



CRS Report for Congress

Iran's Activities and Influence in Iraq

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Summary

Iran is materially assisting and attempting to influence, in most cases against the United States, major Shiite Muslim factions in Iraq, most of which have ideological, political, and religious ties to Tehran. The Administration asserts that Tehran is actively directing, training, and arming Shiite militiamen linked, to varying degrees, to hardline anti-U.S. cleric Moqtada Al Sadr. Some analysts 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 affect the U.S. effort to stabilize Iraq and heighten U.S. concerns about Iran's nuclear program and regional ambitions. With the conventional military and weapons of mass destruction (WMD) threat from Saddam Hussein removed, Iran's strategy in Iraq has been to perpetuate domination of Iraq's government by pro-Iranian Shiite Islamists, while also aiding Shiite militias that are willing to combat U.S. forces. Because of their ability to cause U.S. casualties, these militias give Iran leverage in the event of a broader confrontation with the United States. However, Iran has increasingly faced a dilemma in Iraq as its protege Shiite leaders have increasingly fought each other, as happened in Basra and Baghdad in March-May 2008.

During 2003-2005, Iran's leaders supported the decision by Iraqi Shiite Islamist factions in Iraq to work with a U.S.-led election process, because the number of Shiites in Iraq (about 60% of the population) virtually ensured Shiite dominance of an elected government. To this extent, Iran's goals coincided with U.S. policy, which was to establish democracy in Iraq. 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 33-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 relative,

Mohammad Baqr Al Sadr, was founder of the Da'wa Party, a political ally of Iran's Ayatollah Ruhollah Khomeini, and was hung by Saddam Hussein in 1980. Iran later came to see political value in Sadr's faction — which has 29 seats in parliament and a large and dedicated following, particularly among lower-class Iraqi Shiites. He built a “Mahdi Army” (Jaysh al-Mahdi, or JAM) after Saddam's fall, which grew to 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 those cases, fighting was ended with compromises under which JAM forces stopped fighting in exchange for amnesty for Sadr. Seeing the JAM as useful against the United States in the event of a U.S.-Iran confrontation, in 2005, Iran began supplying arms to the JAM through the “Qods (Jerusalem) Force” of the Revolutionary Guard, the main Iranian military force. The Qods Force is the unit of the Guard that assists Iranian protegee forces abroad.

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, which is politically aligned with Iran's hardliners, during the 1980-88 Iran-Iraq 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, the militia burrowed into the Iraqi Security Forces (ISF). Badr fighters in and outside the ISF were purportedly 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 cooperate with the U.S. “troop surge” by supporting U.S. military pressure against Sadr's JAM militia. Maliki's alliance with Sadr ended, and by August 2007 Sadr had pulled his five ministers out of the cabinet and his parliamentarians out of the UIA bloc. As the rift widened, JAM fighters increasingly battled Badr-dominated Iraqi government, 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 August 2007 JAM- ISCI clashes in Karbala, and that month Sadr declared a six month “suspension” of JAM activities. (He extended the ceasefire in February 2008 for another six months.) The intra-Shiite conflict had space to accelerate as Britain drew down its forces the Basra area from 7,000 to 4,000 in concert with the British withdrawal from Basra city to the airport, and the transfer of Basra Province to ISF control on December 16, 2007.

Assertions of Iranian Support to Armed Groups

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 and the Palestinian organization Hamas, which now controls the Gaza Strip. Iran may be seeking to develop a broad range of options in Iraq that includes pressuring U.S. and British forces to leave Iraq, 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 by saying that Iran would fill a “vacuum” that would be left by U.S. withdrawal from Iraq. 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 has said there are 150 Qods and intelligence personnel in Iraq.¹ Qods Force officers often do not wear uniforms, and their main role is not combat, but rather identifying Iraqi trainees and organizing safe passage for weapons shipments into Iraq.

- On February 11, 2007, U.S. military briefers in Baghdad provided what they said was specific evidence that Iran had supplied armor-piercing “explosively formed projectiles” (EFPs) to Shiite militias. EFPs have been responsible for over 200 U.S. combat deaths since 2003. In August 2007, Gen. Raymond Odierno, then the second in command and expected in September 2008 to be overall commander in Iraq, said that Iran had supplied the Shiite militias with 122 millimeter mortars that are used to fire on the Green Zone in Baghdad.
- On July 2, 2007, Brig. Gen. Kevin Begner was the first senior U.S. commander to say that Lebanese Hezbollah was assisting the Qods Force in aiding 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 Daqduq.
- In his September 10 and 11, 2007, testimony to Congress — and repeated in similar comments in testimony during April 8-9, 2008 — General Petraeus said that the Qods Force is seeking to turn the “Special Groups” — purportedly radical and possibly breakaway elements of the JAM — 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.

According to testimony by General David Petraeus (overall U.S. commander in Iraq) on April 8-9, 2008, Iran continues to arm, train, and direct the Special Groups, who are attacking U.S. installations in Baghdad. That testimony was delivered just as major fighting was occurring as Maliki and his allies, perhaps feared Sadrist strength in provincial elections to be held in the fall of 2008, launched an ISF offensive to clear JAM and Fadhila militiamen from Basra, particularly the port area which these militias controlled and used for their own financial benefit. In an operation that Gen. Petraeus has called “poorly planned,” the ISF — possibly dominated by Badr loyalists — were initially 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 not to disarm. Some fighting and JAM rocketing of U.S. installations in Baghdad continued

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

subsequently, in some cases producing deaths of U.S. soldiers, and U.S. forces continued to fight JAM elements in Sadr City until another Sadr-government agreement in mid-May 2008, while the ISF has taken increasing control in Basra and is preparing a move into militia-controlled Amarah as of June 16, 2008. In responding to Maliki's moves, Sadr has (1) announced on June 13, 2008, that most of the JAM would now orient toward peaceful activities; (2) that a small corps of "special companies" would be formed from the JAM to actively combat U.S. forces in Iraq; and (3) in order to circumvent the government's demand that the JAM be disbanded as a condition for Sadrist participation in the provincial elections, the Sadr movement would not offer a separate list for the fall 2008 provincial elections. The movement would instead back technocrats and independents from other party lists.

Amid increasingly strong statements by U.S. military leaders about Iran's "malign" influence in Iraq, General Petraeus said in May 2008 there would be a U.S. briefing on new information on Iranian aid to the JAM. The briefing has been postponed reportedly at the request of Iraqi leaders in order not to draw Iraq into a U.S.-Iran dispute. An Iraqi parliamentary group visited Iran in April 2008 but to no obvious major result on this issue; an Iraqi commission reportedly is investigating Iran's aid to the JAM. At the same time, there has been 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, but that speculation has waned as these battles have quieted.

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, and another on December 20, but continue to hold 10 who 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.

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 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 because Iran wanted talks to be at the ambassadorial level, while the United States believed that the working group should meet first. On May 6, 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 2005, including one led by interim Prime Minister Ibrahim al-Jafari in July 2005, Iraqi officials took responsibility for starting the 1980-1988 Iran-Iraq war, and indirectly blamed Saddam Hussein for using chemical weapons against Iranian forces during that conflict. During a related defense 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.

After the Maliki government took office on May 20, 2006, Iran's Foreign Minister Manuchehr Mottaki visited 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."² 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 (Ashraf) near the Iranian border. During Maliki's visit to Iran during August 8-9, 2007 — during which an 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. In response to a Maliki invitation, Ahmadinejad visited Iraq, a first since the 1979 Islamic revolution, on March 2-3, 2008. 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. In conjunction with another Maliki visit to Iran (June 8), Iran's Supreme Leader Ali Khamene'i said that a proposed U.S.-Iraq defense pact under negotiation would perpetuate U.S. interference in Iraq. Additional defense agreements to cooperate on mine clearance and searches for missing Iran-Iraq war soldiers were signed in the course of the Maliki visit. In May 2008, Iran also signed an agreement to construct power lines to increase electricity flow into Iraq.

Prospects

Although Iranian influence is widely assessed as extensive, some believe Iran's influence is fading as Iraq asserts its nationhood, and as Arab-Persian differences reemerge. Iraq's Najaf might also 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.

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