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# Iraq

## Status Report

April 8, 2009



Bureau of Near Eastern Affairs  
U.S. Department of State



# TABLE OF CONTENTS

<b>HIGHLIGHTS</b>	<b>3</b>
<b>POLITICAL</b>	
• Governance & Legislation	<b>4</b>
<b>ECONOMIC</b>	
• Oil	<b>10</b>
• Fiscal and Monetary Affairs	<b>13</b>
• Private Sector	<b>15</b>
• Public Services	<b>16</b>
• Public Services - Electricity	<b>17</b>
<b>PROVINCIAL RECONSTRUCTION TEAM</b>	
• Beyond Baghdad	<b>18</b>
<b>DIPLOMATIC</b>	
• Political Engagement	<b>19</b>
<b>SECURITY</b>	
• Situation Update	<b>21</b>
• Security Transition	<b>23</b>
<b>Contact Information, Notes and Source Citations</b>	<b>24</b>

## HIGHLIGHTS



- **Yazidis Use Electoral Process to Gain Power (*POLITICAL*, page 4).**
- **Nine Companies Named to Compete for Second Oil Contract Bid Round (*ECONOMIC*, page 11).**
- **President Obama Makes Surprise Visit to Baghdad (*DIPLOMATIC*, page 19).**
- **Multiple Car Bombings in Baghdad Kill and Wounds Dozens (*SECURITY*, page 21).**

## POLITICAL - Governance & Legislation



### Iraqi political process continues to evolve as the justice system faces new challenges

#### Yazidis Use Electoral Process to Gain Power:

- The Yazidi population of Ninewa province has demonstrated its political strength through the recent provincial elections. Taking advantage of the open list system, which allows voters to pick individual candidates, eight out of the 12 winners on the Kurdish Ninewa Brotherhood List were Yazidi. This is in addition to the Yazidi minority set-aside seat mandated by the Provincial Elections Law. As a result, Yazidi candidates will occupy nine out of the 37 seats on Ninewa's council. The primarily Sunni Al-Hadba Gathering will hold the most seats, 19.

#### Political Dynamics Fluid as Parties Seek Coalitions:

- Provincial elections results and the prospect of national elections have cast traditional alliances aside. Political entities, including representatives of parties led by Prime Minister Maliki, Muqtada al-Sadr, Ayad Allawi, Saleh al-Mutlaq, and Sheikh Ahmed Abu Risha, are reaching out to negotiate new alliances and coalitions, often across sectarian lines. Many obstacles remain to overcome mistrust or past grievances between parties. However, politicians are looking to use their influence from provincial elections as a platform to further secure interests through parliamentary elections, most likely early next year. Asked whether he envisioned an alliance with Maliki in the coming national elections, Abu Risha answered, "Without a doubt. If he's willing, we have no objection."

## POLITICAL - Governance & Legislation



### Iraqi political process continues to evolve as the justice system faces new challenges

#### Bodies of Gay Men Found in Sadr City:

- **Two gay men were found dead in Baghdad's Sadr City according to police April 4, bringing the total death toll of gay men and boys there to 25 over the past two months. Four bodies of gay men found in Sadr City on March 25 had the word "pervert" written in Arabic on their chests, a symbol that the calm enjoyed by the increased number of unveiled women and the families who gather in parks is not always extended to the openly gay. Police say the killings have likely been carried out not only by residual Shi'a militias, but also by tribal and family members ashamed of openly gay relatives. Sermons conducted the previous two weeks in Sadr City at Friday prayer services denounced homosexuality, and encouraged followers to root it out of Iraqi society.**

#### Shoe-Thrower's Sentence Reduced to One Year:

- **The charges against Muntader al-Zaidi, the Iraqi journalist who threw his shoes at then-President George W. Bush in December 2008, have been reduced from "assaulting" to "insulting" a foreign leader on appeal. This reduces Zaidi's prison time from three years to one year. With time served, and customary sentence reductions, Zaidi is set to be released on September 14 of this year.**

## POLITICAL - Provincial



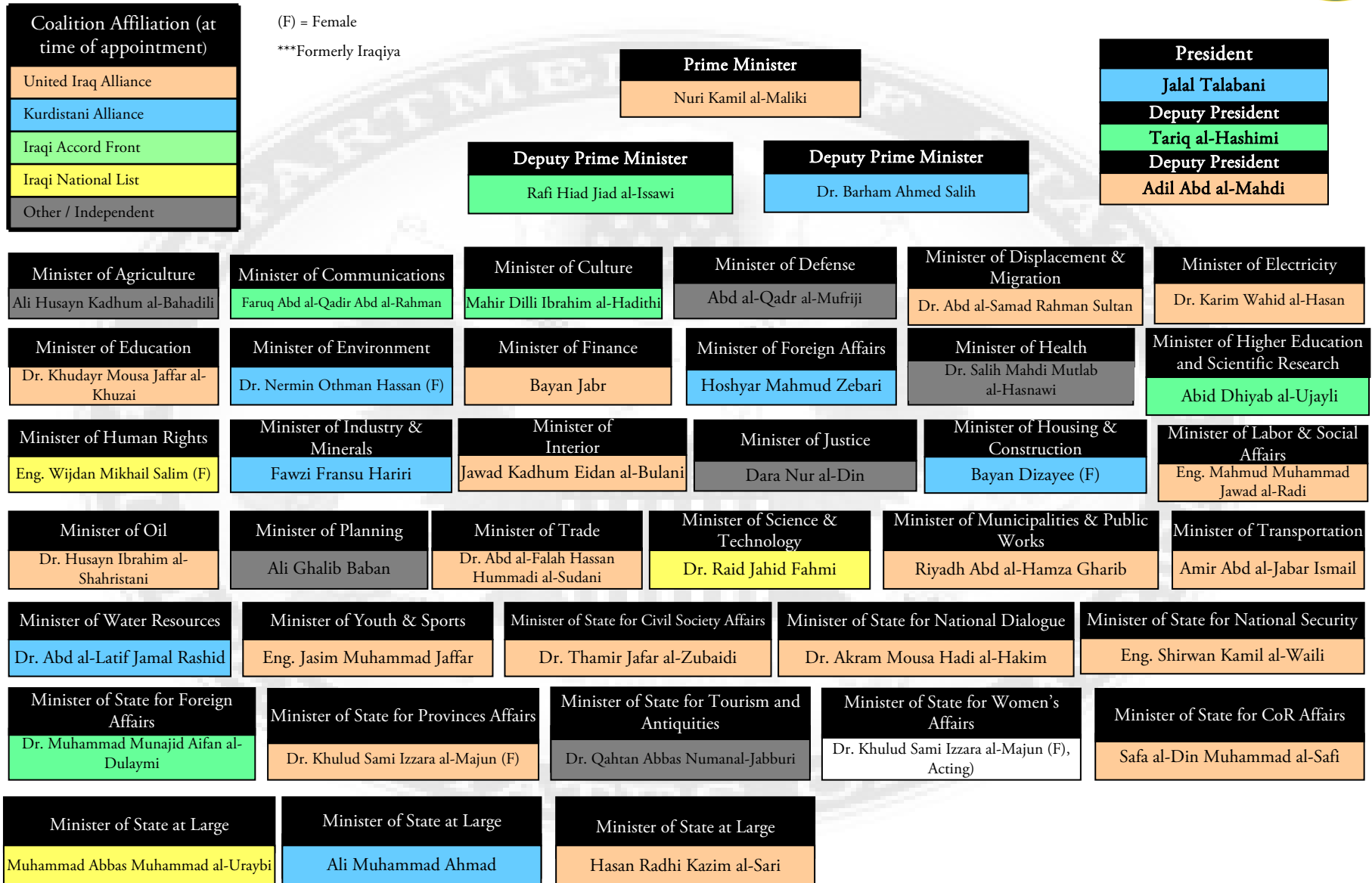
### Former palace of Saddam attracts Iraqi tourists

#### Saddam Palace Becomes Tourist Attraction in Babil:

- Since its opening to the public in December 2008, averages of 1,000 visitors per day have toured one of Saddam Hussein's former palaces located in Babil province. This particular palace was built in the 1980s and renovated after being severely damaged during the 1991 Shi'a uprising. Babil's provincial government plans to convert the palace into a tourist and convention center. The government earmarked \$7 million for the endeavor and needs to raise another \$2 million. Management of the palace and grounds hopes to accomplish this by charging visitors an 85 cent admission fee.



# POLITICAL – Government of Iraq

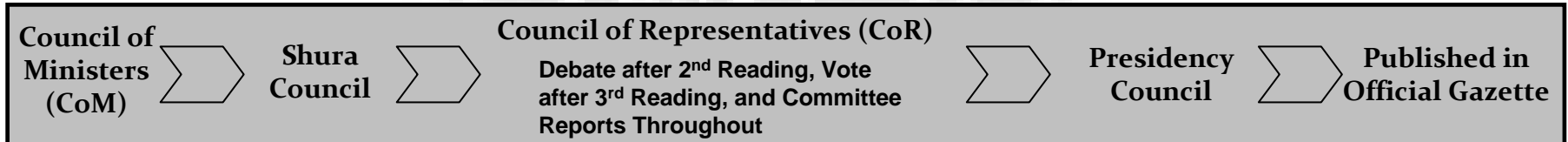




# POLITICAL – Key Legislative Issues



## Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **Budget:** The Council of Representatives (COR) passed a budget on March 5. The budget must now be approved by the Presidency Council.
- **COR Speaker:** The COR has yet to reach a consensus on appointing a new Speaker since Mahmoud Mashadani was ousted on December 23, 2008. The COR began its spring recess on March 5 and will resume on April 14.



## POLITICAL - Refugee Update



- **Regional governments report hosting as many as 2 million Iraqi refugees.**
- **The International Organization for Migration (IOM) estimates that over 2.8 million Iraqis are displaced inside Iraq.**
- **In FY08, the State Department's Bureau of Population, Refugees and Migration contributed \$287.08 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.**
- **The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).**
- **Since the program's inception in FY07, 23,482 Iraqi refugees have been admitted for U.S. resettlement; in FY09 alone, the U.S. seeks to admit a minimum of 17,000 Iraqi refugees.**
- **In FY 2008, a total of 1,142 Special Immigrant Visa (SIVs) were issued for Afghan and Iraqi translators and interpreters (under the Section 1059 program).**
- **As of December 2008, a total of 1,311 SIVs have been issued since FY08 (under the Section 1244 program).**

# ECONOMIC – Oil



## Oil sector remains active despite absence of new federal laws

### Crude Oil Update:

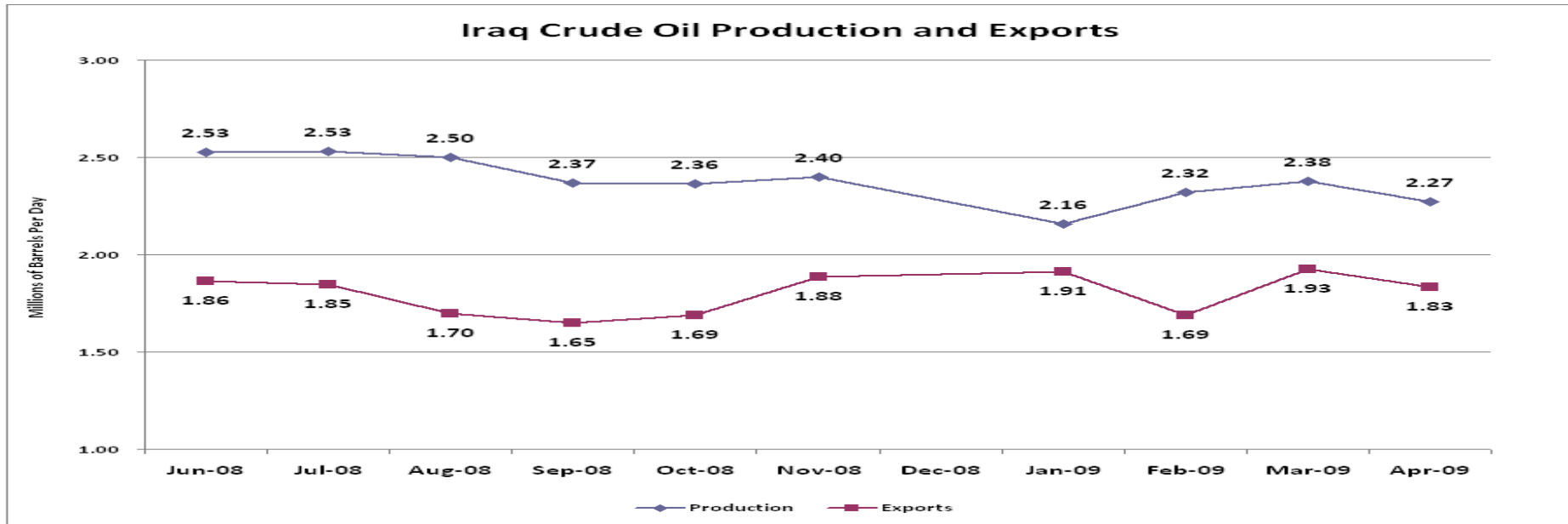
*Price averages in world markets closed with the following prices:*

Basrah Light at \$48.59/barrel

Dated Brent at \$50.20/barrel

WTI Cushing at \$50.32/barrel

Oman/Dubai at \$48.82/barrel



### Revenue estimates:

**2007: \$41.0 Billion**

**2008: \$61.9 Billion**

**2009 (ytd): \$7.4 Billion**

## ECONOMIC – Oil



### Iraq announces winners to participate in second bid round

#### Nine Companies Named to Compete for Second Oil Contract Bid Round:

- **Iraq's Petroleum Contracts and Licensing Directorate (PCLD) has named nine oil companies which have qualified to compete in the second oil contract bid round which was launched in December 2008. Eight of the nine companies are state-run and include Russia's Rosneft and OAO Tatneft, Kazakhstan's JSC KazMunaiGas Exploration and Production, Vietnam's PetroVietnam Exploration and Production, Angola's Sonangol, Oil India, Pakistan Petroleum and Japan Oil, Gas and Metals National Corporation. The UK's Cairn Energy, a privately-owned firm, also qualified. These companies plus the 35 that qualified for the first bid round can participate in the second bid round.**

#### South Oil Company Issues Tender for Two Processing Plants:

- **Iraq's South Oil Company issued a tender March 31 to build two crude oil processing plants on the West Qurna field. According to the tender documents procured by Reuters, bids for the 50,000 barrel per day degassing, dehydration, and desalination plants must be submitted by April 23. A similar tender was issued for the Halfaya field earlier in March.**

## ECONOMIC – Oil

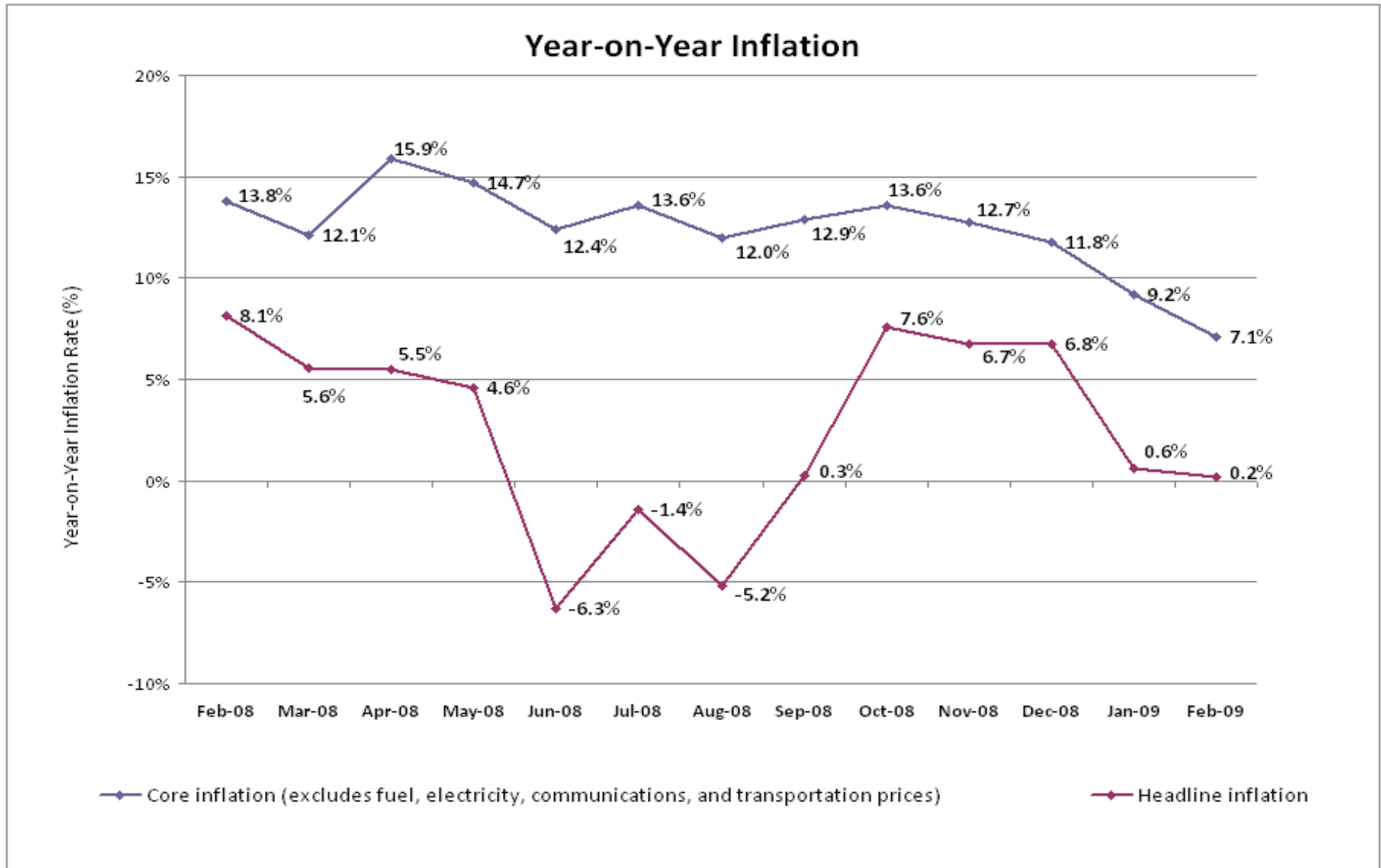


### Iraq announces winners to participate in second bid round

#### KRG Gives Minority Stakes to Three Companies:

- **The KRG has given minority stakes to three companies for the Tawke, Duhok, and Erbil fields, each of which are operated by the Norwegian oil company DNO International. The KRG gave a 25% stake in the Tawke field to Turkish firm Genel Enerji, which also took a shareholding in the Duhok field. An unnamed private investor was given a stake in the Erbil field. DNO holds a 55% interest in Tawke and 40% in Erbil and Duhok while the KRG holds a 20% share in all three fields. DNO said the KRG has exercised its right to name an additional party to the fields, as part of the original production-sharing contracts. Genel Enerji also has a beneficiary ownership of approximately 4.8% of the DNO International ASA shares, which it purchased in the last quarter of 2008.**

# ECONOMIC - Fiscal and Monetary Affairs



## ECONOMIC – Fiscal and Monetary Affairs



Sound economic policies will help ensure Iraq maintains security and stability

Economic Indicator	This Week	Last Week	Last Month	Last Year
<b>Iraqi Commercial Bond Sales</b>				
Price (USD)	\$50.63	\$50.41	\$48.74	\$66.08
Yield	12.80%	12.85%	13.28%	9.95%

## ECONOMIC – Private Sector



Iraq continues efforts to attract investment by hosting foreign business delegations and increased engagement with the international business community

### British Business Delegation Makes One-Day to Iraq:

- **British Business Secretary Lord Mandelson arrived in Iraq April 6 with representatives from 23 companies on a one-day trip to Baghdad and Basrah. The group, the first British business delegation to visit Iraq in nearly 20 years, will meet with Iraqi government ministers to discuss ways they can contribute to economic reconstruction in Iraq. "British business and expertise can play an important role in the development of the Iraq economy," Lord Mandelson said. Among those accompanying the business secretary are representatives from BP, Shell, HSBC, Glaxosmithkline, Rolls Royce, and the Wood Group.**



## ECONOMIC – Public Services



Although there is still room for improvement, the Iraqi transportation sector continues to expand its capacity

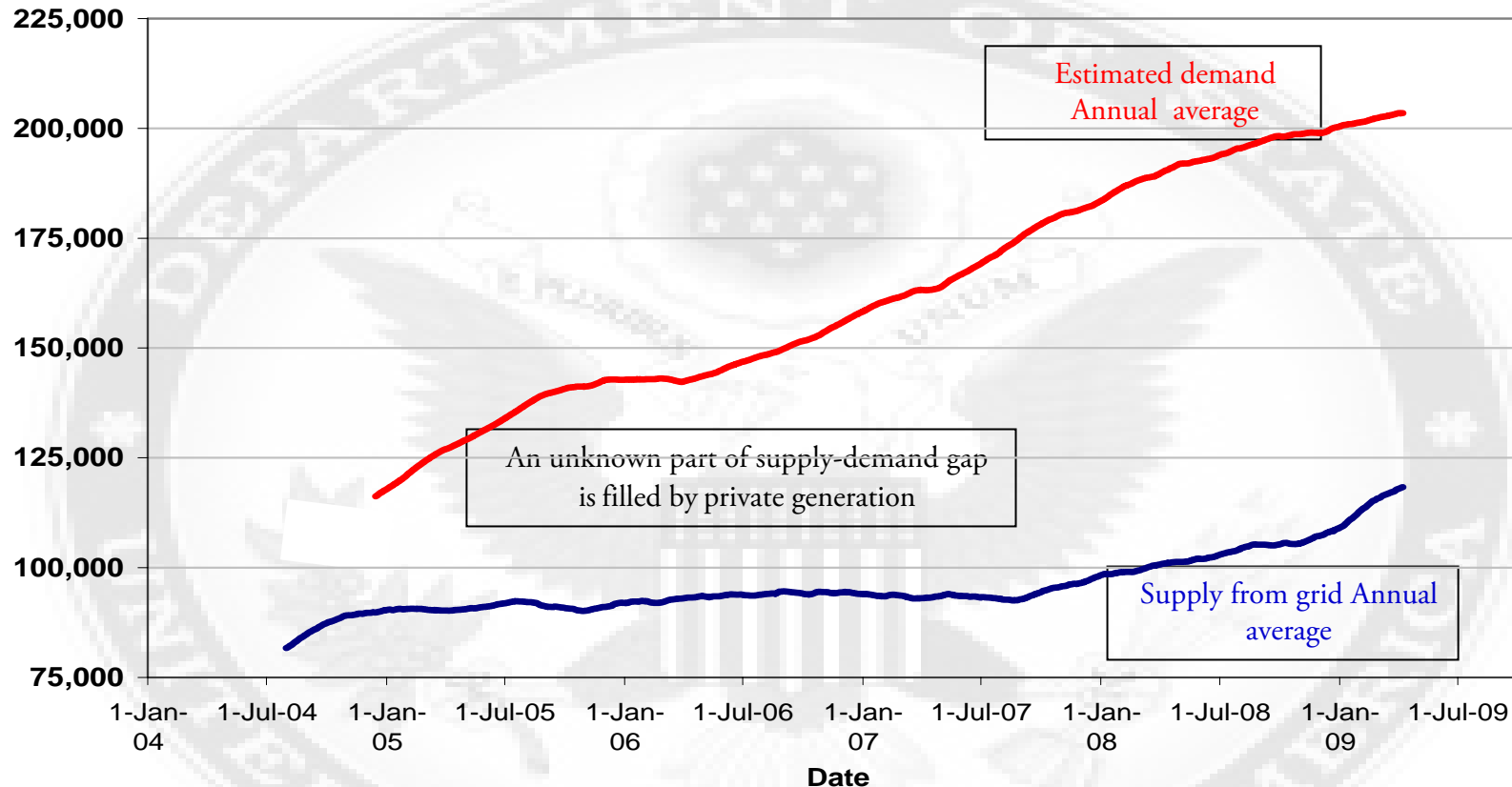
### Electricity and Sewage Projects Affected by Budget Cuts:

- **Decreased oil revenues have forced Iraq to cut spending on basic services such as sewage treatment and electricity. According to Deputy Minister of Electricity Raad al-Haris, the Ministry of Electricity requested \$1 billion in the 2009 budget for short-term contracts, but only received \$400 million. As a result, the Ministry has been forced to cancel \$600 million in contracts and put off projects that are not considered essential, such as plans to lay electricity cables underground or upgrade switches to deal with increasing power consumption. Baghdad mayor Saber al-Issawi said Iraqi municipalities were initially allocated around \$5 billion to develop the sewage treatment systems, but that budget has been cut by 60%. For Minister of Planning Ali Baban, the budget crisis has exposed the limitations and consequences of relying almost exclusively on oil revenues. "The state cannot carry all the burdens it used to carry," Baban said. "The state needs to transfer more work and burdens to the private sector and attract foreign investment. I believe if we move toward privatization, we will see improvements."**

## Public Services – Electricity



### GOI needs to strengthen policy actions to manage demand and usage patterns



- Daily electricity supply from the grid for April 1-7 was 19% above the year-earlier period and met 75% of estimated demand compared with 63% for the year-earlier period.
- Data for hours of power are not available for the most recent week.

## Beyond Baghdad



Local women using anti-cholera water tank

**“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”**

*President Barack Obama*

### Recent Highlights

#### Anbar

Approximately 70 Iraqi Judges, police officials, military officials and sheiks attended a Rule of Law conference March 27 – 28 sponsored by Anbar PRT. The second day of the conference was hosted by the Provincial Chief Judge at the newly built “Palace of Justice” in Ramadi and laid the ground work for Anbaris to address critical challenges to the rule of law in Anbar province. These efforts will be bolstered by the opening of the new Anbar Criminal Court and Appellate Court buildings on April 15.

#### Basrah

Ali Hanon, an official from Basrah’s reconstruction unit, announced the completion of a \$750,000 rehabilitation project of southern Basrah city’s rainwater, drainage and sewage networks. The project took six months to complete and was funded as part of the 2008 provincial development projects program.

#### Babil

An anti-cholera project has been implemented in rural Babil to prevent further outbreaks of the disease that hit the area particularly hard last year. So far 13 out of 14 new water tanks have been installed. Additionally, several solar powered water purification units were purchased as well as water tanker trucks to transport clean water to remote villages.

## DIPLOMATIC – Political Engagement



GOI expands regional and international ties, while attempting to resolve water issues

### President Obama Makes Surprise Visit to Baghdad:

- **President Obama visited Iraq April 7, wrapping up his first major international tour. The President met the top U.S. commander in Iraq, General Raymond Odierno, Charge d’Affaires Patricia Butenis, and U.S. troops before holding talks with Iraqi Prime Minister Nuri al-Maliki, Iraqi President Jalal Talabani, and the two vice presidents. President Obama pushed Iraq’s various factions to compromise, saying Iraqis should take responsibility for their country as U.S. troops begin to withdraw.**

### Palestinian Authority President Visits Baghdad:

- **Palestinian Authority President Mahmoud Abbas visited Baghdad April 5, his first such visit since 2003. He held meetings with Iraqi President Jalal Talabani and Prime Minister Nuri al-Maliki. President Abbas said Iraqi officials consider Palestinians living in Iraq to be “part of the Iraqi people, so we believe they are in safe hands.” President Talabani expressed the Iraqi government’s commitment to supporting an independent Palestinian state, with Jerusalem as its capital. President Abbas commended the Iraqi government for the progress made toward stability, saying the country was witnessing "great progress in all walks of life."**

## DIPLOMATIC – Political Engagement



GOI expands regional and international ties, while attempting to resolve water issues

### French Senate Delegation Visits Baghdad:

- Iraqi Foreign Ministry Undersecretary for Administration and Financial Affairs, Dr. Abdul Karim Hashim, welcomed a French Senate delegation to Baghdad March 31. The two parties reviewed bilateral relations between Iraq and France and plan to strengthen future cooperation.

### GOI Critical of Neighbors on Water Allocation Issues:

- Iraq's Minister of Water Resources, Dr. Abd al-Latif Jamal Rashid, asserted April 1 that Iraq is suffering from a water shortage, due to the policies of its neighbors and insufficient winter rainfall. Rashid said that Iraqis are seeking a "sufficient and fair share of water" from the Tigris and Euphrates rivers. He asserted that the Turkish and Iranian governments have built numerous dams and reservoir projects on the tributaries of the two rivers, which have severely diminished Iraq's share of water.

## SECURITY - Situation Update



Although attack levels are at their lowest levels in six years, multiple high-profile attacks challenge progress in Baghdad

### Multiple Car Bombings in Baghdad Kill and Wounds Dozens:

- A series of six car bombs exploded in and near Baghdad April 6, killing at least 33 people and wounding dozens more. Three bombs targeted marketplaces in predominantly Shi'a neighborhoods around the city, the deadliest of which killed 20 people in Sadr City. The first bombing occurred around 7 a.m. killing at least four people and wounding 15 others. Shortly after the first bomb, another exploded as a convoy carrying a senior official of the Ministry of Interior passed by, killing two and wounding four others. Another explosion took place in northeast Baghdad, killing four and wounding 20. The fifth and sixth bombings killed 12 people and wounded more than 25.

### SOI Leader Released From Custody:

- After a judge dismissed murder charges against him, Iraqi officials released Raad Ali, a Sons of Iraq (SOI) leader from Baghdad's Ghazaliya district, April 2. His release follows the unrelated March 28 arrest of Baghdad's Fadhil neighborhood's SOI leader Adel Mashadani. Iraqi Security Forces supported by Coalition advisors arrested Mashadani on an Iraqi warrant for numerous crimes.



## SECURITY - Situation Update



Although attack levels are at their lowest levels in six years, multiple high-profile attacks challenge progress in Baghdad

### Multi-National Corps – Iraq (MNC-I) Transfer of Authority:

- **In a transfer of authority ceremony April 4, U.S. Army Lieutenant General (LTG) Charles H. Jacoby Jr., commander of I Corps, assumed command of MNC-I from LTG Lloyd J. Austin III and the 18th Airborne Corps at Camp Victory's Al Faw Palace in Baghdad. Multi-National Forces – Iraq (MNF-I) commander General Raymond Odierno spoke at the ceremony, highlighting the progress that LTG Austin and the 18<sup>th</sup> Airborne Corps made over the last fourteen months.**



## SECURITY – Security Transition



The Sons of Iraq in all provinces are now under Government of Iraq responsibility

### All SOI Transferred to Iraqi Control:

- On April 1, Coalition Forces transferred authority of the remaining 10,000 Sons of Iraq (SOI) in Salah ad Din province to the Government of Iraq (GOI). This transfer followed a GOI announcement that the Ministry of the Interior had received the necessary funds to pay any delayed payments to SOI members. “Everyone in the government understands the importance of the Sons of Iraq and their sacrifices for the good of the nation,” said Dr. Zuhair al-Chalibi, a representative of the Iraqi government’s Implementation and Follow-Up Committee for National Reconciliation, which oversees the SOI transfer and transition. He said the government would continue to support the “vital project and give it the attention it deserves.”

### 28 Iraqi Soldiers Graduate from the M1A1 Tank Train-the-Trainer Course:

- The Iraqi Army achieved a historic milestone at the Besmaya Range Complex March 31, with the first graduation of the M1A1 Abrams Tank training program. Twenty-eight Iraqi soldiers completed an intense 42 day train-the-trainer course for the M1A1 tank, becoming competent, qualified, and efficient in all four crew positions: tank commander, gunner, driver, and loader. Iraqi Army Staff Brigadier General Hazim, commander 9th Division and M1A1 program manager said, “(the graduates) are qualified to do the job of teaching others in their units. On their shoulders, the armor category for the Iraqi Army will be built.”

## CONTACT INFORMATION



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

**For additional information, please see:**

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**Please forward all questions and/or comments to:**

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