

Background

No. 2030
April 30, 2007



Published by The Heritage Foundation

Iran's Hostile Policies in Iraq

James Phillips

Iran's radical Islamic regime is playing an increasingly aggressive role in neighboring Iraq, where it seeks to drive out American and coalition forces, cement its Shiite Iraqi allies' hold on power, and prevent the consolidation of a stable democracy that would pose a long-term threat to Iran's theocratic political system. The recent kidnapping and holding of 15 British sailors and marines in Iraqi territorial waters is but the tip of the iceberg.

Tehran is pursuing a dual strategy of maintaining good relations with Iraq's government while cultivating allies among radical Shiite militias and groups that are violently opposed to the presence of U.S. and coalition forces. Iran's ultimate goal is to oust U.S. and Western influence from Iraq and to assert its hegemony over Iraq and a broader crescent extending through Syria and into Lebanon.

The Bush Administration has correctly sought to expose Iran's efforts to radicalize and arm anti-American militias in Iraq. The United States should continue to drive up the costs to Tehran of continuing on its aggressive course and seek to drive a wedge between the Iranian regime and moderate Iraqi Shiite political parties, and ultimately between the regime and the Iranian people.

However, this strategy for containing Iranian influence in Iraq can succeed only if the United States proves to the Iraqis that it is a dependable ally. Continued congressional efforts to undercut the Bush Administration's surge strategy in Iraq will only make

Talking Points

- Iran's radical regime is pursuing a dual strategy of maintaining good relations with Iraq's government while cultivating allies among radical Shiite militias and groups that are violently opposed to the presence of U.S. and coalition forces.
- Iran's ultimate goal is to oust U.S. influence from Iraq, cement its allies' hold on power, and assert its hegemony over Iraq.
- The United States should (1) make every effort to disrupt Iran's subversive network and raise the costs and risks of its proxy war in Iraq; (2) pressure Iraqi Shiite and Kurdish political parties to distance themselves from Tehran if they want continued U.S. support; and (3) privately warn Tehran that continued efforts to subvert Iraq will have negative consequences for its own security.

This paper, in its entirety, can be found at:
www.heritage.org/research/MiddleEast/bg2030.cfm

Produced by the Douglas and Sarah Allison
Center for Foreign Policy Studies
of the
Kathryn and Shelby Cullom Davis
Institute for International Studies

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

it easier for Tehran to expand its hostile influence inside Iraq.

Iran's Goals in Iraq

Iran sought to expand its influence over Iraq long before the 2003 war in Iraq. After the 1979 Islamic revolution, Iran's new regime sought to subvert Iraq's Sunni-dominated regime by radicalizing Iraq's Shia majority, which is more than 60 percent of the Iraqi population. Iran's subversive efforts were one factor that provoked Iraqi dictator Saddam Hussein to invade Iran in September 1980, resulting in a bloody eight-year war that greatly weakened both countries.

During that conflict, Tehran's revolutionary regime gave sanctuary and aid to the Iraqi opposition, including the political parties that form the backbone of the current Iraqi government. Iran invested its political capital in a wide variety of Iraqi political parties and militias. As a result, Iranian influence in post-Saddam Iraq is "substantial and growing."¹

Iran's closest ally is the Supreme Council for the Islamic Revolution in Iraq (SCIRI), which Tehran helped to create and molded while it was in exile in Iran. The SCIRI won the most seats in Iraq's 2005 elections and is the dominant political force within the United Iraqi Alliance, the Shiite umbrella group that claims 128 seats in Iraq's 275-seat parliament. Tehran also retains strong influence within the Dawa Party, an older, more moderate Shiite political party that includes Iraqi Prime Minister Nouri al-Maliki.

Iran also enjoys good relations with the Kurdish Democratic Party and the Patriotic Union of Kurdistan, the two main Kurdish political parties. Both received sanctuary and support from Iran while they resisted Saddam Hussein's repressive regime. Iran's good relations with these various political parties are understandable given the long history of Iranian support. Tehran is believed to have recruited agents from within the various parties who now hold key positions throughout the Iraqi government bureaucracy.

Even more troubling is that, while maintaining good relations with these mainstays of Iraq's govern-

ment, Iran is also pursuing a covert policy of arming and training militias, including many associated with these political parties, that pose a long-term threat to the prospects of success for a broad-based Iraqi government. Tehran seeks to preclude the emergence of a stable democratic government in Iraq, its historical archrival, that could become an American ally against Iran. Although the political parties in Iraq's ruling coalition depend on continued U.S. political, economic, and military support, their militias are much more hostile to the continued coalition troop presence and could become useful allies of Iran in a possible war with the United States. The militia leaders are also more likely to share Iran's goal of driving out coalition forces because such an outcome would increase their own power and importance within Iraq.

In addition to driving out Western troops and Western influence, the Tehran regime would prefer a weak and divided Iraq to an Iraq with a united and broad-based government. Even if such a government were not allied with the United States, it would pose an ideological threat to Iran's theocratic regime because it would demonstrate the viability of a secular democratic system in a Shia-majority nation, thereby encouraging Iranian reformers and opposition movements to increase their efforts to reduce the political power of Iran's unelected clerics.

Iran's radical clerics are also uncomfortable with the knowledge that the Shia religious leaders in the Iraqi holy cities of Najaf and Karbala wield an independent religious influence that could undermine their own base of legitimacy. Grand Ayatollah Ali al-Sistani, the top Shiite religious leader in Iraq, is an influential cleric who outranks most if not all of the clerics in the Iranian regime. Although he was born in Iran, he rejects Ayatollah Khomeini's harsh brand of Islamic ideology and opposes Iran's system of clerical rule.

To undermine al-Sistani, the Iranians have thrown their support behind Sayed Moqtada al-Sadr, his chief rival. The Iranian regime was initially wary of al-Sadr because he remained in Iraq during Saddam's rule and had an independent power base

1. Kenneth Katzman, "Iran's Influence in Iraq," Congressional Research Service *Report for Congress*, updated February 2, 2007, p. 1.

IRAN'S QUDS FORCE

- An elite Revolutionary Guards special forces unit with approximately 2,000 personnel, the Quds Force plays a leading role in covert operations to advance and defend Iran's Islamic revolution.
- Trains and equips a wide variety of Islamic militias and terrorist groups as part of Iran's proxy war against the United States, Western countries, Israel, and moderate Middle Eastern governments.
- Actively engaged in Iraq, Lebanon, and Afghanistan, where it supports radical Shiite groups and other forces open to Iranian support. Also has trained and supported radical Sunni groups in Sudan and Bosnia.
- Reportedly fought alongside Hezbollah in Lebanon in 2006 war against Israel. Israeli military officials claim it was responsible for a missile attack on an Israeli warship off the Lebanese coast.
- Quds Force personnel are stationed in many Iranian embassies. Iran's ambassador to Iraq reportedly is a former Quds Force officer.
- Past record of involvement in Iranian terrorist operations, including 1992 assassinations of four Iranian Kurdish dissidents in Berlin, Germany; 1992 bombing of Israeli embassy in Argentina; and 1994 bombing of Jewish Community Center in Buenos Aires, Argentina.

as well as political differences with their other Shiite allies, who had fled Iraq and were more dependent on Iran, but in recent years, Iran has provided increasing financial support, weapons, and training to the Jaish al-Mahdi (Mahdi Army), al-Sadr's militia.

Al-Sadr is a useful ally not only against the United States, but also against Ayatollah al-Sistani. Al-Sadr is the son of prominent Ayatollah Muhammed Sadiq al-Sadr, who was assassinated by Saddam Hussein's regime. Moqtada, a young fire-brand cleric, jealously regards al-Sistani as a rival who has eclipsed his family's influence, and he seeks to restore it. Al-Sadr is also a revolutionary who advocates the imposition of an Islamic state and sees al-Sistani as an "Uncle Tom" who has tacitly cooperated with the American occupation.

Al-Sadr's Mahdi militia has staged two violent revolts against coalition forces and suffered great losses, but it has grown to become the largest militia in Iraq, estimated at up to 60,000 fighters, and enjoys strong support in Shiite neighborhoods of Baghdad and in several important cities in predominantly Shiite southern Iraq.

Iran's Revolutionary Guards Inciting Rebellion in Iraq

While Iran's diplomats and political leaders maintain correct ties with the Iraqi government,

particularly the Shiite parties that form the biggest bloc in the ruling coalition, the Revolutionary Guards (Pasdaran) maintain links to the shadowy Shiite militias that seek to infiltrate and subvert government institutions. While Iran's armed forces protect the state, the Revolutionary Guards are charged with protecting and advancing the interests of Iran's Islamic revolution.

The Revolutionary Guards gained notoriety in March 2007 when they captured 15 British sailors and marines who were patrolling the Shatt al-Arab, a disputed estuary that marks the boundary between Iran and Iraq. This operation was designed to humiliate the British, demonstrate Iranian power, enhance Tehran's prestige in the eyes of anti-Western Muslim movements, and gain leverage for Iran in its war of nerves with the United States.

The Revolutionary Guards have long maintained a presence inside Iraq, dating back to the 1980–1988 Iran–Iraq war, when they operated behind Iraqi lines, often in Iraq's Kurdish areas in cooperation with the Kurdish *pesh merga* militia. They flowed into Iraq in greater numbers in the runup to the 2003 war and were well established before the conventional fighting had stopped.²

Much of Iran's subversive activity inside Iraq has been conducted by the al-Quds (Jerusalem) Force, an

elite special operations unit within the Revolutionary Guards. According to an officer in the Revolutionary Guards who defected, "The scale and breadth of Quds Force operations in Iraq are far beyond what we did even during the war with Saddam."³

The Revolutionary Guards' Quds Force plays a role in Iraq today that is similar to the destabilizing role it has played in Lebanon for many years. In Iraq, it provides Iranian arms, training, intelligence, and logistical support to anti-American Iraqi forces. Most of this support goes to Shiite groups such as the Mahdi Army and SCIRI's Badr militia, but the Quds Force also cooperates with the Kurdish political parties. Recently, Iranian arms were discovered at a safe house controlled by Sunni insurgents.⁴

In addition to forging a working relationship with Iraqi militias, Iran's Revolutionary Guards may also be seeking to establish more direct control over militia splinter groups. Mid-level commanders within the Mahdi Army claim that the Revolutionary Guards have recruited and financed up to 3,000 defectors from their militia, many of whom have traveled to Iran for training by the Quds Force.⁵

Although these reports may be a smokescreen promulgated by Mahdi militia commanders to deflect blame for attacks by "rogue elements," the Revolutionary Guards could be seeking to exploit internal differences within the militia to detach splinter groups and reassemble them into a more pliable organization. Iran pursued a similar strategy in Lebanon in the early 1980s when it engineered a split in the Amal militia to form Islamic Amal, which evolved into Hezbollah.⁶

Despite the threat of Iranian subversion, Quds Force officers have succeeded in cultivating covert links with various Iraqi political groups. In Decem-

ber 2006, American forces arrested Mohsin Chizari, the operational commander of the Quds Force in Iraq, at a SCIRI compound. He was subsequently released along with another Iranian and was expelled by the Iraqi authorities. On January 11, five suspected members of the Quds Force were arrested in Irbil, which is in territory controlled by the Kurdish regional government. The five are still being held by U.S. forces.

Quds Force operatives are believed to be a major channel for transferring sophisticated Iranian-made bombs to anti-American militias in Iraq. These explosively formed penetrators (EFPs) are lethal shaped charges that can propel molten metal through the armor of the heaviest tanks. They can be camouflaged in Styrofoam rocks and set off by infrared devices. Iran developed much of this technology during the long and bloody war of attrition in Lebanon, where its client militia/terrorist group Hezbollah fought the Israelis from 1982 to 2000 and again in the summer of 2006.

U.S. officials have revealed concrete evidence that Iran has provided EFPs, rocket-propelled grenades, 60 mm mortar shells, and 81 mm mortar shells to Iraqi groups hostile to the U.S. The RPG-29, an advanced anti-tank weapon, also turned up in the hands of Iraqi Shiite militias in 2006. Previously, Hezbollah used RPG-29s in Lebanon, which is circumstantial evidence of Iranian support for Iraqi forces hostile to the American military presence.⁷

Hezbollah, Iran's chief terrorist surrogate, has also become increasingly active in Iraq. Hezbollah has trained Iraqi Shiite militiamen in Lebanon and has dispatched trainers to Iraq, facilitated by Iran. According to U.S. intelligence sources, approximately 1,000 to 2,000 fighters from the Mahdi Army

2. See James Phillips, "Deter Iranian and Syrian Meddling in Postwar Iraq," Heritage Foundation *WebMemo* No. 249, April 4, 2003, at www.heritage.org/Research/MiddleEast/wm249.cfm.
3. Mounir Elkhamri, "Iran's Contribution to the Civil War in Iraq," Jamestown Foundation *Occasional Paper*, January 22, 2007, p. 5.
4. Sudarsan Raghavan, "Iran Giving Arms to Iraq's Sunnis, U.S. Military Says," *The Washington Post*, April 12, 2007, p. A22, at www.washingtonpost.com/wp-dyn/content/article/2007/04/11/AR2007041102121.html (April 16, 2007).
5. Hamza Hendawi and Qassim Abdul-Zahra, "Shiite Militia May Be Disintegrating," *The Washington Post*, March 21, 2007, at www.washingtonpost.com/wp-dyn/content/article/2007/03/21/AR2007032101495.html (March 24, 2007).
6. See Andrew Exum, "Comparing and Contrasting Hezbollah and Iraq's Militias," Washington Institute for Near East Policy *PolicyWatch* No. 1197, February 14, 2007, at www.washingtoninstitute.org/templateCO5.php?CID=2566 (April 19, 2007).
7. Michael Gordon and Dexter Filkins, "Hezbollah Said to Help Shiite Army in Iraq," *The New York Times*, November 28, 2006, p. A1.

and other Shiite militias had been trained by Hezbollah in Lebanon as of November 2006.⁸ Hezbollah provided training in guerrilla warfare and the use of improvised explosive devices (IEDs). A small number of Hezbollah personnel have also traveled to Iraq to help with training, and a mid-level commander in the Mahdi Army has claimed that 300 members of his militia fought alongside Hezbollah in Lebanon during the summer war of 2006.⁹

Combating and Containing Iran's Hostile Influence in Iraq

The Bush Administration, spurred by rising American losses due to Iranian-provided EFPs, has become increasingly active in combating Iranian activities in Iraq. President George W. Bush signaled a harder line when he promised to "disrupt" networks operating in Iraq in his January 10, 2007, speech announcing his "New Way Forward" in Iraq.¹⁰

The next day, five suspected members of the Quds Force were arrested in Irbil. Although the Iranian government claims that they were diplomats, they lacked diplomatic credentials, and the liaison office that they staffed was not accredited as a consulate by the Iraqi government. Some of them were flushing documents down a toilet when they were apprehended.

The Bush Administration has made greater efforts to expose Iran's covert operations in Iraq, particularly its provision of EFP devices. On February 11, senior U.S. military officials in Baghdad presented the first public evidence of EFPs, which they claim have killed more than 170 Americans and wounded 620 since their first known use in June 2004.¹¹ The briefers noted that arms caches including EFPs, mortars, and other weapons traceable to Iran have repeatedly been found inside Iraq in areas dominated by militias known to have ties to Iran. At

least one shipment of EFPs was captured as it was being smuggled from Iran to southern Iraq in 2005. One senior U.S. military official stated that the EFPs required precise machining of high-grade metals and that "We have no evidence that this has ever been done in Iraq."¹²

Although EFPs and other weapons are clearly flowing into Iraq from Iran, high-ranking Administration officials have carefully avoided blaming the highest levels of the Iranian government. The chairman of the Joint Chiefs of Staff, General Peter Pace, stated in February that he was not ready to conclude that the top level of Iran's government was directing the arms supply to Shiite militias. Secretary of Defense Robert Gates has also been careful in his statements, as has President Bush, not to point the finger at Iran's top leaders. Yet the President made a chilling point: "what's worse, them ordering it and it happening, or them not ordering it and it happening?"¹³

Reuel Marc Gerecht, an Iran expert at the American Enterprise Institute, disputes the contention that the Quds Force would transfer weapons to Iraqi groups without the knowledge of Iran's ruling regime:

The idea that the Revolutionary Guards Corps or the Iranian intelligence ministry—both of which have proven themselves overseas to be faithful and lethal servants of the clerical regime—is delivering weaponry to groups in Iraq without the approval of Iran's leadership just isn't believable. This is not how these two institutions work. Over 20 years, we have certainly gleaned sufficient information about the hierarchy, rules, and personnel of the Pasdaran and Iran's intelligence service to know that they are not rogue warriors. The clerical regime, following in the footsteps of the shah, likes bureaucracy. Its national security council isn't a social

8. Jeffrey White, "Fighting Iran in Iraq," Washington Institute for Near East Policy *PolicyWatch* No. 1198, February 14, 2007, at www.washingtoninstitute.org/templateC05.php?CID=2567 (April 16, 2007).

9. Gordon and Filkins, "Hezbollah Said to Help Shiite Army in Iraq."

10. George W. Bush, "President's Address to the Nation," January 10, 2007, at www.whitehouse.gov/news/releases/2007/01/20070110-7.html (April 16, 2007).

11. James Glanz, "U.S. Says Arms Link Iranians to Iraqi Shiites," *The New York Times*, February 12, 2007, p. 1.

12. *Ibid.*

13. Terence Hunt, "Bush: Iran Supplying Weapons in Iraq," Associated Press, February 14, 2007.

club. When it comes to killing people abroad, the Guards and intelligence operatives do what Ali Khamenei tells them to do. The idea that the Quds Force, the nasty elite of the Pasdaran, is delivering materiel to Iraq without Khamenei's approval makes the clerical regime sound like a banana republic—casual about the security services essential to its survival. There is a reason Khamenei has an ever-expanding private office overseeing both the Pasdaran and the intelligence ministry: When so inclined, he runs them.¹⁴

What the U.S. Should Do

To constrain and deter Iran from continuing its hostile policies against the United States in Iraq, Washington should:

- **Raise the costs and risks to Tehran of Iran's proxy war inside Iraq.** Iran has acted with impunity inside Iraq at a steadily rising cost in American lives. The U.S. armed forces and intelligence agencies should step up efforts to expose and disrupt Iranian supply and intelligence networks in Iraq. A high priority should be accorded to coalition and Iraqi efforts to interdict military shipments at the border, seize arms caches, and uproot Iran's network of safe houses in Iraq. The results of these raids should be publicized to put Tehran and its Iraqi allies on notice that they are not immune to counteraction.

Focusing international attention on Iranian activities in Iraq could help to bring additional international pressure on Iran, which already faces escalating sanctions over its defiance of United Nations Security Council resolutions requiring it to adhere to its commitments under the Nuclear Non-Proliferation Treaty. American and other coalition troops operate in Iraq under a U.N. mandate. Washington should press the Security Council to warn Tehran to stop its cross-border meddling in Iraqi affairs or face additional sanctions. If Iran persists, the United States and its allies should push for targeted financial sanctions and travel bans on the leaders of Iran's Revolutionary Guards and the many companies that they own and operate.

Putting a spotlight on Iran's covert activities inside Iraq will also give Iraqi leaders an incentive to distance themselves from Iran to maintain their credentials as Iraqi nationalists.

- **Pressure Iraqi Shiite and Kurdish political parties to distance themselves from Tehran if they want continued U.S. support.** Most Iraqis do not want to become vassals of Iran's radical Islamic regime. Even many Shia have strong nationalist or ideological differences with Iran's ruling theocracy. U.S. embassy officials should stress to Iraqi political leaders that continued cooperation with Iranian Revolutionary Guards will put continued U.S. support at risk and jeopardize their chances of assuming a leading role in a united Iraq. The U.S. should press the political parties to gradually disband their militias, which Iran seeks to bolster and control to prevent the emergence of a stable and unified Iraq.

Additionally, American intelligence agencies should establish and work closely with counterintelligence organs within the Iraqi government to root out cells of Iranian supporters within the government, particularly the security apparatus, and the United States should work with the intelligence agencies of Britain, Jordan, Turkey, Israel, and Saudi Arabia to identify and expel Iranian agents inside Iraq.

- **Privately warn Tehran that continued efforts to subvert Iraq will have negative consequences for its own security.** If Iran persists in its shadow war, the United States should reciprocate with financial support and increased publicity for Iranian separatist groups that are mounting an escalating challenge to the repressive regime. If Iran continues to provide EFPs to Iraqi groups, the United States should provide arms and training to Iranian separatists. In recent years, there have been signs of growing unrest among Kurds and Azeris in northwest Iran and an upsurge in anti-regime activity by Baluch separatists in eastern Iran and the Arab minority in Iran's oil province of Khuzestan in western Iran. Iranian efforts to subvert Iraqi stability should be

14. Reuel Marc Gerecht, "The Myth of Moderate Mullahs," *The Weekly Standard*, March 19, 2007, p. 5, at www.weeklystandard.com/Content/Public/Articles/000/000/013/401sgzo.asp (March 20, 2007).

met with equal and opposite efforts to undermine Tehran's repressive control over minority groups on Iran's periphery.

Conclusion

The Bush Administration has made a convincing case that Iran is helping Iraqi militias to kill Americans in Iraq but has held off on laying the blame on Iran's top officials. This has given Iran's fractious leaders the opportunity to back off their aggressive policies and calm the situation. If they fail to grab this opportunity, they should know that it will entail a growing cost to their own interests.

Iran has enjoyed a free ride in mounting a proxy war against the U.S. in Iraq that has taken a rising toll of American lives. It is high time to raise the costs to Iran of these hostile policies.

The goal of these actions is to force Iran to choose between the national interests of the Iranian people and the revolutionary interests of the increasingly isolated regime. Shining a spotlight on Iranian subversion in Iraq and making clear the attendant risks of continuing that policy could eventually pay dividends by driving a wedge between Tehran's radical regime and the Iranian people, who have a strong interest in avoiding international sanctions that could hobble Iran's economy and constrict Iran's links to the outside world.

—James Phillips is Research Fellow for Middle Eastern Affairs in the Douglas and Sarah Allison Center for Foreign Policy Studies, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation.