

Statement for the U.S. Congress: Strengthening Iraq's Economic Independence & Countering Iranian Influence

Dear Members of Congress,

I write to urge a recalibrated approach to U.S. economic policy in Iraq—one that fosters **economic integration, private sector growth, and financial stability and inclusion** while simultaneously **countering corruption, blocking Iranian influence, and reducing reliance on foreign aid**.

The current U.S. approach to Iraq's economy, particularly through broad financial restrictions, has **unintentionally strengthened Iran's grip** by pushing legitimate businesses toward illicit financial networks. A course correction is necessary to prevent further instability, economic collapse, and potential migration crises.

To achieve this, I propose the following **four key policy actions**:

1. Restore Currency Stability & Block Financial Corruption

- **Reinstate a stable exchange rate (1,450 IQD per \$1)** or fully liberalize Iraq's currency to eliminate black-market advantages exploited by Iran-backed financial actors.
- **Enforce strict oversight on Iraqi banks involved in money laundering and dollar smuggling** to Iran and Syria, cutting them off from U.S. dollar access.
- **Coordinate with the U.S. Treasury and IMF** to stabilize financial institutions while strengthening **anti-money laundering (AML) compliance**.

2. Open Iraq to Global Markets & Investment

- **Reduce barriers to foreign direct investment (FDI)** and encourage U.S., Gulf, and international firms to invest in Iraq's **infrastructure, fintech, energy, and manufacturing sectors**.
- **Expand financial inclusion through digital banking and fintech solutions** to bypass cash-based systems controlled by militias and corrupt networks.
- **Encourage private sector growth** by cutting bureaucratic red tape and implementing **business-friendly reforms** that attract investment and create jobs.

3. Reform Sanctions to Target Bad Actors, Not Iraq's Economy

- **Sanction individuals and entities directly linked to Iran’s financial networks** (e.g., Q Card’s Bahaa Abdul Hussein) while allowing **legitimate Iraqi businesses** to access global markets.
 - **Enhance financial transparency** by working with **allied governments and institutions** to prevent Iran from using Iraq’s banking system to evade sanctions.
 - **Ensure U.S. banking restrictions do not cripple Iraq’s economy**, but instead **focus on disrupting IRGC-affiliated militia funding and illicit financial operations**.
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4. Pressure Iran-Linked Political Parties to Exit Iraq’s Government

- **Impose sanctions on Iraqi political parties with direct IRGC affiliations** unless they disengage from the political system.
- **Condition U.S. aid and military assistance on the exclusion of Iran-backed parties from Iraq’s government.**
- **Support Iraqi sovereignty movements and civil society organizations** that push for an independent, corruption-free government.

Why This Approach Matters:

- ✓ **Reduces Iran’s economic and political control over Iraq** while keeping legitimate financial pathways open for trade and investment.
- ✓ **Prevents economic collapse and mass migration crises** by ensuring Iraqis have access to stable markets and employment.
- ✓ **Encourages long-term economic independence** rather than fostering continued aid dependency.
- ✓ **Aligns U.S. policy with Iraq’s stability and regional integration**, reducing space for militias and corrupt actors.

Conclusion:

Iraq stands at a crossroads. A failure to adapt U.S. economic policy will further entrench Iranian influence and weaken Iraq’s sovereignty. The U.S. **must adopt a balanced approach—opening Iraq’s economy to investment while sanctioning bad actors—to secure stability, economic growth, and long-term U.S. strategic interests in the region.**

I urge Congress to support these targeted actions to ensure a **sovereign, economically independent Iraq**, free from undue foreign control.

[Faisal Saeed Al Mutar](#)

Founder and President of Ideas Beyond Borders

Faisal@ideasbeyondborders.org

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