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Border Crossings: The Unholy Alliance Between Iran and Iraqi Militias

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Introduction

Relations between Iraq and Iran are complex and unequal. In fact, Iran exerts hegemonic control over Iraq. This hegemony was consolidated through a number of developments related to Iraq's existential conflict with the Islamic State, from 2014 until 2017: the fall of Mosul to the jihadi group; the collapse of much of the Iraqi army; and the emergence of non-state players—such as the clerical establishment in Najaf and the “Axis of Resistance” militias—as the saviors of the state in the eyes of many Iraqis.

A prime example of inequality in the Iraq-Iran relationship is the border crossings that link the two countries. The crossings, which lie along a 1,600-kilometer (994-mile) border, figure prominently in Iran's strategy to ensure its control over Iraq. This strategy requires a structurally friendly political system in Iraq, one that the Islamic Republic can permeate at all political and institutional levels. It also entails turning Iraq into a market for Iranian goods, most of

which pass through border crossings under terms that are preferential to Iran and its proxies in Iraq. Rising Iraqi nationalism—increasingly defined against Iranian hegemony in Iraq—has complicated, but not derailed, Tehran's modus operandi.

Iraq, an Economic Outlet for Sanctions-hit Iran

There are nine official crossings between Iraq and Iran. They acquired increased importance in 2012, when Iran's supreme leader, Ali Khamenei, called for developing what he termed an Iranian “Economy of Resistance.” The crossings became even more important in early 2014, when Iran turned the Economy of Resistance idea into state policy. In the face of increasing Western economic sanctions, the Iranian leadership aimed to prioritize the production of non-oil commodities as a source of revenue for the economy—whose main pillar, oil exports, was hard hit by international sanctions. Iran



began forming a vast network of front companies to [illegally acquire](#) U.S. dollars in Iraq and smuggle them into Iran. The new policy paid off. In 2011, before it was put into effect, Iran exported non-oil products worth [\\$26.65 billion](#), of which [\\$4.61 billion](#) went to Iraq. In 2013, these exports amounted to \$28.36 billion, with Iraq's share being \$6 billion. In 2021, Iran's total non-oil exports were \$40.74 billion, of which Iraq's share was [\\$8.9 billion](#).

Iranian officials have regularly called for increasing “trade exchange” with Iraq. In April 2019, for instance, then president Hassan Rouhani [called for](#) “expanding the volume of trade exchange,” including of energy products, so that it would reach \$20 billion a year. In the same year, Iran's foreign minister, Javad Zarif, [referred to Iraq](#) as “our big trade partner.” This diplomatic language was misleading because it masked the one-sided flow of Iranian goods into Iraq as some form of economic reciprocity based on “exchange” and “partnership.” Iraq sells hardly anything to Iran. Except for energy products, which pass through high-powered lines and transfer stations (electricity) and pipelines (liquefied gas), nearly everything going from Iran to Iraq passes through the official border crossings. There are also unofficial crossings, generally controlled by pro-Iranian militias as well as criminal gangs, through which much smuggling occurs, particularly of weapons and drugs.

Moreover, Iran has increasingly exploited the fragility of the Iraqi state. The rising terrorist threat of the Islamic State led to an ill-conceived decision in 2014 by then prime minister Nouri al-Maliki to call on militias to form a [volunteer army](#) to help the official army, which, plagued by inefficiency and corruption, was underperforming on the battlefield. Iran supported and benefited from this development. Even the famous fatwa by Grand Ayatollah Ali al-Sistani in 2014, in which he called on Iraqis to launch a jihad against the Islamic State, resulted from [lobbying](#) by the commander of Iran's Revolutionary Guards' Quds Force, Qassem Soleimani.

Immediately after the fall of Mosul, [Soleimani traveled to Najaf and met Sistani](#), convincing him to issue the fatwa.

The militias, soon formalized as the Popular Mobilization Units (PMUs), helped fend off the Islamic State threat while quietly extending their influence elsewhere in the nation, which was consumed with a fight against the powerful terrorist organization. For example, the PMUs began to exert control, albeit indirectly, over the five crossings with Iran that fall outside the Kurdish autonomous region. From 2014 until 2020, particularly during the premierships of Haider al-Abadi and Adil Abdul-Mahdi, militia control over the crossings, though still indirect, was consolidated, and goods coming from Iran entered Iraq without proper declaration or payment of the required taxes and tariffs, causing big financial losses for the Iraqi state.¹ The official staff of these crossings was gradually [compromised through corruption and threats by the militias](#)—Kata'ib Hezbollah, Asa'ib Ahl al-Haq, Harakat Hezbollah al-Nujaba, Tha'rallah Movement, and the Badr Organization—that hold sway there.

The fight against the Islamic State in the context of the existential urgency gripping Iraq, especially during the early months of the conflict when the United States abstained from supporting Iraq until Maliki was replaced with another prime minister, and the formation of the PMUs enabled Iran to penetrate various institutions of the Iraqi state. Among many ordinary Shiites, Iran was a true ally of Iraq, one that opened its weapons depots for Iraqis to take whatever they needed to fight the Islamic State. The terrorist organization's anti-Shiite sectarian rhetoric and killings further consolidated in Iraq a sense of pan-Shiite solidarity with Iran. This was particularly true during the early months of the Islamic State advance, when Iran supported Iraq but the United States—displeased with Maliki—pointedly did not. The nearly four-year war with the Islamic State saw Iran's influence in Iraq reach its peak.

The Iraqi Pushback Against Iran's Dominance

Pro-Iran sentiment began to wane following the defeat of the Islamic State in Iraq in 2017. This stemmed in large part from rising popular anger against the corrupt Shiite political class. In 2018, protesters in the southern oil-rich governorate of Basra [set fire](#) to the Iranian consulate and the offices of pro-Iran militias and parties as part of a wider four-month protest against poor services, particularly the lack of drinking water. [Known as the](#) “Water Uprising,” this spontaneous Basra movement was a turning point, paving the way for the nationwide and more significant Tishreen protest movement. The latter, which erupted in October 2019 and lasted for six months, further distanced ordinary Iraqis from Iran, particularly when Khamenei [tweeted](#) that the protests were riots caused by the United States and Israel and called on the Iraqi security services to forcibly suppress them. Iraqi protesters responded by [attacking and setting fire to Iranian consulates](#) in various cities. The subsequent [targeting of the protesters by the pro-Iran Iraqi militias](#) guided by Soleimani hardened mainstream Iraqi attitudes against Tehran.

One major consequence of this protest movement has been [the emergence of a distinctly societal Iraqi nationalism](#). Unlike previous and state-constructed versions of Iraqi nationalism, this version was spontaneous, born out of the post-2003 experiences of ordinary Iraqis and driven by Shiites, the very demographic the pro-Iran militias claim to represent. It was especially popular among the youth, who are liberal-leaning. This new orientation was manifested in [taboo-breaking public criticism of Iran's clerical regime](#), which was blamed for supporting the now despised ruling class in Iraq as well as bearing responsibility for many of Iraq's other woes. Proponents of the new Iraqi nationalism defined Iran in negative terms that were often the opposite of those Iraqi officials had used to describe their neighbor during the fight against the Islamic State.

Within this larger context, the government of Mustafa al-Kadhimi, formed in May 2020, came as an attempt by the dominant Shiite parties to placate an angry street. Realizing he was lacking genuine support from these parties, and wanting to build his own independent power base and win over the pro-Tishreen public, Kadhimi launched a series of reformist measures. One of these was regaining state control over border crossings. [Kadhimi ordered the deployment of Rapid Reaction Forces](#), a U.S.-trained elite unit, [at the border crossings with Iran](#), which ended the militias' indirect control. The positive results were almost immediate. The Border Crossings Commission (BCC), the government agency responsible for all border crossings, [said](#) that its revenue of \$95 million for August 2020 was double that of the same month the previous year.²

In November 2020, Kadhimi's minister of finance, Ali Allawi, [issued](#) a decree to “cancel all exemptions and customs exclusions granted to [other] states and government institutions.” Crucially, this was not opposed by pro-Iran elements, which seemed to realize that their leeway was constrained by Iraq's economic recession. The measures instituted by Allawi caused a sharp decline in the volume of trade going from Iran to Iraq for weeks, only for it to rebound later under a different [set of exemptions](#) that the government could not abolish.³

Kadhimi also moved to abolish tax and tariff exceptions for private sector companies. Iraq's Investment Law of 2006 [offers](#) investors exemptions from taxes and tariffs lasting up to fifteen years for projects approved by the National Investment Commission (NIC), the regulatory state organ dealing with foreign and domestic investment projects. The law is meant to encourage investment, but corruption and poor enforcement have made it a tool of tax evasion and illegal profiteering by Iran, pro-Iran militias, and the ruling Iraqi parties, among other entities. Over the years, the Iraqi government has signed thousands of projects with companies covering sectors such as health, education, infrastructure, basic services, and agriculture. Many of these projects did not materialize.



Visiting the NIC in April 2021, Kadhimī [authorized](#) the revocation of the investment licenses for those lagging projects with an implementation rate of 35 percent. The canceled projects numbered 1,128. There is no public record of the potential financial difference this measure made, but many contractors for the abolished projects used to make their profits by importing tax-free construction materials from Iran, particularly iron and cement, and selling them on the Iraqi market, and they wound up severely affected.⁴ Nevertheless, the next year, the Ministry of Planning announced that there were [about 1,452 lagging projects, with an approximate value of \\$17 billion](#).

In January 2021, Kadhimī [approved](#) a BCC plan to automate border crossings—which use mechanical scales, manual processing of paperwork, and a cash payment system—“to consolidate control [...] and increase government revenues.” Yet electronic border crossing automation never materialized. Moreover, the units of the regular army that replaced the Rapid Reaction Forces at the crossings were gradually compromised through carrot-and-stick methods.

All these failures can be said to have resulted from the collaborative obstructionism undertaken by a powerful coalition of those who benefit from keeping border crossings poorly regulated. The coalition in question, which comprises pro-Iran forces, the economic offices of ruling parties, and influential merchants, has effectively created a shadowy world whose outward appearance is the legal protection of public interest but whose real purpose is thwarting serious reform, especially if it threatens vested interests. To kill beneficial (and therefore threatening) projects, the coalition has perfected what might be called the bureaucratic death trap. A contract is signed by the relevant state authority, only for it to be questioned or reviewed by another state authority for some sort of perceived violation, with this process repeated until the project is effectively killed.

The Militias' Staying Power

Despite its ultimate failure to reform the border crossings, the Kadhimī government entered into a lengthy confrontation with the militias regarding their public shows of power, their challenging of the government over the presence of U.S. forces, their targeting of activists, and their corruption. This facilitated public realization that the militias were beholden to Iran, which further delegitimized them in the eyes of ordinary Iraqis. In post-Tishreen Iraq, where the public was eager to see the militias dismantled if not punished for their crimes against peaceful protesters, the militias' brazen challenge to the government, including the degrading threat to [cut off](#) the prime minister's ears “like a goat,” contributed to widespread popular resentment against them. No previous government had defied the militias—and their response was telling.

Ultimately, the facade of legality and formality as well as the tacit understanding between the state and the militias to keep their differences away from the public eye were shattered under the Kadhimī administration. The image of the militias was also adversely affected by their loss of religious cover when the Hashd al-Atabat paramilitary group [announced](#) its withdrawal from the PMUs in early December 2020 because of political and administrative differences. Hashd al-Atabat follows Sistani, not Iran.

Another factor contributing to the decline of the militias and the pro-Iran Shiite political parties was the October 2021 election. To begin with, unlike their strong showing in the 2018 election following the Islamic State's defeat, the militias fared very poorly this time around, which revealed the depth of their rejection. They were no longer viewed as “heroes of liberation” but rather as mafia-like groups trying to bully others, including the state, into serving their partisan interests. They lost the election and could not change the results, despite widespread fears that their deep penetration of the state would enable them to do so.

The militias' standing deteriorated even further during the power struggle that ensued following the certification of the results in December 2021. Throughout that struggle, which lasted nine months, the Coordination Framework (CF), a grouping of pro-Iranian Shiite parties and militias, did themselves a disservice by directing their firepower against other Iraqis, mainly Kurdish, Sunni, and Shiite political factions that were not beholden to Iran. To deter Sunni and Kurdish factions from forming an alliance with the Sadrists, a Shiite faction at odds with Iran, [the CF shelled Erbil](#), the seat of the Kurdish Regional Government in Iraq's majority-Kurdish autonomous north, [threw grenades at the offices of two Sunni parties in Baghdad](#), and even [threatened a civil war](#). By breaking up the Sadrists' burgeoning alliance with Sunni and Kurdish parties, the CF could prevent the formation of a majority government, which would relegate it to the opposition. Instead, the CF wanted a national unity government—of which it would be a part.

Yet even with these scare tactics, the CF could not force its will on others. Foiling the formation of a majority government took the combined efforts of a constellation of actors: the CF; the Iraqi judiciary, which ruled that the election of a president, who is the one to appoint a prime minister to head the government, required a two-thirds quorum in parliament; and Iran itself.

The most damaging blow to the militias' already deteriorating reputation came after the government's formation. The militias appeared opportunistic when they refrained from pursuing their declared and supposedly unchanged goal of forcing U.S. troops out of Iraq—which they had demonized Kadhimi for not pursuing. As an influential part of the governing parliamentary coalition, they quickly became accommodating of the government of Mohammed Shia al-Sudani's extensive dealings with the United States, including his numerous meetings with the U.S. ambassador in Iraq. Many Iraqis saw in this changed attitude a sign of the militias' moral hypocrisy, not justified pragmatism.

Despite such popular resentment, and despite the fact that the post-2003 ruling elite penchant for rentierism and kleptocracy has impoverished society and left most Iraqis with no hope of socioeconomic advancement, it is unlikely the current government will engage in serious reform for as long as Iran is under U.S. sanctions and there is no strong street pressure. Unsurprisingly, this reform-averse posture applies to the issue of border crossings. Moreover, in the larger scheme of things, border crossing corruption alone is not enough to galvanize protesters into action because it is not a daily reality that people experience first-hand—unlike corruption in the health, electricity, and education sectors, for example. The invisibility of border crossings in the everyday lives of average Iraqis means that Iran and the militias will continue to exercise significant control there for the foreseeable future.

Conclusion

The most far-reaching development in Iraq's political culture over the past five years has been the abandonment by the public of previous notions of sectoral reform. No longer will ordinary people entrust the government to address problems—education, health, or agriculture—on a piecemeal basis. The public's loss of faith in the ruling political class has led to the insistence on overall political reform first: fixing decisionmaking at the highest levels of the state by holding the ruling political class accountable. As such, any reform of border crossings will have to be part of a larger political reform package that results from significant public pressure. The regular functioning apparatus of the Iraqi state cannot, in and of itself, effect border crossing reform. Only a strong-willed and popular prime minister with full control over the executive branch and support from a powerful parliamentary bloc can do that—and in the process overcome the bureaucratic death trap and implement beneficial projects. But it remains an open question whether Iraq will have such a prime minister anytime soon.

About the Author

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Notes

- 1 Border-crossing officials told this writer that, depending on the situation, the name of the commodity is changed and/or the estimated weight is significantly reduced. Other times, usually at night, the commodity passes through without any checks. Author in-person communication with border-crossing officials, March 2023.
- 2 The statement did not provide a breakdown per country, but it is logical to assume that most of the revenue increase came from Iraq's border crossings with Iran.
- 3 Author in-person communication with government officials, February 2023.
- 4 Author in-person communication with a high-ranking NIC official, February 2023.



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