



IRAQ Status Report

U.S. DEPARTMENT OF STATE
Bureau of Near Eastern Affairs
Iraq Policy & Operations Group

A BIWEEKLY REVIEW OF DEVELOPMENTS IN IRAQ

UNCLASSIFIED

MARCH 31, 2011

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Politics and Diplomacy

Iraq and Kuwait Strengthen Bilateral Dialogue: Iraq and Kuwait have recently taken steps to strengthen their bilateral dialogue and are attempting to work cooperatively to solve problems and strengthen ties. Following a recent dispute involving fishing rights, Iraq and Kuwait established a mechanism to resolve maritime issues during Kuwaiti Prime Minister Nasser al-Mohammed al-Ahmed al-Sabah’s visit to Baghdad in January 2011. Iraqi Prime Minister Nuri al-Maliki visited Kuwait on February 15 where he met with Emir Sheikh Sabah al-Ahmed al-Sabah to discuss a host of bilateral issues, including the establishment of a joint committee to focus on improving cooperation between the two countries. Most recently, after a delegation from Iraq’s Council of Representatives (COR) visited Kuwait, Kuwait promised to release Iraqis detained in Kuwaiti prisons and to loosen travel restrictions between the two countries. During his visit to Kuwait on March 19, COR Speaker Osama al-Nujaifi said “this day represents the start of a new era of developed relations that aim to establish a sustained and strong partnership between the two countries.” Maintaining this level of goodwill and combined efforts will be essential to addressing outstanding issues in the bilateral relationship. (NEA-I-IPOG, [Kuwait Times](#), [MENA Financial Network](#), [Arab Times Online](#))

Economic Activity

Iraqi Minister of Oil Submits Four Year Plan to Parliament: On March 23, Iraq’s Minister of Oil Abdul Karim al-Luaybi submitted the Ministry of Oil’s Four-Year Plan to Iraq’s Council

of Representatives. The plan is the Ministry of Oil's attempt to forecast oil, gas, and refining figures until 2014. It should be noted that the Ministry's projection for oil exports in 2011 is 200,000 barrels higher than the level foreseen in Iraq's 2011 budget. In the 2011 budget law, the GOI projects 2.2 million barrels per day exported at an average price of \$76.50/barrel. The production and export estimates of 2013 and 2014 are much higher than industry estimates, which take a more conservative view, citing infrastructure constraints.(NEA-I-EAA, Iraq Oil Report)

Oil Production Capacity (in million barrels per day)

2011 – 2.75

2012 – 3.30

2013 – 4.50

2014 – 6.50

Oil Export Capacity (in million barrels per day)

2011 – 2.40

2012 – 3.25

2013 – 5.09

2014 – 5.65

Announcement of Fourth Bid Round in November: Oil Minister al-Luaybi announced that international oil and gas companies will compete for access to another 12 exploration blocks in November 2011. Minister al-Luaybi did not reveal details on the type of contract model or the exact locations of the exploration blocks, but they are likely to be in the Western Desert. Minister al-Luaybi estimated that at a minimum this new exploration would increase Iraq's oil reserves by 10 billion barrels. (NEA-I-EAA, Iraq Oil Report)

Iraq Announces Deal to Buy 50 Diesel Fuel Generators to Ease Power Shortages: Iraq's Ministry of Electricity announced on March 23 that it had reached an agreement with three international firms to install 50 diesel-fuelled emergency power generator stations across the country. Chronic electricity shortages have been one of the main grievances of protestors who have demonstrated for better services and government accountability. Minister of Electricity Raad Shallal al-Ani said the emergency power generators, which will add an estimated 5,000 megawatts in generation capacity once fully operational in 2012, are intended to ease the situation until medium-term power projects can be completed in 2013. The minister announced that contracts have been drawn for companies from the United States, Germany, and Korea. (NEA-I-IPOG, [Reuters](#))

Karbala Provincial Council Inks “Joint Participation Agreement” and Plans to Submit the Deal to Baghdad: On March 24, Dublin-based San Leon Energy released a press statement stating that San Leon and its Iraqi partner Al Meinaa Oil Services Company have signed a “Joint Participation Agreement” with the Provincial Council of Karbala. The Karbala Provincial Council plans to submit a proposal to the Ministry of Oil for the development of the Kifil, West Kifil, and Marjan oil fields. These fields did not receive any bids during the second bid round in December 2009. The legal status of this agreement is unclear since provincial councils do not

have the authority to sign oil development contracts, and San Leon Energy was never prequalified by the Ministry of Oil. (NEA-I-EAA, Dow Jones)

International Cooperation

UNICEF, EU and Government of Iraq Begin €17M Program to Improve Primary Education in Iraq: The European Union (EU) and the United Nations Children's Fund (UNICEF) are coordinating with the Government of Iraq (GOI) to launch a program that will develop new education policies and increase enrollment in primary schooling. These efforts align both with Iraq's 2015 Millennium Development Goals, as set forth by the GOI and UN, as well as with Iraq's ongoing efforts to develop a National Education Strategy.

The EU will invest 17 million Euros over the next three years towards curricula revision, adult education programs, and improvements to school infrastructure. The EU and UNICEF will also collaborate with the Ministry of Education to improve its budgeting processes and train education professionals in global best practices.

UNICEF's contributions to Iraqi education are part of its larger 2011-2014 Iraq country program, which works to ensure the full protection of Iraqi children's rights and to bolster the delivery of essential services across the country. The EU likewise has a 42 million Euro Iraq general assistance package geared towards improving Iraq's municipal services, governance, and rule of law.

Overall, EU and UNICEF assistance programs are meant to help the GOI reduce poverty and create job opportunities that will accelerate the development of a diversified market economy. The EU and UNICEF are taking a long-term approach to development activities by working to improve the lives of children, with an eye towards equipping young Iraqis with the skills and experience necessary to confidently confront the challenges and embrace the opportunities they will one day face. (NEA-I-IPOG: [UNICEF/EU Press Release](#))

*Cooperation under the Strategic Framework Agreement**

USF-I Assists Iraqi Security Forces in Training, Education: In support of Operation New Dawn and the Strategic Framework Agreement, U.S. Forces in Iraq (USF-I) have been providing training to Iraqi Security Forces (ISF) in a variety of subjects and skills. In early March, Iraqi Army (IA) soldiers across Iraq took part in Operation Eagle's Talon, a five-day training exercise in which USF-I and IA worked together to improve military tactics such as marksmanship and squad movement. In a separate program in eastern Baghdad, U.S. Army soldiers familiarized their Iraqi counterparts with the repair and maintenance of Humvees, disassembling and cleaning weapons, and providing basic first aid on the battlefield. In mid-March, Camp Liberty hosted a training session on physical therapy and pharmacy operations for an IA Medical Field Unit, while a USF-I mortar team at Ghuzlani Warrior Training Center taught Iraqi soldiers how to use

* Full text of the SFA is available at: http://fhp.osd.mil/intlhealth/pdfs/strategic_framework_agreement.pdf

three different types of mortar systems. In Tikrit, a USF-I Mobile Training Team (MTT) provided military intelligence gathering techniques, weapons familiarization education, and first aid guidance to the Intelligence, Surveillance, and Reconnaissance Battalion of the 4th IA Division. (NEA-I-IPOG, [USF-I Official Website](#))

Cultural Cooperation through International Moot Court Competition: The Jessup International Moot Court Competition is the most prestigious moot court competition in the world, having had over 500 law schools from 80 countries participate during its history. This year the International Human Rights Law Institute (IHRLI) at DePaul University organized the first-ever national rounds of the Jessup Competition in Iraq through the Iraq Legal Education Project funded by the Department of State. Sixteen schools, a number of which were prepared by Rule of Law advisors from the Embassy and Provincial Reconstruction Teams (PRTs), competed in national rounds in Erbil this past December. A grant funded the attendance of the winning teams from the Colleges of Law of the University of Baghdad and the University of Dhi Qar to represent Iraq at the Jessup International Moot Court rounds in Washington, DC. From March 21-23, the teams competed in four oral moot court rounds against teams from around the world. Simultaneous translation was provided so that teams could argue in their native languages. The Iraqiyya and Hurra TV stations filmed an entire round (Baghdad University vs. Czech Republic) and interviewed the judges and Iraqi participants. Although the Iraqi teams did not advance to the final rounds, this was a great opportunity for the next generation of Iraq's leaders to gain practical rule of law experience. (Needs citation)

Provincial Highlights

Economic Development & PRT Karbala

Since 2009, PRT Karbala has increased its efforts to nurture the skills of Iraqi entrepreneurs and help Iraqi women support themselves and their families.

PRT Karbala worked alongside the Karbala Chamber of Commerce and the Karbala Businessmen's Union to develop investment and commercial ties between the Karbala business community and their counterparts from the United States, Europe, China, India, and the Gulf. The PRT created the Karbala Business Roundtable in order to facilitate the continuation of these international relationships and provide a forum for Karbala's private sector representatives to voice their concerns. PRT Karbala has also invested in the Karbala Business Development Center (KBDC), which trains entrepreneurs in IT and English skills and helps them to acquire financing--such as microloans--for their businesses. Already, 600 Iraqis have participated in training sessions and nearly 200 have used their newly-obtained skill sets to open businesses or expand their operations. It is estimated that the work of the KBDC has contributed to the creation of 1,000 jobs for Iraqis in Karbala.

Karbala boasts many industrial plants, which offer more job opportunities to locals. While access to low-cost electricity remains a hindrance to factory growth, Karbala's emergent tourism industry has generated hotel and housing construction projects – and thus jobs – for these factories. Karbala also produces 25 percent of Iraq's dates and is home to 2,500 greenhouses. PRT

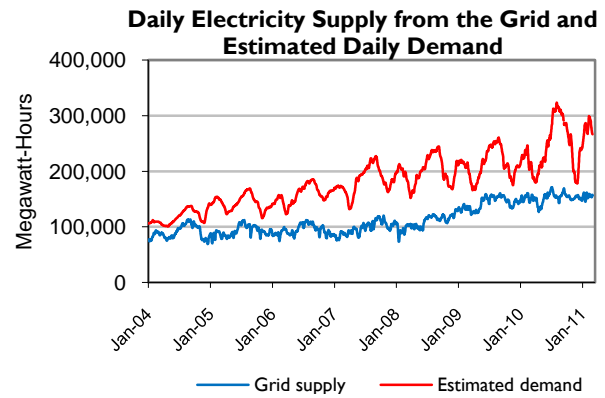
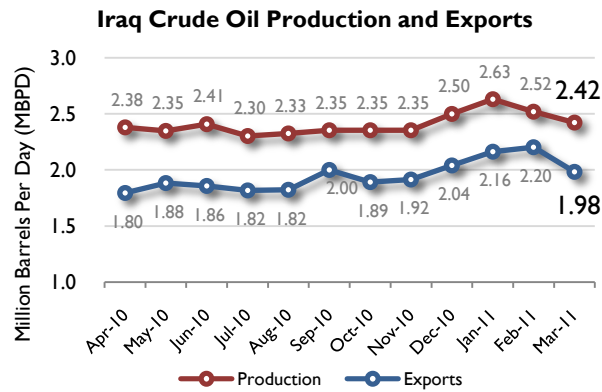
Karbala has introduced modern equipment to these facilities and instructed their farmers on best practices.

Another major PRT initiative was training for low-income women, a majority of whom are widows, on bee-keeping techniques and honey production. The women who participated in this program applied the program's microeconomics lessons to their businesses and are now able to produce enough honey to support their families. Many of these female entrepreneurs market honey to international tourists visiting Karbala's religious sites, a product which commands nearly \$30 per jar. Through these and other initiatives, PRT Karbala has helped Iraqis voice private sector concerns to the government and develop the skills necessary for building and expanding small and medium enterprises. (NEA-I-IPOG; Embassy Baghdad)

Current Economic Indicators

Crude Oil Average Closing Prices (March 14-March 25)

Basrah Light \$109.05/bbl || Dated Brent \$113.72/bbl || WTI Cushing \$102.04/bbl || Oman/Dubai \$107.97/bbl



2010 Oil Revenue: \$51.4 Billion (est)
 2011 Oil Revenue: \$17 Billion (est)

March 16-22 supply of electricity from the grid was 1% below 2010 and met 63% of estimated demand compared with 82% for the year-earlier period.

Source: Department of State, NEA/I Economics Section, NEA-I-ECON-DL@state.gov

Notable Headlines

Turkish Prime Minister Visits Iraq ([AFP](#), March 28)

UNAMI Holds Meeting to Support Rule of Law in Iraq ([Aswat al-Iraq](#), March 29)

For additional information, please see:

- **Department of State, Iraq Status Reports**
<http://www.state.gov/p/nea/rls/rpt/c28010.htm>
- **Department of State, Section 1227 Report on Iraq**
<http://2001-2009.state.gov/p/nea/rls/rpt/>
- **Department of Defense, Section 9010 Measuring Stability and Security in Iraq**
http://www.defenselink.mil/home/features/Iraq_Reports/index.html
- **Central Intelligence Agency, World Factbook**
<https://www.cia.gov/library/publications/the-world-factbook/geos/iz.html>

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ISR Survey

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