

Iraq: Iran's Last Financial Lifeline

Policy Options for Disrupting Tehran's Regional Network

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January 2026 Preface:

Why This Analysis Matters More than Ever

This paper was substantially completed before the events of January 2026. What has transpired since then has not invalidated its thesis but dramatically confirmed it.

When this analysis was drafted, it argued that Iraq constitutes Iran's primary revenue generation center - not merely a transfer corridor but the source of \$8-12 billion annually. It warned that while transfer routes through Syria and Lebanon could be degraded, the Iraqi wellspring would remain. It urged policymakers to focus on the source, not the pipes.

The intervening months have vindicated this assessment beyond expectation:

The pipes have been severed. The Assad regime collapsed in December 2024, destroying Iran's land corridor to Hezbollah and billions in underground infrastructure. The June 2025 war devastated Iran's military and nuclear capabilities: over 1,100 targets struck across 28 provinces, 30 senior security officials killed, 22,000 centrifuges destroyed, and approximately two-thirds of Iran's ballistic missile launchers eliminated.¹ The U.S. operation in Venezuela in January 2026 dealt a major setback to Tehran's Western Hemisphere operations.² Lebanese banking faces unprecedented American pressure.

Yet the source endures. Iraq's financial architecture - the PMF's (Popular Mobilization Forces') \$3.4 billion budget, the oil smuggling networks, the dollar auction manipulation, the ghost soldiers - remains largely intact. Treasury sanctions have targeted individual nodes, but the system persists. The Coordination Framework consolidated power in the November 2025 elections. Iranian-aligned militias continue operating with impunity.

Iran's desperation has intensified. The rial has collapsed to 1.47 million to the dollar.³ Protests have spread to all 31 provinces.⁴ Hezbollah requested \$2 billion annually and received only half.⁵ With every alternative revenue stream under

pressure, Tehran's dependence on Iraqi extraction has intensified, not diminished.

The strategic implication is stark: Iraq has transformed from Iran's "last financial lifeline" to virtually its only financial lifeline. The policy recommendations in this paper - Treasury designations of documented smuggling infrastructure, conditioning security assistance on PMF transparency, supporting alternative energy and trade corridors - have acquired new urgency.

The window this analysis identified has not closed; it has widened. The question is whether Washington will act.

What If the Iranian Regime Falls?

The current protests in Iran raise a legitimate question: Is this analysis relevant if the regime in Tehran collapses? The answer is yes - and perhaps even more so.

First, policy cannot be built on the assumption of collapse. Authoritarian regimes fall rarely, and the Islamic Republic has survived severe protests before - in 2009, 2017, 2019, and 2022. It may survive this time as well.

Second, even if the regime falls, the Iraqi problem will not disappear. The militias in Iraq are not merely Iranian proxies - they are autonomous organizations with their own economic, political, and criminal interests. The PMF's \$3.4 billion budget comes from the Iraqi treasury, not Tehran. The smuggling networks operate for local profit. The ghost soldiers enrich Iraqi commanders. If Iran collapses, these organizations may become more independent, less predictable, and potentially more dangerous.

Third, the policy recommendations in this paper remain valid under any scenario. Budgetary transparency in the PMF, sanctions on smuggling infrastructure, and support for alternative energy corridors - all serve American and Iraqi interests regardless of the regime's fate in Tehran. Strengthening the Iraqi state at the expense of the militias is a worthy objective in its own right.

In short: If the Iranian regime survives - the source must be choked. If it falls - the infrastructure it leaves behind must be addressed. In either case, Iraq is the focal point.

Introduction

In an unprecedented alignment, American and Israeli interests converge on a single target: strangling Iran's economic lung in Iraq indefinitely. A conservative aggregation of documented flows yields the following annual estimates: oil smuggling (\$1-3 billion), PMF budget (\$3.4 billion), ghost soldiers (\$500+ million), currency manipulation (\$2+ billion), and contract corruption (\$1+ billion). The total comes to \$8-12 billion annually, approaching Iran's entire military budget.⁶

This is the source. The billion dollars transferred to Hizbullah in the first ten months of 2025, the Houthi weapons systems disrupting the Red Sea, the Hizbullah commanders who relocated to South America: all require funding generated here. Syria was a corridor. Lebanese banking provided channels. Both

are degraded. Tehran is rebuilding alternatives through Turkey, Dubai, and informal networks, and will continue to adapt. But corridors move money; Iraq produces it. The \$8-12 billion generated annually is the source, not the pipe. That pipe extends around the globe.

Iranian-controlled drone facilities operate 1,500 miles from Miami. In October 2025, Caracas requested drones with a 1,000-kilometer range, which would place Puerto Rico, the U.S. Virgin Islands, and Guantanamo Bay within striking distance.⁷ Hizbullah operatives have surveilled the Panama Canal, through which 40% of American container traffic flows, and JFK Airport.⁸ In 2017, Bolivian authorities seized explosive precursor materials for a 2.5-ton bomb from a Hizbullah-affiliated warehouse.⁹ Saudi media reported in April 2025, citing Latin American diplomatic sources, that approximately 400 Hizbullah field commanders and their families were relocating to South America following the ceasefire.¹⁰

Iran has constructed two rings of fire: one encircling Israel through Lebanon, Gaza, Yemen, and Syria; the other threatening the United States through Venezuela, criminal enterprise networks across South America, and terror cells from Brazil to Mexico. Both rings are funded from a single source. Both can be degraded through a single pressure point: Iraq.

Iraq has always been Iran's economic lung. While some assessments reach as high as \$20 billion annually, this analysis conservatively estimates Iranian financial extraction at \$8-12 billion through oil smuggling, PMF budget capture, ghost soldiers, and institutional corruption, a sum approaching Iran's entire military budget.¹¹ With the Syrian corridor closed, Lebanese banking is under unprecedented pressure. The Central Bank of Lebanon faces close scrutiny by the FATF and American officials amid Grey List negotiations, while Hizbullah's Qard al-Hasan banking network is under siege. Iraq has become indispensable. Tehran will find new transfer routes, it always does, but the money is produced in Iraq.¹²

The 2024-25 wars exposed Iran at maximum vulnerability. Hizbullah lost Nasrallah and most of its command chain. Hamas was degraded to military dysfunction. Yet Iranian reconstitution continues with intensity: over \$1 billion flowed to Hizbullah in the first ten months of 2025. The window will not remain open indefinitely.

Part I: Two Rings of Fire

Iran has constructed two concentric rings of threat projection that now operate as a unified architecture. The first encircles Israel through proxies in Lebanon, Gaza, Yemen, Sudan, Jordan, and Egypt. The second threatens America across the Western Hemisphere through military entrenchment in Venezuela, criminal networks throughout South America, and operational terror cells from Brazil to Mexico. These are not parallel initiatives. They share command structures, personnel, and above all, a single funding source. Understanding the architecture reveals the chokepoint.

The Ring Around Israel

The 2024-25 wars and the June 2025 Israeli-American strikes inflicted extraordinary damage on Iran's Middle Eastern proxies and on Iran itself. Hizballah lost approximately 4,000 fighters, over 70% of its firepower neutralized, and its entire senior leadership eliminated within weeks: Hassan Nasrallah after 32 years, his designated successor Hashem Safieddine, and thirteen members of its senior command.¹³ Hamas lost between 17,000 and 23,000 fighters, all five brigade commanders, and Gaza leader Yahya Sinwar. The Syrian corridor collapsed with Assad's fall in December 2024, and Israeli forces subsequently discovered a secret Iranian base used for weapons smuggling across Syrian territory.¹⁴ The June 2025 combined Israeli-American operation devastated Iran's military and nuclear infrastructure: over 1,100 targets struck across 28 provinces, 30 senior security officials killed, an estimated 22,000 centrifuges destroyed, and approximately two-thirds of Iran's ballistic missile launchers eliminated.¹⁵ By any conventional measure, Iran's regional architecture should be in terminal decline.

Yet the opposite is occurring. The IRGC nevertheless transferred over \$1 billion to Hizballah during the first ten months of 2025 alone via crypto and fiat currencies, a dramatic increase from the \$700 million provided annually before the war, demonstrating continued prioritization despite domestic economic collapse.¹⁶ The financial strain on Iran's proxy network has nonetheless become visible: according to Israeli public broadcasting, Hizballah requested approximately \$2 billion annually from Tehran for reconstruction but received only half that amount, with internal sources describing the funding as "insufficient for the organization's needs."¹⁷ Israeli strikes continue precisely because reconstruction is advancing: on November 23, 2025, Israel killed Haytham Ali Tabatabai, Hizballah's de facto chief of staff, in Beirut.¹⁸

Tabatabai's biography reveals how the rings connect. Before assuming Hizballah's top military post, he spent nine years in Yemen (2015-2024) as part of Hizballah's Unit 3800, serving as the architect of Houthi military capabilities.¹⁹ These same capabilities have since conducted over 190 attacks on Red Sea maritime shipping between November 2023 and September 2025, collapsed Suez Canal revenues from \$10.25 billion to \$3.99 billion, and cost Egypt \$7 billion in losses.²⁰ The Houthis suspended operations following the Gaza ceasefire in October 2025.²¹ Yet the damage to global trade persists: Suez Canal traffic remains approximately 60% below normal levels despite 100 days without attacks, as shipping companies maintain diversions around the Cape of Good Hope.²² U.S. Operation Rough Rider (March 15 to May 5, 2025) struck over 1,100 Houthi targets in Yemen, yet analysts emphasize that the Houthis maintain significant operational independence from Tehran and have since regrouped.²³ Far from being degraded, Houthi capabilities remain intact. In November 2025, Arab media reported the Houthis have entered "a new phase of organizing their military capabilities," establishing unprecedented smuggling networks through a novel Belarus-Eritrea corridor bypassing traditional interdiction routes.²⁴

Iran is simultaneously opening new fronts. Sudan offers 853 kilometers of Red Sea coastline just 320 kilometers from Saudi Arabia. Between January and July 2024, at least seven flights operated by Fars Air Qeshm, a U.S.-sanctioned airline with

Islamic Revolutionary Guard Corps (IRGC) Quds Force ties, traveled between Tehran and Port Sudan. Iranian drones have enabled the Sudanese Armed Forces to reclaim territory. Iran's ultimate ambition: a direct naval presence allowing simultaneous disruption of Bab el-Mandeb and Suez.²⁵

The threat extends to Israel's immediate borders. According to the *New York Times*, "Iran has been flooding the West Bank with weapons for about two years."²⁶ Captured Hamas documents reveal the smuggling route: IRGC Units 4000 and 18840 move weapons through Iraq to Syria's Sayyida Zainab district, then through Bedouin families in Jordan to Israel. In May 2024, Jordan thwarted an Iranian plot to smuggle weapons intended for sabotage inside Jordan itself. A senior Kata'ib Hizballah official boasted of "willingness to arm 12,000 mujahideen in Jordan."²⁷

Before October 7, Hamas maintained a 5,000-strong force in Lebanon while Palestinian Islamic Jihad operated a 600-man unit attached to Hizballah's elite Radwan Force.²⁸ By November 2025, Israeli intelligence revealed that Hamas had allocated entire companies of fighters to join Radwan "when an order is given," representing unprecedented operational integration between the organizations.²⁹ Egypt, traditionally hostile to Tehran, is now normalizing relations: President Pezeshkian visited Cairo in December 2024, the first such visit in eleven years.³⁰ This can be interpreted as part of Iran's broader strategy to construct and consolidate its "ring of fire."

The Ring Around America

SOUTHCOM Commander Admiral Alvin Holsey warned Congress in February 2025: "Iran seeks to build political, military, and economic clout in Latin America with the assistance of sympathetic authoritarian regimes."³¹

The threat is concrete, not hypothetical. Venezuela has produced Zamora V-1 loitering munitions replicating Iranian Shahed designs. Iranian personnel were in control of portions of El Libertador Air Base where Venezuelan staff could not enter without permission. In October 2025, Venezuela's transportation minister requested drones with a 1,000-kilometer range, sufficient to reach Puerto Rico and Guantanamo Bay from Venezuelan territory.³² Nicaragua provides additional infrastructure: Israel's ambassador to Costa Rica confirmed in October 2024 that Hizballah and other Iranian-backed groups have established bases in Venezuela, Bolivia, and Nicaragua as part of an Iranian-promoted axis spanning the region.³³

Hizballah has already conducted pre-operational surveillance of critical American infrastructure. Federal-court convictions document that operative Samer el-Debek scouted the Panama Canal, through which 40% of U.S. container traffic flows, assessing vulnerabilities and construction weaknesses. Ali Kourani surveilled JFK Airport and New York law enforcement facilities, and identified former Israeli military personnel in the city as potential targets.³⁴ In 2021, Colombian authorities disrupted a Hizballah assassination plot targeting U.S. diplomatic personnel and an Israeli national in Bogotá, part of Iran's retaliation campaign for the Soleimani killing.³⁵

Saudi media reported in April 2025 that approximately 400 Hizballah field commanders with families were relocating to South America: Venezuela, Ecuador, Colombia, Brazil.³⁶ Marshall Billingslea of the Hudson Institute warned Congress in October 2025 that Hizballah would conduct “a hard pivot to Latin America and to the drug trade in particular.” By 2018, Hizballah’s South American operations may have generated as much as \$200 million annually.³⁷

In November 2025, Firas al-Yasser of Iraqi militia Harakat al-Nujaba revealed that the Iraqi resistance is cooperating with the Houthis in “renewing weapons and military technologies,” benefiting from Houthi advances in missile technologies, precision operations, and GPS. His warning was explicit: the Iraqi Islamic Resistance is “updating its goals” that will be “effective and painful for the usurping entity and the American presence in the region.”³⁸

These two rings draw from a single production center. The U.S. Treasury assessed in November 2025 that “Hizballah’s ability to conduct financial transfers was profoundly degraded by the December 2024 collapse of Syria’s Assad regime.”³⁹ Lebanese banking, which includes the governmental sector (the Central Bank) and Hizballah, is under unprecedented pressure.⁴⁰ Yet Treasury data confirm Tehran is already rebuilding transfer networks through Turkey, Dubai, and *hawala* systems.⁴¹

Tabatabai killed in Beirut, al-Yasser threatening from Baghdad, the Houthis disrupting the Red Sea, the commanders who relocated to South America: all require funding. Transfer routes move money that must first be generated. Iraq generates \$8-12 billion annually. The question is not how Iran moves the funds, but whether the source can be disrupted.

January 2026 update: On January 3, 2026, as this paper was in final review, U.S. forces captured President Maduro and struck the Iranian drone facilities at El Libertador documented above. The operation dismantled the Venezuelan node of Iran’s Western Hemisphere network.⁴² The Treasury Department had designated ten individuals and entities in late December 2025, targeting Venezuelan companies involved in Iranian UAV trade and laying the groundwork for the operation.⁴³ The Iran-Venezuela partnership had encompassed approximately 300 bilateral agreements, Iranian UAV production facilities, and Hizballah financial networks exploiting Venezuelan banking and drug trafficking routes.⁴⁴ This development makes the Iraqi revenue source analyzed in the following sections even more critical to Tehran’s proxy apparatus.

Part II: Iraq as Iran’s Economic Lung

The collapse of Syria closed Iran’s primary corridor for transferring weapons and money to Hizballah. Lebanese banking is under unprecedented American pressure. Tehran is adapting through Turkey, Dubai, and informal networks. But these are transfer mechanisms. Iraq was never primarily a corridor - it is where the money originates.

Four Decades in the Making

Iran's current position represents the culmination of systematic investment since 1982-1983, when the IRGC established the Badr Corps from Iraqi Shiite prisoners of war.⁴⁵ After 2003, Tehran exploited Iraq's sectarian power-sharing system (*muhasasa*) to place its longtime proxies in government; many Badr fighters became Iraqi army and police officers, infiltrating the new state from within.⁴⁶ By the 2020s, analysts observed that PMF networks had become "indistinguishable" from other networks that make up the Iraqi state.⁴⁷

The Shadow State

The late Qassem Soleimani epitomized Iran's penetration: during Iraq's 2019 protests, he flew to Baghdad to personally direct strategy for preserving the Iran-aligned government.⁴⁸ A former CIA officer described him as "the single most powerful operative in the Middle East."⁴⁹ At present, no Iraqi government can be formed without Tehran's approval; IRGC advisers are embedded throughout the bureaucracy, with ideological loyalty to Tehran trumping qualifications for sensitive appointments.

Strategic-Ministry Control

Tehran systematically controls four ministries critical to its interests. The Interior Ministry oversees police and domestic security; Badr leaders have repeatedly held this post (Bayan Jabr 2005-06, Qasim al-Araji 2017-18), integrating Iran-aligned militants into the security apparatus and ensuring key police and intelligence positions are filled by loyalists.⁵⁰

The Finance Ministry provides access to budget allocations; Iranian-backed actors were implicated in Iraq's \$2.5 billion "heist of the century" tax fraud (2021-22), traced to Badr-linked officials.⁵¹ When pro-Iran factions control Finance, Tehran gains oversight of payment systems, allegedly used to launder money via sham point-of-sale transactions and steer public funds toward militias.⁵² It should be borne in mind that any international sanction against Iraq will firstly be assessed at this ministry.

The Oil Ministry controls Iraq's primary revenue; friendly ministers facilitate large-scale smuggling. The Transportation Ministry, held by Badr for 8 of the past 14 years, manages borders, ports, and aviation. Key land crossings (Mehran, Shalamcheh) fall under IRGC-friendly supervision, facilitating smuggling of weapons, oil, and contraband. Iraqi Airways and airport facilities have been co-opted to ferry Iranian arms under cover of official flights. Badr's grip over Iraq's port authority means every contract and customs deal reportedly delivers kickbacks to leadership. Badr officials oversee all major port projects including the new Grand Faw port, and introduced systems to manipulate oil-shipping data to conceal sanctions-busting exports.⁵³

The Popular Mobilization Forces: A Parallel Military

The PMF constitutes a parallel military establishment. Its de facto commander is Abu Fadak al-Mohammadawi, a U.S.-designated terrorist from Kata'ib Hizbullah.

The PMF Commission is chaired by Faleh al-Fayyad, sanctioned by the U.S. for human rights abuses. U.S. officials have described the PMF as an “Iranian fifth column” inside Iraq’s security forces.⁵⁴ The PMF was given official recognition by Law No. 40 in 2016, making it an ostensibly legitimate part of Iraq’s national security forces.

The force has grown dramatically: from approximately 60,000 fighters in 2014 to 122,000 by 2021, 204,000 by 2023, and 238,000 by 2024, nearly equivalent to Iraq’s regular army.⁵⁵ The 2024 budget of \$3.4 billion has increased approximately 60% from \$2.16 billion in 2021, exceeding Lebanon’s entire national budget while remaining separate from Iraq’s \$21.1 billion Defense Ministry allocation.⁵⁶ Approximately 80% of the budget goes to salaries.⁵⁷

According to a senior Iraqi media figure based in Washington with access to official Iraqi government documentation, the PMF roster includes approximately 120,000 “ghost soldiers”: fictitious positions whose salaries flow to militia commanders, who then transfer funds back to the militias, thus creating a money-laundering trail that is unattainable for international sanction forces. This estimate is consistent with earlier findings: former parliamentarian Faiq Sheikh Ali stated in May 2020 that PMF leadership received salaries for 130,000 fighters when actual strength was approximately 48,000, implying over 80,000 ghost positions at that time.⁵⁸ The pattern was confirmed by the PMF’s own finance director, Qassim al-Zubaidi, who was assassinated in April 2018 after reporting to Prime Minister al-Abadi about “fictitious fighters and corruption in salary distribution.”⁵⁹ Michael Knights of the Washington Institute assessed that “some of these slots are almost certainly fictitious, enabled by years of deliberate opacity in the PMF’s registered manpower.”⁶⁰ This systematic mechanism converts Iraqi taxpayer money into operational funding for Iran-backed groups on a scale potentially reaching hundreds of millions of dollars annually.⁶¹ This essentially and fundamentally serves as a significant basis for the Grey Listing of Iraq under the FATF, regardless of the vast advancement the Central Bank of Iraq has made during the past few years.

The loyalty structure is explicit. Badr leader Hadi al-Ameri publicly declared: “If our Imam [Khomeini] says war, then we say war; if Imam says peace, then peace.” Badr is characterized as a *walayi* movement, recognizing Iran’s Supreme Leader (Wilayat al-Faqih) as a higher authority than Iraq’s elected government.⁶²

Revenue Networks: Industrial-Scale Operations

The primary smuggling mechanism involves blending sanctioned Iranian crude with Iraqi oil and exporting under falsified documentation. U.S. Treasury sanctions announced in July 2025 exposed networks that “transported and purchased billions of dollars’ worth of Iranian oil” through Iraqi infrastructure, using ship-to-ship transfers and bribing officials for fake export certificates.⁶³ Documented smuggling schemes involve 500,000-750,000 metric tons of fuel oil monthly diverted from asphalt plants, equating to approximately 3-4.7 million barrels.⁶⁴

Analysis of March 2024 data revealed a 300,000-barrel-per-day discrepancy between actual shipments and official records: approximately \$440 million in

smuggled petroleum that month alone.⁶⁵ At least 18 militia-operated “asphalt plants” receive subsidized fuel from Iraq’s Oil Ministry ostensibly for industrial use; the fuel is smuggled abroad.⁶⁶ Additionally, through opaque “swap” arrangements to repay Iraqi debts for Iranian gas and electricity, Iraq transferred 600,000 to 900,000 metric tons of fuel oil monthly to Iran between March and November 2024, representing 10-20% of Iraq’s total output.⁶⁷

PMF units control border provinces (Basra, Diyala, Maysan), manning checkpoints that allow smuggled convoys through. Maritime smuggling operates via the Shatt al-Arab waterway: small barges load fuel from secluded spots, then transfer it to larger vessels offshore. The U.S. Navy has intercepted such shipments in the Gulf, and in March 2025 Iraq’s oil minister confirmed that “oil tankers being detained in the Gulf by U.S. naval forces” were Iranian vessels using forged Iraqi documents.⁶⁸

Economic Offices and Front Companies

Iran-aligned militias maintain an extensive network of front companies, spanning construction, real estate, energy, transportation, banking, and tourism sectors across Iraqi provinces (excluding Kurdistan). The U.S. Treasury designated 20 Iraq-based front companies in a single 2020 action, with subsequent designations identifying entities such as Muhandis General Company and Baladna Agricultural Investments.⁶⁹⁷⁰ Each major militia operates an “economic office” (*maktab iqtisadi*) that awards contracts, extorts businesses, facilitates smuggling, and launders money. These networks are ubiquitous, to the point they are indistinguishable from the state’s economic apparatus.⁷¹ Militia economic activity spans: border customs (charging “fees” on imports/exports), currency exchanges aiding money laundering, and retail businesses forced to pay protection money in mafia-style rackets.⁷²

Following the territorial defeat of ISIS, PMF factions cornered the scrap metal trade around Mosul while extending their control over state-owned engineering and construction companies to capture reconstruction opportunities.⁷³ Iran-backed militias including Kata’ib Hizbulah, Badr Brigade, and Asaib Ahl al-Haq have operated extensive cash courier networks, smuggling millions of U.S. dollars to Iran through currency exchange offices. Tehran’s Iraqi proxies serve as middlemen, converting Iraqi oil into cash for Iran’s sanctions-constrained economy.⁷⁴

Shadow Banking and the Dollar Pipeline

Iran’s exploitation extends into Iraq’s formal banking system. The Central Bank of Iraq’s daily dollar auction converts approximately \$10 billion annually of Iraq’s oil revenues into dollars, ostensibly for legitimate imports. Investigative reporting has documented how this mechanism became “a monster funneling billions to fraudsters and militants through the U.S. Federal Reserve.”⁷⁵

The scheme operates through front companies submitting falsified import invoices, exchange houses operating on Tehran’s behalf, and complicit bank executives. In January 2024, the Treasury Department designated Al-Huda Bank as a “primary money laundering concern” after its owner Hamad al-Moussawi

allegedly executed \$6 billion in fraudulent wire transfers serving as a conduit for IRGC financing.⁷⁶ By October 2025, Treasury had sanctioned the Muhandis General Company (the PMF’s economic conglomerate controlled by Kata’ib Hizballah leader Abu Fadak), along with Iraqi bank executives for laundering “tens of millions of dollars for Iran” and giving the IRGC-QF “a degree of control” over Iraqi banks.⁷⁷

The integration runs deep: the need for international compliance intervention to upgrade Iraq’s financial infrastructure underscores the severity of the country’s financial integrity challenges.⁷⁸ Currency exchange offices across Baghdad serve dual purposes: legitimate currency conversion for the public, and systematic dollar routing to Iran through layered transactions designed to evade detection. This shadow banking architecture transforms Iraq into Tehran’s primary dollar access point, routing American currency through Baghdad to circumvent sanctions that have largely cut Iran off from the international financial system.

The Blending Mechanism: China’s Role in Iraqi Infrastructure

China purchases approximately 90% of Iran’s sanctioned oil exports, primarily through independent “teapot” refineries concentrated in Shandong province. Iranian crude reaches these destinations through multiple channels: relabeling as Malaysian or Omani origin, ship-to-ship transfers in international waters, and blending with Iraqi products at ports such as Khor al-Zubair.⁷⁹ U.S. Treasury designations in July 2025 exposed Iraqi-based networks processing an estimated 3-5 million barrels monthly through blending operations—a mechanism generating \$1-3 billion annually for Tehran.

China has achieved economic dominance in Iraq at a scale that fundamentally complicates any pressure strategy. Unlike the misconception that under the new Chinese decree shadow fleets are not welcome in Chinese ports, in practice the decree only applies to vessels with more than 15 years of age and only to some ports in China, thereby enabling oil to keep surging into China with a whitewashed regulation to please the American counterparts.

Bilateral trade reached \$49 billion in 2023. Chinese Ambassador Cui Wei confirmed publicly that China has become Iraq’s largest trading partner. Trade volume hit \$27 billion in the first half of 2024 alone, projecting annual totals exceeding \$55 billion.⁸⁰

The Chinese National Petroleum Corporation accounts for more than half of Iraq’s current oil production through stakes in the country’s three largest fields: Rumaila, Halfaya, and West Qurna-1.⁸¹ Together with the Chinese National Offshore Oil Corporation and independent firms including Geo-Jade, UEG, and ZhenHua, Chinese companies collectively manage approximately two-thirds of Iraqi oil output.⁸² In 2023-2024, Chinese firms won 77% of new oil field licenses (10 of 13 contracts in the 2024 licensing round). “Chinese contractors secured 87% of all oil, gas, and power project contracts awarded by Iraq, worth \$3.35 billion.”⁸³

China imports roughly one-third of Iraq’s total oil exports, approximately 1.18 million barrels daily, positioning Beijing as Iraq’s largest oil customer ahead of India and the United States.⁸⁴

Yet this oil laundering component, while significant, represents only a fraction of Iraq's financial importance to Iran. The bulk of the \$8-12 billion Tehran extracts annually derives from sources entirely distinct from the China oil trade: PMF budget capture, ghost soldier schemes, currency auction manipulation, and systematic contract corruption. Critically, these revenue streams flow through dollar-denominated systems subject to American jurisdiction—unlike the yuan-based China-Iran oil trade, which operates largely beyond Washington's reach.⁸⁵ This distinction defines the policy opportunity: Iraq is not where America can interdict Iranian oil sales to China, but where America can disrupt the financial infrastructure that funds Iranian regional operations.⁸⁶

Part III: The Electoral Paradox

Iraq's November 2025 elections produced results that appear contradictory yet reveal an exploitable vulnerability: pro-Iranian forces achieved their strongest institutional position since 2003 while confronting unprecedented popular rejection. This gap between institutional control and the absence of legitimacy constitutes Iran's structural weakness in Iraq.

The Collapse of Legitimacy

The shift in Iraqi Shiite public opinion represents one of the most dramatic reversals in Middle Eastern polling history. In 2015, 88% of Iraqi Shia held favorable views of Iran. By 2018, only 47% did, a collapse of 41 points in three years. That same year, 58% of Iraqi Shia identified Iran as "a real threat to Iraqi sovereignty."⁸⁷

Polling data from 2021 showed that more than 90% of Iraqis want to dismantle the ethnic-sectarian system (*muhasasa*) that enables Iranian influence.⁸⁸ By February 2024, for the first time since 2004, over 50% believed the country was heading in the right direction. Yet this cautious optimism regarding security and governance has not altered fundamental opposition to the post-2003 political structure: polling consistently shows over 80% of Iraqi Shia view Iranian influence negatively, while 86% believe the state serves only the interests of established groups.⁸⁹

Tishreen 2019: Rejection Takes to the Streets

In October 2019, this rejection erupted into the streets. Hundreds of thousands of Iraqi Shia demonstrated, chanting "Iran out!" and burning Iranian consulates in Najaf and Karbala, the holiest cities in Shia Islam. The sight of Iran's Najaf consulate engulfed in flames, met with cheers from Shiite protesters, marked a symbolic breaking point.⁹⁰

Iran-backed militias responded by killing approximately 600 protesters. Yet Iraq's supreme religious authority refused to endorse the crackdown: Grand Ayatollah Ali al-Sistani implicitly supported the protesters' demands for sovereignty, ruling consistently that weapons must remain under exclusive state control, a position that directly negates the religious legitimacy claimed by Iran-backed militias.⁹¹

The 2021 elections reflected this rejection: the Fatah Alliance collapsed from 48 seats to just 17.⁹²

November 2025: Institutional Victory Without Popular Mandate

Yet in November 2025, the Coordination Framework secured 184 of 329 parliamentary seats (56%), well above the 165-seat majority threshold.⁹³ Asaib Ahl al-Haq, a U.S.-designated terrorist organization led by Qais al-Khazali, surged from 15 to 27 seats. Muqtada al-Sadr, who won 73 seats in 2021, boycotted the elections entirely, eliminating the sole parliamentary counterweight to Iranian influence. By 2025, 86% of Iraqis, including 83% of Shia, express opposition to Iranian leadership.⁹⁴

How They Win Without the People

Official figures claimed 56% turnout. In practice, when measured against the total voting-age population, actual participation stood at only 40%.⁹⁵ A black market for biometric voter cards emerged, with cards selling for approximately \$100 each. The PMF's \$3.4 billion budget finances patronage networks that translate into votes.⁹⁶

Turnout patterns expose the disparity: in the secular-governed Kurdistan Region, participation exceeded 70% in Erbil, while areas under sectarian dominance fell to 40-50%.⁹⁷ Iraqis vote when they are free. The Coordination Framework controls the machinery of state, not the loyalty of the people.

The Qaani Factor: Iran Weakened

Iran's capacity to mediate internal Iraqi disputes has structurally diminished. IRGC Quds Force Commander Esmail Qaani visited Baghdad in July 2025 to resolve the Sudani-Maliki rivalry and unify the Coordination Framework, and failed. Unlike Soleimani, who spoke fluent Arabic and cultivated personal relationships over decades, Qaani "inherited a role for which he was not prepared." Relations with Iran's proxies have "cooled down."⁹⁸

The Evidence: American Pressure Works

In August 2025, Iraq's parliament debated legislation to integrate the PMF as a permanent parallel military. The United States intervened decisively: Secretary of State Rubio called Prime Minister Sudani and expressed "serious concerns" that the legislation would "institutionalise Iranian influence and armed terrorist groups." Iraq withdrew the bill within days.⁹⁹

The gap between institutional control and popular rejection, where Sistani denies the religious legitimacy of the militias, Qaani fails as a mediator, and the overwhelming majority of Iraqis including Shia reject Iran, represents a persistent structural vulnerability. American pressure works. This is not a fleeting window of opportunity but an enduring reality that can be exploited. The same can be viewed in Lebanon to a certain extent; Hizbullah's influence within the past six months has decreased and with immense American pressure, the myth of their invincibility is fading.

Part IV: Policy Implications

The preceding analysis establishes three findings with direct policy relevance, each reinforced by events since June 2025.

First, Iraq has become Iran's primary revenue generation center - not merely a transfer corridor but effectively the sole remaining source of funds amounting to \$8-12 billion annually. With Syria's collapse severing what Treasury described as "a key source of support and bridge to Iran for Hizbullah for decades," Iraqi infrastructure has become indispensable.¹⁰⁰ The June 2025 war destroyed Iran's nuclear infrastructure and military-industrial base.¹⁰¹ The January 2026 Venezuela operation dealt a major setback to Tehran's Western Hemisphere node.¹⁰² As noted earlier, Lebanese banking is under unprecedented pressure: Treasury sanctions in November 2025 targeted exchange houses transferring tens of millions to Hizbullah;¹⁰³ Lebanon's Central Bank imposed new restrictions on non-bank financial institutions from December 1, 2025;¹⁰⁴ Hizbullah's parliamentary bloc condemned American "financial guardianship."¹⁰⁵ The infrastructure documented in part II, generating \$8-12 billion annually, now constitutes Tehran's only significant mechanism for funding proxy reconstruction across both rings of fire.

Second, Iranian institutional control operates without popular legitimacy - both in Iraq and increasingly within Iran itself. The 86% disapproval rate, including 83% among Iraqi Shia, represents a structural vulnerability.¹⁰⁶ This pattern now extends to Iran proper: protests spread to all 31 provinces since December 28, 2025, with demonstrators explicitly calling for the Supreme Leader's removal.¹⁰⁷ The regime responded with the deadliest crackdown since 1979, killing over 4,700 confirmed protesters with nearly 10,000 additional deaths under investigation; the UN Special Rapporteur stated the civilian death toll may surpass 20,000. By mid-January the streets had quieted, but the underlying conditions remain.¹⁰⁸ The Coordination Framework governs through patronage and coercion, not consent. Grand Ayatollah Sistani's theological opposition to militia autonomy further delegitimizes Iran-aligned factions among their core constituency.

Third, American financial leverage produces measurable compliance. Decision No. 61, designating Hizbullah and the Houthis as terrorist organizations in November 2025, demonstrated that Iraqi institutions will act against Iranian interests when faced with credible threats to dollar access. The subsequent reversal under militia pressure confirms that sustained pressure, not episodic intervention, is required.¹⁰⁹ The Treasury Department's intensified sanctions campaign in late 2025, targeting shadow fleet vessels, Iraqi-Iranian oil smuggling networks, and bank executives facilitating IRGC operations, demonstrates the tools available.¹¹⁰

These findings suggest that a coordinated policy targeting Iraq's financial infrastructure can simultaneously degrade Iranian revenue streams, expose the gap between militia leadership and popular sentiment, and create conditions for Iraqi actors seeking reduced Iranian dependence. The window for such action has widened, not narrowed.

The following section examines policy options available to operationalize this assessment.

Part V: Policy Options for Disrupting Iran's Iraqi Revenue Base

The analysis in preceding sections documented how Iraq serves as the central financial artery of Iran's proxy apparatus, generating \$8-12 billion annually through oil smuggling, PMF budgets, and currency manipulation. This section examines policy options available to disrupt this revenue base across five domains: direct American leverage, internal Iraqi dynamics, Gulf Cooperation Council engagement, energy infrastructure transformation, and lessons from the 2022 government formation.

A. Direct American Leverage

The United States possesses significant yet underutilized financial leverage over Iraq. Iraqi government holdings exceed \$100 billion in American financial institutions,¹¹¹ and Iraq's dollar-dependent economy cannot function without access to the Federal Reserve's foreign currency auction. The Treasury Department's escalating pressure demonstrates both capability and gaps.

By January 2026, the administration has sanctioned over 180 shadow fleet vessels engaged in Iranian oil smuggling, designated Iraqi bank executives for laundering tens of millions for the IRGC-QF, and targeted the Muhandis General Company - the PMF's economic conglomerate controlled by Kata'ib Hizbulah.¹¹² In December 2025, Treasury designated networks facilitating Iran-Venezuela weapons trade.¹¹³ These actions have imposed costs but not eliminated the architecture.

The most immediate opportunity lies in 18 militia-operated asphalt plants identified by Iraq's own Ministerial Energy Committee but not yet designated by OFAC.¹¹⁴ *CTC Sentinel* documented that 26 of 55 private asphalt plants had no legitimate claim to receive fuel oil, channeling approximately \$960 million annually to the broader Iran threat network, including Kata'ib Hizbulah and Asa'ib Ahl al-Haq. AAH emerged as the terrorist group with the largest number of asphalt plants.¹¹⁵ The facilities are known. The ownership structures are mapped. The evidence is Iraqi, not American. Treasury designation would impose immediate financial consequences while citing Iraqi government documentation.

Individual sanctions offer a second track. The March 2024 congressional letter to the Treasury identified Iraqi financial channels enabling Iranian sanctions evasion and questioned whether this waiver maintains "a financial lifeline for the Iranian regime."¹¹⁶ With Iran's economy in freefall - the rial at 1.47 million to the dollar, inflation exceeding 40%, and the budget deficit at approximately 1,800 trillion tomans - additional pressure on this mechanism carries greater weight than before.¹¹⁷

Maritime interdiction represents a third option. The Treasury's September 2025 designation of the Iraqi-Iranian oil-smuggling network documented specific evasion techniques: AIS transponder manipulation, nighttime ship-to-ship transfers in international waters, and deliberate gaps in position reporting.¹¹⁸ This

intelligence could support expanded cooperation with Gulf and allied naval forces for active interdiction operations.

Resolution 61's reversal illustrates the potential for linking Iraqi decisions to American consequences. When Iraq's Committee for Freezing Terrorist Funds designated Hizbullah and the Houthis as terrorist organizations in November 2025, Iranian pressure forced reversal within weeks.¹¹⁹ A policy of advance communication that such reversals would trigger restrictions on dollar access could alter the calculus of Iraqi parliamentarians weighing Iranian pressure against American consequences. The reversal demonstrates precisely why episodic pressure fails: had Washington responded with immediate consequences, the calculus would shift for future decisions.

Conditioning security assistance offers structural leverage. American military aid to Iraq exceeds \$1 billion annually.¹²⁰ This assistance could be conditioned on comprehensive auditing of PMF rosters: physical verification of fighters receiving salaries, verification of bank records for salary transfers, and publication of verified rosters on a defined timeline. Ghost soldiers identified on PMF payrolls represent both financial leakage and policy leverage.¹²¹

Secondary sanctions on Chinese intermediaries address the demand side of Iranian oil smuggling. Chinese companies control two-thirds of Iraqi oil production capacity.¹²² China purchases approximately 90% of Iran's sanctioned oil exports, with Shandong province refineries serving as primary destinations.¹²³ Extending designations to Chinese intermediaries knowingly participating in Iraqi-Iranian oil-blending operations would impose costs on the commercial infrastructure enabling sanctions evasion.

Finally, converting private threats to public conditions would force clarity. Washington has reportedly communicated to Baghdad that continued facilitation of Iranian sanctions evasion could trigger designations of Iraq's Central Bank and State Oil Marketing Organization (SOMO). These warnings remain private. Public articulation of specific conditions and consequences would eliminate Baghdad's ability to claim ignorance and force an explicit choice between Iranian alignment and American partnership.

B. Internal Iraqi Dynamics

The assumption that Iraqi public opinion uniformly supports Iranian influence contradicts available evidence. A Gallup survey found that, as noted, 86% of Iraqis, including 83% of Iraqi Shia, view Iranian influence negatively.¹²⁴ The October 2019 Tishreen protests demonstrated the depth of popular opposition before PMF forces violently suppressed them, killing over 600 protesters.¹²⁵ This latent opposition represents an underutilized resource.

The current moment offers a unique opportunity. Iran's internal crisis - with protests spreading across all 31 provinces and security forces stretched - limits Tehran's capacity to project power into Iraq. IRGC Quds Force Commander Esmail Qaani has proven less effective than his predecessor Soleimani at mediating Iraqi disputes; his July 2025 visit to Baghdad failed to resolve the Sudani-Maliki rivalry.¹²⁶ According to a European military assessment obtained by CNN, approximately 800 Shiite militia fighters crossed into Iran from the Iraqi

provinces of Diyala, Maysan, and Basra to assist in the crackdown on protests. A separate Iraqi security source reported that nearly 5,000 fighters from Iran-backed militant groups entered through southern Iraqi border crossings, demonstrating the regime's dependence on external support - and potentially reducing militia capacity within Iraq itself.¹²⁷

Grand Ayatollah Ali al-Sistani's statements from November 2024 and June 2025 calling for exclusive governmental control over weapons provide religious legitimacy for opposing militia autonomy.¹²⁸ Sistani's voice carries authority that American statements cannot replicate. Disseminating his positions throughout the Shia information space, through religious networks, social media, and Arabic broadcasting, could strengthen internal opposition to Iranian-backed militias while insulating the message from accusations of foreign interference.

Iraqi civil society organizations documenting militia abuses operate with minimal resources. Organizations tracking extrajudicial killings, forced displacement, and economic extortion hold granular evidence that international organizations cannot easily collect. Supporting expansion of their documentation and information dissemination capacity would strengthen the evidentiary base for both internal accountability and international pressure.

Treasury and think-tank documentation of Iranian financial flows through Iraq remains largely within Washington policy circles. Arabic-language dissemination through Voice of America, Radio Sawa, social media platforms, and Iraqi digital channels could transform specialized policy analysis into public pressure. Iraqis who understand specifically how militia networks extract resources from their economy may be more inclined to demand accountability.

C. Gulf Cooperation Council Engagement

The GCC electricity-interconnection project offers Iraq a structural alternative to Iranian energy dependence. Grid connection has reached 93% completion, with full operation expected by the first half of 2026.¹²⁹ Every megawatt Iraq imports from the Gulf represents reduced leverage for Iranian electricity-cutoff threats. American diplomatic support for accelerating this project addresses both Iraqi energy needs and Iranian influence simultaneously.

The Development Road project, the \$17-24 billion railway and highway corridor from Al-Faw port to Turkey, would transform Iraq from an Iranian transit corridor to an independent trade hub connecting the Gulf to Europe.¹³⁰ Al-Faw port's first phase has reached 85% completion with five berths handed over in November 2024.¹³¹ Turkish, Qatari, and Emirati commitment to the project in 2024 signals serious regional interest.¹³²

Coordination with Saudi Arabia, the UAE, and Bahrain during Iraqi government-formation periods could offer Baghdad economic incentives Iran cannot match. Gulf investment capacity, market access, and development assistance dwarf anything Tehran can provide. The question is whether Washington and Gulf capitals coordinate to present Iraq with a clear alternative rather than allowing Iranian pressure to operate unopposed.

D. Energy Infrastructure Transformation

Iraq's dependence on Iranian natural gas and electricity imports provides Tehran with structural leverage that financial sanctions cannot easily neutralize. Altering this dependence requires developing Iraq's significant domestic energy resources.

TotalEnergies' Gas Growth Integrated Project represents the most significant initiative currently underway. The \$10 billion investment in capturing flared gas from southern Iraqi oil fields could significantly reduce the need for Iranian gas imports, though the project has been progressing according to schedule, with the first phase expected to start up in early 2026.¹³³ American diplomatic support for GGIP and encouragement of additional Western energy company participation would accelerate Iraq's path to energy independence.

BP's March 2025 Kirkuk contract signals a potential opening for Western companies in Iraq's energy sector.¹³⁴ Development assistance and diplomatic engagement could be calibrated to reward Iraqi decisions that increase Western participation and reduce opportunities for Iranian economic penetration.

E. Strategic Reflection: Shifting the Balance Without Visible Intervention

Iraq's 2022 government formation offers a point for reflection - but the January 2026 Venezuela operation offers a more current one.

The Venezuela case demonstrates that direct American action can dismantle Iranian infrastructure nodes when diplomatic and financial tools prove insufficient. Within days, the drone facilities at El Libertador were destroyed, Maduro was captured, and Tehran lost a Western Hemisphere foothold built over two decades.¹³⁵ The lesson is not that military action should be applied to Iraq - the contexts differ fundamentally - but that Washington possesses escalation options beyond sanctions when core interests are threatened.

The strategic logic articulated in the original analysis remains valid: Kurds and Sunnis do not need overt American backing. They need the Iranian side to be weaker at the negotiating table. When militias have less money, Qaani has fewer incentives to offer, the Coordination Framework has fewer resources to distribute, and Kurdish and Sunni actors can demand more on their own, without it appearing as foreign intervention.

What has changed is the baseline. Iran enters 2026 weaker than at any point since 1979: nuclear program devastated, economy collapsing, population in revolt, proxies degraded, and key external nodes dismantled. The tools detailed in section A do not strengthen allies directly; they weaken the adversary's instruments of coercion and bribery at a moment of maximum vulnerability.

Returning to Iraq's 2022 experience: Kurds and Sunnis began the period from a position of strength: the "Save the Homeland" bloc led by Muqtada al-Sadr, together with the Kurdistan Democratic Party (KDP) and the Sunni Sovereignty bloc, held a parliamentary majority and proposed a government without the pro-Iranian Coordination Framework.¹³⁶

The intensity gap was dramatic. Quds Force Commander Esmail Qaani visited Iraq repeatedly during the formation period, meeting personally with leaders, applying pressure, and offering incentives.¹³⁷ The United States conducted two senior visits. By October 2022, both the KDP and the Sovereignty bloc had abandoned Sadr and joined the Coordination Framework.

The analytical question is not “why didn’t America visit more” but whether increased diplomatic presence would have changed the outcome. Qaani can remain for months, promise direct money, hint at threats through militias. An American ambassador operates within entirely different institutional constraints. Moreover, overt American backing for Kurdish and Sunni actors could harm them politically in the Iraqi arena.

In contrast, financial tools demonstrated measurable effectiveness. In November 2022, the Federal Reserve imposed stricter controls on Iraqi bank dollar transactions. The result was immediate: the Central Bank of Iraq’s daily dollar sales plummeted from \$260 million to \$43 million.¹³⁸ The Sudani government implemented financial reforms in early 2023, including stricter reporting requirements for foreign exchange transactions.¹³⁹ By early 2025, 34 of Iraq’s private Iraqi banks had been cut off from dollar access. In January 2024, Iraq’s Central Bank banned cash withdrawals in dollars.¹⁴⁰

The point is not that financial pressure solved the problem; it did not. But it generates different background conditions over the long term. Shrinking banking channels reduces the incentive pool Qaani can offer in the next formation. Budgetary transparency in the PMF reduces the number of ghost soldiers and the black money available for applying economic pressure. Every dollar that does not flow to a militia is a dollar that remains in the formal system, and over time this shifts the institutional balance of power.

Risks and Limitations: These policy options carry inherent risks. Aggressive financial pressure could destabilize Iraq’s economy, potentially strengthening militia narratives about American economic warfare. Secondary sanctions on Chinese intermediaries would strain bilateral relations at a moment of broader strategic competition. Iranian countermeasures, including escalated militia attacks on American personnel or regional partners, cannot be excluded. Policy implementation requires calibrated escalation with clear off-ramps, not maximum pressure without strategic flexibility. The SHIP Act, adopted as counterlegislation to Chinese advancements in the field, must be implemented in full and should be enhanced to a higher degree of scrutiny.

F. Strategic Synthesis: From Iranian Land Bridge to Gulf Gateway

The five policy domains described above are not alternatives but complementary pressure vectors operating at different tempos. Financial sanctions impose immediate costs but trigger adaptation. Political engagement shapes incentives but requires sustained attention. Infrastructure transformation alters structural dependencies but requires years to complete. The most effective approach combines immediate financial pressure with medium-term political engagement and long-term infrastructure investment.

The strategic objective extends beyond disrupting financial flows. Iraq stands at a geostrategic crossroads: it can continue serving as Iran's sole remaining financial lung, or transform into the Gulf Gateway, connecting the Arabian Peninsula to Europe and Turkey as an independent trade and energy hub.

The infrastructure for the alternative vision is already being built. The GCC electricity grid has reached 93% completion with full operation expected by the first half of 2026. Al-Faw port has completed 85% of its first phase and will offer Iraq independent maritime access to global trade. TotalEnergies' GGIP project could eliminate Iranian gas dependence by 2028. The \$17-24 billion Development Road will connect Al-Faw to Turkey via 1,200 kilometers of railways and highways.

The path to realizing this vision requires action on three tracks simultaneously. In the immediate term: Treasury designations of documented asphalt plants, individual sanctions on officials involved in smuggling, conditioning security assistance on budgetary transparency. In the medium term: using financial leverage to create background conditions that weaken Iranian pressure tools, coordination with Gulf states to offer an economic alternative. In the long term: support for infrastructure projects that alter Iraq's geostrategic positioning.

The window of opportunity is not unlimited. The November 2025 parliamentary elections consolidated the Coordination Framework's control, with the Sudani coalition winning the largest number of seats.¹⁴¹ The new parliament will serve until 2029. Each passing year allows deeper militia penetration into Iraqi state institutions and makes reversing the trend more difficult.

The January 2026 context demands urgency. Iran's internal crisis may resolve in one of three ways: regime survival through brutal suppression, regime collapse into uncertain transition, or prolonged instability that consumes Tehran's attention and resources. Under any scenario, disrupting Iraq's financial architecture serves American interests:

- **If the regime survives:** Choking the Iraqi revenue source limits Tehran's capacity to reconstitute proxies and project power.
- **If the regime falls:** Degrading militia financial independence prevents these organizations from becoming autonomous criminal-terrorist enterprises.
- **If instability continues:** Reducing Iranian leverage in Iraq creates space for Iraqi actors seeking sovereignty.

The choice is not between action and inaction. It is between disrupting the source and playing an endless adaptation game. Choking individual transfer channels, as has been done until now, triggers creative Iranian adaptation. Changing Iraq's geostrategic positioning changes the equation itself.

The window identified in this analysis has not closed. It has widened into what may be a generational opportunity. The question is whether Washington will act.



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