

**TESTIMONY BEFORE THE SENATE FOREIGN RELATIONS
COMMITTEE**

IRAQ AT A CROSSROADS: OPTIONS FOR U.S. POLICY

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The establishment of the Islamic State (IS) by the Al Qaeda in Iraq offshoot group Islamic State of Iraq and Levant (ISIL) changes the geostrategy of the entire Middle East, represents a dramatic setback to U.S. policy and interests, and requires an immediate response from Washington. The creation of an extremist quasi-state, analogous to Afghanistan under the Taliban, carries the risk of further escalation including a regional Sunni-Shia conflict, and an irreparable loss in US influence. But the rise of the ISIL first in Syria and now in Iraq reflects in part the nefarious effort by Iran to exploit sectarian divides to achieve regional hegemony. The US government must counter both the IS threat and Iran's quest for domination, bearing in mind that Iran is not our ally in the campaign against al Qaeda terror. Above all, the U.S. must recognize that we are in a full blown crisis that requires action, even if politically risky.

THE SITUATION

The rise of the IS, with control over up to five million people and massive military equipment and funding, in close proximity to some of the largest oil fields in the world, and bordering our NATO ally Turkey and security partners Jordan, Saudi Arabia, and Kuwait, threatens three of the four vital interests President Obama laid out in his UN General Assembly speech last September: threats to or allies and partners, rise of terrorist organizations, and threats to international flow of oil. The situation if it deteriorates further will likely threaten the fourth, development of weapons of mass destruction, as Iran, in part influenced by events in Iraq, is balking at a compromise outcome of the nuclear negotiations with the P5+1.

A traditional approach to IS based on maintaining a unified Iraq, while building up the Iraqi Government, the Kurdistan Regional Government

(KRG), and Sunni elements willing to resist ISIL, is the best option, but it may not long be attainable. Despite the election of a moderate Sunni Arab speaker of the Iraqi parliament two weeks ago, there is no certainty that Iraqi political leaders and parliament can overcome their deep divisions to create an inclusive new government as rightly demanded by the U.S. Government. For starters, any such government must not be headed by PM Maliki. He has lost the trust of many of his citizens, including a great many Shia Arabs, yet is still trying to hold on to power. In this uncertain situation, while pushing the traditional approach, we must simultaneously prepare to deal with an Iraq semi-permanently split into three separate political entities, and to shape our approach to the Sunni Arab, Shia Arab, and Kurdish populations and to the central government on that basis.

But with either the traditional or this possible new approach, American military force under certain circumstances must be used against ISIL, for political as well as military and counter-terrorism reasons, and everyone in the U.S. must understand that we are in an emergency. The costs of doing little or nothing now are greater than the risks of most actions short of committing ground troops.

CONTINUING OUR TRADITIONAL POLICIES

The President's course of action outlined in his Iraq speech of June 19th is reasonable: protect our Baghdad embassy, strengthen our intelligence and military presence in and around Iraq, increase assistance to the Iraqi military, and press the Iraqi political system to support a new, inclusive government which can reach out to estranged Sunni Arabs and Kurds and maintain the country's unity; only then with our help can it begin to retake areas held by the IS. This approach, reflecting our traditional policy towards a united Iraq, remains the best option, but over a month has passed since the President laid out this policy, and we have had little follow-through beyond better intelligence collection and on-the-ground coordination. That is important but not sufficient, and now it is not clear if we still have time to carry out this course of action.

To maximize the chances of a unified, inclusive Iraq to which we can provide significant new military assistance including air strikes, the following needs to occur in the days ahead:

--The Iraqi parliament, charged with forming a new government after the March elections, must decide on a prime minister other than Nuri al Maliki. Few Sunni Arabs or Kurds will believe that any Iraqi government is inclusive and would consider their interests if Maliki remains its leader. Promises to be inclusive and non-sectarian are cheap in Baghdad, but follow-through usually lacking. The most convincing proof that politicians have gotten the 'be inclusive' message is for Maliki to step down, or be forced out by his own and other Shia parties. Removing Maliki is not a direct U.S. responsibility, and too obvious a U.S. push would be counterproductive. But we must make clear to all parties that decisive American support can only come with an inclusive government and buy-in by all major sectarian groups, and that this is not possible with Maliki.

--The Kurdistan Regional Government must forego its threats of independence in return for a government that will consider their interests. Finding a replacement for Maliki is necessary but not sufficient to win the Kurds back. This will require compromises on Kurdish oil exports building on a December 2013 agreement on calculating oil shares, and renewed payment by Baghdad of the Kurds' 17% share of southern oil exports. The Kurds in turn will have to share their oil proceeds 17-83% between themselves and Baghdad, which they claim they will do, and exercise restraint on the status of the Kirkuk field, which they have not committed to do. The US should push for such a solution by pressing both the Kurds directly and through their informal partner, Turkey, to engage fully the central government. Kurdish thirst for independence is understandable, but under current circumstances it is a recipe for reduced hydrocarbons income to the KRG for years, turmoil with the rest of Iraq, and resistance from regional states. It is thus a last option, not a first choice.

--Any new Iraqi leadership must also win over Sunni Arabs. A commitment to provide significant oil revenue earnings to individual provinces (as has occurred already with the KRG, Basra, Najaf, and Kirkuk provinces) would provide concrete evidence of outreach to Sunni Arabs, and promote Iraq's federal system and probably government efficiency at the same time.

--A new defense minister from the Sunni Arab community, with very strong commitments by all parties to lead the military in fact, must be quickly selected once a new prime minister is chosen.

--As noted above, the U.S. cannot consider decisive U.S. strikes until Iraq has an inclusive government which will resonate with many Sunni Arabs. The Administration, in line with the President's June 19 remarks, clearly is using possible U.S. military action as leverage to ensure such a government. That makes sense, but it is not incompatible with limited U.S. strikes for objectives similar to those General Dempsey spelled out recently—to protect population centers and strategic infrastructure and target ISIL leadership. Limited strikes now for such strategic purposes make sense. Any day is a good day to strike an al Qaeda offshoot as dangerous as this one. People to whom we have given commitments, not just the Iraqi military but many Sunni Arabs and the Kurdish Peshmerga, are today locked in combat with ISIL, and need help. Especially given the recent record of American reticence in using force, limited strikes avoiding civilian areas now would increase, not decrease, our political leverage.

--The US should rapidly deploy its \$500 million committed to train and equip the Syrian opposition. The US should also strike against IS in Syria.

--Once these steps have been taken, the U.S. can plan with the Iraqi government, KRG, friendly Iraqi Sunni Arabs, and regional partners, to retake those Iraqi areas now held by the IS. Such a counter-insurgency plan would include aggressive US training, equipping, and coordinating, intelligence, and air strikes, along with action by Sunni Arabs willing with our help to take on IS.

A DIVIDED IRAQ?

While the above is aligned with Administration policy, and in theory offers the best way forward, it may be too late to implement it, as the divisions between the various Iraqi groups deepen, sectarian slaughter especially of Sunni Arabs in and around Baghdad continues, and the KRG moves towards virtual independence, all with Maliki still in office.

Were this to occur, the US must deal with three separate entities, all posing significant problems for American interests: an IS threatening us, as well as our allies and partners, and a magnet for jihadist supporters world-wide; a KRG moving towards a de jure breakup with Baghdad, raising the specter of a Near East-wide quest for a Kurdish nation state which would undermine existing borders; and a rump Iraq, dominated by Shia religious parties heavily influenced by Iran, and controlling what the International Energy

Agency believes could well be exports of six million barrels of oil by 2020—almost two thirds of Saudi Arabia’s exports.

If this materializes, the U.S. must de facto abandon a policy prioritizing Iraqi unity. The first priority rather should be to deter and if necessary defeat IS attacks on Jordan, the KRG, and other partners and allies. Policy coordination with Turkey, Jordan, Israel, the KRG, and the Gulf States, important in any scenario, would be vital in this one, first as a shield for vulnerable states and groups, and then as a platform to destroy the IS. Such coordination would require much greater US support for the Syrian opposition, caution with outreach to the KRG, whose independent status is anathema not just to Baghdad but to Arab states, and continued containment of Iran. It would also require U.S. strikes against IS in both Iraq and Syria.

-In such a scenario, US policy towards Baghdad would inevitably evolve. To the extent the rump central government is willing to cooperate with us, and avoid provoking the Kurds and the Sunni Arabs further, then limited US military support under the FMS program should continue, as should direct US military action against IS attacks against Shia population centers. This policy will require constant review depending upon how influential Iran is in Baghdad, and how Baghdad treats its Kurdish and Sunni Arab citizens. The experience with Maliki in the past several months gives little hope that such treatment would improve as long as he remains in power.

IRAN

The US can talk with Iran about Iraq, emphasizing common interests such as unity of the state and the fight against IS, but we do not share common goals. In the fix we are presently in we have not one but two hegemonic Islamic radical forces intent on overthrowing the prevailing nation state order in the region—Al Qaeda especially IS, and the Islamic Republic of Iran. And our allies in the common struggle for stability—Turkey, Israel, and the Sunni Arab states—see Iran as at least an equal threat to their survival as Al Qaeda.

But we also must do everything possible to avoid a regional “Sunni versus Shia” conflict. Such a conflict would tear the region apart, and any US involvement would have us violating our “we fight for liberal principles, not sectarian interests” policy that we have been able to maintain in the region and elsewhere, such as in the Balkans.