

# Redefining and Strengthening the U.S.-Iraq Relationship Through Energy and Security

by [Noam Raydan \(/experts/noam-raydan\)](/experts/noam-raydan), [Devorah Margolin \(/experts/devorah-margolin\)](/experts/devorah-margolin)

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## ABOUT THE AUTHORS



[Noam Raydan \(/experts/noam-raydan\)](/experts/noam-raydan)

Noam Raydan is a Senior Fellow at The Washington Institute.



[Devorah Margolin \(/experts/devorah-margolin\)](/experts/devorah-margolin)

Devorah Margolin is the Blumenstein-Rosenbloom Senior Fellow at The Washington Institute.



Brief Analysis

**Iraq is more stable than it has been in decades but still faces enormous security and energy challenges, including the risk of spillover from Iran-Israel hostilities, dependence on unreliable Iranian gas amid untapped domestic opportunities, an untested Syrian government, and the unrelenting Islamic State threat.**

Iraq's significant security and economic challenges are occurring at a time when Baghdad seeks to disentangle itself from the mission of the Global Coalition Against the Islamic State (IS) and restructure its relationship with the United States. Partnering with America on energy and security initiatives could not only further those Iraqi objectives, but also serve President Trump's policy goals, counter Iranian and Chinese influence in Iraq, create more economic opportunities, and facilitate wider efforts to stabilize the Middle East.

## “Slow but Steady” Progress on Gas

One of the most important relationships Baghdad is seeking with Washington is in the energy sector, including natural gas. The United States is the world's largest gas producer, and its massive liquefied natural gas (LNG) exports have helped Europe replace Russian supplies during the Ukraine war. Iraq's gas reserves, the **twelfth largest** (<https://www.eia.gov/international/analysis/country/irq>) in the world, are predominantly associated gas produced as a byproduct of crude oil production, mainly in the south. However, a huge volume of this gas continues

to be wastefully burned away instead of being captured and used. Iraq ranks among the world's five **worst flaring countries** (<https://thedocs.worldbank.org/en/doc/d01b4aebd8a10513c0e341de5e1f652e-0400072024/original/Global-Gas-Flaring-Tracker-Report-June-20-2024.pdf>); in 2023, it was **flaring** (<https://www.washingtoninstitute.org/policy-analysis/iraqs-power-problem-part-1-persistent-financial-and-technical-challenges>) 1,200 million standard cubic feet per day of gas while importing 1,000 standard cubic feet from Iran. That year, the Iraqi power grid lost 5,000 megawatts due to reduced Iranian supplies, which generally are unreliable. The same problem could occur this year. Worse, these imports were at risk of being disrupted indefinitely due to the recent Iran-Israel conflict.

While Baghdad hopes to reach **zero flaring by 2028** (<https://amwaj.media/en/article/after-green-talk-at-cop28-where-should-iraq-begin>), it is unclear how it will balance this objective with ambitions to boost oil production to **more than 6 million barrels per day** (<https://www.reuters.com/business/energy/iraq-plans-raise-oil-production-capacity-above-6-million-bpd-by-2029-2025-03-23/>) later this decade (Iraq is OPEC's second-largest oil producer). In recent years, it has made **steady, albeit slow, progress** (<https://www.iea.org/reports/gas-market-report-q1-2025>) to overcome its gas challenges, including flaring, with Prime Minister Mohammed Shia al-Sudani courting more firms from the United States and other countries to invest in this sector. However, technical and **political** (<https://www.washingtoninstitute.org/policy-analysis/iraqs-power-problem-part-1-persistent-financial-and-technical-challenges>) challenges remain, including political intervention, corruption, and bureaucracy, which have caused project delays.

Nevertheless, some gas capture projects have started to gradually advance, including the massive, multi-energy Gas Growth Integrated Project (GGIP), led by France's TotalEnergies. This four-in-one project includes developing the Ratawi gas hub, which is expected to process **600 million standard cubic feet per day** (<https://www.iraqoilreport.com/news/qa-hamza-abdul-baqi-nassir-director-general-of-the-south-gas-company-43845/>) of associated gas from several oil fields in southern Iraq. In January, TotalEnergies and its partners, the Basra Oil Company and QatarEnergy, launched construction of the first processing facility for associated gas from the Ratawi field in Basra province. The facility, part of the GGIP, is expected to process **50 million cubic feet per day** (<https://totalenergies.com/news/press-releases/ggip-iraq-totalenergies-launches-construction-early-gas-treatment-unit-stop>) of previously flared gas, which will then be used for local power generation.

Chinese companies have won some of the **contracts** (<https://www.upstreamonline.com/production/totalenergies-awards-chinese-contractor-1-6-billion-iraq-contract/2-1-1820469>) for GGIP construction work, and Beijing is also involved in other key gas projects in Iraq, including the Halfaya Gas Processing Plant, which **began operations** (<https://www.cnpc.com.cn/en/nr2024/202407/01deb14fd4bf409a9e00f5efd91ee50d.shtml>) in June 2024. Meanwhile, the Basrah Gas Company, a joint venture between Iraq's South Gas Company, Shell, and Mitsubishi, was considered the **"largest single" associated gas project in Iraq** (<https://www.iraqoilreport.com/news/gas-capture-projects-advance-as-iraq-aims-to-end-flaring-46425/>) as of last year, processing the output of Rumaila, West Qurna 1, and Zubair, three giant oil fields in the south.

Nevertheless, Iraq's energy sector remains vulnerable. In May, it **lost** (<https://ina.iq/ar/local/235412--5000-.html>) about 4,000 megawatts due to low Iranian gas supplies, and also because Washington ended waivers to import Iranian electricity earlier this year. All these challenges should prompt Baghdad to prioritize solving its gas and electricity problems.

## Security Partnership

Increased energy cooperation between the United States and Iraq requires not only a positive investment climate,

but also enduring security. To entice investors, Iraq must demonstrate its stability and security by addressing the longstanding problems of meddling **external actors and internal strife** (<https://www.congress.gov/crs-product/IF10404>). For Washington, this means that Baghdad must continue to focus first on countering IS, and second on minimizing the threat from Iran-backed militias (which could expand if clashes between Iran and Israel resume).

Since 2014, U.S. forces have been stationed in Iraq at Baghdad's invitation as part of the Global Coalition Against IS. After the territorial defeat of IS in Iraq in 2017, Washington focused on advising, assisting, and enabling Baghdad to continue countering the group, primarily with intelligence sharing and funding. In 2023—amid further successes against IS as well as Iranian pressure to minimize U.S. influence—Iraq initiated the end of the coalition's mission and sought to put U.S.-Iraqi relations on a more bilateral footing.

Since then, regional conditions have changed drastically, with **new, uncertain circumstances** (<https://www.washingtoninstitute.org/policy-analysis/setting-expectations-syria-countering-islamic-state>) next door in Syria coinciding with Trump administration efforts **to reduce America's Middle East footprint** (<https://www.washingtoninstitute.org/policy-analysis/emerging-trump-doctrine-middle-east>). However, the bilateral relationship can still be based on joint security interests.

For Iraq, the mission to counter IS remains critical and will have continued U.S. support. While the group is severely weakened, having claimed only **five attacks in Iraq so far in 2025** (<https://www.washingtoninstitute.org/islamicstateinteractivemap/#home>), it still seeks to exploit fractures in the country. Furthermore, Iraq is grappling with overcrowded prisons filled with al-Qaeda and IS affiliates, along with a commitment to repatriate all IS-affiliated Iraqi families from Syria by 2026. All this comes as U.S. funding for repatriation and stabilization is **being cut** (<https://www.lawfaremedia.org/article/u.s.-funding-cuts-risk-jeopardizing-counter-islamic-state-operations>). Absent investment in these programs, Iraq's ability to successfully reintegrate individuals repatriated and released from prison will be highly compromised.

Additionally, Iranian meddling has affected Iraq's economy and security. For example, Iran-backed militias threaten to undermine the government, compromise Iraq's security forces, and directly target U.S. forces and bases. During the recent Iran-Israel conflict, they once again **threatened** (<https://www.thenationalnews.com/news/mena/2025/06/16/iran-backed-iraqi-militia-threatens-to-attack-israel-and-its-allies/>) to attack U.S. interests in the region if Washington intervened in the war. As Baghdad looks to create a positive economic and security relationship with Washington, it must diminish the influence of these actors.

## Recommendations

Israel's strikes on Iran's domestic gas production make it more pressing for Iraq to expand energy cooperation with the United States and explore untapped economic opportunities in its gas sector. Some of these bilateral efforts should focus on reducing flaring and developing gas fields, as seen in the case of Akkas, Iraq's largest non-associated gas field (i.e., not linked to crude oil production), where the U.S.-based oil services firm SLB is now reportedly **involved** (<https://www.iraqoilreport.com/news/iraq-terminates-akkas-contract-drawing-legal-threats-47031/>). Other efforts could address some of the same problems while simultaneously diversifying Iraq's economy. For example:

- Baghdad can learn from Saudi Arabia's successes in tackling gas flaring. In the 1970s, Riyadh decided to start capturing associated gas through a master gas system—a **network** (<https://americas.aramco.com/en/news-media/elements-magazine/2020/master-gas-system-fueling-a-nation>) of pipelines connecting gas sites across the country. This effort helped industrialize the kingdom. Today, the expanded system, which became operational in the

early 1980s, continues to use technologies from leading firms based in the [United States](#) (<https://investors.bakerhughes.com/news-releases/news-release-details/baker-hughes-secures-significant-gas-technology-order-third>), among other countries.

- An Iraqi Oil Ministry report (<https://www.oil.gov.iq/?article=2035>) raised the possibility of involving the U.S. company KBR in the long-delayed Nebras petrochemical project in the south. Iraq's associated gas is [rich in ethane](#) ([https://iea.blob.core.windows.net/assets/fb1f67b9-3515-4b5a-bb40-06ca0b83ef70/Iraq\\_Energy\\_Outlook.pdf](https://iea.blob.core.windows.net/assets/fb1f67b9-3515-4b5a-bb40-06ca0b83ef70/Iraq_Energy_Outlook.pdf)), a natural gas liquid used to produce ethylene, which would serve as a key input in any future petrochemical industry. This is an area Baghdad can seriously explore with U.S. companies.
- In the more immediate term, Iraqi cooperation with the U.S. private sector could include chartering floating storage and regasification units to import LNG, for which Iraq has been [racing](#) (<https://www.mees.com/2025/5/30/oil-gas/iraq-lng-import-plans-paused-as-gas-shortage-looms/95547780-3d4b-11f0-b823-e9dccb547e60>) to lay down the required infrastructure in the south. The United States is a global LNG leader, so this could be another opportunity for cooperation.

The [recent visit](#) (<https://www.barrons.com/news/us-trade-delegation-in-iraq-to-boost-economic-ties-1e3a83fe>) of a high-level U.S. trade delegation to Baghdad showed that expanding bilateral cooperation on energy is possible. For this to succeed, however, Iraqi security and stability are crucial, especially amid the geopolitical risks presented by the Iran-Israel conflict. More specifically:

- Washington and Baghdad must continue to address the multifaceted IS threat, counter threats from Iran-backed militias, and ensure that no state or nonstate actors are able to destabilize the domestic security situation.
- U.S. and Iraqi officials should continue planning and implementing the transition to the post-coalition period. This includes signing a status of forces agreement or other bilateral understanding that defines the continued legal status of U.S. forces in Iraq. Besides allowing Washington to continue supporting Iraq's fight against IS, such an agreement would show Iran and its militia partners that Baghdad has prioritized its relationship with Washington. It would also show private-sector investors that both governments are prioritizing Iraq's security, making the country ripe for investment.

As Baghdad seeks to redefine its relationship with Washington, emphasizing cooperation on energy and security can directly serve the U.S. goals of countering Iranian and Chinese influence, creating new economic opportunities, stabilizing the broader Middle East, and shrinking the undergoverned spaces that hostile actors so often exploit.

*Noam Raydan is a senior fellow at The Washington Institute and co-creator of its [Maritime Spotlight series](#) (<https://www.washingtoninstitute.org/policy-analysis/series/maritime-spotlight>) and [maritime incident tracker](#) (<https://storymaps.arcgis.com/stories/756ca769315d4b879ca7fdd6bd4a82be>). Devorah Margolin is the Institute's Blumenstein-Rosenbloom Senior Fellow and an adjunct professor at Georgetown University. ❖*

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