



## CRS Report for Congress

# Iran's Activities and Influence in Iraq

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### Summary

Iran is materially assisting and influencing major Shiite Muslim factions in Iraq, most of which have ideological, political, and religious ties to Tehran. The Shiite faction of paramount concern to the Administration is that of Moqtada Al Sadr, whose Mahdi Army militia has periodically battled U.S. and Iraqi government forces, although it is currently relatively quiescent. This report will be updated. See CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

### Background

Iran's influence in Iraq has hindered, but not derailed, U.S. efforts to stabilize Iraq, and has heightened the U.S. threat perception of Iran more generally. With a conventional military and weapons of mass destruction (WMD) threat from Saddam Hussein's regime removed, Iran's strategy in Iraq has been to perpetuate domination of Iraq's government by pro-Iranian Shiite Islamists, while also developing leverage over the United States by aiding Shiite militias that are willing to combat U.S. forces. However, Iran itself has increasingly faced difficult choices in Iraq as its protege Shiite leaders, formerly united, are competing and often even fighting each other.

During 2003-2005, Iran's encouraged Iraqi Shiite Islamist factions to enter a U.S.-led election process, because the number of Shiites in Iraq (about 60% of the population) virtually ensured Shiite dominance of an elected government. To this extent, Iran's goals did not conflict with the U.S. objective of establishing democracy. Iran helped assemble a Shiite Islamist bloc ("United Iraqi Alliance"), encompassing the Islamic Supreme Council of Iraq (ISCI), the Da'wa (Islamic Call) party, and the faction of the 34-year-old cleric Moqtada Al Sadr — the bloc won 128 of the 275 seats in the December 15, 2005, election for a full term parliament. Nuri al-Maliki, who was selected as Prime Minister, is from the Da'wa Party, whose leaders were in exile mostly in Syria. Most leaders of ISCI spent their years of exile in Iran and its former leader, Ayatollah Mohammad Baqr Al Hakim (killed in an August 2003 car bomb in Najaf). In 1982, he was anointed by then Iranian leader Ayatollah Ruhollah Khomeini to head a future "Islamic republic of Iraq." ISCI's militia, the "Badr Brigades" (now renamed the "Badr Organization"), had been recruited, trained, and armed by Iran's Revolutionary Guard, the

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most politically powerful component of Iran's military, during the 1980-88 Iran-Iraq war. In that war, Badr guerrillas conducted attacks from Iran into southern Iraq against Baath Party officials, but did not shake the regime. After Saddam's fall, Iran continued to provide political, financial, and military support to ISCI and the Badr Brigades militia, which numbered about 15,000. During 2005-6, with the help of ISCI member Bayan Jabr as Interior Minister (and close ally of ISCI leader Abd al Aziz al-Hakim, younger brother of Mohammad Baqr), the militia burrowed into the Iraqi Security Forces (ISF).

The Sadr faction's ties to Iran were initially limited because his family remained in Iraq during Saddam's rule. Still, the Sadr clan has ideological ties to Iran; Moqtada's cousin, Mohammad Baqr Al Sadr, was founder of the Da'wa Party, a political ally of Ayatollah Khomeini, and was hung by Saddam Hussein in 1980. Moqtada is married to a daughter of Mohammad Baqr Al Sadr. Iran later came to see political value and potential leverage in Sadr's faction — which has 30 total seats in parliament, a large and dedicated following among lower-class Iraqi Shiites, and which built an estimated 60,000 person "Mahdi Army" (Jaysh al-Mahdi, or JAM) militia after Saddam's fall. Sadr unleashed the JAM on several occasions as part of a strategy of challenging what he saw as U.S.-picked Iraqi political leaders, but U.S. military operations put down JAM uprisings in April 2004 and August 2004 in "Sadr City" (Sadr stronghold in east Baghdad), Najaf, and other Shiite cities. In those cases, fighting was ended with compromises under which JAM forces stopped fighting in exchange for amnesty for Sadr. Seeing the JAM as useful against the United States in the event of a U.S.-Iran confrontation, in 2005, Iran began supplying arms to the JAM through the Revolutionary Guard's "Qods (Jerusalem) Force," the unit that assists Iranian protegee forces abroad. During 2005-6, the height of sectarian conflict in Iraq, Badr fighters in and outside the ISF, as well as JAM militiamen, were involved in sectarian killings of Sunnis, which accelerated after the February 2006 bombing of the Al Askari Mosque in Samarra.

Iran's efforts to promote Shiite solidarity began to unravel in 2007 as Maliki and its ISCI partner entered into increasingly close cooperation with the United States as part of the U.S. "troop surge." Maliki, who had largely shielded Sadr's faction from U.S. operations in 2006, decided to permit U.S. military pressure against the JAM. As a result, Maliki's alliance with Sadr ended, and by August 2007 Sadr had pulled his five ministers out of the cabinet. As the rift widened, JAM fighters battled Badr-dominated Iraqi forces, and U.S., and British forces for control of such Shiite cities as Diwaniyah, 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. (He extended the ceasefire in February 2008 for another six months.) The intra-Shiite fighting expanded as Britain drew down its forces the Basra area from 7,000 to 4,000 in concert with a withdrawal from Basra city to the airport, and the transfer of Basra Province to ISF control on December 16, 2007.

## **Assertions of Iranian Support to Armed Groups**

Iran's arming and training of Shiite militias in Iraq has added to U.S.-Iran tensions over Iran's nuclear program and regional ambitions, such as its aid to Lebanese Hezbollah and the Palestinian organization Hamas, which now controls the Gaza Strip. Iran may be seeking to develop a broad range of options in Iraq that includes pressuring U.S. and British forces to leave Iraq, to bog down the United States militarily, and to deter

it from military or diplomatic action against Iran's nuclear program. U.S. officials have, over the past few years, provided specific information on Qods Force and Hezbollah aid to Iraqi Shiite militias. No firm information exists on the number of Iranian agents in Iraq, but one press report said there are 150 Qods and intelligence personnel there.<sup>1</sup> Qods Force officers often do not wear uniforms and their main role is not combat, but rather identifying Iraqi trainees and organizing safe passage for weapons shipments into Iraq.

- On February 11, 2007, U.S. military briefers in Baghdad provided what they said was specific evidence that Iran had supplied armor-piercing “explosively formed projectiles” (EFPs) to Shiite (Sadrist) militiamen. EFPs have been responsible for over 200 U.S. combat deaths since 2003. In August 2007, Gen. Raymond Odierno, then the second in command and who in mid-September 2008 will become overall commander in Iraq, said that Iran had supplied the Shiite militias with 122 millimeter mortars that are used to fire on the Green Zone in Baghdad. On August 28, 2008, the *Washington Times* reported that pro-Sadr militias were now also using “Improvised Rocket Assisted Munitions” — a “flying bomb” carrying 100 pounds of explosives, propelled by Iranian-supplied 107 mm rockets.
- On July 2, 2007, Brig. Gen. Kevin Begner said that Lebanese Hezbollah was assisting the Qods Force in aiding Iraqi Shiite militias, adding that Iran gives about \$3 million per month to these Iraqi militias. He based the statement on the March 2007 capture of former Sadr aide Qais Khazali and Lebanese Hezbollah operative Ali Musa Daqduq. They were allegedly involved in the January 2007 killing of five U.S. forces in Karbala.

According to testimony by General David Petraeus (overall U.S. commander in Iraq) on April 8-9, 2008, 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....” On October 7, 2007, Gen. Petraeus told journalists that Iran’s Ambassador to Iraq, Hassan Kazemi-Qomi, is himself a member of the Qods Force. The April 2008 testimony was delivered amidst an ISF offensive, launched by Maliki on March 26, 2008, to clear JAM and Fadhila militiamen from Basra, particularly the port area which these militias controlled and used for financial benefit. Maliki decided on the offensive in part to reduce Sadrist strength in provincial elections planned for the fall of 2008 (but now put off until probably early 2009). In the initial assault, the ISF units (dominated by Badr loyalists) failed to defeat the militias; 1,300 of the 7,000 ISF sent in for the assault (bringing the ISF force to 30,000 in Basra) did not fight. Later, 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

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<sup>1</sup> Linzer, Dafna. “Troops Authorized To Kill Iranian Operatives in Iraq,” *Washington Post*, January 26, 2007.

elements in Sadr City until another Sadr-government agreement in mid-May 2008. Subsequently, the ISF moved into Amarah on June 16, 2008, and quieted that city, while prompting Sadrist protests about ISF arrests of the Amarah governor and other Sadrists. Other arrests of Sadrists have taken place in Sadr's former stronghold of Diwaniyah, the capital of Qadisiyah Province. The weakening of Sadr facilitated the handed over of that province to Iraqi control in July 2008.

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 planned provincial elections (late 2008 or early 2009, depending on when the needed election law is passed) but not offer a separate lists. The number two U.S. commander in Iraq, Gen. Lloyd Austin, explaining the relative inactivity of the JAM in recent months in military terms rather than a deliberate decision by Sadr to focus on political competition, 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 resupply. The relative quiescence of the JAM could also explain why a U.S. briefing on new information on Iranian aid to the JAM, first expected in May 2008 but opposed by Iraqi leaders who do not want to draw Iraq into a U.S.-Iran dispute, has not been held. An Iraqi parliamentary group visited Iran on the issue in April 2008, and an Iraqi commission is investigating Iran's aid to the JAM.

In moving to curb Qods Force activity in Iraq, from December 2006-October 2007, U.S. forces arrested a total of 20 Iranians in Iraq, many of whom are alleged to be Qods Forces officers. Of these, five were arrested in January 2007 in the Kurdish city of Irbil. On November 9, 2007, the U.S. military released nine of them, and another six weeks later, but continue to hold ten believed of high intelligence value. On August 12, 2008, U.S.-led forces arrested nine Hezbollah members allegedly involved in funneling arms into Iraq, and on August 29, 2008, U.S. forces arrested Ali Lami on his return to Iraq for allegedly being a "senior Special Groups leader." On March 24, 2007, with U.S. backing, the U.N. Security Council unanimously adopted Resolution 1747 (on the Iran nuclear issue), with a provision banning arms exports by Iran — a provision clearly directed at Iran's arms supplies to Iraq's Shiite militias and Lebanese Hezbollah. In September 2007, the U.S. military said that, to stop the flow of Iranian weaponry, it had built a base near the Iranian border in Wasit Province, east of Baghdad. The base and related high technology border checkpoints are manned, as of mid-August 2008, by U.S. and Iraqi forces, replacing the 2,000 forces of Georgia who returned home to deal with the Russian incursion. In July 2008, U.S. forces and U.S. civilian border security experts, established bases near the Iran border in Maysan Province, to close off smuggling routes.

In an effort to financially squeeze the Qods Force, on October 21, 2007, the Bush Administration designated the Qods Force (Executive Order 13224) as a provider of support to terrorist organizations. On January 9, 2008, the Treasury Department took action against suspected Iranian and pro-Iranian operatives in Iraq by designating them as a threat to stability in Iraq under a July 17, 2007 Executive Order 13438. The penalties are a freeze on their assets and a ban on transactions with them. The named

entities are: Ahmad Forouzandeh, Commander of the Qods Force Ramazan Headquarters, accused of fomenting sectarian violence in Iraq and organizing training in Iran for Iraqi Shiite militiamen; Abu Mustafa al-Sheibani, the Iran-based leader of network that funnels Iranian arms to Iraqi Shiite militias; and Isma'il al-Lami (Abu Dura), a Shiite militia leader — who has broken from the JAM — alleged to have planned assassination attempts against Iraqi Sunni politicians. Also on October 21, 2007, the Administration designated the Revolutionary Guard and several affiliates, under Executive Order 13382, as of proliferation concern. The designations carry the same penalties as do designations under Executive Order 13224. Neither the Guard or the Qods Force was named a Foreign Terrorist Organizations (FTOs), as was recommended by the FY2008 defense authorization bill (P.L. 110-181) and H.R. 1400 (passed by the House on September 25, 2007).

**Negotiations With Iran.** U.S. officials initially rejected the recommendation of the “Iraq Study Group” (December 2006) to include Iran (and Syria) in multilateral efforts to stabilize Iraq, in part because of concerns that Iran might use such meetings to discuss broader U.S.-Iran issues such as Iran’s nuclear program. However, in a shift conducted in concert with the “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 shift, 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, resulted in establishment of a lower level working group; it met on August 6, 2007. In consideration of more recent assessments that Iran was reducing its weapons shipments into Iraq, talks in Baghdad scheduled for December 18, 2007, were postponed because Iran wanted them at the ambassador level, not the working group level. On May 6, 2008, Iran said it would not continue the dialogue because U.S. forces are causing civilian casualties in Sadr City.

## **Iranian Influence Over Iraqi Political Leaders**

Iran has exercised substantial political and economic influence on the post-Saddam Iraqi government, although some Iranian initiatives, particularly its commerce with and investment in Iraq, do not necessarily conflict with U.S. goals. During exchanges of high-level visits in July 2005, Iraqi officials took responsibility for starting the 1980-1988 Iran-Iraq war, and indirectly blamed Saddam Hussein for using chemical weapons against Iranian forces during that conflict. At a related defense exchange, the two signed agreements on military cooperation, on opening diplomatic facilities in Basra and Karbala, and on transportation and energy links (oil swaps, provision of cooking fuels and 2 million liters per day of kerosene to Iraqis and future oil pipeline connections). In response to U.S. complaints, Iraqi officials subsequently said that any Iran-Iraq military cooperation would be limited to border security, landmine removal, and information sharing. In 2005, Iran extended Iraq a \$1 billion credit line as well, which was used to build roads in the Kurdish north and a new airport near Najaf (opened in August 2008), to help the city host about 20,000 Iranian pilgrims per month who visit the Imam Ali Shrine there. The two countries have developed a free trade zone around Basra, which buys electricity from Iran, and Iraq is now Iran’s second largest non-oil export market,

buying about \$2 billion worth of goods from Iran during 2007. Iran also has consulates in the two major Kurdish cities of Irbil and Sulaymaniyah.

After the Maliki government took office on May 20, 2006, Iraq's Foreign Minister, Hoshyar Zebari, supported Iran's right to pursue "peaceful" nuclear technology.<sup>2</sup> Maliki has visited Iran three times: during September 13-14, 2006, signing agreements to on cross border immigration, intelligence sharing, and commerce; August 8-9, 2007, signing agreements to build pipelines between Basra and Iran's city of Abadan to transport crude and oil products for their swap arrangements (the agreement was finalized on November 8, 2007); and June 8, 2008, including the signing of agreements on mine clearance and searches for missing Iran-Iraq war soldiers. In response to Maliki's invitation, Ahmadinejad visited Iraq, a first since the 1979 Islamic revolution, on March 2-3, 2008. In conjunction, Iran announced \$1 billion in credits for Iranian exports to Iraq, and the two sides signed seven agreements for cooperation in the areas of insurance, customs treatment, industry, education, environmental protection, and transportation. In May 2008, Iran agreed to build more power lines into Iraq. Maliki has threatened to expel the 3,400 members of the Iranian opposition People's Mojahedin Organization of Iran (PMOI). The group was allied with Saddam against Iran but its members are now confined by U.S.-led forces to "Camp Ashraf" near the Iran border.

## Prospects

Although Iranian influence is extensive, some believe it is fading as Iraq asserts its nationhood, as the security situation has improved, and as Arab-Persian differences reemerge. Iraq has not bowed to constant Iranian criticism of a U.S.-Iraq defense pact that would authorize the U.S. military presence beyond December 31, 2008, and which is now reportedly nearly completed. Iran says the pact would deprive Iraq of its sovereignty — criticism that might mask Iran's purported fears the pact is a U.S. attempt to consolidate its "hold" over Iraq and to encircle Iran militarily. Iraq's Najaf is reviving and might eventually meet pre-war expectations that it would again exceed Iran's Qom as the heart of the Shiite theological world. Iraqi Shiites generally stayed loyal to the Iraqi regime during the 1980-1988 Iran-Iraq war. Although exchanges of prisoners and remains from the Iran-Iraq war are mostly completed, Iran has not returned the 153 Iraqi military and civilian aircraft flown to Iran at the start of the 1991 Gulf War, although it allowed an Iraqi technical team to assess the aircraft in August 2005. Another dispute is Iran's shelling of border towns in northern Iraq that Iran says are the sites where the Party for a Free Life in Kurdistan (PJAK), an Iranian Kurdish separatist group, 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.) The water border is subject to interpretation, but the two sides agreed to renovate water and land border posts during the March 2008 Ahmadinejad visit.

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<sup>2</sup> "Clarification Statement" issued by Iraqi Foreign Minister Hoshyar Zebari. May 29, 2006.