

IRAN IN IRAQ: HOW MUCH INFLUENCE?

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

Iran's influence in Iraq has been one of the most talked about but least understood aspects of the post-war situation. Tehran has been variously accused by Washington of undue and nefarious interference, by Arab leaders of seeking to establish an Islamic Republic, and by prominent Iraqi officials of an array of illegitimate meddling (manipulating elections, supporting the insurgency, infiltrating the country). In reality, as Crisis Group discovered during months of extensive research in Iran and Iraq, the evidence of attempted destabilising Iranian intervention is far less extensive and clear than is alleged; the evidence of *successful* destabilising intervention less extensive and clear still.

That Iran has vital interests in what happens in Iraq is beyond dispute. That it so far has exercised its influence with considerable restraint also is apparent, as is the fact that it has the capacity to do far more, and far worse. To maximise the chance that Iraq emerges successfully from its political transition, it will be critical for Tehran and Baghdad to work together on common security issues, and for the U.S. at least to prevent a further deterioration of its relations with the Islamic Republic.

Muqtada al-Sadr's uprising in April 2004 heightened fears that Iran might be backing anti-coalition violence. Iran also has been accused of facilitating the movement of groups such as Ansar al-Islam, and of being responsible for the assassination of Iraqi security officials. More recently, the triumph in the January 2005 elections for Iraq's transitional national assembly of the Shiite-based United Iraqi Alliance (UIA) and, in particular, of three parties within it with long-standing ties to the Iranian regime -- the Supreme Council for the Islamic Revolution in Iraq (SCIRI), Al-Da'wa and Al-Da'wa - Tanzim al-Iraq -- appeared to vindicate the views of those who suspect an Iranian effort to install a loyal, theocratic government.

The notion is widely accepted in Iraq, the Arab world and the U.S. that Iran is intent on destabilising Iraq, moulding its politics decisively (via money or the dispatch of hundreds of thousands of its nationals), or

establishing a like-minded, compliant government. Already, this has had the insidious effect of shaping perceptions; if it continues unchallenged, it clearly runs the risk of determining policy. In fact, there is no indication that Iranian electoral manipulation is anything more than speculation or that the Shiites' victory was anything other than the political translation of their demographic predominance. Nor has any concrete evidence been presented to bolster the claim that Iran is either actively promoting the insurgency or seeking to maximise instability.

Iran's strength lies elsewhere. Having fought a brutal eight-year war with Iraq in the 1980s, its security agencies are highly familiar with Iraq's physical and political terrain and are able to sustain an active intelligence presence in southern Iraq, Baghdad and Kurdistan. Iranian levers of influence include a widespread network of paid informers, the increasingly assertive Iranian Revolutionary Guard Corps (IRGC, or Pasdaran), and petro-dollar funded religious propaganda and social welfare campaigns. Most importantly, Tehran has tried to influence Iraq's political process by giving support, in particular, to SCIRI. Even then, and while the record of the past two years suggests a solid Iranian motive to interfere in Iraq and plenty of Iranian activity, it also suggests little resonance, and, therefore, a negligible impact, on Iraqi society. This is because of a deep suspicion and resentment on the part of many Iraqis toward their neighbour.

The starting point to understand Iran's role must be a proper assessment of its interests. These are relatively clear and, for the most part, openly acknowledged. Tehran's priority is to prevent Iraq from re-emerging as a threat, whether of a military, political or ideological nature, and whether deriving from its failure (its collapse into civil war or the emergence of an independent Iraqi Kurdistan with huge implications for Iran's disaffected Kurdish minority) or success (its consolidation as an alternative democratic or religious model appealing to Iran's disaffected citizens). Iran consequently is intent on preserving Iraq's territorial integrity, avoiding all-out instability, encouraging a Shiite-dominated, friendly

government, and, importantly, keeping the U.S. preoccupied and at bay. This has entailed a complex three-pronged strategy: encouraging electoral democracy (as a means of producing Shiite rule); promoting a degree of chaos but of a manageable kind (in order to generate protracted but controllable disorder); and investing in a wide array of diverse, often competing Iraqi actors (to minimise risks in any conceivable outcome).

These interests and this strategy, more than a purported attempt to mould Iraq in its own image, explain Iran's involvement, its intelligence collection, its provision of funds (and possibly weapons), and perhaps its occasional decision to back armed movements. They explain, too, the paradox of Iran's simultaneous ties to Iraq's political elite, which is hoping to stabilise the country, to Shiite clerics, who aim to Islamicise it, and to some rebellious political activists or insurgents, bent on fuelling unrest.

Finally, they explain why Iran so far has held back rather than try to undermine any chance of success. But this relatively cautious attitude may not last forever. Above all, it will depend on the nature of relations between Washington and Tehran: so long as these remain unchanged, Iran is likely to view events in Iraq as part of its broader rivalry with -- and heightened fears of -- the U.S. Highly suspicious of a large U.S. presence on its borders, concerned about Washington's rhetoric, and fearing its appetite for regime change, Tehran holds in reserve the option of far greater interference to produce far greater instability.

In basing its Iraq policy on cooperation with Shiites and its Iran policy on pressure against the regime, the Bush administration is simultaneously pursuing two paths that risk proving increasingly difficult to straddle. As Crisis Group has argued, the preferred way forward involves an accommodation between Tehran and Washington in which both sides' concerns are addressed: on the one hand Iran's nuclear program, its policies toward the Arab-Israeli peace process, and support for Hizbollah; and on the other, U.S. military presence in the region, its economic sanctions, and frozen pre-revolutionary Iranian assets. For now, however, such a grand bargain appears out of reach.

Some steps nonetheless should be taken to avert the most destabilising scenarios. Washington should avoid resorting to inflammatory rhetoric and take its newfound and welcome willingness to work with the European Union on a joint Iran policy a step further. To be credible, U.S. carrots must include more than lifting opposition to Iran's membership in the World Trade Organisation and to its obtaining aircraft spare parts -- and European sticks should include more than the already announced support for UN Security

Council action in the event Iran does not verifiably renounce any military nuclear effort -- if the goal is to encourage constructive Iranian behaviour on the nuclear file. It also is vital for Iraq and Iran to work cooperatively on their respective security concerns, in particular by strengthening border controls and ceasing any support for or harbouring of groups that threaten their neighbour. For its part, and particularly in the aftermath of the January elections, the international community should urgently assist Iraq in rebuilding its intelligence and customs control capabilities.

RECOMMENDATIONS

To the Governments of Iran and Iraq:

1. Begin negotiations to settle the Shatt al-Arab border delineation dispute and sign a peace treaty to formally end the war.
2. Agree upon and implement mutual steps to enhance border control, including
 - (a) sharing intelligence on the movement of insurgent groups and the flow of funds;
 - (b) cessation of support for or harbouring of groups engaged in violence against either side, including the Mojahedin-e Khalq (MKO) and KDP-Iran and Ansar al-Islam.
3. Promote cross-border trade and investment as well as cultural exchanges.

To the Government of Iran:

4. Increase border control forces, including through closer cooperation with Iraqi forces.
5. Cease providing shelter and assistance to fighters associated with Ansar al-Islam and other groups carrying out violent attacks in Iraq.

To the Government of Iraq and Iraqi Political Parties:

6. Avoid inflammatory and unsubstantiated accusations concerning Iran's behaviour.
7. Take steps to prevent the MKO from engaging in violent activities in Iran and, together with Coalition forces, confine it to its compound in central Iraq (camp Ashraf), and cease any support to KDP-Iran.
8. Focus on border control as the capacity of its security forces builds.

To the International Community:

9. Assist Iraq in rebuilding its intelligence and customs control capabilities, including by providing the necessary equipment.
10. Avoid inflammatory and unsubstantiated allegations concerning Iran's behaviour in Iraq.

To the Government of the United States:

11. Further support EU efforts to resolve the Iranian nuclear question, preferably by joining in negotiations and offering genuine incentives of its own so that a balanced package of incentives and disincentives can be offered to Tehran.

Amman/Brussels, 21 March 2005

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I. INTRODUCTION: PERCEPTIONS OF A GROWING IRANIAN THREAT

A. AN ASCENDANT SHIITE CRESCENT

The fear of an ascendant Iran preying on a weak post-war Iraq was exacerbated in July 2004, when Iraqi interim Defence Minister Hazem Sha'alan proclaimed that Iran remained his country's "first enemy", supporting "terrorism and bringing enemies into Iraq...I've seen clear interference in Iraqi issues by Iran", he charged. "Iran interferes in order to kill democracy".¹ A few months later Sha'alan -- a secular Shiite who is one of Iran's most outspoken critics in Iraq -- added that the Iranians "are fighting us because we want to build freedom and democracy, and they want to build an Islamic dictatorship and have turbaned clerics to rule in Iraq".²

Iranian officials were quick to dismiss Sha'alan as an "American puppet",³ but interim President Ghazi al-Yawar and interim Prime Minister Iyad Allawi also expressed concern about Iranian behaviour.⁴ According to al-Yawar, "Unfortunately, time is proving, and the situation is proving, beyond any doubt that Iran has [engaged in] very obvious interference in our business -- a lot of money, a lot of intelligence activities and almost interfering daily in business and many [provincial] governorates, especially in the southeast

side of Iraq".⁵ Al-Yawar also alleged that Iran was coaching candidates and political parties sympathetic to Tehran and pouring "huge amounts of money" into the election campaign to produce a Shiite-dominated government similar to its own.⁶

King Abdullah II of Jordan added fuel to the fire by warning, in uncharacteristically blunt language, that the repercussions of Iran's influence in Iraq could be felt throughout the region and could lead to a "crescent" of dominant Shiite movements or governments stretching through Iraq and into Syria, Lebanon and the Gulf, altering the traditional balance of power between Shiites and Sunnis and posing new challenges to the interests of the U.S. and its allies: "If Iraq goes Islamic Republic, then...we've opened ourselves to a whole set of new problems that will not be limited to the borders of Iraq...Strategic planners around the world have got to be aware that is a possibility". He accused Iran in particular of sending more than 1 million Iranians across the 910-mile (approximately 1,500-km.) border into Iraq, many in order to vote in the 30 January 2005 elections: "I'm sure there's a lot of people, a lot of Iranians in there that will be used as part of the polls to influence the outcome. It is in Iran's vested interest to have an Islamic Republic of Iraq...and therefore the involvement you're getting by the Iranians is to achieve a government that is very pro-Iran".⁷

¹ Quoted in Doug Struck, "Official Warns of Iranian Infiltration", *The Washington Post*, 26 July 2004.

² Quoted in Associated Press, 15 December 2004, and Annia Ciezadlo, *Christian Science Monitor*, 16 December 2004.

³ According to influential former Iranian Deputy Foreign Minister Mahmoud Vaezi, "Sha'alan is an American puppet. He was installed by the Americans. He is not even known in Iraq". Crisis Group interview, Tehran, 16 October 2004.

⁴ In thinly veiled references to Iran and Syria, Allawi warned that, "Some countries are hosting people who are involved in harming the Iraqi people...Iraq is passing through a difficult period but can respond in a strong way if needed...Patience has limits and it is beginning to run out". Quoted in Bassem Mroue, Associated Press, 1 January 2005.

⁵ See Robin Wright and Peter Baker, "Iraq, Jordan See Threat to Election from Iran", *The Washington Post*, 8 December 2004.

⁶ Excerpted from an audio interview with *The Washington Post*, at: <http://www.washingtonpost.com/wp-dyn/articles/A43980-2004Dec7.html>.

⁷ Quoted in Wright and Baker, "Iraq, Jordan See Threat", op. cit. King Abdullah made these comments in the run-up to the Iraqi elections when a victory for the Shiite-based United Iraqi Alliance looked like a foregone conclusion and after he had been warned by Bush administration officials not to raise his request for a postponement of the elections (to create time to bring Sunni Arabs back into the fold) with the president in Washington in early December. Crisis Group interview with a Western diplomat, Amman, 2 February 2005. Following the meeting, the monarch publicly opposed any delay and went out of his way to urge Iraq's Sunni Arabs to vote. A senior Iranian diplomat similarly claimed that the king "came to Washington

After the elections, the concern reached Europe, where Javier Solana, the European Union's foreign policy chief, expressed pessimism about Iraq's future and mentioned the fears -- he called it "panic" -- of King Abdullah and Egypt's Hosni Mubarak: "They wonder what kind of Iraq will emerge. Will it be a government of theologians or engineers?"⁸ The allegation ricocheted back to Iraq, where an aide to interim Prime Minister Allawi pointedly warned the United Iraqi Alliance (UIA) candidate for prime minister, Ibrahim al-Ja'fari of the Al-Da'wa party, that, "he has to behave as an Iraqi. He has to be loyal to Iraq and not to another country".⁹

In interviews, Sunni Arabs in Iraq have echoed such fears, alleging that Iran is actively seeking to create a Shiite satellite regime through intelligence operations, financial support and propaganda campaigns. A Sunni tribal leader alleged:

They are increasing the number of their agents every day, and they are spending millions of dollars to brainwash the people to establish a Shiite state. They have different means, offering people money or tempting them with free trips to Iran. They want to convince people about the positive aspects of combining religion and politics.¹⁰

A leader of the Sunni-based Muslim Scholars Association, reacting to the killing of two Sunni clerics, accused Iran of seeking to foment civil war. He outlined what he claimed were three Iranian angles: First, he said, because the capital of the Persian Empire under the

Sassanid dynasty had been in Iraq,¹¹ "there is this Iranian view that Iraq is a natural extension of Persia".¹² Secondly, "Iran is a Shiite country that holds that Iraq's Shiites are of Iranian descent and should be part of Iran".¹³ Thirdly, Iranians are afraid of a U.S. attack, "so they do their best to destabilise Iraq -- to put the Americans in the mud".¹⁴ The notion that Iran harbours historical claims on Iraq and considers its Shiites to be Iranians, while dismissed derisively by Iranians as paranoid babble, enjoys a certain purchase in Sunni Arab quarters in Iraq and frames perceptions toward their powerful neighbour to the east.

The twin perceptions of a Shiite "crescent" and an Iranian menace intersect and blend. Sunni Arabs decry a Shiite ascendancy they see as threatening their interests but articulate this by positing an Iranian hand in the rise of Shiite power. Thus King Abdullah, widely criticised for the alarums he raised in December 2004, suggested subsequently that his pronouncements had been aimed not so much at Shiites as a religious but as a *political* community, backed by Iran.¹⁵ Such thinking is not the

¹¹ The Sassanids were the last dynasty of native, pre-Islam rulers in Persia, 226-651 AD. Their capital was Ctesiphon, on the western (Iraqi) shores of the river that is known today as the Shatt al-Arab. This history, according to Shaul Bakhash, "provided fodder for the constructs of intellectuals, government propagandists, and the popular imagination [in the 1980s] -- the idea that territorial and political control and perceptions of cultural superiority in the distant past served as a rationale and justification for the territorial claims and assertions of cultural and moral superiority in the present". Shaul Bakhash, "The Troubled Relationship: Iran and Iraq, 1930-80", in Lawrence G. Potter and Gary G. Sick, *Iran, Iraq, and the Legacies of War* (New York, 2004), p. 12.

¹² Iranians scoff at the accusation that Iran lays territorial claims in or on Iraq for historical reasons and are quick to point out that, apart from simmering border disputes that have been contained, the only act of aggression between the two countries in their modern history, and the only attempt at grabbing territory and changing borders, was Iraq's invasion in September 1980.

¹³ It appears, quite to the contrary, that many Sunni Arabs in Iraq believe that many of their Shiite fellow citizens are Iranians. See below concerning the expulsion of these Iraqis to Iran, where they were mostly treated as refugees, not as returning kin.

¹⁴ Crisis Group interview, Baghdad, 17 October 2004.

¹⁵ The King said: "In no way can we be against the Shiites... We have strong ties with Shiites in Lebanon, Iraq, the Gulf states and many in Iran, and we are keen to maintain the long-standing relations between Sunnis and Shiites". He blamed "certain parties" for "taking advantage" of his statements on a Shiite crescent "to serve their own purposes", and charged: "They have taken our remarks about a Shiite crescent out of proportion". *Jordan Times*, 6 January 2005. He repeated his statements several days before the

to try and get President Bush to delay the elections but Bush told him not to even bring up the subject, [as] it was out of the question. So he vented to editors of *The Washington Post* about Iran", as a way of seeking to further his cause. Crisis Group interview, 10 January 2005. A Jordanian commentator suggested that the King's "rather undiplomatic" comments were informed by a realisation that Jordan, Iraq's loyal friend during the Iran-Iraq war, stood to lose a major ally and trading partner under a new, post-election configuration. Saad Hattar, "A peaceful, united Iraq serves American and Iranian interests", *Daily Star*, 14 February 2005.

⁸ Javier Solana quoted in Judy Dempsey, "EU's Solana remains a pessimist", *International Herald Tribune*, 21 February 2005. For fuller quotes from King Abdullah and Iraq's interim defence minister, Hazem Sha'lan, see below.

⁹ Quoted in "Allawi's party warns possible successor over Iran ties and role of Islam in state", *Daily Star*, 17 February 2005.

¹⁰ Crisis Group interview with senior Sunni tribal leader, Baghdad, 18 October 2004.

monopoly of Sunni Arabs. Many secular Shiites in Iraq, who were a mainstay of the Baath party, have been explicit that they, too, abhor Shiite theocracy on the Iranian model, which they say they fought under the previous regime (via suppression of Shiite political movements such as Al-Da'wa and in the 1980-1988 war), and that they regard Shiite parties such as SCIRI and Al-Da'wa as agents of Tehran.

Iraqi popular perceptions toward Iran also are broadly negative, and they, too, are not limited to Sunni Arabs. In a widely echoed comment, a 24-year-old Baghdad resident told Crisis Group: "My opinion is bad towards Iran, and this is the opinion of many others...Iran has an active role in the continuity of chaos here...more than other neighbouring countries".¹⁶ And a prisoner rights activist in the Shiite neighbourhood of Kadhemiyeh declared:

We are connected to Iran. We have common borders, a common religion. Even under Saddam I used to buy Iranian carpets. That's how I learned some words in Persian. But I can tell you, inside them, the Iranians don't like us Iraqis. Maybe it is because of eight years of war and destruction. Maybe it is part of their mentality...I think the Iranian regime has a hand in what is going on in Iraq today. I can't say for sure, but I would not exclude the possibility that Iran is giving money and weapons to insurgents. That is what I hear, what I see and what I feel: They always think of their own interest. The Iran-Iraq war is still inside them, and they are still seeking revenge.¹⁷

Survey results tend to support such anecdotal evidence. According to one, Iran was viewed by 50.9 per cent of respondents as the neighbouring state "most likely to instigate a civil war" in Iraq, well ahead of Syria (17 per cent), Turkey (13.2 per cent), Kuwait (11.3 per cent), Saudi Arabia (3.8 per cent) and Jordan (0 per cent).¹⁸

Iraqi election. See Randa Habib, "Monarch warns against sectarianism", *Jordan Times*, 28-29 January 2005.

¹⁶ Crisis Group interview, Baghdad, 24 October 2004.

¹⁷ Crisis Group interview, Baghdad, 17 October 2004.

¹⁸ See Michael O'Hanlon and Adriana de Albuquerque, "Iraq Index", Brookings Institution, 27 October 2004, available at: <http://www.brookings.edu/dybdocroot/fp/saban/iraq/index.pdf>. At the same time 66.7 per cent of respondents designated the U.S. as the entity (immediate neighbours aside) most likely to foment civil war, far ahead of Israel (22.2 per cent) or al-Qaeda (3.7 per cent).

B. PROLIFERATING CLAIMS AND SPECIOUS DEFINITIONS

Even as accusations have proliferated, hard evidence has remained sparse. Typical statements, culled from Crisis Group interviews with government officials and political leaders in Iraq, include the following: "We received reports that [fill in the blank]"; "We have proof that [fill in the blank]"; "Everybody knows that [fill in the blank]"; "They spoke Persian"; "We have heard that Etelaat [Iranian intelligence] set up an office in Basra"; "Money is coming into the country"; "We have proof that Iranians are supplying Moqtada al-Sadr with money and weapons"; "We received a report a couple of weeks ago that Moqtada visited Falluja. This is clear proof of his cooperation with the insurgency there".¹⁹ And, in response to a direct request for evidence that the violent Kurdish group Ansar al-Islam has a presence in Diyala governorate and is supported by Iran: "You know, crossing the border is very easy".²⁰ When asked if he had evidence to support his claim that Iran was pouring funds into Iraq, a leader of the Sunni-based Muslim Scholars Association could only cite an Iranian book fair in February 2004 at which significant book donations were made to Iraqi universities, "not scientific works but propaganda materials, mostly".²¹

¹⁹ This last assertion was made by the leader of an Iraqi party who claimed to have ties with the insurgents. Crisis Group interview, Baghdad, 2 October 2004.

²⁰ Crisis Group interview with a leader of an opposition party who claimed ties with the insurgents, Baghdad, 1 October 2004.

²¹ The minister of higher education and scientific research, Taher Khalaf al-Baq'a, exhibited far less concern. He told Crisis Group there had been two book fairs exhibiting Iranian books, one organised by SCIRI, the other by Iran, and chided SCIRI for having presented books that mostly dealt with religious issues and had all been published in Iran. "They should have brought a diversity of books", he said, "and books published in other countries as well". The Iranian book fair, at Mustansariyeh University in Baghdad in February 2004 (which al-Baq'a headed at the time), also displayed a preponderance of religious works. "I had told the Iranians to bring a diversity of books but they made their own choice. I am not saying they did the right thing, but there was an over-reaction about this fair, for three reasons: the negative heritage of the Iran-Iraq war, the Iranians' failure to present a diversity of books, and Iraqis' surprise at seeing so many new titles, all of which had been forbidden during Saddam's time". Stressing the point that the anxiety about the Iranian book fair had been overblown, he pointed out that it was followed by a Lebanese book fair. Crisis Group interview, Baghdad, 21 October 2004. Book donations have become an easy tool for Iran to spread its influence at a time when the regime is enjoying a petro-inflated budget. The regime has always had a penchant for social welfare and propaganda campaigns. A Baghdad University student noted

One of the most prominent Iraqis to accuse Iran of meddling has been Muhammad al-Shahwani, a former senior army officer who fled Iraq in 1990 and then worked in real estate in Virginia for a decade before returning after the war and becoming the head of intelligence. In October 2004 he accused Iran's Baghdad embassy of being behind the assassination of eighteen of his agents in the previous month. In an interview with Crisis Group, Shahwani cited as evidence the results of a raid on three suspected Iranian safe houses in Baghdad,²² the arrest of four Iranian businessmen who he alleged had been gathering intelligence and seeking to recruit Iraqis, and the disbursal of funds:

A lot of money is entering the country. The insurgents are spending millions of dollars, so there must be a big source behind them. It has to come from another country. It's not only money, but also weapons that are crossing the Iranian border. As for proof, we don't have it. Until now, my men have not caught a truck with millions of dollars or intercepted a load of weapons. But it is only logical that Iran is behind this.²³

Iraqis who refer to "Iran" generally mean the regime and disregard the fact that it is hardly monolithic.²⁴ Their assumption is that all arms of the state work toward a single strategic purpose, controlled tightly by the centre and led by a small clique that brooks no dissent.

that students connected to Iranian organisations were handing out free copies of Iranian religious and propaganda books inside the university. Crisis Group interview, Baghdad, 20 October 2004.

²² One of these safe houses, he said, belonged to an Iranian TV station that was operating without a proper permit; in the second, documents belonging to the Badr Corps were found; and the third was empty except for clothes and some documents: "It looked like the house was just a cover". Crisis Group interview, Baghdad, 19 October 2004. Shahwani told journalists that one particular document showed that "Iran allocated a budget to Badr Corps, totalling \$45 million" and that, "among the objectives of this budget is to back the formation of a security service grouping several directorates to carry out a set of subversive acts including...physical liquidation". SCIRI denied the accusation and claimed Shahwani was hiring elements of the former regime who "have a history of targeting SCIRI and Badr members". Quoted in Ned Parker, "Iraq's spy chief accuses Iranian embassy of killing agents", Agence France-Presse, 14 October 2004. Crisis Group was unable to see or obtain copies of the documents in question.

²³ Crisis Group interview, Baghdad, 19 October 2004.

²⁴ See Crisis Group Middle East Report N°5, *Iran: The Struggle for the Revolution's Soul*, 5 August 2002, and Crisis Group Middle East Briefing N°11, *Iran: Discontent and Disarray*, 15 October 2003.

Likewise, they view fellow Iraqis who have leanings toward or connections with Iran as regime agents who, under various guises and deploying different instruments, invariably play to the same conductor. However unsophisticated such a view of Iran and its friends in Iraq may be, the situation is muddied even further by the liberal use of the term "Iranians" to denote anyone suspected of doing Tehran's bidding, even if they are Iraqi citizens. Interviews with a range of Iraqis highlight the fact that the term "Iranians" could include any of the following Iraqis:

□ **Iraqi Shiites "of Persian origin"**. At the beginning of the Iran-Iraq war, the Baath regime expelled large numbers of Iraqi Shiites it accused of being Iranians. The designation "Iranian" stemmed from a quirk in Iraq's Ottoman legacy. In Ottoman times, many citizens chose to register as Persians (*Faresi*) in Iraq in order to avoid extended army service, even if they had lived in Iraq for generations. When post-Ottoman Iraq adopted its citizenship law in the early 1920s, Iraqis inherited this designation of "national origin", which was marked in their identity cards (*daftar jinsiyeh*) as either "Taba'iyyeh Othmaniyeh" or "Taba'iyyeh Faresiyyeh". Fathers passed it on to their children, and only the payment of a bribe sometimes could change it. In the era of vocal Shiite opposition politics in the 1970s and the outbreak of the Iran-Iraq war in 1980, the Baath regime deemed these Iraqis a potential fifth column, confiscated their properties, removed their identification papers and shoved them unceremoniously across the border, penniless and with barely the clothes on their backs, "back to" Iran, where they were treated, not as returning citizens, but as refugees.²⁵ After the fall of the regime, these refugees started returning to Iraq, their involuntary residence in Iran having reinforced rather than weakened the taint of being "Iranians".²⁶

²⁵ Crisis Group interviews with Iraqis, February 2005. Rules were put in place to facilitate the removal only of those with the Persian designation. Thus, men with a "Persian" wife were offered a reward for divorcing her; if only the man was "Persian", the wife was not subject to expulsion but, loath to see her husband and children go, in reality had little choice.

²⁶ A Jordanian commentator referred to them as "Arabized Iranian Shiites". Hattar, "A peaceful, united Iraq", op. cit. Aside from any presumed Arabisation of suspected Iranian Shiites, Iran has an Arabic-speaking Shiite population all its own -- in Khuzestan, the province that saw some of the bloodiest battles of the Iran-Iraq war as Saddam Hussein vainly sought to win the loyalty of these Iranians and, possibly, incorporate their land, which abuts the strategic Shatt al-Arab waterway, into Iraq. While the notion that Iraq's Shiites are in fact Iranians is widespread in Iraq, it has

- **Fayli Kurds.** A sub-set of the "*Faresi*", the Faylis are Iraqi Shiite Kurds who live predominantly in Baghdad and towns eastward toward the Iranian border, such as Kut. They faced expulsion for being "Iranians" throughout Iraq's modern history, but especially in the 1970s and again at the beginning of the Iran-Iraq war.²⁷ Many have sought to return after the war; without Iraqi papers, they often found that their properties had been confiscated. One secular Shiite with tribal links in Kut alleged that the Waset provincial council had been taken over by "Iranians" in 2004. Upon further questioning, it turned out that by "Iranians", he mostly meant Fayli Kurds, whom he accused of being both citizens of Iran and agents of its regime.²⁸
- **Persian-speaking Iraqis and/or those with an Iranian family name.**²⁹ These include, for example, Hussain al-Shahristani, Iraq's pre-eminent

particular currency among some tribes in the Sunni Arab heartland, whose youth the previous regime used to bring to Baghdad -- an alienating experience for many -- where they were inducted into the security services and encouraged to be violent. "Saddam Hussein always pressed the idea on these young men that Shiites are not Arabs but Iranians", recalled an Iraqi politician. "This notion continues to live very strongly among the Sunni tribes. The reality is, however, that Sunnis and Shiites in Iraq are of the same ethnicity and often belong to the same tribe." Crisis Group interview with Harith al-Ajil, Amman, 4 February 2005. Al-Ajil belongs to the Zubeid tribe, which has both Sunni and Shiite members.

²⁷ The Faylis are Shiite Kurds who speak either the Luri or Lak dialect of Persian (some would say: of Kurdish). Historically, they were considered Persians, as they refused to join the Ottoman army. In reality, they are a cross-border group. A former UN High Commission for Refugees (UNHCR) official in Iran said that from his experience, Fayli Kurds do not like to be referred to either as "Faylis" or as "Kurds" but as "Iraqis". Crisis Group interview, Amman, 12 February 2005. Following their expulsion from Iraq, those Faylis who could present documentary proof of Iranian ancestry were able to obtain Iranian citizenship. Those who could not were designated refugees and treated as such (harshly). Crisis Group interview with a former Iranian UNHCR official in Iran, Amman, 16 February 2005. Two Fayli parties ran in the Iraqi elections in January 2005, the Islamic Union of Iraqi Fayli Kurds and the Free Fayli Kurdish Organisation. The latter group's platform included regaining Fayli rights, their Iraqi citizenship and their properties. It is often forgotten that the leader of the 1958 revolution, Abd-al-Karim Qasim, a staunch and revered Arab nationalist, was half Fayli Kurd (on his mother's side).

²⁸ Crisis Group interview, Amman, 10 January 2005.

²⁹ Members of the Shiite aristocracy in Iraq (especially women) were often quite able to express themselves in Persian, which was the language of their Iranian servants. Crisis Group interview with Ali Damirji, an Iraqi businessman whose family name is of Turkish/Ottoman origin, Amman, 15 February 2005.

nuclear scientist who was condemned to solitary confinement for a decade and tortured grievously for refusing to heed Saddam Hussein's order to head his bomb program, and who re-emerged after the war as a pragmatic politician charged by Ayatollah Sistani with forming the UIA ahead of the January 2005 elections.³⁰ Shahristani's family name is Iranian and, in addition to his native Arabic, he has strong command of Persian as a second language, but he is 100 per cent Iraqi. Nevertheless, in December 2004, interim Defence Minister Sha'lan, a secular Shiite and former Baathist, accused Shahristani of being an Iranian "agent" who was putting together an "Iranian list" for the elections: "This expert worked for two years on the Iranian nuclear program after having been freed in 1991", Sha'lan claimed. "He now has the pretension of becoming the head of the Iraqi government but we will not allow that".³¹

- **Shiite clerics and members of their parties,** such as Al-Da'wa and SCIRI, and even supporters of Ayatollah Ali al-Sistani -- with no evident understanding of the religious differences and nuances dividing these groups and personalities. A retired Iraqi diplomat, for example, declared that, "the Iranians are very clever and very strong. They have different faces but use a division of labour in furtherance of a single goal: regional dominance. This applies to SCIRI, Sistani, the Shiites in Bahrain, and so on".³² Likewise, an Iraqi politician, responding to a question about evidence of indirect Iranian influence, cited measures taken in "ministries controlled by members of Islamic parties", such as

³⁰ Shahristani was sprung from prison during the 1991 uprising, lived in exile in Iran for some time, then by his account left Iran for the UK dismayed at how the regime obstructed his charitable work among Iraqi refugees and frustrated over the fact that his children were denied access to education. Crisis Group interview, The Hague, 20 December 2004. In the event, the UIA selected Ibrahim al-Ja'fari as its candidate for prime minister.

³¹ Quoted in Agence France-Presse, "Iraqi minister blasts Iran, Syria as source of 'terrorism'", 15 December 2004. Both interim Prime Minister Iyad Allawi and interim President Ghazi al-Yawar chided Sha'lan for his ad hominem attack on Shahristani and urged him to retract his accusations. There is no record he complied.

³² Crisis Group interview, Amman, 5 February 2005. He also asserted that Sistani supports the notion of the *velayat-e faqih*, the "rule of the Islamic jurist", Ayatollah Khomeini's doctrine of political rule by senior Shiite clerics, despite a long record of Sistani's writings against it. While Iranian by birth (born in Mashhad but a resident of Najaf since he was in his twenties), Sistani has shown himself more of an Iraqi nationalist and more capable of rising above sectarian politics than Iraqis who denounce him for his Iranian origins and supposed religious beliefs.

the Ministry of Youth (whose minister is a member of SCIRI). These measures included separate entrances for men and women and an imposed dress code, for example, head scarves for women and a beard but no tie for men.³³ The accusation suggests a conflation of manifestations of conservative Islam in Iraq with regime-imposed practices in Iran through the mediating role of a presumed Iranian proxy in Iraq, SCIRI (see below).

- **Iraqis who fought with Iran against Iraq during the Iran-Iraq war.** The Iranian assignation goes even further, implicating Iraqi parties such as SCIRI for their decision to fight alongside Iranian forces in the Iran-Iraq war. SCIRI had its own battalion, the Badr Corps, which was trained and financed by the Iranian regime. SCIRI's motivation was to overthrow the Baath regime but its decision, in wartime Iraq, was seen as anti-Iraqi.³⁴ Likewise,

during the Iran-Iraq war, Masoud Barzani's Kurdistan Democratic Party (KDP) was known in Iraqi regime parlance as "the offspring of treason" (*salili al-khiyaneh*) -- Masoud being the son of Mulla Mustafa Barzani, the leader of the 1975 Kurdish revolt -- and Jalal Talabani's Patriotic Union of Kurdistan (PUK) as the "agents of Iran" (*'umala Iran*) for their alliance with Tehran. Kurdish insurgents and civilians implicated in, or -- through family relations -- associated with, the Kurdish insurgency during the war were shorn of their Iraqi citizenship as traitors and dumped in the "areas prohibited for security reasons", virtual no-go zones controlled by the rebels, as if they were Iranians rejoining their kin.³⁵

Given such broad definitions of the term "Iranians", allegations that a million or more Iranians entered Iraq, allegedly to influence the January 2005 election, should come as no surprise. In response, a SCIRI official noted: "What they don't understand is that a quarter of a million Iraqis have been in Iran, living in exile for a quarter century. They have been using Iranian documents, and when they come home to Iraq, they are bringing these documents with them. This does not mean they are Iranians."³⁶ A UNHCR official in Iran suggested that the number of returnees was in fact much lower: Of 200,000 registered Iraqi refugees in Iran in March 2003, an estimated 108,000 have since returned, including 7,000 Fayli Kurds.³⁷ Regarding the "1 million Iranians" claim, a former UNHCR official in Iran proposed that "perhaps 1 million Iranians did enter Iraq, but most of them are pilgrims, and this number is cumulative over the entire period since the end of the war. 95 per cent have returned to Iran".³⁸

Irrespective of accusations based on false premises and devious definitions, available evidence does suggest that Iran has been able to take advantage of the power and security vacuum in Iraq to extend its influence across the border. Given the length of that border and a history of troubled relations, this was to be expected. What needs to be determined are the nature of Iran's motives and how successful its involvement has been in an Iraqi society that is frequently hostile and at best sceptical toward its more powerful neighbour.

³³ Crisis Group interview with Naser al-Chadirji, leader of the National Democratic Party, Baghdad, 17 October 2004. Crisis Group visited the Ministry of Youth, where it observed some of these practices but where the deputy minister, Kheiry Fadhel 'Aoum, insisted that civil servants were free to dress as they pleased and that women wearing a headscarf -- 70 per cent, he said (which suggests no direct compulsion but perhaps a good deal of officially encouraged peer pressure) -- had done so under the previous regime as well. Crisis Group interview, Baghdad, 25 October 2004. Indeed, the Baath regime started encouraging female civil servants, as well as students, to adopt the Islamic dress code in the 1990s; a majority complied. Walls in ministry buildings sported posters reminding women that Saddam Hussein would like to see them abide by standards of Islamic decency. The head of the Federation of Iraqi Women at the time, Manal Younes, gave the example by adopting a Benazir Bhutto-type light headscarf.

³⁴ In March 1991, SCIRI sent its fighters into Iraq to participate in the uprising sparked by the Iraqi army's defeat in Kuwait and initiated by retreating army officers (many of whom were not Shiites). At the time, the Baath regime let it be known that Iran was behind the uprising and that it had killed Iranian fighters among the insurgents. A Crisis Group analyst, visiting Iraq in a different capacity in March 1991, was told by Iraqi troops guarding the Abbas mosque in Karbala (which the army had just retaken from rebels) -- in response to the question whether they had found any Iranians -- that there "may have been some Iranians among the bodies", clearly implying they had not encountered any. To this day, Iraqis in Basra blame SCIRI/Badr fighters for turning an army-based, anti-regime revolt into a "Shiite" rebellion fomented by Iran-based insurgents, thereby undermining its support among a broad spectrum of Iraqis, who found SCIRI's motives, in particular, deeply suspect. For example, SCIRI operatives were said to have put up posters of Ayatollah Khomeini. When the regime launched a counter-offensive, SCIRI fighters fled back to Iran, leaving local insurgents to face the onslaught led by far superior forces. Crisis Group interview with Deborah Amos of National Public Radio, Amman, 6 February 2005, based on her

interviews in Basra around the time of the 30 January elections. See also. George Packer, "Letter from Basra: Testing Ground", *New Yorker*, 28 February 2005.

³⁵ See Human Rights Watch, "Iraq's Crime of Genocide: The Anfal Campaign Against the Kurds", New Haven, 1995, p. 246.

³⁶ Crisis Group interview with Sa'ad Jawad Qandil, acting head of SCIRI's political bureau, Baghdad, 4 October 2004.

³⁷ E-mail communication, 27 February 2005.

³⁸ Crisis Group interview, Amman, 12 February 2005.

II. THE LEGACY OF WAR

A. THE LINGERING IMPACT OF THE IRAN-IRAQ WAR

While in terms of culture and language Persian-speaking Iran and Arabic-speaking Iraq are in many ways distinct, they are tied together by the fact that a majority of people in both countries are Shiite Muslims.³⁹ Interaction between the Shiite communities has always been significant. What today is southern Iraq is also the historical heartland of the Shiite world. The shrine cities of Najaf and Karbala have for centuries been the centre of Shiite learning and theological education. Much of Iran's current religious and political elite studied in the seminaries there,⁴⁰ and hundreds of thousands of Iranian pilgrims have visited the holy shrines.⁴¹

At the state level, however, relations have been marked by tension for decades. The most contentious issue has been the precise demarcation of the border at the Shatt al-Arab (known as Arvand Rud in Iran), the strategically and economically important waterway claimed by both countries. Throughout the 1970s they clashed periodically but Iraq was deterred by a militarily superior Iran that enjoyed U.S. backing. In 1975 it agreed to share the river and accept its mid-point, the *thalweg*, as the border.⁴²

³⁹ Approximately 90 per cent of Iranians and 60 to 65 per cent of Iraqis are Shiites. Shiites believe that after the Prophet Muhammad's death the leadership of the Islamic community should have gone to Ali, the Prophet's son-in-law. There are various branches of Shiite Islam, but the majority of Iranians and Iraqis are Twelver Shiites, who follow the teachings of twelve Shiite Imams, whom they view as the Prophet's legitimate successors. The chain of succession starts with Ali, who died in 661 and ends with Imam Mahdi who died in 873 but is believed by the faithful to be in hiding, one day to return to "fill the world with justice". The Twelver Shiites have a hierarchically structured clergy, whose senior members wield considerable influence in both Iraq and Iran.

⁴⁰ It was while in exile in Najaf (1965-1978) that the late Ayatollah Khomeini formulated his religious-political concept of the "rule of the Islamic jurist" (*velayat-e faqih*), which became the triumphant political ideology after Iran's 1979 revolution. See Crisis Group Report, *Iran: The Struggle for the Revolution's Soul*, op. cit.

⁴¹ Iranian pilgrimages to Iraq's shrines were halted at the beginning of the 1980-1988 Iran-Iraq war and only resumed in the late 1990s.

⁴² The Shatt al-Arab is the body of water formed by the confluence of the Tigris and Euphrates rivers in southern Iraq as they flow toward the Persian Gulf. The Algiers Accord signed in March 1975 by the Shah of Iran and Iraq's then strong man and deputy president, Saddam Hussein, stipulated

Following the ouster of the Shah's regime in 1979, however, Saddam Hussein, sensing a vulnerable Iran in the throes of internal chaos, sent his forces across the border in September 1980, occupying parts of Iran's oil-rich Khuzestan province and thereby re-opening the border question.⁴³

The territorial dispute was not the only factor that contributed to the outbreak of the war. The dynamics of relations were altered dramatically as a result of the Islamic revolution; Baghdad's secular Baathist regime felt threatened by Iran's newfound Islamist fervour, not least because radical elements of Tehran's new leadership propagated the idea of exporting the Islamic revolution to neighbouring countries.⁴⁴ A secular but highly repressive regime, Baathist Iraq had viewed with alarm the Shiite clerics' growing turn to politics in the 1970s, especially in light of the Shiites' demographic preponderance. The revolution next door threatened to throw oil on the fire. In response, the regime stepped up persecution of Shiite religious leaders it suspected of subversive political activities and continued its ruthless policy of expelling Iraqi Shiites it claimed were of Iranian origin. Moreover, Saddam Hussein successfully marketed the war to his wealthy Persian Gulf neighbours as a pan-Arab defence against an aggressive "Shiite, Persian" enemy, thereby gaining hundreds of millions of dollars of funding.

But despite Saddam Hussein's appeals to Khuzestan's Arab population and the Islamic regime's appeals to Iraqi Shiites, national identity trumped sectarian and ethnic affiliation. Contrary to the Baath regime's expectations, the Arab population in Khuzestan did not support Iraq's invasion but mostly fled. Nor did Iran's hopes materialise with respect to Iraqi Shiites, who constituted more than 80 per cent of Iraqi soldiers and

that the *thalweg*, the middle of the river, would constitute the border along the length of the Shatt al-Arab/Arvand Rud. For a history of this territorial dispute, see Richard Schofield, "Position, Function and Symbol: The Shatt al-Arab Dispute in Perspective", in Lawrence G. Potter and Gary G. Sick, *Iran, Iraq, and the Legacies of War* (New York, 2004), pp. 29-70.

⁴³ Khuzestan had always been a part of the Iranian nation but was historically inhabited by Arab tribes. As such, Baathists and pan-Arabists often referred to the province as "Arabistan" and called for its "liberation". Khuzestan is located on the Shatt al-Arab's eastern bank; by occupying it, Iraq would have been in sole control of the waterway.

⁴⁴ In its propaganda directed at the Iraqi people, Tehran emphasised the un-Islamic character of the Baathist ideology and incited Iraqis to rebel against the regime. Ruhollah K. Ramazani, *Revolutionary Iran: Challenge and Response in the Middle East* (Baltimore, 2nd ed. 1988), pp. 24-27.

low-ranking officers and fought bravely in the service of their nation.⁴⁵

At war's end in August 1988, perhaps as many as half a million Iranians and Iraqis had been killed, and hundreds of thousands were permanently disabled.⁴⁶ Apart from the untold humanitarian catastrophe, foreign observers estimated Iran's material damages at \$644 billion, Iraq's at \$452 billion.⁴⁷ Iran emerged deeply aggrieved by the failure of the UN Security Council to censor aggression and had to wait for the Iraqi invasion of Kuwait in 1991 to receive the reward to which it long thought itself entitled: a formal determination -- in a report submitted by then Secretary General Javier Pérez de Cuéllar to the Security Council -- that Baghdad had acted out of "aggression rather than self-defence", and that consequently Iran had the right to claim reparations.⁴⁸

A cold peace followed. The mutual mistrust between the regimes was undiminished, each harbouring the other's opposition groups and prolonging the painful process of releasing prisoners of war.⁴⁹ But they refrained from open hostilities, and in 1991 Iran, while condemning Iraq's invasion of Kuwait, declared itself

neutral in the U.S.-led war.⁵⁰ Likewise, Iran -- in sharp contrast to both its revolutionary ideology and its repeatedly professed sectarian affinity to Iraqi Shiites -- refrained from assisting Iraqi insurgents during the post-war uprising in southern Iraq, believing their cause to be hopeless.⁵¹

After years of virtually no political contacts, relations between Iran and Iraq began to thaw somewhat in the mid-1990s. Although no peace treaty was signed, and the territorial dispute over the Shatt al-Arab was never fully resolved, both sides continued to use the waterway without incident and to exchange prisoners of war. Still, mutual suspicions remained strong. Iranian leaders never failed to identify Iraq as their gravest national security threat, believing that it had relinquished neither its pursuit of weapons of mass destruction (WMD),⁵² nor its ambition to seize the Shatt al-Arab and Khuzestan. For this reason, Iran viewed the U.S.-led attack on Iraq in 2003 with great ambivalence: It was pleased to see the end of Saddam Hussein's rule, but at the same time wary of a large U.S. military presence on its border.

B. IRAN'S STANCE ON THE 2003 U.S. INVASION

While some among Iran's political elite quietly let it be known they saw significant benefit in Washington's effort to unseat the Iraqi regime,⁵³ the leadership officially opposed it, lashing out at America's "greed"

⁴⁵ Laith Kubba: "The War's Impact on Iraq", in Farhang Rajaei, ed., *The Iran-Iraq War* (Gainesville, 1993), p. 49.

⁴⁶ The parastatal Martyrs Foundation (*bonyad-e shahid*) in Tehran has stated that more than 250,000 Iranians were killed in the Iran-Iraq war, about 90 per cent military personnel. Iranian health officials say that approximately 60,000 Iranians were exposed to Iraqi chemical weapon attacks during the war, and surviving victims of mustard gas continue to suffer and, in steady numbers, die from grievous injury to their lungs, even today. See Joost R. Hiltermann, "Outsiders as Enablers: Consequences and Lessons from International Silence on Iraq's Use of Chemical Weapons during the Iran-Iraq War", in Potter and Sick, *Iran, Iraq, and the Legacies of War*, op. cit., pp. 151-166. Iraq has never published casualty statistics.

⁴⁷ Such estimates included losses in oil revenues, estimated GNP losses, and damage to infrastructure. See Marion Farouk-Sluglett and Peter Sluglett, *Iraq Since 1958: From Revolution to Dictatorship* (London, revised edition 2001), p. 271. Figures denoted in dollars (\$) in this report refer to U.S. dollars.

⁴⁸ See Ruhollah K. Ramazani, "Who Started the Iraq-Iran War? A Commentary", in *Virginia Journal of International Law* (Fall 1992), pp. 69-89. Iran's foreign ministry spokesman, Hamid Reza Asefi, reaffirmed in 2004 that Iran intends to pursue war reparations with Iraq's new rulers: "The demand for war reparations and indemnities is one of our rights, and there is no question of renouncing them at the moment... wiping them off is not on the agenda". IranMania.com, "Tehran insists on Iran-Iraq war reparations", 20 December 2004.

⁴⁹ Baghdad continued to offer shelter to the Mojahedin-e Khalq (MKO), a Marxist-Islamist group with little popular support in Iran, while Tehran supported the Shiite-led Supreme Council for the Islamic Revolution in Iraq (SCIRI).

⁵⁰ In a surprise move at the beginning of the allied war to oust Iraqi forces from Kuwait, the Iraqi regime ordered its air force to fly some 150 war planes to Iran for safekeeping. The Iranian regime said "thank you" and until this day has held on to these planes (whose pilots were permitted to return to Iraq at the time), claiming it has far fewer planes than the 150 Iraq says it must have.

⁵¹ Many Shiites charge the U.S. with betrayal for its failure to come to their aid during the 1991 uprising. See Crisis Group Middle East Report N°6, *Iraq Backgrounder: What Lies Beneath*, 1 October 2002, pp. 7-8.

⁵² The Iraqi regime encouraged the Iranians in the belief that it continued to have active WMD programs, despite efforts by the UN Special Commission on Iraq (UNSCOM) after the Gulf War to dismantle them. The 2004 report of the CIA's Iraq Survey Team (the Duelfer Report) makes clear that Iran was "the pre-eminent motivator" of the regime's policy to maintain a WMD deterrent in the 1990s, irrespective of the fact that the regime apparently terminated these programs shortly after the Gulf War. See "Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD", 30 September 2004, available at: http://www.cia.gov/cia/reports/iraq_wmd_2004/.

⁵³ According to then Deputy Parliament Speaker Mohammed Reza Khatami, "The overthrow of Iraqi President Saddam Hussein, through whatever means, will be the happiest day" for Iran. Agence France-Presse, 26 September 2002.

and "colonialist ambitions". In the words of Supreme Leader Ayatollah Ali Khamene'i, "The US claims that its objective is the elimination of Saddam and the Baathist regime. This is, of course, a lie. Its real aim is to appropriate OPEC and to swallow up the region's oil resources, to offer a closer support to the Zionist regime and to plot more closely against Islamic Iran, Syria, and Saudi Arabia..."⁵⁴

While architects of the war in Washington believed that the emergence of a democratic Iraq would put pressure on Tehran's undemocratic leaders, Iran's stance appears to have been more heavily influenced by fear that a U.S. success in Iraq could encourage American hawks to set their sights on Tehran as well. A senior official in the Iranian Foreign Ministry told Crisis Group that Iran was concerned more with U.S. unilateralism than with the war as such:

No nation is happier to see Saddam gone than Iran, but no one likes the precedent of a regime change policy. That is why Iran was opposed to the war. Everyone was eager to see Saddam go, but we are not happy that something unlawful happened. Iran would likely have agreed with the war, had it been prosecuted along with EU allies and received the blessing of the United Nations.⁵⁵

Iran's reluctance to cooperate in the U.S. war effort was due in part also to the feeling in Tehran that little good came out of its cooperation with the U.S. in Afghanistan in 2001. Iran had been a fierce adversary of the Taliban regime and had long supported the opposition Northern Alliance. While Tehran officially declared its neutrality during U.S. combat operations, it supported anti-Taliban fighters and assured Washington that it would rescue any American pilots shot down in Iranian territory. Throughout the war and its aftermath, Tehran provided useful intelligence to Washington on the activities of al-Qaeda members,⁵⁶ and played a "most helpful" role in the establishment of Hamid Karzai's transition government, according to the Bush administration special envoy for Afghanistan.⁵⁷

Such cooperation notwithstanding, Tehran's suspected nuclear ambitions and its alleged misbehaviour in other realms⁵⁸ led the Bush administration to characterise Iran as part of an "axis of evil" in the president's January 2002 State of the Union speech. Thus, as U.S. plans for an Iraq war began to unfold, Iran's primary decision makers saw no tangible benefits in support for either side. They rejected overtures from Saddam Hussein's regime shortly before the war and stayed out of the Americans' way during combat operations. Iran's leadership gave its blessing to Iran-based Iraqi opposition groups to meet with U.S. officials regarding plans for the war and post-war reconstruction.⁵⁹ But, as former Iranian Deputy Foreign Minister Mahmoud Vaezi told Crisis Group, Iran was not going to "make the same mistake twice" -- by cooperating with the Americans in Iraq.⁶⁰

⁵⁴ See Yossef Bodansky, *Defense and Foreign Affairs Daily*, 24 February 2003.

⁵⁵ Crisis Group interview with Mostafa Zahrani, Tehran, 25 September 2004. Dr. Zahrani is director of the Institute for Political and International Studies (IPIS), the Foreign Ministry's think tank.

⁵⁶ For more on this, see Barton Gellman and Dafna Linzer, "Afghanistan, Iraq: Two Wars Collide", *The Washington Post*, 22 October 2004.

⁵⁷ See James Dobbins, "Time to Deal with Iran", *The Washington Post*, 6 May 2004.

⁵⁸ Washington was particularly concerned about what it saw as Iranian efforts to undermine chances of Arab-Israeli peace through Tehran's support for Hizbollah and militant Palestinian groups. Also, on 3 January 2002 the Israel Defense Forces seized a ship known as the *Karine A* off the Israeli coast, which was found to carry 50 tons of weapons allegedly destined to the Palestinian Authority and thought to have originated in Iran.

⁵⁹ In June 2002 Iran-based SCIRI leaders met with U.S. Department of State officials in Washington to discuss potential for cooperation.

⁶⁰ Crisis Group interview, Tehran, 16 October 2004.

III. IRANIAN INTERESTS AND PRESENCE IN IRAQ

A. ENSURING A SHIITE-LED, TERRITORIALY INTACT, FRIENDLY IRAQ

Iran shares with other Iraqi neighbours an interest in preventing the country's break-up as a result of war, insurgency and/or secession.⁶¹ With over 2,000 years of history as a nation state, Iran is not a post-Ottoman entity (like, for example, Syria, Jordan and, of course, Iraq) with borders drawn to further colonial interests, but like these countries it has an ethnically and religiously mixed population. Iran's Kurdish community in particular is composed of trans-border ethnic and tribal groups that have strong cultural and family bonds with kinspeople in Iraq and whose demands have often been denied under successive empires and regimes. The disintegration of Iraq could strengthen cross-border alliances against the central Iranian state and would likely trigger an Iranian response aimed at securing its vital interests. Iraqi Kurdish moves toward independence, in particular, would raise a red flag in Tehran, as a Kurdish state could make common cause with Iranian Kurds (some 10 per cent of Iran's 69 million citizens) or embolden them to seek a far better deal within Iran than they have enjoyed so far.

A Kurdish insurgency has sputtered on in Iranian Kurdistan since the collapse of the 1946 Mahabad Republic and, while much less broad-ranging than similar efforts in Iraq and Turkey, continues to pose a serious concern to the regime, which has allowed a measure of cultural rights but no freedom of political expression.⁶² Tehran, therefore, cannot afford to take lightly the potential impact of an independent Kurdish state on its own Kurdish population. Fareed Asasard, head of the Kurdish Strategic Studies Centre in Suleimaniyeh, suggested that Iran has reason to be concerned:

Iran is worried that Iranian Kurds might be influenced by the autonomy of their neighbours.... They have already started talking about federalism, for example. They are very much influenced by what is going on here. There is an increasing

cultural movement among Iranian Kurds and we are encouraging them to launch a political movement as well.⁶³

In an effort both to broaden its influence in Iraq and dissuade Iraqi Kurds from pushing for independence, Iran has been supportive of the Kurdish leadership's bid for appropriate political representation in Baghdad.⁶⁴ Tehran's approach, in other words, is not one of threats and confrontation but of nudging Iraqi actors with separatist inclinations back into the fold of the central state. As one Iranian official told Crisis Group, "Iran offers soft power in Iraq, while the U.S. uses hard power. Iran maintains dialogue and relations with Shiites, Sunnis and Kurds. We have good experience in managing differences between ethnic and religious minorities".⁶⁵

A second Iranian interest is to have a central Iraqi government that, while strong enough to keep the country together, will be too weak to represent a threat and can be trusted to remain on friendly terms. In this respect, and having been the victim of Iraqi aggression under Saddam Hussein, Iran prefers to have a Shiite-dominated government in Baghdad, because, as an Iranian commentator put it, "just as they say that 'democracies don't fight democracies', we believe that Shiites don't fight Shiites".⁶⁶

Iran realised that the best way to ensure the ascendancy of Iraqi Shiites in post-war Iraq was to support general elections. The plan to hold these in January 2005 emerged from negotiations between Ayatollah Sistani and the UN in February 2004⁶⁷ and was solidified once the U.S. agreed. Because elections were likely to lead to a Shiite-dominated national assembly, they became Iran's preferred option for securing its interests, notwithstanding the fact that support for democratic elections next door was bound to shine a strobe light on the Islamic regime's own efforts to stay in power through manipulated elections. Confident that a one-person one-vote election in Iraq was the best way to advance their interests, even Iranian officials and ideologues opposed to the idea of genuinely democratic elections at home pushed for "free and fair" elections in Iraq. As hard-line conservative ideologue Hossein Shariatmadari wrote:

⁶¹ Crisis Group interview with Mostafa Zahrani of IPIS, Tehran, 25 September 2004. According to a senior Iranian diplomat, the majority of Iranian officials "prefer the emergence of a strong central government in Baghdad, but could also live with the idea of a regional -- but not ethnic -- federalist system". Crisis Group interview, 4 March 2005.

⁶² See David McDowall, *A Modern History of the Kurds* (London, 2000).

⁶³ Crisis Group interview, Suleimaniyeh, 1 November 2004.

⁶⁴ Crisis Group interviews with Iranian officials, Tehran, September-December 2004.

⁶⁵ Crisis Group interview, Tehran, 25 September 2004.

⁶⁶ Crisis Group interview with Amir Mohebian, an influential conservative columnist for the daily *Resalat*, Tehran, 23 September 2004.

⁶⁷ See Crisis Group Middle East Report N°27, *Iraq's Transition: On a Knife Edge*, 27 April 2004.

Tehran's hosting of the meeting of interior ministers of countries neighbouring U.S.-occupied Iraq...is indicative of the concern and sincerity of the Islamic Republic for the independence, security and stability of a country that for decades has been terrorised by foreign-installed or foreign-funded minority groups. The only solution for rectifying the wrongs is the holding of fair and free elections in Iraq.⁶⁸

As a result, and paradoxically, Iran found itself aligned with the U.S. on the basic issue of how the political process in Iraq should move forward.⁶⁹

While Iranian officials have been forthcoming about their desire for a Shiite-led Iraq, they reject any suggestion that they are interested in seeing a theocratic regime modelled after the Khomeinist example. "It is in Iran's vested interest *not* to have an Islamic Republic in Iraq", said a senior Iranian diplomat. "Such is not workable given the heterogeneity of the country".⁷⁰ A senior Western diplomat agreed: "We are not looking at Iran and thinking they are trying to establish a theocratic state in Iraq...It is not in Iran's interest to have a competitive Islamic state next door".⁷¹

A third fundamental Iranian interest in Iraq is to halt perceived encirclement by the U.S. The prevailing

view in Tehran is that the U.S., if not intent on removing the regime, at least is using the threat of its removal to press it to end its suspected nuclear weapons program as well as support for Hizbollah and other groups hostile to Israel; Iranian officials see the occupation of Iraq as an integral part of that strategy. The regime, therefore, does not want the U.S. genuinely to succeed in its project of rebuilding Iraq, lest Washington get ideas about the benefits of regime change and seek to replicate it eastward.

For this reason, and especially before the elections in January 2005, Iran seems to have pursued a policy of "managed chaos" in Iraq as a way of safeguarding its interests (see below). For this reason, too, it appears intent on seeing the Americans withdraw sooner rather than later -- an outcome whose chances would be optimised, they believe, by the emergence of a relatively strong, nationalist, legitimate Shiite-led government in Baghdad.⁷² In the meantime, the political dominance of Shiites in Iraq could constitute an important Iranian lever and deterrent in dealings with the U.S. After all, as a senior Iranian official warned, if Washington threatens Iran, "we have 140,000 potential hostages in Iraq".⁷³ More broadly, it is an Iranian interest to ensure that Washington's fortunes in Iraq are dependent on cooperation with the Shiites, thereby reducing U.S. ability to put pressure on Iran concerning other matters.⁷⁴

In the longer run, of course, the question is what kind of Iraq would best serve the Iranian regime's interests, and whether even a Shiite-run Iraq could prove threatening. Indeed, a stable, economically prosperous and democratic country could become the envy of its neighbouring peoples. While officials in Tehran fear the spillover of an Iraqi civil war, the spillover of a successful Iraqi democracy on Iran's disaffected masses could be just as worrying.

Likewise, the establishment in Iraq of a political system in which Islam plays a much larger role than in the past, though falling short of a theocracy, could be cause

⁶⁸ Quoted in *Kayhan*, 1 December 2004. Be that as it may, many Iranian reformers embraced Iraq's elections as a way of embarrassing hard-liners who -- through their control of electoral institutions -- blocked reformist candidates from participating in Iran's February 2004 parliamentary elections. In the words of Iranian reformist Mohammed Reza Khatami (brother of the current president), "the elections are very positive, and if really a democratic government is established in Iraq it's a very good sign for the Iranian people...I think especially after the election in Iraq, the positive is more than the negative". PBS News Hour interview with Mohammed Reza Khatami, February 2005. http://www.pbs.org/newshour/bb/middle_east/jan-june05/khatami_interview.html. In September 2004 Foreign Minister Kamal Kharrazi conveyed Iran's support for the elections and said he opposed any delay -- "Elections have to be held on time". After the polls, he applauded their outcome. Quoted in Maggie Farley and Marjorie Miller, "Iran Backs Holding Iraqi Vote on Time", *Los Angeles Times*, 30 September 2004, and Juan Cole, "Informed Comment", 16 February 2005, available at: <http://www.juancole.com>.

⁶⁹ A senior Iranian diplomat expressed mild concern that the seeming convergence of U.S.-Iranian interests in having the elections as planned had provoked accusations in the Arab media of a "covert U.S.-Iranian alliance against Iraq's Sunni Arabs". Crisis Group interview, New York, 10 January 2005.

⁷⁰ Crisis Group interview, 10 January 2005. The diplomat was responding specifically to statements by King Abdullah II of Jordan.

⁷¹ Crisis Group interview, Baghdad, 28 October 2004.

⁷² Kenneth Katzman of the Congressional Research Service has suggested that a Shiite-led government in Baghdad might support Iran in international fora on crucial issues such as the nuclear question. Quoted in Dan Murphy, "Kurds Emerge as Power Brokers", *Christian Science Monitor*, 15 February 2005.

⁷³ Crisis Group interview, November 2004.

⁷⁴ Mohsen Abd-al-Hamid, the head of the Iraqi Islamist Party, a political manifestation of the Sunni-based Muslim Brotherhood in Iraq, commented that, "Iran wants to strengthen its bonds with the Shiites of Iraq and they want to seize control of key political positions. It does not like the idea of having the United States next door". Crisis Group interview, Baghdad, 24 October 2004.

for concern. Were it to reject the notion of *velayat-e faqih* and espouse more genuine forms of popular representation, this system could emerge as a threatening counter-model, providing Iranians with a more appealing way of combining (or separating) religion and politics. This is all the more relevant given the traditional rivalry between the seminary towns of Qom (Iran) and Najaf (Iraq), both of which have been centres of Shiite authority and learning. Though Najaf outweighs Qom for religious and historical importance, Qom has thrived since the Islamic Revolution while Najaf suffered under Saddam's regime. The emergence of a Shiite-led Iraq could alter that dynamic and given widespread Iranian discontent with clerical involvement in politics, offer a more attractive focal point for religious inspiration. For the time being, and in light of the current chaos, however, Iranian officials do not appear excessively concerned about either of these two prospects.⁷⁵

In sum, the consensus among Iran's leadership is to work towards an independent, unified and (mostly) stable Iraq headed by a democratically elected, Shiite-led government that is friendly and willing and able to reduce U.S. influence -- but to maintain the ability to cause trouble for U.S. forces should the need arise.⁷⁶ Some Iraqi leaders have encouraged just such an approach. Iraq's interim Foreign Minister, Hoshyar Zeibari, told Crisis Group he had conveyed this view to his interlocutors in Tehran (as well as in Damascus):

Both Iran and Syria are afraid of the presence of foreign troops in Iraq. So I told them: "The United States is now your neighbour, they are right next door, and you want them to leave. Well, we Iraqis also want them to leave, but let's calculate: If they leave today, what would be the consequences? The country could disintegrate, there could be civil war, a humanitarian crisis spilling across the border. A 'little Saddam' could emerge, and there could be foreign intervention. This is why the American presence is needed right now. To forge an exit strategy for them, we have to build up our security capabilities. So if you, Iran, want these forces out, help the Iraqi government in accelerating this process. Cooperate with us, don't let fighters cross, don't agitate Iraqis against the Americans but influence those you work with positively, encourage

them to get involved in the political process. If tomorrow a legitimate government emerges through elections, it will not allow these foreign forces to fight against you from Iraqi soil. So where does your interest lie?"⁷⁷

Iran is keenly aware of its interests in Iraq and has pursued a broad political strategy of securing them. However, its approach has been shaped by the unpredictability of the evolving situation inside that country, as well as the decentralised character of its own security apparatus and such imponderables as Iranian and Iraqi citizens moving easily across porous borders in pursuit of private interests.

B. SPREADING INFLUENCE ACROSS PERMEABLE BORDERS

The presence of large numbers of Iranians inside Iraq, reported since shortly after the fall of the Baathist regime, is neither abnormal nor a new development. Iranian Shiite pilgrims have traditionally sought to visit the holy shrines in Iraq, and some have stayed to study at one of the religious schools, married and started families. The inflow of Iranian pilgrims has increased steadily since 2003, dipping only after insurgent attacks on Shiite mosques and leaders.⁷⁸ Many other Iranians have relatives in Iraq (and vice versa). Cultural and scientific exchanges are slowly growing. Trade and investment has blossomed in some areas, with Iranian entrepreneurs seeking to cash in on new opportunities. Cross-border smuggling, an endemic phenomenon in any era, has only worsened in the absence of strong Iraqi government controls. And Iranian charitable giving, either by individuals or government agencies, particularly to support the upkeep and improvement of holy sites and the building of mosques, is a long-established practice that Iran shares with other states, such as Saudi Arabia.⁷⁹

⁷⁷ Crisis Group interview, Baghdad, 29 October 2004.

⁷⁸ Shiite clerics said that visits from Iranian pilgrims dropped off considerably in 2004 following attacks on or near the holy sites. While ruing the absence of their primary source of income, these clerics expressed a dislike of Iranians for showing disrespect and a condescending attitude toward Iraqis, and for trading drugs outside the shrines. "The Iranians behave as if they own the shrine", said Sheikh Kamal Jawad al-Shokhaji of the Imam Kadhém mosque in the Kadhemiyeh neighbourhood of Baghdad. "They feel they own it because they are Shiites themselves, and they regret that it is located on Arab soil". Crisis Group interview, Kadhemiyeh/Baghdad, 25 October 2004.

⁷⁹ Iranian money is said to have been instrumental in funding the building of mosques and renovation of the shrine towns of Najaf and Karbala. One Sunni cleric complained that,

⁷⁵ Crisis Group interview with Iranian official, 10 January 2005.

⁷⁶ Crisis Group interviews with Iranian officials, Tehran, September-December 2004. Kenneth Pollack of the Brookings Institution agreed: "Iranian leaders are terrified of chaos in Iraq" and want a "stable, independent, government headed by Shiites". See Edward T. Pound, "The Iran Connection", *US News and World Report*, 22 November 2004.

The presence of thousands of Iranians in Iraq as such, therefore, cannot be construed as evidence of Iranian interference in Iraqi affairs. More significant, however, is Iran's alleged widespread, experienced, and active intelligence network in Iraq. Indeed, Iran is widely believed to have infiltrated the ranks of pilgrims with intelligence officers and to employ Iraqi refugees returning home from Iranian exile.⁸⁰ Moreover, Iran has ample opportunity to recruit informants among Iraqis entering Iran, either as pilgrims or on family visits.⁸¹ Unemployed Iraqi youths, especially in the Shiite south and the slums of Baghdad, also form an attractive pool of potential informants. Jordan's King Abdullah, for example, alleged that Iran has been paying salaries and providing welfare to unemployed Iraqis in order to build pro-Iranian public sentiment: "There is a lot of Iranian help through NGOs, reaching out to the disgruntled and unemployed".⁸² An Iraqi tribal leader from the south claimed that many Shiite youths journey to Iran, where they are brainwashed and trained to fight against the Americans. "We know them by name", he said. "There are thousands going back and forth across the border at Basra".⁸³

Such accusations -- and worse -- abound. For example, a senior U.S. Army analyst claimed that "Iranian intelligence will not conduct attacks on Coalition Forces that can be directly linked to Iran, but will provide lethal aid to subversive elements within Iraq...in the form of weapons, safe houses, or money".⁸⁴ And a Sunni tribal leader claimed:

Etelaat [Iranian intelligence] came to me and offered to help me assassinate coalition forces and some Iraqi people. When I asked them why,

"Iranians are sending propaganda books all around the country. They post pictures of Shiite imams everywhere. They've helped to build a lot of new Shiite mosques as well". Crisis Group interview, Baghdad, 17 October 2004.

⁸⁰ An EU diplomat, for example, alleged that the tens of thousands of Iranian Shiite pilgrims who have visited Iraq's holy sites since the fall of the regime are likely to have included thousands of Revolutionary Guardsmen, who stayed in Iraq. Crisis Group interview, Tehran, 19 October 2004.

⁸¹ Iran encourages pilgrimage by Iraqis to Shiite holy sites in Mashhad and Qom by facilitating travel and offering visas at a relatively low price (a mere \$7, as opposed to the \$40 that Iranian pilgrims have to pay for an Iraqi visa). Crisis Group observed long lines in front of the Iranian consulate in Baghdad, as well as a host of travellers at the Iranian border crossing at Khosravi in October-November 2004.

⁸² Excerpted from audio interview with editors of *The Washington Post*. See <http://www.washingtonpost.com/wp-dyn/articles/A43980-2004Dec7.html>.

⁸³ Crisis Group interview, Baghdad, 1 October 2004.

⁸⁴ Quoted in Pound, "The Iran Connection", op. cit.

they said: "We want to keep the war in Iraq". It was one month after the occupation forces arrived. When they came to me, they introduced themselves as *Etelaat* officers. It is a very natural thing in the south that someone comes and says he's from *Etelaat*. There were two men, and they came to visit me several times. The first time, it was a preliminary introduction. Then they tried to convince me to work against my country. They offered me some money. They told me: "We are ready to give you as much as you want". They knew that I am the head of a big tribe, from Mandali down to Basra -- that I am powerful.⁸⁵

Such allegations notwithstanding, concrete evidence so far has proved elusive.⁸⁶ Returning Iraqi refugees, for example, while likely infiltrated by Iranian intelligence services, appear to identify primarily with Iraqi Shiite parties like SCIRI, and SCIRI (see below) should not simply be considered a proxy unquestioningly advancing Iranian interests.⁸⁷

Claims that Iran sends fighters and weapons into Iraq are equally difficult to corroborate. This is in part because of the heavy traffic in people and goods at the few border crossings that are open; most of it is presumably legitimate but is not easily subjected to close monitoring by customs officials.⁸⁸ Beyond the official crossing points, the border is difficult to secure, and the transit of fighters and weapons is, therefore, a distinct possibility. Still there are no signs of a proliferation of weapons and fighters entering

⁸⁵ Crisis Group interview, Baghdad, 18 October 2004.

⁸⁶ According to one of many uncorroborated reports, Iran placed a \$20,000 bounty on the head of CPA administrator Paul Bremer and offered to pay \$500 for each U.S. soldier killed. Iraq Survey Group, cited in Pound, "The Iran Connection", op. cit. In interviews, Iraqi Sunni Arabs in particular noted that Iran's "excessively large" embassy staff of 65 in Baghdad was evidence of espionage activity. A senior Western diplomat brushed aside such claims: "65 people? We can't really say anything about that. Look at the U.S. embassy! They are over 2,000". Crisis Group interview, Baghdad, 28 October 2004.

⁸⁷ A former UNHCR official in Iran suggested that perhaps a quarter of the 100,000 registered Iraqi refugees in Khuzestan had been on the SCIRI payroll (through its Badr organisation), more for the social safety net that membership offered than as an expression of political commitment. These refugees' primary loyalty appeared to be to the Iraqi Shiite leadership, like SCIRI, the official said, not to Iran. "But if that leadership were to tell them to support Iran, they would". Crisis Group interview, Amman, 12 February 2005.

⁸⁸ In October and November 2004 Crisis Group observed long lines of Iranian trucks carrying oil, food, cement, carpets and other goods waiting to enter Iraq at Khosravi and Tawela.

from Iran. A UK diplomat described smuggling across the southern border as "run of the mill", involving ordinary goods, as well as drugs. He said that active patrolling had not been a priority, "precisely because there has been no evidence of an official Iranian role. Moreover, most foreign jihadis arrive from Syria, Saudi Arabia and Jordan, not from Iran".⁸⁹

The frequent accusation that Iraqi insurgents obtain weapons from Iran is contradicted, moreover, both by common sense -- post-war Iraq is awash with weapons owing to the occupying forces' failure to secure arms depots -- and by information indicating that the flow of weapons has, if anything, gone in the opposite direction. The Iranian province of Khuzestan, for example, has a deteriorating security situation due to the influx of weapons from Iraq across largely unguarded borders.⁹⁰

That said, Iranian agencies may well have supplied weapons to Iraqi proxies. One Iraqi official suggested, for example, that Iran may have given weapons to Iraqi elements prepared to fight the Iranian MKO or make trouble as a way of taking revenge for, and raising the cost of, continued U.S.-Iraqi protection of the MKO in Diyala governorate.⁹¹ At least some of these weapons, he said, could have found their way to insurgents in Falluja, aided perhaps by a possible affinity between insurgent groups in Diyala and Al-Anbar and the absence of effective controls.⁹²

Even more difficult than uncovering hard evidence of Iranian support of insurgents is determining whether Iranian interference, including a broad effort at intelligence collection, is coordinated by the senior Iranian leadership. One of the most commonly expressed concerns and frustrations of Western policymakers is the apparent existence of multiple centres of authority in Tehran, with different agencies seemingly carrying out independent, even competing, foreign policies. While a senior Iranian diplomat told Crisis Group that the Supreme National Security Council, not the Ministry of Foreign Affairs, sets Iran's foreign policy in Iraq,⁹³ Iraqi officials and Western diplomats said they believe Iran's dominant levers in Iraq are a special branch of the Iranian Revolutionary Guard Corps (IRGC) called "Qarargah" (followed by a name, such as "Ramezan" or "Qods", to denote the border region in which it is deployed)⁹⁴ and the Ministry of Intelligence and Security (MOIS).⁹⁵ A senior Al-Da'wa politician contended: "Iran does not have a single line. There are different centres of power: the Pasdaran, the supreme leader, the president. And you can't really know who is who, who is making the decisions. Sometimes you can be dealing with a senior official who agrees to something, but then he turns out not to have the power to implement it, and the agreement falls apart."⁹⁶

⁸⁹ Crisis Group interview, Amman, 25 October 2004. Evidence collected separately seems to bear this out. Nearly 95 per cent of suspected insurgents captured in Falluja and elsewhere turned out to be Iraqi, and the remaining 5 per cent were said to be predominantly non-Iraqi (Sunni) Arabs. Military analyst Anthony Cordesman, cited in Juan Cole, "The Third Baath Coup?", in "Informed Comment", 13 January 2005, available at: <http://www.juancole.com>.

⁹⁰ Crisis Group interview with a former UNHCR official in Iran, Amman, 12 February 2005.

⁹¹ Unconfirmed rumours in Washington suggest that U.S. intelligence agencies may be sending MKO elements into Iran from their camp in Iraq to stir up trouble. Certainly, Iranian officials believe that the U.S. still cooperates with the MKO. As an Iranian official told Crisis Group, "It seems the MKO has some sort of arrangement with the U.S. . . . The U.S. has a double standard when it comes to them: apparently some terrorists are good, and others are bad." Crisis Group interview, 4 March 2004. The MKO, while listed as a "terrorist" organisation by the U.S. State Department, reportedly retains support among Pentagon officials.

⁹² Crisis Group interview with Hamid al-Bayati, Baghdad, 6 October 2004. A leader of an opposition party who said he had ties to the insurgents claimed that Iran has been supplying weapons to Ansar al-Islam in Diyala, "and the reason is that the MKO is stationed there". He also said: "A few days ago, some members of Ansar al-Islam in Mosul came to see me.

They had just returned from a meeting with members of Ansar in Ba'quba [in Diyala governorate] and were upset that they were not getting any money from them when the guys in Ba'quba were boasting about how much money they had. Where would this money have come from?" Crisis Group interview, Baghdad, 1 October 2004.

⁹³ Crisis Group interview, 10 January 2005.

⁹⁴ Created in 1979 by the Ayatollah Khomeini and currently thought to number upwards of 120,000 men, the IRGC answers to the Supreme Leader but has shown increasing signs of self-assertiveness over the past year. For more on the latter, see Crisis Group Middle East Briefing N°15, *Iran: Where Next on the Nuclear Standoff?*, 24 November 2004, pp. 7-11.

⁹⁵ With at least fifteen departments and upwards of 30,000 employees, the MOIS is thought to be one of the largest intelligence networks in the Middle East. Since its inception in 1984, it has emerged as one of the most influential and autonomous power centres in the country. Traditionally, only clerics can head this key ministry, and its top clerical officials usually come from the powerful hardline Madrese-ye Haqqani school in Qom. For more on this, see Crisis Group Report, *Iran: Struggle for the Revolution's Soul*, op. cit., p. 9.

⁹⁶ Crisis Group interview with Adnan Ali al-Kadhemi, deputy to Ibrahim al-Ja'fari, the head of Al-Da'wa al-Islamiyah and interim vice president of Iraq, Baghdad, 21 October 2004. Likewise, in the words of an official of the Kurdistan Democratic Party: "There are agencies in Iran that are seeking

The IRGC, in particular, which has begun playing an increasingly important role in Iranian domestic affairs,⁹⁷ is seen by many as Iran's most formidable and menacing lever in Iraq. An Iranian political scientist close to the regime told Crisis Group that after eight years of war with Iraq, the IRGC had become intimately familiar with Iran's neighbour: "After 1991 Iran has been freely operating in Iraq. Today the IRGC knows the Iraqi political landscape very well, having dealt with Iraq for the last twenty years".⁹⁸ A Western diplomat in Baghdad alleged that "the IRGC appears to be directly and indirectly involved in Iraqi politics and operations. [During the unrest in August 2004] it was clear they were playing different roles, providing both material and financial support to disruptive forces", including Muqtada al-Sadr's Mahdi army.⁹⁹ A high-ranking Iranian diplomat claimed, in his government's defence, that any Iranian meddling in Iraq reflected the work of "freelancers" among the Revolutionary Guards and intelligence forces, whose activities were not sanctioned by the regime.¹⁰⁰

C. IRAQ'S SHIITE PARTIES: IRANIAN PROXIES?

The spreading Iranian influence has been particularly evident in southern Iraq, where Iran is said to be funding infrastructure projects, including schools and clinics, as part of a strategy that was highly successful in winning popular support in Lebanon in the 1980s and 1990s. A veteran Middle East analyst remarked that "southern Iraq now reminds me a lot of the situation in southern

Lebanon fifteen years ago. Iranian influence is everywhere. Iranian money is being pumped in, pictures of Khomeini are common, even in government buildings. In many places Persian seems to be the lingua franca rather than Arabic".¹⁰¹ Iraq's interim Minister of Higher Education and Scientific Research, Taher Khalaf al-Baq'a, expressed concern that Iranian efforts were achieving success: "In Basra, there is something going on....Some groups of students and professors think that the Iranian model is an example to follow".¹⁰²

The primary vectors of Iran's influence in the south are said to be the Iraqi parties that returned from exile in Iran after the ouster of the regime. These include, in particular, the Supreme Council of the Islamic Revolution in Iraq (SCIRI) and Al-Da'wa which, while splintered into three or four groups, retains an aura of legitimacy thanks to its courageous underground resistance against the Baath regime during the 1970s, 1980s and, with diminishing success as its members were killed or driven abroad, the 1990s. While in Iran, these parties publicly subscribed to the Khomeinist notion of the *velayat-e faqih* and expressed strong support for the Iranian regime. SCIRI was founded in Iran in 1982. Its military wing, the Badr Corps, was established and trained by the IRGC and fought on the Iranian side during the Iran-Iraq war -- a choice that many in Iraq consider high treason.

Upon their return to Iraq, these parties began shedding their Iranian "baggage" in pursuit of electoral support beyond their core constituencies. They publicly asserted their independence from Iran and insisted they were not seeking to establish a Shiite theocracy in Iraq. SCIRI's Hamid al-Bayati, Iraq's interim Deputy Foreign Minister, told Crisis Group: "We believe Iraq should have a constitutional, parliamentary, democratic system of government. We don't believe in a Shiite state or a religious state. I could not be more clear. We want a democratic system of government that respects the beliefs of all religious groups -- Sunnis, Shiites and Christians. We are different from Iran; we are Iraq".¹⁰³ And Abd-al-Aziz al-Hakim, SCIRI's leader who heads the UIA alliance that won the January 2005 elections, asserted that, "our group believes in sharing power with all Iraqi factions. We have rejected the idea of a sectarian

to spread their influence and have their own sources of support". Crisis Group interview, Baghdad, 2 October 2004.

⁹⁷ For more on the IRGC's growing role in Iran, see Crisis Group Briefing, *Iran: Where Next on the Nuclear Standoff?*, op. cit., pp. 7-11.

⁹⁸ Crisis Group interview, Tehran, 23 September 2004.

⁹⁹ Crisis Group interview, Baghdad, 28 October 2004. An EU diplomat in Iran made a similar accusation. Crisis Group interview, Tehran, 19 October 2004. In a January 2005 interview, the same diplomat proclaimed: "The IRGC should not labour under the misapprehension that we do not know what they are up to". U.S. officials also were adamant that Iran had provided active support to Muqtada al-Sadr during his rebellions. Crisis Group interviews, Washington, DC, March 2005.

¹⁰⁰ He added that, "Freelance actors are a concern of every government, including the United States. Look at the Larry Franklin case". Crisis Group interview, 10 January 2005. Larry Franklin is an Iran analyst at the U.S. Department of Defence who stood accused in 2004 of passing confidential documents to the government of Israel.

¹⁰¹ Crisis Group interview, 10 January 2005.

¹⁰² Crisis Group interview, Baghdad, 21 October 2004. A senior EU diplomat based in southern Iraq brushed off claims of Iranian hegemony over Iraq's Shiite community: "These people are Iraqis first, Arabs second. Only then do they extend any sympathy toward Iran. They are not Iranian stooges; they are not theocrats. There is just no evidence for this". Crisis Group interview, Amman, 25 October 2004.

¹⁰³ Crisis Group interview, Baghdad, 6 October 2004.

regime, and we believe that Iraq is for all Iraqis".¹⁰⁴ Sa'ad Jawad Qindeel, head of SCIRI's political bureau, explained the party's new-found independence:

Our relationship with Iran is different now. We are no longer operating from our base in Iran as we used to. And of course this makes a big difference, because when you are in Iran, you have to observe Iranian law, you have to go through Iranian procedures, you have to establish some working relationship with the government so that you can function effectively. Now we don't need any of this. We are back in our own country and based here. Our relationship with Iran is now one between two countries. Because we, SCIRI, consider ourselves a part of the Iraqi government. Iraq's ambassador in Iran, for example, is a member of SCIRI, but he is not SCIRI's ambassador.¹⁰⁵

In defending himself against charges that he is an Iranian agent, bred in two decades of Iranian exile during which he commanded the Badr Corps, he invoked the circumstance of harsh repression by the Baath regime, as well as his rich Iraqi religious lineage.¹⁰⁶

In the run up to the Iraq war, both U.S. officials and SCIRI leaders expressed mixed feelings about engaging the other. While U.S. officials recognised SCIRI as an important bridge to the Shi'ite community in Iraq, they feared it was a potential stalking horse for Iran. Likewise, SCIRI leaders, while initially embracing a U.S. initiative to remove the regime, publicly changed their minds -- clearly out of deference to their Iranian sponsors -- after President Bush's "Axis of Evil" speech

in January 2002.¹⁰⁷ Within months, however, they reverted to their original position and participated in meetings in Washington aimed at clarifying the nature of their role in the war and post-war Iraq.

Yet, U.S. concerns regarding SCIRI's relationship with Iran remained. Officials claimed that members of the Badr Corps infiltrated Iraq after Saddam's ouster to establish armed camps and extend Iranian interests, operating in towns close to the Iranian border in contravention of U.S. demands.¹⁰⁸ Adel Abd-al-Mahdi, a senior SCIRI leader, acknowledged that initial tensions grew out of U.S. suspicions that the Badr Corps was controlled by Iran, a charge he rejected: "[Badr Corps fighters] are professionals with high-level degrees who joined the Badr Corps to fight Saddam, not to serve Iran. Some of them have married Iranians and cross the border for family visits. The Americans consider these visits suspicious". Iran's intelligence services "may have recruited some Badr members", he acknowledged, but if so, this was done "on an individual basis, without our consent or knowledge".¹⁰⁹

SCIRI's Iranian taint persists and indeed prevails, not surprisingly, among Sunni Arabs, secular Shiites and southern Shi'ite (or mixed) tribes, all of whom feel threatened by SCIRI's well-organised political party machine and ability to dole out patronage in an impoverished region.¹¹⁰ A tribal sheikh said: "All the parties that were hosted by Iran during the years of the regime -- SCIRI, Badr, Al-Da'wa, Hezbollah -- are now working side by side with Iranian intelligence, Etelaat. They have 22 headquarters in the south and are spending millions of dollars".¹¹¹ Another tribal sheikh accused the police chief of Misan governorate, a former Badr commander, of being an Iranian agent, and said he himself had been the target of an assassination attempt after he rejected overtures by Etelaat officers to accept their assistance in fighting the U.S. occupation.¹¹²

¹⁰⁴ Quoted in United Press International, "Shiites urge Sunnis to vote", 2 January 2005.

¹⁰⁵ Crisis Group interview, Baghdad, 4 October 2004. SCIRI's representative in Basra, Salah al-Musawi, declared that, "Basra is now ruled by the Iraqi people and no one else. We will not allow any interference by Iran or any other country". Quoted in Erik Eckholm, "Factional Unrest Is Dividing the Shiites of Southern Iraq", *The New York Times*, 15 January 2005.

¹⁰⁶ He has been quoted as saying: "We are a very well-known Iraqi family. We are a family of Marjaya, the great reference [object of emulation] of Shiites. When the circumstances got too hard for us to live in Iraq, we took Iran as a base... But we always guarded our independence". Agence France-Presse, "Hakim: Balancing old dreams of political Islam with new hopes of a democratic Iraq", *Daily Star*, 29 January 2005. A Crisis Group analyst visiting -- in a different capacity -- SCIRI's headquarters in Tehran in May 2002 came away with the clear impression that no love was lost between the Iranian "handlers" and their Iraqi "proxies", with the Iraqis deeply resenting what they perceived as the Iranian regime's condescension toward them as Arabs.

¹⁰⁷ Mahan Abedin, "Dossier: The Supreme Council for the Islamic Revolution in Iraq (SCIRI)", *Middle East Intelligence Bulletin*, October 2003.

¹⁰⁸ Accusation by U.S. General John Abizaid, quoted in *Sunday Telegraph*, 25 May 2003.

¹⁰⁹ Crisis Group interview, Baghdad, 18 June 2003.

¹¹⁰ For example, a Shi'ite cleric opposed to the United Iraqi Alliance asserted: "Everyone knows that the Supreme Council for the Islamic Revolution in Iraq has been raised and nourished by the Iranians. They are 100 per cent in the pockets of Iran... The problem is, you can't prove it." Quoted in Edmund Sanders, "Iran plays a role in Iraq vote", *Los Angeles Times*, 9 January 2005.

¹¹¹ Crisis Group interview, Baghdad, 18 October 2004.

¹¹² Crisis Group interview, Baghdad, 18 October 2004.

In addition to Misan's police chief, the governors of Basra and Muthanna, both former Badr Corps officers, have been accused of being Iranian agents.¹¹³ The notion that Basra's governor is an Iranian agent, said a Western diplomat in Baghdad, "...sounds exaggerated. The Iranians are heavily involved in the south, but are senior Iraqi officials working for them? This is too much. Of course SCIRI had its days in Iran, but it is in a new political dynamic today".¹¹⁴ A UK diplomat formerly based in southern Iraq asserted there was "no indication that Iran was stirring up trouble in southern Iraq" but instead people were "deliberately conflating SCIRI with the Iranians", and as such, "the Iranians are seen as taking over the south". If the Iranians have been seeking to make trouble in the south by sending arms and money and working via SCIRI/Badr, he said, "they haven't done a good job of hitting British forces. The fact is that Badr and others have not fired at British troops". Moreover, he said, the presence of Iranian arms cannot be construed as evidence of an Iranian policy, given the amount of smuggling.¹¹⁵ A document provided to Crisis Group by a Sunni Arab cleric in support of the claim that SCIRI does Iran's bidding in Basra offered no hint of an Iranian hand but, assuming it is authentic, at most exposed SCIRI's embrace of de-Baathification, a policy widely resented by Sunni Arabs as well as secular Shiites, who made up the bulk of the Baath party.¹¹⁶

Other Shiite parties, movements and personalities appear even further removed from supposed Iranian tutelage. Iraq's oldest Shiite religiously-based political party, Hizb al-Da'wa al-Islamiyah (Party of the Islamic

Call), splintered in Iranian exile following regime pressures that it join SCIRI during the Iran-Iraq war. Offices were established in Damascus and London, in addition to Tehran. The UK-based party was led by Ibrahim al-Ja'fari who, upon his return to Iraq in 2003, successively became the Interim Governing Council's first rotating president (September 2003), Iraq's interim vice president (appointed in June 2003), and the UIA's choice for the powerful post of prime minister in the transitional government (February 2005) following the alliance's victory in parliamentary elections.

Al-Ja'fari's deputy, Adnan al-Kadhemi, expressed both sympathy and concern vis-à-vis Iran, saying that Tehran had shown a lot of good will toward Iraq's interim rulers, being "the first country" (outside the coalition) to recognise the Interim Governing Council and send a delegation to meet with its members, while Iran was also among the first to re-open its embassy in Baghdad". At the same time, he said, "Iran could create a problem for us. But we don't want to create tension and war with them. We need to build up relations. We prefer talking with them and explaining to them on good terms the need to respect each other's [territorial] integrity".¹¹⁷

A second Al-Da'wa spin-off, Hizb al-Da'wa - Tanzim al-Iraq (Iraq Organisation), has joined other Shiite groups in organising demonstrations against the military occupation, for example in April 2004, and also joined the UIA, but there is no evidence it does Tehran's bidding.¹¹⁸ The same can be said of Muqtada al-Sadr, the son of revered cleric Muhammad Sadeq al-Sadr (assassinated in Iraq in 1999), who, for his part, commands broad support among Iraq's Shiite urban slum-dwelling underclass. At the forefront of Shiite-based anti-occupation insurgencies (in the Sadr City neighbourhood in Baghdad, as well as in Najaf, Nasariyeh and several other towns) in 2004, he has consistently posed as an Iraqi nationalist despite his embrace of the Khomeinist notion of *velayat-e faqih*. While having met with Iranian government officials in Iran in 2003 and being accused of having accepted weapons and funds from the IRGC for his ragtag militia, the Mahdi Army, he in turn has

¹¹³ The accusation was made by a leader of the Sunni-based Muslim Scholars Association. Crisis Group interview, Baghdad, 17 October 2004.

¹¹⁴ Crisis Group interview, Baghdad, 28 October 2004.

¹¹⁵ Crisis Group interview, Amman, 25 October 2004. As evidence of the growing influence of SCIRI, he pointed to the governor of Basra, a former head of intelligence of SCIRI's Badr Corps, and to the governor of Muthanna as well as the police chief of Misan governorate, both senior Badr figures. Dhi Qar, he said, is the only southern governorate without a senior Badr official in a position of power today. "This reality scared Allawi".

¹¹⁶ The handwritten document, purportedly a memo from the director of the "central apparatus" (*jihaz al-markazi*) of SCIRI's Badr Corps, dated 30 September 2004 (using the Iraqi/Western, not the Iranian, calendar), instructs branches to conduct surveillance against five listed "criminal Baathists" in Basra. If authentic, the memo shows the continuity from the era of Saddam in intelligence methods and the production of a bureaucratic paper trail. The document (which carries the Badr organisation's logo and stamp) could also easily be a fake, produced by one of the many print shops currently in operation in Iraq that have mastered the art of forgery, churning out passports and other identification papers, as well as documents that can be deployed for political purposes.

¹¹⁷ Crisis Group interview, Baghdad, 21 October 2004.

¹¹⁸ According to one observer, writing shortly after the fall of the regime, "the Tehran branch, led by the head of the party's political bureau, Abu Bilal al-Adib, is naturally the most pro-Iranian, and its elements are more sympathetic to the doctrine of *velayat-e faqih*. The UK branch, headed by Ibrahim al-Ja'fari (until his recent return to Iraq), is viewed as the most pragmatic, having maintained contacts with secular opposition forces and (unofficially) with Western governments. The Iraq branch, in which the organisation's lay membership exercised more influence, has remained secretive and hermetic". Mahan Abedin, "Dossier: Hezb al-Da'wa al-Islamiyya", *Middle East Intelligence Bulletin*, June 2003.

criticised SCIRI and Al-Da'wa for having stayed in Iran during Saddam Hussein's reign, and disparaged Ayatollah Ali al-Sistani for being a *Faresi* (Persian), i.e., a non-Iraqi.¹¹⁹ Those attempting to link al-Sadr and the Iranian government often point to Qom-based Ayatollah Kadhem Hussein al-Ha'eri, a close associate of Iran's clerical leadership.¹²⁰ Though in the immediate post-war period al-Sadr was seen as the protégé of al-Ha'eri,¹²¹ the relationship seemingly soured.¹²²

Tehran has denied supporting al-Sadr, and in interviews with Crisis Group some Iranian officials even referred to him as a "nuisance". A senior official in the Foreign Ministry remarked: "People don't like how Sadr is trying to play a role in Iraq", but he acknowledged that "the consequences of what Sadr is doing may be beneficial for Iran".¹²³ Along those lines, influential former president Hashemi Rafsanjani praised al-Sadr's fight against the occupation forces in April 2004, saying: "Contrary to these terrorist groups in Iraq, there are powerful bodies which contribute to the security of that nation...among them is the Mahdi Army, made up of enthusiastic, heroic young people".¹²⁴ Foreign minister Kamal Kharrazi told U.S. journalists that, "We have not been guiding [Muqtada al-Sadr], we have not been financing him, but we have been trying to make him moderate, control him".¹²⁵

¹¹⁹ According to Sheikh Rida al-Nu'mani, an aide to Muqtada al-Sadr: "As for Sayyid Sistani, with all due respect, he cannot involve himself in political action in Iraq because he is not Iraqi and he does not have Iraqi citizenship; he has Iranian documents", *Al-Arab al-Alamiyah*, 24 June 2003.

¹²⁰ See for example Dilip Hiro, "Fighting the next war", *The New York Times*, 16 August 2004.

¹²¹ Ayatollah Kazem al-Ha'eri was born in Karbala but has lived in Qom for two decades. He began his political life as an Islamic jurist (*faqih*) in Al-Da'wa; Muhammad Sadeq al-Sadr, Muqtada's father, named him his successor. He has propounded a vision of a theocratic state based on *velayat-e faqih* that is close to the Iranian model.

¹²² According to Ha'eri's younger brother, Muhammad, "Sadr speaks for himself and we speak for ourselves. People thought that everything he said he got directly from Ayatollah Ha'eri. But we've said that's not true. As a result, the Sadr group doesn't have much of a relationship with the ayatollah anymore". Borzou Daragahi, "Sadr's mentor distances self from young firebrand", *Daily Star*, 17 April 2004.

¹²³ Crisis Group interview with Mostafa Zahrani, Tehran, 25 September 2004. With regards to al-Sadr's standoff in Najaf, Zahrani remarked that "based on Shiite thinking, no one approves of bloodshed, especially when it comes to the holy shrine".

¹²⁴ Reuters, 9 April 2004.

¹²⁵ Quoted in Maggie Farley and Marjorie Miller, "Iran Backs Holding Iraqi Vote on Time", *Los Angeles Times*, 30 September 2004.

Again, and such denials notwithstanding, Iranian security agencies, staffed with hardliners, may well have gone beyond efforts to "moderate" al-Sadr. But even Western diplomats have suggested that whatever assistance al-Sadr received was half-hearted and short-lived. One EU diplomat claimed that "[Iranian Revolutionary Guard commander Qassim] Suleimani seemingly had an agenda to support Muqtada al-Sadr in the Najaf crisis.... But as the war went on, he withdrew his support".¹²⁶ Another EU diplomat said: "Al-Sadr is useful to an extent, and they [Iran] have provided him with funding and arms. But I don't think they want him to remain a prominent political figure in Iraq....He's too wild to control".¹²⁷

This leaves Grand Ayatollah Ali al-Sistani, Shiism's most senior and most revered religious leader, who happens to be an Iranian by birth but has lived in Iraq most of his life. His rejection of a clerical role in state institutions sets him apart from Iran's theocrats.¹²⁸ While this has failed to allay the fears of some,¹²⁹ even Iraq's interim President Ghazi al-Yawar, a Sunni Arab, has hailed Sistani as a voice of reason amid the chaos, using him to strengthen his own argument against religious government: "We are very lucky, extremely lucky, in Iraq. We have a person like Ayatollah Sistani, very wise, very reasonable. And...as Ayatollah Sistani always says: 'keep religion away from politics'".¹³⁰

For now at least, the Iranian leadership appears to consider that Sistani serves its interests even if he takes no instructions from them and despite his public rejection of *velayat-e faqih*. Several Iranian officials, moreover, expressed confidence that Sistani would maintain his stance of refusing to publicly criticise the

¹²⁶ Crisis Group interview, Baghdad, 28 October 2004.

¹²⁷ Crisis Group interview, Tehran, 19 October 2004.

¹²⁸ Sistani is head of the Imam Al-Khoei Foundation, which represents the traditionalist, apolitical Shiite believers. Consistent with the world view of its founder, the leading Shiite religious authority of the time, Grand Ayatollah Seyyid Abu al-Qasem al-Khoei (1899-1992), it rejects any active involvement in politics, abhors the use of violence and devotes much of its substantial financial resources and organisational capacities to cultural and educational works. For more, see Crisis Group Report, *Iraq Background: What Lies Beneath*, op. cit., pp. 33-34. See also, Juan Cole, "Grand Ayatollah Ali Sistani between Shiism and the Iraqi Nation", unpublished paper presented at a conference in Amman, 7 February 2005.

¹²⁹ Jordan's King Abdullah accused Iran of using Sistani as a conduit to extend its interests: "There is a strategy with Sistani and the Iranian government ... we need to be aware of that". Excerpted from audio interview with editors of *The Washington Post* editors, op. cit.

¹³⁰ Ibid.

Iranian regime.¹³¹ According to a high-ranking Iranian diplomat, "We have our differences with Sistani, and he with us. But we see him as a pole for stability in Iraq".¹³² And Mostafa Zahrani, a senior official in the foreign ministry, said: "Iran supports the will of Ayatollah Sistani. He's a grand ayatollah and speaks the word of the majority".¹³³

How long Iran's rulers will continue to view Ayatollah Sistani as a de facto ally remains to be seen. Given that he is said to be intent on restoring Najaf as the pivot of the Shiite world to rival Qom, Tehran may soon come to see him as a threat, especially if dissident Iranian clerics and religious scholars relocate to Najaf and start attacking the Iranian regime's religious legitimacy. A close associate of Ayatollah Sistani in Iran told Crisis Group that once the situation in Iraq calms, this would be a serious concern for Iranian authorities.¹³⁴

D. MAINTAINING LEVERAGE IN KURDISTAN

Iraq's principal Kurdish parties have had an ambivalent relationship both with successive Iranian governments and with rulers in Baghdad, trusting neither but periodically feeling the need to turn to one against the other. For example, Iraq's Kurds relied on Iranian help during the Barzani revolt in 1974-1975, which collapsed after the Shah withdrew his support in the wake of the deal reached with Saddam Hussein over the demarcation of the common border at the Shatt al-Arab. Again in the 1980s, during the Iran-Iraq war, Kurdish parties resorted to an uprising as an opportunity to press for a better deal with an Iraqi regime that was tied down in the south. Siding with Iran, they were punished severely when its war fortunes ebbed, suffering an Iraqi counter-insurgency campaign (the Anfal) that, aided by the use of chemical weapons, destroyed most of their small towns and villages and executed tens of thousands of rural Kurds.¹³⁵ Iran supported the Kurds when this served its strategic interests -- funding Iraqi Kurdish rebels in the mid-1970s as a way of putting pressure on

Baghdad to compromise over the Shatt al-Arab, and engaging them in a joint military operation in the Halabja area in March 1988 to relieve Iraqi pressure on the southern front.

In post-Baath Iraq, the Kurds' ambivalent relationship with both Iran and the interim government in Baghdad (in which Kurdish leaders fill senior positions) continues. Sensing a unique opportunity to achieve greatly enhanced autonomy, perhaps even independence, in northern Iraq, Kurdish leaders realise not only that they will face stiff resistance from Baghdad, but that Iran also may actively seek to sabotage their aspirations. In interviews with Crisis Group, officials of the Kurdistan Democratic Party (KDP) and Patriotic Union of Kurdistan (PUK) stressed the necessity of maintaining good relations with Tehran and expressed gratitude to Iran for aiding them after the chemical attack on Halabja in March 1988 and again after the suppression of the Kurdish uprising in April 1991.¹³⁶ In the words of one PUK official, "We cannot ignore Iran, nor can we afford to make enemies with them. In the past, they helped us when everybody was against us. We do not want to have any problem with Iran".¹³⁷

On the other hand, they suggested they understood Iran's current goodwill toward them was based on its expectation that Iraqi Kurds would not push for independence, nor agitate their Kurdish brethren in Iran to press for greater autonomy.¹³⁸ Iran was part of a tactical alliance with Syria and Turkey in the early 1990s to contain the emerging U.S.-protected Kurdish entity in the north (relaxing only when the Kurdish parties started fighting each other in 1994) and remains discomfited by the Kurds' close ties to the U.S. today. To safeguard its strategic interests in northern Iraq while reminding the Kurds what it is capable of to defend these, Iran has used a number of levers: on the one hand expanding economic relations with the Kurds, on the other deploying intelligence operatives and supporting, in some form, Islamist insurgents such as Ansar al-Islam.

¹³¹ Crisis Group interviews, Tehran, September-December 2004.

¹³² Crisis Group interview, 10 January 2005.

¹³³ Crisis Group interview, Tehran, 25 September 2004. According to a senior EU diplomat, however, the Iranian leadership's tolerance of Sistani will not necessarily be reciprocated: "It is not a foregone conclusion that those aligned with Sistani will necessarily be friendly to Iran". Crisis Group interview, Tehran, 19 October 2004.

¹³⁴ Crisis Group interview, Mashhad, 2 November 2004.

¹³⁵ See Human Rights Watch, "Iraq's Crime of Genocide", op. cit.

¹³⁶ In the words of Dr. Shawkat Bamarni, head of the KDP office in Tehran, "When Halabja was attacked with chemical weapons in 1988, Iran was the only country to help us. They brought our people to their hospitals for treatment. During the 1991 uprising, while Saddam's forces attacked us, Kurdish civilians were welcomed in Iran; they could escape to Iran. While everybody was ignoring us, Iran helped us". Crisis Group interview, Tehran, 2 October 2004.

¹³⁷ Crisis Group interview with Hama Hama Sa'id, head of the PUK's political bureau in the Shahrazour region, Halabja, 2 November 2004.

¹³⁸ Crisis Group interviews, Tehran and Iraqi Kurdistan, October-November 2004.

Cross-border trade has thrived since the fall of the Baathist regime, and Iranian investments in the north have been growing, especially in the Suleimaniyeh area. Scores of contracts, especially in construction and communications, are said to be under negotiation with Iranian private companies. Kurdish leaders have welcomed and actively encouraged this development, but expressed concern that Iran's intelligence agencies routinely infiltrate the ranks of Iranian visitors. One Kurdish official overseeing such negotiations commented: "We welcome Iranian private enterprise. But we have to be cautious. Some companies are very serious and professional and have very good skills; we are ready to work with them. But we also know that some of them are working for Iranian intelligence and are coming here to collect information about developments in Kurdistan".¹³⁹ The "Qarargah-e Ramezan", a section of the IRGC responsible for northern Iraq, has an office in Suleimaniyeh, which local Kurds say everyone recognises as belonging to Iranian intelligence.¹⁴⁰

The Qarargah-e Ramezan is also accused of providing support to remnants of Ansar al-Islam, the Islamist

group -- part Kurds, part "Afghan Arabs" -- that carried out a number of bombings and assassinations in Kurdistan and whose fighters were defeated by joint U.S. and Kurdish forces in March 2003.¹⁴¹ A security official in Suleimaniyeh, for example, said that the IRGC had always extended a protective hand to Iraqi Kurdish Islamists,¹⁴² and that after Ansar al-Islam's military defeat, the Pasdaran had facilitated the escaping fighters' entry into Iran, released those detained by local Iranian authorities, provided medical treatment to the injured, allowed some to cross into Afghanistan, and helped a number of others reinfiltate Iraq after a brief sojourn in Iran.¹⁴³ Another Kurdish security official claimed that Iran had offered refuge to Ansar fighters, that Ansar had a training camp just across the border in the Dizli mountain range and that "everybody knows" that many former fighters were living in Kurdish villages around the towns of Mariwan and Sanandaj.¹⁴⁴

What riles Kurdish officials most is that fighters formerly associated with Ansar al-Islam seem to have been filtering back into Iraq since the end of the war, ostensibly aided by elements in the Iranian regime. The PUK claims its security forces have arrested a number of foreign fighters seeking to enter Iraq from Iran, carrying fake Iraqi identity cards and planning operations, including against hotels. According to a security official in Erbil:

¹³⁹ Crisis Group interview, Suleimaniyeh, 1 November 2004. A Kurdish official who was critical of Iran contended that Iran's immediate interest in northern Iraq is to collect information: "Iranian interference is weaker than before. But Iran keeps on sending intelligence agents into Kurdistan to monitor the Kurdish *peshmerga* and the movements of the Americans in the region. They collect information about U.S. bases and operations, and they want to know what Kurdish parties are up to. They have their Kurdish operators. They also send their own agents. For instance, every time Iran sends a cultural or economic delegation, some intelligence agents are part of the delegation". Crisis Group interview with Hama Hama Sa'id, head of the PUK's political bureau in the Shahrazour region, Halabja, 2 November 2004. Another Kurdish observer complained that the volume of trade with Iran had actually started to decline, and that U.S. officials were actively dissuading Kurds from accepting investments from Iranians. Crisis Group interview with Fareed Asasard of the Kurdish Strategic Studies Centre, Suleimaniyeh, 1 November 2004.

¹⁴⁰ "Qarargah" is a Persian word meaning "meeting place", which is used in military jargon to refer to a military base. The Qarargah-e Ramezan is known to the Kurdish parties as the department of the Iranian Revolutionary Guard Corps that is responsible for affairs in Iraqi Kurdistan. The unit routinely serves as their Iranian interlocutors, as it did during the Iran-Iraq war when the parties sought a rapprochement with the Iranian regime. The joint Halabja operation in March 1988, for example, was coordinated with commanders of the Qarargah-e Ramezan. Interviews with PUK officials conducted by a Crisis Group analyst visiting northern Iraq in a different capacity in May 2002. Concerning the Qarargah-e Ramezan office in Suleimaniyeh, a Kurdish official claimed: "They introduced themselves as an Iranian representation, a sort of consulate. But it is a cover for Etelaat. We all know they are Etelaat". Crisis Group interview, Halabja, 2 November 2004.

¹⁴¹ See Crisis Group Middle East Briefing N°4, *Radical Islam in Iraqi Kurdistan: The Mouse that Roared?*, 7 February 2003.

¹⁴² A PUK official in Tawella, an Iraqi Kurdish town on the Iranian border, claimed that Iran had allowed members of the Islamic Movement of Kurdistan to fire at PUK positions from Iranian territory during PUK-KDP fighting in 1995 and had provided weapons to Ansar al-Islam in February 2003. Crisis Group interview with Isma'il Amin, head of the local PUK branch, Tawella, 6 November 2004. For a time early this decade, the area between the towns of Halabja and Khurmil and the Iranian border was under control of Kurdish Islamist groups, including Ansar al-Islam, and Iraqi Kurdish officials say that Iranian intelligence officers were actively supporting them. "Sometimes we had to give presents to the Iranians, like radios and TVs, in order to have them calm down the Islamists. Let's say that we were paying the Iranians to tell the Islamic movement not to bother us". Crisis Group interview with Hama Hama Sa'id, head of the PUK's political bureau in Shahrazour, Halabja, 2 November 2004. The "bother" included bomb attacks and assassinations in Kurdish towns, including the 2002 attempt on the life of the head of the PUK-controlled regional government, Barham Salih, who served as Iraq's interim deputy prime minister in 2004-2005.

¹⁴³ Crisis Group interview, Suleimaniyeh, 2 November 2004.

¹⁴⁴ Crisis Group interview with Anwar Othman, head of PUK security in the Hawraman region, Halabja, 2 November 2004. He made clear he had no particular affinity toward Iran: "Historically, we never trusted our neighbours. They have always been our enemies, especially Iran".

We know that Ansar al-Islam members are coming and going from Iran to the mountains of Kurdistan. Last year at the border, we captured some of the Ansar members. They were Kurds. They are still detained. During their interrogation, they said they were planning to come through Kurdistan to go to Mosul, and then Faluja to cooperate with the insurgents in attacking Americans.¹⁴⁵

Whenever the Kurds have confronted the IRGC with these arrests, the Iranians responded with a dodge, according to a Kurdish official. "They said: 'Iran is a big country; we cannot control everything'".¹⁴⁶ A security official in Erbil agreed: "We have regular talks with the Pasdaran unit called Qarargah-e Ramezan in Suleimaniyeh. We have explained to them our concerns. But they say they have no relation to Ansar and are not in a position to control the border. Well, in a way, this is true. The border is difficult to control: it is a mountainous area. But, come on, surely you can control the towns!"¹⁴⁷

While Iranian officials have publicly distanced themselves from Ansar,¹⁴⁸ Kurdish claims that the group has the backing of powerful forces in Tehran likely have merit. If Iranian agencies encourage groups like Ansar al-Islam, it is not because they agree with them politically or ideologically -- they do not¹⁴⁹ -- but, more likely, as a means of pressuring the Iraqi government and the Kurdish parties, which have harboured Iranian opposition groups,

such as the Mujahedin Khalq (MKO), the KDP-Iran,¹⁵⁰ and Komala,¹⁵¹ and to keep the U.S. off balance. In the words of a PUK official: "Iran is ready to work with groups like Ansar, whose ideology is so opposed to theirs, because they want to have a card to play in Iraq. It's part of their game to stir up trouble. And they also want to keep an eye on the KDP-Iran, whose base is in Koysinjaq".¹⁵²

Just as in the south, the Iranian agencies' activities in the north seem to be extensive but finding little resonance among a population suspicious of Iranian motives. A PUK official played down the significance of Iranian interference by affirming that there was no official Iranian role, merely "some Iranian elements wanting to create trouble", and noting that none of those detained for subversive activity had admitted to official Iranian government sponsorship.¹⁵³ And while expressing distrust of Iranian intentions, he cast doubt on accusations by Iraqi officials, such as the chief of intelligence, Shahwani, and interim interior minister Faleh al-Naqib, who, he said, were former exiles whose perspective differed from that of those who never left Iraq (such as the Kurds) and knew from direct experience how the Iranians operate. Moreover, he said dismissively, "many of these guys [officials in Baghdad] are former Baathists and intelligence officers. Perhaps they are relying on foreign intelligence".¹⁵⁴

¹⁴⁵ Crisis Group interview, Erbil, 31 October, 2004.

¹⁴⁶ Crisis Group interview with Mullah Bakhtiar, a member of the PUK's political bureau, Suleimaniyeh, 4 November 2004. He said that those intercepted included Tunisians, Sudanese, Afghans, Yemenis and Lebanese, as well as Iraqi Kurds, and that they had ties with al-Qaeda, Abu Mus'ab Zarqawi and Ansar al-Islam. None were Iranians. Crisis Group was not in a position to verify these claims.

¹⁴⁷ Crisis Group interview, Erbil, 31 October 2004. He said that privately the Iranians express fear of Ansar and realise that if it gains too much power, the group could start targeting Iranian interests.

¹⁴⁸ Iranian Foreign Ministry spokesman Hamid-Reza Asefi said in spring of 2003 that, "Ansar al-Islam is an extremist group with suspect objectives, and there is no link between this group and Iran", Agence France-Presse, 25 March 2003.

¹⁴⁹ One PUK official sought to explain Iranian support for a group with a Salafi outlook such as Ansar al-Islam by Iran's fear of a democratic process in Iraq, which Ansar has sought to undermine. Crisis Group interview with Mullah Bakhtiar, a member of the PUK's political bureau, Suleimaniyeh, 4 November 2004. In his view, Iran supports Ansar al-Islam because Iran's Shiite regime "is closer to Sunni Muslims than to the idea of democracy. It is a marriage of convenience between Sunnis and Shiites against the United States". This argument, however, ignores Iran's strong support for elections in Iraq (as a way of bringing Shiites to power).

¹⁵⁰ KDP-Iran fighters live in compounds on the outskirts of the town of Koysinjaq.

¹⁵¹ The much smaller Komala has split into two factions; its members live in a village a few kilometres outside Suleimaniyeh.

¹⁵² Crisis Group interview with Hama Hama Sa'id, head of the PUK's political bureau in Shahrazour, Halabja, 2 November 2004. The PUK has allowed the KDP-Iran to maintain a command base near the town of Koysinjaq, far from the Iranian border, just as it has offered a haven to Turkey's PKK/Congra-Gel.

¹⁵³ This statement stands in marked contrast to the allegation made by interim Defence Minister Hazem Sha'lan in July 2004 that two former fighters in Afghanistan had been detained in north eastern Iraq who were found to be "working with Iranian intelligence". Quoted in Doug Struck, "Official Warns of Iranian Infiltration", *The Washington Post*, 26 July 2004.

¹⁵⁴ Crisis Group interview, Suleimaniyeh, 2 November 2004. In a direct response to interim Defence Minister Hazem Sha'lan, another former Baathist who spent significant time in exile (selling real estate in London), this official stated: "I criticise Iran. But such criticism should not imply Iran is our first enemy. It is dangerous to create such enemies so easily. In the current situation, we have to deal diplomatically with the circumstances, not set fires".

IV. A STRATEGY OF MANAGED CHAOS

The picture that emerges is of widespread, diversified, but also cautious Iranian involvement that aims at securing the regime's fundamental interests: preserving Iraq's territorial integrity, avoiding a descent into chaos or civil war, promoting a Shiite-dominated, friendly and non-threatening government, maintaining ties and influence with a range of actors, and, importantly, keeping the U.S. preoccupied. To be sure, concerns about Iraq emerging as a competing political -- i.e., democratic -- or religious -- i.e., moderate Shiite -- model also play. But these for the most part are seen as less immediate preoccupations; besides, the current policy of investing in a wide array of Iraqi actors and maintaining a degree of instability mitigates those risks. To meet its various ends, Iran's security agencies likely have run interference in Iraqi affairs, collected intelligence, supplied funds (and possibly weapons), promoted certain parties and personalities, and occasionally even backed insurgents.

In short, Iran's strategy is premised on the requirement that Iraq not emerge as a threat, whether of a military, political or ideological nature, and whether deriving from its definitive failure (its collapse into civil war) or definitive success (its emergence as a genuinely democratic model). To paraphrase a U.S. official, Iran is interested in the unity of Iraq, but even more so in its own immunity from Iraq.¹⁵⁵ That strategy translates into a policy of:

Managed Chaos. While continued and expanded unrest in Iraq would threaten Iranian interests, in the short term Tehran has seen protracted but controllable disorder as the optimal way of safeguarding the full range of those interests. The words of Naser Chaderchi, head of Iraq's National Democratic Party (which won no seats in the transitional national assembly), were echoed widely among Iraqi officials and Western observers. Iran's aim in Iraq, he said, was to prevent complete stabilisation:

The Iranians believe that if there is stability in Iraq, the Americans would consider moving against Iran next. I don't think the Iranians want to create uncontrollable chaos in Iraq, though. They want a manageable chaos, and they share this approach with other neighbouring states.¹⁵⁶

Just so, say European observers in Iran and Iraq. "Iran is always trying to balance its lines", a diplomat based in

Baghdad said. "They do not want Iraq to be completely stable, nor completely unstable".¹⁵⁷ In other words, Iran wants to be the manager of "manageable" chaos in Iraq. While Tehran so far has proved adept at this fine balancing act, the risks of miscalculation are evident. "They are trying to balance between chaos and civil war", explained a diplomat in Tehran. "But they do not have a clear idea of where that balance lies".¹⁵⁸ In November 2004, an Iranian cleric and close associate of Ayatollah Sistani warned about the fallout from Tehran's involvement with Iraqi affairs: "Iran's policy in Iraq is 100 per cent wrong. In trying to keep the Americans busy they have furthered the suffering of ordinary Iraqis...We are not asking them to help the Americans, but what they are doing is not in the interests of the Iraqi people; it is making things worse. We [Iranians] have lost the trust of the Iraqi people [*Mardom-e Aragh az dast dadeem*]"¹⁵⁹

Iranian officials repeatedly have denied any connection to the unrest in Iraq, even when they have lauded insurgents, such as Muqtada al-Sadr during the April 2004 uprising, or quietly indulged in *schadenfreude* over U.S. misfortunes in Iraq's reconstruction. Former Deputy Foreign Minister Mahmoud Vaezi told Crisis Group: "We didn't do anything [to stir unrest], but we are thankful to the Iraqis for teaching the Americans this lesson...[that] you can't get your way just by using force".¹⁶⁰ A high-ranking Iranian diplomat noted that in light of "U.S. mismanagement" of the occupation, Iran did not need to incite unrest in Iraq, but at the same time it had little incentive to help make life easier for the Americans. "Iran has not seen it necessary to contribute to the unrest in Iraq. But are we going to go out of our way to help quiet down the situation? The answer is no".¹⁶¹

Portfolio diversification. Iran's pursuit of managed chaos in Iraq has entailed a careful strategy of hedging its bets in a situation of uncertainty over who among the country's political actors might best serve its interests in both the short and long term. In a pattern that has often puzzled observers, Iran has built ties with an array of diverse and at times competing political forces -- Shiite Islamist parties, of course, but also Kurdish parties and violent groups.¹⁶² In so doing, Tehran can maintain a

¹⁵⁷ Crisis Group interview, Baghdad, 28 October 2004.

¹⁵⁸ Crisis Group interview with senior EU diplomat, Tehran, 19 October 2004.

¹⁵⁹ Crisis Group interview, Mashhad, 2 November 2004.

¹⁶⁰ Crisis Group interview, Tehran, 16 October 2004.

¹⁶¹ Crisis Group interview, 10 January 2005.

¹⁶² One influential Iranian official, for example, told Crisis Group: "We're not supporting any one particular group in Iraq."

¹⁵⁵ Crisis Group interview, Washington, 1 March 2005.

¹⁵⁶ Crisis Group interview with Nassir al-Chadirchi, leader of the National Democratic Party, Baghdad, 17 October 2004.

degree of influence regardless of political developments and help steer those developments in less hostile directions.

There has been an important exception to this approach which points to its inherent limitation: although it has some ties with Sunni Arab groups, Iran does not seem to have significant contacts with insurgents based in that community, let alone with foreign jihadis. In fact, it appears concerned that the kind of chaos promoted by such groups may not only prove unmanageable but run directly counter to its interests, given in particular the presence of former Baath loyalists among the insurgents, the xenophobic views that exist among many Sunni Arabs concerning Iran, Iranians and Iraqi Shiites, and the apparent bid by foreign jihadis to trigger Sunni-Shiite sectarian strife by attacking Shiite clerics, mosques and civilian crowds. If these insurgent groups fought to prevent elections from taking place, recognising them as a mechanism for Shiites to parlay their demographic majority into political dominance, Iran conversely supported those elections as a way of bringing its putative allies to power.¹⁶³ Significantly, and as a sign that they fear each other more than they do the occupiers, neither Iran nor Sunni Arab leaders have called for an immediate departure of foreign forces but merely for a withdrawal timetable. Sunni apprehension over perceived Iranian influence is so great that Iraqis in Amman who claimed to be close to the insurgency fighting U.S. forces told Crisis Group that, paradoxically, they wanted these forces to stay, at least for now, lest Iran exploit the chaos resulting from a precipitous withdrawal as a pretext for intervention. To them, the Iranian threat superseded the considerable anger they exhibited toward the U.S. military occupation.¹⁶⁴

A strategy of managing chaos, therefore, is inherently risky for Tehran because other actors are seeking to foment instability of a far less manageable sort. In

We have good ties with everyone". Crisis Group interview, Tehran, 16 October 2004.

¹⁶³ Distrust of U.S. intentions runs so deep in Iran that even U.S. support of the elections was viewed with suspicion by some, who speculated that Washington would manipulate the polls in order to put a regime in power that would serve its interests. An editorial in a conservative daily, for example, opined that, "There is the possibility of election fraud in Iraq....America and other occupiers, which have shouldered huge costs in Iraq's war, will not let the fruits of the dictator's ousting be reaped by some religious groups....Perhaps a 'velvet revolution' will pave the way for another dictator to take power....The young Iraqi people must be alert to this plot". *Jam-e Jam*, 20 January 2005.

¹⁶⁴ Crisis Group interviews with Sheikh Zeidan Abu al-Awad, Amman, 31 January 2005, and Sheikh Talal al-Gaod, Amman, 1 February 2005.

other words, chaos may serve the interests of groups fundamentally hostile to Iranian interests, and Iran may find it impossible to strike the proper balance between controlled instability and out of control civil war. Moreover, with the conclusion of Iraq's elections and the victory of the Shiite alliance, the strategy may no longer make sense: promoting a stable, successful and legitimate Iraqi government may in fact be the better way for Iran to secure its regional interests and accelerate the departure of U.S. forces.¹⁶⁵

This suggests a possible convergence of interests between Tehran and Washington. It is a fragile convergence, dependent in no small part on how events in Iraq unfold over the coming months. Should the security situation deteriorate further, or should the Kurds make a rash bid for -- de jure or de facto -- independence, Tehran's calculations, and its apparent acquiescence in the current order, may well change and diverge from Washington's.

More importantly, any such convergence will depend on the evolution of U.S.-Iranian relations. SCIRI officials, for example, who perhaps have a better grasp of Iranian regime thinking than anyone else in Iraq, have noted with dismay the possibility of Iraq turning into a battlefield between Tehran and Washington -- if the Bush administration takes its "war on terror" to Iran through its newly-won base in Iraq or, conversely, if an encircled Iran seeks to upset Washington's fortunes in Iraq to deter it from taking any hostile action.¹⁶⁶ Should Tehran's threat perception increase, or should the U.S. (or Israel) strike Iran's nuclear facilities, Iran may choose to respond in Iraq. In the words of influential Iranian conservative columnist Amir Mohebian, "The presence of 140,000 U.S. soldiers in Iraq is not an American asset. It is a liability, for they offer us a target in the event we are attacked".¹⁶⁷ If Tehran has the ability to turn off the spigot of unrest, as some believe, by ceasing its support of certain elements that aim to destabilise the country, then surely it also has the ability to open it much wider.

¹⁶⁵ A Kurdish security official contended that Iran, despite its dislike and distrust of the U.S., was quite grateful because Saddam Hussein had been its enemy number one. Now that their Iraqi Shiite friends stood to gain power, he said, it was not in Iran's interest to make them fail by creating too many problems there. Crisis Group interview, Erbil, 31 October 2004.

¹⁶⁶ Crisis Group interviews with Sa'ad Jawad Qandil, acting head of SCIRI's political bureau, and Hamid al-Bayati, interim deputy foreign minister, Baghdad, 4 and 6 October 2004, respectively.

¹⁶⁷ Crisis Group interview, Tehran, 23 September 2004. For more on this, see Crisis Group Briefing, *Iran: Where next on the nuclear standoff?*, op. cit., pp.10-12.

V. CONCLUSION

Contrary to perceptions in some Arab countries and among Iraq's Sunni Arabs as well as a fair number of secular Shiites, Iran appears to have acted with considerable restraint toward its neighbour, refraining from exploiting opportunities to further destabilise the situation. A SCIRI leader with extensive experience in Iran noted that if the Iranian regime really had wanted to make trouble in Iraq, it had the means do so: "If Iran wants to fight the Americans in Iraq, it would become a hell for the Americans. They could send thousands of suicide bombers, but none are coming from Iran. I know the Iranians and what they are capable of, and they are not doing it".¹⁶⁸ Some U.S. officials concur that Iran's involvement, while broad in scope, has been modest in both purpose and effect. A senior State Department official told Crisis Group that he had seen no evidence of Iranian support for insurgents but that Iran, rather, was trying to shape politics in Iraq through money and other means -- a pattern which, he acknowledged, given the U.S.'s own far greater involvement, Washington could not credibly begrudge.¹⁶⁹

But this restraint may not last, subject as it is to the vagaries of regional and international developments. In the final analysis, the best guarantee against highly destabilising Iranian interference in Iraq lies in an accommodation between Iran and the United States. While a comprehensive package deal addressing the two sides' respective concerns appears beyond reach at this time, there are a range of steps the U.S. could take to avoid worst case scenarios -- from softening its rhetoric, to heightening its participation in EU negotiations with Iran over its nuclear program.

Washington has now accepted a degree of involvement (lifting its opposition to Iran's membership in the World Trade Organisation and endorsing an EU decision to provide Iran with aircraft spare parts) in exchange for

Tehran's definitive cessation of uranium enrichment. In return, the EU has agreed to refer the issue to the Security Council if negotiations fail.¹⁷⁰ But such a package is unlikely to promote a resolution. As Crisis Group has argued, Iran has legitimate economic, political and security concerns, most of which revolve around the consequences or potential consequences of Washington's hostility. Assuming it is willing to forego a military nuclear program, it almost certainly will not do so in exchange for European economic concessions, even if the U.S. were to acquiesce in them.¹⁷¹ Reacting to initial reports of Washington's more open stance toward the EU initiative, an Iranian official was blunt:

This is not a positive development. The U.S. is not getting directly involved, and the issues they are promoting -- WTO membership and airplane spare parts -- don't address the key issues at hand regarding Iran's right to a civilian nuclear energy program. It would be constructive if they had a presence at the negotiating table so we could discuss directly. But now all they have done is increased the demands on Iran and upped the ante for the Europeans without addressing our substantive concerns.¹⁷²

¹⁶⁸ Crisis Group interview with interim Deputy Foreign Minister Hamid al-Bayati, Baghdad, 6 October 2004.

¹⁶⁹ Crisis Group interview, Washington, 27 January 2005. U.S. Secretary of State Colin Powell also played down alleged Iranian support of insurgents in Iraq, saying: "How much and how influential their support is, I can't be sure, and it's hard to get a good read on it". He labeled the Iraqi insurgency as largely "self-generating". Quoted in Steven R. Weisman, "Powell says Iran aids Iraqi rebels", *International Herald Tribune*, 18-19 September 2004. In March 2005, Gen. John Abizaid, commander of U.S. forces in the Middle East, accused Iran of playing an "unhelpful role" by backing Muqtada al-Sadr and conducting "intelligence activities" in Iraq. Quoted in Ann Scott Tyson, "Iraqi Insurgency Is Weakening, Abizaid Says", *The Washington Post*, 2 March 2005.

¹⁷⁰ On 11 March 2005, following discussions with U.S. Secretary of State Condoleezza Rice, Foreign Ministers Michel Barnier (France), Joschka Fischer (Germany), and Jack Straw (UK) and EU foreign policy chief Javier Solana sent a letter to the EU stating that if Iran did not "maintain the suspension of all its nuclear enrichment-related and reprocessing activities while long-term arrangements are being negotiated; and...fulfill all of its international commitments including full cooperation with the IAEA (International Atomic Energy Agency)...then as has been implicit in the agreements reached with Iran and well understood by all concerned, we shall have no choice but to support referring Iran's nuclear program to the UN Security Council". See "Bush: U.S., European speaking with 'one voice' on Iran", CNN.com, 11 March 2005. Steven R. Weisman, "Europe and U.S. Agree to Carrot-and-Stick Approach to Iran", *The New York Times*, 12 March 2005.

¹⁷¹ See Crisis Group Briefing, *Iran: Where next on the nuclear standoff?*, op. cit. As Ray Takeyh argues, "The current round of talks between Iran and Britain, France and Germany focuses on three issues: technology transfers, trade and cooperation, and, finally, security and political discussions. From Iran's perspective, it is the United States and not Europe that can meet its requirements on all these issues". In particular, "at a time when the United States is in effective occupation of two of Iran's neighbours, a security discussion without American participation is utterly meaningless". R. Takeyh, "U.S. Must Assume a Big Role in Talks", *International Herald Tribune*, 8 March 2005.

¹⁷² Crisis Group interview, 4 March 2004.

Likewise, in the wake of the EU/U.S. agreement, a senior Iranian negotiator dismissed Washington's gestures as "insignificant", calling on the U.S. to unblock frozen assets, lift sanctions and stop "hostile measures".¹⁷³

A more promising approach would combine greater U.S. carrots (e.g., security guarantees and a relaxation of U.S. sanctions), EU sticks (including, for example, potential withdrawal of some economic benefits or incentives, in addition to the recently declared willingness to support referral of the issue to the Security Council in the event Iran does not verifiably renounce any military nuclear effort), and more creative thinking on ways to ensure that Iran will not develop a nuclear weapons program.¹⁷⁴

It also will be important to reassure Iran and Iraq over their respective intentions. For this, both countries need to take steps to improve relations, including by cooperating more closely on border control -- an interest both sides share; ceasing to provide shelter to the other country's insurgent groups, such as the Iranian MKO and KDP-Iran in Iraq, and the Iraqi Ansar al-Islam in Iran; pursuing a just settlement of the Shatt al-Arab border delineation dispute; and signing a peace treaty, finally and formally ending the state of war between them.¹⁷⁵

Ultimately, and however long the U.S. presence in Iraq turns out to be, it inevitably will be outlasted by the enduring proximity of the two neighbours, with their history of conflicting and intertwined interests, familial and cultural bonds and animosities, and long stretches of peace punctured by bloody wars. The management of such a long-standing relationship would benefit first and foremost from joint agreement over how to control their common border, something that should be relatively easy to accomplish and would be an important confidence-building measure. This was the top agenda item of a high-level Iraqi interim government delegation

headed by then Deputy Prime Minister Barham Salih that visited Tehran at the end of August 2004.¹⁷⁶

What we need, interim Foreign Minister Hoshiyar Zeibari told Crisis Group, is an agreement on the sharing of intelligence concerning the movement of terrorist groups and the flow of funds. "We need cooperation to reinforce border controls".¹⁷⁷ Beyond that, Iraq needs to build up its own capability to secure and monitor the border. A senior aide to interim vice president Ibrahim al-Ja'fari listed five measures needed to achieve those ends: bilateral agreements with Iraq's neighbours, an increase in Iraqi border patrols, superior equipment for those forces, enhanced intelligence capabilities and a national registry of aliens residing in Iraq.¹⁷⁸

Such measures may not end Iranian interference -- this will have to await an improvement in relations between Washington and Tehran and greater confidence in Tehran over the course of Iraqi events -- but they could reduce the potential for further destabilisation at a time when, in the wake of the January 2005 elections, a fledgling government in Baghdad is trying to establish itself and put an end to the chaos of the post-war years

Amman/Brussels, 21 March 2005

¹⁷³ BBC News, 13 March 2005.

¹⁷⁴ For details on a possible package deal that would involve intrusive international monitoring, including the possibility of joint international management of nuclear facilities, see Crisis Group Middle East Report N°18, *Dealing with Iran's Nuclear Program*, 27 October 2003.

¹⁷⁵ Other outstanding issues are the return of war planes sent by Iraq to Iran for safekeeping at the outbreak of the 1991 Gulf war, the release of such Iraqi prisoners of war as might still be in Iran, and war reparations claimed by Tehran for damages incurred during the Iran-Iraq war. On the latter issue, Iraq is likely to point out that while that war was initiated by Iraq, the Iranian regime perpetuated it for six futile years by refusing to agree to peace negotiations when it had the opportunity to do so after it had expelled Iraqi forces from its territory in 1982.

¹⁷⁶ The delegation met with President Mohammed Khatami, Hassan Rowhani, secretary of Iran's Supreme National Security Council, Minister of Intelligence Ali Yunessi and Foreign Minister Kamal Kharazi. A senior Iraqi Foreign Ministry official who participated in the meetings said that the Iraqis had presented evidence of Iranian meddling, but that their Iranian counterparts had rejected it as evidence of, at most, smuggling or the actions of individuals. "We told them openly that we don't want any interference in our internal affairs, that we would not tolerate it. They agreed and said they supported the interim government of Dr. Iyad Allawi and were open to discussion". Crisis Group interview with Hamid al-Bayati, interim deputy foreign minister, Baghdad, 6 October 2004. A senior official at the Interior Ministry put it more bluntly: "We told them, 'Don't send us terrorists, hashish or weapons'. We want to have good relations with Iran, and as long as they guard their side of the border and refrain from interfering in Iraq, we won't have any problem with them". Crisis Group interview, Baghdad, 6 October 2004. Interim Defence Minister Hazem Sha'lan toned down his criticism of Iran following the delegation's visit, declaring that the Iranians had reduced their interference in Iraqi affairs and had ended their support -- never proven -- of Muqtada al-Sadr's movement. United Press International, "Iran cuts back interference in Iraq", 22 September 2004.

¹⁷⁷ Crisis Group interview, Baghdad, 29 October 2004.

¹⁷⁸ Crisis Group interview with Adnan Ali al-Kadhemi, Baghdad, 21 October 2004.

APPENDIX A

MAP OF IRAQ



APPENDIX B

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Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

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