

Global Hot Topics

Iraq: flirting with Russia?

Yigit Engin, Alvaro Ortiz and Tomasa Rodrigo. BBVA Cross Emerging Markets Unit and Garanti Economics

Russia announced that it would consider an Iraqi request for help against ISIS, which will expand the Russian influence in the region. Iraqi claims for Russian helps show the lack of advance in the fight against ISIS and internal political woes, which have placed the Prime Minister Abadi in a challenging position ([Iraq: On the brink of a political crisis favoring ISIS](#)). Abadi needs a rapid victory to counterbalance the Iranian proxies (Maliki) to extend their power. The motivation for Russia to engage with Iraq is multiple. From military obvious reasons (cruise missiles need to fly over Iraq to hit Syria), to enhance their influence in the region for strategic discussions.

Paths of Russian cruise missiles

Source: Washington Post



The Iraqi dilemma

Russia, Syria, Iraq and Iran agreed to open an intelligence coordination center in Baghdad and Russia to deal with ISIS. Within the agreement, the US would not have access to the intelligence that Iraq can share with Russia. In response, the US Deputy Secretary of Defense commented that the US would not share information with Iraq, which could also benefit Russia, Iran and Syria. **The risks of this lack of coordination will be twofold.** First, the risk of **mistrust** between Washington and Baghdad and the clashing interests may favor ISIS. Second, given the increasing military traffic in the area, **the risk of a “military accident”** could be non-negligible and it would aggravate the crisis.

The actual Iraqi PM Abadi stated that Russia will be welcomed if they come to Iraqi territory to fight ISIS, but only if they join the International Coalition. Within this framework, the PM Abadi will try to solve their external and internal dilemma. In one hand, they would not choose Russia as a substitute of the US as the partner, as the Russian support could lead to an increase of the Iranian

influence. However, Abadi might try to attract the Russians to fight ISIS as he needs a more solid fight to ISIS to temper internal criticism and the opposition of Maliki supporters. At the end, it will be Russia or the US the ones which push Iraq to be clear on its strategic position. In this sense, financial assistance by the US to cover the fragile Iraqi situation has been recently negotiated.

Kurdish leader Barzani also welcomed Russian possible support to Kurdish cause against ISIS. It is a sign of Kurds' eagerness to end the war in the north. However, **the political crisis in the Kurdish Regional Government (KRG) between Barzani's KDP and Gorran could limit any Russian support to Iraqi Kurds.**

The motivation behind Russian aspirations in Iraq

There are three possible reasons why Russia could intervene in the war in Iraq:

- **First, Russia could gain a strategic leverage in its fight in Syria:** Russian ships located in Caspian Sea fired 26 cruise missiles to ISIS targets in Syria. Cruise missiles fly horizontally like a plane therefore the transiting countries coordination is needed. In this case, Russian cruise missiles passed through Iranian and Iraqi territories. **Increasing cooperation between Moscow and Baghdad could increase Russian offensive in eastern Syria.**
- **Second, its influence in Iraq could help Russia to solidify its future role on strategic decisions of the Middle East.** With an increasing presence in Syria and Iraq, the Gulf countries may need Russian assistance in their relations with these countries. A recent Saudi Arabia-Russia talk on Syria proves that. **Therefore, under its umbrella it would be easier for Russia to influence the future of the Middle East.**
- **Third, Russia could combine Iran, Iraq and Syria as an energy hub:** although the war in Iraq and Syria would last long and it cannot be ruled out, **if Russia can be successful in defeating ISIS in Iraq and securing a regime loyal to Kremlin in Syria, it could sponsor an Iranian gas pipeline project passing through Iraq and Syria.** Such a project would make Syria a vital territory for energy security and Russia would gain an upper hand in preserving its presence in the Middle East. However, it could contain Turkey's importance as an energy hub.

DISCLAIMER

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes. BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents. This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.