

# Iraq: Projections for 2018

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**Abstract:** On the December 9, 2017, Iraqi Prime Minister Abadi declared victory against the Islamic State (IS) and a dark chapter in the history of the country was closed. Having witnessed the worst in many respects, the Iraqi people have great expectations from the 2018 elections. Iraqi politicians are also aware of this fact and there are signs that they are preparing for the upcoming elections. Relative stability and the prospect of stable oil prices are positive inputs for 2018. The destruction left behind during the fight against IS and the rebuilding of the liberated cities and towns, along with encouraging trust between different components of Iraqi society are challenges ahead for the Iraqi government and other political figures. Fixing Iraqi problems requires much energy and money with a long-term vision. The efforts of Iraqi politicians alone will not suffice; the commitment of international and regional actors is a must. The position of Prime Minister Abadi is stronger than three years ago, but we may see lots of political bargaining on the road to elections in May 2018.

## Introduction

On December 9, 2017, Iraqi Prime Minister Haider al Abadi declared victory over the Islamic State (IS), stressing that the Iraqi-Syrian border was fully controlled by Iraqi forces: a turning point in the three-year struggle against the terrorist organization which once controlled one-third of the country.<sup>1</sup> Nearly three and a half years ago, when IS overran Mosul in June 2014 and threatened Baghdad and Erbil, the prospects for the future of Iraq were bleak and state institutions were weak and non-performing. With the mobilization of several segments of Iraqi society and with the enormous support of international community, IS was defeated militarily and the expectations for the future of the country are now more positive than they were three years ago.

Success against IS emboldened the position and discourse of Prime Minister Abadi even though there are still serious challenges to be met by the government in political, economic and social terms. The upcoming general elections in 2018 will be a crucial test for the prime minister, but also for all the political figures on the Iraqi political scene. The policies to be implemented by different political parties and figures before and after the elections will be crucial for their political survival but at the same time for the future of the country, since the emergence and defeat of IS affects the credibility of different political figures. Today, there is a longing for new faces and ideas in Iraqi politics in every segment of the society from different ethnic and religious backgrounds. Among these names and parties, whoever answers these demands best will remain on the Iraqi political scene; those who cannot will disappear.

## Political-Security Challenges

The defeat of IS by Iraqi forces with the support of the international coalition boosted the morale of the security forces. Despite this success, the patchwork nature of the security forces and chain of command problems among these forces need to be addressed. In this regard, the most urgent issues are the future of Hashd al-Shabi (the Popular Mobilization Forces) and also the status of the Peshmerga. Hashd al-Shabi was legalized by parliamentary decision and placed under the control of the prime minister. Problems remain, however, since some members of these forces, such as Kataib Hezbollah and Asa'ib Ahl al-Haq, are seen as loyal to the Iranian religious authorities, while the leaders of other groups within Hashd like Abu Mahdi al-Muhandis (Jamal Jafar Ibrahim) have been labeled by the U.S. as terrorist groups due to the actions they have taken against coalition forces in Iraq in the past.<sup>2,3</sup> The fight against IS legitimized the status of Hashd al-Shabi in the eyes of many people and some members of these groups, like the Badr Movement, are waiting for the elections to be able to harvest the fruits of their efforts in the fight against IS. Contrary to their expectations, some segments of Iraqi society believe that any armed group should keep away from political processes and should return to normal life. We should not forget that some of the Hashd groups were already militiamen before the emergence of IS: groups like Kataib Hezbollah used Hashd as a cover for their existing aims. The groups that existed before the emergence of new paramilitary groups are acting as parallel state structures and operate across borders, keeping connections with neighboring countries. The continued existence of armed groups outside of the control of the government remains the biggest challenge for the security and stability of the country.

Likewise, the status of the Peshmerga was not a big issue in the past but lately, because of

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the differences between Baghdad and Erbil, problems are emerging here as well, especially after the independence referendum in the Kurdistan Regional Government (KRG). Iraqi Prime Minister Abadi did not mention the Peshmerga in his speech about the victory against IS where he offered congratulations to various armed groups and this created uproar among the Iraqi Kurds given the sacrifices they made.<sup>4</sup> After criticism from the Ministry of Peshmerga in KRG, the office of the Prime Minister modified the statement and referred to the role of Peshmerga as well. The debate about the number of Peshmerga and the salaries to be paid by Baghdad to these people are one of the big differences between Baghdad and Erbil.

In addition to the problems above, the prevention of the re-emergence of IS and the possibility of local armed groups being used for the defense of governorates need to be addressed for the security of Sunni Arab populated areas and also for social cohesion. The emergence of Al Qaida and IS are very much related to the fact that the security concerns of Sunni Arabs are not answered by the regular armed forces of Iraq.

## Baghdad-Erbil Relations

Along with these security challenges, the main problem today in Iraq is the future of relations between Baghdad and Erbil after the referendum in September. With the decision of the Iraq's Supreme Federal Court that the referendum was unconstitutional, and results were void,<sup>5</sup> Baghdad gained the upper hand in the negotiations for the future of relations with Erbil. In the current atmosphere, the main problems between Baghdad and Erbil will be borders, airports, and budget. With control of Kirkuk and some other territories around it by the Iraqi



army, the Abadi government has the upper hand and has asked neighboring states and the KRG to hand over the control of border gates with Turkey and Iran to officials from Baghdad. Beside the control of land border gates, the Erbil and Sulaimaniya airports are also crucial for the KRG. These two airports, closed to international flights at the request of Baghdad after the referendum, but domestic flights continue to operate. The control of land borders and international flights to and from the two airports in KRG are important not only in terms of customs revenues but also from the perspective of autonomy. In relation to border gates and airports, another debate between Baghdad and Erbil is related to the so-called 'disputed territories'. These disputed areas will continue to be an issue in the near future, during the election period. Although most of these areas are now under the control of Baghdad, there are still some areas where the tension is high between the army and Hashd al-Shabi on the one hand, and the Peshmerga on the other hand.

Another point of difference between Baghdad and Erbil is the budget issue, which has been a cause of friction over the last couple of years. On the issue, Baghdad has lately aimed at decreasing the budget share allocated to the KRG with the argument that the previous share does not represent the ratio of population of the KRG within Iraq. According to this logic, the KRG population is around 12.6 percent of the population of the country and they need to have this proportion of the budget, not 17 percent. In addition, customs duties collected by the KRG officials needs to be transferred to Baghdad. Baghdad also aims to limit the export of oil by KRG to control the KRG's independent economic activities. In response to these demands, the Iraqi government has made it clear that they are ready to pay the salaries of region's public servants, since this will provide information about the employees of the KRG. The problem here is that it is generally accepted that the

KRG authorities are exaggerating the number of public servants to be able to reward their loyalists, as the per capita number of civil servants in KRG is much higher than other parts of Iraq.<sup>6</sup>

In addition to the differences mentioned above, the need to re-structure areas liberated from IS requires some amount to be allocated to these areas and the KRG's share of the budget needs to be decreased for this reason. The war against IS has resulted in the decline of oil production and exportation because of the damage to the oil production and export infrastructure. Thus, exports from the northern oilfields have decreased dramatically. This decline is damaging the economic conditions in the KRG and in other parts of the country. The control of Kirkuk by Baghdad after the referendum was another blow to the KRG's economic conditions. Instead of using the existing pipeline going through KRG, Baghdad and Tehran signed a deal to swap Kirkuk oil with Iranian oil. According to the agreement, trucks will transfer between 30 thousand to 60 thousand barrels of Kirkuk crude to Kermanshah, where Iran has a refinery. In exchange, Iran will deliver the same quality and amount of oil to the southern ports of Iraq.<sup>7</sup> This will prevent the KRG and Turkey from benefiting from transit fees.

In addition to the decline and export of oil, the decline in the price of oil has harmed the budget of the Iraqi government. In 2018, the Iraqi government had to deal with the issue of the repatriation of refugees and the rebuilding of towns and cities with limited resources. There is some good news though, like increasing oil exports from the fields in the south.

In order to discuss these issues, dialogue between Baghdad and Erbil is needed. Baghdad is demanding a declaration by the KRG to renounce the results of the



independence referendum in its entirety, whereas the KRG is declaring that they respect the decision of the Federal Court that the referendum was unconstitutional. Both sides are aware of the need for consultation, but up until now the tug of war between the two sides has continued. Lately, two meetings have taken place between officials of both sides, one in Baghdad and one in Erbil. During the discussions, issues like border gates, airports, oil and related issues were covered.<sup>8</sup> There is a general understanding between parties, but progress requires approval from the prime minister.

### **Economic-Social Challenges**

With the elections approaching in 2018, another challenge for the Iraqi government is to enable the return of internally and externally displaced people to their homes, especially in Sunni areas. According to official figures of UN agencies, there are around 3.2 million internally displaced people in Iraq and 11 million people in Iraq that need humanitarian assistance.<sup>9</sup> Although the Iraqi government has declared that it will repatriate all refugees before the end of the year, it has become obvious that this is impossible given the conditions in areas cleared of IS. Because of the damage to infrastructure, people lack electricity and running water, preventing them from returning to their homes.<sup>10</sup>

Rebuilding the towns and cities is crucial for the stability of the country in order not to repeat the cycle of violence Iraq witnessed after 2003. For the credibility of the political process in the country, the displaced people should be able to go back to their homes and take part in elections. Aware of this need, the Iraqi central government is trying to fix this problem but lacks the financial resources and institutional capacity to secure these in the short term. If the current pace of efforts continues like this, the damaged infrastructure may take 5 years to re-build. Any delay in the rebuilding of IS ravaged

cities and towns will fuel hatred and a sense of sectarian alienation which may in turn lead to emergence of similar scenarios to those Iraq has witnessed twice since 2003. According to Pentagon figures, the U.S. spent \$14.3 billion in the fight against IS in Iraq and Syria over the past three years but spent only \$1.4 billion for repair.<sup>11</sup> There is no hurry on the side of the US and Western countries to provide the required financial assistance.

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The hope for Iraq is that it will be able to rebuild the country and prevent the possibility of returning to the cycle of violence through improving relations with neighboring states. There have been visits to and from neighboring Arab countries such as Kuwait and Saudi Arabia to ameliorate bilateral relations. From the Iraqi perspective, improved relations with their neighbors are crucial for the improvement of security and economic conditions in the country, since their cooperation is crucial for the security and economic conditions of areas liberated from IS.

In order to generate the required funds and create an awareness about the need for reconstruction, an international conference is planned to be convened in Kuwait. With the support from the World Bank, the conference will be organized in Kuwait on the 12th and the 14th of February 2018 to generate funds for the reconstruction of areas liberated from IS.<sup>12</sup> Reconstruction in mainly Sunni Arab areas are crucial for political processes ahead of elections next



year. Neighboring Arab countries may play a role in Iraq for the prevention of emergence of IS-like groups but also to reduce the direct influence of Iran in Iraq. To secure this, Sunni groups within the Iraqi political system must play a constructive role in political life. Under the current conditions, Sunni groups need political direction but also prospects for the improvement of living conditions in their community. Support coming from neighboring countries can also play an important role for the stability of the country.

### **Politics before the 2018 Elections**

In the early days of 2018, we have seen preparations among different political groups based on the consensus that there will soon be important changes on the political scene. After the last elections, Iraq had very difficult years because of security and economic problems. The attitude of former Prime Minister Maliki created serious problems with the Sunni Arab and Kurdish population of the country; even he was not very popular among some of the Shia Arab community as well. With the control of Mosul and one-third of the country by IS, the security problems of the country became obvious. Compounding this problem, decline in oil prices hit the oil-dependent economy seriously. The fight against IS delayed the confrontation between Baghdad and Erbil for some time until September 2017.

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Having witnessed many nightmarish years, the horizons of 2018 seem brighter in comparison with those of recent times. The declaration of victory against IS, the relative stability of oil prices above \$60, and lessons

learned by different Iraqi political actors about the dangers of divisive sectarian rhetoric, with more commitment to Iraq to taking the side of the U.S. In order not to repeat the mistakes made in early withdrawal as in the case of 2011, we may see a positive scenario emerge after the 2018 elections. Iraqis are very tired of these long nightmarish years and have lost their trust in most of the political figures among the different ethnic and sectarian groups. The demand for new faces with comprehensive plans for the country is obvious. There are alliances for the coming elections among different political groups. The news of an alliance between the Victory coalition led by Abadi and the Conquest coalition led by Hadi al Amiri caught many people by surprise, since they were appealing to very different electoral bases.<sup>13</sup> Alliance initiatives continue between different groups both in Erbil and Baghdad.

Several hurdles, however, remain on the road to smooth elections. The return of internally displaced peoples to their homes and registering them for elections, rebuilding destroyed infrastructure, reforming the security apparatuses and increasing oil exports to use the revenue for these costs are all necessary. The security and stability of Iraq is the common desire of the majority of people in the country and also in the region. There are, however, different priorities as well in terms of reaching this stability. The duty ahead of Iraqi government and Iraqi politicians is to find the right balance among different actors inside the country and across the region.





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The Sharq Forum is an independent international network whose mission is to undertake impartial research and develop long-term strategies to ensure the political development, social justice and economic prosperity of the people of Al-Sharq. The Forum does this through promoting the ideals of democratic participation, an informed citizenry, multi-stakeholder dialogue, social justice, and public-spirited research.

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