

# The Dangerous Consequences of U.S. Withdrawal from Iraq

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Feb 3, 2020

Also available in

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## Brief Analysis

The rapid escalation following the assassination of Iranian general Qasem Soleimani has threatened the already precarious state of U.S.-Iraq relations. Now, Iraq must decide how to respond, while considering the unintended consequences that any action will bring.

At present, it seems the Iraqi government's recent 170-0 vote—in the absence of Sunni and Kurdish blocs—to expel U.S. troops may worsen Iraq's economic crisis, shift the balance of power in the region, and worsen the political divides within Iraq. The Iraqi Parliament claims the United States violated its sovereignty by killing Qasim Soleimani and Abu Mahdi Al Muhandis, the Deputy of the Popular Mobilization Forces (PMF), in an airstrike. In the days following the assassination, a letter of approval circulated on social media, stating that the United States would acquiesce to the parliament resolution and begin withdrawing its troops from Iraq. However, the pentagon later responded, calling the letter a 'mistake' and reiterated that no decision to withdraw U.S. troops had been made. Instead, the U.S. State Department rebuffed the Iraqi government's request to remove troops, discussing the "appropriate force posture in the Middle East."

With an economy on the [verge of collapse \(https://www.washingtoninstitute.org/fikraforum/view/for-the-iraqi-prime-minister-a-slew-of-economic-challenges\)](https://www.washingtoninstitute.org/fikraforum/view/for-the-iraqi-prime-minister-a-slew-of-economic-challenges) and a [highly corrupt political system \(https://www.washingtoninstitute.org/fikraforum/view/iraq-needs-a-new-prime-minister\)](https://www.washingtoninstitute.org/fikraforum/view/iraq-needs-a-new-prime-minister), Iraq must seriously consider the repercussions of expelling U.S. troops. The Trump Administration warned Iraq that it would respond to the expulsion of U.S. troops by freezing Iraq's central bank account held in New York, which it can do under U.S. sanctions law or under suspicion of improper use of funds. This move could profoundly affect the Iraqi economy, as Iraq holds international revenue from oil sales there. Restricting Iraq's access to the bank would cause the dinar's value to plummet, as it did in 2015—when the U.S. cut off access to the central bank out of fear that Iraq was funneling cash to Iran and the Islamic State.

The Trump administration has threatened Iraq with "sanctions like they've never seen before," following the Iraqi parliament order for U.S. troops to leave Iraqi soil. Sanctions law would also prohibit U.S. companies and businesses from investing in Iraq, as well as prevent Iraq from reducing its external debts. Therefore, U.S. sanctions, in the aftermath of the Iraqi parliament's vote, will increase instability and threaten any attempts to improve infrastructure and investment.

A weaker Iraq will also put international and regional powers in a greater position to exploit Iraq's economy. In March 2019, Iranian President Hassan Rouhani called on Iran to expand its gas and power trade with Iraq, boosting bilateral trade to \$20 billion, in the face of U.S. sanctions against Iran. This boost in trade gave Iran enough backing to challenge sanctions through additional financial 'loopholes' in Iraq. U.S. sanctions will also open the door for other regional powers to take advantage of this economic opportunity, such as Turkey, which will likely strengthen and increase its trade volume with Iraq. Although the Iraqi government restricted food imports from Turkey to boost domestic production in July 2019, Turkey would likely fill the void left behind by U.S. businesses in the future.

In light of a possible U.S. withdrawal, international actors are seeking to gain a foothold in Iraq to further their regional influence. Iraq and China are expected to deepen military ties in the near future, evidenced by Adil Abdul al-Mahdi's recent meeting with the Chinese ambassador to Iraq, Zhang Tao, which revealed the Chinese government's willingness to provide military assistance to Iraq. Earlier this month, Iraqi ambassador to Iran, Saad Jawad Qandil, also said Iraq is in the process of purchasing Russian surface-to-air missile systems to update its defense infrastructure amid fears of further U.S.-Iranian confrontation on Iraqi soil.

A complete U.S. withdrawal will only embolden Shia loyalists in Iraq

(<https://www.washingtoninstitute.org/fikraforum/view/the-tight-rope-deterring-militias-while-supporting-reformists-in-iraq>), further alienate the Sunni community from the Iraqi government, and strengthen Iran's expansionist agenda in Iraq as well as the rest of the Middle East. Iran has demonstrated its capabilities to do so by maintaining the upper hand in the Iraqi political, security, and economic sectors—even while U.S. troops remained on the ground. Additionally, Iran was able to extend its influence while acting as a shadow government throughout Shia dominated regions of Iraq. If left unchecked this trend could influence internal conflicts within Saudi Arabia, as witnessed previously by the Saudi-Shi'a uprising of 1979. Similarly, this friction will likely spread to other Gulf countries—such as the United Arab Emirates, Bahrain, and Kuwait—because of these countries' large Shia populations.

Eliminating the U.S. presence in Iraq will not guarantee the security and stability of the country. In early January, the U.S. central command reported that it halted the training of Iraqi forces to assist them in fighting the Islamic State and other extremist organizations. Expelling U.S. troops from Iraq could potentially bolster the Islamic States' residual presence and hinder the fight against terrorist organizations such as the Iranian-funded Shia military and political organization, Asa'ib Ahl al-Haq (AAH).

The move to expel U.S. forces by the Iraqi parliament would also require U.S. troops to leave the Kurdistan region in the north of the country. Many Iraqi Kurds support the U.S. military presence and may see their position weakened by any troop removal. Noting the deep-rooted ethnic and sectarian divides in Iraq, many U.S. politicians have called on their government to recognize a fully independent Kurdistan in Northern Iraq as a response to the Iraqi parliament's decision. Continuing down this path and removing U.S. forces from Iraq is dangerous, as the gap of mistrust between the central government in Baghdad and Kurdistan Regional Government (KRG) will surely widen.

Over the past three months (<https://www.washingtoninstitute.org/fikraforum/view/polling-insights-on-iraqs-shia-revolt>), Iraqis took to the street to voice their anger towards Iran's continued presence, which the public connects to the ongoing destabilization, deteriorating economic conditions, and pervasive corruption. The overwhelming discontent felt by the Iraqi people, demonstrates how Iran's regional influence campaign is facing

widespread backlash. Iraq must handle this situation with caution, as the expulsion of U.S. troops will only deepen Iran's hold on Iraq, intensify the existing economic crisis, increase external and internal strain, and diminish Iraq's security posture. ❖

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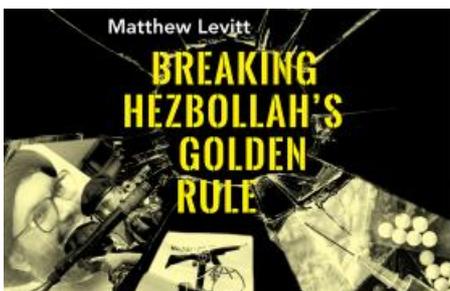
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