

# Making the Best of Iraqi Militia “Disarmament”

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Brief Analysis

**Although claimed compromises by some of Iran’s proxies are unlikely to result in actual disarmament anytime soon, Washington can still erode Tehran’s illicit financial networks by carefully exploiting the militias’ desire to be treated as normal political actors.**

Since December, various Iraqi officials—including Supreme Judicial Council chief [Faeq Zaidan](#) (<https://www.kurdistan24.net/en/story/882532/iraqs-armed-factions-agree-to-coordinate-on-restricting-weapons-to-state-control-supreme-judicial-council-chief-says>)—have reportedly spoken with certain Iran-backed militias about bringing their weapons under state control. This outreach was spurred in large part by U.S. pressure, and Baghdad is now tying the effort to the [September deadline](#) (<https://ina.iq/ar/political/265055-2026.html>) for full withdrawal of international coalition forces.

Yet despite talk of several factions complying with such requests, [only two](#) (<https://english.alarabiya.net/News/middle-east/2026/06/02/two-iranbacked-iraqi-militias-to-begin-handing-over-weapons-to-authorities>) have issued formal statements to that effect so far: Asaib Ahl al-Haq (AAH) and Kataib al-Imam Ali (KIA). Three other U.S.-designated (<https://www.state.gov/foreign-terrorist-organizations>) terrorist groups have [flatly rejected](#) (<https://www.thenationalnews.com/news/mena/2026/06/04/iraqs-drive-to-disarm-militias-could-stall-after-hardliners-demand-us-military-exit/>) the idea: Kataib Hezbollah (KH), Harakat Hezbollah al-Nujaba, and Kataib Sayyid al-Shuhada, the Iranian proxies most active in attacking foreign targets. KH has also cast doubt on the “resistance” credentials of AAH and KIA and even sarcastically [offered to purchase](#) (<https://www.alaraby.co.uk/politics/%D8%A7%D9%84%D8%B9%D8%B1%D8%A7%D9%82-%D9%83%D8%AA%D8%A7%D8%A6%D8%A8-%D8%AD%D8%B2%D8%A8-%D8%A7%D9%84%D9%84%D9%87-%D8%AA%D8%B9%D8%B1%D8%B6-%D8%B4%D8%B1%D8%A7%D8%A1-%D8%A7%D9%84%D8%B3%D9%84%D8%A7%D8%AD-%D9%85%D9%86-%D8%A7%D9%84%D9%81%D8%B5%D8%A7%D8%A6%D9%84->

<https://www.thenationalnews.com/news/mena/2026/05/06/powerful-militia-leader-in-iraq-rejects-us-call-to-disband-after-10m-bounty/>), while his group issued another statement [reaffirming its rejection](https://shafaq.com/en/Iraq/Iraq-s-Al-Nujaba-reiterates-opposition-to-disarmament) (<https://shafaq.com/en/Iraq/Iraq-s-Al-Nujaba-reiterates-opposition-to-disarmament>). (Notably, Muqtada al-Sadr's militia Saraya al-Salam has also said it will place its arms under state control, but his group is distinct from these Iran-backed camps and should be treated as a separate case.)

## Cosmetic by Design...But Still Significant

To be sure, there is no indication that AAH or KIA will truly be disarmed anytime soon. Among other prerequisites, implementing such a program would require the creation of an independent foreign body to oversee the surrender of militia bases and weapons and to certify what is handed in. No such mechanism appears to be on the agenda or even realistic at the moment.

Moreover, Iraq's previous record on similar initiatives is cause for skepticism. In July 2019, Prime Minister Adil Abdulmahdi responded to U.S. pressure by [decreeing](https://www.aljazeera.com/news/2019/7/1/iraqi-pm-decree-curbs-powers-of-iranian-allied-militias) (<https://www.aljazeera.com/news/2019/7/1/iraqi-pm-decree-curbs-powers-of-iranian-allied-militias>) that all militias fold their fighters into the national armed forces, give up their individual group names, and shut down their offices within a month. One day before the deadline, Popular Mobilization Forces chairman Faleh al-Fayyad [asked for](https://www.fpri.org/article/2019/08/the-future-of-the-iraqi-popular-mobilization-forces/) (<https://www.fpri.org/article/2019/08/the-future-of-the-iraqi-popular-mobilization-forces/>) two more months; ultimately, the order went unenforced.

Even so, the latest disarmament pledge should not be totally dismissed because it reveals some significant nuances. Most notably, the pledge came not as a decree from above, but from AAH and KIA themselves (albeit under pressure). Although neither group is likely to surrender its weapons and positions of influence, they do seem ready to give up their PMF/militia labels. Both groups covet recognition as ordinary political actors, the lifting of their U.S. terrorism designations, and an end to their international pariah status, and they are willing to risk their "resistance" brand to get there. In other words, this new initiative is dividing the Iran-aligned camp between those factions that are willing to make symbolic concessions while keeping their guns, political influence, and economic benefits (see below), and those that mean to keep all of the above. Yet Washington must watch this fault line closely because Iran is already trying to exploit it.

## Iran's Calculus

So far, Tehran appears to be playing along with the move because it cannot afford to see Baghdad crushed by the financial pressure Washington [is threatening](https://alhurra.com/en/11429) (<https://alhurra.com/en/11429>) to apply. The sharpest U.S. lever is the dollar. Ever since the U.S. invasion in 2003, Iraq's oil revenue has been held at the Federal Reserve Bank of New York before being transferred to Baghdad. The Trump administration has warned for months that it will cut off this flow if Iraqi leaders do not take action against the militias; indeed, it already blocked [nearly half a billion dollars](https://www.reuters.com/world/us-blocks-iraqs-dollar-shipments-squeeze-iran-backed-militias-wsj-reports-2026-04-22/) (<https://www.reuters.com/world/us-blocks-iraqs-dollar-shipments-squeeze-iran-backed-militias-wsj-reports-2026-04-22/>) in banknotes in April.

Such moves worry Iran because the Islamic Revolutionary Guard Corps-Qods Force and its militia proxies use Iraqi banks and front companies to [draw hard currency and evade sanctions](https://home.treasury.gov/news/press-releases/sb0277) (<https://home.treasury.gov/news/press-releases/sb0277>). This source has become especially important after the Iran war largely closed off their other main outlet, the [United Arab Emirates](https://www.atlanticcouncil.org/blogs/econographics/global-sanctions-dashboard-how-iran-evades-sanctions-and-finances-terrorist-organizations-like-hamas/) (<https://www.atlanticcouncil.org/blogs/econographics/global-sanctions-dashboard-how-iran-evades-sanctions-and-finances-terrorist-organizations-like-hamas/>). The Iraqi outlet is even more crucial to Tehran because it encompasses an entire system of banks, oil entities, and front companies extending well beyond the energy sector. Over the years, Iraq's waters have become a [laundromat](#)

<https://www.washingtoninstitute.org/policy-analysis/iraqi-oil-and-iran-threat-network>) where sanctioned Iranian crude is blended into Iraqi exports and passed off as Iraqi, and where fuel oil smuggling by AAH, KH, and other militias generates around a billion dollars per year for their Iranian regime patrons. Tehran would rather its proxies shed their militia label than risk this outlet being cut off by deeper sanctions or complete loss of oil revenue.

Although this managed retreat indicates that the U.S. squeeze is working, Washington should be aware that Iran is trying to turn this pressure into an opportunity by establishing a division of labor between the two militia camps mentioned above. In this scenario, Tehran's most aggressive proxies—KH, Nujaba, and Kataib Sayyid al-Shuhada—would remain independently armed as leverage against the United States, Israel, and the Gulf states, while AAH and KIA would burrow deeper into the state in order to provide cover for the kinetic factions and keep Iraq's institutions and economy open to Iran.

## An Asymmetric U.S. Approach Is Needed

Qais al-Khazali and other AAH leaders [have spent years \(https://www.washingtoninstitute.org/policy-analysis/profile-asaib-ahl-al-haq-0\)](https://www.washingtoninstitute.org/policy-analysis/profile-asaib-ahl-al-haq-0) cultivating a nationalist political identity, and the group has largely avoided kinetic activities during the Iran war. Pushing it further into politics may therefore loosen Iran's hold on one of its largest proxies. Alternatively, AAH might become entrenched in the manner of Lebanese Hezbollah— independently armed, embedded inside the state, and still loyal to Iran.

To avoid the latter outcome, U.S. officials should employ an asymmetric approach that carefully judges the two Iran-backed camps by their conduct rather than as a bloc. This means sustaining or raising pressures that are working while reserving the heaviest measures for holdout groups. Meanwhile, Washington should hold the Iraqi government—above all, [the judiciary \(https://www.washingtoninstitute.org/policy-analysis/profile-iraqi-federal-supreme-court\)](https://www.washingtoninstitute.org/policy-analysis/profile-iraqi-federal-supreme-court)—accountable for implementing the promised changes in AAH and KIA.

Yet direct, evidence-based verification is crucial in this regard—the United States cannot expect Iraqi institutions to fully curb these groups on their own when the institutions themselves have been shown to be complicit in militia activities. Without outside observers checking the books, Baghdad's current initiative will likely amount to little more than empty public pronouncements, vacating a militia base or two, and other largely symbolic measures.

Fortunately, the resources needed for a thorough verification effort are not substantial. Open source analysis (including The Washington Institute's [Militia Spotlight \(https://www.washingtoninstitute.org/policy-analysis/series/militia-spotlight\)](https://www.washingtoninstitute.org/policy-analysis/series/militia-spotlight) platform) and financial intelligence work have already shown that the command and commercial ties linking militia front companies with the Qods Force and other Iranian regime entities can be mapped from unclassified material at modest cost. The same is true for verifying which groups truly disband their militia activities. This independent evidence can then be used as justification for further pressure, including sanctions, if Iraqi institutions do not act on it.

If the evidence shows that the required changes are still happening after an extended period of time, Washington can begin the second phase of engagement with those militias that aspire to become legitimate political actors. This could include convening indirect Track II diplomatic discussions to find common ground for potential further engagement.

To be clear, pursuing this gradual process is unlikely to result in any militias quickly disarming or becoming normal political actors. Success will become evident in the Iran-linked money trail and chain of command well before any weapon confiscation counts. If handled with discipline, the process can help erode Iran's grip on its Iraqi network. If handled carelessly or not sustained, however, it will simply hand Tehran the outcome it wants: two loyal camps working to consolidate both its proxy "resistance" capabilities and its political and economic sway in Iraq.

Keeping in mind that the main vulnerability of militias like AAH and KIA is their desire to be treated as normal

political actors, Washington should use this opportunity to press them through the Iraqi judiciary and other institutions. Getting them to give up their weapons and stop helping Iran bypass sanctions will take time, but a deliberate, sustained strategy can yield gradual rewards. Notably, this process should be pursued regardless of what happens with the latest deal between the United States and Iran. Although the potential lifting of sanctions against Tehran could change the regime's calculus about U.S. pressure on Iraq, the picture **is still murky** (<https://www.washingtoninstitute.org/policy-analysis/postwar-middle-east-us-iran-negotiations-and-regions-future>), and follow-on negotiations are likely to take months.

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