

# Iraq in 2010: The dangers of European complacency

**Edward Burke**

>> The received wisdom in much of Europe and the United States is that Iraq is on an upward trajectory. In his State of the Union address, Barack Obama announced that he had delivered upon his campaign promise to end the war in Iraq and bring US soldiers home. Such pronouncements of ‘mission accomplished’ may yet come back to haunt Obama in the same way they did his predecessor. Henry Kissinger has recently chastised Obama for failing to give due attention to the crucial US and European interest in securing a ‘political and strategic equilibrium between Iran and Iraq’, ensuring that Tehran does not dominate its neighbour and fundamentally alter the balance of power in the region. However, if Obama has been caught napping on Iraq, then the EU can only be described as suffering from narcolepsy.

Within Iraq, optimism that the worst is over is tempered by fears that the tentative truce that saw a downturn in violence could yet fall apart. Ready or not, Iraq’s future will now rest almost exclusively on the capacity of its government to deliver security and services to its diverse citizenry. What is certain is that parliamentary elections scheduled for March 7 will push Iraq into dangerous and uncharted waters.

## **A TRUCE IS NOT AN END IN ITSELF**

None of the significant issues that threatened to tear Iraq apart during the worst years of violence have been resolved. There is no new hydrocarbons law, the tense stand-off over the disputed territories claimed by the Kurdistan Regional Government (KRG) continues unabated, and there has been scant progress in disarmament or integration of militia. The 645,000 Iraqi soldiers and police officers who make up the country’s

## **HIGHLIGHTS**

- None of the significant issues that threatened to tear Iraq apart during the worst years of violence have been resolved;
- Europe is unprepared to deal with the political turmoil that will likely follow parliamentary elections on 7 March;
- The EU’s 2004 Iraq Strategy is hopelessly outdated and must be replaced with a new commitment to enhancing Iraqi governance.

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»»»» security forces are of varying quality and loyalties, with the police especially prone to infiltration by militia elements. Al-Qaeda's war against ordinary Iraqis continues to take a heavy toll, claiming over 1000 lives since the summer of 2009.

The dangers of a disputed election have already been made clear by the recent activities of the Justice and Accountability Commission (JAC), a 'de-baathification board' that was originally created under the Coalition Provisional Authority. Although its legal status is not clear, each major Shia party has sought to use the JAC for its own ends, granting considerable influence to the small Iraqi National Congress Party led by former US favourite Ahmed Chalabi. Chalabi was originally chosen by the US to lead 'de-baathification' prior to being replaced on the JAC by his deputy Ali Faisal al-Lami in 2005.

In January the JAC barred 511 candidates from standing for the March 7 parliamentary elections, including many secularists whom it alleged had ties to the Ba'ath Party. Chalabi and the JAC's chairman, Ali Faisal al-Lami, are now allied to the heavily Iranian-influenced Islamic Supreme Council in Iraq (ISCI) movement. However, Prime Minister Nouri al-Maliki's State of Law coalition also seems likely to benefit from the exclusion of many of these candidates. Tellingly, al-Maliki did not call for a reversal of the JAC ruling which was later ratified by Iraq's Independent High Electoral Commission and the parliament.

The exclusion of prominent Sunni candidates such as Defence Minister Abdul-Khader al-Obeid, prominent politician Saleh al-Mutlaq and leaders associated with the former insurgent *Sahwa* movement which turned against al-Qaeda in 2007, have infuriated Sunni community leaders. Even if a compromise is brokered to avert a Sunni boycott of the polls, the dispute has underlined the enduring mistrust that exists between Iraq's communities and the non-emergence of a truly national leadership to break down divisions.

The prospect of a post-election deadlock between the two mainly Shia coalitions – al-Maliki's State of Law alliance, centred around the Da'awa move-

ment, and the unlikely ISCI and Sadrist Iraqi National Alliance that emerged in 2009 – mean that the Kurdish parties could yet emerge as king-makers. However, any suspicion of concessions being made with regard to Kurdish territorial demands could prove highly destabilising.

Iraq remains desperately poor. The government has been unable to diversify Iraq away from its energy dependence; agricultural exports such as dates are down by a third from 2000 levels. Iraq has failed to make progress in its candidacy for WTO membership and similarly lacked the capacity to conclude negotiations of an extremely limited EU-Iraq Partnership and Cooperation Agreement, which began over four years ago. This failure to provide employment and basic services points to a severe lack of government capacity. However, at a time when Iraq's institutions are being severely tested, European donors have slashed their budgets for governance assistance and increasingly disengaged from the country.

In 2007 French Foreign Minister Bernard Kouchner argued that 'Iraq's troubles lie at heart of the world's problem – the hostility between communities, religious fanaticism, and conflicts of civilisation that are being played out against a backdrop of terrorism, nuclear proliferation, and globalisation'. It would therefore be very foolish for France to continue to 'ignore the country politically'. Yet this is exactly what France and other European opponents of the 2003 invasion persist in doing. Although France and Germany have lobbied strongly for economic advantage with the government in Baghdad for energy contracts and other investment opportunities, both countries have failed to make Iraq a political priority of their engagement in the region.

Iraq could yet emerge with a government whose foreign policy closely mirrors that of Iran – the more 'nationalist' Iraqi credentials of the Sadrist movement appear to have been eroded since its leader, Moqtada al-Sadr, moved to continue his religious studies in the Iranian city of Qom. Although the US and European troops have been tied to a withdrawal from Iraq by a series of

bilateral agreements, the very real danger of a significant relapse into sectarian violence should ensure that the country is an immediate and urgent concern for EU foreign policy.

### LAND OF OPPORTUNITY

There is an obvious economic rationale for Europe to develop its relations with Iraq. International oil experts expect Iraqi oil output to increase

from the current 2 million barrels per day to 10 million by 2020. The prospect of a significant boom in Iraqi oil exports has seen international oil companies try to court favour among the country's various factions. In the absence of a hydrocarbons law, investors have been

forced to choose between working in Kurdistan or the federal government, as companies signing deals with the KRG are automatically blacklisted by the federal government in Baghdad. Vastly increased output may bring Iraq into sharp conflict with other OPEC countries who wish to limit its impact upon global oil prices.

To date, hopes for an international oil bonanza in Iraq have fallen short. A populist backlash has derailed plans for coveted Production Sharing Agreements (PSAs) and the government has generally favoured short-term service contracts with international oil companies. Energy governance and infrastructure in Iraq remains critically weak and factional control over Iraq's oil industry has seen the UAE emerge as a critical centre for oil and money-laundering. The misuse of the country energy revenues continues to severely undermine popular support for Iraq's government.

Almost 25 per cent of all investment in Iraq originates from the UAE, which has far outstripped

other investors in seeking to invest in Iraqi real estate. The government of cash-strapped Dubai is so confident of a significant return from its Iraqi investments that earlier this year it announced plans for a major extension of its holding in Iraq. Dubai's extensive contacts with the most powerful Iraqi factions and tax-free status give it a distinct advantage over European competitors.

Growing investment with Iran is often channelled through the al-Hakim family, the leaders of the ISCI movement. Investments from Europe have generally been concentrated in securing oil and gas service contracts, with major deals being signed in 2009 by Royal Dutch Shell, ENI and BP. In January the EU announced that it had signed a new Memorandum of Understanding on a strategic energy partnership, which aimed to increase cooperation on maximising exports of oil and gas to Europe.

### EU ASSISTANCE TO IRAQ IN 2010

The 2004 EU strategy for Iraq is now hopelessly outdated. The changed political landscape with regard to Iraqi sovereignty and the withdrawal of foreign troops means that the limited EU presence in Iraq operates in a drastically different environment. The absence of a new strategy can only be attributed to insufficient political will on the part of the Council in getting to grips with Iraq. Although the EU effectively sub-contracted its engagement in Iraq from 2003–2009 to the UN, to whom it allocated the bulk of its €933 million assistance, the EU has recently announced a major reduction in development assistance by almost half from 2009 levels, to just over €20 million in 2010. A reduction in overall aid is understandable given the increased revenues of the government; however some Iraqi officials have questioned why the EU has not seized upon the improved security situation in Iraq to move from being a major funder of humanitarian assistance towards implementing a bilateral governance programme for Iraq as was requested by Prime Minister Nouri al-Maliki during his visit to Brussels in 2008.

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»»»»» The EU's policing and justice sector reform mission to Iraq, EUJUST-LEX, claims to have trained just under 3000 Iraq justice officials, yet there has been very little evaluation of the impact of these programmes due to security restrictions on travel to Iraq. In 2009 some EUJUST-LEX programmes were permitted to take place in Iraq but severe limitations on the movements of personnel reduced the impact of the already short one or two-week training courses and the potential for follow-up. One EU official described the new arrangements for EUJUST-LEX's activities in Iraq as a 'less than effective diplomatic compromise'.

In 2007 and 2008, several MEPs began to complain of 'a complete absence of the EU in the solution of the political, social, and economic problems' of Iraq. This situation has not changed. The EU continues to lack presence, purpose and vision in Iraq. Although the deployment of a 16-man Electoral Assessment Team (EAT) to evaluate and advise on technical preparations for the forthcoming parliamentary elections is welcome, the EU's political influence in Iraq is practically non-existent. The EU continues to decline to appoint a Special Representative to Iraq and appears ill-prepared to deal with the grave challenge that the election presents to the stability of Iraq.

**TIME TO STEP UP**

The majority of Iraq's largest political movements are presently accommodated within a unity government, carving out Ministries as zones of influence and sharing state revenues, but such a delicate equilibrium may not survive the upcoming elections. The very real possibility that ISCI or Da'awa may be excluded from power could lead to a protracted struggle over control of resources in the south of the country, as neither side believes it can afford to be denied control over oil revenues.

The indifference of some member states to Iraq as 'America's problem' is both outdated and short-sighted. Such a refusal to take Iraq seriously contrasts with the self-interested but constructive role

played by Turkey in Iraq, which has acted resolutely to diffuse tensions over the disputed territories and also played an important mediating role between the Arab parties. The EU would do well to listen to its candidate country on ways to achieve a more productive European engagement in Iraq. The improvement in relations with Syria offers a major opportunity for Europe to play a mediatory role between both countries, with the added incentive of rehabilitating redundant energy infrastructure of significant benefit to the European market.

The prospect of a regional conflict over Iraq with grave repercussions for Europe has not yet receded. The question remains as to whether Europe can act to prevent such an eventuality. In April 2003 a *Financial Times* editorial observed that the collapse of a coherent EU foreign policy over the invasion of Iraq raised 'profound questions about whether the EU can develop its own foreign and defence policy'. Seven years later a cursory glance at Europe's interests in Iraq – regional stability, energy security, migration, combating terrorism – means that to continue to opt out of a political role in Iraq undermines the EU's attempts to portray itself as a capable security actor. Former US National Security Adviser Zbigniew Brzezinski has counselled Barack Obama that strategic cooperation with the EU 'is not possible with a partner that not only has not defined an authoritative political leadership, but also lacks an internal consensus regarding its world role.' The absence of a European strategy on Iraq lends much weight to his case.

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