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ISTITUTO PER GLI STUDI DI POLITICA INTERNAZIONALE

THE NEW IRAQ: STABILIZATION, RECONCILIATION, INSTITUTION-BUILDING AND THE REGIONAL SCENARIO

Quaderni Global Watch, n. 36

In collaboration with



Landau Network – Centro Volta

QUADERNI



Watch

Osservatorio ISPI-Bocconi sulle Opportunità Globali

June 2006

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Via Clerici, 5 - I-20121 Milano - Tel. (02) 86.33.13.1
e-mail: ispi.segreteria@ispionline.it

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Introduction

When, at the beginning of November 2005, the Landau Network Centro Volta (Lncv) of Como together with the Iraqi National Academy of Science (Inas) of Baghdad – and in collaboration with the Istituto per gli Studi di Politica Internazionale (Ispi) of Milan and with the support of the Italian Ministry of Foreign Affairs – held the International Workshop on “The New Iraq: Stabilization, Reconciliation, Institution-Building and the Regional Scenario”, the results of the popular referendum over the constitution had just been announced a few days earlier.

The general feeling amongst the Iraqi politicians as well as most of the international analysts who attended the Workshops was that – notwithstanding all the mistakes and troubles, problems of security, corruption, the growing ethno-religious polarization of Iraq, the ambiguity and weak points of the constitution itself – the upcoming parliamentary elections might have represented a new starting point for the stabilization of the “new Iraq”.

Several months later, most of that hopes have been wiped out by a daily litany of killings, sectarianism, political stalemate and institutional paralysis. However, although in widely differing ways in the various regions and areas of Iraq, a sort of “new incoherent order” is taking form, and the current year is likely to be decisive for the future of the country, as well as for the stabilization of the entire neighbouring region.

Whatever the role of the international community and the regional and international actors may be in favouring this process of stabilization and democratization, it is clear – from the following essays – that the Iraqi people should carry the main burden. For some of the problems affecting the post war period – such as terrorist attacks or criminal violence – the international community can and should play a role, as it

has done up to now. But for some others – such as the increasing polarisation along sectarian, religious and ethnic lines, the selfish attitude of each principal community in defining the roles and powers of the provincial, regional and federal powers, and so on – the Iraqis should find their own way to peacefully resolve their disputes, in order to strengthen the pacification process within their country and to establish an acceptable institutional framework.

The present publication represents a spin-off from that International Workshop. Some of the analysts who attended it try here to examine the current domestic and regional security and political situation; the past mistakes of the Coalition Provisional Authority; the disappointing results of the reconstruction process as well as the controversial points in the constitution drawn up by the National Assembly, in particular those related to the management and redistribution of vital oil revenues, and the contested new balances in the center-periphery institutional relations.

Riccardo Redaelli
April, 2006

1. Iraq Strives to Build a Democracy

*Hussain al-Shahristani**

The year 2005 has been very significant in Iraq's history. Iraqis leaped forward with three giant steps on the path to freedom, democracy and establishment of a modern state.

On 30 January 2005, Iraqis went to the polls to elect their first parliament (Transitional National Assembly, Tna), to draft a permanent constitution. Over 8.5 million Iraqis demonstrated great courage in challenging terrorist threats to kill anyone who would participate in the elections. It was highly moving to see women wrapped in their abayas leading the way to the polling stations, taking their children with them to make sure they witness the birth of democracy in their country.

However, the security situation in the western region of the country prevented full participation in those elections, and the elected 275-member Tna lacked full representation of all Iraqi communities and regions. The Tna elected a 55-member committee to draft the constitution. To ensure that representatives of all Iraqi communities participated in this national task, 16 members representing the regions and communities that had been unable to participate in the elections were invited to join the constitutional committee of the Tna.

In drafting the constitution, we tried to escape simply borrowing Western definitions of democracy and ready-made political institutions, by increasing popular political participation within the ethnic and religious diversity of our own society based on the cultural

* Hussain al-Shahristani is the current Oil Minister and the Chairman of the Iraqi National Academy of Science, and has been the First Deputy Speaker National Assembly of Baghdad.

and social developments of Iraq's communities. Issues such as fundamental human rights, private and public ownership, the necessity of an equitable distribution of resources, gender issues, and the protection of the environment all had special implications for our nation, and we had to find the right formulations that conform to traditional values and Islamic principles and are in line with international laws and conventions.

In the preamble, the constitution states «We the people of Iraq... who are looking with confidence to the future through a republican, federal, democratic, pluralistic system, have resolved with the determination of our men, women, the elderly and the youth, to respect the rule of law, to establish justice and equality, and to cast aside the politics of aggression». Article 14 reads, «Iraqis are equal before the law without any discrimination based on gender, race, ethnicity, origin, colour, religion, creed, belief, opinion, or economic and social status».

In Articles 38 to 44, the constitution also guarantees:

- Freedom of thought, conscience and belief.
- Freedom to practice religious rites.
- Freedom of expression, through all means.
- Freedom of press, printing, advertisement, media and publication.
- Freedom of assembly and peaceful demonstration.
- Freedom of forming and of joining associations and political parties.
- Freedom of communication, and mail, telegraphic, electronic, and telephonic correspondence.
- Freedom of movement, travel, and residence inside and outside Iraq.

The constitution also guarantees the following rights in addition to many others:

- Right to free education at all levels.
- Right to free public health.
- Right to safe environment.
- Right to decent work and fair wages.

To ensure universal acceptance of the constitution and to alleviate concerns of those who had reservations about some articles, last minute amendments were made to the constitution that opened a window of six months to revisit some of the articles in the constitution by the new Council of Representatives. On 15 October, 2005, two-third of the eligible voters participated in the referendum, and 78.5% voted yes to the constitution. Only 2 governorates out of 18 voted no with more than 2/3 majority. The constitution was passed.

Now, Iraq is moving to its first election under the permanent constitution to elect the House of Representatives that will appoint the cabinet and Presidency Council for a term of 4 years. Any amendments to the constitution will have to be put to referendum in the same way the constitution was passed.

I cannot conclude these remarks without a word about the terrorism that our infant democracy is facing. Iraq has become the main battlefield for international terrorist groups that have joined with Saddam's security officers and the torturers of the Iraqi people for over three decades. Iraqi people are paying innocent lives everyday in their struggle to build democracy based on constitutional institutions and to rebuild their society on principles of fairness, justice, respect of law, equal opportunity for all and human rights.

If Iraqis win this war then they will contribute significantly to rid the world of terrorism. If democracy is defeated in Iraq, democracy will be threatened in other parts of the world.

2. **The “New Iraq” between Political Evolution and Fears of Disintegration**

*Riccardo Redaelli**

1. **Introduction**

Three years after the invasion of Iraq, the war against Saddam Hussein’s regime is still a sensitive issue, which emotionally and ideologically divides Western politicians and analysts as well as public opinion. Similarly, the debate over its consequences and over all the difficulties of the post war period is vivid and occasionally fierce.

The U.S.-led coalition undoubtedly made several military, political as well as social mistakes and took wrong decisions, which contributed to the creation of that security vacuum which today represents the most dangerous problem for the new Iraq.

However, whatever our personal opinions regarding the reasons for the conflict and our view on the post-war management position, it is a fact that there we are looking at a country which is certainly facing many troubles and perils, but which is now acting within a democratic institutional framework, and with a new constitution written by an elected body. A country which has held a popular referendum on the proposed constitution, and new democratic political elections, where different parties with different ideologies and programs have confronted each other. The very fact that for several weeks nobody could guarantee the results of the October referendum on the

* Riccardo Redaelli is the Director of the Middle East Program of the Landau Network – Centro Volta (Lncv) of Como and Professor of History of the Islamic Countries at the University “L’Orientale” of Naples.

constitution testifies that democracy is sowing its seeds in the country's political culture.

However, there are many bloody threats and political dangers to this process. For some of these – such as terrorist attacks or criminal violence – the international community can and should play a role, as it has done up to now. But for some others – such as the rising polarisation along sectarian, religious and ethnic lines, the selfish attitude of each principal community in defining the roles and powers of the provincial, regional and federal powers, and so on – the Iraqis should find their own way to peacefully resolve their disputes, also in order to strengthen the pacification process.

2. The extremely difficult post-war period: missed opportunities and increasing dangers

The invasion of Iraq in the spring of 2003, although leading to the fall of Saddam Hussein's Ba'athist regime, left in its wake a series of problems which the occupying forces in the country have difficulty in resolving. These problems had been clearly envisaged by analysts and research centres in the months leading up to the conflict, and relate to a number of both regional and Iraqi factors, as well as the Anglo-American military intervention itself¹.

As it has been pointed out:

«The reconstruction of Iraq is not doomed to fail, but the Bush Administration does not yet have a strategy that is likely to succeed. The progress made so far is an insufficient basis for a durable solution to Iraq's problems [...] U.S. policy often focuses on the wrong problems and employs the wrong solutions»².

¹ R. Redaelli, *Iraq: i confusi perché di una guerra*, «Giornale di Storia Contemporanea», vol. VI, no. 1, 2003.

² K.M. Pollack *et al.*, *A Switch in Time. A New Strategy for America in Iraq*, Analysis Paper no. 7, The Saban Center for Middle East Policy, February 15, 2006, p. IX.

The creation of a security vacuum, which neither the new institutional structures nor the Coalition Forces have ever been able to fill satisfactorily, is remarkably serious. In particular, there is the connection that has been forged between the Ba'athist resistance, the Sunni insurgency and international Islamic terrorist groups. Paradoxically, the Anglo-American intervention in Iraq has created precisely what it was hoped to avoid by military means, that is to say, a convergence of "secular and fundamentalist Muslim radicals". This is an alliance, which «... could provide new sanctuaries to radical Islamists while creating operational links between ideologically opposed terrorist groups. It could also pave the way for admission of secular enemies of the United States into groups that operate through their network of mosques and seminaries... »³. The increasing violence of groups led by the Jordanian al-Zarqawi – linked to *al-Qa'ida*, although now entirely autonomous in organising its operations – has shown how the Sunni zone (the so-called "Sunni triangle", with Falluja as its urban point of reference) is open to the spread of the most extreme form of *ji*had-style terrorism, and has intensified the problems of territorial control faced by the international forces. This situation of increasing violence is accompanied – and has been exacerbated by the social and economic effects of the fall of the Ba'athist regime. The disappearance of Saddam and the removal of numerous governing and administrative figures threw the country into chaos, a chaos from which many parts of the country are finding it difficult to emerge.

During 2004, the need to assist the passage of power from the *Coalition Provisional Authority* (Cpa) to the provisional government of Ayad Allawi inspired a more prudent strategy of territorial control in an attempt – in truth, not very successful – to prevent the heavy repressive attacks against the guerrilla strongholds in the Sunni area from further exacerbating the ethnic-religious factionalism which was causing splits to emerge between the different components, as did in

³ H. Haqqani, *Islam's Weakened Moderates*, in *From Victory to Success. Afterwar Policy in Iraq*, Foreign Policy and Carnegie Endowment Special Report, Washington, July 2003, p. 61

fact occur⁴. This attempt resulted in a series of orders and counter orders for the Coalition Forces and confused and counter-productive policies. After trying to suppress the revolt in Falluja in the spring of 2004, the Cpa decided to suspend the attack, favouring a return to power of ex-Ba'athists and entrusting public order to the inefficient Iraqi police and military who were poorly trained, inadequately armed and often corrupt.

All such factors were, obviously, perceived as a “victory” for the extremists and led to an increase in violence and insurrection, and in the number of areas completely beyond control. At the same time, Baghdad became the target of increasingly frequent terrorist attacks (often by suicide bombers), the disorder reaching such a degree of intensity that there was the risk that the general elections of January 2005 would be jeopardised⁵. Thus, there was yet another change in strategy, with the aim of bringing the major cities back under the control of Allawi's provisional government and the Coalition Forces. This was to be achieved through a number of attacks launched against the traditional Sunni strongholds following the U.S. elections of November 2004. The results of these military attacks, however, were disappointing, as shown by the number of attacks carried out by terrorist groups and the insurgency. U.S. military losses continued throughout the year, totalling over 2,000 by the autumn (apart from around 15,000 wounded)⁶. To these figures we must add the heavy losses sustained by the Iraqi police and armed forces, as well as the extremely high number of civilian victims, estimated at 28 – 31,000, with more than 40,000 seriously wounded.

⁴ N. Blanford, *The Spectre of Sectarian and Ethnic Unrest in Iraq*, in «Middle East Report Online», 7 January 2004; M. Leezenberg, *Iraqi Kurdistan: Contours of a Post-civil War Society*, in «Third World Quarterly», vol. XXVI, no. 4-5, 2005, T. Dodge, *Iraqi Transition: From Regime Change to State Collapse*, in *ibidem*.

⁵ Cf. A. Plebani, *The Iraqi Challenge. Political Troubles, Insurgency and Economic Trends*, spec. Par. 2.1 in this volume.

⁶ For details on U.S. casualties, see A. Cordesman, *US and Coalition Casualties and Costs of War in Iraq*, Center for Strategic and International Studies (Csis) – Burke Chair Report, October 21, 2005 (www.csis.org).

These figures are far higher than predicted and shook the confidence of American voters, forcing Washington to change and speed up its operational deployment of Iraqi soldiers and policemen. It also meant giving greater concessions to the new government – and, in particular, to the Shi'a ranks – in terms of political and government autonomy and the formulation of constitutional dictates as well as regional policy.

The hope that the general elections of January 2005 would lead to a stabilisation of the country was, in any case, destroyed, as we will see later. On the one hand, the elections represented a success for the coalition and legitimised the new government but, on the other, due to the Sunni boycott, they failed to provide representation for all of the groupings present in the country.

The difficulty of finding a political balance between the different Iraqi components and growing ethnic sectarianism reveal Iraq's fundamental problem, which derives from the very nature of the country's creation as a modern state after the end of the First World War. Despite changes in the regime and situation, the country has never had a strong sense of national identity capable of uniting its different groups. It is precisely because of the state's fragile nature that Iraq's institutions were "colonised" by the so-called *shadow state*, as Charles Tripp defines it. That is to say, the complex network of interests, privileges and clan-tribal ties which has for so long represented the true source of power in Iraq⁷.

3. 2005: the crucial year

As already noted, 2005 was a crucial year for institutional reconstruction in Iraq. Over the course of this year, in fact, we had: in January, the election of the National Assembly which was to draw up the constitution, the problematic formation of a new government to replace the provisional one of Ayad Allawi, the promulgation of the controversial new constitution in August, its adoption by popular referendum on 15 October and, lastly, the new general elections of 15 December.

⁷ C. Tripp, *After Saddam*, «Survival», vol. XLIV, no. 4, 2002, pp. 27-28.

These vitally important steps were taken in a continuing race against time, formulating a variety of political agendas in the face of difficulties and overcoming the objections and resistance of the Sunni minority, in some cases by a very narrow margin as in the case of the referendum to ratify the constitution, the outcome of which was not certain for weeks. All of this, as we have said, occurred against a background of deteriorating and highly instable internal security. The country is far from peace or stability, at least in those central regions known as the “Sunni triangle”: attacks on troops of the International Coalition and Iraqi police and armed forces, the kidnapping of exponents of the administration, and foreign journalists and workers, ethnic-religious sectarian violence, the spread of common crimes, and corruption in the administration, the judiciary and security apparatus of the new Iraq are the order of the day.

This extremely uncertain and difficult situation has made Iraq’s path towards democracy even more uncertain and has highlighted all of the political and strategic errors made in the management of the post-war phase. However, notwithstanding all the criticisms that can be directed against this new Iraq and the current political and military situation, it is still astounding to consider the political developments which, in less than a year, have led the country to two general elections, a referendum and the drawing up of a constitutional charter by communities and political groupings of widely differing and contrasting positions. In al-Marashi’s definition:

«... It could be said that Iraq is pursuing democracy at a microwave oven’s pace... Indeed the end result of this process is a constitution that emerged from this “microwave”. The document was written under “coerced consensus”, with Arab Shi’a and Kurds, excluding Arab Sunni in the drafting commission from crucial negotiations in the process and leaving many controversial and crucial issues unspecified for the sake of passing an upcoming referendum... »⁸.

The elections of 30 January 2005 were the first step in this process. Organised in a hurry, with little international supervision, against a

⁸ I. al-Marashi, *Iraq Constitutional Debate*, «Meria – The Middle East Review of International Affairs», vol. IX, no. 3, 2005, pp. 1-2 (<http://meria.idc.ac.il>).

background of terrorist attacks by guerrilla forces and boycotted by the Sunni minority, they «... were as successful as they could possibly have been under these circumstances»⁹. As predicted, the Shi'a alliance desired by the *ayatollah* 'Ali al-Sistani obtained an absolute, if narrow, majority, winning 140 out of a total of 270 seats. The Kurdish electoral group, combining the two historical rivals, the Democratic Party of Kurdistan (Dpk) and the Patriotic Union of Kurdistan (Puk) as well as other smaller groups, won 70 seats. Only 45 seats went to the former premier, Allawi, whose secular, pro-western group had the backing of the United States and was prepared to consider the requests of the Sunni minority. Approximately 58% of the electorate voted, a figure considered a positive sign.

Difficult and exhausting negotiations between parties and power groups continued for months in an attempt to avoid the formation of a government that would stress rather than reduce divisions. The result was the provisional government of Ibrahim al-Ja'fari, Shi'a leader of the *Da'wa* party, who was nominated in April 2005 and revealed himself to be rather a weak Prime Minister. The presidency, instead, went to a Kurd, Jalal Talabani, historical leader of the Patriotic Union of Kurdistan (Puk). This compromise made it possible to bring a number of Sunni representatives into the National Assembly, thus involving this community in the difficult task of drawing up a new constitution.

Delays in forming the government left even less time for writing the constitution charter, which should have been ready for August. Debate immediately concentrated on certain crucial topics: the division and allocation of oil revenues, the "federal" nature of the country and the role of the *shari'a*, Islamic religious law, as a primary juridical element.

The outcome was a compromise, with various norms being criticised and open to dubious interpretation, reached more as a result of international pressure – especially that exercised by Washington – than of any true agreement between the parties involved. To reduce Sunni opposition, the

⁹ M. Ottaway, *Iraq: Without Consensus, Democracy Is Not the Answer*, Carnegie Endowment for International Peace (Ceip), Policy Brief no. 36, March 2005, p. 1.

National Assembly first invited a number of Sunni figures to be involved in the Assembly's work, so as to guarantee that this minority be represented. It was then decided that the constitution could be amended by the new parliament during the first six months of 2006.

After all,

«... political solutions through compromise are often reached between parties sharing a critical mass of mutual interests that give them incentives to resolve their differences. This is not the case in Iraq, whose shattered economy and devastated society have isolated communities and regions, leaving few bonds of mutual dependence and benefits in common... »¹⁰.

The only way of avoiding a conflict with the Kurdish delegates was to agree to a future state structure in which provinces and regions (each uniting at least three homogenous provinces) enjoy a large degree of autonomy in terms of decision-making. Unable to avoid this, the Shi'a alliance decided to exploit the situation, deciding that it will, in the future, create a Shi'a region in the south that will benefit from the same privileges as the Kurdish region in the north¹¹.

A corollary to this federalism is the controversial allocation of oil revenues. Various articles of the constitution, whilst guaranteeing national sovereignty over natural resources, distinguish between existing and future, oil fields and plants¹². The former will continue to be administered by the central government, whilst new fields will come under the control of the provinces and regions. In reality, the future of numerous existing oilfields, which require massive investments, is far from clear: will these be considered as "new" and administered by the provinces? Lastly, the role of the *shari'a* has provoked heated debate.

¹⁰ S. Zubaida, *Iraq's Constitution on the Edge*, «OpenDemocracy», August 22, 2005 (www.openDemocracy.net).

¹¹ Cf. M. Ottaway, *Back from the Brink: A Strategy for Iraq*, Ceip, Policy Brief no. 43, November 2005, pp. 3-4.

¹² See the article by Franco Zallio in this volume.

Sunni exponents and many of the Shi'a members of the National Assembly proposed making Islamic religious law the sole source of jurisprudence. Following disagreement and pressure, it was decided to adopt a more ambiguous and bland formula, with the Kurds accepting Shi'a demands for a greater emphasis on Islam in the constitution, in exchange for even greater autonomy in the northern provinces.

One of the strongest and most widespread criticisms is related to the fact that the constitution itself clearly seems to contain "the seeds of Iraq's fragmentation" and will result in an even more marked polarisation of the country's population along ethnic-sectarian lines. However, although such criticisms are well founded, it should be stressed that

«... if an ethnic or sectarian faction of Iraq's society would seek to break away from Iraq, it would do so whether or not a constitution allowed it. The constitution provides an alternative for these parties to avoid the option of complete independence and seek autonomy through a legal framework, thus keeping Iraq intact... »¹³.

In fact, it is clear that the way in which constitutional norms are applied will depend on future balances of power, and will vary from province to province. The effective unity of the country will depend almost exclusively on the various communities' willingness to implement shared rules and regulations within the different regions.

Good or bad as it may be, however, the constitution was approved by a referendum in October 2005, the outcome of which remained uncertain for days. It only a 2/3 majority in three of the eighteen provinces to vote no for the constitution to be rejected. What is important here is not so much the result itself, with the constitution being approved by a narrow margin, as the dynamics of the political process under way in Iraq, which has probably not received the attention it merits.

¹³ I. al-Marashi, *Iraq's Imperfect Constitution is still a Victory*, "Bitterlemons-international – Middle East Roundtable", Ed. 39, vol. 3, October 27, 2005 (www.bitterlemons-international.org).

Whilst the vast majority of Sunni abstained from voting in the National Assembly elections, believing they were not represented by the new political system, hundreds of thousands of Sunni voted in October against the constitution. They were, therefore, acting “within” the system even though they were demonstrating their disapproval. They participated in a political process to which they had felt themselves entirely extraneous only a few months earlier, in itself indicative of an objective institutional success. Already in September, roughly 87% of the electorate in the Baghdad area had indicated that they wanted to participate in the referendum, a clear sign that the new institutional system was growing stronger. It would seem that, in some manner, the same process of inclusion is under way that occurred during 2004, with the radical Shi‘a followers of the extremist leader Muqtada al-Sadr and his “*Mahdi Army*”. From a violent element outside the system, al-Sadr has become part of the political debate, albeit in a radical Islamist manner.

The elections of 15 December further consolidated this process. The votes of numerous Sunni enabled this minority to win 44 seats (although they complained of gerrymandering and manipulations), apart from the 25 won by former premier Allawi with his secular Shi‘a-Sunni formation. The Shi‘a alliance won 128 seats, and the Kurds 53.

There is no doubt that the new political system is still far from being stabilised. In particular, we have Kurdish moves towards a bi-national state¹⁴, resentment amongst the Sunni minority, growing ethnic-religious sectarianism which used to be far weaker, and the contradictions in the Shi‘a block, tied to a vision that is democratic and closely linked to the *shari‘a* at one and the same time. In addition there are problems connected with the country’s slow process of reconstruction, the security crisis and guerrilla violence, the spread of *jihād* terrorism as a consequence of the 2003 invasion, growing

¹⁴ Cf. O. Bengio, *Iraq after the Elections: Towards a Bi-National State?*, «TelAviv Notes», no. 158, January 23, 2006.

corruption, the inadequately trained Iraqi security forces and their domination by Shi'a and Kurds¹⁵, and so on.

Furthermore, the December 2005 elections also increased ethnic-political sectarianism: «... in the end 91% of the Iraqi voters decided for ethno-religious based parties»¹⁶, an extremely dangerous situation that is also reflected in the formation and increase of ethnic-religious militias linked to the various parties and coalitions. It has been noted that:

«... the United States exacerbated these problems by employing explicit quotas for the different denominations, allowing identity to become the dominant force in politics early on, and reaching out to many of the worst of the sectarian groups to serve in the new occupation-sponsored authorities»¹⁷.

These political errors must be added to those already noted, and to the slowness and inefficiency of the reconstruction process¹⁸. Above all, there appears to be no clear idea of what an autonomous, sovereign

¹⁵ Notwithstanding all the delays and the disappointing performance of the Iraqi national security forces, it should be noted that data reports indicate a continuous rise in the Iraqi forces who fight alongside the Coalition Forces. At the end of 2005, Special Police Forces totalled 28 battalions capable of combat operations (there were only 13 in spring 2005). Operational Army combat battalions totalled 88 versus 69 in February, and the total number of Iraqi forces is of some 192,000 trained and equipped personnel. There has also been an evident increase in their combat capability, and they are, consequently, conducting more missions. This means that – notwithstanding all the attacks – Iraq now has more autonomous security forces. This does not mean that it has reached the necessary “critical mass”, but that with the support of the coalition, the new government will progressively take over more security duties, reducing the perception of “being an occupied land” shared by some groups. However, if the national army excludes Sunnis, this would make any constitutional deal irrelevant, as the two main communities would hold real military and political power.

¹⁶ Cf. W. Posch, Institute Report of the Conference “Federal Aspects of the Iraqi Constitution”, February 2006.

¹⁷ K.M. Pollack *et al.*, *op. cit.*, p. 54.

¹⁸ See Andrea Plebani, *The Iraqi Challenge...*, par. 3 in this volume.

Iraq actually means, or what the Bush administration's objectives are today in the country, after the fundamental failure of its provisions for the post-war period: limit its role for assisting in the adoption of a formal constitution and legitimate government by means of general elections, whatever the policy adopted, so as to justify the war and the U.S. military presence in Iraq; or struggle against the fragmentation of the country and growing *jihad* terrorism in the region by adopting less unilateral and more credible policies; or make a real attempt to turn Iraq into a truly democratic nation that can be an example for the entire region, in full respect of all minorities and civil liberties; or prepare for the worst, maintain a few strategically important military bases and let the country drift as it will.

The United States still does not have a clear policy in relation to what has been called the "Shi'a revival" that came in the wake of Saddam Hussein's fall. They back extremist Sunni countries in the region, such as Saudi Arabia, and have always mistrusted the Shi'a element, today far less radical or anti-western than the Sunni factor:

«... the United States walks a thin line in dealing with the sectarian dimension of its occupation of Iraq and must be mindful that this issue extends far beyond Iraqi politics. Today, Sunni militancy and Wahhabi activism, not Shi'a revolutionary fervour, pose the greatest danger to U.S. interests... »¹⁹.

From this perspective, Washington's policy in the region – and, in particular, with regard to Iran – adds further coals to the fire of instability: should there be a confrontation between Tehran and Washington over the nuclear question, the consequences for Iraqi stability would be dire, given the ties that Iran has with many militia and political forces in the country.

At the same time, the growing role of the Shi'a in central government and the fear of Tehran exercising a "benign hegemony" underscore the

¹⁹ V. Nasr, *Regional Implications of Shi'a Revival in Iraq*, «The Washington Quarterly», vol. 27, no. 3, 2004, p. 19.

concerns of Arab countries, and especially the Arab Gulf monarchies which often include large Shi'a communities that find themselves politically discriminated²⁰.

4. Conclusions

In brief, the picture is extremely gloomy and uncertain and the difficulties encountered at the start of 2006 in trying to form a new government, together with the increase in ethnic-religious violence make this very clear. For many commentators, Iraq has already fallen victim to a "communal civil war"²¹. In any case, «... rather than predict the demise of Iraq, urgent steps should be taken to prevent it. It is the interest of neither the Sunnis nor the Shiites that Iraq fall apart, and this common perspective can form the basis for an agreement... »²². It is, therefore, essential that the international community help in adopting security, political and economic measures that favour a progressive decrease in internal tensions, at the same time preventing the outbreak of other regional crises (for example, with Iran or Syria).

To this end, attempts must be made to render the occupation of the Sunni triangle by foreign troops less evident, to assist the reintegration into political life of the less radical Sunni groupings who have not been compromised so greatly by *jihad* terrorism and to revise the most contentious points in the constitution, especially those relating to the allocation of oil revenues, etc.

²⁰ Cf. J.A. Russell, *Strategy, Security, and War in Iraq: The United States and the Gulf in the 21st Century*, «Cambridge Review of International Affairs», vol. XVIII, no. 2, 2005, pp. 283-301.

²¹ «... Understanding the war in Iraq as a communal civil war cannot guarantee success, but without this understanding failure is far too likely». S. Biddle, *Seeing Baghdad, Thinking Saigon*, «Foreign Affairs», vol. 85, no. 2, March/April 2006, p. 14.

²² International Crisis Group (Icg), *The Next Iraqi War? Sectarianism and Civil Conflict*, «Middle East Report», no. 52, February 27, 2006, p. 32.

It is, however, certain that Iraq will have a future as a united and liberal state only if all of the ethnic-religious factions are willing to try to settle their differences for the common good. The survey conducted at the end of 2005 gives reason for hope, indicating that Iraqis are optimistic about their future and are convinced that 2006 will give greater satisfaction than the year that has just ended²³, an optimism shared by only a few in the west.

²³ Cf. J. Simpson, *Danger Cannot Dent Iraqi Optimism*, «BBC News», December 12, 2005 (www.bbcnews.org). Around 70% of the people interviewed said their lives were good, while only 29% said they were bad: «... Pretty extraordinary, you might think, given the daily headlines and the television pictures». The majority of the Iraqi people are so worried that Iraq might fall apart, that they would prefer a strong government to take control.

3. The Iraqi Challenge. Political Troubles, Insurgency and Economic Trends

*Andrea Plebani**

Today, more than three years since the fall of the regime, the Iraqi system remains marked by lights and shades that forms a complex mosaic of both positive and highly destabilising factors.

A very fine line separates Iraq from rebirth or definitive collapse and, more than ever before, the destiny of the entire Middle East appears tied to the ongoing conflict in the country. A conflict which is not limited only to the struggle between subversive movements and the Coalition Forces, but which is insolubly linked to the outcome of economic reconstruction and the creation of a fully inclusive political system.

These three aspects – political, economic and military – represent the main theatres of battle for the country's future and are, therefore, the main fields that will be examined in this paper.

The highly complex nature of the scenario under analysis and the close interlinking of these elements, however, mean that no analysis of the current situation in Iraq can be limited to a separate examination of the individual areas of greatest relevance, but must, instead, also analyse the correlation between such aspects so as to furnish a sufficiently precise overall view, without which it would be impossible to outline the main features of the Iraqi scenario.

* Andrea Plebani is a Research Fellow at the Landau Network – Centro Volta (Lncv) of Como.

1. The New Iraqi political system

2005 was a crucial year for the rebirth of Iraq. The referendum on the adoption of the new constitution, held on 15 October 2005, and the December elections marked a return of Iraqi political life and gave encouraging signs for the country's future, with a high turnout at the polls¹.

The participation of the Sunni community was of particular relevance, since this lays the foundation for a serious process of internal stabilisation and marks the community's formal entrance as an active element in Iraqi politics, putting an end to the sterile policy of self-exclusion followed hitherto. This former strategy has been, in fact, deleterious for the entire country, whose rebirth must be based on the participation of the Sunni community both for its demographic weight and for its political contribution.

The new elections, therefore, mark an extremely important turning point for Iraq and help delineate a scenario leaning strongly towards a pluralistic system. No single political formation succeeded in obtaining an absolute majority – although the Shi'a lists received strong support² – and the new government will, consequently, have to include members from the various communities present in the country. This will contribute to increasing the degree of representation in the next executive and, thus, end Kurdish-Shi'a predominance in the principal institutions of government.

The new political scenario, therefore, highlights elements which provide hope for a revival of political activity and for the realisation of internal pacification.

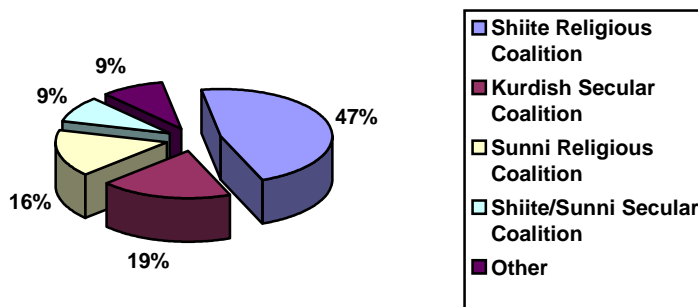
There are, however, other factors that risk having a marked and negative effect on Iraqi rebirth and which highlight a series of elements

¹ See, in Appendix, Table A: Total Voting Patterns by Province.

² See, in Appendix, Table B: Council Seats by Coalition in the New Iraqi Legislature.

that could lead to the country being split along ethnic-religious lines. The political groups that emerged following the fall of the regime appear, in fact, to be based more on shared membership of one of the main communities than on any clearly defined ideological platform. The election results confirmed this trend: the group of former Prime Minister, Ayad Allawi, the only one not based on specific links to any of the principal Iraqi communities, suffered a resounding defeat, whilst the Kurdish, Shi'a and Sunni coalitions emerged as the main political realities on the national scenario. These results, however, whilst formally sanctioning the Sunni community's entrance into the new parliament and furnishing the basis for a real process of national reconciliation, risk reaffirming Shi'a dominance over the country (Fig. 1).

Fig. 3.1 Composition of the New Iraqi Parliament³



The clear victory of the Shi'a coalition, examined also in the light of the new constitution adopted in October, lays the way for ousting the Sunni component which, precisely so as to avoid such a scenario, had decided to end its policy of isolation.

The country's new aspect appears, in fact, to be characterised by a degree of decentralisation and of weakness in the central government that could seriously compromise the future of the Sunni community.

³ *Iraq's New Legislature* (<http://www.washingtonpost.com/wp-dyn/content/custom/2006/01/26/20060126012601551.html>).

Whilst the Kurds should continue to enjoy the same degree of autonomy from which they have benefited since the introduction of the no-fly zone and the Shi'a could create their own autonomous region by uniting the nine provinces where they represent the majority of the population⁴, the Sunni – since it is impossible for them to create their own region given strong internal opposition – risk coming under the authority of a central government dominated by the Shi'a component and seeing themselves denied access to oil revenues.

«With virtually all Iraqi government revenue deriving from oil, there is no future for any province or region that does not have access to an adequate share of oil revenue. The constitution, however, does not guarantee that a Sunni region will have such access. On the contrary, it strongly suggests that it will not»⁵.

The division of the country into macro-regions characterised by the presence of elements belonging to only one of the main communities appears, in reality, to be both unattainable and highly destabilising. Although there are areas dominated by single communities, there are also zones characterised by strong inter-ethnic ties and by the presence of various communities. A division along ethnic-religious lines would, therefore, lead to endless disputes over territory and, consequently, plunge the country into an endless spiral of violence.

The Iraqi political situation seems, therefore, to be moving towards a period of extreme uncertainty, wavering between the possible creation of a true model of democracy and a scenario marked by the fragmentation of territory and the outbreak of civil war.

The creation of a system capable of guaranteeing adequate representation for the various groups in the country and of including those actors who have so far remained on the margins of political life are essential, if the foundations of a true process of rebirth are to be

⁴ M. Ottaway, *Back from the Brink: A Strategy for Iraq*, Carnegie Endowment for International Peace (Ceip), Policy Brief no. 43, November 2005, p. 3.

⁵ *Ibidem*, p. 1.

laid. Reconstruction of the country must, therefore, involve a serious re-examination of the current political structure of Iraq which cannot be based on the primacy of one of the principal communities, but can and must rely on the effective participation of all the actors involved.

2. The security scenario

Still today, internal instability continues to be the main stumbling block for the rebirth of the country. Although most of the country does, in fact, enjoy a fair degree of security, various areas, mainly in Sunni-majority zones, are still beyond the control of the central government and the Coalition Forces as a result of internal insurgency movements. These movements, exploiting Sunni anger and desire for redemption, have succeeded in attracting to their cause part of the population, which provides them with support and refuge in their fight against the Coalition Forces and the New Iraqi Armed Forces.

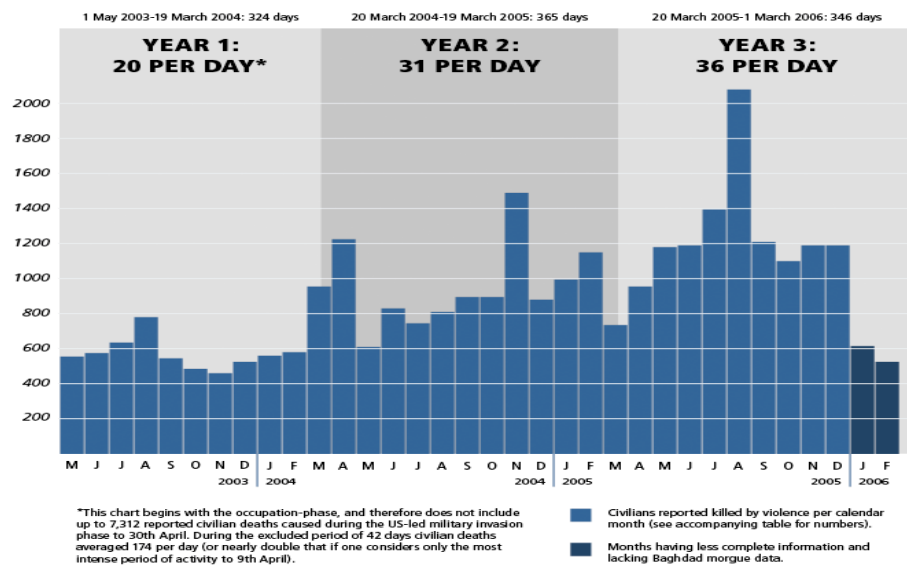
Insurgency is not, however, the only factor disturbing the Iraqi scenario. The numerous militias and armed groups represent a threat potentially as great as that of the subversive organisations. These movements, although they have played a determining role in maintaining security, especially in the Shi'a majority areas, still have strong links with their original communities, to the extent that various analysts have doubted their allegiance to the central government, stressing the possibility that, should civil war erupt, they could place the interests of their own communities before those of the country as a whole.

Therefore, although it has been possible to contain the threat of insurrection, which has been limited to a clearly defined part of the country and not escalated into bloody civil war, the Iraqi scenario continues to be characterised by highly destabilising factors that risk being a serious obstacle to the country's rebirth for many years to come.

2.1 The insurgency: causes, objectives and countermeasures

The insurgency continues to be the main cause of internal instability and the main obstacle to reconstruction. This phenomenon, which emerged immediately after the fall of the regime, is still an extremely important threat to the rebirth of Iraq, notwithstanding the great efforts and sacrifice made in terms of human lives by the Coalition Forces and the population as a whole (Fig. 2).

Fig 3.2 Civilians reported violently killed per month⁶



The rapid victory over the Iraqi forces and the disintegration of the regular army units were a surprise for the analysts who believed that the Coalition Forces would have met fierce resistance. This victory did not, however, mark the end of hostilities. A series of factors, in fact, contributed to the birth of a wide spectrum of movements hostile to the occupying troops and determined to increase their own weight in the power vacuum that was created after the collapse of the regime.

⁶ Source: Iraq Body Count (<http://www.iraqbodycount.org/press/pr13.php>).

The failure to fill this vacuum was one of the main causes underlying the rise of the insurgency. The strategy developed for operation “Iraqi Freedom” was aimed, in effect, at conquering the vital centres in the country so as to provoke the downfall of the regime. To this end, a relatively small force was put into the field to guarantee security along the borders and in the most critical zones, but not to control the entire territory, a task that was to have been performed by the existing police forces. The fall of Baghdad and the end of the Iraqi regime, however, quickly resulted in the dissolution of the police forces and the task of guaranteeing internal order, therefore, fell to the Coalition Forces. Entire areas descended into a state of semi-anarchy, as witnessed by countless incidents of looting. Such events not only had an extremely negative effect on the process of reconstruction, but also marked the state of a period of violence and abuse which went unpunished, thus fuelling the idea that anyone strong enough to impose their own authority could exercise effective control over the territory.

Inevitably, this situation led to an increase in internal instability and created an ideal atmosphere for the growth and affirmation of subversive movements, which progressively became a factor of central importance in the Iraqi scenario.

These factions rapidly managed to extend their influence, becoming the only groups capable of giving asylum to individuals linked to the former regime who had not succeeded in fleeing the country and had no alternative but to fight against the occupying forces if they wanted to avoid capture.

Saddam Hussein himself actively worked to create a resistance movement, especially in the last moments before the regime fell. The freeing of thousands of prisoners, the distribution of weapons to the population and the presence of high-profile exponents of the regime at the head of some of the main insurgency movements are all clear indications of Hussein’s intention.

It would, however, be restrictive and misleading to limit the phenomenon of Iraqi insurgency to formations linked to the former regime. The insurgency is anything but structured around a single decision-making leadership; on the contrary, it is extremely heterogeneous.

Precisely this lack of a vertical structure and the extreme independence of the groups prevented the Coalition from grasping an adequate awareness of the problem. The episodes of violence that followed the fall of the regime were put down to the instability that pervaded the country, and only later were they linked to a wider-reaching plan. Attacks by the insurgency – which intensified after the summer of 2003 – were, in fact, seriously underestimated and attributed mainly to foreign *jihad* groups which, exploiting the collapse of the security structures, had infiltrated the country.

«For all of 2003, and most of the first half of 2004, senior U.S. officials and officers did not [...] respond effectively to the growing insurgency. They kept referring to the attackers as “terrorists”, kept issuing estimates that they could not number more than 5,000, and claimed they were a mixture of outside elements and diehard *Former Regime Loyalists* (Frls) that had little popular support»⁷.

This error in evaluation has had serious repercussions for the internal situation and gave the subversive organisations time to extend their range, gain access to unguarded weapons deposits and strengthen their hold on those groups of population most hostile to the foreign presence and the profound changes it had wrought in the country. It was not, in fact, a matter of a few thousand isolated militants with little popular support, but of the armed branch of a deeply-rooted movement, with a large group of supporters and sympathisers, many of whom were working for the Coalition and were thus able to provide information of vital use in planning successful attacks.

It is virtually impossible to estimate the precise number of insurgents. According to the director of Iraqi intelligence, Gen. Mohamed Abdullah Shawani, however, the movement comprises roughly 40,000 full-time fighters, backed by approximately 20,000 “part-time” guerrillas and volunteers⁸. The figures calculated by the Brookings

⁷ A.H. Cordesman, *Iraq's Evolving Insurgency: The Nature of Attacks and Patterns and Cycles in the Conflict*, Center for Strategic and International Studies (Csis), February 3, 2006, p. 1.

⁸ See P. Reynolds, *Blistering Attacks Threaten Iraq Election*, Bbc, January 10, 2005.

Institution, instead, put the number at somewhere between 15,000 and 20,000⁹, whilst official United States figures indicate that the insurgency can count on 12 – 20,000 members (3,500 of whom fighters) and 1,000 *jihad* activists from all corners of the world¹⁰. All analysts agree, however, that the insurgency linked to the Sunni element of the population is the main threat to a new Iraqi order.

Although the attacks carried out by the terrorist network led by al-Zarqawi – Tandhim Qa'idat al-Jihan fi Bilad al-Rafidayn¹¹ – represent a serious threat to the rebirth of the country and has a profound media impact, thanks to the sensitive nature of their targets and the dramatic nature of the attacks themselves, the organisation's control of the territory would appear to be very limited, considering the relatively small number of militants, the ferocity of the attacks carried out and his non-national nature. The ideological foundation itself of al-Zarqawi's organisation prevents this movement from penetrating Sunni society which, despite its profound opposition to the new government and the dominance of the Kurdish-Shi'a axis, has largely ignored appeals for an uprising against the Shi'a, defined as Rawafidh, and the chance to plunge the country into an endless spiral of civil war.

«Zarqawi's use of the term Rawafidh is seen by some as an attempt to create the ideological justification for the killing of Shiites. Regardless of the theological subtleties inherent in the term – literally “those who reject” (the Caliphates of Abu Bakr and Omar after the Prophet Muhammad's death) – it is understood, both in Iraq and abroad, to mean the Twelver Shiites, who hold that Ali was the Prophet's legitimate successor. Twelver Shiites form the vast majority of Shiites in Iraq»¹².

⁹ See *Iraq Index*, The Brookings Institution.

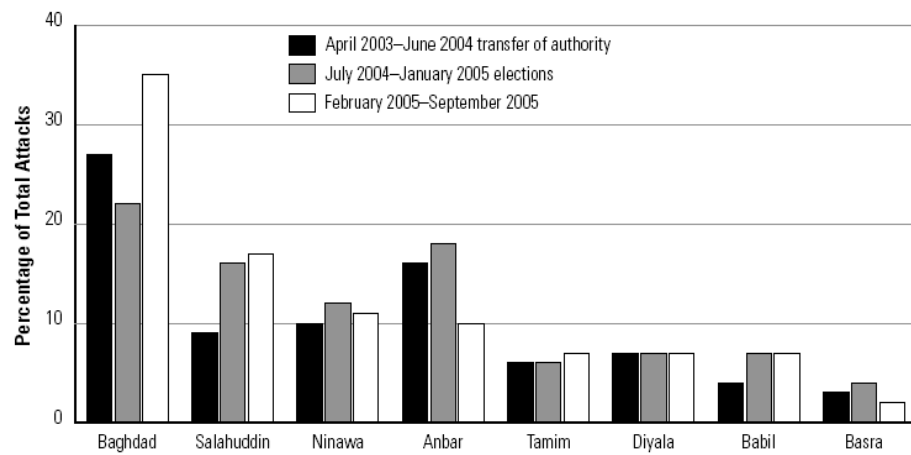
¹⁰ M. Eisenstadt and J. White, *Assessing Iraq's Sunni Arab Insurgency*, The Washington Institute for Near East Policy, December 2005, p. 7.

¹¹ al-Qaeda's Organisation in Mesopotamia.

¹² Icg, *The Next Iraqi War? Sectarianism and Civil Conflict*, «Middle East Report», no. 52, February 27, 2006, p. 14.

The geographical distribution of the attacks shows the firm hold of the insurgency in the governorships included in the so-called “Sunni triangle”, headed by Ramadi, Tikrit and Baghdad, and, generally, in those areas where there is a significant percentage of members of this community (Fig. 3).

Fig. 3.3 Geographic distribution of reported insurgent attacks in Iraq¹³



The Sunni insurgency, unlike the groups linked to al-Zarqawi’s network, has always presented itself as a real alternative to the political system that came into being after the fall of the regime, and not merely as a movement opposed to the occupying forces.

It arose from the desire to guarantee the Sunni components a specific weight and role suited to its abilities, if not a similar status to that enjoyed during Saddam Hussein rule.

This movement’s struggle is not, therefore, so much an anti-American fight as an attempt to resist the process which seems to be moving the country towards Kurdish-Shi’a dominance.

¹³ M. Eisenstadt and J. White, op. cit., p. 12.

The subversive movements, created with the aim of preventing their own communities from being marginalised, have succeeded in mobilising a large section of the population and have, therefore, become an extremely important threat to internal stability. Their actions, in fact, were able to reduce the central government's control of the entire country, largely thwarting attempts to restore order and, thus, contributing to the people's anger against the Coalition Forces and the new state that is emerging from the ashes of the former regime.

Moreover, various decisions taken by the *Coalition Provisional Authority* (Cpa) contributed greatly to this situation. The inability to guarantee internal order and the methods employed for hunting down terrorists had a profound effect on the community and resulted in a series of vendettas, a factor which has deep roots in Iraqi society, especially within the tribal context.

Furthermore, the introduction of a massive "de-Ba'athification" process, together with the decision in May 2003 to disband the army, deprived many members of the Sunni community of any means of support, forcing them to depend on pre-existing structures offering solidarity, and effectively helped push them towards the ranks of the various insurgency movements.

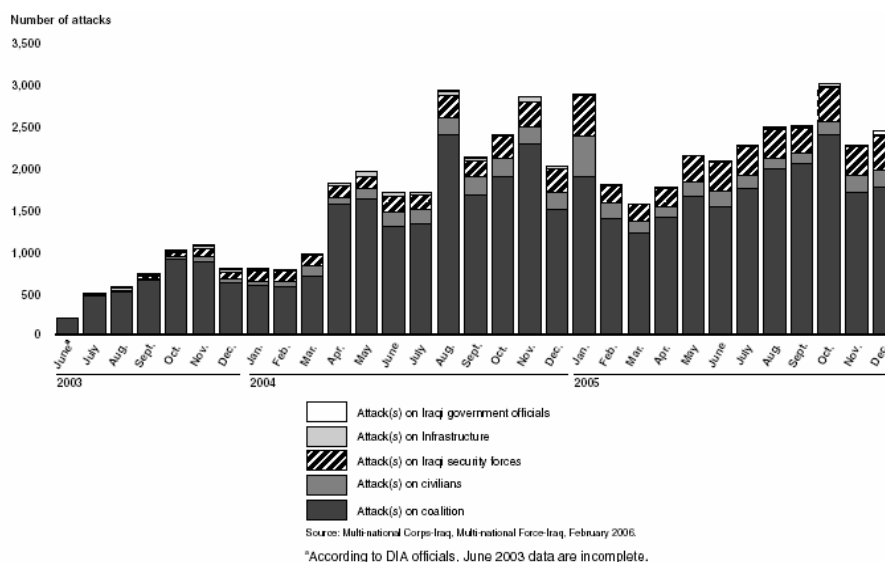
«The army's humiliating summary disbandment put up to 350,000 men in the street without pay, the promise of a pension or, for senior officers, the prospect of recruitment into the new security organisations. [...] The de-Ba'athification order had a similar impact. The Ba'ath party was one of the regime's principal instruments of control in which [...] Sunni Arabs came to dominate [...] the most senior echelons, while Shiites gravitated toward the rank and file. [...] Moreover, the Shiite parties that rose to prominence helped "sectarianise" the de-Ba'athification process by giving Shiite Ba'ath party members within their own community the opportunity to repent. The standard approach toward Sunni Arab members, however, was to exclude them from senior posts in government and the security forces»¹⁴.

¹⁴ Icg, *The Next Iraqi War?*... cit., pp. 9-10.

These individuals made a fundamental contribution in terms both of combat experience in the field and organisational skills to the cause of the insurgents, who continued to represent a serious threat to the reconstruction process despite the considerable efforts and numerous operations conducted by the Coalition Forces and the New Iraqi Forces.

The insurgency has succeeded in prolonging the impasse in which the new regime found itself and has shown that it is capable of responding effectively to the Coalition Forces' attempts to weaken the movement. There has been, in fact, a steady increase in attacks carried out by these formations since the start of 2004, and there has been no definite interruption of their operations (Fig. 4).

Fig. 3.4 Enemy-initiated attacks against the coalition and its partners¹⁵



These facts indicate the danger posed by the Iraqi insurgency which has not, however, succeeded in derailing the entire process of regeneration, nor has it united around a single, decision-making

¹⁵ *Rebuilding Iraq: Stabilization, Reconstruction and Financing Challenges*, United States Government Accountability Office (Gao), February 8, 2006, pp. 6.

leadership. The presence of numerous, substantially independent groups has been a serious obstacle to intelligence gathering by the Coalition Forces, but it also represents a factor that could potentially undermine the insurgents' cause. The Iraqi "resistance" consists, in effect, of a variety of formations with widely differing ideologies that have been obliged by necessity to cooperate so as to be able to combat the Coalition Forces, but which are often in open disagreement over operational methods and objectives.

Numerous analysts have stressed the progressive formation, within the insurgency, of a split due to the Sunni community's participation in Iraqi politics. Movements linked to al-Zarqawi's network would be, in fact, in contrast with the Iraqi Sunni movements, which support involvement in the political process as the only option available if the domination of other communities is to be limited.

«Some elements of the insurgency, including Sunni nationalists, have dissociated themselves from Zarqawi's violent tactics and have expressed a growing willingness to participate in Iraq's political process. Buoyed by high Sunni turnout at the December 15 parliamentary elections, these insurgents hope to improve the Sunnis' representation in parliament [...], to revise the constitution and achieve their political goals. The more mainstream elements of the insurgency supported Sunni participation during the recent elections and even provided security at polling stations in heavily Sunni places like Ramadi. As such, the elections were relatively free of violence and voter intimidation»¹⁶.

The attacks carried out by al-Zarqawi's terrorist network against those Shi'a and Sunni communities which decided to collaborate with Baghdad created ever deeper divisions within the insurgency, which led to internal feuding followed by the assassination of important Sunni tribal figures by al-Zarqawi's followers.

¹⁶ L. Beehner, *Is there a Rift in Iraq's Insurgency?*, Council on Foreign Relations, January 12, 2006, p. 2.

«Separately, more than 300 tribal chiefs, politicians, clerics, security officials and other community leaders met last week in Hawijah, about 35 miles southwest of Kirkuk, and “declared war” on *al-Qa’ida* in Iraq. In a communiqué, the participants vowed “the shedding of blood” of anyone involved in “sabotage, killings, kidnappings, targeting police and army, attacking the oil and gas pipelines and their transporters, assassinating the religious and tribal figures, technicians, and doctors”»¹⁷.

This, although restricted to a well-defined area comprising the Province of Anbar and the area around Kirkuk, was an extremely important event, since it marks the start of cooperation between the Coalition Forces and various tribal groups, preparing the way for the latter to distance themselves from the insurgency. The tribes have played a determining role so far. In fact, they have not only managed to provide safe refuge for the insurgents, but have actively taken part in the armed struggle against the Coalition Forces, directly responsible for the decline of the various activities of the tribes after the fall of Saddam Hussein.

The tribal structures have always enjoyed a close rapport with the various establishments that have governed the country, guaranteeing surveillance of their own areas of responsibility in exchange for direct subsidies and a privileged position in Iraqi society.

For centuries the central government in Baghdad successfully paid these shaykhs to cooperate with the regime rather than fight against it. This seems unpalatable to American ears, but it is part of Iraq’s societal traditions. The tribes of the west and south were never fully under central government control and would often fight against it or simply ignore its efforts to establish law and order unless they were paid not to do so. But in return for such payments – which could come in the form of government contracts, infrastructure development, and other forms of aid, not just cash – the shaykhs

¹⁷ See A.J. Ward, *Iraqi Tribes Strike Back at Insurgents*, «the Washington Post», March 7, 2006.

generally were content to avoid attacks on the government and even to keep order in those areas effectively beyond Baghdad's control»¹⁸.

This latest development, therefore, whilst not marking a return to the close collaboration between the tribes and central government that existed under Saddam Hussein, does pave the way for a rapprochement between the two parties and for greater involvement of the tribes in the political life of the nation.

Victory by the Coalition Forces over the insurgents cannot, however, be based entirely on the division and splits in the enemy lines. The existing situation could help dismantle the enemy camp and co-opt those groups whose opposition to the central government is largely due to material considerations, but it cannot have an impact on those movements whose ideological basis is outright opposition to the new Iraqi state. Inevitably, therefore, any strategy aimed at ending the insurgency must involve direct confrontation.

As stressed before, this task cannot be performed exclusively by those nations which intervened to overthrow the regime of Saddam Hussein, given the insufficient forces present in the country. The creation of an Iraqi army capable of fighting effectively against insurgent movements is, therefore, essential to the rebirth of the nation. The decision to disband the existing armed forces which, according to the Cpa, constituted a threat to the new Iraqi state given their close ties to the former regime, forced the Coalition Forces to create an army from scratch. This must be capable of fighting both the dangers relating to the internal insurgency and the potential threats from interference by neighbouring countries, also in view of a gradual withdrawal from Iraq of the Coalition Forces.

Such a scenario, however, would appear to still be a long way off. The training programme for the new armed forces, although having made

¹⁸ K.M. Pollack *et al.*, *A Switch in Time: a New Strategy for America in Iraq*, The Saban Center for Middle East Policy at the Brookings Institution, February 15, 2006, pp. 47-48.

notable progress during 2005¹⁹, cannot in the short term furnish a substitute for the presence of foreign forces which, in numerical, operational and logistic terms, guarantee a support which is vital for controlling the territory and in the battle against the insurgents.

2.2 The role of the militias in the New Iraqi scenario

The period of instability which followed the fall of Saddam Hussein not only helped spread insurrection in the country, but also marked the creation and strengthening of various militias, formed to defend their own communities from theft, pillaging and attacks by armed gangs.

These militias helped maintain order during an extremely difficult time, so reducing the devastating impact of a prolonged period of anarchy and helping the situation return to normal in their areas. However, although these groups have revealed themselves to be an important stabilising element, they have also had a strong impact on internal power relations, becoming major political as well as military protagonists.

The consolidation of the position of these various militias in Iraq, therefore, whilst indispensable to the Coalition Forces, which can intensify their activities in areas where the insurgency has a stronger impact, and whilst helping normalise the situation in the country, also represents a hefty stake in the future of the country, which many analysts consider to be on the verge of civil war.

The state of the new armed forces is a clear example of the risks connected with the growth of militias in the Iraqi system. The new army, in effect, lacks a common sense of national identity and its branches are often composed entirely of individuals linked to a single community. Many units were created, in fact, by co-opting elements connected with existing militias and armed groups, thus contributing to the creation of army detachments along ethnic-religious lines.

¹⁹ See, in Appendix, Table C: Size of Iraqi Security Forces on Duty.

Such a situation not only poses serious problems in the short term, but foreshadows a possible scenario in which the army is divided along sectarian lines and, therefore, is incapable of responding appropriately should civil war break out.

This problem is even more evident if we examine the composition of the police forces, where this phenomenon is even more marked than in the army.

The clear victory of the Shi'a in the January 2005 elections, in effect, marked the start of a process which has led the Ministry of the Interior coming under the control of Bayan Jabr, a major exponent of the *Supreme Council for the Islamic Revolution in Iraq* (Sciri). His nomination coincided with a progressive increase in the presence of exponents of the Sciri and the Badr Organisation in the ministry, to the extent that they effectively control the Iraqi police forces. This led to further tension in the country, especially amongst the Sunni community, hit hard by a series of murders and attacks by groups accused of being backed directly by the Ministry of the Interior.

«These units – the Wolf (Liwaa al-Dheeb), Volcano (Liwaa al-Burkan), Hawk (Liwaa al-Saqr), and Two Rivers Brigades (Liwaa al-Rafidain) – are reported to circulate in unmarked or police cars during night curfew, raiding homes and rounding up suspects who are detained in their separately-run prisons. They gained notoriety for abusive behaviour from the time they were created in 2004, but under the new Sciri-led dispensation they were infiltrated and commandeered by Badr fighters, who gave their composition and operations a distinctly sectarian edge»²⁰.

Episodes like this can only exacerbate the tension that is rife in the country and favour the cause of those interested in dismantling Iraq. The military's role will, therefore, be fundamental in determining the country's future. Therefore, in order to prevent the current impasse from provoking a collapse of the system, it is essential that such factors within the police and army be limited and regulated, so as to ensure the

²⁰ Icg, *The Next Iraqi War?...* cit., p. 18.

Sunni community adequate guarantees in the realms of politics, economics and security.

3. The reconstruction process

Together with internal stabilisation and the creation of a fully inclusive political system, the process of economic reconstruction represents one of the key factors for the rebirth of Iraq.

From the earliest phases of operation “Iraqi Freedom” this process has been considered fundamental to guaranteeing a normalisation of the internal situation and to laying the foundations for the progressive creation of a prosperous and stable system capable of acting as a catalyst in the country’s renewal and of having a decisive influence on the entire Middle Eastern scenario.

Estimates furnished by the United Nations together with the World Bank in 2003, put the funds required for reconstruction at approximately \$55 billion²¹, and painted a picture of serious structural and organisational shortcomings, mainly the result of the peculiar nature of the system itself, but also deriving from the wars in which the country has been involved and from the international sanctions in effect. This sum was supposed to cover reactivation of the main infrastructures, restoring the country to at least the pre-Gulf War levels and providing a solid base on which to develop the entire system²².

These initial signs, however, were to prove unreliable, especially as a result of the progressive deterioration of the internal situation, followed by the rise of insurgent movements which have also carried out attacks against convoys, workers and infrastructures, displaying that they possess a perfect understanding of the territory and of the Iraqi system.

²¹ See *United Nations/World Bank Joint Iraq Needs Assessment*, October 2003 (www.worldbank.org/INTIRAQ/).

²² See, in Appendix, Tables D.

Continuing internal instability and the inability to neutralise the threat of the insurgency have led the Coalition and the governments in Baghdad to look to the new Iraqi armed forces not only as an effective deterrent, but also as being able to operate alongside the allied troops and manage the internal situation after the withdrawal of the foreign contingents. This change in strategy has, inevitably, resulted in a major increase in expenditure in this field, which has greatly exceeded the \$5 billion initially foreseen.

«Altogether, equipping and training assistance to Iraqi security forces has accounted for 38%, or \$11 billion, of U.S. aid to Iraq over the past three years. Thus, of the \$43 billion provided or pledged by the United States and other countries, only some \$32 billion has been for reconstruction. This suggests a gap of some \$18 billion between initial estimates of reconstruction costs (\$50 billion²³) and U.S. and other foreign assistance»²⁴.

The attacks conducted by the various subversive groups have forced the authorities to increase spending on the new Iraqi army and to divert funds destined for other uses, in order to guarantee the security of infrastructures and the labour force. This, in turn, has led to an increase in project costs, amounting to roughly 16-22% of total costs²⁵ and has brought the country to an impasse which it will be difficult to overcome.

«Reconstruction projects were delayed and, in some instances, halted because of Iraq's dire security situation: civilian workers were under attack and often could not travel outside the heavily fortified compounds; security and insurance costs ate away at the money available for programs; and sabotage of key infrastructure often destroyed ongoing projects. Foreign investors refrained from

²³ Of the \$55 billion estimated by the Un/World Bank, 5 were destined for the creation of the New Iraqi Armed Forces.

²⁴ S.M. Kosiak, *Iraq Reconstruction: Without Additional Funding, Progress Likely to Fall Short, Undermining War Effort*, February 27, 2006, p. 4.

²⁵ Department of State, *Report to Congress on Iraq Relief and Reconstruction*, Section 2207, January 2006, p. 8.

investing [...]. Yet, the problem is cyclical: a lack of economic opportunity only fuels social and political instability»²⁶.

The impact of the insurgency is, therefore, more extensive than the mere costs involved in introducing greater security measures and creating an Iraqi army capable of dealing with the situation. The \$28 billion gap which, according to Kosiak²⁷, exists between the initial United Nations and World Bank estimates and later forecasts, is only one of the direct consequences of the current internal situation. The setbacks and costs of this instability are many and closely interwoven: a secure and stable scenario is a condition sine qua non for any long-term investments by foreign companies or by Iraqi businesses.

This situation, therefore, has a direct impact on the population's living conditions, marked by high unemployment, especially in those areas where insurgent groups are present. The insurgency has, in fact, resulted in a paralysis of the reconstruction process, which has not managed to guarantee the improvements in living conditions which are essential if the "hearts and minds" of the Iraqi people are to be won over and the vicious circle of dissatisfaction, insurgency and economic impasse is to be broken.

Internal instability, therefore, is the main cause for the slow and limited reconstruction process. It is, however, only one of the reasons underlying the current situation which is also the result of the peculiar Iraqi system which, notwithstanding the collapse of the regime and the measures adopted to favour the transition to a true market economy, is still marked by the centralizing trace which Saddam Hussein developed in order to exercise and maintain control over the nation. The effects of this policy can still be clearly seen today: widespread corruption – a deep-rooted phenomenon which spread during the period of sanctions and witnessed exponential growth following the fall of the regime – and massive bureaucracy, which has its culmination in Baghdad.

²⁶ B. Croker, *Reconstructing Iraq's Economy*, in «The Washington Quarterly», Autumn 2004, pp. 73-74.

²⁷ See S.M. Kosiak, op. cit.

«Baghdad has become a major obstacle to reconstruction in all aspects. [...] Iraq's ministries are crippled by corruption, lack many key personnel, are generally undermanned, and largely remain tied to sclerotic bureaucratic practices inherited from the former regime. Baghdad has always been something of a bottleneck in Iraq, but this was greatly exacerbated during Saddam's regime because he wanted every decision to be referred to Baghdad to preclude the emergence of independent centres of power elsewhere in the country»²⁸.

The combined effects of the insurgency and of the nature of the system inherited from Saddam Hussein's regime have undoubtedly had a marked impact on the current impasse, but cannot be held entirely responsible for the state of the Iraqi system. This can also be attributed, to a great extent, to the poor management of the reconstruction by the authorities involved.

Three main criticisms may be levelled against the authorities' management of this process:

- a. inadequate knowledge or awareness of the Iraqi scenario;
- b. little attention paid to the "Iraqi factor" in determining priorities or carrying out projects;
- c. the "reconstruction gap".

These three interrelated factors have had a decidedly negative impact on the rebirth of the country.

Inadequate knowledge of the system in which they found themselves operating meant that the authorities involved in the reconstruction process did not understand sufficiently the peculiar aspects of the situation or the priorities that required greater decisiveness. One simple example of this is the Cpa's desire, reiterated numerous times during the first few months of its mandate, to transform the Iraqi system into one based on a lively private sector. This is a clear example of how little the country's situation was understood. After years of rigid state

²⁸ K.M. Pollack *et al.*, op. cit., pp. 67-68.

control of the economy it could not, in the short-term at least, sustain the profound changes that rapid privatisation would bring about.

«The Cpa-led privatisation schemes were both unrealistic and ill-advised given Iraq's conditions. At stake were roughly 190 state-owned companies employing 650,000 people. Aside from oil-related industries, virtually none was deemed viable; some were basically insolvent either due to depleted assets or to the wave of looting that followed the Ba'athist regime's fall. Nor were potential buyers likely to be interested until security conditions improved. Paradoxically, privatisation itself arguably would have fed insecurity, as it inevitably would have entailed the dismissal of thousands of workers, fuelling political unrest and further swelling the ranks of the unemployed»²⁹.

This insufficient knowledge of the country's system is closely linked to the second factor which underpins the current impasse: the fact that Iraqi representatives have only been marginally involved in the reconstruction process. This unusual decision has been deleterious, especially in the light of the fact that, in the various reconstruction programmes undertaken by the international community in the last few years, collaboration with the local populations has been extremely important, both in helping to establish priorities – and, thus, satisfy the real needs of the population – and in assisting the country to gradually reduce its dependence on outside aid and support.

In Iraq this process has been characterised, instead, by a number of serious defects, both in the project phase and in the interventions themselves. Iraqi experts were barely involved in defining priorities or objectives, but this tendency to reduce Iraqi's involvement to a minimum was revealed even more clearly during the actual implementation of various projects. Many of the major projects were assigned to foreign rather than local companies, the reason given being that these latter did not possess the necessary technology, resources or specialised manpower to carry out the work.

²⁹ Icg, *Reconstructing Iraq*, September 2, 2004, p. 6.

«Iraqi businessmen question the rationale for granting prime contracts to foreign [...] corporations rather than investing in Iraq's future with, for example, joint ventures between foreign and indigenous entities. The argument that Iraqi companies lack the necessary technology and know-how, they claim, is incomplete; a number of jobs could have been carried out locally at much reduced costs»³⁰.

We must, however, note that, since the last months of the Cpa's mandate, there has been a progressive inversion of this trend and a greater involvement of Iraqi companies in the reconstruction process, although shortcomings in operational capacities still limit this involvement and external assistance is still required both for completing projects and for managing those structures that have already been finished³¹.

The factor which, possibly, might best contribute to understand the current impasse is, however, the "reconstruction gap", the measure employed by the *Special Inspector General for Iraq Reconstruction* (Sigir) to indicate the discrepancy between the number of projects foreseen initially and the number that will, in fact, be carried out. This parameter, although not sufficient to judge the state of the entire reconstruction process, which must be evaluated in the light of the enormous difficulties encountered, does furnish a precise picture of the extent to which projects have been implemented and helps outline the true situation in Iraq. The estimates provided by this auditor in February 2006 show serious gaps, especially in the water and energy sectors:

«of the 136 projects originally planned in the Water sector, only 49 (36%) will be completed. Most of the projects planned in sewerage, irrigation and drainage, major irrigation, and dams have been cancelled. Of the 425 projects originally planned by the Cpa in the

³⁰ *Ibidem*, p. 14

³¹ See J.A. Christoff, *Rebuilding Iraq: Stabilization, Reconstruction and Financing Challenges*, Testimony before the Committee on Foreign Relations, United States Senate, February 8, 2006.

Electricity sector, only 300 (70.5%) will be completed. Of the 3,400 additional megawatts planned for the Generation sub-sector, 2,200 will be delivered»³².

This inability to bring projects to completion – in fields of vital importance for economic revival such as water and energy – is not only relevant in terms of the reconstruction process, but has a fundamental relevance to the rebirth of the country given its impact on the population, whose support for the Coalition is crucial to internal stability. Winning over the “hearts and minds” of the Iraqi people is, in fact, an essential element in the strategy developed for ending the threat of insurgency. Therefore, an inability to satisfy the needs of the population can only lead to greater support for the insurgents and, consequently, prolong the conflict. The impasse in the reconstruction process is, in effect, one of the main causes of the insurgency which, exploiting the weakness of governmental structures and benefiting from a widespread and efficient support network, has succeeded in becoming a real alternative to a central government and its relations of power in the eyes of many citizens.

Internal stability and economic revival are, therefore, closely connected: widespread unemployment, the lack of essential services and the profound discontent of a large portion of the population are all factors which not only contribute to the current stalemate, but also have a direct influence on the fight against the insurgents. This situation is, without doubt, largely due to the excessively high expectations that arose immediately after the war; however, it cannot be denied that the reconstruction process, notwithstanding important achievements, has failed to reach all of its pre-established goals and has, as a result, become one of the main battlefields on which the country’s destiny will be determined.

³² S. Bowen Jr., *Hearing to examine Iraq Stabilization and Reconstruction*, Statement before the United States Senate Committee on Foreign Relations, February 8, 2006, p. 4.

4. Conclusions

The current scenario appears, therefore, marked by highly destabilising elements.

Security, political stability and economic revival are the main theatres of the struggle for Iraq's rebirth and it is here, therefore, that the destiny of the country will be decided. As we have stressed in this paper, the strong correlation between these factors must not be underestimated in determining an effective strategy for freeing Iraq from the current stalemate and is essential to achieving the aims of the reconstruction process itself.

The battle against the insurgency is certainly the most important factor for the rebirth of the country, but the factors underlying this problem make it essential that effective action be taken on all fronts in order to establish internal stability. Victory over the insurgency, and especially over those movements active in the areas with a Sunni majority, would only be fleeting unless accompanied by a serious process of national reconciliation and an inclusive political system. Otherwise the reasons behind the insurgency rise would not be solved and the spectre of civil war could not be kept at bay with the risk of plunging the entire Middle East into an endless spiral of violence.

Appendix

Table A. Total Voting Patterns by Province

Governorate	Total Votes	Registered	Voters Turnout %
Dhouk	398.674	458.924	86,87%
Erbil	669.694.	870.026	76,97%
Sulaymania	796.941	961.786	82.86%
Ninewa	838.318	1.343.381	62,40%
Kirkuk	522.947	691.581	75,62%
Diyala	505.228	707.598	71,40%
Anbar	373.678	677.821	55,13%
Baghdad	2.445.124	3.857.499	63,39%
Babil	562.500	747.588	75,24%
Karbala	307.278	439.764	69,87%
Wasit	350.439	521.466	67,20%
Salahaddeen	498.918	564.607	88,37%
Najaf	374.543	529.890	70,68%
Qadissiya	335.197	524.073	63,96%
Muthama	206.763	315.842	65,46%
Theqar	582.416	818.939	71,12%
Misan	319.629	441.168	72,45%
Basrah	805.126	1.096.749	73,41%
Total	10.893.413	15.568.702	69,97%

Source: A.H. Cordesman, *The Impact of the Iraqi Election: A Working Analysis*, January 10, 2006, p. 7.

Table B. Council Seats by Coalition in the New Iraqi Legislature

Coalition	Total Seats	Designation	Parties	Leaders
United Iraqi Alliance	128	Shiite Religious Coalition	Includes SCIRI, Dawa	Includes Abdul Aziz Hakim, Ibrahim Jafari
Kurdistan Coalition	53	Kurdish Secular Coalition	Includes KDP, PUK	Includes Jalal Talabani
Iraqi Accordance Front	44	Sunni Religious Coalition	Includes General Conference of the People of Iraq, National Dialogue Council, Iraqi Islamic Party	Includes Adnan Dulaimi, Khalaf Elayan, Tariq Hashimi
National Iraqi List	25	Shiite / Sunni Secular Coalition	Various	Ayad Allawi
Other	25	Other	Iraqi National Dialogue Front (11), Islamic Union of Kurdistan (5), Liberation and Reconciliation Bloc (3), Message Carriers (2), Mithal Alousi List for the Iraqi Nation (1), Iraqi Turkoman Front (1), Yezidi Movement for Progress and Reform (1), Al Rafadeen List (1)	

Source: *Iraq Index*, The Brookings Institution, <http://www.brookings.edu/fp/saban/iraq/index.pdf>

Table C. Size of Iraqi Security Forces on Duty

Month	General Police Capabilities	National Guard	Iraqi Armed Forces	Border Patrol	Total Iraqi Security Forces
May 2003	7,000 – 9,000	N/A	0	N/A	7,000 – 9,000
June	N/A	N/A	0	N/A	N/A
July	30,000	N/A	0	N/A	30,000
August	34,000	670	0	2,500	37,170
September	37,000	2,500	0	4,700	44,200
October	55,000	4,700	700	6,400	66,800
November	68,800	12,700	900	12,400	94,800
December	71,600	15,200	400	12,900	99,600
January 2004	66,900	19,800	1,100	21,000	108,800
February	77,100	27,900	2,000	18,000	125,000
March	75,000	33,560	3,005	23,426	134,991
April	80,016	23,123	2,367	18,747	124,253
May	90,803	24,873	3,939	16,097	135,712
June	83,789	36,229	7,116	18,183	145,317
July	31,300	36,229	7,700	19,859	95,088
August	32,942	37,925	6,288	14,313	91,468
September	40,152	36,496	7,747	14,313	98,708
October	44,728	41,261	6,861	18,148	110,998
November	49,455	43,445	6,013	14,593	113,506
December	53,571	40,115	14,500	14,267	118,009
January 2005	58,964	36,827	14,796	14,786	125,373
February	82,072 “trained and equipped”	59,689 “operational”		N/A	141,761 Trained and Effective: General Myers: 40,000 Senator Biden: 4,000 – 18,000
March	84,327	67,584		N/A	151,618 Trained and Effective: Lt. Gen Petraeus: 50,000 “off-the-cuff”
April	86,982	72,511		N/A	159,493
May	91,256	76,971		N/A	168,227
June	92,883	75,791		N/A	168,674
July	94,800	79,100		N/A	173,900 26,000 in Army in level I and II readiness
August	101,000	81,900		N/A	182,900
September	104,300	87,800		N/A	192,100 ~ 30,000 in Army in level I and II readiness ⁷⁰
October ⁷¹	111,000	100,000		N/A	211,000 ~32,000 in level I and II ⁷²
November	112,000	102,000		N/A	214,000
December	118,000	105,700		N/A	223,700
January 2006	120,400	106,900		N/A	227,300
February	123,600	108,500		N/A	232,100 ~ 46,000 MOD forces and 8,000 MOI forces in Level I and II ⁷³
Stated Goal	142,190 (revised up from 89,369 in June 04)	61,904 (revised up from 41,088 in June 04)	36,635 (revised up from 35,000 in June 04)	29,360	272,566

Source: *Iraq Index*, The Brookings Institution, March 2, 2006, p. 25, <http://www.brookings.edu/fp/saban/iraq/index.pdf>.

Tables D. *Iraq Reconstruction Needs*

**Table 1.1: Cumulative Iraq Reconstruction Needs²⁴
by Sector on a Commitment Basis**

Calendar Years 2004, 2005-2007 (in US\$ millions)

Sector	2004	2005- 2007
<i>Government Institutions, Civil Society, Rule of Law & Media</i>	99	289
<i>Health, Education, Employment Creation</i>	1,880	5,310
Education: Primary, Secondary & Higher	1,005	3,800
Health	500	1,100
Employment Creation	375	410
<i>Infrastructure</i>	5,836	18,368
Transport & Telecommunications	1,043	2,366
Water, Sanitation, Solid Waste	1,881	4,961
Electricity	2,377	9,745
Urban Management	110	303
Housing & Land Management	425	993
<i>Agriculture and Water Resources</i>	1,230	1,797
Investment in Agriculture	1,230	1,797
<i>Private Sector Development</i>	176	601
State-Owned Enterprises	61	295
Financial Sector	71	10
Investment Climate	44	296
<i>Mine Action</i>	80	154
Total	9,301	26,518

**Table 1.2: CPA-Estimated Needs²⁵
in Sectors Not Covered by the UN/World Bank Needs Assessment**

Calendar Years 2004, 2005-2007 (in US\$ millions)

Sector	2004	2005- 2007
Security and Police	5,000	0
Oil	2,000	6,000
Culture ²⁶	140	800
Environment	500	3,000
Human Rights	200	600
Foreign Affairs	100	100
Religious Affairs	100	200
Science & Technology	100	300
Youth & Sport	100	200
Total of CPA Estimates	8,240	11,200

Source : *United Nations/World Bank Joint Iraq Needs Assessment*, October 2003, p. 55.

4. Oil and the “New Iraq”: in Search of Balance

*Franco Zallio**

1. Introduction

On May 20, 2006 the Iraqi parliament approved the new government led by Nuri al-Maliki, reactivating the political process after the long stalemate which followed the December 15 elections. A major task for the new government will be the review of the constitution passed in a national referendum on October 2005. In fact, just before the referendum, in order to secure Sunni participation, US Ambassador Zalmay Khalilzad mediated an agreement which mandates a committee of the new parliament to review the constitution, which was drafted by a parliament where Sunnis were under-represented.

The process will be subject to a strong constraint (a time-limit of just four months) and to a difficult procedure: any revisions of the constitution should be approved by the parliament; afterwards the new draft should be submitted to a national referendum. Albeit the process may be too complex and the mechanism too constraining – moreover, a strong opposition to any significant revisions is to be expected, mainly from the Kurds – a redrafting of some of the most divisive elements of the constitution would be very helpful to give real content to the national political process. It should be remembered that the Sunni-majority governorates largely rejected the constitution in the October referendum.

Incidentally, an at least partially working national political process is a

* Franco Zallio is Director Global Watch and Senior Research Fellow for the Mediterranean and the Middle East at ISPI.

necessary pre-condition for an exit strategy of the Anglo-American coalition not ending up in a violent break-up of the country¹.

A blessing and a curse, oil has dominated Iraq's economic and political history. Albeit with some vagueness and ambiguities, the constitution provides for a new distribution of oil revenues which may have a strong impact on the future of the country. Therefore, the Articles covering the exploitation of current and future energy resources and the compensation for the unfair use of oil revenues during Saddam Hussein's regime are among the most controversial and divisive clauses of the constitution.

The present paper assesses these Articles to identify the areas where a revision may be more useful – albeit not necessarily more probable – to increase the efficiency of the industry and reduce Sunni scepticism vis-à-vis a political process put into motion by foreign troops.

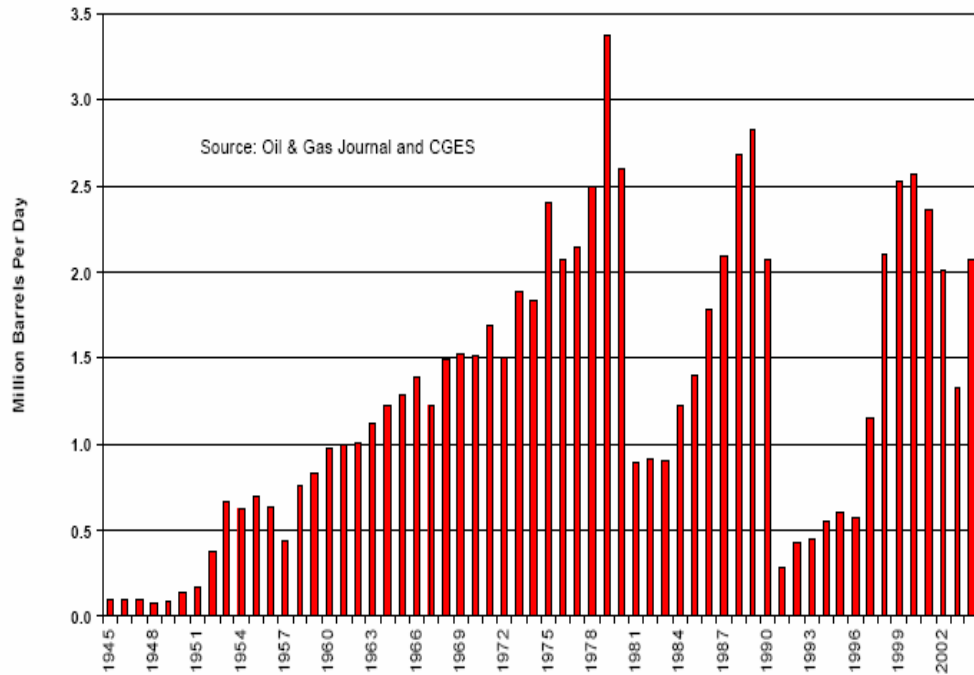
The structure of the paper is as follows: next section shortly describes the historical development and current position of Iraqi oil industry, focusing on structural constraints; the following section covers oil and gas provisions of the constitution, highlighting their most controversial or ambiguous elements; the final section inquiries on the revisions of the constitution which may improve the management of oil resources, making at the same time the distribution of oil revenue more consistent with the survival of Iraq as an unitary state.

2. Iraqi oil industry: developments and constraints

Iraq holds the third largest proved oil reserves in the world, after Saudi Arabia and Iran: 115bn barrels at end-2005, equal to 9.6% of world

¹ «It is easy to call for dividing Iraq as if that could somehow solve the nation's problems, and allow the US to exit. ... The US needs to think long and hard before it supports such a policy. ... A strategy of dividing Iraq ... is not a strategy, it is simply an abdication of both moral responsibility and the national interest», A.H. Cordesman, *Dividing Iraq: Think Long and Hard First*, 1st May 2006, www.csis.org.

Fig. 4.1 Iraq Oil Production



proved oil reserves². Probable oil reserves are estimated at 200-250bn barrels.

These resources have been structurally underdeveloped mainly due to political factors: already apparent in the British-French tensions of the 1930s which delayed the exploitation of the oil discovered in Kirkuk in 1927, the politically driven underdevelopment was greatly worsened under Saddam Hussein's regime. Three wars (the 1980-88 Iraq-Iran war, the 1991 Gulf war and the 2003 war) and 13 years of UN

² All statistics quoted in this paragraph are taken from *BP Statistical Review of World Energy*, June 2006, except for the estimate of probable oil reserves, which comes from oil industry publications.

sanctions strongly constrained the development of Iraq's oil resources. Wars and sanctions had in many occasions drastically reduced oil production, as it may be seen in Fig. 4.1. Therefore the national oil industry repeatedly had to rebuild production capacity; at the same time oil reserves kept accumulating, with the effect of having an extremely high reserves to production ratio, by far higher than in any other major oil producing country.

In 2002, the last year of Saddam Hussein's regime, Iraq produced 2.0 million barrels per day (b/d), equal to 2.7% of world oil production, a much smaller percentage than its share of world reserves (9.8% at that time). But even in 1989 – one of the few peaceful years of Saddam Hussein's regime, immediately after the end of the war with Iran and before the invasion of Kuwait – oil production (2.8 m b/d) was equal to only 4.4% of world production.

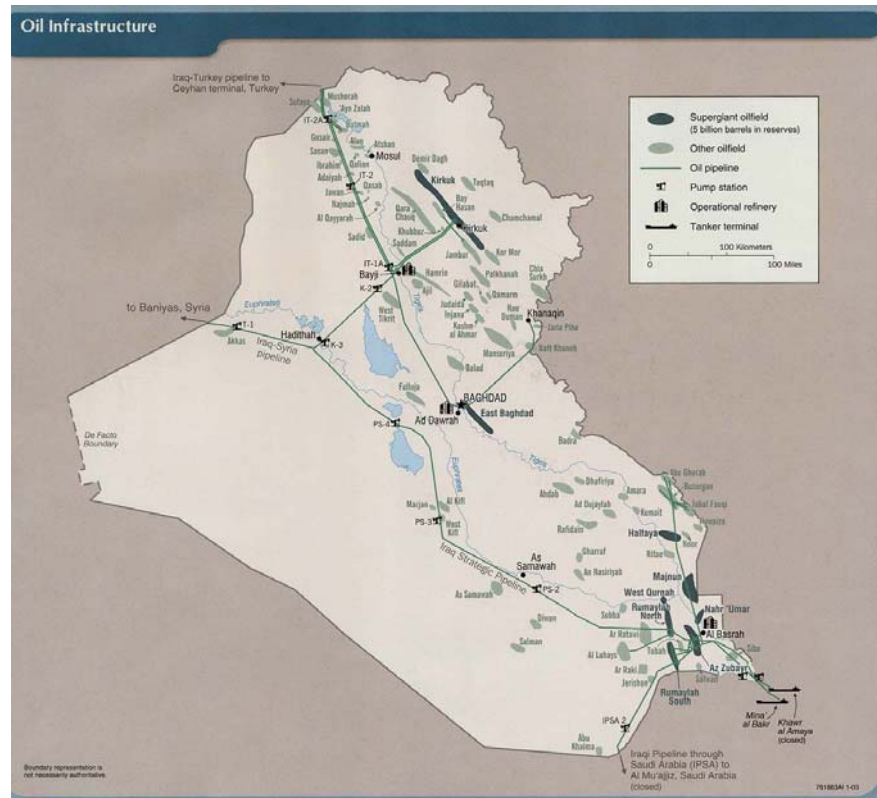
After Saddam Hussein's fall, the underdevelopment of Iraq's oil resources has not improved. Inefficiencies, disagreements between Coalition authority and the Iraqi oil industry, and above all sabotages and terrorist attacks slowed down the re-launching of the oil production after the stoppage during the 2003 war. In 2004, oil production returned to the 2002 level: 2.0 m b/d (2.5% of world production), but in 2005 it fell again, to 1.8 m b/d, equal to 2.2% of world production.

So, as it has been recently argued by a founding executive director of the Iraq National Oil Company (INOC), "Iraq's case is unfortunately and sadly unique. Iraq's production rate has never been commensurate with its proven reserves over the past decades throughout the Iraq Petroleum Company concessionary era or the nationalized era that followed since the 1970s"³.

However this underdevelopment is not a Divine will. And we may remember that in 1979, the historical peak year for Iraq's oil production, with 4.5% only of world oil proved reserves, Iraq produced

³ T. Shafiq, *Oil Industry Implications Of Iraq's constitutional Articles 108, 109 & 111 Governing Oil & Gas Assets: A Call to Reconsider*, «Middle East Economic Survey», vol. XLIX, no. 23, 5 June 2006, pp. D1 ff.

Fig. 4.2 Iraq Oil Infrastructure



5.3% of world oil production. This underdevelopment has been the effect of both political and geographical constraints which created the many structural problems still weakening Iraqi oil industry.

Structural problems relate to both production and export, the former being very often limited by the latter. Export routes have always been a major problem for a country with a limited access to the sea. Political factors have strongly influenced both the choice of the routes and their sustainability, as shown by the stoppage of oil exports via the pipeline to Haifa after the 1948 Israeli-Arab war and by the blockage of the exports through Syria after the latter sided with Iran during the 1980-88 war. The two parallel pipelines through Turkey were closed down in

accordance with UN sanctions; the pipeline through Saudi Arabia was not only closed down after UN sanctions but later taken over by the Saudi government and integrated, at least in principle, into the Saudi crude transportation system.

Pipeline vulnerability to the political will of neighbouring countries led the Iraqi government to build the so-called “Strategic Pipeline” to allow oil shipments to the north or south. This reversible, 1.4 m b/d pipeline allows for export of Northern oil from the Gulf or for Southern oil to be shipped through Turkey. This infrastructure, as we shall see later, may deserve to be taken into consideration in the regional distribution of oil revenues.

3. Oil provisions of the constitution

During the preparation of the 2003 war and in its aftermath, many options for the use of Iraq’s oil resources have been suggested, ranging from their full privatisation to maintaining full state control on them. Later this debate was intertwined with the discussion on federalism and the very survival of Iraq as a unitary state.

Already a large number of papers has been written – and seminars and debates have been held – on the issue of the most equitable way to exploit Iraqi oil resources to the benefit of Iraqi citizens⁴.

⁴ A small but hopefully representative selection: J.C. Hulsman, J. Phillips, *Forging a Durable Post-War Political Settlement in Iraq*, «The Heritage Foundation Backgrounder», no. 1632, March 7, 2003; L. Drollas, *Give Iraqi Oil to the Iraqis*, «Middle East Economic Survey», vol. 46, no. 36, September 8, 2003; N. Birdsall, A. Subramanian, *Saving Iraq from its Oil*, «Foreign Affairs», vol. 83, no. 4, July/August 2004, pp. 77-89; W. Khadduri, *The Iraqi Oil Industry: a Look Ahead*, «Middle East Economic Survey», vol. 47, no. 48, November 29, 2004; E. Ahmad, R. Boadway, G. Brosio, B. Ebel, B. Searle, *Iraq: Considerations on Intergovernmental Fiscal Relations for the Constituent Assembly*, IMF Working Paper, WP/05/69, April 2005; Open Society Institute, *Protecting the Future: constitutional Safeguards for Iraq’s Oil Revenues*, «OSI Revenue Watch Report», no. 8, May 2005; Open Society Institute, Policy Recommendations from Discussions at the London Conference

From the 2005 constitution (UN translation):

Art. 108 «Oil and gas are the ownership of all the people of Iraq in all the regions and governorates»

Art. 109 «First: The federal government with the producing governorates and regional governments shall undertake the management of oil and gas extracted from current fields, provided that it distributes oil and gas revenues in a fair manner in proportion to the population distribution in all parts of the country with a set allotment for a set time for the damaged regions that were unjustly deprived by the former regime and the regions that were damaged later on, and in a way that assures balanced development in different areas of the country, and this will be regulated by law».

«Second: The federal government with the producing regional and governorate governments shall together formulate the necessary strategic policies to develop the oil and gas wealth using the most advanced techniques of the market principles and encourages investment».

Art. 111 «The priority goes to the regional law in case of conflict between other powers shared between the federal government and regional governments».

And, as it can be seen from the above box, the 2005 constitution tackles this issue with a potentially strong impact on the development of federalism.

Comments to its oil provisions are much varied. Let's take two opposite assessments. Peter W. Galbraith (a former US ambassador

“Iraqi Oil Wealth: Issues of Governance and Development” sponsored by the Open Society Institute and the London School of Economics, 29 June to 1 July 2005.

who acted as an adviser to the Kurdish delegation during the drafting of the constitution) claims that

«the constitution provides a basis for resolving Iraq's most contentious issues: oil, territory, and the competition to be the dominant power in Baghdad. If these issues are not addressed, they could set off a widespread civil war. Whether Iraq nominally stays together or formally breaks apart, it was important to find a formula that could reduce the likelihood of a full-scale conflict. The constitution has many flaws, but it provides a peace plan that might work, and it is therefore the most positive political development in Iraq since the fall of Saddam Hussein from power»⁵

Quite on the contrary, according to a briefing of the International Crisis Group.

«ambiguity in the wording of the constitution can be used by a future Shiite majority in the national assembly to reassert federal control over Iraq's key resources or by a Kurdish leadership intent on establishing an independent Kurdistan».

The briefing concludes that «regrettably, the current constitution is far more likely to aggravate greatly existing forces tearing the country apart»⁶.

What are the reasons for such a negative assessment? Which are the main ambiguities in the oil provisions? A first problem lies in the unclear distinction between current and future oil fields: *e.g.* the improvement of an aging field should be treated as a new field?

A second problem relates to the division of powers between the federal state and the regions/governorates. Art. 109 is included in the section

⁵ P.W: Galbraith, *Last Chance for Iraq*, «The New York Review of Books», vol. 52, no. 15, October 6, 2005.

⁶ *Unmaking Iraq: A constitutional Process Gone Awry*, International Crisis Group Middle East Briefing, no. 19, Amman/Brussels, September 26, 2005.

devoted to the powers of the federal government, so the role of regions/governorates could be taken as limited to a consultative power. But other interpretations – linking Art. 109 and Art. 111 – maintain the opposite argument, according to which federal powers are subsidiary to that of the regions/governorates.

A further problem emerges from Art. 109: compensations for the past unfair regional distribution of oil revenues are called for, but there is no mention of their size or of the time period during which they have to be supplied.

Finally, the second paragraph of Art. 109 tackles the issue of the management of oil industry, mentioning the recourse to market principles without however explicitly calling for privatization of oil resources.

All in all, the real question is whether these are constructive ambiguities, *i.e.* they may provide a basis for solving the most contentious issues (as claimed by Galbraith), or rather destructive ambiguities, which (as maintained by the International Crisis Group) may contribute to the fragmentation of the country. Next section will try to identify a number of possible revisions which may facilitate a more balanced approach to the oil sector.

4. In search of balance

Actually, a balanced management of both oil production and revenue distribution seems to require a number of changes in the constitution provisions.

1. The first step should be the separation of oil industry regulation from revenue distribution, *i.e.* the decoupling of paragraphs 1 and 2 of Article 109.

Oil industry regulation is much more efficient at federal level. Actually, oil sector regulations at regional level would only strengthen

international oil companies (IOCs) in their negotiations for production-sharing or other agreements. A further increase in the already widespread corruption in the industry could also be expected.

On the other hand, revenue distribution is much more efficient at local level, where authorities are usually more accountable to the population. Taken together, these two elements strongly suggest the need for a differentiated approach for oil production and revenue distribution.

2. From the point of view of oil production, Art. 109 – with its reference to market principles and investment promotion – seems to open the way to a significant role of the IOCs. In oil countries of Iraq's size – Saudi Arabia, Iran, Kuwait – foreign control is ruled out by the constitution or other fundamental laws and the involvement of the IOCs through production sharing, buyback or other agreements is extremely controversial, as shown *i.a.* by the long saga of Project Kuwait⁷.

Foreign investment is usually called for in the exploration activity or in order to improve the exploitation of already active and aging oil fields. The very peculiar position of Iraqi oil industry – showing the highest proved reserves to production ratio among major oil countries – should reduce the relevance in the short to medium term of new exploration activities.

However the oil provisions of the constitution – encouraging regions and governorates to intensively exploit new fields – risk to stimulate a massive misallocation of resources in favour of the exploration of new fields to the detriment of the improvement of the old ones. As it has been argued, “this does not mean ... no exploration activities should be carried out to enhance the understanding of the geological knowledge

⁷ The plan to allow foreign firms to take over the development of oilfields in the north of the country close to the Iraqi border has not yet been approved by Kuwait's National Assembly. The venture was initially proposed in 1992 and the first bill was drawn up in 1997.

and enrich the oil and gas prospectivity. Such exploration activity would be part of the comprehensive and unified planning for exploitation and development of the whole country. But, it would be limited to a scale far smaller than the uncoordinated competing numerous exploration ventures by IOCs in the various regions and governorates which are expected under the present constitutional articles”⁸.

And this is already happening in the Kurdish region, while other governorates are bound to follow the same route. The Kurdish authorities signed in 2004 an exploration and development deal with Norwegian company DNO under which, according to their own interpretation of the constitutional Articles governing oil resources, the Kurdistan regional government authorized in November 2005 the first new drilling in post-invasion Iraq. Since then, a Canadian and a Turkish company have also begun drilling in the north.

This is detrimental not just to national unity but also to the optimal use of oil resources, both at national and regional levels: “regional governments of both Kurdistan and southern Iraq would have far weaker bargaining power in negotiating with foreign oil companies than the Iraqi Oil Ministry (or Iraq National Oil Company), as they lack both the institutional experience and the consolidated weight of handling the entire country’s resources. The likely result would be more negative terms than could be achieved at a national level”⁹.

Management of both current and new oil fields should then be united under an hydrocarbon law assigning it to a national oil company, with operating oil companies in the relevant regions/governorates.

3. From the point of view of revenue distribution, more emphasis should be put on the local level. Oil revenue distribution should be based on an economic policy strongly oriented towards local and

⁸ T. Shafiq, op.cit.

⁹ PLATFORM, *Crude Designs. The rip-off of Iraq’s oil wealth*, November 2005, p. 19.

regional development: after allowing for development costs of the oil industry, a very large share of oil revenues should be earmarked for governorates and regions.

Moreover, for the compensation of past discrimination provided for by Art. 109, an *ad-hoc* fund may be created, whose resources may come not only from a share of current and future oil revenues but also from donor countries. For instance, supporting regional cohesion and development typically falls within the domain of European assistance.

4. Finally, some elements should be added or revised in the constitution, with the fundamental aim that correcting past regional discriminations must not amount to the creation of new ones. Therefore, a way should be devised to avoid discrimination against the regions not possessing oil fields. Actually these regions may contribute (and many of them already do) to the national oil industry through the pipelines (especially the “Strategic” one) crossing their territories.

Assigning a value to this contribution – albeit much more complicated than assigning values to oil fields – would help to reduce regional disparities and would amount to using the oil resources as a cohesive rather than a divisive factor. This implies a radical change to the usual approach to the oil industry, where all emphasis is put on the underground mineral resources. Moreover, it will be strongly objected and resisted, especially by the Kurdish authorities. Still, it has solid foundations in the sad history of Iraqi oil industry, which highlights the negative role of pipeline vulnerability. Moreover, even from a Kurdish point of view, it could provide some guarantee facing possible tensions with Turkey (and potentially Syria) about the transit through its territory of the oil produced in the Kurdish region, if Turkey’s red lines (relating *e.g.* to Kirkuk, the role of the Turkomans, a possible statehood for Iraq’s Kurdish region) are crossed.

In conclusion, while the chances of an agreement on these revisions, and of their subsequent approval by referendum, are not very high, all hope that – for the first time in Iraqi history – oil resources will support a strong and widespread socio-economic development should not be abandoned.

5. The New Iraq: Geopolitical Changes

*Nasser Saghafi-Ameri**

1. Introduction

Since its formation in 1921 by the British colonial power, Iraq has gone through many upheavals mainly caused by its structural deficiencies or the foreign powers meddling. The downfall of the Ba'athist regime of Saddam in the spring of 2003 opened a new chapter in the history of Iraq making it possible after many decades for establishment of a democratic and a stable country. Iraq as a multi ethnic/religious country is facing many challenges to achieve its goal to remain a united and a peaceful state. The first steps toward that goal have been taken. The recent successful referendum for the new constitution and the parliamentary elections in December are promising signs. However, major challenges remains ahead. Formation of a government that is democratically elected and represents different ethnic and religious interests is a formidable task indeed. The Shiites who represent over 60% of the population of Iraq were misrepresented and deprived of their rights through out the history of Iraq. They are now vying for their rightful place in the political scene in Iraq. In a democratic system it would be only natural that the Shiites that have the majority are going to hold a prominent role in the new Iraq.

* Nasser Saghafi-Ameri is presently a Senior Fellow at the Center for Strategic Research (Csr). He has been working on international relations and strategic issues for over 32 years and has served as a diplomat in the Iranian Foreign Service. Opinions expressed in this paper belong to the author and does not necessarily reflect the position of Csr.

2. The rise of the Shiites

Establishment of Islamic Republic in Iran in 1979, with dominant Shiite ideology rang alarm in the West. The Reagan and Bush administrations viewed the threat from Iran and Iranian-inspired Shiites so acute that the administrations were willing to put aside their distaste for Saddam Hussein's regime and back him in the Iran-Iraq War. The hope was that Saddam would win the war and force a retrenchment of Tehran and Shiite Islamic fundamentalism.

After September 11 it was obviously the Sunni Islamic extremists as the primary U.S. adversary. The U.S. has clearly defined the Sunni insurgents as the enemy. The very same Shiites Islamist parties that led the U.S. to tilt towards Saddam Hussein in the Iran-Iraq War are now the America's closest allies in Iraq. In the view of Iraq's Sunnis, the U.S. has chosen the Shiites over them. This perception is not lost on peoples and governments in the region. The Saudi Arabia, Jordan, Syria, and others, have been reluctant to cooperate with the U.S. policies, which would imply reinforcing the Shiites dominated government in Iraq. After the collapse of the dictatorial Ba'athist regime in Iraq, which was the main source of regional insecurity, some countries tried to hinder the development of relations between Iran and Iraq, in the belief that friendly ties between the two Muslim countries would lead to the formation of a "Shiite Crescent" in the region.

Unfortunately, such assumptions have been made under the influence of some neighbouring Arab countries, which are actually the main breeding grounds for Arab terrorism in the region and the world. The prospect of a Shiite controlled Iraq at the top of the Persian Gulf and prospect of close links and relations with Iran have caused major anxiety in the Arab world¹. The Sunni Arabs fear what King Abdullah of Jordan described last December as "an

¹ See M. Moran, *The Arab League and Iraq*, The Council on Foreign Relations, October 20, 2005.

emerging Shiite crescent” – the possibility of a powerful Shiite government taking control in Iraq and developing a special ties with Iran, Syria, Lebanon and Hezbollah to create a “crescent” which they perceive to be destabilizing for the Persian Gulf region.

Indeed it was a surprise to many that the Shiites as historical losers in the Middle East who were repressed under the Ottomans, the British and then the pro-Western dictators of the region, are now becoming a new and potent political forces. The victory of Shiite political parties in the elections meant that Iraq would be the first Arab nation to be led by Shiites. The dramatic ascent of Iraqi Shiite Muslims, from long-suffering victims of repression to a force capable of taking the power in one of the key countries of this region, has hit a central nerve in the Middle East balance of power, emboldening Shiites across the region to voice rising demands for their rights and for recognition of their status. The Arab governments are anticipating that the new Iraq will empower Shiites throughout the region, inviting them to question why they too cannot be given a fair share of their country’s decision-making.

KUWAIT: In Kuwait, Shiites make up about a third of the population of that country’s citizen population of about one million. But they have complained that they have been deprived of their fair share of seats in parliament and the cabinet. Currently there is just one Shiite in the 16-member cabinet and only five in the 50-member parliament. Like their counterparts across the Arab world, the Shiite community has been emboldened by events in Iraq, where the Shiite majority now leads the government after decades of oppression by successive Sunni-led regimes. Five groups representing Kuwait’s Shiite Muslim minority have now joined forces in a bid to boost their chances in the next parliamentary elections scheduled for 2007.

SAUDI ARABIA: In Saudi Arabia, the Shiite population is variously estimated at 1 to 4 million². The Shiites could constitute 20% of the citizenry instead of the usually reported 5 to 15% by the government. The Shiites form a local majority in the oil rich Eastern Province. From a Saudi point of view, the Shiites of Saudi Arabia are always viewed as potentially fifth column for Iran³. But what is more worrisome from a Saudi point of view is the very strong links of the Shiites of al Hasa to Iraq and this helps to explain the extreme Saudi alarm about the rise of Shiites in Iraq⁴. Historically the Shiites have been marginalized in Saudi because of antipathy from the kingdom's dominant form of Sunni Islam known as Wahhabism or Salafism⁵. The emergence of a Shiite-led government in Iraq, with which the kingdom shares a long border, has caused a great concern. This may also explain the major support Saudis gave to Saddam in the course of Iran-Iraq war. Many Saudis are convinced that there is a grand Shiite conspiracy to form a contiguous Shiite bloc extending through Iran, Iraq, Syria, and Lebanon. This supposed bloc would extend even into the Arabian Peninsula, through Kuwait, Saudi Arabia's own Eastern Province, and Bahrain.

² Iraq's interior minister Bayan Jabr is quoted saying: «There are four million Shiites [in Saudi Arabia] who are treated as third-class citizens». See S. Henderson, *A Bedouin on a Camel? Saudi Foreign Policy and the Insurgency in Iraq*, The Washington Institute for Near East Policy, Policy Watch no. 1036, October 5, 2005.

³ Remarks made by Juan Cole at the Middle East Policy Council: "A Shia Crescent: What Fallout for the U.S.?" Washington, D.C., October 14, 2005.

⁴ *Ibidem*.

⁵ As was reported by «The New York Times», «There has been no Shiite cabinet minister, and only one Shiite ambassador – to Iran. Shiites are kept out of critical jobs in the armed forces and the security services. There are no Shiite mayors or police chiefs, and not one of the 300 Shiite girls' schools in the Eastern Province has a Shiite principal». See N. Mac Farquhar, *Saudi Shiites Look to Iraq and Assert Rights*, «The New York Times», March 2, 2005.

Iraq's infant democracy is even a bigger headache for the Saudi royal family⁶. Thus, Riyadh's ambivalence has in turn discouraged Iraqi Sunnis from participating in the political process and allowed some firebrand Saudi youths to join the insurgency against the US-supported Baghdad government. The Saudi leadership appears to be obsessed with the emergence of a Shiite dominated, pro-Iranian government in Iraq, which shares the largest stretch of Saudi Arabia's northern border⁷. The Saudi government is particularly sensitive about Shiites autonomy that is concentrated in the oil-rich Eastern province, and any unrest or effort at secession might devastate Saudi oil production. Therefore a year after the war in Iraq, the Saudi government has reached out to Shiite leaders.

BAHRAIN: Bahrain, like Iraq, has a Shiite majority but is ruled by the Sunnis. Despite Bahrain's Shiite majority, which is 70% of the population, there is a small Shiite representation in Bahrain's cabinet. According to a recent report by the "International Crisis Group", the majority Shiite community of Bahrain feels increasingly politically marginalized and socially disadvantaged. Bahrain's Shiites also suffer from sectarian discrimination and tensions. They are angered by widespread suspicion among officials and Sunnis regarding their national loyalty and ties to co-religionists in Iraq and Iran. The emergence of a Shiite Iraq now gives "some sort of legitimacy" to the Shiites of Bahrain like other states in the Persian Gulf⁸.

The Arab League Initiative:

The Arab League representing the Arab World after much hassle finally decided to send its Secretary General Mr. Amr Moussa to Iraq in October 2005. Some experts view this initiative as

⁶ S. Henderson, *Saudi Elections in Regional Perspective: The Shiite 'Threat' Theory*, The Washington Institute for Near East Policy, March 9, 2005.

⁷ S. Henderson, *Saudi Elections in Regional Perspective...cit.*

⁸ See International Crisis Group's Report, *Bahrain's Sectarian Challenge*, «Middle East Report», no. 40, Amman/Bruxelles, May 6, 2005.

something of a shift in the Arab world's perspective on Iraq. Where previously the Arab League had been largely silent on post-Saddam Iraq, Mr. Moussa's trip is seen also by some observers as an indication that the Arab world is beginning to grapple with the implications of a democratic Iraq run by Shiites a prospect viewed with concern by some of the Arab world's governments⁹. Meanwhile, prominent Kurdish and Shiite leaders who lead the government have complained that the Arab League has refused to raise objections to Saddam's regime brutal treatment of dissident Shiites. They also complained that the League has taken too long to seek a role in Iraq and resented the League's past support for Saddam and are suspicious the body is biased toward Iraq's Sunni Arab minority¹⁰.

In fact the Arab League conference was a Saudi idea, based on its role in bringing rival Lebanese factions together in 1989 in the Taif accord that ended a 15-year civil war. A neighbour of Iraq, the desert kingdom has been wary that the emergence of a Shiite-dominated government in Baghdad would shift the sectarian balance of a region long run largely by Sunnis. A Sunni-ruled nation with a sometimes restive Shiite minority, the kingdom was pinning hopes for Iraq's inclusion of its Sunni minority on a national reconciliation conference in Cairo.

The Ba'athist and traditional Sunni leadership's decision to participate in the political process and elections was by large motivated and encouraged by influential Arab States in order to guarantee their interests. The Sunnis realized that without participation they would have been completely excluded from crafting the new regime in Iraq. Furthermore, they became aware that the insurrection was not spreading beyond their own region and that their resistance did not affect the political process which was under way in a larger part of Iraq. Thus, it became evident for

⁹ M. Moran, op cit.

¹⁰ AP dispatch from Baghdad on October 20, 2005.

the Sunnis that without participation in the political process they would be left with chaos in their own region, isolation from the rest of the country and no political power in the future¹¹.

Finally, and following Secretary General Amr Moussa's intensive diplomatic efforts including his visits to Iraq and Iran a three day conference was held from November 19, 2005 in Cairo with the participation of the Sunni elites and representative of the Shiites and Iraqi Kurds. Representatives of the United Nations, the European Union and Iraq's neighbors also took part in the Conference. Sharp differences manifested themselves during the course of debates in the Conference, however the meeting participants decided to hold a pan-Iraqi conference in Baghdad in 2006 with the aim of finding a broad consensus on the basic problems of the postwar development of Iraq.

The closing statement of the Conference upheld the Sunnis demand for a timetable for the withdrawal of foreign forces, but did not specify when a withdrawal should begin, making it more of a symbolic gesture than a concrete demand that would be followed up by the Iraqi government. Statement offered Shiite politicians concessions, too, by condemning the wave of terrorism that has been aimed at Shiites, condemning trumped-up Islamic theological arguments for attacks on them, and ultimately legitimating the political process that has made Shiite politicians the most dominant political force now in Iraq. Perhaps the biggest winner of the meeting was the 22-member Arab League itself, which has entered the political scene in Iraq after a long stillness hoping to repeat the success of the organization in 1989, when it brokered an end to Lebanon's 15-year civil war in a similar conference.

¹¹ For more on this see R. Wright, *U.S., Saudi Arabia Inaugurate New "Strategic Dialogue"*, «Washington Post», November 13, 2005; G. Friedman, *The Iraqi Election's Effects, from Washington to Tehran*, «The Geopolitical Intelligence Report», Stratfor, December 21, 2005

3. American Gambit

Since the fall of Saddam's regime in Iraq, Americans had developed a complex dependency on the Shi'a. Needing Shiite support, Washington had effectively guaranteed the Shi'a control of Iraq; a price it was not happy to pay. The American concern was not the Shi'a per se, but their Iranian allies¹².

Washington's fear was that containment of the Sunni uprising would create an Iranian satellite in Iraq. In American view that would have had massive repercussions throughout the region as was seen particularly by Saudi Arabia¹³, which fears growing Iranian power. Although the Arab Shi'a is not identical to Iranian Shi'a. But since a Shiite government in Iraq could become an Iranian ally it was not the outcome that United States wanted¹⁴.

The United States was also concerned about Shiite ambitions to transform Iraq from a secular state to an Islamic one. So the United States attempted to double-cross the Shi'a while championing Sunni interests against the Shi'a¹⁵. Apparently, that policy was aimed to create a condition which allowed the constitution to pass in

¹² G. Friedman, op. cit.

¹³ For instance Prince Saud al-Faisal Saudi Arabia's foreign minister said the U.S. ignored warnings the Saudi government gave it about occupying Iraq. Prince Faisal also said he fears U.S. policies in Iraq will lead to the country breaking up into Kurdish, Sunni, and Shiite parts. See T. Regan, *The "myth" of Iraq's foreign fighters*, in «The Christian Science Monitor», September 23, 2005.

¹⁴ G. Friedman, op cit.

¹⁵ The most glaring example of this was Bush phoning the leader of Iraq's Islamist Shiite-dominated *United Iraqi Alliance* (Uia) and urging him to make concessions to Sunni demands in order to break the deadlock in the constitutional negotiations. Ali al-Adeeb, a Shiite member of the constitutional committee, said August 26 that Bush asked Abdel Aziz al-Hakim, leader of the Supreme Council for Islamic Revolution in Iraq, to accept compromises that deal with purging the Baath party from public life. See G. Friedman, op cit.

the October 15 referendum and to encourage most Sunnis to take part in the December 15 polls. In this way, the Sunnis using their insurgency card, maneuvered the Americans into a position in which they believed that mere relationship with the Shi'a and Kurds would not provide a sufficient base for them to manage Iraq. Thus, Sunnis created a situation in which the Americans needed the Sunnis in order to pacify Iraq and therefore were willing to protect Sunni interests against the Shi'a¹⁶. Furthermore, the United States used the Sunni's demands as a platform from which to try to reshape the new regime in Iraq so that it had a built-in degree of complexity that would prevent outright Shiite control and Iranian influence¹⁷.

Facing many unexpected hurdles, the United States is now aiming to reduce its forces in Iraq as a priority¹⁸. While, before the war, Washington saw Iraq not only as a likely beacon for democracy but also as a potentially stable source of oil and a well-positioned strategic base, now the ambitions for Iraq are being drastically scaled down in private¹⁹. A British Foreign Office source is quoted saying: «the goal of the U.S. administration to turn Iraq into a beacon of democracy in the Middle East had long ago been shelved». The diplomats in the Foreign Office are now working

¹⁶ It should be noted that the Sunnis have not yet totally discarded the insurgency as their only bargaining chip, but have simply demonstrated that they can moderate it. Thus the more al-Zarqawi does, the greater the U.S. dependency on the Sunnis. The Associated Press reports that *Center for Strategic and International Studies* (Csis) believes most of the insurgents are not "Saddam Hussein loyalists" but members of Sunni Arab Iraqi tribes. They do not want to see Mr. Hussein return to power, but they are «wary of a Shiite-led government». See T. Regan, op cit.

¹⁷ See T. Regan, op cit.

¹⁸ Americans expected far more success as a result of the years of costly effort, given what they were told in early 2003 when the U.S. took military action against Iraq. By fall 2006, if not sooner, U.S. voters will be demanding much clearer answers to such questions. See W. White, *Iraq in 2006: Year of Decision*, Middle East Institute, January 4, 2006.

¹⁹ T. Regan, op. cit.

frantically in private on what they refer to as the “exit ticket” from Iraq²⁰. Thus, the first priority for the U.S. is withdrawal from Iraq in a manner that George Bush is not seen to have failed. He should be seen as having at least set Iraq on the road to democracy. The second priority is that, «The U.S. does not want a legacy of Iran having extended its influence over the Middle East»²¹.

The United States who initiated and triggered the present process in Iraq has assumed a central role and responsibility in the course of actions shaping the future of Iraq. As evident from the present situation, any quick withdrawal of U.S. forces could only contribute to the chaos and possible outbreak of a civil war in Iraq. The other option is gradual and phased reduction of U.S. forces which would be only possible with cooperation and coordination of the next influential country in Iraq, namely Iran. The dilemma that the U.S. is faced is how to solicit Iranian cooperation without giving it due credit and recognition. The announcement that U.S. Ambassador in Baghdad Zalmay Khalilzad is going to start direct talks with the Iranians was interpreted as a sign of Washington’s return to realism in its foreign policy. However, the impediment for normalization of relations with Iran remains unchanged. Beside the legacy of post Islamic Revolution in Iran there are other issues such as Iran’s nuclear program that loom in the background. There is already a kind of linkage between Iran’s nuclear capability and the regional security role it can play. Thus, Washington’s willingness to acknowledge Iran’s regional influence and a constructive role it can play for the regional peace and stability is the only imaginable incentive (possibly in the context of a “grand bargain”) that can induce Iran to cooperate for the U.S. “exit strategy”.

²⁰ See E. MacAskill, *Lofty Ambitions Reduced to One: Iraq Must not Be Seen as a Failure*, «The Guardian», September 22, 2005.

²¹ *Ibidem*.

4. Future outlook

There is a re-composition or realignment now taking place in the Middle East, where Iraq has become one of the focal points. Despite the historic referendum on a new constitution in Iraq the country looks fragmenting, not pulling together, and halting its disintegration does not seem to be an easy task. In fact most Sunnis who voted in the referendum tried to derail the constitution and they remain hostile to the occupiers, partly out of rage at being ousted from their traditionally dominant position in Iraq and partly out of nationalist sentiments. The insurgency has become deeply rooted in central and northwestern Iraq including Greater Baghdad²². Thus, the successful adoption of the constitution and December parliamentary elections are yet to prove that they would end the challenges to the territorial integrity of Iraq. However, it seems that whatever course the new Iraq would take in the future, the impact of events following April 2003 in the region is irreversible. That implies unprecedented changes in the region since the victory of Islamic revolution in Iran in 1979. This of course could bear wide changes in the geopolitics of the region. In the new Iraq, the rise of Shiites and Kurds to power would strongly influence the outlook of Iraq's foreign policy and would similarly affect regional countries policies toward Iraq. The new changes in Iraq are thus perceived differently by each of the regional countries.

ARAB STATES: As for the Arab States of the region the present developments in Iraq seem not to be much favorable. With the rise of the Shiites and especially the Kurds in Iraq the fervor of Pan-Arabism will be on decline. Furthermore, the Arab governments of the region shall be inclined to address and take into serious consideration the grievances of their minorities especially the Shiites. With the new developments following Iraq's liberation from Saddam's tyrannical regime, the Arab countries are now in a

²² D. Hiro, *Iraq Life After the Constitution*, «YaleGlobal», October 20, 2005.

position of choosing to resist any changes for the better in their political system, and consequently being prone to greater pressure from abroad for imposition of a democratic system. Or, to volunteer for a democratic government with equitably sharing power with other minorities especially the Shiites²³.

The issue of new Iraq is perceived differently in the two non-Arab neighboring states of Iran and Turkey.

TURKEY: For Turkey the empowerment of Kurds in Iraq is an unwelcome process that began from the end of the first Persian Gulf War in 1991. This makes Turkey vulnerable to more demands by its large Kurdish community of 12 million for autonomy. The developments in Iraq could have also adverse effects on the not long established strategic ties between Turkey and Israel. For instance it is argued that while Turkey fears the emergence of an independent Kurdish state in northern Iraq, the same possibility seems favorable for Israel from its security standpoint²⁴. Therefore, Turkey has been alerted about the revival of the old ties between Israel and Iraqi Kurds, which dates back to the early 1970's²⁵. Also, the prospects of presence of the American forces in Iraq in the foreseeable future diminishes Turkey's pivotal role as the main U.S. ally and as the host to major American bases in that country.

²³ The fears that are mainly prompted by the allegations that the Shiites would become Iran's fifth column are baseless and mostly expressed out of rage and protest to a trend that might eventually lead to Iran's prominence in the region or as a pretext for denying the Shiites from their lawful rights in different Arab countries. In fact, many Shiite Arabs are known to consider themselves as much Shiite as Arab. Therefore, wisdom calls for the Arab countries to seek reconciliation with their Arab Shiite brothers at this historical juncture and not to alienate them further by denying their rights.

²⁴See M. Kibaroglu, *Clash of Interest Over Northern Iraq Drives Turkish-Israeli Alliance to a Crossroads*, «The Middle East Journal», vol. 59, no. 2, Spring 2005.

²⁵ Israel went along with the U.S. and Iran – during the reign of the Shah – who rendered military support to the Kurdish Iraqi freedom movement against the regime of Saddam in Iraq.

IRAN: For Iran things are quite different, apart from potential Kurdish problem similar to Turkey, but with a different nature and scope, Iran is perhaps the only regional country that perceives the developments in the new Iraq most positively. From the outset, Iran took the opportunity to support the new Iraqi government officials who were among its old allies from the time they struggled together against the brutal regime of Saddam Hussein²⁶. That was while other Arab countries in the region – except Syria – were hand in hand with big powers in the other camp helping Saddam’s regime. At present, the security and stability of the new Iraq is considered as a priority for the Iranian government. They perceive that an insecure Iraq can bring negative consequences as it can attract terrorists and be a pretext for allowing foreign troops to continue their stay in the country, which is opposed to Iran’s policies.²⁷

Meanwhile, the new Iraq could become one of the main gateways for Iran to the Arab world. This is to be considered as a very positive development for the security of the region, since in the past it was mostly the Ba’athist regime in Iraq that stood in the way for friendly ties between Iran and other Arab countries of the region. Furthermore, development of this new relationship between Iran and Iraq might have two other implications for Iran’s foreign policy: First, by having a friendly country on its western borders after many decades of hostility and mistrust, Iran will have the opportunity for a more inward looking policy by giving priority to its economic development plans and to fully utilize its trade and transit potentials. Second, the new Iraq as close friends of both Iran and the United States could serve as a buffer in the present stormy Iran-American relationship and possibly could become a venue for the normalization of their relations in the future.

²⁶ Scott Peterson gives a historical background to the present friendship between the leaders of new Iraq and Iran; *Iran Flexes its “Soft Power” in Iraq*, in «The Christian Science Monitor», May 20, 2005.

²⁷ See the interview of Iranian Charge d’Affaires in Baghdad with Irna, «Iran News», November 2, 2005, p. 3.

Agenda of the International Workshop on:

**The New Iraq
Stabilization, Reconciliation, Institution-
Building
and the Regional Scenario**

Council Room, Municipality of Como,
Como, Italy
November 4-5, 2005

organized by

Landau Network Centro Volta (LNCV), Como, Italy
Iraqi National Academy of Science (INAS), Baghdad, Iraq

in collaboration with

Belfer Center for Science and International Affairs (BCSIA), John F.
Kennedy School of Government, Harvard University, Cambridge, US
Istituto per gli Studi di Politica Internazionale (ISPI), Milan, Italy

promoted and supported by

General Directorate for Mediterranean and Middle-East (GDMM)
of the Italian Ministry of Foreign Affairs (MFA), Rome, Italy

4 November 2005

09.00–9.30

Opening Session

Chairperson: **MARTELLINI Maurizio**, Secretary General, Landau Network – Centro Volta (LNCV), Como.

BRUNI Stefano, Mayor, Municipality of Como.

REDAELLI Riccardo, Director, Middle East Program, Landau Network – Centro Volta (LNCV), Como.

9.30-11.00

Session 1 – First Part. *The Status of Iraqi Security Environment: Main Issues and Concerns.*

Chairperson: **REDAELLI Riccardo**, Director, Middle East Program, Landau Network – Centro Volta (LNCV), Como.

Speakers (in alphabetical list):

AL-MOSAWE Mosa, Dean of Baghdad University, Baghdad.

AL-SHAHRISTANI Hussain, Deputy Speaker of the Iraqi National Assembly (INA) and Chairman of the Iraqi National Academy of Science, Baghdad.

BODINE Barbara, Senior Fellow and Director of the Governance Initiative in the Middle East, Belfer Center for Science and International Affairs, John F. Kennedy School of Government, Harvard University, Cambridge (MA).

DODGE Toby, Consulting Senior Fellow for the Middle East, Director of the IISS Gulf

States programme, The International Institute for Strategic Studies (IISS), London.

MENASHRI David, Nazarian Chair for Modern Iranian Studies, Tel Aviv University, Tel Aviv.

QATARNEH Yasar, Director of the Centre for Conflict Prevention, Institute of Diplomacy, Amman.

11.00-11.15

Coffee Break

11.15-12.30

Session 1 – Second Part. Roundtable Interaction

12.30-13.00

Keynote speech by MANTICA Alfredo Luigi, Undersecretary of State, Italian Ministry of Foreign Affairs, Roma.

13.00-14.30

Buffet Lunch

14.30-16.00

Session 2 – First Part. How to Achieve a Real Pacification Amongst the Iraqi Communities?

Chairperson: **PARSI Vittorio Emanuele**, International Relations at the Catholic University of the Sacred Heart, Milano.

Speakers (in alphabetical list):

AL-SAMARRA’I Iyad, Member of the Iraq National Assembly, Baghdad.

ATTIYAH Khalid Abathar, Member of the Iraq National Assembly, Baghdad.

DOSKI Salar, Member of the Iraq National Assembly, Baghdad.

LOMBARDI Marco, Professor of Sociology,
Catholic University of the Sacred Heart,
Milano.

MAGGIONI Monica, RAI Italian Television,
Special correspondent, Milano.

ZALLIO Franco, Senior Research Fellow
MENA Region, Institute for International
Politics Studies (ISPI), Milano.

16.00-16.15 *Coffee Break*

16.15–18.00 **Session 2-Second Part. Roundtable**
Interaction

5 November 2005

09.30–11.00 **Session 3 – First Part. The Regional**
Scenario

Chairperson: **MARTELLINI Maurizio**,
Secretary General, Landau Network – Centro
Volta (LNCV), Como.

Speakers (in alphabetical list):

KIBAROGLU Mustafa, Vice Chair &
Graduate Advisor, Bilkent University,
International Relations Department, Bilkent.

JABBOUR Georges, Former adviser to the
President of Syria, President, Syrian UN
Association, Damascus.

PARSI Vittorio Emanuele, International
Relations at the Catholic University of the
Sacred Heart, Milano.

SAGHAFI-AMERI Nasser, Senior Fellow,
Department of Foreign Policy & International

Relations, Center for Strategic Studies, Tehran.

SARIOLGHALAM Mahmood, Associate Professor of International Relations, School of Economic and Political Sciences, Beheshti University, Tehran.

SHAKER Mohamed, Vice Chairman, Egyptian Council for Foreign Affairs (ECFA), Cairo.

11.00-11.15

Coffee Break

11.15–13.00

Session 3 – Second Part. Roundtable Interaction

13.00-13.30

Concluding Remarks

Chairperson (with Concluding Remarks): **LA FRANCESCA Gherardo**, Head, Iraq Task Force, Italian Ministry of Foreign Affairs, Roma.

AL-SHAHRISTANI Hussain, Deputy Speaker of the Iraqi National Assembly (INA) and Chairman of the Iraqi National Academy of Science, Baghdad.

MARTELLINI Maurizio, Secretary General, Landau Network – Centro Volta (LNCV), Como.

REDAELLI Riccardo, Director, Middle East Program, Landau Network – Centro Volta (LNCV), Como.

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