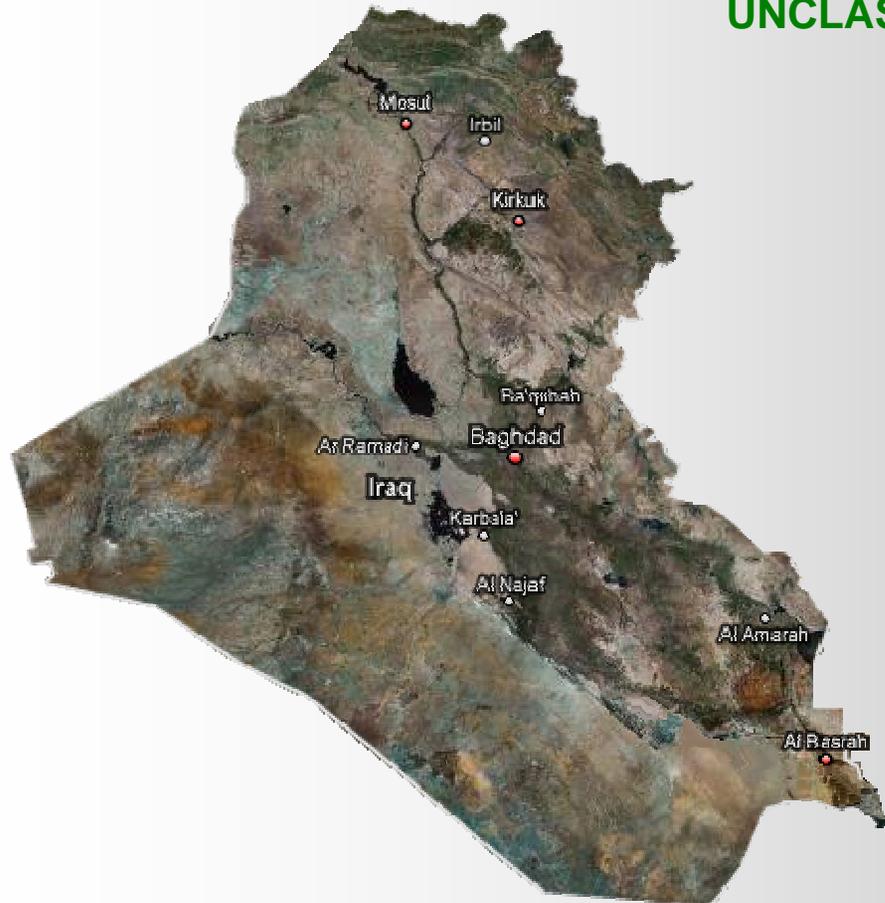


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Iraq Status Report May 6, 2009



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

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HIGHLIGHTS



- Sadr Meets With Iraqi and Turkish Officials (*POLITICAL*, page 4).
- Deputy Prime Minister Says Global Financial Crisis Prompting Economic Reform in Iraq (*ECONOMIC*, page 12).
- PM Maliki Leads Official Delegation to Paris to Meet with French President Sarkozy (*DIPLOMATIC*, page 16).
- ISF Operation Targets AQI in Diyala (*SECURITY*, page 17).

POLITICAL - Governance & Legislation



Sadr reaches out to Turkish officials, while elections are announced for July in the Kurdish region

Sadr Meets With Iraqi and Turkish Officials:

- Muqtada al-Sadr, accompanied by political affiliates, held discussions with senior Turkish officials in Istanbul May 1 and May 2. Sadr met with around 70 co-religionists, including members of Iraq's Parliament, at an Istanbul hotel to talk about "ways of serving the Iraqi nation." He also met with Turkish President Abdullah Gul, Prime Minister Recep Tayyip Erdogan, and Special Iraq Envoy Murat Ozelik. Senior Sadr aide Haidar al-Turfi had earlier told AFP the cleric was "going from Iran to Turkey to meet a delegation from (the Iraqi shrine city of) Najaf and to hold discussions with the Turkish side about the situation in Iraq and its future." He was the first senior official from the Sadrists to directly admit Sadr was in Iran. However, when Sadr's spokesman was asked about where Sadr was residing he responded, "Perhaps in Iraq, perhaps in Iran." This visit was the first public appearance for Sadr in nearly two years.

Date Set for Kurdistan Regional Government (KRG) Elections:

- KRG President Massoud Barzani announced a July 25 date for elections for the KRG Parliament.



POLITICAL – Government of Iraq

Coalition Affiliation (at time of appointment)
United Iraq Alliance
Kurdistani Alliance
Iraqi Accord Front
Iraqi National List
Other / Independent

(F) = Female
 ***Formerly Iraqiya

Prime Minister
 Nuri Kamil al-Maliki

President
 Jalal Talabani
Deputy President
 Tariq al-Hashimi
Deputy President
 Adil Abd al-Mahdi

Deputy Prime Minister
 Rafi Hiad Jiad al-Issawi

Deputy Prime Minister
 Dr. Barham Ahmed Salih

Minister of Agriculture
 Ali Husayn Kadhum al-Bahadili

Minister of Communications
 Faruq Abd al-Qadir Abd al-Rahman

Minister of Culture
 Mahir Dilli Ibrahim al-Hadihi

Minister of Defense
 Abd al-Qadr al-Mufriji

Minister of Displacement & Migration
 Dr. Abd al-Samad Rahman Sultan

Minister of Electricity
 Dr. Karim Wahid al-Hasan

Minister of Education
 Dr. Khudayr Mousa Jaffar al-Khuzai

Minister of Environment
 Dr. Nermin Othman Hassan (F)

Minister of Finance
 Bayan Jabr

Minister of Foreign Affairs
 Hoshyar Mahmud Zebari

Minister of Health
 Dr. Salih Mahdi Mutlab al-Hasnawi

Minister of Higher Education and Scientific Research
 Abid Dhiyab al-Ujayli

Minister of Human Rights
 Eng. Wijdan Mikha'il Salim (F)

Minister of Industry & Minerals
 Fawzi Fransu Hariri

Minister of Interior
 Jawad Kadhum Eidan al-Bulani

Minister of Justice
 Dara Nur al-Din

Minister of Housing & Construction
 Bayan Dizayee (F)

Minister of Labor & Social Affairs
 Eng. Mahmud Muhammad Jawad al-Radi

Minister of Oil
 Dr. Husayn Ibrahim al-Shahristani

Minister of Planning
 Ali Ghalib Baban

Minister of Trade
 Dr. Abd al-Falah Hassan Hummadi al-Sudani

Minister of Science & Technology
 Dr. Raid Jahid Fahmi

Minister of Municipalities & Public Works
 Riyadh Abd al-Hamza Gharib

Minister of Transportation
 Amir Abd al-Jabar Ismail

Minister of Water Resources
 Dr. Abd al-Latif Jamal Rashid

Minister of Youth & Sports
 Eng. Jasim Muhammad Jaffar

Minister of State for Civil Society Affairs
 Dr. Thamir Jafar al-Zubaidi

Minister of State for National Dialogue
 Dr. Akram Mousa Hadi al-Hakim

Minister of State for National Security
 Eng. Shirwan Kamil al-Waili

Minister of State for Foreign Affairs
 Dr. Muhammad Munajid Aifan al-Dulaymi

Minister of State for Provinces Affairs
 Dr. Khulud Sami Izzara al-Majun (F)

Minister of State for Tourism and Antiquities
 Dr. Qahtan Abbas Numanal-Jabburi

Minister of State for Women's Affairs
 Dr. Khulud Sami Izzara al-Majun (F), Acting

Minister of State for CoR Affairs
 Safa al-Din Muhammad al-Safi

Minister of State at Large
 Muhammad Abbas Muhammad al-Uraybi

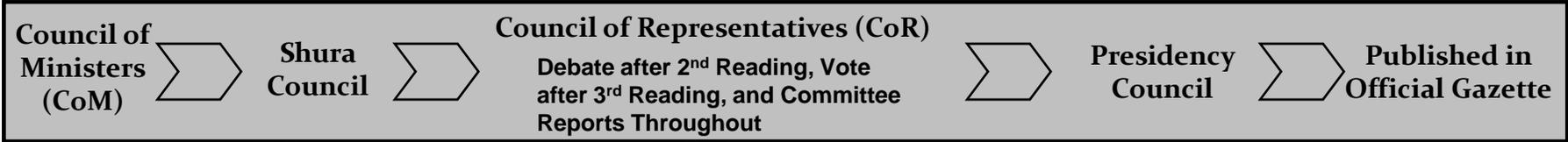
Minister of State at Large
 Ali Muhammad Ahmad

Minister of State at Large
 Hasan Radhi Kazim al-Sari



POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law will regulate the operations and funding of Non-Governmental Organizations operating within Iraq. It received its first reading in the Council of Representatives on April 20, 2009.

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, 25,294 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.
- As of March 2009, a total of 375 Special Immigrant Visa (SIVs) have been issued for Iraqi translators and interpreters since FY08 (under the Section 1059 program).
- As of March 2009, a total of 641 SIVs have been issued for Iraqis since FY08 (under the Section 1244 program).



ECONOMIC – Oil

Oil sector remains active despite absence of new federal laws

Crude Oil Update:

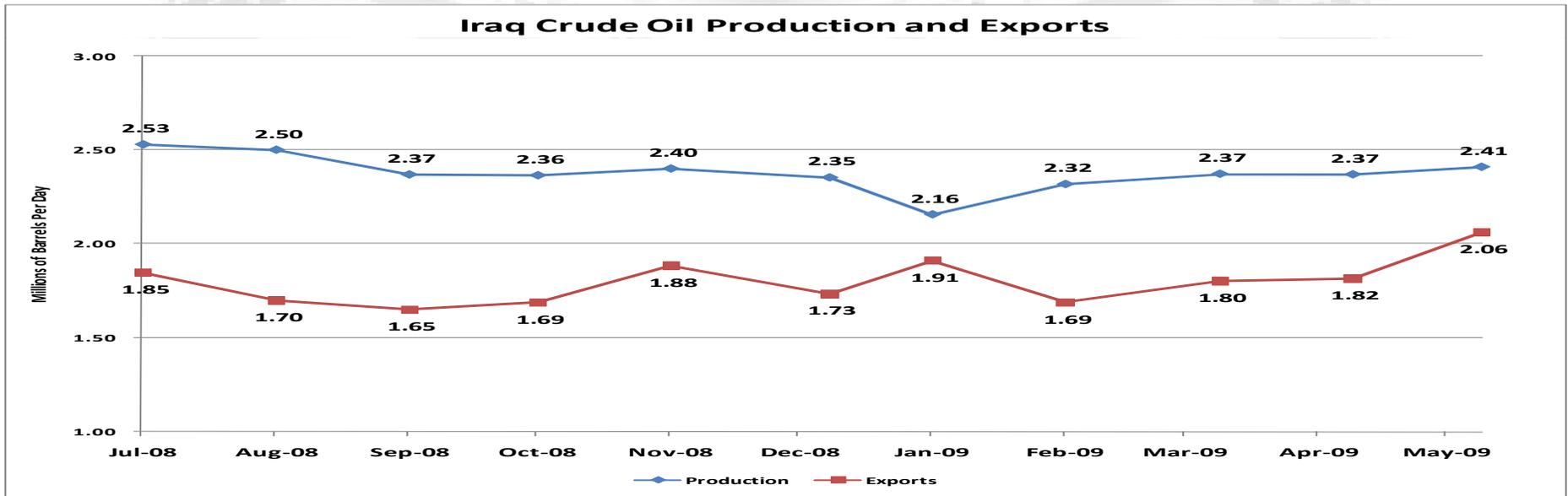
Price averages in world markets closed with the following prices:

Basrah Light at \$49.14/barrel

Dated Brent at \$49.44/barrel

WTI Cushing at \$51.07/barrel

Oman/Dubai at \$49.40/barrel



Revenue estimates:

2007: \$41.0 Billion

2008: \$61.9 Billion

2009 (ytd): \$10.10 Billion



ECONOMIC – Oil

Facing lower than anticipated oil revenues, Iraq looks to companies with Saddam-era contracts and other international oil companies for investment funds

Ministry of Oil Renegotiating Saddam-Era Contract with India's ONG Videsh Limited:

- Press reporting May 4 announced that ONG Videsh Limited (OVL), a subsidiary of India's state-owned oil firm Oil and Natural Gas Corporation (ONGC) is to invest \$1.45 billion in the development of Iraq's Block-8. "The service exploration and production contract for Block-8 have been concluded and the agreement is likely to be signed in the next couple of months," an official from OVL said. OVL was previously awarded a contract to develop Block-8 under Saddam Hussein's regime. Under the new agreement, OVL would have a 51% stake and a partner 24% while the remaining 25% will be Iraq's share in the agreement.



ECONOMIC – Oil

Facing lower than anticipated oil revenues, Iraq looks to companies with Saddam-era contracts and other international oil companies for investment funds

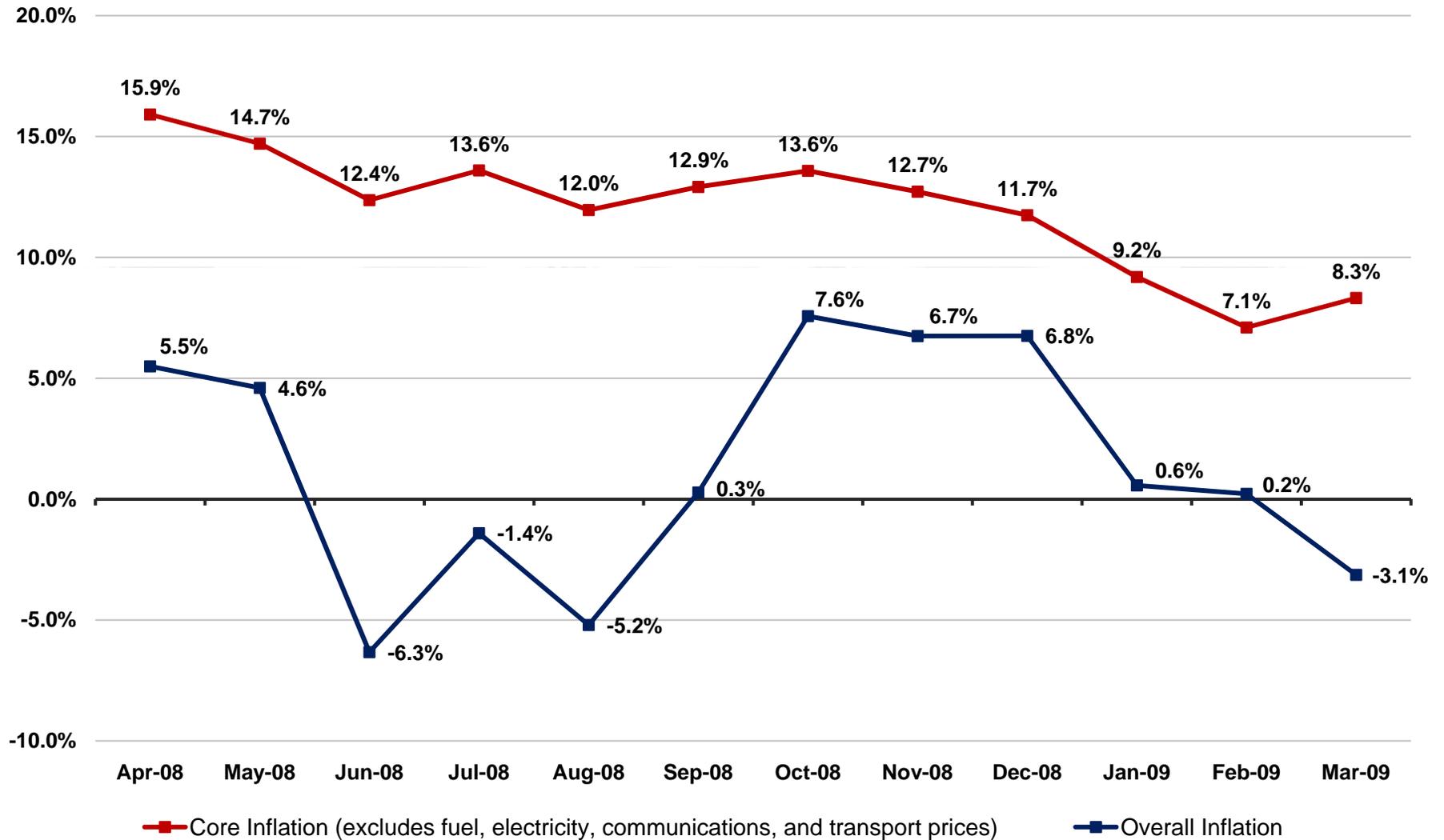
Ministry of Oil Looks to IOCs for “Soft Loans”:

- Iraq’s Minister of Oil Husayn al-Shahristani said April 30 that the \$2.6 billion requested from international oil companies in the first oil bid round would be used to finance reconstruction projects affected by cuts made to Iraq’s 2009 budget. “These are not signature bonuses but soft loans that we expect the international oil companies to provide, that will be repaid by the oil produced,” the minister said. “The rationale is the difference in the budget for 2009. Iraq is not prepared to scale back its reconstruction programs. Our main requirement is the \$2.6 billion in the first round, but much depends on the price of crude oil towards the end of the year. As it is now, we will require soft loans for the second round too,” Shahristani explained. However, these are not exactly loans either and are recoverable. This may delay the bid round further as companies would have to put this into their calculations when they submit a bid.



ECONOMIC - Fiscal and Monetary Affairs

Year-on-Year Inflation



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
Iraqi Commercial Bond Sales				
Price (USD)	\$54.53	\$53.85	\$52.52	\$66.08
Yield	11.92%	12.07%	13.37%	9.95%

Deputy Prime Minister Says Global Financial Crisis Prompting Economic Reform in Iraq:

- Speaking at a think-tank in London, Deputy Prime Minister Barham Salih said the global financial crisis had taken a serious toll on the Iraqi economy, but it had also forced the Government of Iraq to focus on economic reforms and consider ways to become less reliant on oil as a source of government revenue. "This financial crisis... is forcing us to focus further on economic reforms," he said. "We were very lax in the last two to three years in developing our oil sector... Now this financial crisis is obliging us, is forcing us to improve oil production infrastructure," Salih said. The deputy prime minister also said that while he expected 2009 to be a manageable year, 2010 would be difficult because much of Iraq's government surpluses will have been depleted. The deputy prime minister told investors at a conference the previous day that inflation was projected to drop from 12% to 10% in 2009 while Iraq's economic growth in 2008 was recorded at 9 percent.

ECONOMIC – Private Sector



Clear legislation governing land ownership is needed to improve Iraq's investment climate

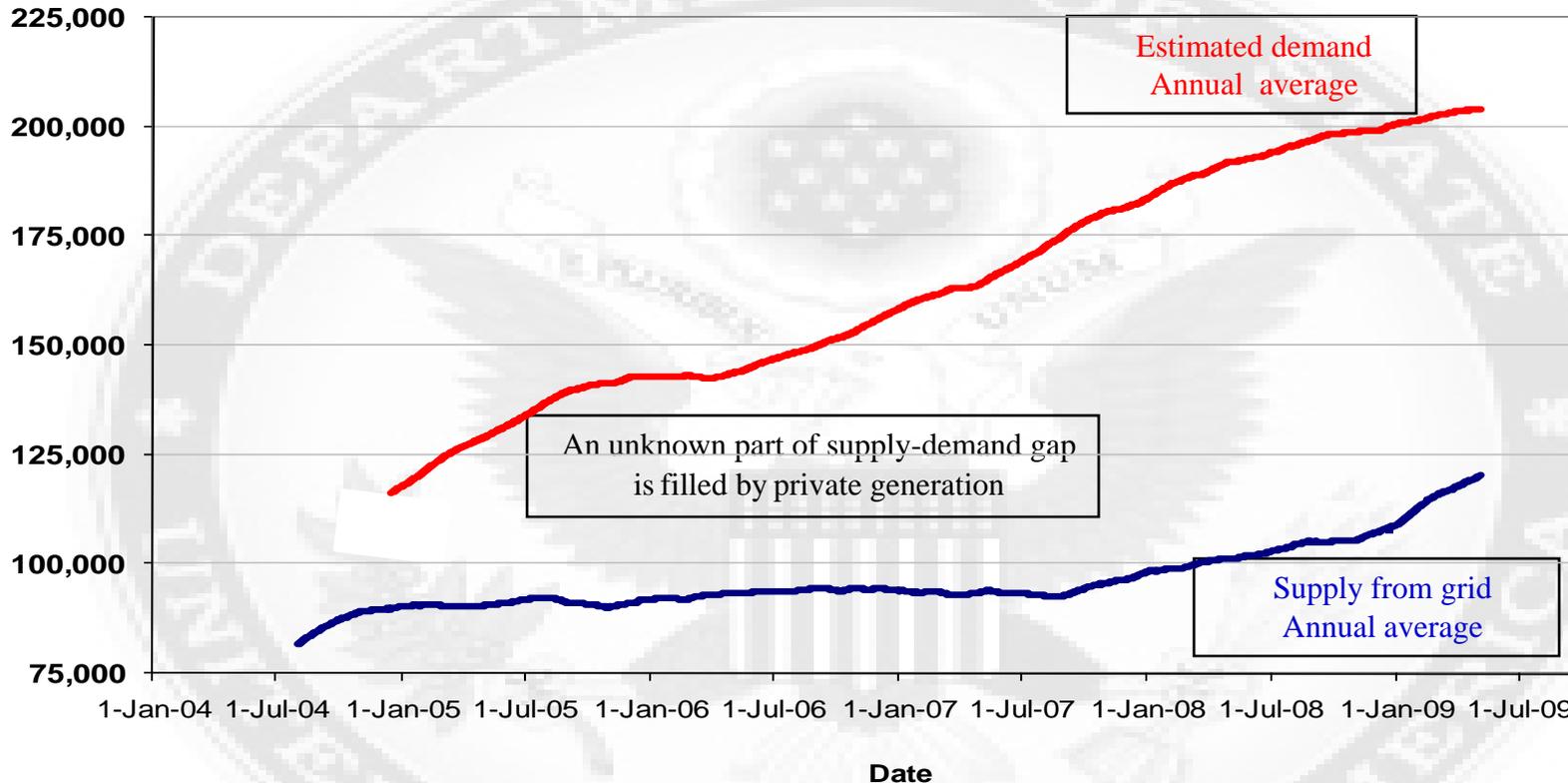
Iraq Taking Steps to Attract Foreign Investment:

- Prime Minister Nuri al-Maliki said the Government of Iraq is working to attract foreign investment to the country and is looking to create a more-investment friendly environment through measures such as permitting foreigners to own land. Speaking at an investment conference in London, Maliki said his government is taking steps to amend the legislations which would allow for foreign investors to own land in Iraq. "We need more than at any other time in the past a vibrant private sector and we (the government) will see to it that all obstacles are removed for the private sector," Maliki said.



Public Services – Electricity

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



- Daily electricity supply from the grid for April 29-May 5 was 37% above the year-earlier period and met 68% of estimated demand compared with 52% for the year-earlier period.
- Correction: Last week’s ISR reported the rehabilitation of 900 MW of existing generation units. This report was incorrect. The only actual change in generating capacity since April 1st has been the addition of more than 150 MW of diesel generators using heavy fuel oil..



Beyond Baghdad



A young boy gets a new wheelchair at a Muthanna Medical Outreach event

“...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

Kirkuk

The “Youth Voice for Kirkuk” program held an exhibition recently that showcased photographs of the province’s youth at the Kirkuk Government Building. Twelve hundred young people participated in the program which seeks to bridge the gap between younger generations and the provincial and local government. Fifty photos were selected to be displayed in order to highlight the diversity of Kirkuk. Along with a photograph, participants were asked to submit a description of their hopes for Kirkuk’s future.

Anbar

The Anbar Legal Aid Center (LAC), which is operated by Iraqi NGO Al Safa, began taking criminal and civil cases recently. The Center is designed to bring free legal aid to individuals in need, as well as educating the general public about their legal rights. The headquarters are located in Ramadi, but satellite offices have been set up to serve other cities in the province. One of the first cases will be addressing the needs of widows. LAC attorneys will work to organize cases, research procedures for obtaining benefits, and help to process files to ensure the widows receive their benefits.

Muthanna

The fourth Community Medical Outreach event was held in the city of Warka. The event was hosted by Muthanna PRT in cooperation with the 2-12 Cavalry Battalion and paired Iraqi and Coalition doctors together to increase diagnostic and treatment capacity. Three hundred forty eight patients were treated in an area widely lacking in healthcare services. In addition, the 4-1 Cavalry Brigade donated new wheelchairs to 47 disabled residents.



DIPLOMATIC – Political Engagement

GOI condemns Iranian actions in northern Iraq, while reaching out to Europe for increased investment

Iraq Warns Iran over Attacks in North:

- An official from the Iraqi Ministry of Foreign Affairs, Taha al-Abbasi, issued a statement May 5 demanding an end to Iranian shelling against Kurdish rebels in northern Iraq. The Iraqi government summoned Iranian Ambassador Hassan Kazemi Qomi to Baghdad May 4 and handed him a letter of protest warning that "extremely dangerous violations" of Iraqi territory could harm Iraqi-Iranian relations. The statement claims that the Iranians used jet fighters, helicopters, and artillery shelling in Iraqi territory and that the attacks wounded numerous villagers.

PM Maliki Leads Delegation to France:

- Iraqi Prime Minister Nuri al-Maliki led an official delegation to Paris May 4 to meet with French President Sarkozy and other senior French leadership. Maliki told an audience of French diplomats and journalists that Iraq is now safe for investment and blamed recent attacks on "defeated factions who are carrying out limited operations." Before his arrival in France, PM Maliki visited London for an investment conference, where scores of international companies expressed their willingness to invest in Iraq.



SECURITY – Situation Update

ISF target AQI with Diyala operation, demonstrating improved capabilities

ISF Operation Targets AQI in Diyala:

- Iraqi Security Force (ISF) officials announced they launched a new operation May 1 to target al-Qaeda in Iraq (AQI) terrorists and other militants in Diyala province. ISF spokesman Colonel Salam Ahmed Najim said May 5 that the ISF had killed more than 30 militants, arrested 60, and seized numerous weapon caches since the operation began.

MND-N Soldiers attacked in Ninewa Province:

- Two Multi-National Division-North Soldiers were killed and three were wounded during a small arms fire attack at a combat outpost south of Mosul May 2. According to initial reports, the person who fired on Coalition Forces was wearing an Iraqi Army uniform and was killed during the incident. Coalition and Iraqi authorities are investigating the attack.



SECURITY – Security Transition

Responsible security transitions continue

British Forces End Combat Mission in Iraq:

- British Forces ended their six year combat mission in Iraq during an official transfer of authority ceremony with U.S. Forces in Basrah April 30. U.S. troops will continue to work alongside Iraqi Security Forces in the Basrah area, which has been the hub of British military operations since 2003. British military officials have indicated that all but a small contingent of troops will withdraw by May 31, leaving 400 troops to train the Iraqi Navy.

Iraq Assumes Control of Oil Terminal:

- The Iraqi Navy assumed control of the Khawr Al Amaya Oil Terminal (KAAOT) from Coalition Forces during a ceremony April 30. Coalition Forces have maintained a presence on KAAOT since April 2004, assisting the Iraqi Navy with security for their oil platforms, through which most of Iraq's oil is loaded for export. Coalition Forces have operated jointly with Iraqi Sailors and Marines, training them in point-defense; force protection; and visit, board, search and seizure operations. U.S. and British Forces will continue to provide the Iraqi Navy with training and assistance in support of future security transfers.



SECURITY – Security Transition

Responsible security transitions continue

Coalition Detainee Population Falls to Lowest Level Since 2005:

- The total detainee population in Multi-National Force-Iraq (MNF-I) custody has dropped to 11,999 as MNF-I continues to work with the Government of Iraq (GOI), releasing detainees or transferring them to GOI custody in accordance with the Security Agreement between the two countries. Since January 1, 2009, over 3,271 detainees have been released. Additionally, 2,325 detainees are in Coalition custody that have been convicted or are at some stage of scheduling for trial in the Central Criminal Court of Iraq.

CONTACT INFORMATION



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

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<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

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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