

# Iraq and China-Iran Comprehensive Cooperation Program

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China-Iran Comprehensive Cooperation Program-CICCP was signed on 27 March 2021, two days later CICCP's direct impacts on Iraq began emerging and one of such impacts seems to benefits both Iraq and Iran!!

A few days ago I completed a detailed preliminary assessment of CICCP document. The assessment was written in Arabic entitled "China-Iran Comprehensive Cooperation Program: Tactically Important Strategically Impacting if Implemented", it was circulated widely and posted on many websites.

The assessment uses composite methodology of three researches approaches (Text analysis, SCOR (Strength, Challenges; Opportunities and Requirements) and facts/evidence based) and comprises an introduction, three parts and concluding remarks. Part one provide brief review of CICCP document structure: preamble, articles, annexes, effective date and term of the deal, coordinating and supervising authorities. Part two, provides detailed assessment of eight fundamental topics/ areas of cooperation, from the perspectives of the political economy of bilateral relations and geopolitical considerations. Part three provides the direct official reactions to CICCP from Iraq, USA, Arab Gulf States/Saudi Arabia and Russia.

The political economy perspectives are related to the following basic issues: The first relates to the nature of bilateral relations in terms of sovereign independence or dependency and hegemony; the second is whether the principle of "mutually beneficial" is also equitable; the third concerns the structuring of the Iranian economy on whether the deal will eventually deepens the dependence on the export of raw materials, oil and gas, or introduces the required and desirable structural changes horizontal, vertical and knowledge-based levels; and the fourth is about the financial and banking independence, monetary and currency issues pertaining to funding investments and trade exchange.

The geopolitical considerations were addressed at four levels, starting from the domestic (national for both countries), continental (Asian from China to Syria), regional (West Asia / Middle East) and international levels.

The assessment argues that the timing of signing and announcing CICCP is tactically motivated and important, while its proper and timely implementation could be a game-changer and thus strategically impacting; but, as usual, reality seldom coincides with expectations.

This brief intervention focuses on the direct current evidenced impacts on Iraq. Interested readers are kindly invited to read the Arabic version of my detailed initial assessment through the web-links mentioned at the end of this article.

In a remarkable speed and substance CICCP has already prompted both Iraq and the US to react!

**First**; after the current prime minister, Mustafa al-Kadhimi, denied, rather harshly, in a press conference on November 18, 2020, the existence of an Iraq-China agreement by saying, 'You know there is no China agreement, why are you promoting these lies?', he returned to authorize, on March 30 - that is, only three days after the signing of CICCPC, "to start implementing the Chinese agreement"!!

While I do not find it necessary, now, to discuss what has happened between Iraq and China since the government of Haider al-Abadi, I find it useful to remember the statement by the Prime Minister's Financial Affairs Adviser, Dr. Modhir Muhammad Saleh, on March 29, 2021, that the "Iraq-China agreement" became effective on October 18, 2020, and then he affirmed the "cooperation framework agreement ... and the final accounting and oil annexes were signed on September 23, 2019." So why has not been published to this day any official document on this agreement / cooperation framework agreement, nor any of its annexes or memoranda of cooperation/ understanding related to it!??

But there is a document at the Ministry of Finance entitled "Export Credit Insurance Cooperation Framework" between the China Export & Credit Insurance Corporation and the Iraqi Ministry of Finance) dating back to May 11, 2018 (that is, before the date of the agreement signed by former Prime Minister Adel Abdul Mahdi) !!!!

It is worth mentioning that 2021 State Budget Law includes a few infrastructure projects worth 1.803 trillion Iraq Dinnar to be funded, presumably by the above mentioned 2018 framework; since there is no new framework agreement officially published by the Ministry of Finance, nor approved by the Council of Ministers, nor legislated by the House of Representatives/ the Parliament. Moreover, even if such agreement is ratified and activated its utilization will be deferred to future state budget for 2022 or even 2023 because of the national election scheduled for October this year.

Apparently, CICCPC was a wakeup call for the Iraqi government but it is in reality too late for 2021 budget funding.

But on the other hand, the Iraqi Premier rushed for quick visits to Saudi Arabia and the UAE, immediately after signing CICCPC; is there a relationship between the two events? Time will only tell!!!!

**Second**, among direct reactions by the US administration and as far as Iraq is concerned relates to Iraq-Iran interests. Just two days after signing the CICCPC the U.S. renewed and extended the Iraqi exemption from the practices of maximum US pressure on Iran from 45 to 120 days; a waiver to avoid penalties for buying natural gas and electricity from Iran. This exception entails two positive consequences for both Iraq and Iran: the first is to ensure the continued supply of Iranian gas to generate electricity; this what the Iraqis suffer from its shortages especially the heated summer is on the doorstep, and the second is that Iraq pays Iran's accumulated dues for importing gas and electric power (which constitutes about a third Iraq's production of electricity) as the total of those receivables were mentioned in the 2021 budget, about 1688 billion Iraqi dinars.

**Third**, another important reaction by the US administration was its quick decision to hold a new round of strategic dialogue with Iraq; the discussions began on April 7, and mainly relate to the issue of US forces remaining in Iraq and the Strategic Framework Agreement signed in December 2008. (This agreement and related matters face strong

opposition and many important, influential, legal and judicial challenges, especially after the Trump administration assassinated two leading heavy weight individuals, Abu Mahdi Al-Muhandis (Iraq) and General Qassem Soleimani (Iran), on January 3, 2021 near Baghdad airport).

It is worth noting that energy cooperation is one of the eight topics included in the said strategic framework agreement. Evidence suggests that the previous round of the Iraqi-American Committee for the Coordination of Cooperation in the Field of Energy, which was held, virtually remotely, on January 18 of this year was brief and did not include any important issues or noticeable impacts or new achievements. Hence, it did not attract attention from domestic or external media. Even the two ministries, i.e, Oil and Electricity, that should be directly involved, hardly mentioned anything on their websites on that latest meeting. Will CICCOP invigorate Iraqi-American cooperation for the benefit of the energy sector in Iraq?? Who knows, will see!!!

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<https://akhbaar.org/home/2021/4/281948.html>

<http://www.tellskuf.com/index.php/mq/96390-pl1107.html>

<http://www.alnoor.se/article.asp?id=376091>

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