

Iraq: Deteriorating security and political climate as US troops leave the country

- > **Event:** The last US troops left Iraq after President Obama's declaration of the end of the Iraq war on 15 December. Only a few days later, a political crisis broke out as Iraq's biggest parliamentary bloc, al-Iraqiya announced a boycott of the assembly in a reaction against Prime Minister al-Maliki's efforts to remove two key government members, affiliated to al-Iraqiya: Vice-President al-Hashemi, against whom an arrest warrant was issued on terror charges, and deputy Prime Minister al-Mutlaq. This has resulted in a severe political crisis within the unity government that has only been formed end-2010. On top, during the past weeks the country has once again been hit by serious terrorist attacks, the most deadly in months.
- > **Impact on country risk:** It emerges that, also after the withdrawal of US troops, insecurity, instability and sectarian tensions will continue to prevail in Iraq. These sectarian tensions are not only being witnessed on the political scene (as PM Maliki comes from the Shia majority and al-Iraqiya is Sunni-backed), but these divisions are also being exploited by terrorist organizations on the ground. Iraq's Kurds, which form a third major group in the country, could intend to reconcile the Sunni and Shia blocs – thereby increasing further their own influence – but the current instability will further impact economic performance and relations with international (energy) investors. (**analyst:** Daan Rowies, d.rowies@ondd.be)