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مركز البيان للدراسات والتخطيط
Al-Bayan Center for Planning and Studies



Moscow's Flexible Alliances in the Middle East

Opportunities and Constraints of Russia's Relations with post-Saddam Iraq

Hanna Notte

Al-Bayan Centre Publications Series

17



**Filing number in Iraqi National Library and
Archives in Baghdad: 1493 / 2018**

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www.bayancenter.org

info@bayancenter.org

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Hanna Notte*

1. Introduction

Russia has been seeking a more robust relationship with Iraq since the so-called Arab Spring started in 2011, eager to build on the remnants of what was once a strong Soviet-Iraqi alliance during the Cold War. The Kremlin's appetite for courting Iraq has been driven by security considerations, shrewd economic interest, as well as the desire to seek status in the wider region. In some ways, Russia's strategy has been successful, in that economic cooperation between the two countries – especially in the arms and energy sectors – has notably improved since 2012. Yet, there are clear obstacles to a Russian-Iraqi relationship characterised by greater depth and breadth. These have to do with Iraq's continued security reliance on the United States (US), enduring instability in the country, as well as the insufficient diversification of the Russian and Iraqi economies.

Any explanation of Russia's recent foreign policy vis-à-vis Iraq needs to take into account four drivers in particular: (1) Russia's longstanding historical relationships in that country, including with Iraqi Kurdistan; (2) pragmatic economic interest, especially in the hydrocarbon and military-industrial sectors; (3) Russia's alignment with the Bashar Al-Assad regime and Iran in the Syrian civil war, which has delimited Russia's strategy in the region broadly, and its military-security relationship with Baghdad specifically, as well as (4) Moscow's broader

* Hanna Notte is an expert on Russian foreign policy in the Middle East and is currently completing a PhD at Oxford University. She was a fellow at the Konrad Adenauer Stiftung Syria/Iraq office, the Institute for International and Strategic Studies (IISS) and the Carnegie Moscow Center.

foreign policy re-orientation from 2014 towards seeking flexible alliances and conceptualizing the Russian Federation as a great power on equal par with the US.

In order to disentangle this set of drivers, this policy paper starts by providing historical background, explaining the nature of Soviet and Russian interests in Iraq prior to the US invasion in 2003 and exploring how the Russian leadership sought to salvage its political and economic clout with Baghdad after Operation Iraqi Freedom. The second section fasts forward a decade, analysing to what extent Russia's "return" to Iraq has been successful, by focusing on security and economic cooperation in particular.

The paper argues that Russia's policy vis-à-vis Iraq is predominantly driven by shrewd pragmatism and the desire to enhance leverage vis-à-vis other regional players and the West, especially when it comes to arms sales and Moscow's relationship with the Kurdistan Regional Government (KRG). However, neither side sees the other as a strategic partner. Russia understands the limitations to economic cooperation with Iraq, as well as the strong influence of both the US and Iran in that country. As this paper will show, the recent "hype" around Russia's "return to the Middle East" in Western pundit analysis applies to Iraq in a highly qualified way at best. I argue that Russia's Iraq policy rather epitomises Moscow's pragmatic pursuit of flexible relationships across the Middle East, which are sustained by economic interest and a concern with order and stability, but are forged with a keen concern for avoiding any unduly alienation of other actors that are important to Moscow.

2. Russia's efforts to save existing interests in Iraq after the US invasion of 2003

2.1 Russia and Iraq until the 1990s

The USSR's diplomatic relations with Iraq were part and parcel of its association with Third World national liberation movements after the July 1958 military coup that overthrew the pro-Western Iraqi monarchy and brought General Abd Al-Karim Qasim into power. The General began purchasing Soviet arms and re-established Iraq's diplomatic ties with Moscow, which had originally been established in 1944, but cut following Iraq's accession to the Baghdad Pact in 1955.¹ The relationship experienced tension over a number of issues in the following years, including the Baath Party's persecution of Iraqi Communists and Kurds, Iraq's widening ties with the West following the post-1973 rise in global oil prices, as well as the 1979 Soviet invasion of Afghanistan. Following the beginning of the Iran-Iraq War in 1980, the USSR also halted all military aid to its former client.² Nevertheless, the relationship was cordial overall and its economic dimension especially significant, with Iraq receiving approximately half of total Soviet exports to the Middle East. Between the 1950s and 1980s, the USSR constructed over 80 large factories on Iraqi soil.³

2.2 Russia and the US invasion of Iraq in 2003

The international community's systematic engagement with Iraq's alleged Weapons of Mass Destruction (WMD) program began in the context of the First Gulf War (1990 – 1991). Moscow supported the US-led coalition during the campaign, as well as UN resolutions 678 and 687 that installed the arms inspection regime in Iraq. In the early

1. A. Kreutz, *Russia and the Middle East* (New York: Greenwood Publishing, 2006).

2. The USSR did not outwardly condemn Iraqi aggression against Iran, but immediately stopped its military aid and adopted a neutral stance. *Ibid*, p. 81.

3. *Ibid*.

1990s, abandoning their historically close contacts with Iraq was seen as a test for Russian elites over how eager they were to integrate into the ‘West’. The sanctions regime imposed on Iraq also greatly curtailed economic cooperation between Moscow and Baghdad. From the mid 1990s, however, Russia revived its cooperation with Baghdad amid its growing disappointment with US policy and lobbied for the lifting of sanctions, while criticizing American and British airstrikes in Iraq, which were carried out in the context of their policing the air exclusion zones in the north and south of the country.⁴ The Russian government’s position was that Iraq should fulfill existing UN resolutions, while Moscow would in turn lobby for the lifting of restrictions. This policy was sustained not only by its concern to thwart the Americans’ coercive diplomacy vis-à-vis Iraq, but was also driven by the prospect of reviving economic cooperation with an Iraqi regime that is liberated from sanctions.

When Vladimir Putin assumed the Russian premiership in late 1999, the Kremlin returned to a more pliant stance on Iraq, facilitating the adoption of UN Security Council Resolution 1284 in 1999 through abstention. The resolution established the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC), which later led to a climate of war, if not being the *casus belli* itself.⁵ Nonetheless, the Russian leadership continued to oppose an American invasion. As late as January 2003, President Putin reiterated that in dealing with Iraq “diplomatic measures had not yet been exhausted.”⁶

4. R. Dannreuther, ‘Russia and the Middle East’, in H. Carter and A. Ehteshami (eds.), *The Middle East’s Relations with Asia and Russia* (London: Routledge, 2004), pp. 28–30.

5. Resolution 1284 loosened the sanctions regime and was therefore celebrated as a success for Russian diplomacy. However, by allowing Resolution 1284 to be adopted, Putin’s government participated in giving UNMOVIC limitless powers. This aspect of Resolution 1284 eventually became the manufacturer for the climate for the war in 2003. T. Nizameddin, *Putin’s New Order in the Middle East* (London: C. Hurst & Co. Ltd., 2013), p. 135.

6. V. Putin, ‘Meeting with Teachers and Students of Kiev’s National University’ (in Russian), 28 January 2003, <http://kremlin.ru/events/president/transcripts/21852>.

2.3 Dealing with Operation Iraqi Freedom – Russian efforts to save existing interests with Iraq

While Moscow opposed the March 2003 US invasion of Iraq, it was less vocal than Berlin and Paris in its criticism. During the initial weeks of the war, Moscow quickly moved to accommodate the US, calculating that this would provide the best chance to protect Russian companies' commercial interests in Iraq and ensure the UN Security Council's continued relevance in regulating the Iraqi conflict.⁷ In that context, the Russian government lobbied the US and UN regarding its existing contracts under the 'Oil-for-Food' programme, eyed further opportunities within the economic reconstruction effort, defended its long-term investments in the Iraqi oil sector, while hoping to recover some of Iraq's Soviet-era debt. The following section will address these different Russian interests in post-war Iraq in detail.

Oil-for-Food and economic reconstruction

After the US invasion, Russia was particularly concerned that its contracts under the UN's so-called 'Oil-for-Food' programme would continue to be honoured. Under that programme, which was adopted with UN Resolution 986 in 1995 and allowed Iraqi companies to sell USD2 billion in oil over a six-month period to pay for civilian imports,⁸ Russian companies had received favourable treatment. Having achieved a six-month extension of the programme in supporting UNSC Resolution 1483 in May 2003, the Russian government was eager to preserve the role Russian companies had in implementing

7. Foreign Minister Igor Ivanov was instructed to discuss Iraq with Colin Powell in Brussels on April 3. A week later, President Putin himself convened with his German and French counterparts in St. Petersburg, where the three called for a return of the Iraq file to the UN Security Council. Once negotiations got underway towards Resolution 1483, Moscow requested changes to the draft, but eventually voted in its favour on May 22. Russia then supported UN SC resolutions 1511 and 1546 on Iraq, sought to participate in the economic reconstruction of the country, and joined the Paris Club deliberations on Iraq's outstanding debt burden.

8. For further detail on the programme's mandate, objectives and timeframe, see: 'Oil-for-Food', Office of the Iraq Programme, United Nations, <http://www.un.org/Depts/oip/background/>.

‘Oil-for-Food’. To this end, Moscow dispatched 30 Russian diplomats to Baghdad soon after the invasion, to establish contacts with the Iraqi Governing Council (IGC) and assist Russian businesses in opening representations in Iraq. Meanwhile, Russian officials at the UN in New York were busy making the case that already financed and approved contracts under ‘Oil-for-Food’ should be honoured before the programme’s termination in November 2003. The Kremlin was eager to protect existing contracts especially because prospects for new investment in Iraq seemed dim, given the difficult security situation, as well as greater anticipated international competition for contracts.⁹

While Russia was in no position to consider financial donations to Iraq’s post-war recovery at the time, being itself economically weak, Moscow instead eyed prime and sub-contracts for Russian businesses in reconstruction work. In that context, it used its historical experience as leverage, stressing that Russian specialists were viewed “like friends” in Iraq and knew its economy “inside out.”¹⁰ President Putin went as far as to argue that “the Iraqi population undoubtedly has a much greater confidence in its traditional partners than, frankly, those who control the situation there today.”¹¹ Trying to maximize leverage, Russian officials also explicitly linked the fate of existing ‘Oil-for-Food’ contracts to any readiness to commit future investments.¹² Anticipating competitive pressures in the Iraqi market, Moscow further demanded that funds for reconstruction projects be administered transparently and

9. ‘Y. Fedotov’s Interview with Interfax Agency’ (in Russian), 21 October 2003, http://www.mid.ru/web/guest/foreign_policy/international_safety/conflicts/-/asset_publisher/xIEMTQ3OvzcA/content/id/499962.

10. V. Putin, ‘Interview with the ANSA Agency, Corriere Della Serra and the TV Company RAI’ (in Russian), 3 November 2003, <http://kremlin.ru/events/president/transcripts/22185>.

11. ‘V. Putin’s Answers to Questions From Participants of the International Economic Forum’ (in Russian), 3 October 2003, http://www.mid.ru/web/guest/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/503714.

12. ‘Statement by Alexander Yakovenko’, 21 October 2003, http://www.mid.ru/web/guest/foreign_policy/international_safety/conflicts/-/asset_publisher/xIEMTQ3OvzcA/content/id/500378?p_p_id=101_INSTANCE_xIEMTQ3OvzcA&_101_INSTANCE_xIEMTQ3OvzcA_languageId=en_GB.

fairly. The creation of a new UN/World Bank trust fund for Iraq at a donor conference for Iraq, held in Madrid on 23–24 October 2003, was therefore welcomed by Russia, since it mitigated fears that the US alone would call the shots in awarding reconstruction contracts.¹³

Iraqi oil resources

Further, Russian energy businesses held important interests in Iraq. After the Iraq Petroleum Company had been nationalized in 1972, Western commentators prophesied the failure of the venture, yet Iraq managed to establish a state-run oil extraction industry in North Rumaylah, assisted by Moscow. Baghdad then signed contracts to supply Iraqi oil to East Germany, Bulgaria, Hungary, and other Soviet states.¹⁴ In April 1995, the two sides adopted an intergovernmental agreement worth USD15 billion, granting Russian companies drilling rights at the West Qurna and North Rumayla oil fields. A separate agreement was endorsed in 1997, planning for LUKoil's involvement in second-stage development at West Qurna.¹⁵

Given these prior agreements, Russia anticipated the US invasion with great concern. In early 2003, when an official Russian delegation visited Washington, Bush administration officials assured their counterparts that the Iraqi oil sector was a “big pie and growing” and that “there would be enough for everybody.”¹⁶ Following the invasion, the Russian government then reached an understanding with the US according to which no other companies could sign a deal on West Qurna 2 before a new Iraqi government had been installed, so that LUKoil – an Russian energy corporation – had an opportunity to settle

13. 'Y. Fedotov's Interview with Interfax Agency', 21 October 2003.

14. Primakov, *Russia and the Arabs*.

15. G. Golan, 'Russia and the Iraq War: Was Putin's Policy a Failure?', *Communist and Post-Communist Studies*, vol. 37, no. 4, 2004.

16. Interview with, former US State Department official in the Bush administration, speaking not for attribution, Washington DC, June 2016.

the matter with the new authorities.¹⁷

Nonetheless, Moscow saw more immediate economic opportunities in sectors other than Iraqi oil exploration at the time. When the head of the Iraqi Governing Council (IGC), Ayad Allawi, visited Moscow in December 2004, talks with the Russian delegation focused primarily upon projects in the electric power industry, rather than West Qurna. The precarious security situation in Iraq likely explains Russia's reservations: Though Iraqi oil production resumed shortly after the invasion, key pipelines were destroyed as the insurgency grew, and output plateaued at circa two million barrels per day (b/d) in October 2003, staying at that below pre-war average until at least June 2004.¹⁸

Iraq's Soviet-era debt

Finally, the Russian government hoped to recover part of the USD8.5 billion Iraq held in Soviet-era debt. In June 2003, six months before former Secretary of State James Baker was dispatched by Washington on an international mission to elicit support for debt relief, there was still hope in Moscow that at least part of the debt could be recovered. As the Iraqi security landscape deteriorated, the Kremlin calculated that Baghdad was in no position to repay the debt. Better, therefore, to engage in a gesture of goodwill before the Iraqi elections scheduled for January 2005, in order to heighten Moscow's chances of winning lucrative future reconstruction deals. It is along those lines, then, that President Putin discursively framed his December 2004 decision to forgive over 90% of Iraq's debt, announced during Allawi's visit to Moscow.¹⁹

17. 'Yuri Fedotov Interview with Vremya Novostei', 11 June 2003, http://www.mid.ru/web/guest/foreign_policy/international_safety/conflicts/-/asset_publisher/xIEMTQ3OvzcA/content/id/517394?p_p_id=101_INSTANCE_xIEMTQ3OvzcA&_101_INSTANCE_xIEMTQ3OvzcA_languageId=en_GB.

18. C. Rice, *No Higher Honour: A Memoir of My Years in Washington* (London: Simon & Schuster, 2011), p. 268.

19. V. Putin, 'Meeting With Iyad Allawi', 7 December 2004, <http://kremlin.ru/events/president/transcripts/22733>.

Russia's security and political interests

While Russia's pre-2003 economic interests were significant, they alone did not determine Russian policy vis-à-vis Iraq, which was also driven by political and security considerations. One Russian expert warned before the US invasion in 2003 that Moscow had a vital interest in seeing a "stable" Iraq, because Russia "still does not have, and evidently will not have for a long time to come, a properly secure border to the south."²⁰ Concern for Iraq's stability and territorial integrity was mainly informed by Russia's own historical experience with centrifugal tendencies in the 1990s during the Chechen Wars. Fear of a causal chain set in motion by military action against Iraq, starting with the collapse of institutions, facilitating the rise of extremist formations which would spill beyond Iraqi borders, emanated from Russian official and expert assessments amid the Iraq invasion. As Russian expert Andrey Kortunov recalls, elites reasoned that: "if you want to fight terrorism, why would you target Iraq? At best, it has nothing to do with Al Qaeda, at worst you destroy the country and it becomes a stronghold for terrorist groups."²¹

These apprehensions about Iraq's stability were complemented by a Russian concern about which actors should determine the political future of Iraq. Following the invasion, the Russian leadership was especially eager to ensure a firm legal basis for the UN's involvement in post-war Iraq. Returning the Iraqi file to UN auspices in a substantive way, rather than just giving it a cosmetic role in reconstruction efforts, was crucial given sentiments concerning Russia's status as a permanent Security Council member. Strengthening the UN's role was also important to reduce America's unilateral sway over determining the economic future of Iraq, and by extension Russian commercial interests.

20. 'Not By Oil Alone', *Nezavisimaya Gazeta*, 17 February 2003, p. 6, in *Current Digest of the Russian Press (CDRP)*, no. 7, vol. 55, 19 March 2003, pp. 6-7.

21. Interview with Andrey Kortunov, Director General of the Russian International Affairs Council, Moscow, 4 April 2016.

Speaking to the BBC in June 2003, Putin warned that “the future Iraqi government must make its own decisions” regarding new investments – clearly a stab at the Coalition Provisional Authority (CPA).²²

There is no doubt that Russian economic influence in Iraq suffered a major blow as a result of the 2003 Iraq war.²³ Yet, while analysts wrote off the prospects of Russian businesses developing Iraqi oil as highly uncertain at the time, Moscow was careful to maintain a strong diplomatic presence in Baghdad and foster ties with Iraqi elites that would ensure its continued economic relevance in a range of sectors in post-war Iraq. A Russian–Iraqi Intergovernmental Commission was set up in 2008 to discuss economic cooperation, “including the verification of contracts and contractual commitments that could be put into practice.”²⁴ The second part of this paper will fast forward a decade and analyse to what extent Russia has been able to revive its economic cooperation with Iraq in the recent past.

Following the 2003 invasion, Iraq’s security situation and territorial integrity would also remain of concern to Russia, especially given (1) an understanding that a modicum of stability was an indispensable prerequisite for the pursuit of economic interests, but also due to (2) apprehensions that instability might spill over to other regional states and affect the Russian Federation itself. Indeed, the Russian leadership has viewed the Iraq War as the harbinger of regional instability that continues to this day – its current official discourse routinely links the 2003 Iraq war, the 2011 toppling of Libya’s Muammar Gaddafi, and the broader response to the Arab Spring as part of one chain of misguided and unlawful Western policy vis-à-vis the Middle East. In recent years, Russian attempts to not only return as an economic player to

22. V. Putin, ‘BBC Interview with David Frost’, 22 June 2003,

http://news.bbc.co.uk/1/hi/programmes/breakfast_with_frost/3010956.stm. Emphasis added.

23. In April 2003, Russian officials estimated the losses to Russia’s economy at circa USD12 billion. Kreutz, *Russia and the Middle East*, p. 101.

24. Kreutz, *Russia and the Middle East*, p. 106.

the Iraqi market, but also influence the trajectory of Iraq's fight against ISIL have therefore not just been driven by commercial interest, but more broadly by a desire to participate in writing the rules for regional counterterrorism.

3. Assessing Russia's "return" to Iraq after the Arab Spring

3.1 Military–technological and intelligence cooperation

Arms sales

While Iraq had been one of the USSR's chief arms importers in the Middle East, military–industrial cooperation was greatly curtailed during the 1990s due to the previously mentioned sanctions regime imposed on Baghdad. From 2003, the US–led coalition was then not only occupying power in Iraq, but also the main funder of Iraqi Security Forces (ISF) development. Russia's efforts to revive its weapons deliveries to Iraq met with US resistance.²⁵ Over the years, Iraq became tied into a range of large equipment procurements involving the US defence sector, while Iraq's independent capacity to administer weapons purchases remained limited.²⁶ The picture started to qualitatively shift only from 2012, when Iraq resumed substantial arms purchases from Russia, turning into Moscow's chief client in the Middle East.²⁷ The renewed Iraqi interest in Russian arms was driven by requirements in its fight against ISIL, but also a desire to reduce reliance on the US.

In October 2012, during Nouri Al-Maliki's visit to Moscow, contracts for Russian military supplies worth USD4.2 billion were

25. In 2005, Russian government officials suggested to US counterparts discussing the possibility that Moscow cut off other arms deliveries globally, in return for being allowed to provide weapons to the Iraqi Security Forces. However, the Bush administration declined to discuss the Russian offer. Interview with a US official, speaking not for attribution.

26. M. Knights, 'The Future of Iraq's Armed Forces', The Washington Institute/Bayan Centre, March 2016, p. 51.

27. I. Delanoë, *Russie: Les Enjeux Du Retour Au Moyen-Orient (L'inventaire/L'Observatoire franco-russe, Moscow)*, 2016, p. 37.

signed. At the time, the newspaper Vedomosti proudly quoted Russian military experts as saying that “the Baghdad authorities are no longer looking over their shoulders at the Americans.”²⁸ Though the arms deal became temporarily embroiled in a corruption scandal and elicited conflicting statements from Iraqi officials, it was confirmed in early 2013.²⁹ Visiting Baghdad a year later, Lavrov noted that Iraqi authorities were interested in accelerated receipt of additional types of arms for the campaign against terrorism.³⁰ Overall, Russia bolstered Iraq’s firepower with deliveries of five Su-25 ground attack planes, Mi-8, Mi-17, Mi-28 and Mi-35M attack helicopters, the Pantsir-S1 air-defence system, as well as TOS-1A multiple rocket launchers.³¹ In July 2017, Russia and Iraq also signed a contract worth USD1 billion for the delivery of T-90 tanks.³²

There are several reasons for Baghdad’s interest in Russian weapons: They are cheaper, easier to use, delivered fast and come without the onerous procurement rules that attach to the delivery of US gear. Undoubtedly, Iraq has also conceived of arms procurement diversification as a means of leverage vis-à-vis the US: “When we buy stuff from Russia, it creates problems with the US and that is what we want – a bargaining chip.”³³ To the Russian side, reviving its old arms client relationship with Iraq has been part and parcel of an effort to diversify economic ties, especially in the wake of the 2014 Ukraine

28. ‘Baghdad Under The Pantsir Shell’, Vedomosti, 10 October 2012, in CDRP, No. 41, vol. 64, 8 October 2012, p. 17.

29. ‘Iraq Ready To Sign A Contract At One-Fourth The Price’, Kommersant, 6 March 2013, p. 8, in CDRP, no.10, vol. 65, 4 March 2013, p. 21.

30. ‘Sergey Lavrov Summarising the Results of Negotiations with Hoshiyar Zebari’, 20 February 2014, http://www.mid.ru/web/guest/foreign_policy/international_safety/conflicts/-/asset_publisher/xIEMTQ3OvzcA/content/id/74246?p_p_id=101_INSTANCE_xIEMTQ3OvzcA&_101_INSTANCE_xIEMTQ3OvzcA_languageId=en_GB.

31. M. Knights, ‘The Long Haul: Rebooting US Security Cooperation With Iraq’, The Washington Institute, Policy Focus 137, January 2015.

32. ‘The Kremlin Confirmed the Sale of T-90 Tanks to Iraq’ (in Russian), Izvestia, 20 July 2017, <https://iz.ru/621346/egor-sozaev-gurev/v-kremle-podtverdili-prodazhu-t-90-iraku>.

33. Interview with an Iraqi expert, speaking not for attribution.

crisis and imposition of Western sanctions on Russia. Indeed, Dmitry Rogozin, Deputy Prime Minister in charge of the defense industry and also responsible for the “Iraq file” in Russian foreign policy, views the military-industrial complex as a “locomotive” for the Russian economy.³⁴

Projecting the image of an attractive and reliable arms provider in the Middle East has also been a matter of status to Russia. The Russian government frequently stresses that its deliveries come “without any political strings attached, at a time when other Baghdad partners conditioned their willingness to provide help in equipping the Iraqi army with political demands.”³⁵ Accompanying Rogozin on a visit to Iraq in February 2016, Deputy Defense Minister Alexander Fomin went as far as to claim that the Iraqi army, in its anti-ISIL fight, had relied on Soviet and Russian weaponry to 70%.³⁶ Yet, while Washington exercised some pressure on Baghdad to limit its arms imports from Russia, the Obama administration was not overly concerned with the gain in Russian leverage.³⁷ US experts argued that “outside of emergency purchases there remains a preference in Iraq for US arms sales”, also drawing attention to corruption scandals surrounding agreements with Russia and the unsuitability of certain Russian systems to Iraqi needs.³⁸

That being said, Russia had to move carefully regarding the Kurdish issue in order not to waste the accrued goodwill with Baghdad. When

34. I. Minyazhedtinov, ‘Meetings in Baghdad: On the Results of the Breakthrough Visit to Iraq by a Russian Delegation’ (in Russian), Russian International Affairs Council, 16 February 2016, <http://russiancouncil.ru/analytics-and-comments/analytics/bagdadskie-vstrechi-ob-itogakh-proryvnogo-vizita-rossiyskoy-/>.

35. ‘Sergey Lavrov at a Joint News Conference’, 10 September 2015, http://www.mid.ru/web/guest/meropriyatiya_s_uchastiem_ministra/-/asset_publisher/xK1BhB2bUjd3/content/id/1741028?p_p_id=101_INSTANCE_xK1BhB2bUjd3&_101_INSTANCE_xK1BhB2bUjd3_languageId=en_GB.

36. ‘Russia and Iraq Are Ready for Bilateral Trade’ (in Russian), Vesti, 11 February 2016, <https://www.vesti.ru/videos/show/vid/670613/>.

37. According to a former Iraqi defense official interviewed, US concerns came in the form of “reservations” rather than “objections”.

38. Knights, ‘The Long Haul’.

Moscow commenced weapons supplies to the Kurdish Peshmerga, it coordinated these with Baghdad in order to avoid damaging ties with the central government. Iraqi Kurds called on Moscow to work directly with the KRG, even warning that such policy might be “wise” in case the KRG achieves independence.³⁹ Yet, as a rule, small and medium-sized arms and ammunition intended for the Peshmerga were delivered from Moscow to Baghdad, from where they made their way to Erbil only after inspection by Iraqi authorities.⁴⁰

The role of Iraq in Russia’s regional counterterrorism agenda

Russia’s eagerness to deliver arms to Baghdad has been sustained by commercial interest, yet also needs to be understood in the context of its regional counter-terrorist campaign. Starting with the fall of Mosul to ISIL in June 2014, and especially after its military intervention in Syria in September 2015, the Russian government called for a “united front” against terrorism in the region, which should combine US-led and Russian efforts in Syria and Iraq under one umbrella and in accordance with international law. The Russian leadership took the latter element to mean that the US-led coalition, while fighting ISIL in Iraq at the explicit request of the government, lacked permission to conduct antiterrorist strikes on Syrian territory and thus should stay out. When asked in October 2015 whether Russia itself would expand its airstrikes from Syria into Iraq, Lavrov retorted in a clear stab at the Americans: “We are polite people, as you know, we don’t come if not

39. ‘Representative of the KRG: We Need Russia’s Military Support’ (in Russian), Ria Novosti, 14 March 2016, <https://ria.ru/interview/20160314/1389454861.html>.

40. ‘Interview by Russia’s Ambassador to Iraq Morgunov’ (in Russian), Interfax, 23 March 2016, http://www.mid.ru/web/guest/nota-bene/-/asset_publisher/dx7DsH1WAM6w/content/id/2184771. That being said, Interfax reported in August 2016 that Russian planes had delivered ammunition directly to Erbil for the battle of Mosul. ‘Russia delivered around 1 million cartridges for machine guns to the KRG’ (in Russian), Kurdistan.ru, 17 August 2016, https://kurdistan.ru/2016/08/17/news-27071_Rossiya_postavila_v_Irakskiy_Kurdistan_okolo_1 mln_patronov_dlya_avtomatov_i_pulemtov.html.

invited.”⁴¹

Notwithstanding such jabs at Washington, the Russian leadership remained eager to combine its own antiterrorist efforts with those of the United States in order to affirm Russia's status as a great power. Amidst rumours in late 2015 that Iraq might request Russian support in the fight against ISIL, the Russian government denied receiving any official request, yet its discourse routinely hinted at the future possibility of such cooperation and reiterated Russian readiness for a “division of labour” between the US-led coalition and Russia.⁴² In this context, the analogy of World War Two, when the Soviet Union and the US joined forces in fighting Nazi Germany, was invoked.⁴³ Given Russia's desire to protect the image of a great power at the forefront of fighting international terrorism, sharp Western official and media criticism of Russian counterterrorism measures in Syria hit a sore point in Moscow. Officials would confront allegations of mass civilian casualties during the Russian operation in Aleppo in late 2016 with charges that the protracted coalition-led liberation of Iraqi cities caused a “shocking” human toll.⁴⁴

41. ‘Sergey Lavrov Following Russia's Presidency of the UN Security Council’, 1 October 2015, http://www.mid.ru/web/guest/meropriyatiya_s_uchastiem_ministra/-/asset_publisher/xK1BhB2bUjd3/content/id/1825252?p_p_id=101_INSTANCE_xK1BhB2bUjd3&_101_INSTANCE_xK1BhB2bUjd3_languageId=en_GB.

42 ‘Sergey Lavrov with OSCE Secretary General Lamberto Zannier’, 12 October 2015, http://www.mid.ru/web/guest/meropriyatiya_s_uchastiem_ministra/-/asset_publisher/xK1BhB2bUjd3/content/id/1844394?p_p_id=101_INSTANCE_xK1BhB2bUjd3&_101_INSTANCE_xK1BhB2bUjd3_languageId=en_GB.

43. ‘Interview of the Russian Ambassador to Iraq, I. Morgunov’ (in Russian), Russia Today, 2 November 2015, http://www.mid.ru/web/guest/nota-bene/-/asset_publisher/dx7DsH1WAM6w/content/id/1916024.

44. ‘Comment by Foreign Ministry Spokesperson Maria Zakharova’, 26 May 2017, http://www.mid.ru/web/guest/komentarii_predstavitelya/-/asset_publisher/MCZ7HQuMdqBY/content/id/2768353?p_p_id=101_INSTANCE_MCZ7HQuMdqBY&_101_INSTANCE_MCZ7HQuMdqBY_languageId=en_GB.

The quadrilateral Baghdad information centre

Russian efforts to embed its counterterrorist campaign in Syria within a broader coalition effort appeared to bear fruit with the establishment of a quadrilateral information centre in Baghdad in late September 2015. Staffed by Russian, Syrian, Iraqi and Iranian military personnel, as well as a KRG representative, its proclaimed task was to facilitate intelligence exchange in the joint fight against terrorism.⁴⁵ Such cooperation was further justified in that “terrorists” would not flock en masse towards Iraqi territory as a result of Russian airstrikes in Syria.⁴⁶ At the time of the centre’s installation, Russian state media proudly asserted that “given the extreme ineffectiveness of the pro-American coalition, the unification of regional powers with Russia’s participation is not just becoming an alternative, but the only effective force in the fight against terrorists.”⁴⁷

In the months that followed, Russian officials would frequently applaud the centre’s work, even calling for joint coordination between it and US-led efforts. Responding to criticism that the centre is largely inactive, they would argue that it has a “very narrow specialization”, that nobody expected “revolutionary results”, but that central authorities in Baghdad have been satisfied with the results.⁴⁸ Continuing into 2017, the Russian government publicly signalled its interest in expanding the activities of the Baghdad centre. Having just announced the defeat of ISIL in Syria, Chief of General Staff Valery Gerasimov generously offered Russian support to the US in completing the victory over the

45. ‘Sergey Lavrov Following Russia’s Presidency of the UN Security Council’, 1 October 2015.

46. ‘Rogozin: Iraq Fears that Terrorists Will Flee to its Territory’ (in Russian), Vesti, 15 February 2016, <https://www.vesti.ru/doc.html?id=2720307>.

47. ‘How to Create a Real Coalition Against ISIL’ (in Russian), Vesti, 29 September 2015, <https://www.vesti.ru/doc.html?id=2669656>.

48. ‘The Liberation of Fallujah from ISIL Could Drag On’ (in Russian), Ria Novosti, 7 June 2016, http://www.mid.ru/web/guest/nota-bene/-/asset_publisher/dx7DsH1WAM6w/content/id/2304451.

terrorist group in Iraq.⁴⁹ In a similar vein, pro-Iran leaning Iraqi officials assessed the Baghdad Centre positively.⁵⁰

Notwithstanding this official discourse, the Baghdad centre never amounted to much. Iraqi sources familiar with its activities noted that Iraq actually received very limited usable intelligence from the centre and that it has been “effectively inactive” since late 2016. There was American pressure on Baghdad to limit its cooperation through the centre, especially after intelligence provided to Iraq by the US, Britain and France was leaked to Russian officials in selective incidents. As a result, the centre has been staffed with relatively junior officers lacking the authority to take decisions on ready-to-go intelligence in real time, amidst an absence of clear procedures for intelligence sharing. Coupled with a lingering lack of trust among the parties involved, these obstacles have collectively lowered the effectiveness of the centre.⁵¹

After almost three decades of effective absence, Russia has successfully returned as an arms provider to the Iraqi market since 2012. However, its efforts to increase counterterrorism cooperation with Iraq have yielded modest results at best, given Baghdad’s enduring security dependence on Washington. Russia has not been able to implement its vision of international cooperation in the fight against ISIL, let alone replace the coalition forces in Iraq. Nevertheless, Russia and Iraq have each extracted discrete advantages from their enhanced military cooperation. Iraq has benefited from certain Russian weapon systems, has used the stepped-up Russian presence as a lever with Washington and to mitigate Iranian influence in Iraq, while generally welcoming Russia as a partner that firmly stands for the non-revisionism of borders in the region.

49. ‘Russia is Ready to Help the US Destroy ISIL in Iraq’ (in Russian), Tass, 6 December 2017, <http://tass.ru/armiya-i-opk/4790388>.

50. Faleh Al-Fayad, Interview with Al Mayadeen (in Arabic), 7 February 2017, <https://goo.gl/X8kR1W>.

51. Interviews with multiple Iraqi sources in Baghdad November 2017.

Russia, in turn, has pursued commercial gain in delivering arms to an old client, but also sought to instrumentalize its intervention in the Syrian War to increase influence over Iraq's own fight against terrorism.⁵² If officials hoped that the Russian thrust onto the Syrian battlefield would elicit a US readiness to engage in counterterrorism cooperation according to the Russian playbook, though, those hopes were dashed early on. Nonetheless, Moscow's return to the Iraqi scene – even if limited – has enhanced Russia's status and undermined what Russian officials perceive as an American sense of entitlement to conduct counterterrorism like an “exceptional nation.”⁵³

3.2 Energy cooperation

Having suffered major losses as a result of Operation Iraqi Freedom, Russian energy businesses have intensified their efforts to return to the Iraqi market in recent years. The centrality of energy interests to Russia's relationship with Iraq has been reflected in the composition of delegations that routinely travel with high-level Russian officials to Iraq. When Deputy Foreign Minister Mikhaik Bogdanov paid a working visit to Iraq in early 2015, for instance, he was accompanied by the upper echelon of Gazprom's leadership.⁵⁴ He repeated a similar visit three months later, this time travelling with LUKoil's CEO Vagit Alekperov. Echoing arguments it made in 2003, the Russian side again used its historical experience in the Iraqi hydrocarbon sector as a selling

52. There has also been cooperation between Russia and Iraqi on the question of returning Russian-speaking “Daesh wives” and their children from Baghdad's prison to the North Caucasus. Especially since the liberation of Mosul last summer, Chechen leader Ramzan Kadyrov has been at the forefront of leading a heavily publicised campaign of repatriating mostly Chechen and Dagestani women and children.

53. ‘Sergey Lavrov's Interview to Zvezda TV Channel’, 30 December 2015, http://www.mid.ru/web/guest/meropriyatiya_s_uchastiem_ministra/-/asset_publisher/xK1BhB2bUjd3/content/id/2004143?p_p_id=101_INSTANCE_xK1BhB2bUjd3&_101_INSTANCE_xK1BhB2bUjd3_languageId=en_GB.

54. ‘On Mikhail Bogdanov's Working Visit to Iraq’, 21 January 2015, http://www.mid.ru/web/guest/maps/iq/-/asset_publisher/WizNA2SGNvS5/content/id/905166?p_p_id=101_INSTANCE_WizNA2SGNvS5&_101_INSTANCE_WizNA2SGNvS5_languageId=en_GB.

point, stressing the benefits of continuity. Russia's intention to invest, especially in anticipation of a stabilisation of the country after the defeat of ISIL, was on display most recently, when Russian Energy Minister Alexander Novak visited Iraq in December. During the visit, Gazprom's prospective investment in the Badra oil field featured prominently in Novak's discussions with Prime Minister Abadi at Baghdad's Al-Rasheed Hotel.⁵⁵

Iraq's South and LUKoil – prospects and ongoing challenges

Following the US invasion of Iraq, it took years for LUKoil to revisit its interests in West Qurna 2 in earnest, but in December 2009, a consortium of LUKoil and Norway's Statoil won a tender for the development of the field. In May 2012, as a result of Iraq's fourth licensing round, LUKoil Overseas together with Japan's Inpex Corporation also gained the right for exploration and further development of Block 10, which is located approximately 120 km west of Basra.⁵⁶ In an interview in October 2016, Alekperov explained that, after investments inside Russia, the Iraqi market constitutes the “next priority” for LUKoil, given “high expectations about the discovery of additional reserves.”⁵⁷

Notwithstanding LUKoil's eagerness to develop West Qurna 2, it was not until 2014 that the company started commercial oil production from the field. The delay was caused by a range of challenges that not only LUKoil, but also other International Oil Companies (IOCs) operating in Iraq's south, have faced in recent years. There were the initial administrative hurdles: The Iraqi bureaucracy's unpreparedness for a number of IOCs simultaneously beginning operations resulted in delays

55. 'Novak Discussed Problems in the Oil Production Sector with the Iraqi PM' (in Russian), Vesti, 6 December 2017, <https://www.vesti.ru/videos/show/vid/738627/#>.

56. 'Lukoil Signs Contract For Exploration at Block 10', Iraq Business News, 18 December 2017, <http://www.iraq-businessnews.com/2017/12/18/lukoil-signs-contract-for-exploration-at-block-10/>.

57. 'Interview by Lukoil CEO Alekperov', Nefte Compass, 7 October 2016, <http://oilandmoney.net/2016/10/07/lukoil-rethinks-plans-in-light-of-new-market-realities-alekperov-interview/>.

in the issuance of visas for foreign workers, which proved vital given the lack of qualified Iraqi staff for what are human resource-intensive projects. Further, the Iraqi bureaucracy lacked land compensation procedures for locals and familiarity with international best practices for demining areas designated for IOC operation. While some of these challenges, acute in 2010 and 2011, subsided over time, the volatile situation in Basra province has constituted a constant headache for the IOCs, including LUKoil, gobbling up substantial financial resources for expenditure on security.⁵⁸

In a context of low oil prices, the renegotiation of technical service contracts between Iraq's oil ministry and the IOCs has constituted an additional challenge for LUKoil more recently. In early 2015, Iraqi Oil Minister Adel Abdul Mahdi pushed for the renegotiation of existing contracts, which were based on a system of cost recovery plus fixed payment made in oil. Importantly, the contracts were concluded at a time when average oil prices were expected to average over USD100 bn/barrel for the foreseeable future.⁵⁹ Since oil prices have fallen, the relative cost to the Iraqi state – in terms of the share of oil revenues it owes the operating firms – has increased substantially. As a result, the Iraqi government asked the IOCs to decrease capital expenditure on new investments and argued that revised service contracts should incentivize cost containment, while profits from oil sales should reflect the price of crude.⁶⁰

The Iraqi government's insistence that the IOCs curtail new investments has dampened the latter's enthusiasm about operating in Iraq.

58. 'Interview of the Russian Ambassador to Iraq, I. Morgunov' (in Russian), Ria Novosti, 1 July 2014, http://www.mid.ru/web/guest/maps/iq/-/asset_publisher/WizNA2SGNvS5/content/id/679605.

59. 'Iraq Looks To Renegotiate Oil Contracts', EIU, 18 March 2015, <http://www.eiu.com/industry/article/442989028/iraq-looks-to-renegotiate-oil-contracts/2015-03-18>.

60. Interview with oil industry analyst. Importantly, Iraq's reluctance to grow production further from 2015 was also due to OPEC quotas, the Iraq-specific challenges aside.

Alekperov bemoaned in late 2016 that “Iraq has huge potential, which unfortunately hasn’t been realized so far as the pause in the investment cycle by all operators has resulted in a non-growing production.”⁶¹ In September 2017, Shell announced its intention to exit Iraq’s Majnoon oil field after failing to agree on new plateau production targets.⁶² LUKoil, on the other hand, after two years of negotiations reached a deal with the Iraqi oil ministry to reduce the plateau production level at West Qurna 2 to 800,000 b/d, down from the original contract level of 1.8 million b/d.⁶³ It appears that notwithstanding the ongoing challenges related to Iraq’s volatile security situation and onerous service contracts, LUKoil remains committed to the Iraqi market.

The KRG: Gazprom Neft and Rosneft

Leaving aside LUKoil’s long-standing interests in Iraq’s south, Gazprom Neft has long been active in the KRG. Last year, the company operated the Garmian and Shakal blocks, while its subsidiary Gazprom Neft Badra launched commercial operation of a gas processing plant at the Badra field in December.⁶⁴ In 2017, Rosneft joined the list of buyers of KRG oil, signing a Cooperation Agreement in the fields of upstream, infrastructure, logistics and trading in February, as well as a pre-financed Crude Oil Purchase and Sale Contract. The February deal was strengthened in June when the two sides, ahead of a meeting between the Kurdish Prime Minister Nechirvan Barzani and Putin at the St. Petersburg International Economic Forum, signed a series of

61. ‘Interview by Lukoil CEO Alekperov’, 7 October 2016.

62. ‘Shell Says To Exit Iraq’s Majnoon Oil Field’, Platts, 15 September 2017, <https://www.platts.ru/latest-news/oil/london/shell-says-to-exit-iraqs-majnoon-oil-field-26805192>.

63. Other issues in the negotiations related to, for instance, the reprocessing and monetization for the West Qurna 2 associated gas. It should also be noted that, while all fields produce below the stated production plateau rate, in an OPEC-constrained production environment, any increase towards agreed production plateaus will face competition from other IOCs looking to do the same. In that context, the Iraqi government likely favours production from those fields that straddle the Iran-Iraq border, in order to pre-empt Iran from benefiting from those fields at the expense of Iraq.

64. ‘New Gas Plant Commissioned At Gazprom Neft’s Badra Field’, Gazprom Neft, 6 December 2017, <http://www.gazprom-neft.com/press-center/news/1263568/>.

documents to expand cooperation. Just one week ahead of the KRG's widely anticipated referendum, Rosneft announced it would invest over USD1 billion in gas pipelines in Iraqi Kurdistan.⁶⁵ Finally, and visibly undisturbed by the regional fallout following the September referendum, Rosneft agreed in October to implement its geological exploration program in the KRG and to start pilot production as early as 2018.

These substantial investments by Russian energy companies, as well as Moscow's historical ties to the KRG, matter for understanding Moscow's nuanced diplomacy preceding and following the KRG referendum. In his memoirs, former Foreign Minister Evgeny Primakov recounts how he first became acquainted with the Barzani family, serving on an assignment for *Izvestia* newspaper in Northern Iraq in the late 1960s. "The Soviet Union is like a father to me", Primakov recalls Mustafa Barzani – who had spent 10 years in exile in the Soviet Union – reminiscing during one of their meetings.⁶⁶ Primakov was especially active in intra-Iraqi diplomacy of the 1960s–1970s, regularly performing as an intermediary between the Barzanis and Baghdad.⁶⁷ According to estimates by the KRG's official representation in Moscow, between 500,000 and 700,000 Kurds reside in former Soviet states today, of which 100,000 live in Russia and are active in politics, business and civil society engagement.⁶⁸

65. 'Russia's Rosneft Clinches Gas Pipeline Deal With Iraq's Kurdistan', Reuters, 18 September 2017, <https://www.reuters.com/article/kurdistan-rosneft/russias-rosneft-clinches-gas-pipeline-deal-with-iraqs-kurdistan-idUSL5N1LY0TS>.

66. E. Primakov, *Russia and the Arabs* (New York: Basic Books, 2009), p. 329.

67. Primakov was especially active in the diplomacy leading towards what became the "11 March 1970 program", which declared peace in the north of Iraq on the basis of Baghdad's recognition of the Kurds' right to national autonomy within the framework of the Iraqi state. *Ibid.*, p. 333.

68. Interview with Mustafa Danar, executive representative for the KRG in Moscow, by phone, 22 January 2018.

Addressing Russian–Kurdish relations in an interview two months before the referendum, Lavrov chose his words carefully, when he characterized the impending vote as “the expression of the ambitions of the Kurdish people”. When asked, however, whether Russia would maintain its relations with Erbil in the event of a declaration of independence, Lavrov declined to comment on “hypothetical issues.”⁶⁹ The Russian Foreign Ministry’s reaction to the referendum then stayed in line with this cautious tone, which was designed not to overly offend either Baghdad or Erbil. The ministry’s readout from September 27 emphasized that “Moscow respects the national aspirations of the Kurds”, while also stressing its “unwavering commitment to the sovereignty, unity and territorial integrity of Iraq.”⁷⁰ At the same time, Russian officials noted that there was no intention to halt economic cooperation with the KRG which “will benefit Iraq as a whole.”⁷¹

It appears that Moscow’s diplomatic even-handedness on the Kurdish file has paid off, leaving aside a brief diplomatic huff over Rosneft’s announcement on exploration activities in the KRG on October 18, which prompted Baghdad to request “clarifications.”⁷² Meeting Bogdanov in Moscow in mid-October, Iraqi National Security Advisor Faleh al-Fayad commended Moscow’s “consistent approach” to Iraqi affairs.⁷³ Though some Baghdad officials had hoped for a stronger Russian stance against the referendum, they ultimately understood the Kremlin’s position as pragmatic, given Russian economic interests

69. ‘Sergey Lavrov’s Interview with Kurdish Television Channel Rudaw’.

70. ‘Russian Foreign Ministry Comment on the Referendum in Iraqi Kurdistan’, 27 September 2017, http://www.mid.ru/web/guest/kommentarii_predstavatelya/-/asset_publisher/MCZ7HQUMdqBY/content/id/2875494?p_p_id=101_INSTANCE_MCZ7HQUMdqBY&_101_INSTANCE_MCZ7HQUMdqBY_languageId=en_GB.

71. ‘Vladimir Putin’s Annual News Conference’, 14 December 2017, <http://en.kremlin.ru/events/president/news/56378>.

72. ‘Iraq Seeks Clarification From Rosneft About Energy Deal With Kurdistan Region’, Arab News, 21 October 2017, <http://www.arabnews.com/node/1181201/business-economy>.

73. ‘Faleh Al-Fayad Interview’ (in Arabic), RT Arabic, 18 October 2017, <http://falihalfoyadh.com/onenews.php?id=49>.

in the KRG.⁷⁴ Kurdish officials, in turn, characterized Moscow's position as "open" and "constructive", noting that Russia – unlike other actors – voiced explicit support for the aspirations of the Kurdish people, which "means a lot."⁷⁵ Indeed both Baghdad and Erbil have interpreted Russia's stance on the referendum as ultimately supportive of their respective positions and aspirations, which is a testament to the skillfulness of Russian diplomacy on the KRG file.⁷⁶

3.3 Economic cooperation in other sectors

Leaving aside Russia's intensified lobbying to recover its previous position in Iraq's arms and energy sectors, there has been less hype surrounding what are considerable efforts to revive economic relations in other sectors. As noted, Russian businesses had been eager to return to Iraq as early as late 2003, seeking to benefit from reconstruction work in the electric power, water treatment, agriculture and other sectors. As Ilya Morgunov, Russia's Ambassador in Iraq, explained in 2014:

"since Iraq is a country that has been at war for 30 years, its needs are substantive in virtually all areas: from agriculture to the automobile industry and so on. They had good industry under the old regime. Now, it is necessary to restore everything. And much has been done by our guys: for example, almost half of all thermal power plants in Iraq. Our companies are now trying to rehabilitate them. There's a lot of work in Iraq! It's a very ready and solvent market."⁷⁷

Russia's interest to step up activity in these sectors was given further impetus with the creation of the Russian–Iraqi intergovernmental

74. Interview with Iraqi politician Dhia Al-Asadi, Baghdad, 22 November 2017.

75. Interview with Mustafa Danar, 22 January 2018.

76. This was clear from the verbal exchange between Iraqi and Kurdish officials who attended the Valdai Middle East conference in Moscow, 19–20 February 2018, at which the author was present.

77. 'Interview with Ambassador Morgunov', translation of quote by the author, 1 July 2014.

commission in 2008. Long dissatisfied with the continuously low bilateral trade – which amounted to a mere USD238 million in 2014 – the Russian side expressed cautious optimism by 2015, with President Putin noting in May that our “total trade turnover may not be so great, but in the past two years, it has grown tenfold.”⁷⁸ In further evidence of both sides’ desire to strengthen economic ties beyond the arms and energy sector, direct flights between Moscow and Baghdad resumed last fall for the first time since the US invasion.⁷⁹

Russia’s energy players have looked for attractive opportunities in Iraq in recent years, much like the military–industrial complex. The Russian government has supported these efforts diplomatically vis-à-vis Baghdad and Erbil, mindful that the scope for mutually beneficial economic cooperation in other sectors remains limited. The Kremlin also believes that supporting Iraq’s oil sector will eventually produce positive knock-on effects in Iraq’s wider economy, enabling Baghdad to embark on a more ambitious economic relationship with Russia years down the line.⁸⁰ And yet, an appetite for commercial gain has not been the exclusive driver of Russia’s efforts to strengthen the position of its energy businesses in Iraq. Just like Russian arms sales, the presence of LUKoil, Gazprom and Rosneft has also provided a bargaining chip to the Kremlin on issues extending beyond the economic sphere. By maintaining an economically close relationship with the KRG, one Iraqi source argued, Russia also ensured that “the Kurds are not just in the Western camp.”⁸¹

While both Iraq and Russia understand that their bilateral cooperation has produced leverage vis-à-vis Western states, that leverage should

78. ‘Vladimir Putin’s Meeting with Haider Al-Abadi’, The Kremlin, 21 May 2015, <http://en.kremlin.ru/events/president/news/49502>.

79. ‘Regular Air Traffic Between Russia and Iraq Resumes on September 17’ (in Russian), Interfax, 14 September 2017, <http://www.militarynews.ru/story.asp?rid=1&nid=461647>.

80. ‘The Liberation of Fallujah from ISIL Could Drag On’, 7 June 2016.

81. Interview with Mohammed Alaqeeli, independent politician within Iraq’s State of Law coalition, Baghdad, 27 November 2017.

not be exaggerated. Russian–Iraqi economic cooperation is likely to “keep on trucking” at modest levels in future years, without generating too much attention. Even as Russian energy companies have ramped up investments, while Rosoboroneport just delivered the first batch of T-90 tanks to Iraq⁸², Russian officials remain aware of the limited prospects for profitable investment, given Iraq’s myriad security, political and economic challenges.

4. Conclusion: The limitations of Russia’s “return” to Iraq

Having been dealt a substantial blow by Operation Iraqi Freedom, Russian interests in Iraq recovered slowly over the years and accelerated from 2012. After 2003, Russian diplomatic efforts to assist Russian businesses in opening representations in Baghdad were aimed at securing commercial gains in post-war Iraq. Especially since 2012, Moscow has embarked on impressive diplomatic activity, hosting a wide spectrum of Iraqi political actors in Moscow. The fact that Deputy Foreign Minister Bogdanov received the Iraqi ambassador at least 25 times over the past six years gives a sense of the degree of attention that Moscow has been paying to its relationship with Baghdad.⁸³ Arms sales and energy investments in particular have driven what this paper has characterised as a qualified Russian success in “returning” to Iraq.

That being said, obstacles to Russia developing a deeper and broader relationship with Iraq remain substantial. Given the enduring volatile security situation, only giant Russian businesses like Gazprom or LUKoil have the necessary financial resources to protect their investments, while smaller companies operating in other sectors still shy away from Iraq. The insufficient diversification of the Russian and

82. ‘Media: The First Batch of Russian T-90 Tanks Has Been Delivered To Iraq’ (in Russian), Tass, 16 February 2018, <http://tass.ru/mezhdunarodnaya-panorama/4966648>. Meanwhile, Iraq does not currently intend to acquire the Russian S-400: ‘The Iraqi Ambassador Responded to Reports on a Possible Purchase of S-400 from Russia’ (in Russian), RBC News, 21 February 2018, <https://www.rbc.ru/rbcfreenews/5a8db54c9a794780e409f4d3>.

83. Russian Ministry of Foreign Affairs online archive.

Iraqi economies puts additional brakes on a more ambitious bilateral relationship,⁸⁴ as does Iraq's inability to finance what Russia would consider attractive projects.⁸⁵ Russia's low-level attendance at the donor conference for Iraq in Kuwait in February 2018 – a stark contrast to former Secretary of State Tillerson's participation from the US side – betrayed the Kremlin's begrudging acceptance that Iraq will not be a “cash cow” for Russian businesses any time soon.⁸⁶

Further, Baghdad's ongoing security dependence on Washington limits Russian-Iraqi cooperation, especially in the military-security realm. Though Russia is an attractive provider of specific types of military gear, the US-led coalition ultimately offers a more impressive package of assistance that goes beyond arms and includes, for instance, assistance in security sector reform. As one Iraqi official put it: “Russia should focus on more than just economic interests with Iraq – the US has a whole package to offer, Russia doesn't.”⁸⁷ So far, Iraq does not perceive Russia as a strategic partner, while Russia's reluctance to push for deeper involvement in Iraq is also rooted in its understanding of the recently amassed influence of the Popular Mobilization Forces (PMU) and Iran in Iraq.⁸⁸ Though US-General David Petraeus argued at the recent IISS Manama Dialogue in December 2017 that Russia has no interest in seeing Iran “Lebanonizing” Iraq – in what was a pointed comparison of the PMU to Lebanese Hezbollah –, the truth is that Russia has little leverage to contain Iran's ambitions in Iraq, even less than in Syria where Moscow has itself military “skin in the game”.

84. For a good overview of what Russia can offer Arab states economically, and vice versa, see D. Trenin, *What Is Russia Up To In The Middle East?* (Polity Press: Cambridge: UK), 2018.

85. When Al-Jaafari visited Moscow in late October 2017, Russia and Iraq signed an expansive energy and economic protocol, which opened discussions of more favorable terms for Russian companies in Iraq. The fact that the protocol touched on Russian “soft loans” in support of these projects betrays Iraq's enduring difficulty to pre-finance projects.

86. Russian Prime Minister Dmitry Medvedev's deputy represented Russia at the conference.

87. Interview with Al-Asadi, 22 November 2017.

88. Interview with a Russian Middle East expert, by phone, speaking not for attribution, January 2018.

No matter the outcome of Iraq's elections in May 2018, Russian officials understand that Baghdad's reliance on the US on the one hand, and Iranian influence in Iraq on the other, are here to stay. Some Russian experts interpreted Al-Maliki's much-noted visit to Moscow in the summer of 2017 as intended to gain Russian support – in the case that Al-Maliki wins the upcoming elections – for implementing a “Shia dictatorship” under Iranian patronage in Iraq.⁸⁹ While Moscow is unlikely to actively enable such a project, given the prevailing trend in Russian foreign policy to avoid exclusive alignment with a “Shia camp” in the region, Russia's leverage over Iraq's domestic political trajectory is inherently limited: “We cannot do anything about the PMU, and we neither can nor want to get too deeply involved in Iraq [...] We have to accept that this is not our problem.”⁹⁰ In this crowded Iraqi political landscape, in which powerful external players like the US and Iran have carved out their positions, Moscow understands that there is limited scope for expanded influence and contends itself with promoting arms sales and energy cooperation.

Yet, Moscow might be perfectly content with Russian–Iraqi relations evolving along this trajectory. Indeed, its policy vis-à-vis Iraq has epitomised Moscow's pragmatic pursuit of flexible relationships across the Middle East, which are driven by economic interest and a concern with order and stability. But Russia's relations with Iraq are also sustained by a sober awareness of their limitations and forged carefully to avoid any unduly alienation of other actors that remain important to Moscow. As long as Russia remains engaged in Syria, it will seek at a minimum to align Baghdad with its strategy,⁹¹ while busily making whatever money it can in Iraq. Without belittling its distinct important

89. I. Minyazhedinov, ‘Nouri Al-Maliki Proposed to Moscow That It Strengthen Its Influence in Iraq’ (in Russian), Russian International Affairs Council, 14 August 2017, <http://russiancouncil.ru/analytics-and-comments/analytics/nuri-al-maliki-predlozhit-rossii-usilit-svoe-vliyanie-v-irake/>.

90. Interview with a Russian Middle East expert, by phone, speaking not for attribution, January 2018.

91. Russia invited the Iraqi government as an observer to its recent “Syrian National Congress” in Sochi.

features, especially arms sales and energy investments, Russia's overall "return" to Iraq after 2003 has been qualified, and will likely remain so for the foreseeable future.