



مركز البيان للدراسات والتخطيط
Al-Bayan Center for Planning and Studies

U.S. Sanctions: Special Pressures and Restriction of State Sovereignty

Research Department



Al-Bayan Center Studies Series

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On January 22, 2024, the U.S. Treasury Department imposed sanctions that included Iraqi political and security figures, as well as Fly Baghdad airline, under various pretexts. Fly Baghdad was accused of transporting weapons and military equipment on behalf of the Iranian Revolutionary Guard to regional airports. The new sanctions list points to pressures and sanctions that will escalate against Iraq, coinciding with the formation of a joint military committee between Iraq and the United States to negotiate assessing the threat of the ISIS terrorist organization and future security partnership after the withdrawal of the international coalition from Iraq.

Including an independent company from the Iraqi private sector in the U.S. sanctions is one of the most significant pressures the United States attempts to use to target the political and security situation in Iraq. The accusations against the company lack logical evidence for discussion. Moreover, the United States imposed these sanctions without any notification to the Iraqi government or the Civil Aviation Authority, which is responsible for all activities related to airlines and specific inspection and security procedures, as in the case of notifying the Central Bank about potential sanctions on Iraqi banks for not following certain methods in dollar transactions.

U.S. Sanctions: Direct Pressures with Confidence-Shaking Tools

The method of imposing sanctions on private entities, as in the case of Fly Baghdad, represents a formal transition in imposing sanctions on institutions as an alternative to the Iraqi government, signaling a further push if Iraq does not comply. Fly Baghdad is an independent Iraqi company registered under Iraqi law and complies with all directives from the Civil Aviation Authority and international laws. Therefore, imposing direct sanctions on such institutions falls within imposing American will, signaling to the government that non-compliance with American decisions and Washington's view of the Middle East will lead to more extensive sanctions, including the Iraqi government itself.

Legally, the United States categorizes these sanctions within the scope of threatening American national security, allowing it to impose unilateral special sanctions under these presumed threats. Given the United States' position in the international system, this grants it the ability to pass these sanctions on allies and force them to comply, giving it a greater source of influence and making it extremely difficult for countries worldwide, especially private companies, to bypass these sanctions without government support to mitigate their impact.

The U.S. sanctions this time target one of the important companies in the Iraqi aviation field, contributing 1% to the Iraqi national product, transporting about a million passengers annually in 10,218 flights to 45 international airports in 15 countries, with transactions exceeding 300 million dollars. Thus, the sanctions decision is likely to decrease confidence in investment within Iraq and shake confidence in the private sector and businesspeople because sanctions for political reasons will have a significant impact, affecting this sector's contribution to the national economy that Prime Minister Al-Sudani's government seeks

to utilize to support the national development process.

Economic experts indicate that the sanctions imposed on Fly Baghdad serve as an economic warning to Iraq, which will lead the United States to move towards imposing larger sanctions, including targeting more private sector companies, freezing and seizing funds abroad under the pretext that they represent a source of financing activities related to international security and peace, restricting access to global debt markets, or even stopping the delivery of dollars to Iraq. The United States considers all these pressures a right to protect American national security or what it refers to as global security.

Selectivity and Duplicity: Sanctions Versus Bilateral Security Dialogue

One of the characteristics of the U.S. administration is its selectivity and duplicity in dealings with international parties and in the interaction environment. The pressures it exerts to weaken Iraq and diminish its influence in regional interactions make its approach unclear and complex. While it has directly imposed sanctions on security and political figures, it seeks to negotiate a bilateral security partnership, affecting the government's priorities and its negotiation methods with the United States. This also includes the political forces in Iraq, whose priorities are intertwined between the threats and challenges imposed by the U.S. administration and the opportunities it presents, which could affect one party or private institutions, as is the case with the banking sector or Fly Baghdad.

The overlap of priorities and opportunities between political and security entitlements and economic sanctions and pressures could, given the security and political threats, lean towards favoring one over the other without realizing the potential for economic sanctions to undermine the confidence of the private sector and citizens in the

state due to the losses incurred by both. For example, it took less than a week after the sanctions were imposed on Fly Baghdad for it to directly affect the tourism sector, with ticket prices rising between 35 to 85%, in addition to regional companies entering to fill the void left in the Iraqi market by the company.

What Should the Government Do?

In light of the unilateral sanctions imposed by the United States on Iraq, especially after including private companies such as banks and Fly Baghdad, the government must deal with these sanctions with a logic of precaution coupled with treatment, which can take different forms or steps, some of which may be part of the recommendations this article proposes:

- Pressuring the Civil Aviation Authority, as it is directly responsible for civil aviation in Iraq, to provide evidence refuting any airline's involvement in transporting people and equipment outside the Civil Aviation Authority's regulations.
- The Ministry of Transport has a significant influence in negotiating with the U.S. Treasury Department regarding sanctions, supporting the company's negotiating position and compliance.
- Based on legal considerations and public trust, the government must intervene in aspects related to seizing companies' funds and securities at banks and the Central Bank, as these are private trusts, and the government must fulfill its commitment to citizens.
- Including Fly Baghdad in the sanctions could cause short-term damage to Iraqi Airways and the Civil Aviation Authority, as the primary accused in the American allegation

of “loading missiles, money, and militants via civilian aircraft” are the official government institutions managing Iraqi airports and responsible for security and screening passengers and goods, including the Intelligence Service, National Security, and Customs Authority, among others.