

How to Stop Iraqi Kurdistan’s “Bleeding”

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Sep 28, 2023

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Brief Analysis

Federal pressure and disastrous internal missteps have brought the KRG to the brink, raising the need for more active U.S. mediation.

In a [recent letter \(https://www.al-monitor.com/originals/2023/09/letter-biden-barzani-warns-iraqi-kurdistsans-collapse-urges-mediation\)](https://www.al-monitor.com/originals/2023/09/letter-biden-barzani-warns-iraqi-kurdistsans-collapse-urges-mediation) to President Biden that was soon reinforced by [three U.S. lawmakers \(https://www.msn.com/en-us/news/world/us-lawmakers-urge-biden-to-support-economically-strangled-kurdistan/ar-AA1gXv40\)](https://www.msn.com/en-us/news/world/us-lawmakers-urge-biden-to-support-economically-strangled-kurdistan/ar-AA1gXv40), Prime Minister Masrour Barzani of Iraq’s Kurdistan Regional Government expressed his alarm over the region’s survival. Noting that the KRG is “bleeding economically and hemorrhaging politically,” he laid the blame on Baghdad’s “dishonorable campaign” against Erbil. Barzani has a point—federal authorities have indeed been undoing the KRG’s hard-won autonomy in the years since the Islamic State fell and the Kurds launched an unsuccessful independence bid. Most notably, Baghdad has [recentralized policymaking \(https://www.washingtoninstitute.org/policy-analysis/paradox-centralization-and-state-fracture-iraq\)](https://www.washingtoninstitute.org/policy-analysis/paradox-centralization-and-state-fracture-iraq) in the capital and [blocked Kurdish oil exports \(https://www.washingtoninstitute.org/policy-analysis/tipping-point-iraq-krq-energy-dispute\)](https://www.washingtoninstitute.org/policy-analysis/tipping-point-iraq-krq-energy-dispute) amid a decade-old dispute over energy management.

Yet Barzani’s narrative does not tell the whole story. The United States has long supported Iraqi Kurdistan’s autonomy, security, and development, fostering greater stability and pro-American sentiment. At the same time, however, Washington has overlooked the KRG’s vulnerabilities—namely, the internal divisions, corruption, and democratic backsliding that have diminished Erbil’s reliability and brought on the current existential crisis. The United States has a strategic interest in continuing to promote a stable and prosperous KRG, but it cannot do so without addressing the region’s internal problems.

A Multipronged Push...

After the KRG's ill-fated independence referendum in 2017, Baghdad dramatically accelerated its efforts to erode the region's autonomy—partly through military action, with significant help from Iran and Turkey (see below). The Shia political camp behind the current government of Prime Minister Mohammed Shia al-Sudani also holds a grudge against the main Kurdish parties for complicating its gradual takeover following the 2021 election. Power has since tipped definitively in Baghdad's favor, with the Federal Supreme Court (FSC), parliament, and Iran-backed militias siding against the KRG on oil issues and steadily weakening its authority.

For instance, officials in Erbil have cited half a dozen FSC cases since 2017 that rolled back the KRG's constitutional rights. In February 2022, the region's oil and gas industry was ruled illegal. A year later, Ankara closed its pipeline to northern Iraq after losing to Baghdad in arbitration, halting KRG oil exports that first began flowing in 2014. The KRG has lost \$5 billion in revenue since the pipeline closed, along with precious bargaining power in Baghdad. Its oil and gas facilities have also been hit repeatedly by **militia rocket attacks** (<https://www.washingtoninstitute.org/policy-analysis/militias-pivot-away-us-targets-toward-kurdistan-and-turkish-bases>).

In addition, the FSC and parliament recently derailed a budget deal between Prime Ministers Sudani and Barzani, citing the KRG's lack of financial transparency. As a result, Erbil has been unable to pay public salaries for three months—a stark contrast to its aspirations for independence just a few years back. Some politicians in Baghdad are also seeking to shut down the region's diplomatic outposts in up to fourteen countries.

On top of militia violence, the KRG is also under attack from its neighbors Turkey and Iran, who have intensified their drone and missile strikes against armed Kurdish opposition groups. When Turkish officials visited Iraq last month, they did not pledge to end these attacks or resolve the oil dispute; instead, they pressured the KRG to cooperate against Ankara's domestic nemesis, the Kurdistan Workers Party (PKK). Iran has issued a similar warning: disarm local Iranian Kurdish groups that oppose the regime in Tehran or face **broader military intervention** (<https://www.washingtoninstitute.org/policy-analysis/kurds-against-iranian-regime-internal-and-regional-implications>). Thus cornered, the KRG has let Iraqi border guards take over from the Peshmerga—a decision that had the side effect of surrendering half the region's customs revenue to the federal government.

...Against a House Divided

Rather than uniting to withstand Baghdad's escalating encroachment, the two main Kurdish parties, led by the Barzani and Talabani families, have been locked in a bitter struggle for power and resources, using politics in Baghdad, Ankara, and Tehran to undermine each other. This has made the KRG less secure and less capable of protecting its rights, essentially squandering Erbil's democratic credentials among its people and U.S. officials. The two parties are now in a state of cold war, behaving as foes rather than coalition partners.

Internally, they failed to hold KRG elections in October 2022 as scheduled, opting to extend their term instead—a move that the FSC rejected as illegal. Without a valid electoral commission, the KRG has forfeited its ability to organize local polls in preparation for the new target date of February 2024, ceding that power to Baghdad.

On the economic front, the KRG has neglected investment opportunities and wasted its oil money on public jobs and pensions, mostly for ruling party loyalists. The result is a huge and costly bureaucracy—in a region of 5.5 million people, the KRG has an astounding 1.4 million employees and pensioners on its rolls at a cost of \$750 million per month. Notwithstanding the need for austerity measures on that front, the KRG cannot pay these individuals in the immediate term without oil revenue and must fall back on Baghdad's national budget.

As such, the KRG's dream of independence is now a fight for survival, and the angry public has reacted with protests. Erbil has cracked down on this dissent, and some Kurdish parliamentarians have called for expelling the U.S.

consul-general for criticizing the KRG's record on human rights.

Washington's Role

In 2016, Congress mandated that the Pentagon dispense \$20 million per month for Peshmerga salaries to help stave off instability and encourage security reform. In return, Erbil promised to bring the mostly partisan force back under unified command and away from the two ruling parties. Seven years later, however, only a third (<https://media.defense.gov/2023/Aug/03/2003274284/-1/-1/1/LEAD%20INSPECTOR%20GENERAL%20FOR%20OPERATION%20INHERENT%20RESOLVE%20Q3.PDF>) of its estimated 160,000 fighters report to the KRG's Ministry of Peshmerga Affairs, a body that has been without a minister (<https://www.rudaw.net/english/kurdistan/200820231>) for a year due to continued political infighting.

Washington cannot afford to let the KRG or the rest of Iraq slide into chaos or conflict. As elections approach, the risk of ethnic violence looms—the recent deadly clashes in Kirkuk (<https://www.reuters.com/world/middle-east/protester-killed-dozen-wounded-clashes-iraq-city-kirkuk-police-say-2023-09-02/>) are a warning shot in that regard. The threat of an Islamic State comeback is also real if coalition and Iraqi forces ease pressure on the group, as U.S. officials readily acknowledge. Washington therefore needs to reengage with the Kurdish and Iraqi governments, not as a passive advisor but as an active mediator and guarantor.

In particular, it should help Kurdish factions reunite, reassert their voice in Baghdad, and regain their public's confidence. This includes using lessons learned from the end of the Kurdish civil war in 1998 to mediate between the Kurdish parties today. Earlier this month, Prime Minister Barzani and Deputy Prime Minister Qubad Talabani paid a joint visit to Baghdad and secured a loan for KRG salaries; Washington should take follow-on steps that support such collective efforts.

Finally, Prime Minister Sudani's expected White House meeting (<https://www.reuters.com/world/iraq-pm-meets-us-secretary-state-gets-invite-visit-washington-state-media-2023-09-19/>) with President Biden needs to include high-level KRG representation. This would signal that the United States recognizes the Kurds as essential partners in federal Iraq's future. More broadly, by helping the Kurds help themselves, Washington can put a floor on the KRG's losses and secure the region's long-term interests in a stable, democratic Iraq.

Bilal Wahab is the Wagner Fellow at The Washington Institute. ❖

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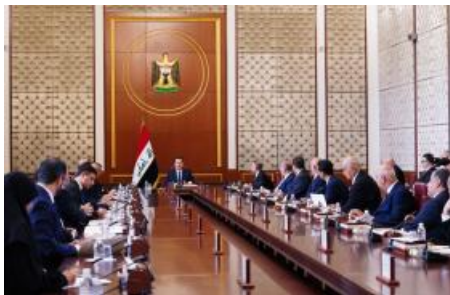
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