



# GCC-Iraq Ties: Pursuing a New Balance

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## Summary

- The relationship between the Gulf Cooperation Council (GCC) and Iraq has been uneven and at times contentious since the Gulf War of 1990. In recent years, the situation has been undergoing change and relations between individual members and the GCC as a whole are improving with Iraq. Economic investment and growing political engagement are the hallmarks of a new approach by the GCC to bring Iraq back into the Gulf Arab fold, and encourage its potential as an oil producer and regional actor.
- Iraq, overly dependent on Iran for reconstruction and growth since the majority of American forces withdrew in 2011, has been keen to diversify its partnerships in trade, infrastructure development and gas imports. This is offering opportunities for the GCC to strengthen links with Baghdad both economically and politically.
- Yet, each GCC member has had a different historical trajectory with Iraq, reflecting different approaches outside the organizational structure, with the United Arab Emirates and Saudi Arabia most active in promoting diplomatic and commercial engagement, and the others more reserved, with relations slow to revive after Kuwait was attacked by Saddam Hussein.
- What has become clear is that the distrust that marked the GCC's isolation of Iraq after the first Gulf War and again, after its adoption of a Shia government structure post-2003, has shifted over the past decade and contributed to a new calculus. On the one hand, it has prioritized a balancing against Iranian influence by building stronger links with Iraq; on the other hand, it is directed at building a less conflictual, more inclusive Gulf community focused on economic growth and shared aspirations.
- What began slowly in 2020 with the signing of a ground-breaking memorandum of understanding between Saudi Arabia and Iraq, and took a leap forward with the subsequent thaw in Iran-Saudi relations brokered by China in 2023, which marked 20 years since the launch of the US-led war to oust Saddam Hussein, was a process that served to remove Iraq as a proxy battleground for regional powerplays and strengthen its attractiveness for investment and political engagement.
- This Insight traces the recent shift in relations between the GCC states and Iraq, and the strengthening of Iraq's position in securing its rehabilitation as an Arab actor in the Gulf community.
- After 20 years of Shia governance in Iraq, the GCC appears to be acknowledging that the system in Baghdad is proving resilient and that shunning Iraq has been costly in areas such as countering terrorism, containing Iranian proxies, and regaining Arab unity.
- The Insight discusses the key developments in this new chapter of GCC-Iraq relations, including the opening of the long border between Iraq and Saudi Arabia, and the expansion of GCC investments and trade agreements with Baghdad.
- It specifically focuses on:
  - the political process that led to increased engagement on several fronts;
  - the role of increased trade, investment and involvement by GCC states in dampening the security threat posed by Iran-backed militias in Iraq;
  - the significant investment commitments particularly by Saudi Arabia, the UAE and Qatar to expand Iraq's infrastructure and social facilities.
  - The Insight also offers the following recommendations to both maintain the current momentum and further improve cooperation:
    - protect investors through treaty arrangements and increase the reliability of the Iraqi financial environment;
    - establish long-term strategic plans that will weather the political volatility in Iraq and avoid falling prey to the corruption that remains a significant factor in its markets;
    - deepen the relationship with Iran as part of the Iraq strategy in order to reduce the security threat that still mars the Iraqi landscape.

## The Issue

On April 10, 2019, at a joint meeting in Riyadh, the GCC Secretariat and Iraq signed their first cooperative agreement since relations soured due to the 1990 war. The five-year Joint Work Plan was geared to establish and strengthen “political consultations on regional issues, cooperation in the fight against terrorism and extremism, the study of opportunities and obstacles faced in trade exchange, in addition to a number of other activities.”

The parties specifically agreed on strategic and security coordination to enhance regional stability; the need to build economic relations in areas such as industry, electricity-sharing, oil, energy and agriculture, as well as encouraging both public and private investment; and to increase cooperation in the fields of education, culture, media, youth, sports, and environment.<sup>1</sup>

The work plan was a milestone that brought a thaw to the frosty relations between many of the GCC states and Iraq that began in 1990 and worsened with the ensuing empowerment of the Shias in Iraq’s government in the aftermath of the 2003 US-led Coalition invasion. In the absence of a clear GCC policy toward Baghdad in that period, each of the GCC states pursued its own agenda. The UAE, Kuwait and Bahrain re-established diplomatic relations in 2008, Saudi Arabia and Qatar waited to do so until 2015, when Iraqi Prime Minister al-Maliki was replaced by the more moderate Haider al-Abadi, and Oman only opened an embassy in 2019.

Perceiving Iraq’s Shia politicians as Iranian partners, and the US occupation as abetting sectarian and tribal conflicts, the GCC saw little economic or political benefit to getting involved in Iraq. The GCC’s disengagement with Baghdad was instead balanced by increased financial support to Iraqi Sunni groups and investment in the Kurdish region, which fostered both diplomatic and commercial ties with opposition groups, to the detriment of repairing relations with Iraq’s central government. The GCC-Iraqi meeting in 2019, in which the emphasis was placed on “brotherly and neighbourly ties” and “common interests and shared destinies”, was therefore a breakthrough – the first time that the GCC set out a common policy for Iraq in 30 years.

Within two months after signing the MOU, a joint committee to unify GCC and Iraqi visions was established, although concrete steps enhancing relations began in earnest only after Iraqi Prime Minister Mustafa Kadhimi took office in May 2020. In addition to coordinating security to contain the lingering threat of Daesh (ISIS), plans were emplaced to supply Iraq with electricity from the Saudi and broader GCC shared grid, re-open the Jadidat Arar crossing along the 800-kilometre Saudi-Iraqi border to trade (and later, pilgrims), and rethink the strategy to reduce Iran’s influence. In September 2019, Iraq’s Ministry of Electricity signed a framework agreement with the GCC Interconnection Agency (GCCIA), for the supply of 0.5 gigawatts of electricity from Kuwait to Basra, with plans for increasing this to 1.8 gigawatts.<sup>2</sup>

This incentivised further rapprochement in Saudi- and GCC-Iraqi relations, as the GCC adopted the view that strengthening Baghdad economically, and folding it into the Gulf Arab embrace, would lessen its dependency on Iran, offering a concrete plan to counter Iran’s influence over Iraq’s politics and security. The détente between Iran and Saudi Arabia signed in 2023, the result of a series of backdoor negotiations in which Baghdad worked closely with both Muscat and Doha – as well as eventually Beijing – added critical momentum to the process.

According to political analyst Ibrahim al-Janabi, “Saudi investments came after the Saudi-Iranian reconciliation. Iraq was part of this reconciliation, and these projects are a gift to it.”<sup>3</sup> Oman, meanwhile remains deeply vested in keeping the détente on track, seeing it as a critical element in ensuring that Iraq, as part of the Gulf region, remains stable in the face of the tensions caused by the Gaza war.<sup>4</sup>

A key indicator of how committed the GCC had become to engagement with Iraq is the reopening in 2020 of the Jadidat Arar border crossing, after being closed for 30 years. In the second quarter of 2021 after the Arar crossing opened, bilateral trade increased, with the volume of Saudi exports to Iraq exceeding \$227 million and Iraq’s exports to Saudi Arabia recording \$2.29 million in the same period.<sup>5</sup> Official figures show that trade between Iraq and Saudi Arabia grew by 50 percent between 2021 and 2022, reaching \$1.5 billion. In 2021, exports from Saudi Arabia to Iraq reached \$1.02 billion, while exports from Iraq reached \$17.6 million.

This was a significant increase from 2016, when trade between the two was only \$590 million.<sup>6</sup> In contrast, trade between the UAE and Iraq rose slowly but steadily before taking a huge jump in 2022 (the most recent year in which official statistics are available), but like Saudi Arabia, it reveals a marked increase since the shift in relations. In 2017 exports from the UAE to Iraq were \$10.2 billion, in 2018, \$11.3 billion; and in 2021, \$14.3 billion. In 2022, exports jumped to \$21.48 billion, more than double the 2017 level.<sup>7</sup>

### **Iraq's Fresh Approach**

With Kadhimī's accession to the premiership, Iraq adopted a fresh role as mediator between Iran and its two greatest regional adversaries, Saudi Arabia and Egypt. In doing so, Kadhimī promoted his nation's credentials as both a Shia and Arab state. Political analyst Hamza Hadad, points out that "Iraqi politicians have long understood that the country's relations with the Arab world would only improve if its neighbours de-escalated tensions with Iran."<sup>8</sup>

Working from this premise, Baghdad seized the opportunity to turn Iraq's renewed links with the GCC into an asset. Kadhimī began advocating for closer relationships with the GCC, and rapidly earned member states' goodwill by publicly pledging to reduce Iran's influence in his country. Having brought Riyadh and Tehran together for the first time since they broke relations in 2016, he set the agenda for what reached fruition in March 2023, the China-brokered Iran-Saudi Arabia deal. As a side benefit, this served (at least temporarily) to curb Iran's use of Iraq as a proxy territory for its own strategic aims. (The situation deteriorated after the launch of the Gaza War in late 2023, but the Iran-backed militias in Iraq subsequently announced that they would refrain from further escalation.)

In August 2021, Kadhimī hosted the Baghdad Summit, in which top GCC leaders were well represented. This was the first major gathering in Iraq of regional heads of states since 2012 and placed prospects for economic, political and security cooperation between Iraq and its neighbours at the top of the agenda. As observed by researcher Layal Niazzy, "The Baghdad Summit for Cooperation and Partnership held in August 2021 was significant because it not only exemplified the GCC's willingness to re-engage with Iraq, but it also marked the beginning of a new level of readiness to engage (should Iraq continue its balancing act in the region)".<sup>9</sup>

What followed were three major programmes that escalated GCC soft power in Iraq through financial and political means:

1. signed agreements in 2021 to export electricity from the GCCIA to Iraq by 2024;
2. intelligence sharing; and
3. investment in large and small infrastructure – along with substantive involvement in agriculture, cultural exchanges, education initiatives and concrete engagement in Iraq's reconstruction.

Under Prime Minister Shia Al-Sudani, these projects have continued to expand, coming to fruition as other major GCC projects have broadened the range of integration, particularly those involving the UAE and Saudi Arabia.

### **Obstructions and Sticking Points**

Rehabilitating Iraq into the GCC embrace has faced several setbacks rooted in Iraq's wars, and its legacy of recriminations and fraught exchanges with its neighbours. Two areas pose significant challenges.

1. Disputes over maritime border demarcation with Kuwait

Disagreement with Kuwait flared in 2021 when Iraq's Supreme Court struck down a 2012 UN-brokered agreement as unconstitutional, throwing into confusion the rights and practices of shipping around the Khor Abdullah passage that skirts Kuwait's islands leading to Iraq's critical southern port of Umm Qasr.

Tensions escalated quickly, as Kuwait's Prime Minister Sheikh Ahmad Nawaf Al-Ahmad Al-Sabah, linked the ruling to "historical fallacies against Kuwait", and Iraq's members of parliament demanded a restoration of "Iraq's rights". The dispute follows several years of simmering discontent as both sides have registered complaints to the United Nations of breaches to the agreement by the other, primarily regarding the development of port facilities. The disputed

waterway serves as Iraq's main channel to the Gulf and Arabian Sea, and Iraq receives 80 percent of its imports through the Khor Abdullah passage.<sup>10</sup> Turning to its GCC allies for support after Iraq's bombshell ruling, Kuwait was backed by statements from not only its GCC neighbours but the United States, demanding that a demarcation agreement be finalised.

The speed with which relations between Iraq and Kuwait soured in the face of the Supreme Court ruling signalled how fragile the GCC's rapprochement to Iraq can be. Further, maritime boundary disputes are not constrained simply to Iraq and Kuwait, but involve an unresolved maritime demarcation with Iran as well – a legacy of the first Gulf War in which land boundaries were established, but maritime boundaries were not.

The linkage between the two is likewise critical. The timing of the Iraqi Supreme Court ruling followed a breakthrough deal between Kuwait and Saudi Arabia in March 2022 to develop a shared off-shore gas field that extends across disputed maritime lines into Iranian territory.<sup>11</sup> Called Arash by Iran and Dorra by Kuwait and Saudi Arabia, the gas field has been a source of contention between all three states since its discovery in 1967. Yet, although the situation remains unresolved, it has not so far interrupted warming relations among the parties.

The last war reparation payment by Iraq to Kuwait following the 1990 invasion (a debt Kuwait refused to forgive, unlike other GCC states) was delivered in February 2022. This is significant because it is a key step in turning the page on their relationship and building mutual trust, something that has eluded both states for the past 20 years. As an important step in this direction, Kuwait announced in August 2022 that it planned to open a commercial attaché office at the Kuwaiti Consulate in Basra.<sup>12</sup>

## 2. Iran-backed militia opposition to rising Arab state involvement

Increased investment and economic activity in Iraq by GCC members, notably the UAE and Saudi Arabia, does not sit well with many of Iraq's Shia militias, the Hashd al-Shabi armed groups, an important contingent of which are backed by Iran. Aware that rifts riddle the Shia militias due to fatigue felt more broadly in the country toward Iranian meddling, some GCC states have sought to use the intra-Shia friction for their own strategic purposes.

This however triggers pushback, which at times translates into opposition action against its soft-power projection. In response to the MoU to establish intelligence-sharing between Baghdad and Riyadh, for example, Al-Etejah, a TV channel linked to the Iran-allied Kata'ib Hezbollah militia group, ran a television feature critical of what it described as "Saudi interferences" and the Iraqi "government's subservience". Striking the right balance between neighbourly help and political manoeuvring is challenging in a climate in which Iranian-backed groups interpret the GCC's growing presence as a breach of Iraqi sovereignty and equally, as a veiled step to strengthen the continued presence of the US in the country. It is a situation that can turn suddenly volatile, as is the case with the outbreak of the Gaza War in 2023.

## **GCC Engagement Uneven but Growing**

The GCC-Iraq normalisation has moved at a rapid pace since the initial breakthrough in 2019, with significant strides being achieved, including the signing of MoUs that have facilitated closer intergovernmental cooperation on a range of fronts, as well as the delivery of infrastructure, services and goods. The rate of progress has illustrated the degree of commitment by both sides to the integration process, and the efficiency with which their economies and political practices are now able to achieve clearly designed goals. Most active have been Saudi Arabia and the UAE, with Qatar coming to the game a little later.

### **Saudi Arabia**

In February 2021, the development of closer ties between Saudi Arabia and Iraq began in earnest. Kadhimi sent his foreign and interior ministers to Riyadh to establish concrete plans for coordination in the areas of counterterrorism and crime eradication, border control and narcotics trade containment. This resulted in the first bilateral MoU in 40 years, pledging to share sensitive intelligence and to cooperate on matters of security.<sup>14</sup>

It was in the electricity and power supply sector, however, that the contribution of the GCC and Saudi Arabia was viewed by the Iraqis as most valuable, since it was the greatest opportunity to reduce the Iran-centric dependency of Baghdad. Unlike the GCC bloc's infrastructure, Iraq's electricity grid is weak and rundown, with the devastation by serial war and conflict reducing its capacity so seriously that the country – and especially its cities – suffers regular blackouts.

As highlighted earlier, intra-trade volume between the two nations marked a 50 percent increase in 2022, over 2021, aided by the opening of the Arar border crossing. Saudi Arabia's exports to Iraq are mainly aluminum and related products, electrical appliances, grains, flour, dairy products, eggs, and animal products. Iraq exports copper and related copper products, resin, plant products, and sugar.

With the opening of the crossing, border controls were put in place, with anti-narcotic teams composed of officers from both countries working together to confiscate the large quantities of illicit drugs that routinely slipped across the 750-kilometre-long porous frontier. Both Iraq and Saudi Arabia had been engaged in drug seizures, particularly Captagon, an amphetamine-type stimulant known to be produced in large quantities in Syria, but coordinated enforcement now promised greater efficiency in stanching the flow.<sup>15</sup>

In June 2021, Riyadh also signed an agreement with Baghdad to provide critically needed medical assistance and support by building a new King Salman Humanitarian Aid and Relief Center. The last major Saudi healthcare initiative in Iraq was in 2003, in the wake of the US-led invasion and breakdown of Iraqi state infrastructure.

## **The UAE**

The UAE has particularly focused its investments on infrastructure projects, initially in the Kurdistan region. But as relations with Baghdad have warmed and security conditions have improved, the UAE has gradually extended investments to the rest of the country. In 2021, Baghdad and Abu Dhabi signed major agreements to promote economic cooperation and investment, with the UAE announcing at the end of a state visit by prime minister Kadhimi to Abu Dhabi, that it was committing \$3 billion to post-conflict reconstruction efforts.<sup>16</sup>

In October 2021, the two states signed a financial transfer operations treaty, which both ratified in 2022, strengthening investment regulation.<sup>17</sup> Five Iraqi banks launched the first phase of the plan, which was accompanied by an Iraqi announcement that from January 1, 2024, it would ban all transactions that involved the US dollar, a move designed to reduce fluctuation of the Iraqi dinar due to the black market exchange rate, and increase the dinar's use in trade transactions. In December 2023, Iraq and the UAE agreed to finance trade and imports in Emirati dirhams.<sup>18</sup>

Abu Dhabi Ports likewise signed a contract with the General Company for Ports of Iraq to increase cooperation in the maritime and transportation sectors and explore investment prospects. Energy company Masdar signed a deal with the Iraqi Ministry of Electricity to build five solar facilities as a part of Iraq's effort to tackle power shortages and climate change – a project that has so far made little progress. The two countries also signed an agreement to safeguard investments against non-commercial risks, such as nationalization, expropriation, judicial seizures, and the freezing of investments and assets, thereby reducing the overall risk for both sides.

The most consequential breakthrough, however, came in February 2021 when the Iraqi Oil Ministry awarded three 20-year contracts to Sharjah-based Crescent Petroleum to develop oil and natural gas fields in Basra and Diyala provinces. Crescent had a long history of operating in the Kurdistan region, but through the awards of these contracts, became the first energy operator with stakes in the Kurdistan region to be allowed to invest in other Iraqi regions. This was an unprecedented development in relations between oil companies working in the Kurdistan region and Iraq's federal government, which used to blacklist them as part of a long-running dispute between Erbil and Baghdad over hydrocarbon exportation rights. It can therefore be argued that in addition to capitalising on this new opportunity for deepening economic ties, the UAE's investment in both Kurdistan and the rest of Iraq could contribute to the resolution of this disagreement.

## **Qatar**

Having moved slowly to reset its relations with Iraq, which reached a low in 2013 when Iraq banned Al-Jazeera, Qatar's media corporation, and 2014 when prime minister Al-Maliki accused Qatar, as well as Saudi Arabia, of supporting Sunni insurgents. Qatar is now proceeding more rapidly to become a player in the rich Iraqi market.<sup>19</sup>

In 2018, Doha-based Mihala, a marine and logistics firm, launched the first container feeder service between Qatar and Iraq. In April 2023, it expanded its shipping domain to launch a new direct Upper Gulf Service (UGX) to transfer cargo not only from Umm Qasr in southern Iraq directly to other GCC ports, including Sohar in Oman, Shuwaikh in Kuwait, Jebel Ali in the UAE, and Hamad in Qatar, but, for the first time, to service cargo shipping between each of those ports.<sup>20</sup>

In August 2023, subsequent to a visit by the Qatari Emir Sheikh Tamim Hamad al-Thani to Baghdad and Basra, Qatar signed an MoU with Iraq's Investment Authority committing \$7 billion to tourism and real estate development as well as healthcare. Estithmar Holding group subsequently opened two offices in Iraq representing its two subsidiaries, Elegancia Healthcare WLL and Elegancia Marine WLL. Elegancia Healthcare has since signed two agreements with Iraq's Ministry of Health to develop two teaching hospitals with a total capacity of 1,000 beds.<sup>21</sup> Further, a new Esthithmar hotel and residence complex, under the brand name Rixos, has already broken ground in Baghdad, and is expected to include restaurants, villas, apartments, and other tourism attractions.<sup>22</sup>

Qatar has also engaged in Iraq's energy sector. In January 2023, Qatar began talks to acquire a significant stake in the French giant TotalEnergies' \$27 billion cluster of energy projects in Iraq.<sup>23</sup> In April of 2023, Qatar acquired a 25 percent stake in the Gas Growth Integrated Project (GGIP), which commits all three partners, TotalEnergies, Qatar Energy and Basra Oil Company, to collectively investing \$10 billion in the plan. The joint cooperation would include exploration and development of gas and renewable energies in five southern Iraqi governorates, as well as the construction of a 1,000-megawatt solar energy plant to help Baghdad reduce its carbon footprint.

Stretched across four different areas of the energy market (gas, oil, renewables and climate impact control) the highly ambitious project includes help to Iraq to end its dismal record of gas flaring and instead, become better positioned to utilise the wasted gas for its own electricity needs (which today are largely serviced by Iranian electrical supply projects). In another first, Saudi Arabia has agreed to contribute to the solar energy portion of the plan, bringing it into close partnership with Qatar as part of their mutual agreements with TotalEnergy, marking a growing willingness of the two states to set aside their differences and act in alignment in the Iraqi theatre.<sup>24</sup>

Politically, Qatar's deepening engagement with Iraq melds well with both countries' identity as regional mediators. Qatar worked closely with both Iraqi Prime Ministers Kadhimi and Al-Sudani on facilitating negotiations between Saudi Arabia and Iran, Doha and Baghdad have also been involved in back-corridor regional dialogue on the Gaza War. Both have good relations with Iran while having US military forces on their respective territories, and both have a track record of working behind the scenes to create space for shared narratives, stability and conflict resolution.

Their influence, however, is drawn from different sources – specifically, Iraq's critical economic role as a lifeline for Iran under sanctions, and Qatar's ability to mediate with the Taliban, as well as facilitate Iran-US funds swaps and prisoner exchanges – positioning the two states' policy assets as complementary. This gives added impetus to the GCC as a whole, as a force capable of bringing different factions and powers together over the negotiating table. The growing collaboration between Iraq and Qatar in this sphere is contributing to the maintenance of a regional balance despite the rise in the US-Iran and Israel-Iran proxy conflict, some of which has taken place on Iraqi soil. Indeed, Qatar has been an important voice in supporting Al-Sudani's government as it has grappled with a rise in domestic tensions and pressure from Iran-backed militias as a result of the Gaza War, confirming that strengthening ties with Iraq through pan-Islamic, pan-Arab Gulf solidarity bears dividends for GCC national and strategic interests.<sup>25</sup>

## Going Forward and Recommendations

The GCC has made a careful strategic calculation to re-integrate Iraq into the Gulf Arab community, and in 2019, set a clear path to do so, adopting a five-year comprehensive Joint Work Plan that included economic support, finance, political engagement, energy, high tech, agriculture, and environment. The calculation was premised on two main goals: one, to strengthen Iraq and help it develop greater independence from Iran; two, to reduce the security risks in Iraq by developing a new relationship built on dialogue and shared interests with Iran.

In the ensuing five years, the gains made in this plan have been significant, with Saudi Arabia, the UAE and Qatar making large investments in Iraq's energy and infrastructure sectors, increasing annual trade, and critically, opening communication channels and a border, and establishing cargo shipping links between Umm Qasr in Iraq and GCC ports.

For each GCC member, the process of re-establishing ties has been specific to their own history with Iraq, which for several decades was fractious and threatening. But new leaderships in Baghdad have helped drive the rapprochement between the two sides, and illustrated a deep commitment by Iraq itself to retool, rebalance and re-integrate itself into the Gulf community.

The Gaza War has evidenced that the situation remains volatile, particularly as Iraq remains the home of many pro-Palestinian, anti-American, Iran-backed militias, and yet, despite the tensions, the plan to integrate remains resilient. The long-term GCC strategy in Iraq is to encourage and rebuild, but likewise, to contain and balance. Some analysts argued in 2014 that the GCC states would prefer neither a strong Iraq, as it was in the past, nor a weak one, too easily entrapped by Iran or the Gulf's regional and international powerplays. It is a calculus that continues to be relevant, even as the trajectory of interconnection moves strongly ahead

To maintain the newfound momentum, the GCC-Iraq governments could consider the following policy options.

1. To successfully achieve its goal of incorporating Iraq back into the Gulf Arab fold and engaging with its diverse market opportunities, the GCC states should develop a long term strategic plan to secure their economic and geopolitical interests. Only by developing sequential investment programmes and structural safeguards to test and assess the economic landscape, can investors be protected from Iraq's political volatility, the potential for corruption, the power of Iran-backed factions and Iraq's vulnerability as a proxy territory where geopolitical tensions, such as the Palestine-Israel conflict or Sunni-Shia friction, often play out.
2. The GCC's increased footprint in Iraq should be backed up with contingency measures to legally and politically shield investment. Iraq still constitutes a risky market due to its opaque legal and regulatory environment and its continuing political volatility. Each GCC state should protect its own investments with arbitration clauses and bilateral investment treaties that would serve as a framework to facilitate and regulate their investments in Iraq.
3. Iraq is succeeding in gradually moving away from Iran both economically and politically, but requires extensive investment to wean itself from its import dependency on Iran, offering significant opportunity to GCC states to help it diversify and progress. GCC states should also be mindful that not only do large infrastructure and energy projects serve both parties, but equally, that investment in legal and financial instruments, judicial and governance institutions, high-tech, and human-related assets will facilitate knowledge transfer while ensuring that Iraq becomes a more reliable and stable environment for investment.
4. The Gaza War has not interrupted the progress so far made in the strengthening of GCC-Iraq relations, nor has it as yet compromised the growing engagement with Iran that Baghdad facilitated in the détente between Riyadh and Tehran. Engaging with Baghdad in Gulf Arab terms has already produced dividends in controlling the security threat posed by Iran in Iraq, and the Israel-Hamas War. It is therefore crucial that the nascent political relationships continue to be deepened – as Oman is continuing to promote – in order to further the resilience of this new neighbourhood policy, ensuring that communication, dialogue and mutually agreed priorities remain clear and paramount.



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