The Asan Institute for Policy Studies

Op-ed

Why Iraq now matters

Kim Heungchong
Adjunct Senior Fellow
2026-03-17

As tensions between the United States, Israel and Iran intensify, global attention has fixed on Tehran, Washington and Tel Aviv. Yet the most consequential variable in this widening conflict lies elsewhere — largely overlooked, but increasingly decisive. That variable is Iraq.

At first glance, Iraq appears peripheral, spared the sustained bombardment seen elsewhere. In reality, it is fast becoming the space where the logic of war is most deeply embedded. What unfolds inside Iraq may not dominate headlines, but it is quietly shaping the structural conditions that will determine how — and whether — this conflict ends.

Iraq's fragility is not new. The 2003 U.S.-led invasion, justified by the search for weapons of mass destruction, dismantled the precarious balance that had allowed a Sunni minority to govern over a Shiite majority and Kurdish population. What followed was not simply regime change, but state erosion.

The post-2011 U.S. withdrawal, combined with the shockwaves of the Arab uprisings and the Syrian civil war, created a vacuum that gave rise to the Islamic State group, which seized Mosul and declared a caliphate stretching across Iraq and Syria.

Though IS was eventually defeated through international coordination, the conflict left behind a fragmented security landscape. Armed groups proliferated, and many were never fully absorbed into the state. Iraq today remains a country where the state exists, but does not fully monopolize the use of force.

The most visible manifestation of this reality is the Popular Mobilization Forces (PMF), a loose umbrella of largely pro-Iran militias. Formally incorporated under the prime minister's authority in 2016, the PMF in practice retains significant autonomy. Its influence

extends beyond security into politics and the economy. Meanwhile, remnants of IS continue to stage low-level insurgent attacks, underscoring the persistence of instability.

And yet, Iraq in recent years had shown tentative signs of recovery. Under Prime Minister Mohammed Shia al-Sudani, the government attempted to recalibrate its posture with an "Iraq First" approach — seeking to soften its pro-Iran image while maintaining internal balance. The fragile power-sharing arrangement among Shiites, Sunnis and Kurds, though imperfect, was functioning. Baghdad was even beginning to be seen as a city on the path to normalization.

That fragile equilibrium is now rapidly unraveling.

The most immediate driver is the growing assertiveness of armed groups beyond state control. Iran-aligned militias — some only loosely connected to the PMF — have already entered the conflict in support of Tehran, launching drone and missile attacks on U.S. bases, diplomatic facilities and energy infrastructure within Iraq. These actions are not directed by the Iraqi government, yet they are unfolding on Iraqi soil.

Baghdad has repeatedly insisted that it will not be drawn into war and that disputes must be resolved diplomatically. But its inability to control military activity within its own borders is becoming increasingly evident. For Washington and Tel Aviv, Iraq is no longer a neutral space, but a permissive environment for hostile operations.

The response has been calibrated but clear. The United States has carried out targeted strikes against militia positions and leadership nodes — limited in scope, but designed to maintain deterrence without triggering full escalation. Israel, too, has reportedly continued intermittent strikes against Iran-linked networks in Iraq and Syria. Iraq may not be an official battlefield, but it is already a theater of shadow war.

Another layer of volatility lies in the Kurdish region. The Kurdistan Regional Government retains substantial autonomy and maintains channels with Western partners. In a conflict scenario, Erbil's strategic choices could significantly alter Iraq's internal balance. At the same time, Kurdish forces may be drawn into confrontation if militia attacks intensify, raising the risk of a broader internal clash.

The economic dimension is equally precarious. Iraq's fiscal stability depends overwhelmingly on oil exports, most of which flow through southern terminals in Basra. Any disruption tied to Gulf tensions or infrastructure damage would quickly translate into a national financial crisis. Compounding this risk, instability in Iranian gas supplies is already affecting electricity generation, feeding public discontent and amplifying political pressure. Security risks are bleeding into economic vulnerability — and back again into political instability.

Iraq thus faces a stark dilemma. If the government fails to restrain militias, it invites stronger U.S. military responses, fueling sovereignty disputes and domestic backlash. If it confronts them directly, it risks internal conflict with powerful, politically entrenched armed groups. Neither path offers a clear route to stability.

This is precisely why Iraq matters.

It is not the primary battlefield of the Iran-Israel confrontation. But it is the arena where uncontrolled escalation is most likely to occur — where deniable attacks, fragmented authority and overlapping interests create a constant undercurrent of tension. Iraq does not simply reflect the conflict; it sustains it.

For the international community — and for South Korea in particular — this reality demands closer attention. Iraq's instability is not a contained national issue. It is directly linked to regional order, energy security and the broader global risk environment.

The war we are witnessing is not confined to visible frontlines. Another front is already open — less visible, but no less decisive. And it runs through Iraq.

* The view expressed herein was published on March 23 in Aju Business Daily and does not necessarily reflect the views of The Asan Institute for Policy Studies.