



Security Policy Working Paper, No. 31/2017

What future for Northern Iraq? The Kurdish dilemma and shifting spheres of influence in the region

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The territorial decline of ISIL in Iraq and Syria raised hopes among the international community that there could be peace in Iraq – a country that has seen almost continuous military conflict for the last 40 years. Yet even before the last safe havens of ISIL were eliminated, new areas of conflict began to emerge. Since their independence referendum, the Kurds have been struggling to stay united and retain their current autonomy. Meanwhile, in Baghdad, a new dominant power over the country has emerged: Iran. The balance of power has shifted not just within Iraq but also in relation to other countries. Cooperations between Baghdad, Tehran, Ankara and Moscow (often for pragmatic reasons) have reshaped the arena of conflict. It remains to be seen what consequences this development will have for Western allies and how Germany can best pursue a constructive policy in the region.

Baghdad's new protector

It was an event of symbolic importance: in November 2015, Kurdish forces advanced on the town of Sinjar, a key hub in Iraq's northwesternmost province; shortly afterwards, they claimed to have taken control of the administration there. This was a clear sign to the Iraqi central government that a Kurdish state was forming not just within the 2014 borders of the autonomous region, but far beyond. The central government, which has been dominated by Shia forces since the constitution of 2005, is now doing all it can to keep Kurdish expansion in check.

However, without outside help Baghdad's military options are severely limited, as Iraqi armed forces are less loyal towards Baghdad than might be expected. Since June 2014, the military has become more decentralised thanks to the formation of the Popular Mobilisation Forces (PMF). The PMF is an organisation consisting mainly of Shiite groups loyal to their own respective leaders. The influence of spiritual leaders like Muqtada as-Sadr or Ali as-Sistani has grown as a result of these largely informal forces. While the PMF consists of numerous brigades and splinter groups (some of them Christian), they tend to have one thing in common: they were trained by Iranian operatives of the Islamic Revolutionary Guard Corps and continue to receive logistical support from Iran. As the elite Quds Force is a key provider of this support, recent US sanctions against the Revolutionary Guards are also likely to affect tensions in Iraq. Although the Iraqi government under Haider al-Abadi has always refused to allow Iranian forces into the country, today there are probably over 1,000 Iranian operatives deployed in Iraq, and over two thirds of the PMF are pro-Iranian. As a result, Iraq's central government is not in a position to take military action against the Peshmerga without Iranian support.

The Kurdish dilemma in Iraq – between independence and civil war

Until the summer of 2017, the Kurds seemed to have been the main beneficiaries of the fight against ISIL, but by the time of the independence referendum the situation had changed. Because all other concerns had been overshadowed by the fight against ISIL – in which the Peshmerga were successful in Northern Iraq – regional actors began to lose sight of growing domestic tensions. Yet these internal flashpoints may prove to be a far greater threat to the Kurdish leadership than ISIL, which has been on the rampage for years. Domestically speaking, the power structure in Erbil may have been harmed most by Masoud Barzani's failure to make reforms. In the ailing economy of the Kurdish autonomous region, pressure for political change is particularly strong from the younger generation, but other dissatisfied sections of the population are also keen to make their political voice heard. After all, Barzani and his clients are still in power after four years without democratic elections. Furthermore, cliques and strong clan structures remain strong enough to present obstacles to new reforms by the administration, which has been almost completely divided between the dominant KDP and PUK parties since the consensus of 1998.

This dissatisfaction is reflected in the new parties that have formed at opposite ends of the political spectrum: on the one hand there is the Gorran Movement (or Movement for Change) – a modernising party based on secular Western principles, formed as a serious alternative to the two old parties. On the other hand, even the Kurdish area of Iraq is not immune to Islamic fundamentalism. Several political and militant groups have emerged which are vehemently opposed to the prospect of a secular Kurdistan. In the area around the town of Halabja, several cells which originated from the former terrorist organisation Ansar al-Islam have organised terror attacks in the Kurdish areas of Iran and Iraq.

A further domestic problem is the economic depression that has resulted from the current humanitarian crisis. The following factors have adversely affected the economy: the fall in oil prices in recent years; the retreat of foreign (especially Turkish) investors from the energy, tourism and infrastructure sectors; and the neglect of reform plans to open up a large share of the market. A particular bone of contention is the city of Kirkuk, which is claimed by both Iraq and the Kurds. The multiethnic capital of Kirkuk Province is crucial for the oil sector as it is the location of one of the country's biggest oil fields. Apart from British Petroleum, the biggest holder of oil concessions there is Iraq's Northern Oil Company, which is based in Kirkuk but still controlled by Baghdad.

Geopolitically speaking, Iraqi Kurdistan faces a crucial decision. Since the referendum of 25 September 2017, the prospect of an independence declaration has been looming ominously over all affected parties in the region, exacerbating tensions between Erbil and neighbouring powers. Yet during that time, the situation has changed. Iran, which has moved closer to Turkey (mainly for pragmatic reasons) and has enormous influence on Iraqi domestic and foreign policy, is very much against Iraqi Kurdish secession. It objected when the referendum was announced, threatening to impose sanctions, which in the end it did. Two of the three border posts between Iran and Iraqi Kurdistan were closed, and Iran's Islamic Revolutionary Guard Corps (IRGC) in Iraq stepped up its pressure, mainly on the PUK. The greatest leverage Iran has against the Kurds is through big new Iraqi militias such as the Badr Organisation, Kata'ib Hezbollah, and the Asa'ib formations of the PMF, which were trained and equipped by IRGC operatives. Although regular Iraqi forces were no match for the united Peshmerga, the situation changed with the advent of the Badr Organisation and other Iranian-sponsored militias.

Iran's growing influence becomes evident

The first evidence of this altered power structure came with fresh clashes around the city of Kirkuk in mid-October 2017. Although in 2014 the city had been recaptured from IS by Kurdish Peshmerga and PKK forces, in summer 2017 Baghdad began to demand that the oil-rich region be handed over to Iraqi forces. When on 15 October 2017 Kurdish forces faced Iraqi regular and PMF forces at Kirkuk, Iran, too, pushed for the city to be handed over to Shiite-dominated Baghdad. One key reason why Iran took sides with Iraq was that

in late July 2017 the neighbouring countries had agreed to build an alternative to the Kirkuk–Ceyhan Oil Pipeline; the new pipeline would run from Kirkuk in Iraq to distribution stations in Iran, thus bypassing Kurdish territory. As a result of negotiations between the Iranian General Qassem Soleimani and the Peshmerga, the Kurds had to withdraw without a fight from the city they had held since 2014. Iraqi Kurdish fighters also had to withdraw from Nineveh Province, leaving behind Syrian and Turkish Kurdish forces in the Sinjar region, who have been trying to maintain a presence there ever since.

Direct influence from Erbil was thus largely forced back to within the pre-war lines of 2014. While this victory was celebrated by Iraqi forces as their own, it was also a clear signal from Iran to its international rivals – especially the United States. The fact that PUK representatives gave in to Soleimani’s pressure without conferring with Erbil is also a sign that Tehran is prepared to rekindle old disputes between the PUK and KDP in order to sow discord among Iraqi Kurds.

Inner-Kurdish perspectives

The provisional handover of power from Masoud Barzani to his nephew, Nechirvan Barzani, in November 2017 was in many ways another setback for the Kurds. Not only are democratic elections now essential, but the Kurdish Peshmerga must be reunified as a stabilising force soon if Iraqi Kurdistan is to avoid drifting back towards civil war. The spring 2018 elections will be most important not just for the internal cohesion of the Kurdish region but for Iraq as a whole, as they will shine a light on political power relations.

If the future Kurdish government decides to press ahead with secession, the following three areas will be top priorities: 1) ensuring peaceful relations with Iran – the PUK has old ties with Iran which would be important in this respect, and the KDP leadership would need to agree to the PUK using those ties; 2) continuing cooperation with Ankara, which will be crucial for solving the conflict in Nineveh Province; 3) standing up to any potential Sunni-Shia alliances in the western provinces of the country.

A supporting factor for the Kurds in all three of these fraught areas could be the current economic and geostrategic interests of Russia. While the Kurds have maintained links with Russia for decades, these channels took on a new significance when the oil giant Rosneft announced investments of over four billion dollars in the exploration of Kurdish oil fields. Russia could use its existing connections with Turkey and Iran to strengthen its influence in the region. In terms of EU and US foreign policy, this would be a game changer, requiring a reassessment of the situation.

Implications for German policy: three scenarios

Germany has been providing logistical support to the Kurdish region for three years now. In October 2014, the Yazide people only escaped genocide at the hands of ISIL thanks to the actions of mainly Syrian Kurdish groups. Thereafter, the German government, working with other European partners, decided to set up a mission to support and train the Peshmerga. Germany delivered weapons, ammunition and equipment, trained Kurdish soldiers and sent up to 150 trainers from the Bundeswehr and Federal to the Kurdish autonomous region. Since the start of the mission 2,580 tonnes of material have been supplied to the Peshmerga. The delivery of German armaments directly into a conflict zone was a departure from the usual forms of German foreign and security policy and it sparked a controversial debate.

Then, with the threat of civil war between Iraqi and Kurdish forces, tensions rose in the Kurdish region and the conditions of the mission deteriorated. The occupation of Kirkuk by Iraqi government forces and Shiite militia on 16 October 2017 left the German government with no alternative but to put the mission on a temporary hold. This raises the question, once again, of whether support by German forces in the region can be justified. In view of growing Iranian influence and stronger Russian interest in the Middle East, it seems necessary to review and rearrange any future cooperation with regional actors. There are three possible scenarios to this:

The first scenario would be to completely withdraw from all training and logistical support missions in the region. This would presumably result in the Peshmerga turning to non-Western countries for some of their training and logistics support. While this approach might be welcomed by some sections of the German public, a complete withdrawal of support by the Germans and Europeans would leave the Kurds all the more susceptible to Iranian and Turkish influence.

The second scenario would be to continue the mission until the current end date in spring 2018 and to intensify diplomatic efforts during the current crisis in the hope that outside pressure will settle any remaining points of contention between Baghdad and Erbil over the next months. This has to be the most likely approach, since pressure on Erbil from Tehran and Ankara is already creating new facts on the ground.

The third scenario would be to end the training mission early but continue to provide the Peshmerga with logistical support. There would be particular need for assistance with ordnance disposal and other clearance measures, as Kurdish forces lack the equipment for this.

In all of these scenarios, official and unofficial communication channels should be maintained. This not only sends a constant signal to all parties involved that Germany is open to talks, but also ensures that people have access to a variety of information, allowing them to view the local situation as objectively as possible. The fact that there has been a German Consulate General in Erbil since 2009 is a particular asset in this respect. However, the provision of German military equipment to forces in the region will remain a contentious foreign policy issue for Germany. Even if the dispute between Baghdad and Erbil can be settled for now, German weapons could end up in the wrong hands. Another way for Germany to increase local engagement would be to provide more development assistance to regional actors.

Now that ISIL has been driven out of Anbar Province and the east of Syria, the ethnically diverse provinces of Northern Iraq will be among the region's key trouble spots. After all, Iraqi Kurds are not the only ones who want more autonomy and independence; there are other sections of the population that barely recognise the central government in Baghdad. The power struggle between the dominant regional powers of Saudi Arabia and Iran will be a deciding factor in the future of Iraq, which will find itself caught up in a territorial tug of war in the coming months and years.

While Iraq may seem geographically remote from a German perspective, German foreign and security policy officials should still offer to act as neutral mediators in the region. This could lead to Germany playing a key role in negotiations over the Iran nuclear deal. As the United States gradually retreats from parts of the Middle East, the remaining actors must reposition themselves within the space it leaves behind. If Germany wants to promote political and economic stability in the region and reduce mass migration, it must continue to act as a reliable partner in the region and do all it can to encourage a united European foreign policy approach towards its Middle-Eastern partners.

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