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# ZAIDI'S BIND

THE CONSTRAINT STACK ON IRAQ'S NEW PREMIERSHIP

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**CORE GROUP**

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## I. KEY JUDGMENTS

### KJ-01 HIGH CONFIDENCE

**Ali al-Zaidi inherited a premiership pre-loaded with structural constraints on four fronts, and the constraints interact.** A militia file Tehran retains operational influence over. A cabinet bottleneck Maliki and Sudani hold the keys to. A money-and-energy chain Washington can constrict at low political cost. A fiscal floor anchored on flatlined oil revenue and a Kurdistan export deal due for renewal. None of the four can be relieved without forcing decisions on the others. That is the bind, and that is what is shaping the opening phase of his premiership.

### KJ-02 HIGH CONFIDENCE

**The 17 to 19 May strike package against Saudi Arabia and the United Arab Emirates was the first kinetic test of Zaidi's pledge to concentrate weapons in the hands of the state, and the test came just three days into his premiership.** Three Iranian-made Shahed-101 drones launched from Iraqi territory were intercepted in Saudi airspace on 17 May. Six drones reached the United Arab Emirates over 48 hours, including one that caused a fire at the Barakah Nuclear Power Plant on 17 May. Technical tracking confirmed Iraqi origin. Saudi and Emirati ambassadors filed formal protest notes via Gulf capitals rather than through direct contact with Zaidi, an early signal that Riyadh and Abu Dhabi are not yet treating the premiership as a counterparty.

### KJ-03 MEDIUM CONFIDENCE

**Zaidi's coalition arithmetic and political inheritance push him toward performative selective enforcement against mid-tier operatives of one or two U.S.-designated factions, with the Popular Mobilization Forces command structure and payroll left intact.** The path is consistent with the Coordination Framework's tolerance for theatrical compliance over structural rupture and with the Iraqi government's public framing of the May strikes as a sovereignty violation rather than as a faction-level breach. It buys U.S. patience without rupturing the Tehran channel. Confidence is medium because the path still requires the Defense and Interior portfolios to be filled in a window Maliki and Sudani control.

### KJ-04 MEDIUM CONFIDENCE

**The principal U.S. leverage runs through the Federal Reserve correspondent-bank verification chain, not through a formal Office of Foreign Assets Control sanctions package.** The Trump administration's stated threat of economic and financial measures operationalizes through the small set of correspondent banking relationships and the international risk

agency the Federal Reserve nominates to review Iraqi cross-border dollar transactions. Constricting Iraqi dollar access through the verification chain is faster, more precise, and politically cheaper than a designation round against Popular Mobilization Forces entities. Zaidi's negotiating space with Washington is set by this mechanism.

#### KJ-05 MEDIUM CONFIDENCE

**The constraint stack compresses Zaidi's room for maneuver into roughly the next 60 to 90 days.** The window is bounded on one end by the Defense and Interior appointment timeline, on the other by the Kurdistan oil export deal renewal due at the end of the current interim period and by the prospect of a second Gulf-directed strike package. The premiership can carry one of these strains without breaking. Carrying two simultaneously would force a choice between rupturing the Coordination Framework majority and absorbing a Federal Reserve verification action.

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## II. SITUATION

Ali al-Zaidi took office on 14 May 2026 as a compromise PM-designate named by President Nizar Amedi on 27 April. He came in after the Coordination Framework's first candidate, former PM Nouri al-Maliki, was rejected by the Trump administration in January and after four months of post-election deadlock that began with the November 2025 vote. Zaidi is a businessman with no prior elected office. The Framework majority that confirmed him did so on the strength of a Maliki-Sudani agreement, not on the strength of his independent political base.

His first speech named "concentrating weapons in the hands of the state" as the lead reform commitment. The phrasing matches the language Washington required as a precondition for continued economic partnership. U.S. envoy Tom Barrack congratulated Zaidi on 14 May with a public statement framing the relationship around "counterterrorism efforts" and "a sovereign, prosperous and stable Iraq that lives in peace with its neighbors." The pairing was deliberate. The U.S. position is that Zaidi's premiership will be measured against the strike pattern from Iraqi territory and the formal status of the U.S.-designated factions inside the Popular Mobilization Forces.

The first measurement came on 17 May. Three Iranian-made Shahed-101 drones launched from Iraqi territory entered Saudi airspace and were intercepted by Saudi air defenses. Over the same 48-hour window, six drones reached the United Arab Emirates from Iraq, including one that caused a fire at the Barakah Nuclear Power Plant. Technical tracking confirmed Iraqi origin. Kuwait, Bahrain, Saudi Arabia, and the United Arab Emirates summoned the Iraqi ambassadors and filed formal protest notes. An Iraqi military spokesman responded with a statement framing the strikes as a sovereignty violation and committing the government to "not permit Iraq to be a passageway or launching pad for attacks on other countries." The faction principals were not named. No arrests were announced. No operational response visible to the Gulf capitals followed.

The pattern of the first fourteen days is the bind in operation. Zaidi cannot disavow the strike package without acknowledging command failure inside an institution his coalition partners protect. He cannot ignore the strike package without absorbing a Federal Reserve verification action through the dollar chain. The Coordination Framework majority that confirmed him will not tolerate FTO faction disarmament. The U.S. will not tolerate FTO faction preservation. The cabinet portfolios that would let him act have not been filled.

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### III. THE FOUR BINDING CONSTRAINTS

Each of the four constraints below can be managed in isolation. The bind comes from their interaction, where a move that relieves one tightens another. The sequencing problem that follows is what compresses Zaidi's time horizon.

#### A. The militia file

The Popular Mobilization Forces is an Iraqi state body. Law 40 of 2016 incorporated it as an independent organization with corporate personality, part of the Iraqi armed forces, reporting to the Prime Minister as general commander. The PMF Commission chairman is Faleh al-Fayyadh, designated by the U.S. Treasury for serious human rights abuses. The operational commander is Abdul-Aziz al-Mohammadawi, known as Abu Fadak, a senior figure in U.S.-designated Kataib Hezbollah. The PMF encompasses more than 70 factions.

The U.S.-designated FTO factions embedded inside the PMF include Kataib Hezbollah under Abu Hussein al-Hamidawi, Harakat Hezbollah al-Nujaba under Akram al-Kaabi, Asaib Ahl al-Haq under Qais al-Khazali, and Kataib Sayed al-Shuhada under Abu Alaa al-Walai, among others. Salary and logistical support to these factions runs through the PMF Commission, not through individual faction treasuries, which is the integration point Washington has named as the test of Iraqi compliance.

The strike pattern complicates Zaidi's options further. The 17 to 19 May package, the documented pattern of attacks on U.S. military bases inside Iraq since the war opened on 28 February, and the broader pattern of hundreds of drone and missile launches against Kuwait, Saudi Arabia, the United Arab Emirates, and Jordan since early March, increasingly route through smaller cells operating loosely under the FTO brigade names. Faction principals retain command authority on paper. Mid-tier cells increasingly do not require their permission. Restoring command discipline is a precondition for any credible disarmament commitment, and the discipline is degrading faster than the formal command structure can absorb.

#### B. The cabinet bottleneck

Nine ministries remain vacant in Zaidi's cabinet, including Defense and Interior. The vacancies are not administrative oversights. They are the leverage Maliki's State of Law bloc and Sudani's Reconstruction and Development Coalition retained over the compromise candidate

they agreed to install. The Defense and Interior portfolios are the operational levers any state-monopoly-on-arms strategy requires. Without them, Zaidi cannot order an arrest, redeploy a brigade, or instruct the PMF Commission to suspend a faction's payroll.

Maliki has issued no public statement on Zaidi since the 14 May confirmation. The silence is leverage, not neutrality. A public endorsement would commit Maliki to a cabinet timeline he can otherwise stretch. A public criticism would weaken the Framework majority that confirmed Zaidi and that Maliki sits inside. Holding both options open is what Maliki gains by saying nothing.

Sudani's posture is supportive on the public record, consistent with the Maliki-Sudani agreement that produced Zaidi as a compromise. Sudani's incentive structure favors a successful Zaidi premiership over a collapsed one because Sudani's Reconstruction Coalition shared the political cost of a failed government. The risk runs the other direction. If Zaidi's premiership stalls, Sudani is positioned to return as the Framework's restoration candidate.

Muqtada al-Sadr is the absent variable. The Sadrist Movement boycotted the November 2025 elections after rebranding as the National Shiite Movement. Sadr has issued no public position on Zaidi. His silence is not the same as Maliki's. Sadr retains street mobilization capability, and through 2025 he positioned the movement as a viable Western and Gulf partner through endorsements of regime change in Syria and limited Gaza statements. A Sadrist street move against the Zaidi cabinet would change the leverage calculus across the four constraints simultaneously.

### C. The external vise

The U.S. pressure surfaces through the correspondent-bank chain. Iraq formally ended its open dollar auction at the start of 2025 under U.S. pressure. The replacement system requires traders to deposit dinars at Iraqi banks holding correspondent relationships with foreign banks, with verification routed through an international risk agency nominated by the Federal Reserve Bank of New York. The Federal Reserve imposed tighter controls on Iraqi cross-border dollar transactions in November 2022. In July 2023, Iraq barred 14 banks from dollar transactions at Washington's request. The Federal Reserve retains the operational discretion to expand the barred list, narrow correspondent relationships, or hold reserve transfers pending verification. The mechanism makes the Trump administration's threat of "economic and financial sanctions Iraq cannot afford" credible at low political cost. A formal Office of Foreign Assets Control package against PMF-linked entities would carry a longer diplomatic blast radius and would surface inside Iraqi politics in ways the Federal Reserve verification chain does not. Constricting the chain is faster, more granular, and harder for Tehran to support Iraq through. Zaidi understands this. Coordination Framework members have signaled flexibility on militia-file rhetoric specifically because they understand it.

The Gulf flank closed inside ten days. Saudi Arabia, the United Arab Emirates, Kuwait, and Bahrain summoned Iraqi ambassadors. Riyadh reserved "the right of response at a suitable time and place." Abu Dhabi demanded immediate unconditional prevention of further launches

and characterized the Iraqi government statement as inadequate. Saudi air operations during the war included strikes on Kataib Hezbollah positions in southern Iraq in April, destroying a communications and drone facility and killing several fighters. The Saudi precedent of direct kinetic action against faction infrastructure inside Iraq is established. A second Gulf-directed strike package from Iraqi territory would compress the window for Saudi or Emirati retaliation against further Iraqi facilities.

The Iran flank is harder to read. Iran's leadership has signalled theater-wide that the U.S. retains "no safe haven in the region for bases," but no Iraq-specific public guidance on Zaidi has surfaced in the open record. The Qods Force channel through Esmail Qaani continues. The absence of public guidance is consistent with two readings, one of Tehran satisfaction with the current arrangement and one of Tehran calculation that public commentary would invite the U.S. pressure it prefers to keep deniable. Both readings sustain the current strike pattern.

Energy is the lever that cuts both ways. Iraq generated close to 40 percent of its electricity on Iranian gas, and the national grid runs near 29 gigawatts against a summer peak approaching 40. Washington ended the sanctions waiver for Iraqi purchases of Iranian electricity in March 2025, and Iraq suspended Iranian gas imports in December 2025. The dependence hands Tehran a coercive instrument over Baghdad. The waiver hands Washington a second instrument alongside the correspondent-bank chain. Zaidi inherits both at the point where summer demand is about to expose the gap, and rolling blackouts during his first months would convert an external lever into a domestic-legitimacy crisis.

#### **D. The fiscal floor**

Iraq's 2026 budget runs on oil revenue that has flatlined under wartime export disruption. The Kurdistan Region's oil exports through Turkey's Ceyhan terminal resumed on 27 September 2025 after a 30-month halt, under an interim Baghdad-Erbil deal pricing operating companies at 16 dollars per barrel and clearing 180,000 to 190,000 barrels per day nominal, against an actual late-2025 average of 218,000 barrels per day. The interim deal was extended through the end of March 2026 with renewal tied to the broader 2026 federal budget negotiation. The post-arbitration legal architecture between Baghdad, Erbil, and Ankara remains unsettled. The Kurdistan Region owed roughly one billion dollars to operating companies at the start of the resumption.

The renewal is the second visible decision point in Zaidi's premiership after the Defense and Interior appointments. Failure to renew compresses Iraqi total oil export volumes, narrows the federal budget envelope, and removes the fiscal cushion any state-monopoly-on-arms strategy would require to absorb the cost of confronting the PMF payroll. A successful renewal locks in Kurdish revenue but also locks in a Baghdad-Erbil bargain that constrains Zaidi's discretion on disputed-territories budget allocations, on Peshmerga funding, and on the Kurdish bloc's cabinet share. The fiscal floor does not give Zaidi any free moves.

#### IV. THE OPTIONS REGISTER

Four discrete paths sit inside Zaidi's option set over the 60 to 90-day window. The option space is shaped by Coordination Framework coalition dynamics and by U.S. patience, not by quantitative drivers a numerical model would capture. The paths carry strategic-likelihood bands rather than hard percentages.

##### Performative selective enforcement

**MOST LIKELY PATH**

Zaidi orders the arrest of mid-tier operatives of one or two U.S.-designated factions, most plausibly inside the Kataib Hezbollah and Harakat al-Nujaba networks linked to the 17 to 19 May strike package. The PMF Commission payroll and senior leadership structure remain intact. The Defense and Interior portfolios are filled with Framework-acceptable nominees rather than independent technocrats, allowing Maliki and Sudani to retain veto power over operational decisions. Washington accepts the move as down payment and holds the Federal Reserve verification action in reserve. The Tehran channel runs without rupture. The strike pattern slows but does not stop, and Zaidi absorbs the cost of intermittent further strikes against the political benefit of buying U.S. patience. The path dominates because it is the only one that does not force Zaidi to break either the U.S. relationship or the Coordination Framework majority. It does not solve the bind. It defers it.

##### Phased structural disarmament

**LOWER LIKELIHOOD**

Zaidi fills Defense and Interior with non-Framework technocrats, leveraging the Gulf-state political pressure and the U.S. correspondent-bank threat to extract Coordination Framework consent for a sequenced PMF reform. The reform suspends salary transfers to the U.S.-designated brigades through the PMF Commission, transfers their operational authority to the Interior Ministry's command structure, and consolidates the remaining factions under a reorganized commission. Saudi Arabia and the United Arab Emirates reciprocate with reconstruction commitments. The Federal Reserve verification action is averted. The path is constrained by the requirement that Maliki publicly accept losing the Defense and Interior leverage. It runs through a 30 to 45-day Framework negotiation under Gulf and U.S. pressure that the principals have an interest in stretching. It survives only if Sadrist street capability is held in reserve as the implicit pressure on the Framework to concede.

##### Government paralysis

**LOWER LIKELIHOOD**

Defense and Interior remain vacant through July. The strike pattern continues. A second Gulf-directed strike package triggers either a Federal Reserve verification action or a Saudi air response against a Kataib Hezbollah facility inside Iraq, or both. The Coordination Framework

majority fractures along the Maliki-Sudani fault line that produced Zaidi in the first place. Parliament moves to withdraw confidence or Zaidi resigns. The Framework convenes to nominate a successor, most plausibly Sudani as the restoration candidate. The path consumes 60 to 90 days of policy time and exposes the broader U.S.-Iran-Iraq equilibrium to a third strike cycle.

### Iran-aligned consolidation

LOWEST LIKELIHOOD

Maliki closes ranks with the Qods Force channel, the Defense and Interior portfolios are filled with Framework hardliners, and Zaidi accepts a posture of public compliance with U.S. demands while structurally protecting the PMF payroll and operational autonomy. Tehran absorbs the resulting Federal Reserve verification action as part of the broader regional confrontation cost. The path requires Tehran to accept Iraqi USD-clearing collapse as worth the strategic gain of preserving the Iraqi militia file as an operational asset. It also requires Maliki to override Sudani's incentive structure inside the Framework. Both conditions are achievable but neither is currently in evidence. The path becomes more probable if a major Iranian decision is forced by escalation outside Iraq.

An alternative explanation of Zaidi's first fourteen days, that he is a genuine reformer constrained only by his cabinet inheritance and intends to deliver structural disarmament once Defense and Interior are filled, is less consistent with the observable absence of any operational response to the 17 to 19 May strike package. A genuine reformer in week 2 would at minimum publicly summon a faction principal or order a visible PMF Commission audit. The evidence currently favors the performative-compliance reading because the public rhetoric and the structural moves are decoupled, which is the signature of buying time inside a coalition the analyst cannot rupture.

## V. ASSESSMENTS

### Assessment 1

MEDIUM CONFIDENCE

The gap between Zaidi's disarmament rhetoric and his operational reach widens regardless of his intent. The enforcement his coalition arithmetic permits, arrests of mid-tier operatives with the Popular Mobilization Forces Commission left intact, cannot touch the autonomous cells generating the strikes. Each round of theatrical compliance therefore buys less than the last, training Washington and the Gulf to discount the next Iraqi commitment while Zaidi spends finite political capital with the Coordination Framework to purchase it. The premiership reads as more constrained after each enforcement cycle, not less, which is the opposite of what the state-monopoly pledge was meant to demonstrate. Confidence is medium because the equilibrium holds only while Maliki and Sudani judge a functioning Zaidi government more valuable than a collapsed one.

## Assessment 2

**MEDIUM CONFIDENCE**

A second Gulf-directed strike package from Iraqi territory remains a real prospect over the next 60 days. The drivers behind the 17 to 19 May package have not been removed, and the launch point would most plausibly run through the same Kataib Hezbollah or Harakat al-Nujaba operational networks. The pattern is driven by mid-tier cell autonomy rather than by faction-principal decision, which is the variable Zaidi cannot reach through performative enforcement aimed at one or two mid-tier operatives in different cells. Saudi Arabia and the United Arab Emirates would be likely to respond to a second package with measures that include direct kinetic action against faction infrastructure inside Iraq, modeled on the Saudi April precedent against the Kataib Hezbollah communications and drone facility. A Federal Reserve verification action would likely follow within a short window. Confidence is medium because the second-package prospect rides on autonomous cell behavior the principals do not fully control and the analyst cannot directly observe.

## Assessment 3

**LOW CONFIDENCE**

Renewal of the Kurdistan Region oil export deal beyond March 2026 is the most likely landing point given the budget pressures on both Baghdad and Erbil. The renewal is unlikely to clear before Defense and Interior are filled, which means it would most likely arrive bundled with cabinet concessions to the Kurdish bloc. The bundling compresses Zaidi's negotiating space on disputed-territories budget allocations and on Peshmerga funding. A failure to renew within 45 days of the March expiry would force Iraqi total oil export volumes down by roughly 200,000 barrels per day at the current production tempo and would remove the fiscal cushion any state-monopoly-on-arms strategy would require. Confidence is low because the renewal sits inside the broader 2026 federal budget negotiation, which involves variables outside the Zaidi-Maliki-Sudani-Kurdish quadrilateral, including post-arbitration legal architecture between Baghdad, Erbil, and Ankara.

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## VI. INDICATORS TO MONITOR

Seven indicators specify the developments that would shift these assessments. Each names an observable threshold and a direction of update.

- Maliki publicly endorses or criticizes a named Framework nominee for Defense or Interior before 15 July 2026. Direction: endorsement signals Zaidi accepted bloc nominees rather than holding for technocrats, shifting probability mass from the most likely path toward Iran-aligned consolidation. Criticism signals the Framework is splintering, shifting probability mass toward government paralysis.

- A second Gulf-directed strike package launched from Iraqi territory within 45 days of 28 May. Direction: confirms autonomous-cell pattern, raises the likelihood weight on Assessment 2, and accelerates Federal Reserve verification timing.
- The Federal Reserve nominates a new international risk agency review of Iraqi cross-border dollar transactions, or expands the barred-bank list. Direction: signals U.S. patience exhausted. Shifts probability mass toward government paralysis or Iran-aligned consolidation depending on Coordination Framework response.
- Saudi or Emirati direct kinetic action against a Popular Mobilization Forces-linked facility inside Iraq following a second strike package. Direction: confirms Gulf-state precedent operative, compresses Zaidi's time horizon, shifts probability mass toward government paralysis.
- Muqtada al-Sadr issues a public statement or orders street mobilization against the Zaidi cabinet. Direction: changes the leverage calculus across all four constraints. Shifts probability mass between the most likely path and phased structural disarmament depending on the target of Sadrist pressure.
- Baghdad-Erbil oil export deal renewal lands before 1 July 2026 without bundled cabinet concessions to the Kurdish bloc. Direction: signals Zaidi successfully separated fiscal and cabinet negotiations, expands his negotiating space across the other three constraints.
- National grid output falls below 25 gigawatts during the summer demand peak, or blackout-driven protests open in the southern provinces. Direction: converts the energy lever into a domestic-legitimacy crisis, compresses Zaidi's window independent of the militia and cabinet files.



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### ABOUT CORE GROUP

Core Group is a Beirut-based strategic foresight house. We produce decision-ready analysis and advisory for governments, diplomatic institutions, and strategic investors navigating Middle Eastern complexity. Our work integrates structured analytical products, applied strategic advisory, and analysis-informed mediation; delivered on daily and weekly cycles calibrated to the speed at which the situation changes.

We are based in Beirut. In environments where official data is systematically unreliable and remote analysis inherits every distortion in its source material, physical proximity is not a logistical convenience but an epistemological foundation of our methodology. We verify what others can only estimate.