



PERSPECTIVES

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Hassan Rouhani's Visit to Iraq

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EXECUTIVE SUMMARY: For the first time since his swearing-in, Iranian president Hassan Rouhani paid a visit to neighboring Iraq. While the visit was sparked by the economic sanctions imposed by Donald Trump's administration and Iran's desire to create an economic corridor that would enable it to bypass those sanctions, it was also intended to implement a broader range of interests: to maintain Iraq within Tehran's sphere of influence on the one hand, and to accumulate achievements at the expense of Rouhani's domestic opponents on the other.

Iranian president Hassan Rouhani's unprecedented recent visit to Iraq (March 11-13), which received wide media coverage, was prompted by both domestic and foreign factors. While Rouhani has regularly visited capitals around the world during his tenure, this was his first visit to neighboring Iraq since he took office in 2013.

The visit was preceded by Iran-Iraq meetings at other levels, such as those attended by Iranian FM Zarif (in January) and Iran's oil minister. However, given the nature of the countries' relations and the degree of Iranian leverage in Iraq, a presidential visit was expected to have occurred at an earlier date.

Iran's foreign policy in Iraq appears to be conducted by the commander of the Quds Force, Qassem Suleimani, and to a lesser extent by senior officials of the Iranian Foreign Ministry. This dual pattern, which characterizes the overall conduct of the Islamic Republic, has caused internal rivalries between the Foreign Ministry and the security establishment and was among the reasons for the attempted resignation of FM Zarif. Zarif submitted his resignation to protest his exclusion from the visit of the Syrian president to Tehran. Zarif's resignation was not accepted by Rouhani as a message to those who would challenge his authority at home.

It is widely believed that the timing of Rouhani's visit was directly related to the economic sanctions imposed by the Trump administration on the Islamic Republic. This claim is essentially correct but insufficient, in that it does not address the broader range of Iranian interests that served as a catalyst for the visit. Obviously, the economic strangulation and the exit of international companies from the Iranian economic realm forced Iranian policy makers to expand an economic corridor and develop free trade zones with its neighbor to the west. Moreover, the limitations of foreign currency trade obliged Iranian traders to seek markets with accessible currency, which naturally increased the attractiveness of the Iraqi market.

Iraq is thus a convenient channel through which Iran can circumvent the sanctions. The agreements signed by the two countries addressed development of free trade zones along their common border, the establishment of joint-owned banks, the development of transportation infrastructure, the development of Iranian-assisted industry, energy supply, and more. These agreements led Rouhani to state that the two nations intend to increase their foreign trade from \$12 billion to [\\$20 billion](#) a year.

However, the Iranian efforts to court Iraq stem from other factors as well that are causing concern among policy makers in Tehran. Other countries' interest in the Iraqi market, and rehabilitation initiatives directed by Saudi Arabia and other Arab states, are perceived by Iran as undermining its influence.

In the first week of March, the annual Sulaimaniya Forum was held, with the participation of Iraqi president Barham Salih and senior officials in his administration. At the forum, Salih and other Arab politicians and academics discussed relations between Iraq and its neighbors. The conference, entitled "Iraq and its Neighbors: Towards a New Regional Order," dealt, *inter alia*, with the status and role of Iraq in light of geopolitical shifts in the region.

Significantly, various speakers, both at home and abroad, stressed the need to strengthen ties between Iraq and the Arab states while simultaneously reducing Iran's influence in the region. Moreover, opinion leaders in the Arab world called on Salih to do what is necessary to prevent Iraq from becoming a [second Lebanon](#); i.e., to deny Iran the opportunity to determine Iraq's internal agenda.

Rouhani's visit was clearly a counter-reaction to the message sent at the Sulaimaniya Forum. The Iranian fear that dominant countries in the Arab world, primarily Saudi Arabia, will increase their influence in Iraq at Iran's expense is compelling Tehran to invest significant sums in the reconstruction and development of Iraq.

Moreover, the invitation to Iraqi PM Adel Abdul Mahdi to visit Riyadh, in addition to the visit of ostensibly pro-Iranian Falih Alfayyadh (chairman of al-Hashd al-Sha'abi), has raised concern in Tehran. Iranian policy makers are well aware of the dialogue taking place between Riyadh and Baghdad and the policy of Crown Prince Muhammad bin Salman, who is working vigorously to strengthen the bilateral relationship as an alternative to Iranian hegemony.

Another source of concern for Tehran is Trump's assertion that he wishes to maintain a military presence in Iraq to monitor Iran's actions. The American military presence is a direct challenge to Iran's predominance, and undermines its efforts to establish a ground corridor connecting Tehran and Lebanon – a prerequisite of Iran's desired permanent presence along Israel's northern border.

This reality is forcing Iran's policymakers to extend exceptional benefits to Iraq, even going so far as to forgive Iraq's non-payment of electricity and energy debts. This marks a dramatic change. In early February, Iran's oil minister, Bijan Zangeneh, issued harsh accusations against Iraq, claiming it was not meeting its commitments, refusing to pay for electricity supplies, and even retreating from signed agreements in the gas and oil realms.

The Iraqi PM had assured Tehran that it would not take part in the sanctions imposed by Washington in view of the dependence of his country's energy economy on Iran. Despite those assurances, Iran-Iraq energy trade has run into numerous stumbling blocks due to the sanctions. Iraq is therefore hedging its bets by exploring additional options, such as getting electricity supplies from Kuwait in addition to Iran.

Rouhani's visit to Iraq was prompted by domestic as well as foreign policy matters. It is no secret that the actions of the Iranian president and his government are subject to criticism from his adversaries in the Supreme Leader's Office, the conservative wing of Iranian politics, and even the security establishment.

Rouhani's rivals grew louder after the US withdrew from the nuclear agreement, demanding that he defend his policies both at home and abroad. It is not surprising that his visit to Iraq – and particularly his meeting with Ayatollah Ali Sistani – were publicized extensively at home and widely discussed in the Iranian media.

The visit with the senior religious leader from Najaf was intended to underscore the prestige of the president in contrast to that of his domestic opponents. But well-advertised though the visit may have been, it did not diminish either the economic challenges that lie ahead due to the sanctions or the political difficulties posed by Rouhani's rivals.

The centrality of Ayatollah Sistani in the global Shiite establishment, and the admiration he enjoys both in Iran and abroad, puts him and his rulings on a par with those of Iran's Supreme Leader. Moreover, the fact that the senior cleric, who preaches against any foreign intervention in Iraq and carefully selects his public meetings, agreed to meet publicly with Rouhani and his delegation is a reinforcement of his policy with regard to the hard line led by the security establishment. While it is true that the fatwa issued by Sistani led to the establishment of the popular mobilization forces after the occupation of the city of Mosul by ISIS, it is also true that at the end of the fighting, Sistani called for the departure of all foreign forces from Iraq's territory. That message was intended as much for the commander of the Quds Force and his personnel as for any other foreign actors.

Rouhani's visit to Iraq appears to have been intended to preserve Iran's influence over Iraq's internal agenda. However, that mission is encountering considerable difficulty. It is being harshly criticized in Iraq and abroad amid calls for the realization of Iraqi sovereignty. Pressure is being exerted on Salih's government by the US and countries in the Arab world.

The revolutionary establishment in Tehran hopes a series of economic initiatives will lead to the creation of an economic corridor between Iran and Iraq that will allow a massive influx of Iranian goods and services into Iraqi territory. This corridor would enable Iran to bypass the sanctions imposed on it while strengthening the land corridor it wants to employ to advance its "axis of resistance," directed mainly against Israel.

President Rouhani can reasonably consider his meetings with senior officials in the Iraqi establishment, and with Ayatollah Sistani in particular, a success. But they do not diminish the economic, foreign, and domestic challenges that lie ahead.

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