



## CRS Report for Congress

# Iran's Activities and Influence in Iraq

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### Summary

Iran is materially assisting all major Shiite Muslim political factions in Iraq, most of which have longstanding ideological, political, and religious ties to Tehran, and their armed militias. The Administration notes growing involvement by Tehran in actively directing, training, and arming Shiite militiamen linked, to varying degrees, to hardline cleric Moqtada Al Sadr. Some analysis goes so far as to see a virtual “proxy war” between the United States and Iran inside Iraq. This report will be updated. See CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

### 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 in the event of a broader 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, which erupted in major violence in Basra and Baghdad in late March 2008.

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 built a "Mahdi Army" (Jaysh al-Mahdi, or JAM) after Saddam's fall, which might now number about 60,000 fighters and which could be used by Iran to retaliate against the United States in the event of a U.S.-Iran confrontation. 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. The Badr Brigades were 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 attacks from Iran into southern Iraq against Baath Party officials, but did not shake the regime. During 2005-6, with the help of an ISCI member (Bayan Jabr) as Interior Minister, it burrowed into the Iraqi Security Forces (ISF). Badr fighters in and outside the ISF were purportedly been involved in sectarian killings of Sunnis, although to a lesser extent than Sadr's JAM. These killings 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 when Prime Minister Maliki agreed to fully cooperate with the U.S. "troop surge" by allowing U.S. forces to pressure Sadr's JAM militia. Maliki's stance ended his alliance with Sadr and, by August 2007 Sadr had pulled his five ministers out of the cabinet, and his 30 parliamentarians out of the UIA bloc. As the political rift widened, JAM fighters were occasionally battling Badr-dominated Iraqi government 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 among Iraqi Shiite civilians often victimized by the fighting, particularly after August 2007 JAM-Badr clashes in Karbala, and, in August 2007, Sadr declared a six month "suspension" of JAM activities; he extended the ceasefire in February 2008 for another six months. At the same time, according to testimony by General David Petraeus (overall U.S. commander in Iraq) on April 8-9, 2008, Iran, through its Revolutionary Guard Qods Force and assisted by Lebanese Hezbollah, continued to arm, train, and direct "Special Groups" of breakaway JAM fighters who were ignoring the Sadr "ceasefire" to continue fighting and attacking U.S. installations in Baghdad. The intra-Shiite conflict had space to accelerate as Britain drew down its forces the Basra area. In September 2007, Britain withdrew from Basra city to the airport, reduced its forces from 7,000 to 4,000, and transferred Basra Province to ISF control on December 16, 2007.

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

Iranian material support to militias in Iraq, particularly the "Special Groups," 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 may be seeking 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. 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 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 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 since 2003. In August 2007, Gen. Raymond Odierno, then number two U.S. 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 July 2, 2007, Brig. Gen. Kevin Begner was the first senior U.S. commander to say that Lebanese Hezbollah was assisting Iran in training and channeling weapons to Iraqi Shiite militias. He added that Iran gives about \$3 million per month to these Iraqi militias. He based the statement on the March 2007 capture — in connection with a January 2007 attack that killed five U.S. forces in Karbala — of former Sadr aide Qais Khazali and Lebanese Hezbollah operative Ali Musa Daquq.
- In his September 10 and 11, 2007 testimony to Congress — and repeated in similar comments in his update testimony during April 8-9, 2008, General Petraeus, said that Iran is seeking to turn the Special 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 a member of the Qods Force.
- Amid increasingly strong statements by U.S. military leaders about Iran's "malign" influence in Iraq, including reports that Iran is increasingly using Lebanese Hizballah as an intermediary to train Iraqi militias, General Petraeus had said there would be a U.S. briefing on new information on Iranian aid to the JAM in May 2008. The briefing reportedly has been postponed to provide time for Iraqi negotiators to confront Iran with the information on its involvement. An Iraqi parliamentary group visited Iran in late April 2008 but to no obvious major result on this issue; an Iraqi commission reportedly 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 a liaison office in the Kurdish city of Irbil. On November 9, 2007, U.S. officers released 9 of the 20, releasing

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

1 more on December 20, but continue to hold 10 that are believed of the most intelligence value. On March 24, 2007, the U.N. Security Council unanimously adopted Resolution 1747 on the Iran nuclear issue; it 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. 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, 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 (P.L. 110-181). 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

The March 2008 fighting in southern Iraq cast significant doubt on the effectiveness of the U.S. counter-measures. As of early 2008, U.S. officials had been asserting that Shiite militia attacks on U.S. forces and Iranian weapons shipments were generally diminishing. However, Maliki perhaps feared Sadrist strength in provincial elections now planned for October 1, 2008 and felt threatened by Fadhila party control of the Basra and Umm Qasr port operations. On March 25, 2008, Maliki, with ISCI backing, launched an ISF offensive to clear JAM and Fadhila militiamen from Basra, particularly the port area which these militias control. In an operation that Gen. Petraeus has called “poorly planned,” the ISF - possibly dominated by Badr loyalists - were unable to end militia influence in Basra or other cities. U.S. and British forces intervened with air strikes and military advice during the height of the fighting, but at least 1,300 of the extra 7,000 ISF involved defected or refused to fight, further disparaging analyst assessments of ISF capabilities, although the Administration said many ISF units performed well. Sadr, who reportedly received Iranian aid during the fighting agreed to an Iran-brokered “ceasefire” on March 30, 2008, but from a position of strength. Some fighting and JAM rocketing of U.S. installations in Baghdad have continued subsequently, in some cases producing deaths of U.S. soldiers, and U.S. forces continue to fight JAM elements in Sadr City, while the ISF has taken increasing control in Basra. On April 6, 2008, Maliki demanded Sadr disband the JAM as a condition for participating in the provincial

elections. There is increasing discussion among experts about a possible U.S. military move to stop the Iranian aid, potentially including strikes on Iranian rocket factories or shipments into Iraq.

**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, 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 bilateral discussions at these meetings. 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 establishment of a working group to discuss ways to stabilize Iraq; it met for the first time on August 6, 2007. 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 – and still have not been held – because Iran wants this round to be at the ambassadorial level, not working group talks. The United States believes that the working group should meet first, and then the talks could move to ambassador level. In early May 2008, Iran said it would not continue the dialogue because U.S. forces are causing civilian casualties in the continuing Sadr City fighting.

## **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. In 2005, Iran 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 estimated 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 \$2 billion worth of goods from Iran during 2007. Iran has opened consulates in Irbil and Sulaymaniyah.

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>2</sup> Maliki visited Iran during September 13-14, 2006, signing agreements to on cross border immigration, intelligence sharing, and commerce, and threatening to expel the 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. 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 made the visit, a first since the 1979 Islamic revolution, on March 2-3, 2008. During the trip, in which he was warmly welcomed at the highest levels of the Iraqi government, Ahmadinejad said the Iraqi people reject the U.S. presence. In conjunction with the visit, 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. 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.

## Prospects

Iranian influence in Iraq is currently assessed as extensive, and might increase further if its ally Sadr prospers politically or, alternatively, momentum builds to create a large new Shiite autonomous regions in Iraq, as envisioned by ISCI. Any such region would look to Iran for support. However, some believe Iran's influence will fade over the long term as territorial and Arab-Persian differences reemerge and because Iraq's Najaf might eventually returning to preeminence over Iran's Qom as a Shiite theological center. 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, but the two sides agreed to renovate water and land border posts during the Ahmadinejad visit to Iraq in March 2008.

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