



Iran faces growing Challenges in Iraq but is determined to further Its vital interests

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Main Argument

Iraq was and remains a particularly important arena for Iran's regional policies and national security concerns. Iran shares its longest and most strategic border with Iraq, which Iran considers to be its "backyard." Since the fall of Saddam Hussein in 2003, Tehran has worked to ensure that its neighbor to the east maintains its territorial integrity, under Shia dominance, and under Iran's sway. Iran **sees its involvement in Iraq as a vital tool for preserving its influence in the country. Iran strives to stymie American presence and influence**, which are perceived as a threat to its national security interests; and **strives to preserve the ground line of supply** linking Iran to Syria, which passes through Iraq ("the land corridor").

► Unlike in Syria, Iran's direct military presence in Iraq is very limited, and is based largely on Shia Iraqi militias, **which operate under direct or indirect patronage and guidance of the Islamic Revolutionary Guards Corps (IRGC).** In addition, Iran seeks to expand its influence in Iraq **in the economic, religious and cultural spheres**, particularly due the **crucial importance of Iraq to Iran's economy, and its role in subverting U.S. sanctions.**

► In recent months, Iran has faced a growing set of challenges in the Iraqi arena, the most significant among them being:

◆ **The assassination of Qasem Soleimani, the Commander of the IRGC's Qods Force, and Abu Mahdi al-Muhandis, the Deputy Commander of the Popular Mobilization Units (PMU, the umbrella body for the Shia militias in Iraq). Their assassination dealt a severe blow to Iran's ability to promote its strategic goals in the Middle East, including in Iraq, at least in the short term. However, Soleimani's killing has not led Iran to give up on its strategic goals in the Middle East.** The assassinations **did force the IRGC and Qods Force**, led by Soleimani's successor,

Esmail Qa'ani, **to adjust their missions and patterns of conducts to the changing circumstances.** Al-Muhandis' assassination, and a likely reduction in Iran's financial support to the Shia militias, also harmed Iran's ability to maintain its control over the Shia militias in Iraq and intensified struggles for power among them. Most of the tensions occur between the militias that see Iran as the main source of reference and authority, and most of the PMU militias, which follow the senior cleric, **Ayatollah Ali Sistani, the supreme Shia religious authority in Iraq.**



The former Commander of the Qods Force, Qasem Soleimani, and Abdul Aziz al-Muhammadawi (Abu Fadak), the successor to Abu Mahdi al-Muhandis as the commander of the Kataeb Hezbollah militia (seateshgh.com, February 22, 2020).

- ◆ **The COVID-19 crisis**, which broke out as Iran was experiencing one of the hardest periods since the Islamic Revolution. **The withdrawal of the United States from the nuclear accord (JCPOA) and reimposition of economic sanctions have exacerbated the challenges the country is facing and caused an unprecedented deterioration of its economy and living conditions.** The closure of Iran's borders with neighboring countries, including Iraq, due to the outbreak of the virus, also exacted a high economic cost of Iran, whose impacts will likely last even once the public health crisis is addressed.
- ◆ **The appointment of Mustafa al-Kazimi as prime minister of Iraq** also poses a sizeable challenge to Iran. Although al-Kazimi was elected to his position with Iranian accession, **he was not Iran's preferred candidate**, which had to accept his nomination to foil the appointment to the premiership of the former Najaf Governor, Adnan al-Zurfi. **Since assuming his position as prime minister, it is apparent that al-Kazimi is determined to prevent his country from becoming a battleground for settling scores between Iran and the United States.** He is striving to **preserve his country's ties to the U.S. administration**, promote the "strategic dialogue" between the two

countries **and curtail the influence of the Shia militias**, particularly those loyal to Iran, which are perceived by him as potential sources of instability and cause escalation with the United States.

► In light of these growing challenges, **Iran is trying to maintain a balancing act**, displaying **pragmatism and caution in its effort to preserve its ties with the central government in Baghdad, while at the same time promoting its long-term interests in Iraq**. Despite the steps taken by Iraqi Prime Minister, al-Kazimi, against the Shia militias, his solid ties to the American administration and efforts to bolster relations with Saudi Arabia, **Iran, fully aware of the challenges it is facing, is maintaining open communication channels with the central government in Baghdad and is careful to avoid publicly criticizing the prime minister or his policies, aiming to avert a confrontation with him**. Iran is aware of the fact that al-Kazimi, who was elected as a caretaker prime minister until the general elections in Iraq (set to take place in 2021 at the moment), is forced to contend with significant domestic challenges, chief among them the deep financial crisis and coping with the COVID-19 outbreak, and is not interested in exacerbating his hardship in a way that may further undermine the stability of Iraq's government.

► **The Qods Force of the IRGC continues to play a central role in Iraq in the post-Soleimani era**, as part of the ongoing Iranian effort to maintain its political and military foothold in the country. Since assuming his position in January 2020, the incoming commander of the force, Esmail Qa'ani, visited Iraq at least twice and met with senior Iraqi officials and commanders of the Shia militias. As tensions escalated between the Shia militias and the American forces stationed in Iraq in recent months, Iran has continued to coordinate its moves with the militias loyal to Tehran in Iraq. **Tehran continues to perceive the removal of American forces as a strategic goal and a significant lever for preserving and even bolstering its influence in the country. Therefore, the Qods Force encourages Kataeb Hezbollah (and possibly other militias) to apply measured pressure on the United States** (through firing of rockets at American bases and facilities, a violent protest in front of the American embassy in Baghdad).

► However, **Iran has avoided taking any direct action against the United States and is contending itself with low-intensity activities of its proxies, led by Kataeb Hezbollah**, without having to formally claim responsibility to avoid renewed escalation in Iraq, intensification of tensions between Tehran and the central government and Baghdad, and

possibly even a military confrontation with the United States, which would not serve Iranian interests. At this stage, it appears that **Iran estimates that preserving its influence in Iraq in the long-haul is preferable to violent and confrontational moves, which may increase tensions between Tehran and the central government in Baghdad.**

► At the same time, Iran seeks to ensure, to the greatest extent possible, the continuation of trade between Iran and Iraq **in an effort to preserve its vital economic interests.** At the center of Iranian efforts in the economic realm in recent weeks were attempts by senior Iranian officials and the Iranian Ambassador to Baghdad, Iraj Masjedi, **to facilitate the re-opening of the border crossings between the two countries**, which were closed shut after the outbreak of the COVID-19 pandemic; as well as a visit of a delegation headed by the Iranian minister of energy to Baghdad; a visit of the governor of the Iranian central bank; and meeting between the Iranian ambassador to Baghdad with senior ministers in Mustafa al-Kazimi’s new government. In addition, Tehran is holding talks with senior security officials in Iraq. Iran is also seeking to preserve its religious and cultural influence in Iraq in light of the limitations imposed on the movement of Iranian pilgrims to Iraq, following the outbreak of the COVID-19 epidemic.



The meeting of the Iraqi Prime Minister al-Kazimi with the Iranian Ambassador to Baghdad, Iraj Masjedi (Fars, May 10, 2020)

In summary, **Iran continues to regard Iraq as a central arena of activity that serves the vital security, political and economic interests of Iran.** Exactly due to the growing challenges facing Iran at home and abroad, and particularly the exacerbating economic crisis and the ongoing tensions with the United States surrounding the “maximum pressure” policy of the U.S. administration, Iran sees great importance in **preserving its influence in Iraq** and it does not intend to give up on it. However, Iran is cognizant of the challenges it faces at the current moment in Iraq, **and is not interested at this stage in a military escalation with the**

United States, or in a confrontation with the central government in Baghdad, which may jeopardize its long-term interests in Iraq. Therefore, it is adopting a careful approach that seeks to avoid defiant actions. The current policy combines applying measured pressure on the ground against the American presence in Iraq, while maintaining intense efforts to bolster its influence over the Iraqi government in an effort to preserve its economic interests in the neighboring country.

► **Iran does not intend to give up its ambitions for maintaining a significant foothold in Iraq,** but it recognizes that its ability **to realize them is limited (possibly temporarily) due to the domestic situation in Iran, the political developments in Iraq, and regional and international circumstances.** Nonetheless, **Iran may reexamine its policy in the future,** if it assesses that **Prime Minister al-Kazimi is threatening vital Iranian interests,** by taking on the Shia pro-Iranian militias or adopting a cooperative relationship with the United States and Sunni regional actors. The escalating confrontation with the international community, led by the United States, concerning the nuclear crisis and the continuation of the “maximum pressure” against it, **may force Iran to utilize its assets in Iraq, particularly the militias loyal to it,** to act against American interests and targets and its regional allies, including by intensifying the military pressure to accelerate the withdrawal of American forces from Iraq.

The Structure of the Report

- The report contains the following chapters:
 - ◆ **Growing challenges facing Iran in the Iraqi arena:**
 - The assassination of Qasem Soleimani and Abu Mahdi al-Muhandis
 - The COVID-19 crisis
 - The appointment of Mustafa al-Kazimi at the prime minister of Iraq
 - The intensifying threat of ISIS
 - Public criticism in Iraq of Iran’s meddling in the country
 - ◆ **The response to the growing challenges in Iraq: pragmatism and a careful approach alongside an ongoing effort to preserve Iranian influence:**
 - The political arena
 - The activities of the Qods Force
 - Activities in the economic, security and religious sphere

Growing Challenges Facing Iran in Iraq

- ▶ Iraq was and remains a particularly important arena for Iran's regional policies and a central component in its national security considerations. Since the fall of Saddam Hussein in 2003, Tehran has worked to preserve its neighbor to the east as one territorial entity under Shia dominance, and under Iran's sway. Following the occupation of Iraq by the United States in 2003, the IRGC's Qods Force led the effort to back the Shia militias that were established in Iraq and activated against the U.S. armed forces and the Western "Coalition of the Willing." The Qods Force provided financing, equipment and weaponry to most of the Shia militias, coordinated and organized the dispatch of Lebanese Hezbollah members to Iraq to assist in fighting against the United States and established channels of communication with the Iraqi government and additional powerful political actors in Iraq's domestic political scene, so as to entrench Iran's influence and reduce the American sway over Iraq.
- ▶ The dramatic gains made by ISIS (Islamic State in Iraq and a-Sham) in Iraq in the summer of 2014 posed a significant strategic challenge to Iran, forcing it to expand its military involvement through the Qods Force. ISIS' takeover of large swaths of Iraq impinged on Iraq's territorial integrity and placed a hostile and violent entity close to Iran's borders. The establishment and expansion of the so-called Islamic State, under ISIS control, compelled Iran to dispatch to Iraq weapons and advisers, led by Qasem Soleimani, who took on a leading role in the military campaign in Iraq through the Shia militias backed by Iran, in coordination with the Iraqi government.
- ▶ The collapse of the Islamic State and significant weakening of ISIS created new opportunities for Iran to exploit and expand its influence in Iraq. Unlike in Syria, Iran's direct military presence in Iraq is very limited, and is based largely on Shia Iraqi militias, which operate under direct or indirect patronage and guidance of the IRGC. Iran sees its involvement in Iraq as a vital tool for preserving its influence in the country. Iran strives to stymie American presence and influence, which are perceived as a threat to Iran's national security interests. Similarly to Syria, Iran seeks to expand its influence in Iraq in the economic, religious and cultural spheres as well, particularly due the crucial importance of Iraq to Iran's economy, and its role in subverting U.S. sanctions.

► In recent months, Iran has been facing growing challenges in the Iraq, the most important of which are the January 2020 assassination of the Commander of the Qods Force, Qasem Soleimani, and the Commander of the Shia Iraqi militia, Kataeb Hezbollah and the Deputy Commander of the Popular Mobilization Units (al-Hashd al-Shaabi, the umbrella organization of the Shia militias in Iraq), Abu Mahdi al-Muhandis; the COVID-19 crisis, which exacerbated the economic downturn in Iraq, and disrupted trade between Iran and Iraq; and the appointment of the former Chief of the Iraqi National Intelligence Service, Mustafa al-Kazimi, as the Prime Minister of Iraq; the escalation of public criticism in Iraq against Iranian meddling in the country; and the resurgence of ISIS activity in the country.

The Assassination of Qasem Soleimani and Abu Mahdi al-Muhandis

► The assassination of Qasem Soleimani and Abu Mahdi al-Muhandis in early January 2020 dealt a serious blow to Iran’s ability to promote its strategic goals in the Middle East, including in Iraq, at least in the short-term. Soleimani, who has turned into a “puppet-master” over the past decade and the actor leading Iran’s effort to increase its clout in the region, was close to Iran’s leadership, and particularly the Supreme Leader of Iran, Ali Khamenei. He also managed to create a network of ties with senior officials and leaders in the region, including the high-ranking commanders of the Shia militias in Iraq. Although his death did not lead Iran to give up on its broader objectives in the Middle East, the IRGC and the Qods Force under the command of Soleimani’s successor, Esmail Qa’ani, to adjust their missions and modus operandi due to the changing circumstances.



Qasem Soleimani and Abu Mahdi al-Muhandis, the Deputy Commander of the pro-Iran Shia militias, who were assassinated in early January 2020 (Fars, January 4, 2020).

► Al-Muhandis’ assassination too constrained Iran’s ability to maintain control over the Shia militias. Muhandis’ death exacerbated the internal power struggles among the Shia militias in Iraq. Some of the Shia militias see Iran as the main source of authority, and their leaders have

expressed on multiple occasions their loyalty to the Supreme Leader of Iran, Ali Khamenei, as their source of emulation, meaning, religious authority. However, most Shia militias in Iraq follow the senior cleric, Ayatollah Ali Sistani, the supreme Shia religious authority in Iraq. Sistani enjoys widespread popularity among the Shia community in Iraq, is a vociferous critic of the guardianship of the Islamic jurist system (velayat-e faqih) enacted by Iran after the Islamic Revolution, and he supports the integration of the militias loyal to him into the Iraqi security services. Sistani sees Iran's meddling in domestic Iraqi affairs as a foreign and threatening intervention, and has, on multiple occasions, expressed his reservations about the involvement of Iran, and particularly the IRGC, in Iraqi politics.

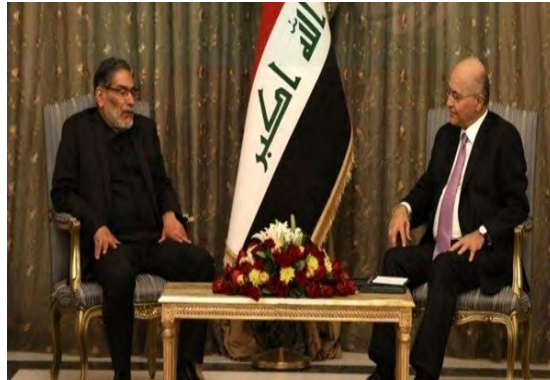
The COVID-19 Crisis

► The COVID-19 pandemic hit Iran during one of the most difficult periods in its modern history. The withdrawal of the United States from the nuclear accord (JCPOA) and re-imposition of economic sanctions exacerbated the hardships Iran is facing and caused an unprecedented deterioration in its economic situation. The worsening economic crisis also stems from the drop in the global prices for oil in recent months, as well as the structural problems afflicting the Iranian economy, including corruption, mismanagement, and excessive involvement of official and semi-official bodies in the management of the economy, such as the IRGC. The shuttering of Iran's borders with neighboring countries, including Iraq, after the outbreak of the Coronavirus, also exacted a high cost from Iran, whose impact will likely be felt even once the public health crisis is addressed.

The Appointment of Mustafa al-Kazimi as Iraq's Prime Minister

► The appointment of Mustafa al-Kazimi to the Iraqi premiership also poses significant challenges to Iraq. Although al-Kazimi was elected to his position with Iranian accession, he was not Iran's preferred candidate, which had to accept his nomination to foil the appointment to the premiership of the former Najaf Governor, Adnan al-Zurfi. The appointment of al-Zurfi, who is considered close to the United States and was supported by it, aroused a great deal of opposition among the Shia groups in Iraq, and particularly the blocs representing the pro-Iranian Shia militias. During March 2020, Iran acted to foil his appointment. Both the Secretary of the Supreme National Security Council, Ali Shamkhani, and the Commander of the Qods Force, Esmail Qa'ani, held meetings with senior Iraqi officials to coordinate this opposition. Iran supported al-Kazimi's appointment to the premiership despite disagreement among the Shia blocs in the Iraqi parliament, between

most of the Shia parties that backed his appointment, and Kataeb Hezbollah, which opposed it, claiming that al-Kazimi contributed to the assassination of Soleimani and al-Muhandis in his role as the head of Iraq's intelligence service.



The meeting between Ali Shamkhani and Iraqi President, Barham Salih (ILNA, March 9, 2020).

► Since assuming his position as prime minister, it is apparent that al-Kazimi is determined to prevent his country from becoming a battleground for settling scores between Iran and the United States. He is striving to preserve his country's ties to the U.S. administration, promote the "strategic dialogue" between the two countries and curtail the influence of the Shia militias, particularly those loyal to Iran, which are perceived by it as potential sources of instability and escalation with the United States. At the heart of al-Kazimi's policy, similarly to that of former Iraqi Prime Minister, Haider al-Abadi, who was appointed to his position in the summer of 2014 instead of the pro-Iranian Prime Minister, Nouri al-Malki, is the desire to avoid turning Iraq into an Iranian satellite. Al-Kazimi strives to continue receiving American assistance and wishes to maintain cordial relations with the Sunni Arab states.

► Immediately upon assuming his position, al-Kazimi met separately with the Iranian ambassador and the American ambassador in Baghdad. al-Kazimi told the Iranian Ambassador, Iraj Masjedi, that Iraq wishes to establish friendly relations with Iran and all of its neighbors, to provide their interests, security and stability in the region. He stressed that his country will not become "a transit route, or a place for terrorism, a base for aggression against any country, or a scene to settle scores." In his meeting with the U.S. Ambassador to Baghdad, Matthew Tueller, al-Kazimi stated that he will not allow his country to become the scene for attacking different counties, and expressed his desire to promote relations between Iraq and the United States (Tasnim; the Iraq news agency, May 9, 2020). al-Kazimi is facing a dilemma, recognizing the importance of the U.S. presence to be able to counter the threat of terrorism and the need to stymie Iran's influence in Iraq, while also facing pressures from

various political circles in Iraq, which are driven by nationalist sentiments or antagonism toward the U.S. and wish to bring about the withdrawal of U.S. forces from the country.

► al-Kazimi wishes to balance his country's relations with Iran not just through his ties with the United States, but also with Arab countries. In line with this policy, the Deputy Prime Minister and Minister of Finance of Iraq, Ali Allawi, visited Saudi Arabia in May 2020. Following the visit, reports emerged that Saudi Arabia intends to provide Iraq with a loan totaling in \$3 billion and provide Iraq with electricity in greater quantity and cheaper cost than the one provided to Iraq from Iran. A commentary published on the website Khabar Online (May 24, 2020) argued that Saudi Arabia is determined to use the formation of the new government to bolster its ties with Iraq and the expense of the relationship between Iran and Iraq. The author assessed that the financial challenges faced by Iraq will be exploited by Riyadh to improve the ties between the two countries. However, the article concluded, due to Saudi Arabia's conduct vis-a-vis Iraq during the years of the campaign against ISIS and the competition between the two countries in the oil market, the Saudis have never been considered by Iraq as partners on whom they can count.

► al-Kazimi poses a significant challenge to Iranian influence in Iraq, including through his efforts to limit the clout of the Shia militias loyal to Iran, and reestablish the authority of the government through enforcing its monopoly on legitimate violence. On May 11, the Iraqi police raided the headquarters of a small pro-Iranian militia, Thar Allah, in Basra, arresting a number of members and confiscating weapons, after its members had fired at protesters in the city (the Twitter account of the prime minister of Iraq, May 11, 2020). On May 16, 2020, al-Kazimi visited the headquarters of the Shia militias in Baghdad. He praised the work of the militias, but stressed that they were established based on a religious edict of the senior cleric Ayatollah Sistani to fight ISIS (Tasnim, May 16, 2020).



The visit of the Iraqi prime minister to the headquarters of the Shia militias in Baghdad (Tasnim, May 16, 2020).

► The **confrontation between al-Kazimi and the pro-Iranian militias recently reached a crescendo in a raid carried out by the Counter Terrorism Service (CTS) on June 25, 2020, on a compound of the Shia militia Kataeb Hezbollah.** The militias is responsible for recent rocket attacks against the compound of the American embassy in Baghdad and American forces stationed in Iraqi military bases. During the raid, the CTS arrested 14 members and confiscated launchers and rockets, which were likely intended to be used in future attacks against American targets. The raid aroused angry reactions from the pro-Iranian militias, which included personal attacks against the prime minister, accusing him of collaboration with the United States. A few days following the arrest, the militiamen were released from detention. It is too early to assess to what an extent al-Kazimi will be able to reduce Iran's footprint in Iraq and subordinate the Iranian-backed Shia militias to the central government. It should be mentioned that a previous Iraqi Prime Minister, Haider al-Abadi, also displayed an independent line vis-a-vis Iran and on several occasions became involved in confrontation with the Commander of the IRGC's Qods Force, Qasem Soleimani.¹

Resurgence of ISIS Activity

► ISIS too poses a growing challenge to Iranian interests in Iraq. Although the "Islamic State" no longer holds populated territory in Iraq, the militant threat persists. Iraq continues to serve as an epicenter of ISIS activity. In recent months, ISIS has stepped up its activities in the country, carrying out dozens of hit-and-run attacks. ISIS activities force the central government in Baghdad to intensify their counter-terrorism effort and steels its resolve to increase its control over the Shia militias who are taking part in the military campaign against ISIS.

Resurgence of ISIS Activity

► Alongside the growing challenges facing Iran in Iraq, public criticism in Iraq is also rising about Iranian involvement in their country. The role Iranian continues to play in Iraq, and the growing involvement of the IRGC's Qods Force in the running of domestic affairs in Iraq have aroused growing political and public criticism. During the protests that have taken place in Iraq over the past year, participants in protests in Shia-majority areas clearly expressed their

¹ For more on the tensions between the Iraqi Prime Minister, Haider al-Abadi, and the Commander of the Qods Force, Qasem Soleimani, see in the report by the Intelligence and Terrorism Information Center, "Portrait of Qasem Soleimani, commander of the Iranian Islamic Revolutionary Guards Corps' Qods Force, Instigator of Iranian Subversion and Terrorism in the Middle East and around the Globe," October 29, 2015. https://www.terrorism-info.org.il/Data/articles/Art_20899/E_174_15f_488197420.pdf

opposition to Iran's penetration and meddling in Iraq. A poll recently conducted by the Iraqi Independent Institute of Administration and Civil Society Studies (IIACSS), which is the local representative of the American Gallup pollster, indicated that Iran continues to lose popular support in Iraq. For the first time in years, the United States enjoys double the approval ratings of Iran (about 33% expressed support for the United States versus 15% only for Iran). This represents a sharp drop in support for Iran since 2017, when Iran enjoyed a 70% favorability rating (VOA, June 16, 2020).

The Response to the Growing Challenges in Iraq: Pragmatism and Caution alongside an Effort to Maintain Iran's Influence

The Political Arena

► In light of the growing challenges, Iran is attempting to maintain a balancing act, displaying pragmatism and caution in its effort to preserve its ties with the central government in Baghdad, while at the same time promoting its long-term interests in Iraq. The highest priorities for Iran being maintaining its political, economic and security cloud in Iraq, and accelerating the withdrawal of U.S. forces from Iraq.

► Despite the recent moves of the Iraqi Prime Minister, al-Kazimi, against the Shia pro-Iranian militias, his solid ties with the American administration and efforts to bolster relations with Saudi Arabia, Iran, fully aware of the challenges it is facing, is maintaining open communication channels with the central government in Baghdad and is careful to avoid publicly criticizing the prime minister and his policies, to avert a confrontation with him. Iran is aware of the fact that al-Kazimi, who was elected as a caretaker prime minister until the general elections in Iraq (set to take place in 2021 at the moment), is forced to contend with significant domestic challenges, chief among them the deep financial crisis and coping with the COVID-19 outbreak, and is not interested in exacerbating his hardship in a way that may further destabilize the stability of Iraq's government.

► **Immediately upon al-Kazimi's appointment as prime minister, Iran welcomed his election and stressed the need to bolster cooperation between the countries, while highlighting its support for maintaining the Independence, sovereignty and stability of Iraq.** On May 7, the Iranian Minister of Foreign Affairs, Mohammad Javad Zarif, congratulated al-Kazimi on his Twitter account for completing the task of government formation. On May

11, 2020, the Iranian President, Hassan Rouhani, spoke on the phone with the Iraqi prime minister and congratulated him for the nomination. Rouhani stressed his country's support for Iraq, adding that Iraq's independence, political stability, national sovereignty and territorial integrity are important to Iran. He expressed hope for furthering the ties and commercial cooperation between the two countries, adding that the countries of the region must be careful of those seeking to threaten the interests of Iraq and the countries of the region. al-Kazimi remarked that Iraq will never forget Iran's assistance in ensuring stability and security in Iraq, and particularly the role it played in the campaign against ISIS. He too called for bolstering ties between the two countries (IRNA, May 11, 2020).

► **The Iranian Ambassador to Baghdad, Iraj Masjedi**, also congratulated the prime minister-elect on Twitter (May 7, 2020), and wished the government success in serving the Iraqi people. On May 9, 2020, Masjedi met with al-Kazimi, and congratulated him for the confirmation of his appointment by the Iraqi parliament. Masjedi also expressed Iran's desire to bolster relations and cooperation between the two countries in all spheres. In interviews to the Iranian news agencies IRNA and al-Alam, Masjedi stated that al-Kazimi's approach vis-a-vis Iran is positive and that he promised to work to bolster ties between the two countries and implement all the bilateral agreements signed by Iran and Iraq (IRNA, May 13). A few weeks later, Masjedi, stated in an interview to the TV channel al-Iraqiya, that Iran wishes to support and cooperate in all spheres with the government of Mustafa al-Kazimi, and improve further bilateral relations between the two countries. He expressed hope for bolstering of economic and trade ties between the two countries, and particularly in the electricity sector, adding that Iran is willing to invest in increasing Iraq's capacity to produce electricity. He remarked that although there is a difference between the government led by Kazimi and previous Iraqi governments, the two countries need each other, and therefore no change has occurred in the relationship between the neighboring nations, and there are no fundamental disagreements between the two countries (ISNA, June 15, 2020).



The meeting between the Iraqi prime minister with the Iranian Ambassador to Baghdad, Iraj Masjedi (Tasnim, May 9, 2020).

► In light of reports about al-Kazimi’s close ties to the United States, Iranian media also tried to downplay concerns about harm to Iranian-Iraqi relations. The Iranian news website Tabnak published a commentary (May 12, 2020) titled: “Will al-Kazimi’s Iraq be anti-Iranian?” The commentary argued that analysts who claim that al-Kazimi intends to prioritize Iraq’s relationship with the United States over its ties to Iran do not understand the essence of the relationship between Iran and Iraq, and the depth of the Iranian influence in Iraq, which do not fundamentally change when a government is replaced in Baghdad.

► **Iran’s desire to avoid confrontation with Iraqi Prime Minister al-Kazimi was jarringly apparent in the timid response to the raid on the compound of Kataeb Hezbollah, the Iranian-backed Shia militia that is our assessment carried out most of the rocket attacks against American bases and compounds.** Abbas Mousavi, the Spokesman of the Iranian Ministry of Foreign Affairs, declared during his weekly press conference (June 25, 2020) that events taking place in Iraq are connected to Iraq alone, and Tehran does not intend to intervene in the domestic affairs of Iraq or express its opinion on matters that are not connected to Iran. He added that the Popular Mobilization Units (the umbrella of Shia militias in Iraq) is a grouping reflecting popular mobilization, established under the guidance of senior clerics that turned into an armed force. He remarked that Iran is confident that Iraq will manage its domestic affairs in the best way possible to re-establish stability and safety to the country. Addressing reports about a possible visit of the Iraqi prime minister to Tehran, Mousavi stated that Iran welcomes any ties and visits by senior officials of countries bordering on Iran, but that a final date for such a visit has not been set yet (Tasnim, June 29, 2020). The official Iranian reaction reflects Tehran’s desire to avoid exacerbating tensions with the incoming Iraqi prime minister. It is apparent that Iran prefers to work to maintain its political, military and economic influence in Iraq while avoiding a direct and public

confrontation with al-Kazimi. This is while recognizing the challenges it faces in the Iraqi arena, and the assessment that at the moment, there is no immediate and significant threat to its vital interest in this arena.

► Iranian media also largely avoided directing criticism at the Iraqi prime minister following the raid in southern Baghdad. **The Mehr news agency censured the raid on the Kataeb Hezbollah base and the arrest of the militia's members, but did not blame al-Kazimi directly for the incident.** In a commentary published on the website of the agency (June 27, 2020) it was argued that **those who carried out the raid failed to achieve their goal of splitting the Shia militias from Iraq's security forces since the Shia militias are not only an inseparable part of the armed forces, but also enjoy the support of the senior clergy.** Therefore, the Americans and those serving them will not be able to put an end to militias that enjoy military power, popular support, and the support of the senior clerics. However, in another commentary published by Mehr (July 5, 2020), harsher criticism was expressed toward Prime Minister al-Kazimi, arguing that he is acting in accordance with American dictates. The article stated that instead of according with the priorities to which he was committed when appointed to his role, chief among them improving the economic situation, preparing for holding new parliamentary elections as soon as possible, bringing about the withdrawal of U.S. forces from Iraq, and taking on corruption, al-Kazimi has been focused on promoting goals in line with American demands.

The Activities of the Qods Force

► As part of the ongoing Iranian effort to maintain its political and security sway in Iraq, the IRGC's Qods Force continues to play a central role in Iraqi affairs even after the assassination of Soleimani. Since assuming his position in January 2020, the incoming commander of the force, Esmail Qa'ani, visited Iraq at least twice and met with senior Iraqi officials and the Shia militias. In late March 2020, Qa'ani visited Iraq in an effort to unite the Shia blocs in rejecting Adnan al-Zurfi's candidacy for prime minister and reaching an agreement about an alternative candidate for the premiership. According to some reports, Qa'ani met with the head of the Shia parties in the Iraqi parliament, Hadi al-Ameri, Nouri al-Maliki and Omar al-Hakim in an effort to reach an agreement concerning an alternative candidate for the position of Iraqi prime minister, in light of the opposition of the Shia blocs and Iran to al-Zurfi's nomination for the position (al-Marsad News, March 31, 2020; al-Akhbar, April 1, 2020).

- ▶ Against the backdrop of a military escalation between the Shia militias and the American forces stationed in Iraq in recent months, Iranian continues to coordinate its moves with the militias loyal to Tehran in Iraq. Tehran continues to perceive the removal of American forces as a strategic goal and a significant lever for preserving and even bolstering its influence in the country. Therefore, the Qods Force encourages Kataeb Hezbollah (and possibly other militias) to apply measured pressure on the United States (through firing of rockets at American bases and facilities, a violent protest in front of the American embassy in Baghdad).
- ▶ In early June 2002, Qa'ani arrived for another visit in Baghdad ahead of the start of the strategic dialogue between Iraq and the United States. Iraqi sources reported that his visit was aimed at developing a united front with senior members of the blocs loyal to Iran in Iraq, ahead of the start of the dialogue. According to some reports in Arab media, Qa'ani was forced to apply for a visa ahead of entering Iraq, and entered as part of an official Iranian delegation headed by the Iranian Minister of Energy, Reza Ardakanian (al-Araby al-Jadeed, June 3, 2020).
- ▶ An Iranian news website recently published a report addressing the changes in the modus operandi of the Qods Force following Soleimani's assassination and the appointment of Qa'ani in his stead. The report claimed that unlike his predecessor, **Qa'ani prefers covert activity over publicly visible one**, but continues to further Iran's strategic goals in the various arenas, including Iraq. In Iraq, he is overseeing the execution of semi-covert activities in an effort to accelerate the withdrawal of U.S. forces under the changing circumstances, created following the appointment of Mustafa al-Kazimi as Iraq's Prime Minister (Jahan News, June 20, 2020).
- ▶ These growing challenges appear at a time of increasing tensions between the American forces stationed in Iraq and the Iraqi Iranian-backed Shia militias. Even after Soleimani's assassination, the confrontation between the pro-Iranian Shia militias and the forces of the International Coalition persisted, culminating in a series of attacks in mid-March 2020 in the form of rocket fire on bases hosting Coalition troops. In an attack carried out on March 11, 2020, against the military base al-Taji north of Baghdad, two American soldiers and a British servicewoman were killed. In another attack, carried out against the base on March 14, 2020 a number of Iraqi and American soldiers were injured. Another attack was launched on March 17, 2020 against the Basmaya base south of Baghdad. The spokesman of the Iranian Ministry of Foreign Affairs denied any Iranian involvement in these attacks and declared that the

American presidents should examine the presence of his forces in the region instead of dealing in “baseless accusations” (Fars, March 13, 2020).

► Against the backdrop of confrontation between the Shia militias and American forces in Iraq, Iran continues to coordinate its efforts with senior commanders of the militias loyal to it. In early January 2020, Abdul Aziz al-Muhammadawi (Abu Fadak), who was appointed as the commander of Kataeb Hezbollah following the assassination of Abu Mahdi al-Muhandis, paid a visit to Iran. During the visit, Abu Fadak traveled to the gravesite of Qasem Soleimani, the former Commander of the Qods Force, in the city of Kerman (Mashreq News, February 24, 2020).



**Ahmad al-Mahmadawi at the grave-site of Qasem Soleimani
(Mashreq News, February 24, 2020).**

► In February 2020, Tehran held a ceremony commemorating the fallen fighters of the “resistance front,” during which the leader of the Iranian-backed Iraqi Shia militia, Harakat al-Nujabaa, Sheikh Akram al-Kaabi, declared that the militia intends to fight against the American forces stationed in Iraq until they are expelled from it. He added that his organization is determined to avenge the death of the “fallen commanders of the resistance” and is preparing for war. He proclaimed that the countdown for the moment of exacting revenge for the death of Qasem Soleimani and Abu Mahdi al-Muhandis has begun (Tasnim; Mehr, February 15, 2020).



Sheikh Akram al-Kaabi, the Commander of the Harakat al-Nujabaa' militia (IRNA, February 15, 2020).

► Although in April 2020 tensions subsided between the United States and the Shia militias in Iraq, Iranian officials continued to call for the withdrawal of American forces from Iraq. The Speaker of the Iranian Ministry of Foreign Affairs, Abbas Mousavi, claimed that U.S. military actions in Iraq are a violation of Iraqi sovereignty and contravene the official and public demand of the government, the parliament, and the Iraqi people, and may escalate the situation in the region (Tasnim, April 1, 2020). **The Senior Security Adviser of the Supreme Leader of Iran and former Commander of the IRGC, Seyyed Yahya Rahim Safavi**, also addressed the developments in Iraq. In a commentary published by the Tasnim and Fars news agencies, which are affiliated with the IRGC, he warned (April 1, 2020), that if the United States ignores the demand of the Iraqi parliament to remove its forces from Iraq, it will have to face the consequences for its illegal presence in Iraq. He stated that the economic and political situation in the United States, in light of the COVID-19 outbreak and upcoming presidential elections, are hindering its ability to oversee a military campaign in the region. Safavi called on the U.S. government and military leaders to examine the repercussions of any action they decide to take, and warned that **the Iraqi people, the Iraqi youth and resistance groups are willing to act against any American military action** (Tasnim, July 1, 2020).

► Meanwhile, the United States announced the redeployment of its forces in Iraq, including the removal of forces from three small bases and concentrating these forces in larger bases, whose defenses would be bolstered. As part of this move, the Americans transferred control over the al-Qaem base to the Iraqi Army. The reports about the reduction in the American footprint in Iraq, as well as the agreement the United States reached with the Taliban, which will gradually see the withdrawal of U.S. forces from Afghanistan, bolstered the sense in Tehran that continuing to maintain military pressure on American troops in Iraq through the

Shia militias operating under Iranian guidance, may hasten the pullout of American forces from Iraq. Thus, for example, the former Iranian Ambassador to Iraq, Hassan Danaeifar, assessed in an interview to the Tasnim news agency (April 13, 2020), that American troops will pull out from Iraq in less than two years.

► **Tehran continues to perceive the removal of American forces as a strategic goal and a significant lever for preserving and even bolstering its influence in the country.** However, Tehran is willing to adopt a careful and pragmatic approach with regards to the efforts to achieve this goal, and is, at least for now, avoiding taking action that may lead to renewed escalation in Iraq, to the intensification of tensions between Tehran and the central government and Baghdad, and possibly even to a military confrontation between it and the United States, which would not serve Iranian interests at this stage. It appears that Iran assesses that preserving its influence in Iraq in the long-haul is preferable to violent and confrontational moves, which may increase tensions between Tehran and the central government in Baghdad.

► A manifestation of this careful approach by Iran and its proxies in Iraq can be found **in the decision to avoid claiming responsibility for attacks** carried out against American targets in Iraq in parallel to the start of the strategic dialogue between Iraq and the United States. A fictitious group calling itself “the League of the Righteous” claimed responsibility for these attacks. This is a well-known Iranian modus operandi that has been used in the past. In addition, following the visit of the Commander of the Qods Force, Esmail Qa’ani, in Iraq in early June 2020, the Lebanese newspaper al-Akhbar, affiliated with Hezbollah, reported (June 6, 2020) that in the meeting Qa’ani held with the commander of the Shia militias during his two-day visit to Baghdad, he called on them not to escalate the situation, maintain calm and solve problems with discretion. He stressed that the Population Mobilization Units are an Iraqi force that Iran supports, but that Iran has no intention to intervene in internal Iraqi disagreements. Qa’ani also stated that al-Kazimi’s election to the position of prime minister is an Iraqi decision, not an Iranian one, and that his success will serve the interest of both countries.

► Even if the report in al-Akhbar does not reflect the exact content of the discussions during Qa’ani’s visit, the publication indicates that Iran wishes to **present a relatively moderate position to refrain from embarrassing the incoming Iraqi prime minister and avoid a confrontation with him at the current stage.** The Iranian Ambassador to Baghdad, Iraq

Masjedi, declared after Qa'ani visit to Baghdad that the American-Iraqi dialogue is a domestic political matter in Iraq, and if the Iraqi parliament supports the decisions of the government, Iran will back them as well. He claimed that the visit was not related in any way to the launch of the dialogue and reiterated Iran's position that the American forces should withdraw not just from Iraq, but from the entire region (ISNA, June 15, 2020).

Activities in the Economic, Security and Religious Realms

► Meanwhile, Iran is seeking to ensure, to the greatest extent possible, the continuation of trade between Iran and Iraq **in an effort to preserve its vital economic interests**. At the center of Iranian efforts in the economic realm in recent weeks were attempts by senior Iranian officials and the Iranian Ambassador to Baghdad, Iraj Masjedi, **to allow the re-opening of the border crossings between the two countries**, which were closed shut after the outbreak of the COVID-19 pandemic; as well as a visit of a delegation headed by the Iranian minister of energy to Baghdad; a visit of the governor of the Iranian central bank; and meeting between the Iranian ambassador to Baghdad with senior minister in charge of the economy in Mustafa al-Kazimi's new government.

► In March 2020, Masjedi visited two of the border crossings connecting the two countries: the Iraqi Zurbatiyah crossing and the Iranian border crossing at Mehran and discussed with officials at the crossings to facilitate the movement of goods and travelers between Iran and Iraq in light of the COVID-19 outbreak. In the visit, during which he was accompanied by the Iranian Military Attache to Baghdad, Mostafa Moradian, the ambassador met with the governors of the Kermanshah and Ilam provinces in western Iran and underlined the need to bolster economic cooperation between Iran and Iraq through the border crossings located in these provinces (IRNA, March 21, 2020).

► In early April 2020, representatives of the Arvand Free Trade Zone along the shores of the Persian Gulf with Iraqi officials from the city of Basra. The meeting was held at the Shalamcheh border crossing and the sides discussed the possibility of reopening the border crossing, which was shut on March 7, 2020, by Iraqi authorities due to the outbreak of COVID-19, which halted the entry of Iranian goods through the crossing. The two sides discussed the public health measures that need to be put in place to allow for the reopening of the crossing and resumption of economic activity through it. The Shalamcheh border crossing is located about 15 kilometers (nine miles) from the city of Khoramshahr in south-western Iran and about 20 kilometers (12.5 miles) from the city of Basra in Iraq. It is considered the most

important crossing in southern Iran for the movement of goods and pilgrims between the two countries (IRNA, April 9, 2020).



A meeting of Iraqi and Iranian officials to examine the possibility of reopening the Shalamcheh border crossing (IRNA, May 9, 2020).

► In early June 2020, Seyyed Hamid Hosseini, a member of the board of governors of the Joint Iranian-Iraqi Chamber of Commerce announced that in April and May 2020, the volume of exports to Iraq increased, after witnessing a drop following the outbreak of the Coronavirus. He mentioned that about 50 Iraqi trucks entered Iran last month to transfer to Iraq Iranian goods, which were stored in Iranian customs, and 500 additional trucks will enter Iran to ferry additional goods. Hosseini added that the southern border crossing of Shalamcheh will soon re-open, and following the necessary coordination, the rest of the border crossings will be reopened, which have been closed since the outbreak of COVID-19 led to their shuttering (Fars, June 9, 2020).

► On June 3, the Iranian Minister of Energy, Reza Ardakanian, arrived for an official visit to Iraq, during which he met senior Iraqi officials, including the Prime Minister, Mustafa al-Kazimi; the President of Iraq, Barham Salih; the Minister of Electricity, Majid Mahdi Hantoush; and the Minister of Finance, Ali Allawi. The meetings concerned expanding cooperation between the two countries in the electricity and water sectors. At the end of his visit, Ardakanian announced that the two countries decided to extend the contract concerning the export of electricity from Iran to Iraq by two additional years. He also mentioned that Iraq paid Iran a debt amounting to about \$400 million for the provision of electricity from Iran, about half of the sum demanded by Tehran (IRNA; Tasnim, June 3, 2020).



The meeting of the Iraqi minister of electricity with the Iranian minister of energy (IRNA, June 3, 2020).

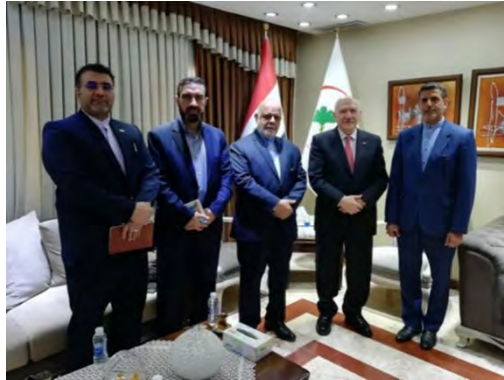
► In mid-June, the Governor of the Iranian Central Bank, Abdolnaser Hemmati, paid a visit to Baghdad, during which he met with the Governor of the Iraqi Central Bank, Ali Mohsen Ismail al-Alaq, and discussed expanding monetary and banking cooperation between the two countries, and setting up a joint financial mechanism, which would allow Iran to use its revenues from exports to Iraq, mostly of gas and electricity, to import basic goods from Iraq that are not under sanctions, including medicine and foodstuffs (IRNA, June 17, 2020).



The meeting between the governors of the Iraqi and Iranian central banks (IRNA, June 17, 2020).

► During his visit to Baghdad, the Governor of the Iranian Central Bank also met with the Iraqi Minister of Economy, Ali Allawi, and with the Iraqi Prime Minister, Mustafa al-Kazimi, who expressed hope that the economic sanctions placed on Iran will be lifted. Kazimi stated that Iraq stands by Iran and is ready to assist it, given the hard conditions it faces, similarly to how Iran previously stood by Iraq. At the end of his meeting with the Iranian central bank governor and with the Iraqi minister of electricity, Hemmati stated that Iraq expressed its willingness to pay back Iran the sums it owes for imports of electricity and gas (IRNA, June 17, 2020). In parallel to the visits of the senior Iranian officials in Baghdad, the Iranian Ambassador to Iraq, Iraj Majsedi, held a series of meetings with Iraqi ministers, including the ministers of interior,

defense, transportation, labor and social affairs, planning, development, finances, higher education, oil, health, and environmental protection.



The meeting between the Iranian ambassador to Baghdad with the Iraqi ministers of health and environmental protection (IRNA, April 21, 2020).

► Iran is also seeking to preserve its cultural and religious influence in Iraq, in light of the limitations imposed on the movement of Iranian pilgrims to Iraq following the COVID-19 outbreak. In mid-April, the Head of Iran's Hajj and Pilgrimage Organization, Alireza Rashidian announced that preparations and plans are being developed to renew the dispatch of Iranian pilgrims to Shia holy sites in Iraq and Syria after the COVID-19 pandemic is quelled. He remarked that the organization is developing medical protocols in cooperation with the Ministry of Health and the Red Crescent organizations and is coordinating through the Iranian Ministry of Foreign Affairs with Iraq and Syria for the renewal of pilgrimages. In addition, preparations are being made to provide all the necessary services to maintain the health of the pilgrims (Tasnim, April 15).

► In addition to the dialogue with Iraqi officials concerning political and economic matters, Iran is also maintaining talks concerning matters of security with senior Iraqi officials. The Iranian Military Attache to Baghdad, Mostafa Moradian, met with the Iraqi Minister of Defense, Najah al-Shammari, and discussed ways to bolster military cooperation between the two countries. In the meeting, held on April 9 in the Iranian embassy in Baghdad, the two emphasized the importance of the war on terror, and particularly against ISIS cells that continue operating in Iraq. The two also discussed ways to counter the spread of the COVID-19 pandemic (Mehr, April 9, 2020).

► In late June 2020, the Iranian Military Attache to Baghdad also met with the incoming Iraqi Chief of Staff of the Armed Forces, Abdul Amir Yarallah, and discussed the military cooperation between the two countries and the campaign against ISIS. Moradian expressed his country's willingness to assist Iraq's armed forces in various spheres. The Iraqi chief of

staff expressed the desire to expand and bolster intelligence sharing as part of the joint committee of Iran, Russia, Syria and Iraq, which was established for the purpose of intelligence sharing and coordinating the campaign against ISIS (IRNA, June 23, 2020). Recently Moradian also met with the Iraqi Minister of Defense, Juma Anad Saadoun, and with the Chairman of the Foreign Affairs and Security Committee of the Iraqi Parliament, Mohammed Redha al-Haidar, and discussed ways to expand military and security cooperation between the two countries (IRNA, July 3, 2020). In mid-May 2020, Tahseen al-Khafaji, the Spokesman of the Joint Operations Command in Iraq stated that the security cooperation between Iraq, Syria, Iran and Russia in the campaign against “the remnants of ISIS” is ongoing. He stated that the Joint Operations Command cooperates with the three countries in gathering intelligence and striking ISIS targets in Iraq (ISNA, May 11, 2020).



The meeting between the Iraqi chief of staff with the Iranian military attache to Baghdad (IRNA, June 23, 2020).