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Iraq's Development Road: Geopolitics, Rentierism, and Border Connectivity

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Summary

Iraq's Development Road project aims to create an Iraqi transborder transportation network connecting the Persian Gulf with Türkiye. This network would enhance Iraq's geopolitical status as a trade corridor and provide financial returns, reducing the state's reliance on hydrocarbons. However, the project faces obstacles, including challenges of financing and implementation, widespread corruption, the potential for insecurity and instability in Iraq, and the fact that rival transborder projects in the region mean countries may work against its success.

Key Themes

- The Development Road is an Iraqi project seeking to create a road and railway infrastructure connecting the Persian Gulf with Türkiye through Iraq, thereby benefiting from Iraq's geography and multiple borders.
- The Development Road is an attempt to introduce a new development model to stabilize Iraq politically and mitigate the harmful consequences of its rentier economy.
- The main hinderances to the project's success are the difficulty of securing sustainable funding for such a megaproject and rampant inefficiency and corruption in Iraqi state institutions.
- The potential for insecurity and instability may discourage investors in the Development Road and countries seeking to benefit from it.

- Iraq must find a place for the project amid regional geoeconomic and geopolitical rivalries and as competing trade connectivity projects are being put forward.
- Several countries have the ability to disrupt Iraq's plans to implement the project, notably Türkiye, Iran, and Kuwait.

Findings/Recommendations

The Iraqi government did not conduct an adequate feasibility study to ensure the Development Road's strategic value, nor does there seem to be a consensus among government institutions over the project's scope, objectives, and cost.

There is some question as to whether some of the dominant political parties in the parliament will allocate funds for the project, as they do not want to strengthen Prime Minister Mohammed Shia al-Sudani.

Given the Development Road's multiple challenges, Iraq will find it difficult to enroll regional support for the project, let alone tempt other countries to invest in it or take advantage of it themselves.

There is still room for the government to address the skeptics' views about the Development Road, as well as issues that may turn into future hinderances. This will require institutionalizing management of the project, developing partnerships with potential donors and the private sector, and ensuring transparency in advancing the project.

The idea of transforming borders into connecting points between countries and continents has flourished in recent years. But many such projects, driven by internal calculations and wrapped in nationalist populist rhetoric, may ultimately increase competition and fuel conflicts rather than promote economic integration.

Introduction

Iraq has launched the Development Road, a major project that seeks to take advantage of the country's geographical position and multiple borders. The project aims to create a transportation network connecting the Persian Gulf with Türkiye and is one of many such ventures being discussed in the Middle East today to boost cross-border trade and connectivity, not only among countries of the region but also among countries in Asia, Europe, and Africa. The Development Road, if successful, would enhance Iraq's geopolitical status as a trade corridor and provide financial returns and job opportunities that reduce the state's reliance on hydrocarbons and on offering public-sector employment to young job-seekers. More fundamentally, the project is also an attempt to introduce a new development model that could stabilize the country politically and mitigate the harmful consequences of a rentier economy.

However, there are many obstacles to the fulfillment of the Development Road that suggest Iraqi ambitions may be inflated. These include the state's ability to finance and implement such a megaproject, especially given the level of corruption prevailing nationally. The obstacles also involve the potential for insecurity and instability in Iraq, which could chase away investors or countries seeking to benefit from the Development Road. And, perhaps most important, Iraq will have to find a place for itself amid regional geoeconomic and geopolitical rivalry, as competing trade connectivity projects are being put forward. These include China's Belt and Road Initiative, the India-Middle East-Europe Economic Corridor, and Iran's ambitions to become a platform for transregional trade.

The failure of the Development Road to realize its potential, especially if caused by corruption and mismanagement, will reinforce the idea that Iraq is unable to diversify its economy and escape the rentierism trap. This will have dire consequences when demand

for hydrocarbons declines and prices plummet. Moreover, efforts to transform borders from conflict areas into zones of converging interests and economic integration, while a positive development in theory, could lead to new conflicts because of intense competition over which borders are most appropriate for such a role and who benefits the most.

The Development Road as a New Paradigm for Iraqi Development

The Development Road project emerged from a period of political and social instability in Iraq, driven by growing public anger with the shortcomings in the way the country was managed politically and economically. The project was viewed as a way of alleviating popular discontent by showing the government's intention to undertake megaprojects and diversify an economy that today is largely dependent on oil and gas—but without seeking to drastically change power relations and the system of governance prevailing in Iraq.

The government of Prime Minister Mohammed Shia al-Sudani has embraced the Development Road, which it regards as a means of accelerating Iraq's economic development, strengthening the country's connection to global markets, and creating new sources of revenue and job opportunities.¹ Although the project and its initial phase of implementation preceded the formation of his government, Sudani sought to define them as his own, portraying his agenda as being focused on economic revival and development.² The political coalition supporting the prime minister named his government a “services government,”³ indicating that it would primarily be preoccupied with improving the quality of services and addressing the needs of citizens. Implicit in this designation was that the Sudani government did not want to be drawn into politically charged issues that had prevented previous governments from progressing on development.

Sudani's government was formed in October 2022, against the backdrop of a long political crisis that began with the outbreak of major protests in October 2019 that toppled the government of former prime minister Adel Abdul Mahdi. The crisis continued throughout government of his successor, Mustafa al-Kadhimi, who faced fierce opposition from powerful political parties in the Shia camp, especially those armed factions whose influence grew during the campaign against the Islamic State group. There was also a deep political rift between those parties and the Sadrist movement following the parliamentary elections of 2021, a rift that reached the point where the two sides engaged in armed skirmishes.⁴ Many analysts concluded that the turmoil was largely related to socioeconomic problems, failed governance, and rampant corruption.⁵ Even members of the ruling elites admitted that unemployment was a primary source of anger among Iraqi youth,⁶ especially as the October 2022 protests had been preceded by waves of demonstrations by university graduates demanding jobs in the public sector.⁷

Virtually the sole source of revenue for the Iraqi government is the hydrocarbons sector, which accounts for approximately 93 percent of state revenues.⁸ A large share of revenue funds the bloated and largely unproductive civil service, which has mostly stopped being an instrument of governance and mainly serves to reduce unemployment and expand the patronage networks of dominant political parties. This has been the practice since 2003, when the number of public sector employees swelled from 850,000 to over 4.5 million, in addition to the millions of Iraqi retirees receiving money from the state and recipients of public subsidies.⁹

Income from hydrocarbons, therefore, was redistributed in a way that was characterized by favoritism, inequality, and extreme corruption, and it was not reinvested.¹⁰ These policies led to the exclusion of large segments of society, of which young people constitute an overwhelming majority, with about 60 percent of the population under twenty-five years of age.¹¹ The fact that there was both a limited investment of revenues and restricted job opportunities available in the private sector prompted growing demands for employment in the public sector, which in turn led to more resources being wasted on unproductive activities. The flaw in these policies was exposed especially during the economic and financial crisis caused by the coronavirus pandemic and the significant decline in oil prices.¹² The Iraqi government was forced to raise the dollar exchange rate and borrow from the state's strategic financial reserve in order to pay employees' salaries.¹³

Despite the rise in oil prices after the outbreak of the conflict in Ukraine, there is a general conviction that Iraq's model of redistributing oil wealth is defective and that, if it is not corrected, the next political crisis may be much more severe. Some critics have backed radical measures¹⁴ aimed in particular at ending the political and financial apportionment of state resources by ruling parties and those who lead them, which has transformed governmental institutions into private fiefdoms.¹⁵ However, any government that works to reduce the entrenched interests of these groups would jeopardize its own survival. Therefore, successive Iraqi governments have tended to implement only gradual reform, without challenging the status quo. Sudani, and before him Kadhimi and Abdul Mahdi, adopted such an approach, with only slight variations in priorities.

Sudani wants to prioritize the economy over other government objectives, however not by offering a developmental paradigm that radically transforms redistributive policies, develops educational policies and capacity building for the young, or engages in further privatization. Rather, he wants to advance a model of state capitalism in which strategic megaprojects are seen as transformative. This model, of which there are examples in Egypt, Saudi Arabia, and Türkiye, is often based on hasty assessments of the merits of projects as well as a dose of economic populism. In other words, it concentrates on winning over political constituencies by implementing megaprojects that bring prestige, as opposed to actually resolving economic problems.

The Development Road fits into this line of thinking, as it is an economic project revolving around a political goal, namely preserving the existing state of affairs by searching for partial solutions to economic challenges. An adviser to Sudani for transportation affairs, Nasser al-Assadi, has stated that the Development Road aims to achieve more than cross-border trade connectivity, as it will also serve as an artery that allows new blood to flow into the body of the Iraqi economy.¹⁶ In addition to the roads and railways that will connect the Faw port in southern Iraq to the Iraqi-Turkish border, it will lead to the establishment of factories and workshops along its passage, allowing for commercial activities and creating a large number of job opportunities. According to the plan, the Development Road, which will mostly be outside city centers and in desert areas, will allow the weight of economic activity to be transferred away from crowded urban centers with archaic infrastructure and will help stimulate migration to the peripheries (see map 1).¹⁷

The Development Road includes a 1,190-kilometer (about 740-mile) road for trucks transporting cargo and a dual rail line for passenger and cargo trains.¹⁸ It begins at the Faw port, travels across ten governorates, and ends at Faysh Khabur on the border between Iraq and Türkiye, before connecting to Turkish railway and highway networks.¹⁹ By 2028, the freight train's transport capacity is expected to reach 3.5 million containers and 22 million tons of bulk cargo annually.²⁰ A decade later, it will increase to 7.5 million containers and 33 million tons of cargo, and by 2050 it will reach 40 million tons of cargo.²¹ The initial capacity of the high-speed train is expected to accommodate 13.8 million passengers every year.²²

Map 1: The Development Road Project Plan by Iraq's Ministry of Transport



While the project sounds attractive in theory, the devil is in the details. The Development Road is hardly a new concept. Expanding Iraq's sea access and taking advantage of the country's geographical location in the northern Persian Gulf has been a recurring Iraqi ambition. A similar idea had circulated in the 1980s under the name Dry Canal,²³ given that Iraq could serve as a commercial transit hub between Asia, the Middle East, and Europe, similar to the role played by major maritime passages such as the Suez Canal.²⁴ But long years of war, economic sanctions, international isolation, and political and security instability prevented this from being implemented.

However, the idea resurfaced after several factors converged: the end of sectarian fighting and the defeat of Al-Qaeda in Iraq in 2008, the beginning of a period of relative stability in the country, and a rise in oil prices. The aim was to focus mainly on building a large new port in the Faw district, south of Basra (see map 2), which is the only point in Iraq that has a sea depth allowing large cargo ships to dock.²⁵ The problem of Iraq's limited 58-kilometer (about 36-mile) seafront has troubled successive governments, because it has deprived the country of the advantages offered by a wide coastline and the maritime activity this allows. In addition, substantial maritime access is crucial for an oil-exporting country that does not want to be fully dependent on pipelines passing through other countries, which create vulnerabilities. This problem was one reason why the late president Saddam Hussein occupied Kuwait in 1990, leading the United States to form an international military coalition to drive Iraqi military forces out of the country. Even today, discussion of the ways to address Iraq's small coastline reemerges occasionally, especially due to the dispute over the demarcation of the maritime border with Kuwait, which led to a new crisis between the countries in September 2023.²⁶ Aptly, during the 1970s, a Kuwaiti minister described Iraq as "a big garage with a very small door."²⁷

Map 2: Map Showing the Location of Faw Port



In light of this, development of the Faw port project gradually emerged as a strategic goal for successive Iraqi governments after 2003, despite warnings that there was a need to more carefully study the project's feasibility, especially because of the absence of infrastructure to support it. Some critics have noted that the Umm Qasr port, which is located only 60 kilometers (about 37 miles) from Faw, "has ample existing additional capacity and plenty of space for further berths and yards being constructed (and can be upgraded to handle the world's largest vessels by dredging its channel for a fraction of the cost of dredging Faw)."²⁸

Eventually, the project had political appeal, and the governments of Haidar al-Abadi, Adil Abdul Mahdi, and Mustafa al-Kadhimi viewed it as a popular option. This resonated with a collective memory in Iraq that still regards the strategic projects implemented by the Construction Council under the former Hashemite monarchy as a unique example of success.²⁹ It also seemed that the Faw port, which is planned as the largest in the Middle East, would reassert Iraq's presence as a key player in the Gulf and resolve the problem of its limited sea access. In December 2020, the government signed a contract worth \$2.6 billion with the South Korean company Daewoo³⁰ to build infrastructure for the port, including 15 kilometers (about 9 miles) of breakwaters.³¹ The total cost of building the port is approaching \$7 billion.³² According to Technital, a company designing services and supervising work in the port, the depth of the quays will allow for the operation of the new generation of container ships. There will be a 2-million-square-meter area for terminal container stacking, in addition to buildings and warehouses. A 400-meter-wide, 24-kilometer dredged channel will connect the port to deep water.³³

In September 2023, the Iraqi Transportation Ministry announced that the first phase of the project would be completed at the beginning of 2025, allowing the port to receive 20 million tons of cargo annually by 2028.³⁴ In the meantime, the port project came to play a role in domestic political rivalries. While Kadhimi's government tried to present the project as its primary achievement when it came to infrastructure, the Sudani government that followed, which had criticized the Kadhimi government (to the extent of accusing some of its major figures of being guilty of corruption),³⁵ sought itself to be identified with the project. Sudani announced that the Development Road was a necessary complement to the Faw port.³⁶ In the prime minister's view, embarking on the building of a major port only really made sense if there was demand for the large quantities of cargo being offloaded there to be transported inland toward Türkiye and beyond.

Iraqi officials say the Development Road will enhance trade between Asia and Europe, reducing the time period for transporting goods between the Chinese port of Shanghai and the Dutch port of Rotterdam from thirty-three to fifteen days.³⁷ As a result, Iraq will become an important hub for international trade and a major corridor for goods, which will stimulate its economy, create jobs, and produce new sources of income for the state. Iraqi officials estimate revenues at around \$4 billion annually. The project's total cost is assessed at about \$17 billion.³⁸

In May 2023, the Iraqi government held a conference for transportation ministers from the Gulf states and neighboring countries to present the Development Road and request their support for it.³⁹ Sudani described the project as a “pillar for a sustainable, non-oil economy, and a link that serves Iraq’s neighbors and the region.” At the same conference, the representative of the Italian company Progetti Europa and Global (PEG), which conducted the feasibility study for the project, said the Development Road was not an alternative to the Suez Canal, but it would help absorb the growth in international trade through the Middle Eastern region, estimated at 10–15 percent annually.⁴⁰

Beyond that, the project would help redefine Iraq’s southern and northern borders, both an integral part of the Development Road after having been for a long time arenas of conflict and instability. Faw, a peninsula in the far south of the country, saw some of the most brutal battles during the Iraq-Iran war (1980–1988). It was invaded by Iranian forces in 1986, only to be retaken by the Iraqi army in 1988. The fact that Faw became a prominent symbol of that ferocious war only served to underline the fragility of this border zone and the need to reinforce its links with the center. Therefore, the new port is a highly significant development in the peninsula, which will have major implications for redefining Faw’s economic viability and connections with the rest of Iraq.

The northern border has also been an arena for conflicts, which reached their apogee when the so-called Islamic State took control of Nineveh Governorate, implementing ethnic and sectarian cleansing and destabilizing the whole region.⁴¹ After Iraqi forces and paramilitaries removed the Islamic State from the country’s north, the area became a terrain for new wars, primarily between the Turkish army and the Kurdistan Workers Party (PKK), which Ankara regards as a terrorist organization. Türkiye has been bombing the border zone regularly, while the PKK and Iraqi paramilitary groups have occasionally sought to counter-attack and halt the advances of the Turkish military.⁴² If the Development Road is successful in reaching the border through Iraqi-Turkish collaboration, it could trigger a new phase of economic dynamism that deescalates such conflicts and pushes the two countries to consider a different approach. This would be one example of how contentious border zones can be transformed by development.

What Are the Potential Obstacles to the Development Road?

If the Development Road has been seen by Iraq’s leaders as a panacea for the country’s many problems, it is these very problems that may contribute to hindering or preventing the project’s implementation. Among them are inefficiency and corruption within government bodies, which impede implementation of Iraqi megaprojects and hijack large sums required for their financing. A second potential problem is insecurity and political instability, which

may not only hinder completion of the venture but also its attractiveness for customers and investors. And third, there is significant geoeconomic and geopolitical competition over regional trade connectivity projects, so that some countries either oppose the Development Road or remain unsupportive of it.

The Obstacles of Inefficiency and Corruption

The Sudani government's campaign to market the project internally and externally has raised objections or reservations. Some experts questioned the practicality of the Development Road and the possibility that it could reduce international transportation costs, given the turbulent security situation in Iraq, which imposes high insurance premiums on companies.⁴³ According to critics of the project, the Development Road required several preliminary stages that were never implemented.⁴⁴ The Iraqi government seemed to be under pressure to prove its intent of developing infrastructure by amplifying potential benefits, which may have supplanted the need for careful examination of the project. An important prerequisite was the need to evaluate global markets and identify customers who might use the Development Road, the quantities of goods that would be transported, and the size of the companies that would use it.⁴⁵ The assumption that China and other large trading nations will simply divert their trade to accommodate the Development Road appears to be based more on wishful thinking than actual data. In addition, maritime transportation between Asia and Europe is cheaper than land transportation, while the fact that the Development Road requires maritime transportation first, followed by land transportation, will impose extra expenses on transportation companies.⁴⁶ One of the project's critics, Ziad al-Hashemi, argued that the best thing the Development Road can do is to connect Gulf states to Türkiye via Iraq, which requires restructuring the project conceptually so that it fulfills more modest goals.⁴⁷

There are those who go further and argue that the Iraqi state is too inefficient and corrupt to properly manage a major endeavor such as the Development Road. First, the lack of synchronization among state institutions may prevent a well-phased and well-orchestrated plan of action. It is still unclear whether the Iraqi parliament, which is controlled by factions seeking to maximize their profits in the state, will authorize sufficient financial allocations for the government to proceed with the phases of the project. The same can be said of the nature of the coordination between the central government and Basra Governorate, of which Faw is a part, especially in determining which of the two will be responsible for specific components of the project. Post-2003 governments have performed poorly in managing infrastructure megaprojects, as evidenced by the chronic electricity crisis, even though governments have spent in excess of \$15.5 billion over a decade to repair the sector.⁴⁸ Inefficiency and lack of expertise in building and managing the Development Road could prove very harmful for the project. For example, Amir Abdul Jabbar, an Iraqi lawmaker and former transport minister, noted that the National Ports Company, a governmental body, planned to import dated unloading equipment for the Faw port, despite the existence of newer technologies more in line with smart ports.⁴⁹

Critics of the project also see it as nothing more than fresh cover for political corruption and argue that it will be used to pass illegal profits to the ruling political parties and businessmen with which the parties are linked.⁵⁰ One example such critics cite is the contract signed with PEG to conduct a feasibility study on the Development Road, which did not appear to go through the legal transparency mechanisms required for concluding government contracts. The critics noted, in particular, that PEG did not have sufficient experience in infrastructure projects.⁵¹ There are others who have drawn attention to suspicious developments in the Faw port itself,⁵² specifically due to competition among political and armed factions over contracts related to the port's construction, which caused the work to be suspended. In particular, the rivalry between the Sadrist movement and both Asaib Ahl al-Haq and the Badr Organization, and these groups' apparent current infiltration of operations in Umm Qasr Port, indicate that these groups view such projects in general as too tempting to ignore and too lucrative to allow rivals to capitalize on them.⁵³

In addition, there is the problem of the Development Road's high cost. Some estimates put the initial cost of the project, including the Faw port, at \$12 billion,⁵⁴ while other sources value the total cost at \$17 billion, a more realistic estimate when taking into consideration the cost of the Faw port.⁵⁵ The wide discrepancy between the numbers suggests disagreement among Iraqi government agencies over the scope of the project and the allocations it will require. The government says that it will finance the basic infrastructure of the project—the Faw port, highways, and railway connections—while private investments will finance complementary and service projects attached to the road—workshops, hotels, restaurants, and other services.⁵⁶ But there is no clear indication as to whether the government will have enough liquidity to pay for the Development Road. The Iraqi parliament failed to pass a budget in 2022, and the 2023 budget made no reference to the project,⁵⁷ which raises questions about the capacity of the government to secure the necessary funding.

Politics has also played a role in this uncertainty. Some political parties hesitate to allocate a large budget for construction of the Development Road, partly out of fear that it will reinforce Sudani's position with regard to other political actors. Also, some observers worry that large financial allocations may tempt political parties to seek access to a portion of those funds through shady secondary contracts.⁵⁸ These fears have some basis in fact, with apparent evidence that companies linked to some political factions and armed groups have succeeded in securing such contracts for the Faw port, showing that businesses with political ties may have already managed to gain access to various components of the project.⁵⁹

The Challenges of Insecurity and Instability

There is also the problem of Iraq's insecurity and instability, which will not only determine who chooses to use the Development Road but also who might invest in the project. For example, the Kurdistan Regional Government (KRG) objects to the project because the initial plan for the main road excluded the KRG, which shares a border with Türkiye, and circumvented it through Nineveh Governorate. The Kurdish authorities believe that barring the

KRG from the plan has political and economic motivations and aims to weaken the Kurdish region. The region's prime minister, Masrour Barzani, has pledged that his government will not allow this to happen.⁶⁰ Kurdish parties could pose a security threat to the project, or even prevent construction in areas near the KRG, thus turning the Development Road into a source of instability in an already troubled area. At the same time, the PKK, which has a strong presence in western Nineveh Governorate and across the border in Syria and has been engaged in a long conflict with the Turkish government, may also impede construction work or even threaten transportation on the Development Road if it is completed.

The Iraqi government's relative weakness and the presence of influential armed factions, some with a history of extortion and embezzlement, may constitute another real obstacle to the project's success. Some of the Iran-allied armed groups that have established a strong presence in northern Iraq and in the Iraqi-Turkish-Syrian triangle may also pose a security threat.⁶¹ While some of these groups, such as Asaib Ahl Al-Haq, are currently allied with the Sudani government, others, particularly Kataib Hezbollah and Harakat al-Nujaba, continue to act independently and sometimes challenge government policy, as indicated by their attacks on U.S. troops deployed in Iraq after the outbreak of the Gaza war in October 2023.⁶² These groups could imperil transportation on the road if they feel their interests have not been sufficiently considered.

At the same time, the Development Road, as a major project with strategic implications for Iraq, may represent an opportunity and an incentive for the Iraqi government to extend its security control to peripheral areas of the country and broaden the reach of the central authorities. A significant presence of government institutions and security forces in border and peripheral regions will be required to ensure smooth implementation of the project. Additionally, the new highways and railways will create rapid means of connection between Iraqi governorates, better integrating them with each other and boosting domestic economic activities and large-scale projects that benefit from this infrastructure.

However, the imperative of securing Iraq's borders and peripheral regions, whether this succeeds or fails, also indicates that tensions or violence may ensue. Some of the pro-Iran militias operate smuggling networks across the Iraqi-Syrian border and collaborate with the PKK, which means they might react if the state tries to reinforce its authority in their areas of operation. In addition, Iran's lack of enthusiasm for the Development Road, the fact that it might compete with Iranian regional connectivity projects, and the opposition of pro-Iran militias to Türkiye's behavior in Iraq, may provide other incentives for such groups to oppose or hinder the Development Road. Iraq's modern history is rife with examples of rebel groups endangering security along far-flung highways and border roads, either to challenge the government or to extract payment from seizures of cargos or civilian hostages. Al-Qaeda in Iraq, which later evolved into the Islamic State group, employed such tactics extensively. The fact that the Islamic State is still operating near border areas means it could also potentially exploit vulnerabilities in the Development Road to extort funds from the state.⁶³

Competition From Regional Connectivity Projects

Yet another factor that raises doubts about whether the Development Road can be implemented is the existence of a variety of competing regional connectivity projects, each having major geopolitical and geoeconomic ramifications. These include the Chinese Belt and Road Initiative, the India-Middle East-Europe Economic Corridor, and Iran's ambitions to transform its ports into nodes of trade between East Asia, the Middle East, Africa, and Europe. Complicating matters further, Iraq is caught today between the need to develop its infrastructure using its rising oil revenues and the fact that its internal politics are increasingly tied to regional rivalries. This could prevent Baghdad from buying off the stability required for infrastructure development, especially when regional countries—among them Iran, which has significant leverage over Iraqi political actors and militias—might prefer to fight their proxy wars on Iraqi territory.

A clear manifestation of this resort to proxy battles was the regional repercussions of the Gaza war starting in late 2023 and continuing through early 2024, when actions from Iran and its regional allies threatened freedom of navigation in the Persian Gulf and Red Sea. A related incident occurred when Iran seized a tanker with Iraqi crude oil destined for Türkiye in January 2024, presumably in retaliation for the United States' confiscation last year of the same vessel and the Iranian oil it was carrying.⁶⁴ More significantly, tensions in the Red Sea as a result of attacks by Ansar Allah (also known as the Houthis) against commercial ships, allegedly in response to Israel's invasion of Gaza, forced shipping and transportation companies to consider new routes.⁶⁵ Such a situation could make the Development Road a useful alternative. However, since Ansar Allah is part of the Iran-led "axis of resistance," it is unlikely that Tehran and its Iraqi allies would encourage an alternative route through Iraq.

Furthermore, Iraq's place in the the Chinese Belt and Road Initiative has raised major questions at home, where observers and activists have wondered whether the Development Road is linked to, or separate from, Beijing's aspirations.⁶⁶ In 2021, Iraq emerged as the largest beneficiary of Chinese allocations to the Belt and Road Initiative, receiving \$10.5 billion out of a total of about \$60 billion.⁶⁷ Before that, Adel Abdul Mahdi's government had reached an agreement with China: the two sides established a joint fund in which the value of 100,000 exported Iraqi barrels of oil per day would be used to pay for Chinese loans and investments in reconstruction and development projects in Iraq.⁶⁸

The "turn toward China" has become part of the political rhetoric of some Iraqi political factions, especially those close to Iran, which have presented this as a means of confronting American hegemony.⁶⁹ The idea of linking Iraq to the Belt and Road Initiative and making it a primary trade corridor for China has also become popular among some activists and businesses, to the point that they have presented it as a magical solution for Iraq's depleted infrastructure.⁷⁰ However, behind closed doors U.S. officials and diplomats have sought to push back against Iraq's rapprochement with China. This pressure yielded some results when Kadhim's government favored contracting Western companies for major energy projects, such as the \$27 billion deal signed with Total Energies to increase oil and gas production in southern Iraq.⁷¹

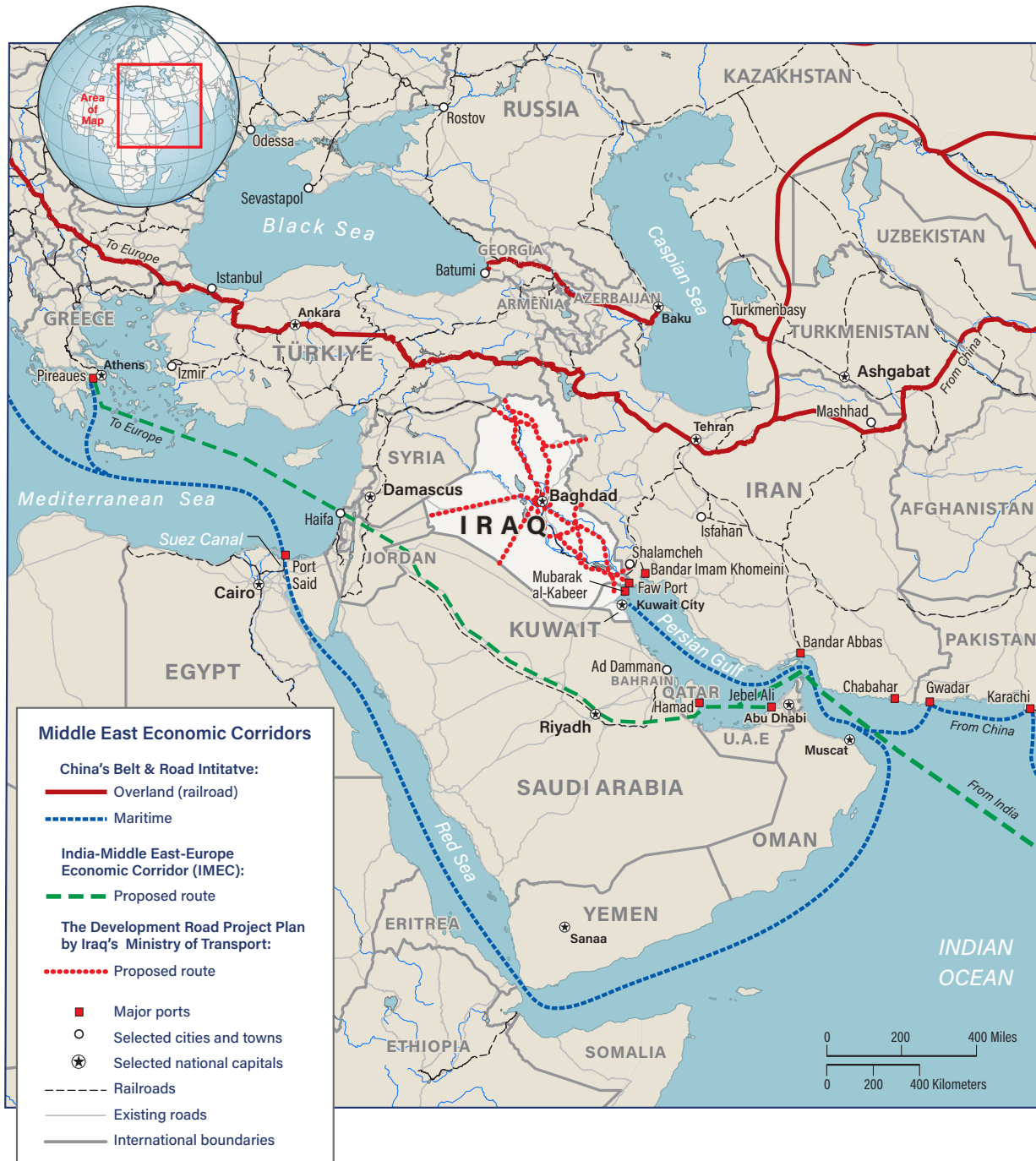
However, in practice, Iraq does not occupy a key position in Chinese plans to improve regional connectivity. Beijing's widely proposed land route passes through Central Asia and Türkiye, not through Iraq.⁷² Therefore, the Iraqi government has portrayed the Faw port as a complementary project, providing a new sea route that can also serve China and emerging economic powers in Asia, presumably shortening the time period, and costs, of trade with Europe. But even here, Iraq faces fierce competition from neighboring countries. Some of them are more established in international trade, port management, and shipping, such as the United Arab Emirates, and some have the ability to disrupt Iraq's plans to implement the Development Road, such as Türkiye, Iran, and Kuwait.

Iraq is dependent on Türkiye to implement the Development Road. The Turkish government appears to be enthusiastic about the project because it views it as a complement to its declared goal of making Türkiye a geoeconomic node connecting Asia, Europe, and Africa.⁷³ Ankara is working to be the main corridor between China and Europe through Central Asia.⁷⁴ It is also seeking to proceed with a road project starting from the Caspian Sea through Azerbaijan to reach Turkish territory through the so-called Zangezur corridor in Armenia.⁷⁵ Its aims are to increase trade with Central Asia, the Caucasus, and Russia and to strengthen pan-Turkic ties. Therefore, Türkiye considers the Development Road an opportunity to enhance trade with the Gulf region and the Middle East. Turkish support for the Development Road, which is essential to the project, is conditional on Ankara's ability to benefit from it.

It is for this reason that Türkiye objected⁷⁶ to the U.S.-sponsored initiative in September 2023 for the establishment of an India-Middle East-Europe Economic Corridor, which seeks to enhance connectivity and economic integration among Asia, the Arabian Gulf, and Europe.⁷⁷ Washington appeared to have two motives for supporting the scheme. The first was to counter the Chinese Belt and Road Initiative, and the second was to enhance Israel's integration into the Middle East in the shadow of the normalization agreements it has sponsored between Israel and several Arab countries. In contrast, Türkiye saw the U.S.-backed plan as an attempt to exclude and marginalize it, because the corridor's final point in Asia is the Israeli port of Haifa, not Türkiye. This prompted the Turkish government to reconfirm its support for the Development Road as an alternative option.⁷⁸

However, there are factors that might reduce Turkish interest in the Development Road, and they are not only related to the difficulties Iraq might face in implementing the project. These include Iraqi-Turkish disagreements, most notably regarding Turkish security operations in northern Iraq against the PKK, which Iraq has denounced.⁷⁹ There are also disputes between the countries over sharing the waters of the Tigris and Euphrates Rivers,⁸⁰ as well as over the transportation of oil from the Iraqi Kurdistan Region through a pipeline to Türkiye, which Baghdad opposes.⁸¹ The Development Road may provide an incentive for the two countries to cooperate, but it is also possible these divisive issues will only deepen the gap of mistrust and, in fact, derail cooperation.

Map 3: Competing Routes and Corridors in the Middle East



In contrast to Türkiye, Iran is unenthusiastic about the Development Road, because the Iraqi project competes with other corridors passing through Iranian territory (see map 3). The road could serve as an alternative to another planned route linking Türkiye and the United Arab Emirates through Iran.⁸² At the same time, Iran, which has entered into a strategic cooperation agreement with China,⁸³ also seeks to make its ports primary locations for trade linking China, East and Central Asia, and the Middle East. The Iranian government has been promoting the ports of Chabahar at the entrance of the Persian Gulf; Bandar Abbas, near the Strait of Hormuz; and Bandar Imam Khomeini in the northern Persian Gulf, as strategic connection points for global commercial connectivity.⁸⁴

Iran's ambitions do not completely exclude Iraq, but they tend to give the country a derivative role. For this reason, Tehran has exerted strong pressure on Iraq to implement a railway connection between Shalamcheh in Khuzestan Province and Basra Governorate in southern Iraq, via the Shatt al-Arab.⁸⁵ In May 2023, the Sudani government agreed to proceed with the link,⁸⁶ perhaps in the hope of alleviating Iranian opposition to the Development Road. Much criticism has been directed against the government's decision on the grounds that the rail link between Basra and Shalamcheh will support Iranian ports and provide them with a land outlet that makes Iran the main linkage point for trade with Asia.⁸⁷ Some have even seen the rail link as an early admission of the failure of the Faw port because it deprives the port of its main geostrategic purpose.⁸⁸ The Iraqi government has responded by saying the railway connection aims exclusively to serve religious pilgrims and passengers and will not be used for trade.⁸⁹ The official Iranian narrative, in contrast, has portrayed the connection as a means of expanding trade between Iran and Iraq, and as part of the corridor connecting the Persian Gulf to the Mediterranean Sea through Iraq and Syria.⁹⁰

It also remains unclear whether other Gulf countries will support the Development Road. For example, the United Arab Emirates may see the project as a potential competitor to its own port of Jebel Ali. However, during a visit to Abu Dhabi in February 2023, Sudani requested the UAE's involvement in management of the Faw port, according to an Iraqi official.⁹¹ The prime minister may be trying to attract Emirati investment to the project, thereby also benefiting from the experience of UAE-based companies in managing large ports. It is conceivable, if not likely, that the UAE and Saudi Arabia may decide to help Iraq, especially in funding the project, if this can help distance the country from Iran. However, Emirati officials may decide against investing, given the high risks involved and their history of hostile relations with Iran-backed armed groups. A more likely Gulf partner would be Qatar, both because of its friendly relations with Iran and because of its interest in developing a direct economic link with Türkiye. Indeed, Qatar has expressed a serious interest in supporting Sudani's government and increasing its investment in Iraq, beginning with about \$10 billion in funding for infrastructural and services projects.⁹²

While the Development Road may spur good border relations with Türkiye, which would be a positive development, it may also exacerbate border disagreements with other countries, notably Kuwait, with which Iraq has differed over the two countries' maritime borders. Kuwait also considers the Faw port a competitor of the Mubarak al-Kabeer Port project it is

building on Boubiyan Island. In fact, its construction sparked a dispute between Iraq and Kuwait. Some of this was related to the maritime borders between the two countries, but it was also due to Iraq's view that the Mubarak port would harm the prospects of the Faw port. These disputes led to the suspension of work at Mubarak port for a time, but in July 2023 the Kuwaiti government announced a resumption of work there.⁹³

The quarrel over maritime borders between Iraq and Kuwait could result in a new conflict at any time. This would jeopardize the safety of navigation in the Persian Gulf, further complicating progress on the Development Road. However, the project could also serve as a motive for Baghdad to seek to resolve the maritime dispute through negotiations with Kuwait. The two countries would benefit from reaching an agreement, which could lead them to coordinate their development projects in the area rather than prioritizing competition.⁹⁴ This could be done by connecting the two ports and bringing their activities and potential expansions into line with each other, thereby forming a mega-maritime free-trade hub. Such collaboration would reduce the cost for both countries and could ultimately lessen tensions over the marine border.

The fact that rival geoeconomic connection projects are being put forward in the Persian Gulf and broader Middle East suggests that, instead of achieving their stated goal of promoting economic integration and cooperation, these projects may in fact exacerbate political antagonisms. Iraq has a long history of border disputes with most of its neighbors, and in Iran's and Kuwait's case these triggered wars and invasions. Therefore, efforts to increase the economic value of border zones through new ports and road networks could aggravate latent tensions and lead to further conflicts. That may be another reason why the great aspirations surrounding the Development Road might never be met.

Conclusion

There are many factors that raise doubts about Iraq's ability to build the largest port in the Middle East, earn significant returns from the project, and use it to diversify the Iraqi economy. It does not appear that the Iraqi government has conducted adequate preparatory work to ensure the strategic value of the road. There seems to be no consensus among government institutions regarding the scope, objectives, and cost of the Development Road, nor have the dominant Iraqi political parties shown great willingness to back it. Some parties hesitate to do so, either for political purposes, preferring to prioritize short-term gains through public sector jobs and patronage, or because their regional sponsors do not support the road, especially for groups linked to Iran. Moreover, despite relative calm in Iraq, the country's political and security situation is far from stable. Finally, the presence of competing projects in the region and the failure to crystallize a regional consensus about which one to prioritize will make it difficult for a country in Iraq's situation to impose its will or tempt others to join. These challenges could bring about a major reassessment of the project, or worse, a long halt.

On the more positive side, the Development Road may represent a national project, or slogan, around which most Iraqis can rally after years of division. It may also be a starting point to think seriously about alternatives to the country's near-absolute dependency on hydrocarbons. This could play an important role in pushing the state to rebuild its dilapidated infrastructure, enhancing links between different parts of Iraq and providing an impetus to the private sector.

There is still room for the Iraqi government to address the skeptics' views about the Development Road, as well as issues that may turn into future hinderances. This would require the institutionalization of the project's management, perhaps by forming a permanent body headed by the prime minister to supervise its progress and tackle potential difficulties. Some form of partnership with potential donors and the private sector is also needed, with the Iraqi government giving the utmost importance to transparency in handling the project. Yet this will not be enough unless the government manages to secure sustainable political support and streamline funding for the Development Road, which requires building a strong case in favor of the project that leaves little doubt about its success.

The idea of transforming borders into connecting points between countries and continents has flourished in recent years. This is especially true given the popularity from which China's Belt and Road Initiative has benefited in developing countries and with the inability of most of these countries to compete in high-tech sectors, which has led them to focus on services. But many such projects, driven by internal calculations and wrapped in a kind of nationalist populism, may end up increasing competition and fueling conflicts rather than promoting economic integration.

About the Author

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