



## CRS Report for Congress

# Iran's Activities and Influence in Iraq

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### Summary

Iran is materially assisting major Shiite Muslim political factions in Iraq, most of which have longstanding ideological, political, and religious ties to Tehran, and their armed militias. In late 2007, the Administration noted a decrease in Iranian weapons shipments, but there is debate in the Administration over whether this was driven by U.S. policy toward Iran, including interdiction as well as bilateral diplomacy on Iraq stabilization, or an Iranian re-evaluation of its own strategy in Iraq. This report will be updated. See CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*.

### Background

Iran's activities and influence in Iraq affects the U.S. effort to stabilize Iraq and also colors the U.S. perception of Iran's nuclear and regional ambitions. With the conventional military and weapons of mass destruction (WMD) threat from Saddam Hussein removed, the thrust of Iran's strategy in Iraq has been to acquire "strategic depth" in Iraq by perpetuating domination of Iraq's government by pro-Iranian Shiite Islamists. Doing so gives Iran leverage to forestall a potential confrontation with the United States. At the same time, Iran's aid to Iraqi Shiite militias worsened the Sunni-Shiite violence, now reduced by the U.S. "troop surge" in 2007, and accelerated competition among Shiite factions in southern Iraq.

During 2003-2005, Iran's leaders supported the decision by Iraqi Shiite Islamist factions in Iraq to work with the 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 in Iraq did not conflict with U.S. policy, which was to set up a democratic process. A Shiite Islamist bloc ("United Iraqi Alliance"), encompassing the Islamic Supreme Council of Iraq (ISCI), the most pro-Iranian of the groups, the Da'wa (Islamic Call) party, and the faction of the 32 year old Moqtada Al Sadr — won 128 of the 275 seats in the December 15, 2005, election for a full term parliament. Most ISCI leaders spent their years of exile in Iran. Prime Minister Nuri al-Maliki is from the Da'wa Party, although he spent most of his exile in Syria. The Sadr faction's ties to Iran were initially less extensive because his family remained in Iraq

during Saddam's rule. Still, the Sadr clan has ideological ties to Iran; Moqtada's great uncle, Mohammad Baqr Al Sadr, was a political ally of Iran's Ayatollah Ruhollah Khomeini and was hung by Saddam Hussein in 1980. Iran later came to see Sadr's faction — which has 30 seats in parliament, a large and dedicated following, particularly among lower-class Iraqi Shiites — as a growing force in Iraq. He also built a "Mahdi Army" (Jaysh al-Mahdi, or JAM) after Saddam's fall; it might now number about 60,000 fighters. 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 each case, fighting was ended with compromises under which JAM forces stopped fighting in exchange for amnesty for Sadr.

ISCI's militia, the "Badr Brigades" (now renamed the "Badr Organization"), numbered about 15,000, and during 2005, with the help of an ISCI member (Bayan Jabr) as Interior Minister, it burrowed into the fledgling Iraqi Security Forces (ISF), particularly the commando-style National Police. The Badr Brigades had been recruited, trained, and armed by Iran's Revolutionary Guard, politically aligned with Iran's hardliners, during the 1980-88 Iran-Iraq war. During that war, Badr guerrillas conducted forays from Iran into southern Iraq to attack Baath Party officials, but they did not seriously shake the regime. Badr fighters in and outside the ISF have purportedly been involved in sectarian killings of Sunnis, although to a lesser extent than Sadr's JAM.

Shiite militia power, particularly that of the JAM, grew in 2005-2006 as sectarian warfare with Iraq's Sunnis accelerated after the February 2006 bombing of the Al Askari Mosque in Samarra, and as Iran shifted to active financial and materiel assistance to all the Shiite militias. However, Iran's efforts to promote Shiite solidarity began to unravel as these militias and their party sponsors increasingly battled each other in 2007, causing substantial anti-Iran sentiment among Iraqi Shiite civilians often victimized by the fighting. JAM fighters have been challenging ISCI, Iraqi government forces, and U.S. and British forces for control of such Shiite cities as Diwaniyah, Karbala, Hilla, Nassiriyah, Basra, and Amarah — even as reports suggest the JAM is becoming increasingly less disciplined and less organized. The intra-Shiite conflict had space to accelerate as Britain drew down its forces the Basra area. Britain has about 5,200 troops at Basra airport but it transferred Basra Province to ISF control on December 16, 2007 and will reduce its force to about 2,500 by mid-2008. On the other hand, a popular backlash from JAM-ISCI clashes in Karbala in August 2007 caused Sadr to declare a six month "suspension" of JAM activities, although reports in early January 2008 say he might not continue the suspension when it ends in February 2008. Politically, during 2007, Sadr pulled his faction out of the UIA bloc in the Council of Representatives (parliament) and out of the cabinet, weakening Shiite solidarity in governance.

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

Iranian material support to 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. In providing weaponry, Iran sought to develop a broad range of options in Iraq that includes pressuring U.S. and British forces to leave Iraq, or to bog down the United States militarily and thereby deter it from military or diplomatic action against Iran's nuclear program. In August 2007, Iranian President Mahmoud Ahmadinejad heightened U.S. concerns about Iran's long term intentions by saying that Iran would fill a "vacuum" that would be left by a U.S. withdrawal from Iraq. Senior U.S. and allied military officials

and policymakers have sometimes provided specific information on Iranian aid to Shiite militias. The aid is funneled by the Revolutionary Guard's "Qods (Jerusalem) Forces" — the arm of the Guard that operates outside Iran's borders. No firm information exists on how many Iranian agents might be in Iraq, but one press report said there are 150 Qods and intelligence personnel in Iraq.<sup>1</sup>

- On September 28, 2006, Maj. Gen. Richard Zahner, deputy chief of staff for intelligence of the Multinational Force-Iraq (MNF-I), said that the labels on C-4 explosives found with Shiite militiamen prove that the explosives came from Iran. He added that only the Iranian military apparatus controls access to such military-grade explosives.<sup>2</sup>
- 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 militias. EFPs have been responsible for over 200 U.S. combat deaths from 2003 until December 2007, although this is many times lower than the number of U.S. deaths at the hands of Sunni insurgents. In August 2007, Gen. Odierno said that the Shiite militias accounted for 73% of the attacks that killed or wounded U.S. soldiers that month, adding that Iran had supplied the Shiite militias with 122 millimeter mortars that are used to fire on the Green Zone in Baghdad.
- On July 2, 2007, Brig. Gen. Kevin Begner told journalists that the Qods Force is using Lebanese Hezbollah to train and channel weapons to Iraqi Shiite militia fighters, and that Iran is giving up to \$3 million per month to its protege forces in Iraq. Bergner based his information on the March 2007 capture — in connection with a January 2007 attack that killed five U.S. forces in Karbala — of former Sadr spokesman Qais Khazali and Lebanese Hezbollah operative Ali Musa Daqduq. In his September 10 and 11, 2007 testimony to Congress, U.S. commander in Iraq General David Petraeus said that Iran is seeking to turn the Iraqi Shiite militias 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 a member of the Qods Force.

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 a liaison office in the Kurdish city of Irbil. On November 9, 2007, U.S. officers released 9 of the 20, releasing 1 more on December 20, but continue to hold 10 that are believed of the most intelligence value. Of those released, two are from the group seized in Irbil. In September 2007, the U.S. military said that, to stop the flow of Iranian weaponry, it has

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

<sup>2</sup> "Iranian Government Behind Shipping Weapons to Iraq," *American Forces Press Service*, September 28, 2006.

built a base near the Iranian border in Wasit Province, east of Baghdad. The base and related high technology border checkpoints are manned, in part, by the 2,000 forces sent by the republic of Georgia. In an effort to financially squeeze the Qods Force, on October 25, 2007, the Bush Administration designated the Qods Force, under Executive Order 13224, as a provider of support to terrorist organizations. At the same time, the Administration designated the Revolutionary Guard and several affiliated entities and persons, under Executive Order 13382, as of proliferation concern. The designations had the effect of freezing any U.S.-based assets of the designees and preventing any transactions with them by U.S. persons, but neither the Guard or the Qods Force was named a Foreign Terrorist Organizations (FTOs), as was recommended by H.R. 1400, passed by the House on September 25, 2007, and a provision of the FY2008 defense authorization bill (H.R. 4986). However, the effect on the Qods Force and on the Guard is likely to be limited because they do not likely have any U.S.-based assets and most U.S.-Iran trade is banned.

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, who is accused of fomenting sectarian violence in Iraq and of organizing training in Iran for Iraqi Shiite militia fighters; Abu Mustafa al-Sheibani, the Iran-based leader of network that funnels Iranian arms to Shiite militias in Iraq; and Isma'il al-Lami (Abu Dura), a Shiite militia leader – who has broken from the JAM – alleged to have committed mass kidnappings and planned assassination attempts against Iraqi Sunni politicians

In late 2007, it appeared that U.S. counter-measures might be succeeding, although unevenly. In November 2007, U.S. officials said that an August 2007 Iranian pledge to Maliki to stop arming Iraqi militias was being implemented to some extent. In December 2007, the observation of diminishing Shiite militia attacks on U.S. forces and reduced Iranian weapons shipments into Iraq was reiterated by U.S. Ambassador to Iraq Ryan Crocker, by Secretary of Defense Gates, and by overall U.S. commander in Iraq Gen. David Petraeus. Gen. Petraeus and other commanders said in late January 2008 that the decline had generally held, although there might have been a rise in Iranian shipments into Iraq in early January 2008. As compared to State Department officials who might be attributing the decline in Iranian weapons to bilateral diplomacy with Iran, Defense Department officials attributed the decline to U.S. counter-measures, rather than to a strategic decision by Tehran to cooperate with the United States to help stabilize Iraq. However, some experts believe that Iran has decided to reduce its military involvement in Iraq to counter the anti-Tehran backlash it observes among Iraqi Shiite civilians.

**Efforts to Negotiate With Iran.** Another means of curbing Iran's activities in Iraq has been direct diplomacy with Iran. The report of the Iraq Study Group (December 2006) recommended that the United States include Iran (and Syria) in multilateral efforts to stabilize Iraq. Previously, U.S. officials had offered to engage Iran on the issue, but U.S. officials opposed Iran's efforts to expand discussions to bilateral U.S.-Iran issues and no talks were held. In a shift that might have been caused by Administration assessments that U.S. military and economic pressure on Iran was increasing U.S. leverage, the United States attended regional conferences "Expanded Neighbors Conference") in Baghdad on March 10, 2007, and in Egypt during May 3-4, 2007. At the

latter meeting, Secretary of State Rice and Iranian Foreign Minister Mottaki held no substantive bilateral discussions, according to both sides. Nor did they have separate direct talks, by all accounts, at a November 2, 2007 meeting on Iraq in Istanbul. As an outgrowth of the regional meetings, the United States and Iran have held bilateral meetings 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 an agreement to establish a working group to discuss ways to stabilize Iraq; it met for the first time on August 6, 2007. In his September 10 and 11, 2007 testimony to Congress, Ambassador Crocker said the bilateral meetings had not stopped Iranian support for Shiite militias, but that the talks might yet produce results and should be continued. In consideration of more recent assessments that Iran was reducing its weapons shipments into Iraq, more talks in Baghdad were scheduled for December 18, 2007, but were postponed until an unspecified date in January 2008 because Iran wants this round to be at the ambassadorial level, not working group talks, but the United States believes that the working group should meet first, and then the talks could move to ambassador level.

Despite the U.S.-Iran diplomacy, the Administration has continued to pressure Iran on Iraq issues. On March 24, 2007, the U.N. Security Council unanimously adopted Resolution 1747 on the Iran nuclear issue. The Resolution has a provision banning arms exports by Iran, a provision clearly directed at Iran's arms supplies to Iraq's Shiite militias and Lebanese Hezbollah. Another resolution is under negotiation, as are multilateral sanctions that might be imposed by like-minded countries. The prospects for major expansions in international sanctions were reduced by the December 3, 2007, U.S. National Intelligence Estimate (NIE) that said that in 2003 Iran had suspended a nuclear weapons program.

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

Iran has exercised substantial political and economic influence on the post-Saddam Iraqi government, although Iran's initiatives do not necessarily conflict with the U.S. goal of reconstructing Iraq. During exchanges of high-level visits in the summer of 2005, including one led by interim Prime Minister Ibrahim al-Jafari in July, 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. During a related defense ministerial exchange, the two signed military cooperation agreements, as well as agreements to open diplomatic facilities in Basra and Karbala and to begin 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 have said that any Iran-Iraq military cooperation would be limited to border security, landmine removal, and information sharing. Iran also extended Iraq a \$1 billion credit line as well, some of which is being used to build roads in the Kurdish north and a new airport near Najaf, a key entry point for the 20,000 Iranian pilgrims visiting the Imam Ali Shrine there each month. 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 \$1.3 billion worth of goods from Iran during 2006, according to Iran's Trade Planning Division (December 2006 fact sheet). Iran opened consulates in Irbil and Sulaymaniyah in November 2007.

Shortly after the Maliki government took office on May 20, 2006, Iran's Foreign Minister Manuchehr Mottaki led a visit to Iraq, during which Iraq's Foreign Minister, Hoshyar Zebari supported Iran's right to pursue "peaceful" nuclear technology, while also stating that Iraq does not want "any of [its] neighbors to have weapons of mass destruction."<sup>3</sup> Maliki visited Iran during September 13-14, 2006, signing agreements to on cross border immigration, intelligence sharing, and commerce. During the visit, he said that 3,400 members of the Iranian opposition group People's Mojahedin Organization of Iran (PMOI), based in Iraq during Saddam's rule and now confined by U.S.-led forces to a camp near the Iranian border, would be expelled from Iraq. He reiterated the expulsion threat in February 2007, although U.S. officials say the fighters would not be expelled as long as U.S.-led forces are in Iraq. During Maliki's visit to Iran during August 8-9, 2007 — during which the Iranian pledge to curb aid to Shiite militias was made — Maliki signed an agreement with Iran 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. He also invited Ahmadinejad to Iraq; Ahmadinejad formally accepted the trip on January 23, 2007, but no date was set. Ambassador Crocker reacted by saying that he does not expect anything "dramatic" to result from an Ahmadinejad visit. Others believe that Iraq's cabinet vote not to attend the November 27, 2007, Middle East summit in Annapolis was out of respect for Iran, which was not invited to the meeting.

## Prospects

Some believe Iran's influence will fade over the long term as territorial and Arab-Persian differences reemerge. Iraq's post-Saddam constitution does not establish an Iranian-style theocracy, and rivalry between Iraq's Shiite clerics and those of Iran might increase if Najaf reemerges as a key center of Shiite Islamic scholarship to rival Qom in Iran. 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 has allowed an Iraqi technical team to assess the condition of the aircraft (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 bilateral rededication to recognize the *thalweg*, or median line of the Shatt al Arab waterway between them, as their water border. This was a provision of the 1975 Algiers Accords between the Shah of Iran and the Baathist government of Iraq. (Iraq abrogated that agreement prior to its September 1980 invasion of Iran.) The water border remains subject to interpretation.

Iranian influence might increase if momentum builds to create new autonomous regions in Iraq, including a large Shiite region envisioned by ISCI. A U.S. Senate amendment adopted in September 2007 (H.R. 4986, FY2008 defense authorization bill) supports implementation of "federalism" in Iraq, and many Iraqi parties have denounced this amendment as an effort to "partition" Iraq. Any Shiite region in Iraq would no doubt look to Iran for economic, political, and even military support.

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<sup>3</sup> "Clarification Statement" issued by Iraqi Foreign Minister Hoshyar Zebari. May 29, 2006.