassination of General Qassem Soleimani of Iran's Islamic Revolutionary Guard Corps (IRGC), and Abu Mahdi al-Muhandis, commander of *Hashd al-Shaabi*, the Popular Mobilisation Front (PMF), in January 2020, presented immense challenges for Iraq's foreign policy. Amidst these multitudinous challenges, Mustafa al-Kadhimi, former chief of Iraq's National Intelligence Agency, was sworn in as the prime minister on May 6, 2020. This Brief examines some of the key policy positions of the Iraqi prime minister.

Kadhimi's political journey

Though born in Iraq, Kadhimi left for the United Kingdom in the 1990s, where he worked as a journalist and eventually acquired British citizenship. He continues to be a dual Iraqi-British citizen. After the Baathist regime collapsed in 2003, he came back and started working as the executive director for the 'Iraq Memory Foundation', (2003-10), an organisation which documented the crimes committed by Saddam's regime.¹ Later, he co-founded the Iraqi Media Network (*al-Iraqiya*), served as editor-in-chief of *Newsweek Iraq* (2010-13) and editor of *Al-Monitor's* Iraq Pulse (2013-16).

Kadhimi is viewed as a pro-American figure by groups that are close to Tehran, although such labelling could merely be an oversimplification. In fact, initially in March 2020, major Shia factions rejected his nomination, accusing him of being inordinately close to the US. The Fatah Coalition, composed of major Shia groups close to Iran, later accepted Kadhimi's nomination. However, the tensions between Kadhimi and various factions have continued and exacerbated since he became the prime minister. His approach though has tended to strike a balance with Iran on the one hand and the US and its allies on the other. He has also been described as a 'friend' of Saudi Arabia's Crown Prince, Mohammad bin Salman (MBS).²

¹ "[About Iraq MF: Mustafa Al-Kadhimi](#)," *Iraq Memory Foundation (MF)*, November 2020; "[Iraqi spy chief Mustafa Al Kadhimi rumoured to be prime ministerial contender](#)," *The National*, December 29, 2020.

² "[Who is Mustafa al-Kadhimi, Iraq's new prime minister?](#)," *Al Jazeera*, May 07, 2020.

Tackling domestic challenges

Since taking over, domestically, Kadhimi has faced two major challenges — the growing tide of sectarianism and the rising influence of the PMF. As per the 2018 census, the Iraqi population stood at 38 million, predominantly following Islam, with 64-69 per cent of them being Shias and 29-34 per cent Sunnis.³ Historically, sectarian markers have been a key component of the Iraqi polity, though under Saddam Hussein, the differences were less pronounced. After the 2003 US invasion, when Iraq adopted the *Muhasasa* system, which provided proportional representation in the government to various ethnic groups, sectarianism deepened. The rise of the Islamic State served as a catalyst in widening the sectarian gap. Although the IS was defeated in Iraq, the existence of mass graves for different sects caused distress and has fuelled sectarian sentiments.⁴ Kadhimi has since prohibited the sectarian classification of Iraqis and announced steps to reform law and order to limit the tide of sectarianism.⁵

As for the PMF, Kadhimi has attempted to restrain its influence within the Iraqi polity. In the past also, Kadhimi had reservations about the presence of armed militias and their relationship with the Iraqi state. As an editor at *Al-Monitor*, Kadhimi emphasised that the PMF needed to be depoliticised and put under the formal chain of command under Iraqi armed forces.⁶ This is especially so since the salaries of individuals in the PMF, their expenditures, office rents, etc., were borne by the state budget. In 2019, for instance, the estimated share of expenditure on PMF was \$2.19 billion.⁷

The Kadhimi government has mounted anti-corruption raids against militia groups, including those considered close to Tehran, accusing them of misusing their privileges and for encouraging sectarian violence.⁸ In late June, the Iran-linked *Kata'ib Hezbollah* (KH) was targeted, with 14 of its members arrested, along with their weapons.⁹ While such moves garnered praise from the public, it was short-lived. Soon after the arrest, around 150 KH militiamen walked into the Green Zone and did a show of strength in front of the PM's house. Later, the charges were dropped, and the arrested people were allowed to leave, owing ostensibly to insufficient evidence.¹⁰

³ [“Minorities in Iraq - Pushed to the brink of existence,”](#) *European Parliament*, November 02, 2019.

⁴ [“Mass graves of Sunnis found as mass protests rage on,”](#) *The New Arab*, December 20, 2019.

⁵ [“Iraqi prime minister forbids state bodies from classifying Iraqis by sect,”](#) *Al-Monitor*, September 10, 2020.

⁶ Mustafa Al-Kadhimi, [“Why Iraq needs to depoliticise their Popular Mobilization Units,”](#) *Al-Monitor*, July 10, 2015.

⁷ [“Iran’s Networks of Influence in the Middle East,”](#) *International Institute for Strategic Studies (IISS)*, November 2019.

⁸ It should be noted that not all militias and groups within PMF are pro-Iranian. An estimated 40 out of some 67 militias within the PMF are under Iranian influence. See Nicholas A. Heras, [“Iraq’s Fifth Column: Iran’s Proxy Network,”](#) *Middle East Institute*, October 17, 2017.

⁹ [“Pro-Iran militias reassert dominance over Mustafa al-Kadhimi,”](#) *The New Arab*, July 03, 2020.

¹⁰ [“Iraq frees militia fighters held over rocket fire,”](#) *The New Arab*, June 30, 2020.

The targeting of such groups resulted in the airing of criticism against Kadhimi by Iranian state-linked media houses like the *Mehr News Agency*, which published an interview of Al-Shimmari, spokesperson for Al-Nujba (a constituent faction of PMF), targeting the Iraqi PM.¹¹ Overall, even though the attempts at curbing the power of the PMF have not yielded substantial results, Kadhimi's raids against PMF constituents demonstrates his commitment to curb foreign (read Iranian) interference and shows a policy shift from that of his predecessors.

US troop presence

Soon after the fall of the Baathist government, Iraq turned into a battlefield for the US-Iran animosity. Iran-backed armed militias have consistently targeted US forces. Since January 2020, the frequency and intensity of attacks by the militias against the US forces have increased substantially. Reports in end-September 2020 noted that Mike Pompeo, US Secretary of State, had threatened to close down the US Embassy, unless Baghdad took adequate steps to ensure its security.¹² Foreign Minister Fuad Hussein stated that such a move would weaken the fight against the Islamic State.¹³

During his August 2020 Washington trip, Kadhimi contended that the US forces should confine themselves to capacity building of Iraqi forces, without engaging in ground operations.¹⁴ President Trump on his part had stated then that the US forces would leave Iraq in three years.¹⁵ General Frank McKenzie, Commander-in-Chief, US Central Command, confirmed in early-September that US forces in Iraq would see a further reduction of 2,000 troops, bringing the total to 3,000.¹⁶

While US withdrawal moves have been received well in Tehran, for Kadhimi, it presents its own unique challenges. US withdrawal could, for instance, lead to an increase in Iranian influence.¹⁷ It is also a fact however that massive protests took place in November 2019 against Iranian influence within Iraq that culminated in the torching of the Iranian consulate in Najaf.¹⁸ Moreover, after Soleimani, Iran has

¹¹ "[Attack on IPMF's base act of propaganda](#)," *Mehr News Agency*, June 30, 2020.

¹² Edward Wong, Lara Jakes and Eric Schmitt, "[Pompeo Threatens to Close US Embassy in Iraq Unless Militias Halt Attacks](#)," *New York Times*, September 29, 2020.

¹³ "[Iraq says 'not happy' with 'dangerous' US pullout threat](#)," *Agence France-Presse (AFP)*, September 30, 2020.

¹⁴ Michael R. Gordon & Gordon Lubold, "[Iraq's Kadhimi, Trump Sidestep Setting Deadline for Withdrawing U.S. Troops From Iraq](#)," *The New York Times*, August 20, 2020.

¹⁵ "[US to withdraw forces within 3 years, Iraqi PM says](#)," *Daily Sabah*, August 21, 2020.

¹⁶ "[US confirms planned troop withdrawal from Iraq](#)," *The New Arab*, September 10, 2020.

¹⁷ Hamdan Al-Shehri, "[US withdrawal from Iraq would play into Iran's hands](#)," *Arab News*, October 05, 2020.

¹⁸ John Davison & Ahmed Aboulenein, "[Iraq protesters torch Iran consulate in Najaf, curfew imposed](#)," *Reuters*, November 27, 2019.

struggled to exercise control over the militias operating in Iraq.¹⁹ Reports noted that in June 2020, during a meeting with the heads of the PMF, the new Quds Force commander, Ismail Qaani, gave them silver rings, a token of respect in the Shia culture, instead of cash handouts that they were expecting.²⁰

External relations

Iraq has seen the rising influence of external actors, especially the US and Iran, after 2003. Given the inclination of the successive Iraqi governments towards Tehran, Iraq had a difficult relationship with its other neighbours. Since 2018 though, there have been bouts of optimism in its relations with the Gulf Cooperation Council (GCC) and especially so with Saudi Arabia. Kadhimi on his part has sought to diversify Iraq's foreign relations to obtain economic incentives, rather than concentrating solely on security issues.

In less than two decades, Iraq has witnessed war and destruction, along with the phenomenon of the Islamic State that has decimated its economy. Amidst the Covid pandemic, Iraq's oil sales, a major source of revenue, have plummeted, putting enormous pressure on the state's finances. Prior to the pandemic, the Iraqi budget (\$135 billion) was under \$40 billion deficit, when the crude was at \$56 barrels per day (bpd).²¹

During the pandemic, as the global oil demand has shrunk, the crude has come down to \$40 bpd. Moreover, the OPEC has asked Iraq to cut down production and compensate for failing to stick to its quotas, thus putting an additional burden on the economy. Already, Iraq requires "\$3.6 billion per month in salaries for about 6.5 million employees and retirees."²² In the absence of such funds and resources to meet the country's requirements, Kadhimi has turned towards Tehran, Riyadh and Washington for help.

Kadhimi has specifically focused his attention on two aspects of the economy — tackling the country's electricity crisis and securing foreign investment for Iraq's oil infrastructure. Despite being an energy-rich nation, Iraq imports significant amounts of its energy, especially natural gas and electricity, from Iran and others. In June, Tehran and Baghdad renewed the contract (originally inked in 2005) to receive 1,200 MW of electricity from Iran.²³ At present, Iraq imports 31 per cent of the gas required

¹⁹ Farzin Nadimi and Hamdi Malik, "[Qaani's Surprise Visit to Baghdad and the Future of the PMF](#)," *Washington Institute for Near East Policy*, April 10, 2020.

²⁰ "[After Soleimani and Muhandis, pro-Iranian factions in Iraq are weakened, divided](#)," *The Arab Weekly*, June 12, 2020.

²¹ "[Energy politics cripple hopes for economic recovery](#)," *The New Arab*, June 05, 2020.

²² Mustafa Saadoun, "[Significant challenges face Kadhimi's economic reform project](#)," *Al-Monitor*, September 29, 2020.

²³ "[Iran, Iraq Power Export Contract Renewed for Two Years](#)," *Eghtesad Online*, June 06, 2020.

to generate power from Iran. Washington has also allowed regular waivers to Iraqi companies from US sanctions provisions to purchase electricity from Iran.²⁴ Kadhimi has also secured Saudi investments for Iraqi natural gas fields, within a month of his swearing-in. Additionally, Riyadh gave \$3 billion to meet Baghdad's immediate budgetary needs.²⁵

In August 2020, during his visit to Washington, the US Energy Department announced that five deals worth \$8 billion had been signed.²⁶ The US energy giants involved included Honeywell, Chevron, Baker Hughes, General Electric and Stellar Energy. The deal with Honeywell, for instance, aims at developing the Ratawi Gas Project in southern Iraq. Kadhimi during that trip called for the building of a strong US-Iraq relationship, based on mutual economic interests.²⁷

Conclusion

In his six months in office, Mustafa al-Kadhimi had to contend with significant domestic as well as external challenges. He has tried to limit foreign interference in Iraq's internal affairs — by taking a hard-line against the PMF, for instance, even as he has been pragmatic as regards US troop presence. Externally, he has focused on diversifying Iraq's foreign relations to help in the country's economic development. Significant deals have been inked with Iran, Saudi Arabia, as well as the US, to improve Iraq's energy security and infrastructure. While the jury is still out on the success of these policies, by and large, his approach characterises a blend of pragmatism and caution in order to more effectively secure Iraq's national interests.

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²⁴ Ibid.

²⁵ "[Pro-Iran MPs demand Saudi 'reparations'](#)," *The New Arab*, May 29, 2020.

²⁶ "[Iraq Sees Chevron Deal Going Beyond MOU](#)," *Energy Intelligence Group*, August 24, 2020.

²⁷ "[Remarks by President Trump and Prime Minister Mustafa Al-Kadhimi of the Republic of Iraq Before Bilateral Meeting](#)," *White House's Transcript of Joint Press Conference with PM Kadhimi*, August 20, 2020.

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