



Article Type: Research paper

Political Economy Components of Iran-Turkey Competition in Iraq (2003–2020)

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Article Info.

Received: 15/1/2025

Accepted: 13/8/2025

Available Online: 11/9/2025

Extended Abstract

The fall of Saddam Hussein and the U. S. military occupation of Iraq in March 2003 led to the emergence of regional competitions within the country's political and economic arena. As a result of the ensuing power vacuum in Iraq, regional rivalries between its two neighbors, Turkey and Iran, intensified. This study aims to explain the elements and variables influencing the escalation of Ankara's competition with Tehran in Iraq. Accordingly, the central question of this article is: What factors facilitated the expansion of competition between Turkey and Iran in Iraq from 2003 to 2020? The findings suggest that the power vacuum created after Saddam's fall, energy acquisition and its transit in the region, and the takeover of Iraqi markets due to reconstruction and economic

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How to Site:

Bahrami Moghadam, S. and Satarzadeh, A. (2025). The political economy components of the competition between Iran and Türkiye in Iraq (2003-2020). *The Fundamental and Applied Studies of the Islamic World*, 7(2), 37-40.



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needs resulting from war damages have been significant drivers of increased rivalry between Iran and Turkey. The strategic visions of both countries—Iran aiming to become the leading regional power by 2025 (1404) in the Iranian calendar) and Turkey by 2023—have placed them in a process of securing advantageous political and economic positions in the region, competing to become regional role models. This article employs an explanatory-analytical method and analyzes economic interaction statistics to explore the dimensions of Iran-Turkey competition in Iraq after 2003. The United States invasion of Iraq in March 2003 and the removal of Saddam Hussein were not simply regime-changing events but a turning point that reshaped the geopolitical map of the Middle East in ways still unfolding. Iraq, geographically positioned between the Levant, Iran, the Persian Gulf, and Anatolia, became a fragile state whose political order and economic resources turned into arenas for regional and international rivalry. Among the neighbors most directly involved, Iran and Turkey emerged as the primary competitors. Although both states share security concerns regarding terrorism, instability, and Kurdish separatism, their historical experience and national interests have largely driven them into forms of conflict rather than cooperation. The post-2003 period created a particular context where overlapping political, economic, and energy considerations gave new intensity to longstanding rivalries.

This paper analyses the rivalry between Iran and Turkey in Iraq from 2003 to 2020 through the lens of international political economy, with particular emphasis on three interrelated factors: political influence over Iraq's new state order, the struggle for energy resources and transit routes, and the attempt to dominate Iraq's markets in the aftermath of war. The methodological approach is explanatory and analytical, relying on statistical data as well as secondary sources, while the theoretical perspective is inspired by Robert Gilpin's neorealist interpretation of the global political economy. Gilpin's framework is particularly relevant because it insists, against claims of globalization's transcendence, that states remain the decisive agents in shaping both political and economic

outcomes.

Politically, the transformation inside Iraq after 2003 reversed the traditional Sunni dominance and elevated the Shi'a population to the corridors of power. Before 1958, out of fifty-nine cabinets, barely five Shi'a ministers were ever appointed; after 2003, their dominance increased dramatically, producing not only a novel political landscape but also a fundamental shift in Iraq's external alignments. For Iran this represented a major strategic opening, as it could rely on shared sectarian and religious ties as well as longstanding networks built with clerics, parties, and militias. For Turkey, however, the change carried threatening implications. Ankara perceived the Shi'a ascendancy as an extension of Iranian influence, thereby undermining the presence of actors closer to its own interests. The issue was compounded by the strengthening of the Kurdistan Regional Government, which, though initially favored by Washington, soon became an economic partner of Turkey itself, particularly through investment, trade, and energy deals. Yet this pragmatic partnership never eliminated the deeper strategic rivalry, as Ankara and Tehran positioned themselves as competitors in Baghdad's fragile order.

Energy constituted the second, and arguably the most strategic, ground of competition. Iraq holds around 141 billion barrels of proven oil reserves, equivalent to about 11 percent of world reserves, alongside 110 billion cubic feet of natural gas. For energy-poor Turkey, the control and transit of these resources have long been a national priority. It is not coincidental that by the 1990s Turkish leaders floated claims over the oil fields of Kirkuk, expressing in thinly veiled terms how central northern Iraq's hydrocarbons were to Turkish geostrategy. Iran, while possessing its own significant energy wealth, has consistently sought to integrate Iraq into a broader conception of energy corridors under its direction, including the so-called Islamic pipeline project. However, the reimposition of U. S. sanctions, especially after Washington's exit from the nuclear agreement in 2018, rendered Iran unable to fully realize its ambitions. In contrast, Turkey through its refining corporation TÜPRAŞ

and governmental agreements, embedded itself more deeply in Iraq's oil economy.

The bargaining over oil pipelines, the struggle to capture contracts, and the political maneuvering within Baghdad's evolving institutions are all part of one complex fabric of competitive state behavior. Iraq has therefore become not merely a postwar fragile state but a laboratory of political economy rivalry in which neighboring states seek to maximize gains under the shadow of global sanctions, shifting alliances, and persistent insecurity.

In conclusion, the Iraqi case between 2003 and 2020 underscores the resilience of statecentric rivalry in the Middle East despite discourses of globalization and interdependence. Iran and Turkey have approached Iraq less as a partner and more as an arena where political influence, economic control, and energy access are contested in mutually exclusive terms. The evidence suggests that Iraq's trajectory of development and stability will remain deeply conditioned by this rivalry, as neither state is likely to forgo opportunities to secure dominance. For international relations scholarship, the implication is that the interaction of politics and economics cannot be analyzed separately; what appears as trade or investment is simultaneously an expression of strategic rivalry. The post2003 history of Iraq therefore illustrates how the logic of the political economy of rivalry continues to define the regional order of West Asia.

Key words: Iraq, Geoeconomics, Iran, Turkey, Economic Competition.

Conflict of Interest

The authors declare that there is no conflict of interest in conducting this research study.