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Saudi and Emirati engagement in Iraq: From sectarianism to investment

The initial engagement of Saudi Arabia and the United Arab Emirates in Iraq after 2003 was largely ineffective as its sectarian and politicised nature created significant resistance. However, since 2017 there has been a considerable change of strategy towards more state-based, economy-focused and soft power-style diplomacy and investment. This brief assesses the impact of the new Saudi and Emirati engagement on Iraq's political economy. Among other things, it shows that Saudi and Emirati outreach remains limited among key members of the ruling Shia Coordination Framework, although both countries successfully established personal ties with less central Shia elites, most notably Iraq's subsequent prime ministers. Economic investment – especially electricity connectivity and the Iraq Development Road, security of the Iraqi/Saudi border and expanding institutional rather than personal relations are Saudi and Emirati top priorities for near-term engagement. If successful, such initiatives would put their influence on a growth trajectory.

Introduction

The political and economic outreach of the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE) in Iraq has intensified significantly in the last few years. In addition to the relative stabilisation of Iraq's security situation, the growing engagement of Gulf states can be attributed to the learning process and changing attitudes in Riyadh, Abu Dhabi and elsewhere concerning their various failed attempts to shore up influence in Iraq in the post-2003 period. Until the rise and defeat of Islamic State (IS), most Gulf states pursued a heavily sectarian approach to deal with security risks such as next-door instability and Iranian influence. This tended to amount to supporting Sunni political and militant organisations in Iraq's periphery against the Iran-backed Shia-dominated political centre. However, the 'defeat' of IS, the fragmentation and polarisation of the Shia political landscape, and the changes

in Saudi foreign policy implemented by Mohamed bin Salman (MbS) enabled a shift in focus to broader economic and security engagement.

This brief aims to interpret and map current Saudi and Emirati efforts to build political, security and economic influence in Iraq and the effects of such efforts on the evolution and stability of Iraq's current political settlement. An overview of the general Saudi and Emirati strategy towards Iraq since 2017 is followed by a mapping of the main security, political and economic engagement of the two countries after 2020, together with a broad assessment of their effects. The paper aims to contribute to a European re-evaluation of the Gulf states' strategy towards Iraq. It also assesses the effects of this strategy on the evolution of the Iraqi political system.

The Saudi and Emirati Iraq strategy in the post-IS period (2017–2025)

While both Saudi and Emirati engagement in Iraq has accelerated since 2017, previously they had been on a different trajectory. From a Saudi perspective, the end of the tenure of Nouri Al-Maliki in 2014, coupled with the ‘defeat’ of IS in 2017, has presented a new opportunity to develop political relations and influence. Moreover, after his emergence as the de facto leader of Saudi Arabia, Mohamed bin Salman quietly discarded King Abdullah’s sectarian goal of supporting the emergence of a Sunni political block that could balance the Iran-backed Shia political bloc. Instead, he started to reach out to Shia political leaders nationally and locally.

In contrast, the UAE always had a less politicised approach to Iraq. Prioritising its economic interests, Abu Dhabi became a major economic player in Iraq after 2003 and, in fact, became the largest foreign investor in the first decade after the fall of the Hussein regime.¹ Nevertheless, Emirati engagement remained limited in terms of geography and extent during this period because of concerns about instability, corruption, red tape, Iranian influence and a recognition of Saudi pre-eminence (due to its security interests). For these reasons, the Emirati economic footprint was focused mostly on the Kurdistan Region of Iraq (KRI), where the UAE continues to play an outsized role – second only to China. Since the late 2010s, however, the improved security situation and the fall of Al-Maliki has encouraged Emirati President Mohamed bin Zayed (MbZ) to expand Emirati engagement.

Since 2017, the Saudi and Emirati leaders have prioritised personal relationship building with leading Iraqi politicians, especially the country’s prime ministers. The speed of development of interstate relations, therefore, depended largely on the personal chemistry between Gulf rulers and Iraq’s head of government. The first

major outreach started with Haider al-Abadi (2014–2018). However, 2017 became a turning point in relations, with Saudi Foreign Minister Adel al-Jubeir’s visit to Baghdad, followed by Prime Minister Al-Abadi’s visit to Riyadh and Abu Dhabi, topped off by the establishment of the Saudi-Iraq Cooperation Council. The following year, Saudi Arabia and the UAE together pledged \$US2 billion in loans and export credits at the Iraq Reconstruction Conference, in addition to private investments. In contrast, Gulf leaders were more sceptical of Adel Abdul-Mahdi (2018–2020), although in 2019 his visit to Riyadh also resulted in the signing of 13 agreements and memorandums of understanding (MoUs) concerning investment promotion, Aramco’s participation in oil and gas exploration, regular political consultations and information sharing in the fields of security and intelligence.²

Observers noted unprecedented synergy between Iraqi politicians and the Saudi and Emirati leadership during al-Kadhimi’s tenure (2020–2022), largely due to his tenuous relations with Iran and closer ties with the US leadership.³ Al-Kadhimi had already built personal ties with Gulf leaders before 2020, when he was head of the Iraqi Intelligence Service.⁴ In addition to the intensification of Saudi and Emirati investments in the Iraqi energy sector, growing trust in Saudi-Iraqi relations was evidenced by Iraq facilitating Saudi-Iranian talks in April 2021, which led eventually to their March 2023 normalisation agreement. Additionally, it was al-Kadhimi who appointed the Kurdistan Democratic Party (KDP)-affiliated Fuad Hussein as foreign minister in 2020, who has stayed in the position ever since. During this tenure, Hussein

1 Costantini, I. 2013. “Statebuilding and Foreign Direct Investment: The Case of Post-2003 Iraq”. *International Peacekeeping* 20, no. 3., p.274.

2 Al Arabiya. 2019. “Saudi Arabia, Iraq to cooperate on security, intelligence”. 18 April: <https://english.alarabiya.net/News/gulf/2019/04/18/Saudi-Arabia-Iraq-to-cooperate-on-security-intelligence>.

3 Amwaj. 2021. “Iraqi PM’s trip to Riyadh strengthens bilateral ties”. 1 April: <https://amwaj.media/media-monitor/kadhimi-trip-riyadh-ties>.

4 Younis, N. 2021. “The Gulf between them: What Arab Gulf countries can learn from Iran’s approach to Iraq”. *ECFR*, 5 May: <https://ecfr.eu/publication/the-gulf-between-them-what-gulf-countries-can-learn-from-irans-approach-to-iraq/>.

has been an engine of deepening ties with Gulf states and developed close relationships with his counterparts in Riyadh and Abu Dhabi through numerous personal meetings.

Despite being closer to Tehran than its predecessor, the government led by Mohamed Shia al-Sudani (2022–) has shown commitment to retaining previous levels and modes of engagement with both Gulf countries. The Iraqi prime minister’s first visit to the Gulf Cooperation Council (GCC) was to Riyadh in December 2022, followed by a visit to Abu Dhabi in February 2023, facilitated by Iraqi Kurdish President Nechirvan Barzani.⁵ While cooperation continued to increase between the Gulf states and Iraq under Prime Minister al-Sudani, his image in the Gulf – at least initially – has been more mixed than his predecessor’s, especially given the growing Iranian influence in the Iraqi National Intelligence Service (which was in charge of the Saudi-Iranian reconciliation process).⁶ In spite of these concerns, the Saudi and Emirati leadership still seized opportunities to pursue their security, political and economic interests.

Border protection and other security-related issues

For Saudi Arabia, the question of the Iraqi-Saudi border remains of paramount importance, even after the defeat of IS for two reasons: combatting illicit transnational activities, especially drug smuggling, and limiting the presence of Iran-affiliated militias. The latter gained prominence after the attack on Aramco facilities in September 2019 and the subsequent attack against Abu Dhabi in 2022 by Alwiya al-Waad al-Haq. Captagon smuggling from Iraq, Syria, Jordan and other countries into the Gulf

has remained a top priority, also since the fall of Assad in Syria.⁷

The past few years have seen a growing presence and more activity of the Resistance network in the border region.⁸ Additionally, since 2022 the Yemeni Houthis movement has deepened its relations with Iraqi Shia militias, and there are some indicators that they aim to gain a foothold in southern Iraq (although its leadership has dismissed these claims).⁹ Moreover, there is a fear in Riyadh that the Resistance network might use economic cover to dominate the border region. In 2023, the government granted 5,000 km² of land for date cultivation to two companies related to Hashd al-Shaabi (Al-Muhandis General

5 Saeed, Y. 2023. “Iraq deepens ties with GCC neighbors”. *The Arab Gulf States Institute in Washington*, 12 April: <https://agsiw.org/iraq-deepens-ties-with-gcc-neighbors/>.

6 Saadoon, M. 2022a. “Inside story: Sudani tests waters for Iran-Saudi dialogue”. *Amwaj*, 9 December: <https://amwaj.media/article/inside-story-sudani-tests-waters-for-iran-saudi-dialogue>.

7 Although the new government in Damascus has taken substantial steps to dismantle the Captagon industry built up by the Assad regime and to reduce drug smuggling, there are still numerous smaller and larger laboratories in Syria (not to mention Lebanon and other countries). Moreover, the inability of the new government to establish its authority in all border regions has also led to the continuation of illicit traffic (even if at reduced volume), which is manifested by ongoing arrests in Syria and drug-related security incidents in Syria and Jordan since December 2024. Al-Khouja, M. 2025. “Post-Assad captagon trade: Weakening but not ending”. *Enab Baladi*, 26 January: <https://english.enabbaladi.net/archives/2025/01/post-assad-captagon-trade-weakening-but-not-ending/>.

8 The Resistance network is referring to the collective of Iranian-backed Iraqi political and military actors. Media reports indicate the presence of Kataib Hezbollah, Sayyid al-Shuhada, Jund a-Imam and Asa’ib ah al-Haq. In 2024, the commander of Ansar al-Marja’iya called for protests in Samawah, the centre of Muthanna. Al-Kubaisi, S. 2023.

“بروتوكول أمني عراقي سعودي لضبط الحدود والتعاون المعلوماتي”. *Alaraby Aljadeed*, 20 February: <https://www.alaraby.co.uk/politics/-/بروتوكول-امني-عراقي-سعودي-لضبط-الحدود-والتعاون-المعلوماتي>.

Al-Sark Alawsat. “أمني عراقي-سعودي لضبط الحدود والتعاون المعلوماتي”. *العالم العربي المشرق-العربي*, 2024. “حشد أنصار المرجعية يدعو «حاكماً عسكرياً» على محافظة».

8 June: <https://aawsat.com/5029012-حشد-انصار-المرجعية-يدعو-حاكماً-عسكرياً-على-محافظة-عراقية>.

9 Including the growing attention devoted to these regions in Houthi media and the similarity between the rhetoric of the Yemeni movement and Resistance-affiliated militias operating in South Iraq. Badawi, T. 2024. “Inside story: How Yemen’s Houthis dig for strategic depth in Iraq”. *Amwaj*, 21 June: <https://amwaj.media/article/inside-story-how-yemen-s-houthis-dig-for-strategic-depth-in-iraq>.

Company and Al-Safsaf Company).¹⁰ In the past, Saudi companies proposed similar projects in the border area but had to abandon them due to an outcry and media campaign organised by Resistance actors that have now initiated such projects themselves.

Border security gained even more priority after the reopening of the Arar border crossing with Iraq (Jadidat Arar) in November 2020, as well as the smaller Jamimah crossing in 2022 (the opening of which was reportedly postponed due to Saudi concerns about Resistance forces).¹¹ Between 2020 and 2022, traffic through the Arar border crossing was limited as only goods and a limited number of pilgrims performing Hajj were allowed to cross. However, in September 2022, Saudi authorities allowed Iraqis to also perform Umrah during the whole year.¹² Connectivity with Iraq is crucial to the Saudi strategy to develop its northern territories, as announced in August 2023.¹³

Data from the UN Office on Drugs and Crime indicate that drug trafficking between Iraq and the GCC is more intense on the Kuwaiti-Iraqi land border than on the Saudi-Iraqi border.¹⁴ While illicit activities presumably take place

near the Jamimah border crossing,¹⁵ Iraqi authorities discovered many more shipments and more infrastructure in Basra province than in the areas closer to the Saudi-Iraqi border. The largest recent action took place in July 2023, when the Iraqi National Security Services dismantled a Captagon manufacturing laboratory in Muthanna, near the Saudi border.¹⁶ While Saudi Arabia remains the largest market for Captagon in the region, available information indicates that the Iraqi land border is not the primary transit route.¹⁷

In addition to expanding its border security infrastructure since the 2000s,¹⁸ the Saudi government has attempted to tackle smuggling and the presence of Resistance militias in the border region through cooperation with state authorities, including the Iraqi military and local police. In addition to Saudi security concerns, cooperation is driven by the shared aim of strengthening state authorities vis-à-vis

10 Dabourg, C. 2024. "The Muhandis company: Towards the Economic Autonomy of the Hashd al-Shaabi". Centre Francais de Recherche sur l'Irak, 16 February: <https://cfri-irak.com/en/article/the-muhandis-company-towards-the-economic-autonomy-of-the-hashd-al-shaabi-2024-02-16>. Menmy, D.T. 2024. "Iraq grants investment rights to PMF-linked company for one million palm trees in Samawah Desert". The New Arab, 25 December: <https://www.newarab.com/news/muhandis-company-plant-one-million-trees-samawah-desert>.

11 Al-Aleem. 2024. 6 June: "السماء تجمع «شبيحة» العراق والسعودية.. ما التأثير الاقتصادي؟".

12 Al-Aseel, Z. 2022. "Revival of key border crossing shows shift in Iraq-Saudi ties". Amwaj, 24 October: <https://amwaj.media/article/revival-of-key-border-crossing-shows-shift-in-iraq-saudi-ties>.

13 Arabian Gulf Business Insight. 2023. "Saudi Crown Prince unveils strategy for Northern Borders", 20 February: <https://www.agbi.com/economy/2023/02/strategic-office-northern-borders/>.

14 https://www.unodc.org/romena/uploads/documents/2024/UN_Iraq_ExSum_240318.pdf.

15 Al-Shakeri, H. and Mansour, R. 2025. "How supply chains fuel transnational conflict in the Middle East". Chatham House, 22 January: <https://www.chathamhouse.org/2024/11/how-supply-chains-fuel-transnational-conflict-middle-east>.

16 UNODC. 2024. "Drug trafficking dynamics across Iraq and the Middle East: Trends and responses". March: https://www.unodc.org/romena/uploads/documents/2024/UN_Iraq_ExSum_240318.pdf.

17 Based on publicly available information and analysis, most Captagon enters via Saudi ports (most importantly Jeddah and al-Haditha) with shipments from Lebanon, Yemen, Egypt, Jordan and other Gulf countries. New Line Institute. 2024. "From 2015-2023: The Captagon Trade's Trends, Trajectory, and Policy Implications". May: <https://newlinesinstitute.org/wp-content/uploads/2024/05/19-Intelligence-Briefing-Captagon-NLISAP-1.pdf>. Vohra A. 2021. "Saudi Arabia is the Middle East's Drug Capital". Foreign Policy, 20 December: https://foreignpolicy.com/2021/12/20/saudi-arabia-is-the-middle-east-s-drug-capital/?tpcc=recirc_latest062921.

18 Saudi authorities initiated the Northern Border Project in 2007-2008 to build security installation on the Saudi-Iraqi border. The first phase was built by 2014-2015, which included three fences, seven command-and-control centres, 32 response stations, 40 surveillance towers and a sand berm. Tomkins, R. "Airbus, Saudi Arabia finish Northern Border Security Project". UPI, 23 September: <https://www.upi.com/Defense-News/2014/09/23/Airbus-Saudi-Arabia-finish-Northern-Border-Security-project/8311411490223/>.

Iran-affiliated militias. Government-level dialogue led to a security memorandum of understanding (MoU) in February 2023, covering the exchange of information, setting up joint security activities and supporting Iraqi state forces to strengthen their control in the border region. Riyadh and Baghdad also established a joint security committee for coordination and communication.¹⁹ Since then, a few meetings on border security have taken place, including in May 2024 between the director-general of the KSA Border Guards and the Iraqi Ministry of Interior. The 2023 MoU also served as a stepping stone for a more comprehensive security agreement signed in November 2024 in the presence of several high-ranking military officials,²⁰ which entails broader collaboration and consultation in regional affairs.²¹

At the same time, by the autumn of 2024, security concerns had intensified due to regional tensions regarding Israeli and US military action against Hezbollah and Resistance groups in Iraq. Both Saudi Arabia and the UAE received threats from Kataib Hezbollah and Kataib Sayyid al-Shuhada indicating that they would be punished due to their relations with Israel and stance on the Gaza war. Simultaneously, a new façade group emerged as part of the Resistance network calling itself the Islamic Resistance in the Land of the Two Mosques (al-Muqawama al-Islamiya fi Bilad al-Haramayn), suggesting

a Saudi connection.²² The group took responsibility for multiple attacks on Israel, claiming that they originated from the territory of Saudi Arabia, even though there is no evidence to support such claims.²³ While it is far from clear that the group actually exists as a separate entity, its announcement is a concern for Riyadh.

Resistance activity also poses a threat to the UAE, which has a larger exposure due to its various investment projects in Iraq. For example, the Khor Mor gas field in Sulaymaniyah province has been attacked multiple times by drones, most recently in February 2025.²⁴ While the perpetrators were not apprehended, the drones were launched from the Bashir area that is dominated by the Badr Organization. According to local experts, such attacks against the Khor Mor gas field are probably motivated by pressuring the UAE to abandon its activities and regain control over the territory from the KRI. The UAE has reportedly tried to reach out to militias, particularly Asa'ib Ahl Al-Haq and Kataib Hezbollah, which either requested financial support or withdrawal from Yemen as *quid pro quo*.²⁵ As a result, cooperating with state authorities (and relying on Saudi border security measures) remains the best option for the Gulf states.

19 Al-Kubaisi, 2023.

20 Including Deputy Chief of Staff of the Army of Al-Meera Lieutenant General Hamid Enad Hammadi, Assistant Chief of Staff for Training Lieutenant General Hamid Muhammad Kumar, the Director of the Office of the Minister of Defence Lieutenant General Ghaleb Karim Abboud, the Head of the Legal Department at the Ministry of Defence Lieutenant General Khaled Jabbar Ismail, in addition to diplomats working at the Iraqi embassy in Riyadh. *Saudi Press Agency*. 2024.

”سمو وزير الدفاع يستقبل وزير الدفاع العراقي ويوقعان مذكرة تفاهم للتعاون في المجال العسكري”. November 4: <https://www.spa.gov.sa/N2201103>.

21 Menmy, D.T. 2024. “Iraq and Saudi Arabia sign military cooperation agreement amid regional tensions”. *The New Arab*, 6 November: <https://www.newarab.com/news/iraq-and-saudi-arabia-ink-military-pact-amid-regional-tensions>.

22 Malik, H. et al. 2024. “Anti-Israel attacks by Iraq-based group with implied Saudi membership”.

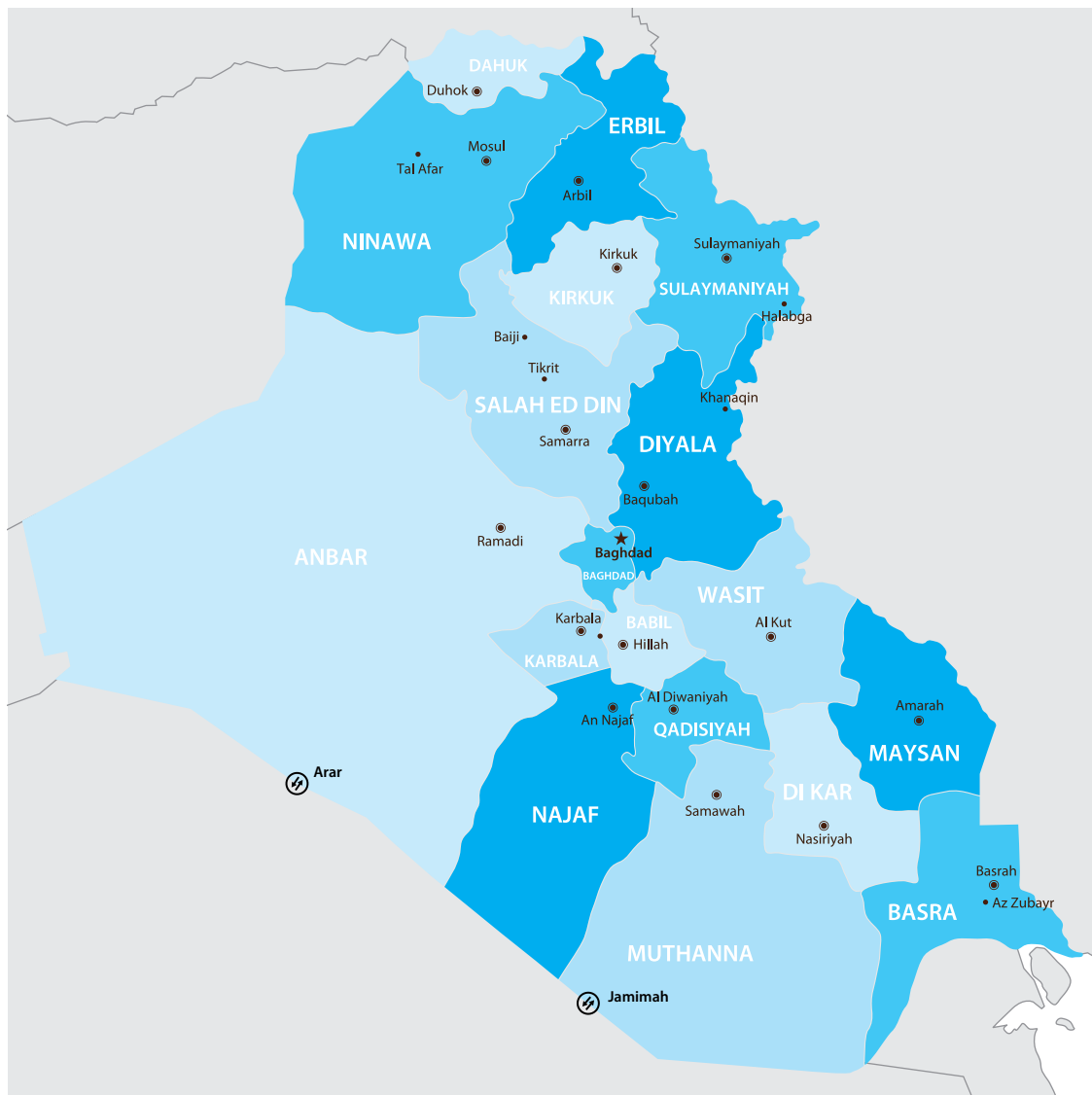
The Washington Institute, 19 November: <https://www.washingtoninstitute.org/policy-analysis/anti-israel-attacks-iraq-based-group-implied-saudi-membership>.

23 Ibid. The language used by the group is similar to the rhetoric of other Iraqi Resistance militias. The backgrounds of the videos they posted were blurred to avoid geolocation. Additionally, in a similar case, an attack claimed by a Bahraini group was also later proved to be organised by Iraqi militias.

24 Dengi Amerika. 2025. “هزده كاني بهدر لهو ناوچه يه بالآده سن كه”. 4 February: <https://www.dengiamerika.com/a/7962564.html>.

25 Saadoon, M. 2022b. “Exclusive: Inside the UAE’s Shiite gambit in Iraq”. 20 October: <https://amwaj.media/article/exclusive-the-emirati-gambit-to-engage-with-shiite-groups-in-iraq>.

Figure 1 The regions of Iraq and border crossings with Saudi Arabia



Mapping political engagement

While institutional relationship building increasingly cements Gulf-Iraq ties via MoUs, investment arrangements and inter-ministerial relations, for now personal relations continue to dominate political engagement. So far, Al-Sudani has followed in the footsteps of Al-Kadhimi and met with the leaders of the KSA and UAE several times. The most recent bilateral meeting took place in December 2024 at al-Ula, where the crown prince of Saudi Arabia and the Iraqi prime minister discussed bilateral ties in the context of the collapse of the Assad government in

Syria and possible ways to cooperate on mutual threats.²⁶ Since the new Iraqi intelligence chief, Hamid al-Shatri, visited Damascus days after the Al-Sudani-bin Salman meeting, it is highly likely that MbS encouraged such cooperation as positive regional engagement with the new Syrian leadership is a strategic goal of Riyadh.

26 Al-Mustafa, H. 2025. "Al-Sudani plans to protect Iraq from major changes in the region". *Arab News*, 19 January: <https://www.arabnews.com/node/2587038>.

Apart from with the prime minister, both Gulf states have been less successful in building relations with key members of the governing Shiite Coordination Framework (SCF) coalition and the broader Shia elite. The two most notable people they managed to reach out to are Muqtada al-Sadr, who had direct meetings with both the Emirati and Saudi leadership in 2017, and Ammar al-Hakim, who visited Mohammad bin Salman in Riyadh in 2022.²⁷ Among other former or current SCF leaders, the former prime minister Haider al-Abadi has a personal connection with Saudi and Emirati royals although there has been no recorded contact between them in the last few years. Ministerial-level cooperation with Gulf states is mostly limited to Sunni and Kurdish politicians, with a few exceptions such as the Minister for Higher Education and Scientific Research, Naim Al Aboudi (affiliated with the Fatah Alliance) and Oil Minister Hayan Abdul-Zahra (State of Law).²⁸

To compensate for the lack of personal ties with key SCF leaders, Saudi Arabia and the UAE use other methods to gain influence, especially religious diplomacy.²⁹ In 2024, the Saudi government issued special permits to more than 70 members of parliament to perform pilgrimage in Saudi Arabia.³⁰ In April 2024, direct flights between Dammam and Najaf were announced, connecting the Shia population of the eastern provinces of KSA with key Shia

pilgrimage destinations. A month later, Abdulaziz bin Khalid al-Shammari, the Saudi Ambassador to Baghdad, visited the shrines of Imam Hussein and met with the governor of Kerbala, indicating the kingdom's willingness to develop a joint economic project with the region that can create jobs for local youth.

Recent regional tensions due to the clashes between the US, Israel and the resistance network have created several obstacles to political outreach by both Gulf states. In addition to the drone attacks on Emirati interests in the KRI and threats against Saudi Arabia, in October 2024 the Saudi MBC media group's licence was revoked by the Iraqi Communications and Media Commission after the channel broadcast a programme that depicted key figures of recently deceased members of the Axis of Resistance as terrorists.³¹ As a response, protesters stormed the MBC's office in Baghdad, which later had to be closed. The Saudi media authority started its own investigation into the matter and, because of the scandal, sacked the MBC director indicating that there was no high-level political intention behind the broadcast.

In addition to political and cultural outreach to Iraq's Shia elites, the Saudi and Emirati leadership also continues its engagement with Sunni elites and communities by means of two tools in particular. First, both governments invest heavily in the reconstruction of territories affected by IS. The UAE's \$US50 million investment in rebuilding the Grand al-Nuri Mosque in Mosul, and even the proposed Iraq Development Road Project (IDRP) (see below), fall under this heading. Second, Gulf states have renewed their advocacy for a measure of political decentralisation in Iraq. Since 2003, Saudi Arabia and the UAE have sought to encourage the formation of autonomous regions in Iraq, especially in Basra and the Sunni-majority regions of Diyala, Salah al-Din,

27 Saeed, Y. 2023.

28 Al Aboudi facilitated the establishment of higher education collaboration, including bilateral scholarships in 2023, while Abdul Zahra coordinated oil price policy with his Saudi and Libyan counterparts in January 2025 ahead of the upcoming OPEC+ meeting.

29 Another tool is sports diplomacy and investment in sports infrastructure, which serves multiple purposes: it creates investment possibilities, helps polish Saudi Arabia's image, and enables elite-level relationship-building in the VIP stands. Rodgers, W. 2023. "Saudi football 'charm offensive' arrives in Iraq". *Amwaj*, 9 November: <https://amwaj.media/article/saudi-football-charm-offensive-arrives-in-iraq>.

30 Safaq News. 2024. "More than 80 Iraqi lawmakers leave Iraq for Hajj, stalling speaker election: source". 28 May: <https://shafaq.com/en/Iraq/More-than-80-Iraqi-lawmakers-leave-Iraq-for-Hajj-stalling-speaker-election-source>.

31 Middle East Monitor. 2024. "MBC news director sacked after backlash over anti-resistance report". 29 October: <https://www.middleeastmonitor.com/20241029-abc-news-director-sacked-after-backlash-over-anti-resistance-report/>.

Anbar and Nineveh. These attempts do not aim to undermine the stability of the Iraqi state but to limit Iranian influence and to implement economic projects more efficiently.

The Gulf states, and the UAE in particular, have been seen as playing a supportive, if not organising, role in the recent push by Sunni politicians, most prominently Mohammed al-Halboushi and Thaeer al-Bayati.³² However, this has not played out quite as well as hoped for, and both Gulf countries, especially Saudi Arabia, are becoming frustrated with what they see as the weak performance of Sunni leaders. In parallel, the UAE reportedly tried to forge a tripartite alliance between al-Sadr, al-Halboushi and Barzani, but without success.³³ The fall of al-Halboushi, in particular, was viewed in Riyadh as a result of both the actions of the Iran-friendly political centre in Baghdad and his own political shortcomings. In any case, the Saudi leadership maintains good relations with Minister of Defence Thabet al-Abbasi, who is a potential rival of al-Halboushi in Sunni politics. However, Saudi Arabia and the UAE have often faced criticism from Shia politicians and militias for their involvement in Iraqi politics. In 2016, Riyadh had to withdraw its ambassador from Iraq, who was being criticised for interfering in Iraqi politics. Later, in 2022, the commander of Asa'ib Ahl al-Haq specifically named Emirati involvement in Shia politics as a reason for attacking Emirati interests.³⁴ As a result, both countries try to avoid overt political actions and focus on investments and religious diplomacy.

The positive Gulf view on decentralisation in Iraq is partly grounded in the experience of enhanced cooperation with the KRI. In this region, both the UAE and Saudi Arabia consider the KDP and the Barzani family as their primary partners. MbZ continues to enjoy strong personal relations with President Nechirvan Barzani, who worked as

a facilitator between the UAE and the central Iraqi government (as well as Turkish President Recep Tayyip Erdogan), and Prime Minister Masrour Barzani, who regularly visits Abu Dhabi (most recently in January 2025). Members of the Patriotic Union of Kurdistan (PUK) have far weaker relations with both Gulf countries, although some connections exist, especially with the UAE: party leader Bafel Jalal Talabani visited Abu Dhabi in May 2024, attending a funeral and meeting with MbZ, while Deputy Prime Minister of the Kurdistan Regional Government (KRG), Qubad Talabani participated in a meeting with Prime Minister Barzani and the Secretary-General of the GCC. As this example shows, Kurdish-Gulf relations are not necessarily zero-sum between the KDP and PUK.

Kurdish-UAE ties are expected to continue to grow with a new MoU signed in February 2025 focusing on governance development, human resources and digitalisation.³⁵ However, two developments have caused the UAE to give the KRI slightly less priority.³⁶ First, Abu Dhabi does not wish to be seen to be favouring the KRG in Erbil's disputes with the central government, given its interests in doing business in other parts of Iraq. Second, there is the weakening of the KDP and the intensification of internal strife in Kurdish politics that is intertwined with Turkish and Iranian interests. The recent lack of official visits of the Emirati president to Kurdistan, Emirati acquiescence in the exclusion of the KRI from the IDRP (see below), and the participation of the Emirati company in the development of the Khor Mor gas field that is disputed between Baghdad and Erbil without Kurdish approval is indicative of a changing Emirati policy.

32 Faris, M. 2024. "Why Sunni autonomy is back on the agenda in Iraq". *Amwaj*, 12 March: <https://amwaj.media/article/why-sunni-autonomy-is-back-on-the-agenda-in-iraq>.

33 Saadoon. 2022b.

34 Saadoon. 2022b.

35 Kurdistan 24. 2025. "PM Barzani, UAE Minister of Cabinet Affairs sign MoU". 12 February: <https://www.kurdistan24.net/en/story/824507/pm-barzani-uae-minister-of-cabinet-affairs-sign-mou>.

36 Salami, M. 2024. "Relations between the Kurdistan region of Iraq and the United Arab Emirates: a mutual need". *EISMENA*, 23 May: <https://cfri-irak.com/en/article/relations-between-the-kurdistan-region-of-iraq-and-the-united-arab-emirates-a-mutual-need-2024-05-23>.

Mapping economic engagement

For political and security reasons, the UAE's initial economic engagement with Iraq after 2003 focused almost exclusively on Kurdistan. Between 2006 and 2023, the Emirates was the second largest investor in the KRI after China, with 25 per cent of all investment inflows and more than half of all joint ventures.³⁷ After the signing of a bilateral investment treaty in 2021, the UAE further expanded its portfolio and announced its intention to invest US\$3 billion. With these steps, Abu Dhabi remained the top investor in the country and became Iraq's largest trade partner and largest import partner after 2017, as well as one of the top ten export destinations for Iraqi goods.³⁸ In contrast, the yearly trade volume with Saudi Arabia remains small. Despite the broadening of Emirati engagement with Iraq, Abu Dhabi's economic cooperation with KRI continues. Currently, the Emirati Dana Gas (a subsidiary of Crescent Petroleum) produces natural gas and oil in KRI and has become a key player in the region's energy sector.³⁹ Erbil and Abu Dhabi also established a joint economic council in 2022 and continue to look for further investment opportunities for Emirati companies. While the trade balance remains favourable to the UAE, the Kurdish government has attempted to increase its (agricultural) exports to the Emirates.

While UAE economic investment across Iraq has not been limited to specific sectors, three nevertheless stand out due to their strategic importance:

- **The hydrocarbon industry:** Crescent Petroleum has invested at least \$US4 billion in the upstream development of various

natural gas and oil fields.⁴⁰ In 2023, the Iraqi government signed a contract with Crescent Petroleum to explore and produce approximately 400 million standard cubic feet of gas in fields between Baghdad and Kirkuk (Gilabat-Qumar and Kashm Al-Ahmar) and in Basra (Khider al-Mai).⁴¹ Additionally, the company aims to invest an additional US\$1 billion in fields near Diyala and Basra.

- **Renewable energy:** Since 2021, Masdar has been planning the development of at least three solar parks (in Dhi Qar, Anbar, Maysan and Niniveh) with a collective capacity of 1 GW. In 2024, Amea Power also received an invitation to build a 500 MW plant.
- **Infrastructure, urban development and connectivity:** The UAE is currently creating a joint venture with the General Company for Ports of Iraq to develop the al-Faw Grand Port and its economic zone and has established direct shipping routes between the two countries (most recently, the Sharjah-Basra line).

These efforts are pursued in the framework of the broader connectivity agenda of the Emirates, which centres on the Iraq Development Road project (IDRP). This \$US17 billion initiative is projected to connect Turkey directly with the Grand Faw port. The IDRP was first announced in 2023 and followed by a memorandum of understanding signed by Turkey, Iraq, Qatar and the UAE, the latter two being major investors in the project. By the end of 2024, all preliminary designs were completed. Consequently, the final plans and the invitation for infrastructure companies to participate are expected in 2025.⁴²

37 China and the UAE surpasses Turkish investments only in terms of counting projects that already received permission. Zed Press. 2023.

”سەرۆوی ۱۰ ملیار دۆلار سەرماهی وه به رهتینی بیانییه له کوردستاندا”

31 August: <https://zedpress.krd/economic/5175/>.

38 Observatory for Economic Complexity Database: Iraq. <https://oec.world/en/profile/country/irq?yearSelector1=2017&yearlyTradeFlowSelector=flow1>.

39 By 2014, the company already invested more than \$US1 billion in the energy sector of the KRI.

40 Arabian Gulf Business Insight. 2024. “UAE's Crescent can help Iraq meet its energy needs, says CEO”. 21 February: <https://www.agbi.com/oil-and-gas/2024/02/crescent-iraq-majid-jafar-interview/>.

41 Lee, J. 2023. “Contracts signed for Iraq's fifth round energy licences”. *Iraq Business News*, 22 February: <https://www.iraq-businessnews.com/2023/02/22/contracts-signed-for-iraqs-fifth-round-energy-licences/?swcfpc=1>.

42 Iraq Business News. 2024. “Development Road Project to be presented to international companies”. 30 December: <https://www.iraq-businessnews.com/2024/12/30/development-road-project-to-be-presented-to-intl-companies/>.

Recently, there has been a visible spike in diplomatic activity concerning the project. This includes a quadrilateral meeting in Ankara, the indication of Chinese interest in connecting the IDRP with the Belt and Road Initiative, and an Iraqi invitation to Kuwait to participate. Having said that, there are still substantial threats that can undermine the project, including the lack of proper planning, feasibility studies and preparatory work; the political risk of keeping KRI out of the project (except for the last 15 kilometres near the Turkish border); corruption; and potential pushback by Resistance militias and Iran-friendly political actors. The project's fate also depends partly on the outcome of general elections and the ability of al-Sudani to stay in power, making the next year crucial in determining the viability of the IDRP.

Compared with the UAE, Saudi Arabia is a latecomer in the post-war Iraqi economy. Riyadh's political will to invest more substantially in the country came only in the late 2010s when ambitious targets and projects were announced, including an indication of readiness to invest \$US100 billion. However, implementation did not follow through, partly due to administrative problems, corruption, the Covid-19 pandemic and the perceived hesitation by the Sudani government to facilitate the process.⁴³ Most notably, the large-scale sports infrastructure development announced in 2018 is yet to materialise.⁴⁴ Similarly, talks between Iraq and Saudi Arabia about the much anticipated Aramco investment in the development of the Akkas gas field (previously announced in 2023) broke down, and the project was taken over by the Ukrainian Ukrzemresource.

That being said, by early 2024, Saudi Arabia had reportedly invested more than US\$5 billion in Iraq,⁴⁵ most of which is concentrated in the real estate and construction sector in Baghdad. So far, the largest project has been the "Baghdad Investment Avenue" located near the airport, which includes the largest mall in Iraq and a large housing facility. In May 2023, the Saudi Public Investment Fund (PIF) announced the creation of the joint Saudi-Iraqi Investment Company, mirroring similar initiatives in other Arab countries with a capital of US\$3 billion. Officially, the company will target the infrastructure, mining, agriculture and real estate sectors and financial services.

In addition to Baghdad, Saudi economic investment is slowly increasing in other parts of Iraq – Basra, Kurdistan and the country's Sunni-majority regions. For example, in January 2025, the Saudi Ports Authority announced an initiative to connect the King Abdulaziz Port in Dammam with the Basrawi Umm Qasr Port. In the KRI, the economic presence of KSA remains small compared with that of the UAE, but Riyadh did announce its intention to open a commercial office in Erbil in September 2024, which could be a catalyst in boosting its investment profile.⁴⁶ In renewable energy, Saudi Acwa Power is currently finalising an agreement to build a 1 GW solar energy plant in Najaf.⁴⁷ At the government level, Saudi Arabia agreed another investment protection and promotion treaty, an anti-money laundering agreement and a healthcare industry cooperation project with the Iraqi government in 2024, in addition to an MoU with the Iraqi Development Fund.

43 Al-Shammari, I. 2024. "Iraq-Saudi relations: A potential shift towards the principle of a guarantor state?" *EISMENA*, 20 December: <https://cfri-irak.com/en/article/iraqi-saudi-relations-a-potential-shift-towards-the-principle-of-a-guarantor-state-2024-12-20>.

44 Faris, M. 2024. "Will growing Saudi investment in Iraq hit Iranian roadblock?" *Amwaj*, 18 July: <https://amwaj.media/article/will-growing-saudi-investment-in-iraq-hit-iranian-roadblock>.

45 Ebrahim, H. 2024. "Iraq attracts wave of Saudi and Gulf investments for the first time." *The Medialine*, 6 February: <https://themedialine.org/top-stories/iraq-attracts-wave-of-saudi-and-gulf-investments-for-the-first-time/>.

46 Iraq News Agency. 2024. "KSA opens a trade office in Erbil and a consulate in Basra". 19 September: <https://ina.iq/eng/34831-ksa-opens-a-trade-office-in-erbil-and-a-consulate-in-basra.html>.

47 Arabian Gulf Business Insight. 2025. "Acwa Power awarded 1GW solar energy project in Iraq". 10 January: <https://www.agbi.com/renewable-energy/2025/01/acwa-power-awarded-1000mw-solar-project-in-iraq/>.

One of the key priorities of the Saudi government is to connect the Iraqi electricity network to that of the GCC and enable Gulf electricity export.⁴⁸ In addition to economic motivations, the project also aims to reduce Iraq's dependence on Iranian energy, as Baghdad currently imports one-third of the country's electricity from Iran. According to the Ministry of Electricity, 75 per cent of the project had been completed by January 2025, and completion is due by the end of the year.⁴⁹ The project can gain further traction depending on the evolution of US policy on Iran: recently, the 2nd Trump administration not only reinstated the maximum pressure policy on Iran but removed the waiver for Iraq to buy electricity from Iran.⁵⁰ Even if Baghdad can continue to import Iranian gas without complications, the need for energy security is already driving the Iraqi government to deepen connectivity and cooperation with the GCC.⁵¹

Conclusion: The effects of Saudi and Emirati engagement on the current political settlement in Iraq

The evidence discussed above indicates that Saudi and Emirati engagement with Iraq has moved away from openly challenging or undermining the Iran-backed SCF-PUK political coalition. Instead, both Gulf states aim to develop political and economic influence with the establishment, most notably its Shia elites, with three aims in mind: 1) to ensure their own security, 2) to realise economic profit, and 3) to limit Iran's influence. In Kurdish politics,

the Gulf states still prefer the KDP as a partner, though the relative strengthening of the PUK resulted in only a slight devaluation of the KRI as a political and economic partner. In practical terms, the original divergence between current Saudi and Emirati approaches has shrunk considerably in the last few years.

In the pursuit of their interests, both the Saudi and Emirati leadership engage with Iraqi state authorities by means of MoUs, primarily in the fields of investment promotion and protection, higher education or healthcare. Most recently, Saudi Arabia and Iraq concluded a defence agreement in 2024. These steps also aim to indirectly strengthen state authorities vis-à-vis Resistance actors. That being said, personal relations also continue to play a major role in Saudi and Emirati diplomacy. Such personalised relations mean that the direction of Gulf-Iraq ties depends significantly (although not exclusively) on who the Iraqi prime minister is. Despite Saudi and Emirati leaders having been able to get along with Iran-friendly heads of government (including Haider al-Abadi), a return of Al-Maliki would pose major challenges. Political interventions similar to those in the 2003–2014 period are unlikely in the current climate, but the Gulf states are nevertheless likely to try to increase the chances of Al-Sudani or other potential rivals to Al-Maliki, especially by economic means.

In the last few years, the Gulf states' broad and diverse economic engagement in Iraq, especially that of the UAE, has been the most successful aspect of their strategy. Apart from traditional profit seeking, their investments aim to develop a more embedded presence and improve their image among Iraqi elites and society, indirectly countering Iranian influence without substantial risks. Long-term strategic projects like the IDRP and electricity interconnection serve the same aims. However, many implementation obstacles remain, not least rampant corruption, the influence of Iran-linked political actors and tensions between the US and Iran, so the next few years will be crucial if projects are to actually get off the ground.

48 Ozheb, A. K. 2024. "Iraqi-Saudi engagement weathers tumultuous regional climate". *Amwaj*, 28 March.

<https://amwaj.media/article/iraq-saudi-engagement-weathers-tumultuous-regional-climate>.

49 Shafaq. 2025. "Iraq to complete Gulf power grid in 2025". 29 January: <https://shafaq.com/en/Iraq/Iraq-to-complete-Gulf-power-grid-in-2025>.

50 Ganzevald, A. et al. 2025. "Iran Update, March 10, 2025". *Institute for the Study of War*. 10 March: <https://www.understandingwar.org/background/iran-update-march-10-2025>.





51 The Iraqi national gas company recently indicated that they would sign new deals with Qatar and Oman in the near future. *Ibid*.

From a European perspective, the growing role of the Gulf states in Iraq is generally positive and should be supported. This is especially true concerning the uncertainty related both to the organisation and outcome of the parliamentary elections in Iraq scheduled for 11 November 2025. Gulf presence helps balance Iranian influence and strengthens, however modestly, Iraqi state institutions vis-à-vis non-state actors. As neither the Saudi nor the Emirati leadership wants to see IS-like actors re-emerge in Iraq, their influence in this regard is welcome, especially in the Iraqi Sunni community. Additionally, many of the proposed connectivity projects and more investment from the Gulf can contribute to stability and help diversify Iraq's economy in terms of existing dependencies, as well as create more jobs for young Iraqis. Lastly, both GCC states can lend a hand with the ongoing reconstruction of the country, and various humanitarian programmes can help fight poverty and limit the space for radical movements.

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