

August 06, 2008

Bureau of Near Eastern Affairs
US Department of State

**Unclassified** 

**HIGHLIGHTS** 

Coalition

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# **HIGHLIGHTS**



CoR Recesses Without Passing the Election Law (POLITICAL, page 4).

Sol Leader Killed in Ambush (SECURITY, page 7).

• Investment Increasingly Likely in Basrah (ECONOMIC, page 12).

• The Arab League Names New Envoy to Iraq (DIPLOMATIC, page 22).

# **POLITICAL - Governance & Legislation**

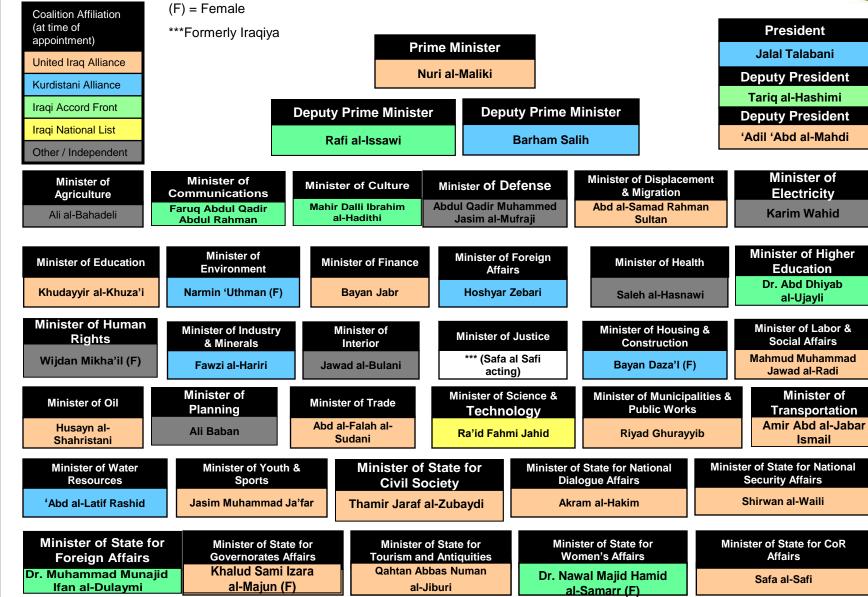


# **CoR Recesses Without an Election Law:**

The Council of Representatives (CoR) recessed for the summer August 6 without voting on the Provincial Council Election Law, casting doubt on whether provincial elections will be held in 2008. Article 24, dealing with Kirkuk, continues to be the sticking point. A CoR leadership committee along with UNAMI will continue negotiations over the break; however, Speaker Mashadani has the ability to call a special session vote if a breakthrough is made. The CoR is scheduled to reconvene on September 9.

# **POLITICAL – Government of Iraq**

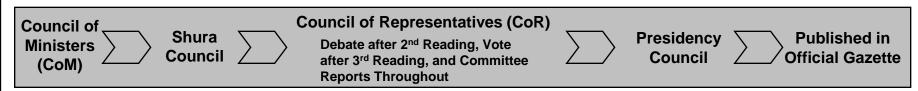




# **POLITICAL – Key Legislation and Refugee Update**



### **Legislative Process**



Provincial Elections Passed July 22; vetoed July 26. Negotiations continued after the scheduled July 30

recess but no compromise was reached. The CoR recessed August 6 and is

scheduled to reconvene on September 9 after summer recess.

Hydrocarbons Package The level of control allocated to the central government in the July 2007 draft

version of the Framework Law (currently in CoR Committee) is the key point of disagreement; there may be more progress on the Revenue Management

Law, currently with the Shura Council, in the coming months.

Amnesty Law PASSED: CoR approved the law on February 13; the law was signed by the

**Presidency Council February 26 and was implemented March 2.** 

Pensions Amendment PASSED: Published in the Official Gazette December 2007.

De-Ba'athification PASSED: Approved by default by the Presidency Council February 2008.

Reform Published in the Official Gazette in mid-February.

Provincial Powers PASSED: CoR approved the law on February 13; the law was vetoed by the

Presidency Council February 26. The veto was rescinded on March 19, allowing

the law to take effect.

**Refugee Update** 

Refugees in the region: 2-2.4 million

Internally displaced persons in Iraq: 2.2-2.7 million

Total number of Iraqi refugees admitted to the U.S. during to date in FY07-FY08: 8217

# **SECURITY - Situation Update**



### Sol Leader Killed in Ambush:

 An unknown number of gunmen attacked the convoy of Sheik Ibrahim al-Karbouli, killing the senior leader of the local Sunni Awakening Council, also known as the Sons of Iraq, in the town of Youssifiyah August 4. Six of the Sheik's bodyguards were also killed in the brazen attack 12 miles south of Baghdad. Local al-Qaida militants are suspected in the ambush on the Sheik and his convoy; the likely motive being to decrease local support for the Sons of Iraq in the area.

# **SECURITY – Security Transition**



# ISF Assume Responsibility for Security in Diyala Province:

 Coalition Forces transferred authority for the Balad Ruz area of Diyala province to Iraqi Security Forces (ISF) August 2. Currently, the ISF are conducting Operation Benevolent Diyala, a major security operation in the province to rid the area of Al-Qaida in Iraq terrorists and their influence. The transfer represents a significant milestone for the province, allowing the ISF to maintain security in their own townships and cities.

# 10,000 Former Detainees Released back into Iraqi Society:

• Coalition officials report having released over 10,000 detainees throughout the past year; far surpassing 2007's total of 8900 released. Officials stress that each former detainee has earned their release through a stringent evaluation process which begins once a detainee is captured and continues throughout their imprisonment. While in custody, detainees are taught essential skills such as reading and writing, in addition to more vocational skills, like woodworking and masonry, which ultimately help ease the transition back into Iraqi society. In addition to successful completion of training, a detainee's willingness to reconcile with the Government of Iraq is a determining factor in deciding to release a detainee. Coalition commanders claim a re-internment rate of less than 1 percent.

# **SECURITY - Iraqi Security Forces**



Iraq Security Forces as of June 30, 2008 <sup>a</sup>							
Component	Current Authorized Personnel	Assigned <sub>6</sub> Personnel	Total Trained Personnel to date				
Ministry of Interior (MoI) Forces <sup>e</sup>							
Iraqi Police Service f	292,001	299,757	186,365				
National Police <sup>g</sup>	33,670	39,544	47,449				
Border Enforcement	38,205	41,525	32,177				
Total Mol	363,876	380,826	265,991				
Ministry of Defense (MoD) Forces <sup>n</sup>							
Army	169,024	174,268	218,068				
Support Forces	15,583	18,336	21,144				
Air Force	3,228	1,886	2,245				
Navy	1,893	1,872	1,494				
Total MoD	189,728	196,362	242,951				
Counter Terrorism Bureau							
Special Operations j	4,733	3,782	4,564				
Total Iraqi Security Forces	558,337	580,970	513,506				

<sup>\*\*</sup>The decrease in authorized MoD forces from the April 30 Weekly Status Report with ISF data as of March 31 reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. Mol strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- . Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.

# **ECONOMIC – Economic & Government Capacity Update**



# <u>Iraq Reconstruction Costs Estimated at \$117.79 Billion:</u>

• In a quarterly report to Congress, Stuart Bowen, the Special Inspector General for Iraq Reconstruction, estimated that Iraq's reconstruction effort will cost \$117.79 billion in total. By the end of the second quarter of 2008, the U.S. had allocated a total of \$50.46 billion, the Iraqis had allocated a total of \$50.33 billion, and the international community had allocated a total of \$17 billion for large scale investment and reconstruction spending. While the report notes that essential services like clean water and adequate sewer services need to be further developed, it states, "Improved security across the country has helped reduce attacks on oil pipelines, and the electricity sector's expanded operations and maintenance programs have helped increase production."

# **Investment Increasingly Likely in Basrah**:

• Basrah may have reached a turning point that could see billions of dollars in investment coming into the city, said Michael Wareing, the co-chair of the joint British-Iraqi Basrah Development Commission. Foreign firms are looking to invest not only in the oil and gas sectors, but also other industries such as fertilizer and finance. Although businesses are still wary of the security situation, many have previously worked in places such as Venezuela or the Niger Delta, where corruption and security affect the investment climate and business operations. Optimistic about the possibilities for Iraq, Wareing also pointed out examples such as Northern Ireland, where investment followed improvements in the security situation.

# **ECONOMIC – Oil**



# **Crude Oil Update:**

Price averages in world markets closed with the following prices:

Basrah Light at \$115.42/barrel Dated Brent at \$123.98/barrel

WTI Cushing at \$124.57/barrel Oman/Dubai at \$121.97/barrel

Revenue estimates:

2006: \$31.3 Billion 2007: \$41.0 Billion 2008: \$42.5 Billion (ytd)

# Ministry of Oil Reissues Tenders for Two Southern Oil Fields:

The Ministry of Oil (MOO) has reissued its invitation to drill two "super giant" oil
wells in the southern Iraqi oil fields of South Rumaila and Lucas oilfields. The
fields' classification as super giant indicates that they have no less than 5 billion
barrels of oil; the expected depth of the wells will be 21,325 feet. The MOO will be
receiving proposals for these fields until August 20.

# **ECONOMIC - Oil**



# Pentagon Reports Cites Highest Production Levels since March 2003:

 According to a report by the Special Inspector General for Iraq Reconstruction (SIGIR), Iraq's daily oil production is at its highest level since the March 2003. The report credited the production capacity improvement to the \$34 million Kirkuk pipeline security system, which has limited the number of attacks on the pipeline. An estimated \$33 billion in revenues has been generated from the increased production capacity since the beginning of 2008, which according to the report "may result in another \$7 billion that could be spent on reconstruction as U.S. spending winds down."

### **ECONOMIC – Essential Services**



# <u>Duhuk to Use Solar Energy to Light Streets</u>:

 Duhuk's electricity distribution department will begin a project which will power the city's streetlights with solar energy. A joint Iraqi-German initiative, the project will cost over 1 billion NID and will light the 12 km Duhuk-Zawyta street with 250 solar energy cells.

## Foreign NGOs Return to Iraq:

• The recent improvements in security have made it possible for foreign aid agencies to return to Iraq. The World Health Organization (WHO) and the United Nations High Commissioner for Refugees (UNHCR) are among those organizations which have resumed their work in Iraq, while others such as Catholic Relief Services are examining the situation before opening offices in the country. During the peak of Iraq's violence, aid organizations were frequently targeted, forcing them to relocate to northern Iraq or Jordan. As aid organizations were pulling out, the humanitarian situation in the country worsened drastically, particularly with regard to internal displacement.

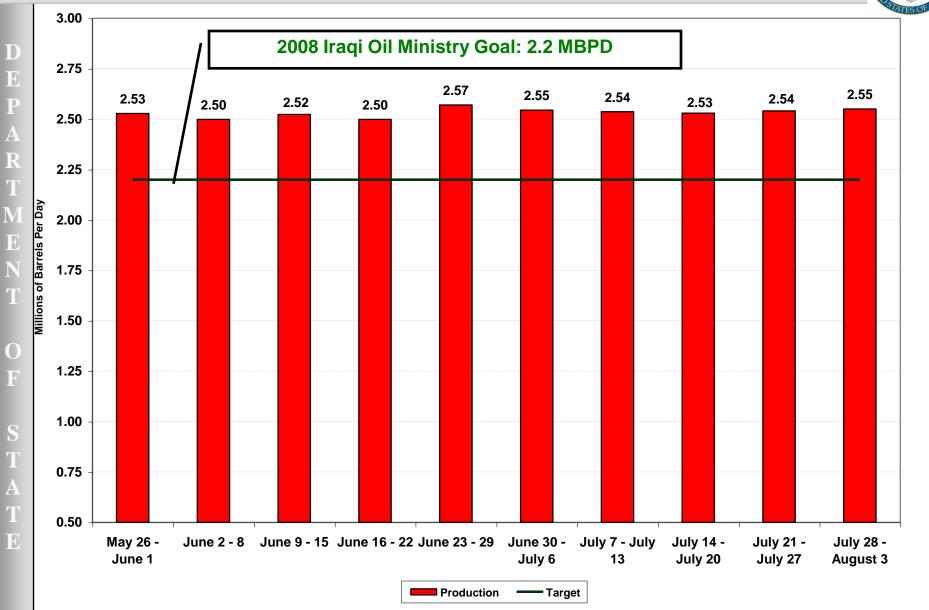
# **ECONOMIC – Essential Services**



# Conference in Al Anbar Promotes Continuing Education in Iraqi Health Care:

• On July 28, nearly 100 doctors and medical professionals convened for the 2008 Al Anbar Medical Conference. The conference, which ran for four days, was the product of several months of coordination efforts by Dr. Ahmed Ibrahim Al Salih, the Al Anbar director general of health, other physicians from the province, and a team of military personnel and U.S. Embassy representatives. The purpose of the conference was to bring together doctors and other medical professionals from the province to pool their knowledge and skills to improve health care in Al Anbar and throughout Iraq, as well as attract more medical professionals to Al Anbar and more women into nursing. The conference was additionally intended to introduce new medical procedures and trends. Following two days of lectures, conference participants utilized practical knowledge and performed two surgeries, one of which was the removal of a brain tumor, supervised by Dr. Michael Carey, chief of neurosurgery at the Manhattan, New York, Veterans Affairs Hospital. Dr. Carey was one of four American physicians who lectured at the conference. The Deputy Health Attaché for the U.S. Embassy identified the lack of doctors and nurses as the largest problem for the Iraqi health care system, which is attributable to higher infant mortality levels and insufficient medical care for the province, particularly in the western regions.

# **ECONOMIC – Crude Oil Production**



### **ECONOMIC - Crude Oil Export** Revenue (US\$B) **─** Exports (MBPD) ■ Projected \$7.00 2.40 \$6.50 1.96 \$6.00 1.93 1.93 1.93 1.91 1.90 1.88 1.88 1.86 \$5.50 1.80 1.85 \$5.00 Millions of Barrels per Day \$4.50 \$4.00 (suoillia) QSD (\$3.00 SD) \$7.07 \$6.99 1.20 \$6.87 \$5.94 \$5.77 \$5.25 \$5.21 \$5.00 \$4.92 \$2.50 \$4.59 \$4.13 \$2.00 \$3.49 0.60 \$1.50 \$1.00 \$0.50 0.00 \$0.00

2006 Revenue Estimate:

Sep-07

Oct-07

Nov-07

Dec-07

Aug-07

\$31.3 Billion

Jan-08

Feb-08

Mar-08

Apr-08

2008 Revenue Estimate: \$42.5 Billion (ytd)

Jun-08

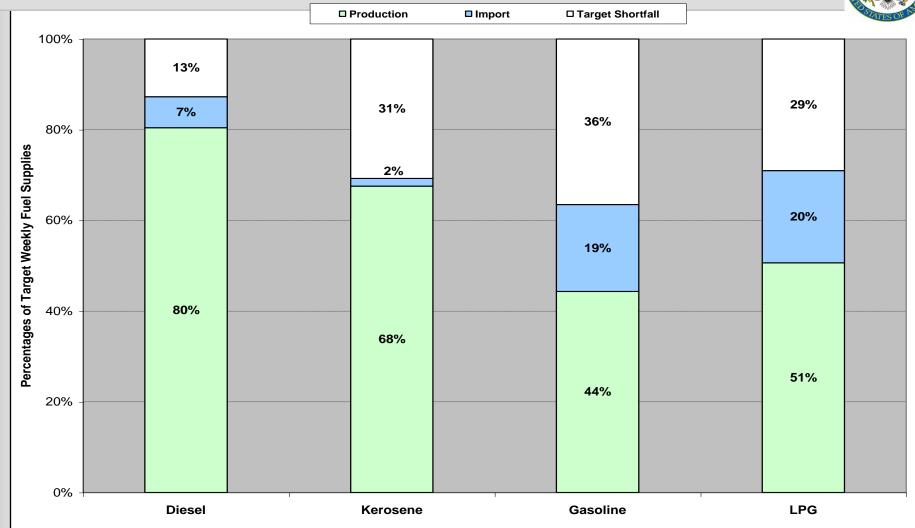
Jul-08

May-08

• 2007 Revenue Estimate:

\$41.0 Billion **16** 

# **ECONOMIC – Total Critical Refined Product Supplies**



Note: This is a daily average for July 28 - August 3

Diesel: 17.9 ML supply of 24.5 ML target

• Kerosene: 9.3 ML supply of 14.6 ML target

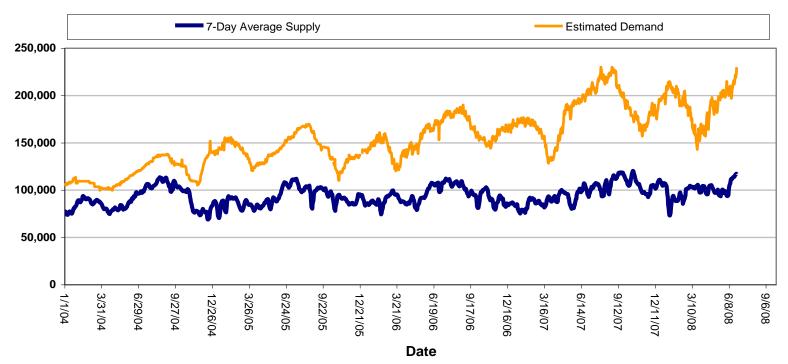
Gasoline: 10.7 ML supply of 26.8 ML target

• LPG: 2681 tons supply of 5,100 tons target

# ECONOMIC – Electricity



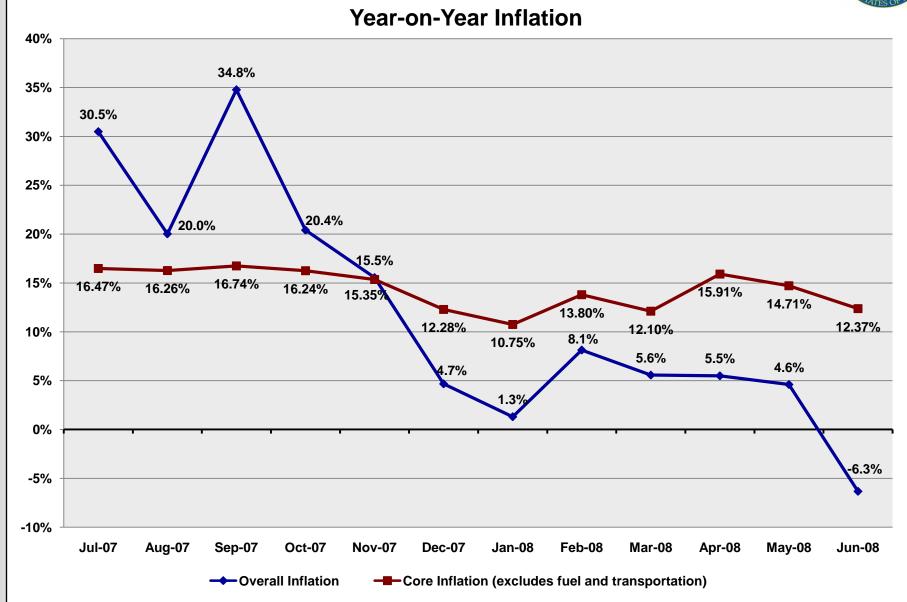
### Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



- Daily electricity demand July 30-August 5 was 6% above the same period last year. Daily supply
  from the grid was 28% above the year-earlier period and met 51% of demand, compared with 43%
  for the year-earlier period.
- For July 28-August 3 22-28 average hours of power from the grid after meeting demand from essential services were Baghdad: 11.6 and national 11.7. Year-ago levels were Baghdad 5.6 and national 9.4.

# **ECONOMIC – Economic Indicators**





# **ECONOMIC – Economic Indicators**

Economic Indicator	This Week	Last Week	Last Month	Last Year				
Iraqi Commercial Bond Sales								
Price (USD)	\$74.76	\$74.67	\$74.05	\$62.82				
Yield	8.47%	8.48%	8.56%	10.16%				
Central Bank's USD Currency Auction								
USD Sold	***	***	\$57,872,489	\$66,957,492				
NID Exchange Rate	***	***	\$1,197	\$1,254				
Total Employed by USG Programs								
	133,605	133,605	130,661	N/A				

# **ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2**

# 2

# IRRF I & II Financial Summary by Sector



Sector\Status			Committed		Obligated			Disbursed			
(Millions of USD)	Allocated	Un- allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law	\$4,960	\$17	\$4,943	\$4,943	\$0	\$4,943	\$4,943	\$0	\$4,866	\$4,866	\$0
Justice and Civil Society	\$2,299	\$20	\$2,266	\$2,266	\$0	\$2,258	\$2,258	\$0	\$2,176	\$2,177	\$1
Electricity Sector	\$4,178	\$36	\$4,070	\$4,066	-\$4	\$4,058	\$4,054	-\$4	\$3,886	\$3,890	\$4
Oil Infrastructure	\$1,717	\$7	\$1,597	\$1,597	\$0	\$1,597	\$1,597	\$0	\$1,580	\$1,580	\$0
Water and Sanitation	\$2,054	\$31	\$1,981	\$1,980	-\$1	\$1,952	\$1,951	\$0	\$1,831	\$1,831	\$0
Transportation and Comm\	\$462	\$2	\$458	\$458	\$0	\$458	\$457	\$0	\$418	\$419	\$0
Roads, Bridges and Const\	\$320	\$8	\$313	\$313	\$0	\$313	\$313	\$0	\$257	\$257	\$0
Health Care	\$810	\$9	\$788	\$790	\$2	\$779	\$779	\$0	\$739	\$739	\$0
Private Sector Development	\$838	\$1	\$820	\$820	\$0	\$820	\$820	\$0	\$814	\$814	\$0
Edu∖, Refugees, Human Rights	\$460	\$0	\$431	\$431	\$0	\$431	\$431	\$0	\$407	\$409	\$1
Admin Expense (USAID,DoS)	\$220	\$0	\$218	\$218	\$1	\$218	\$218	\$0	\$208	\$208	\$0
Rescission	\$0	-\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total IRRF II	\$18,318	\$81	\$17,886	\$17,883	-\$3	\$17,826	\$17,821	-\$5	\$17,182	\$17,189	\$7
IRRF II Non-Construction	-	-	\$7,964	\$7,966	\$2	\$7,949	\$7,949	\$0	\$7,748	\$7,751	\$3
IRRF II Construction	-	-	\$9,402	\$9,397	-\$5	\$9,357	\$9,352	-\$4	\$8,917	\$8,921	\$4
IRRF II Overhead	-	-	\$520	\$520	\$0	\$520	\$520	\$0	\$517	\$517	\$0
Total IRRF I	\$2,475	<b>\$</b> 0	\$2,291	\$2,291	\$0	\$2,232	\$2,232	\$0	\$2,139	\$2,139	\$0
Grand Total IRRF I & II	\$20,793	\$81	\$20,177	\$20,174	-\$3	\$20,058	\$20,053	-\$5	\$19,321	\$19,328	\$7

Data as of the 4th of August 2008

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.

# **DIPLOMATIC** – Political Engagement



# **Arab League Names New Iraq Envoy:**

 On July 31 the Arab League announced Hani Khalaf, a retired Egyptian diplomat, as its new envoy to Iraq, replacing Moroccan diplomat Moukhtar Lamani. Last year Lamani resigned to protest the "lack of Arab involvement in Iraq". According to the Arab League, Khalaf's work will focus on "enhancing the Arab presence in Iraq."

# Syrian Prime Minister Meets with al-Hakim:

 On July 31, Syrian Prime Minister Mohammad Naji Ottri met with Ammar Abdulaziz al-Hakim, the Deputy Chairman of Islamic Supreme Council in Iraq to discuss strengthening bilateral relations between Baghdad and Damascus. During the meeting al-Hakim expressed gratitude for Syria's efforts to assist Iraqi refugees in Syria.

## **DIPLOMATIC – Coalition Contributors**



# 24 Countries with forces in Iraq (including US)

Albania Czech Republic Kazakhstan Poland
Armenia Denmark Korea Romania

Australia El Salvador Latvia Tonga

Azerbaijan Estonia Lithuania Ukraine

Bosnia-Herzegovina Georgia Macedonia United Kingdom

Bulgaria Japan Mongolia

**TOTAL** ~ 9,233 Forces

# 30 Countries and NATO\*

(including the US)

**Support Iraqi Stability Operations** 

\*30 includes the US, the 23 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey Note: Fiji and New Zealand, participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.

# ATES OF

# **CONTACT INFORMATION**

• This brief draws from multiple sources. References are cited on the following pages.

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

# NOTES AND SOURCE CITATIONS (1 of 2)



### Slide 4:

**Embassy Baghdad** 

### Slide 5-6:

NEA Political Section, NEA-I-POL-DL@state.gov

### Slide 7:

Washington Post, July 30 - http://www.washingtonpost.com/wp-dyn/content/article/2008/08/05/AR2008080500864.html

### Slide 8:

- http://www.mnf-iraq.com/index.php?option=com\_content&task=view&id=21595&Itemid=128
- http://www.mnf-iraq.com/index.php?option=com content&task=view&id=21583&Itemid=21

### Slide 9:

DoD Input to Iraq Weekly Status Report August 06, 2008

#### Slide 10:

- Time, July 30 http://www.time.com/time/nation/article/0,8599,1827769,00.html?xid=rss-nation
- Reuters, August 1 http://www.reuters.com/article/GCA-GCA-iraq/idUSL154698020080731?sp=true

### Slide 11:

AP, August 5 - http://www.sanluisobispo.com/387/story/430513.html

### Slide 12:

Bloomberg, July 31 - http://www.bloomberg.com/apps/news?pid=20601087&sid=avfZne9ECsag&refer=home

### Slide 13:

- Aswat Al-Iraq, July 29 http://www.aswataliraq.info/look/english/article.tpl?IdLanguage=1&IdPublication=4&NrArticle=87490&NrIssue=2&NrSection=2
- Reuters, August 1 http://www.reuters.com/article/GCA-GCA-iraq/idUSL16985620080731?sp=true

### Slide 14:

USJFCOM, August 1 - http://www.jfcom.mil/newslink/storyarchive/2008/no080108.html

# TES OF

# NOTES AND SOURCE CITATIONS (2 of 2)

### Slide 15-17:

Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

### Slide 18:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

### Slide 19:

Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

### Slide 20:

 Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 06 August 2008) (Bloomburg.org) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (http://www.cbiraq.org/C.B.I.%20FOREIGN% 20EXCHANGE%20AUCTIONS.pdf)

### Slide 21:

ITAO IMU Essential Indicators Report, Baghdad, 06 August 2008.

### Slide 22:

- AP July 31 http://hosted.ap.org/dynamic/stories/A/ARABS\_IRAQ?SITE=TXWIC&SECTION=HOME&TEMPLATE=DEFAULT
- SANA -http://www.sana.sy/eng/21/2008/07/31/186503.htm

### Slide 23:

DOD Input to Weekly Status Report, updated August 06, 2008