



# European Policy Centre Policy Dialogue Remarks

**Kawa Hassan**

January 23, 2020

## The U.S.-Iran Crisis: Impact and Implications for the Region, Europe and Beyond

Today, I will talk briefly about the implications of the proxy war between the U.S. and Iran on the stability, sovereignty and ongoing protest movement in Iraq and what role the EU can play to de-escalate the conflict.

In the abstract of today's event, only the killing of Soleimani is mentioned. But, it is crucial to say that the U.S. strike didn't kill only Soleimani, but also Soleimani's Iraqi counterpart, Abu Mahdi al-Muhandis, the powerful deputy head of Al Hashd Al Shabi or Popular Mobilization Units (PMU). Given his charisma and influence on different factions of the Hashd, and his longtime, very strong and personal relationship with Soleimani as well his ideological loyalty to the principle of Wilayat al-Faqih of the Islamic Republic of Iran, the killing of al-Muhandis dealt a severe blow to the PMU and as such left a big leadership gap that will be difficult to fill. It is still too early to exactly comprehend how his death will impact the future of PMU in particular and Iraq in general, but perhaps Post-Muhandis PMU will be marked by fragmentation and competition for leadership and influence.

Both the killing of these leaders, as well as the Iranian attack on U.S. bases in Iraq, has had a temporary negative impact on the Iraqi protest movement. The real crisis in Iraq is not the proxy war between Iran and the U.S., but the erosion and decaying of a corrupt political order that led to the eruption of mass protests in October. These two events diverted international and regional attention from the biggest mass social movement in the modern history of Iraq, brought the populist Shiite leader Muqtada Sadr closer to the Hashd, albeit temporarily. Yet, the youth-led protest movement has shown a considerable resilience and even escalated its pressure on the government to meet its demands for the establishment of a transitional government to be led by an independent politician from outside of the political class and holding of early elections under international supervision.

Further escalation between the U.S. and Iran will have devastating impacts on Iraq's fragile stability. If the Iraqi government decides to unilaterally expel American troops, the U.S. administration will not renew the sanctions waiver—or even worse, it may impose fresh sanctions on Iraq. This means the U.S. administration could freeze billions of dollars in oil revenue that Iraq holds in bank accounts at the Federal Reserve Bank of New York, and deny access to U.S. dollars that support the value of the Iraqi dinar. Given that Iraq doesn't have any industry and over 90 percent of its income is dependent on oil revenues, the consequences of any U.S. sanctions will be disastrous.

ISIS is weakened but not defeated. Iraq still needs intelligence and military support from the U.S. and other Western partners to fight remnants of ISIS. Lessons from six years ago are helpful in this regard. President Obama withdrew U.S. troops in 2011. What happened after this troop withdrawal proved to be disastrous for Iraq and beyond. The sectarian and authoritarian policies of the former prime minister Al-Maliki alienated the Sunnis and empowered ISIS to take over one third of the country.

The real reason for the violation of Iraq's sovereignty by external players is the collective failure of Iraqi leaders to find common ground and a joint vision and policy on what constitutes the national interests of the country. That is why the youth-led protest movement has three interlinked overarching objectives: radical reform of the political system, social justice and national sovereignty. "Neither the U.S., Nor Iran," "Neither the Dollar nor Toman" is one of the key slogans of the October uprising.

What could the EU do to deescalate the conflict?

First, a sober and appropriate analysis is needed about the root causes of the Iraq's crisis. Post-2003 order created an oligarchy that enriched itself, impoverished the majority of the population, and deprived the country from its sovereignty. This is the root cause of Iraq's predicament and not the conflict between the U.S. and Iran, nor the presence of U.S. and coalition troops.

Second, international and regional de-escalation efforts between the U.S. and Iran should be linked to a clear and coherent Iraq strategy to support the peaceful protest movement and Iraqi reformists to form a transition government headed by an independent prime minister from outside the political class, hold to account those responsible for the killing of over 600 and injuring over 25,000 Iraqis, and help Iraqis to hold a free and fair early election under strict international supervision.

So far, Iraqi leaders have failed to provide a joint solution or roadmap for the internal political crisis and preventing external interference; the protest movement is so far resilient but can't compel the political class and government to implement its demands. Internationalization of the Iraqi issue may deescalate the regional crisis and help Iraqis to agree on a roadmap that meets the demands of the protest movement. An international conference similar to the Libya conference in Berlin, under EU leadership and in cooperation with key European member states and the UN, can be the first step in a political process to link the internal crisis and external interference, and thus decrease the risks of Iraq continue to being a battleground for regional conflict while supporting Iraqis in the implementation of a roadmap for selecting a new prime minister, holding an early election and in the long run implementing real reforms