



Remarks En Route Stockholm, Sweden

Secretary Condoleezza Rice

En route Stockholm, Sweden
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SECRETARY RICE: We are going to the International Compact meeting in Stockholm. It has been a little over a year and a half since the launch of the organizational meeting for the International Compact, which was at the UNGA in September of 2006. The first ministerial was in Sharm in April of last year, so a little over a year since the Compact was actually launched, and obviously a great deal has changed. But let me just start by saying that the Compact was always intended to be a kind of bargain between the international community and Iraq with obligations on both sides. The obligations on the side of the Iraqis were essentially to form a working state apparatus, to improve security, to be able to take – undertake certain economic reforms, and to be able to create a stable environment for economic development and ultimately for political reconciliation. And the international community, on its part, committed to some obligations, debt relief, project and technical assistance, and the effort to integrate Iran – Iraq into the international system in the post-conflict phase.

And I think it's fair to say that there has been progress on both sides, particularly we are in a very different situation now than in Sharm a little over a year ago. You do really have now an Iraq that has significantly – seen a significant improvement in the security situation, in part because of what the coalition has done but also because Iraqi security forces have become more capable. You're seeing that – you saw it in Basra. You're seeing it in Sadr City. You're seeing it in Mosul and you're seeing security forces that are demonstrating that the Iraqi Government will defend the rule of law for all of its citizens, not on a sectarian basis but for all of its citizens.

Secondly, the efforts at political reconciliation are well underway. Most of the landmark legislation about which we talked so much has been passed by what is an increasingly functional parliament. The remaining exception really to that is the hydrocarbons law, which they are working on. But whether it is the amnesty law or the provincial powers law or the elections law so that they can hold elections before the end of the year, the justice and accountability law, sometimes called de-Baathification, the passage of successive budgets – this is really a functioning system.

Now, there is still a lot of work to do. This is not an issue for the Iraqis of money. It is a matter of how they can better execute budgets, better execute the relationship between central ministries and provincial councils and local governments. That is what we've been very involved in helping them do to improve that execution. But the effort to do that can really be bolstered also by international community – by pledges that the international communities make.

Finally, the Iraqis do have still considerable work to do on matters of corruption. And that is kind of next frontier, if you will, to improve not just economic performance and political reconciliation, but to now really start to create the kind of rule and law environment in which they can expect to attract major international investment, foreign direct investment.

On the international side, a lot of progress on debt relief, technical agreement with – technical discussions with the Saudis, the potential to open up those discussions with Kuwait. And I have to say one of the things that really struck me when we were in Kuwait was to see the Iraqi flag voluntarily displayed in Kuwait given the history between those two countries. And the Kuwaitis have – Prime Minister Maliki met with the Amir of Kuwait. They had very good discussions about how to move forward. And of course with the Paris Club the debt relief agreements are all done.

I think the place that the international community can make a lot of effort now is on the project support and the technical assistance support. With the improved security situation it ought to be possible to make more progress on some of the pledges that were made for project and technical assistance. And Rubin and David will stay and give you more details.

One final point the integration of the Iraqis into regional organizations and to international organizations is moving along. We saw the Iraqis invited to become a part of the GCC, plus Egypt, Jordan and now Iraq. They – they're in good standing with the IMF, with the World Bank. They are working toward accession to the WTO. They have a very good relationship with the United Nations and Stefan de Mistura has been a really terrific Special Representative of the Secretary General, working with him on complicated issues like how to deal with Kirkuk as well as how to prepare for elections.

So there is still a lot of work to do, but this is a fundamentally different situation than a year ago. It's really a functioning Iraqi Government. And if I had to sum it up, I would say that the international community, the region, perhaps most importantly Iraqis themselves, I think recognize that this is a state that is here to stay and is now dealing with many of the problems that are – that are consistent with improving its capability as a state, a very important stage of development for Iraq.

QUESTION: So what do you – as the United States and as part of the international community, what do you get out of this, kind of? What do you hope to come away with? Is there any specific that you hope to come away with from --

SECRETARY RICE: The Compact was signed with specific obligations, and so this is really continuing to track those obligations. As I said, I think on debt relief, people have done well as one of the obligations. On beginning to integrate Iraq into the international institutions, I think it's doing very well. On project support, it'll be a chance to review how pledges that have been made, some of which people said could not be executed because of the security situation -- with the improved security situation -- to accelerate the execution of those projects.

It's not a matter of needing new pledges. This is not a donor conference. The Iraqis have just passed a \$49 billion budget. That is a budget that is the size of Kuwait, Jordan and Oman. And so this is not a matter of resources.

Yeah.

QUESTION: (Inaudible) less --

SECRETARY RICE: Tangible?

QUESTION: Yeah.

SECRETARY RICE: Concrete? (Laughter.)

QUESTION: Tangible – I mean, say (inaudible).

SECRETARY RICE: Look, that will come, alright. It will come. But if you look at the depth of engagement of Iraq with its neighbors even now, you are seeing a fundamentally different situation than a year ago or 18 months ago. I remember sitting with the Saudi Foreign Minister and having someone in the press say to him – you know, what about Iraq's civil war? And he said basically, I know Iraq. It's a strong state. It will not commit suicide.

That's where people's minds were 18 months ago. Now, you're talking about the process of bringing embassies in. Yes, that will happen. But you already have had multiple visits of Iraqi leaders to the region. And in return, I think you will – you know that the GCC, plus Jordan, Egypt and now Iraq, is committed to trying to have a meeting soon in Baghdad. So a lot has happened. The representation will come along. I'm quite certain of it.

QUESTION: What about the fact that the Sunni – the main Sunni bloc has pulled out of the negotiations. Does that erode your effort with Sunni Arab countries to try to get them to support this government?

SECRETARY RICE: First of all, I don't think that those reports are necessarily accurate. It's our understanding that the discussions continue about Tawafiq rejoining. I think there's a lot of politics going on, which is not unknown in democratic states.

QUESTION: Madame Secretary, what do you expect from this conference at first? And what about the project of the Green Zone, the \$50 billion or the \$5 billion project in the Green Zone? Do you have an idea --

SECRETARY RICE: For the Green Zone.

QUESTION: Yeah.

SECRETARY RICE: I'm not quite certain what you're referring to -- \$5 billion project.

QUESTION: (Off-mike.)

SECRETARY RICE: All right. David will cover that. Is this in terms of improvement of the --

QUESTION: Green zone --

SECRETARY RICE: Oh, redevelopment. Yeah, redevelopment of the Green Zone.

QUESTION: (Off-mike.) The Green Zone (off-mike.)

SECRETARY RICE: I think we'll go -- again, the Compact has pretty specific -- has very specific obligations on both sides. It's a chance to take stock of those.

But the thing that I think we can -- that the Iraqis can press now, and they can press it on their own behalf, is that there are -- there were pledges made in terms of technical assistance, in terms of project support. It's been, in some cases, difficult to do those because of the security situation -- security situation is improving -- to accelerate some of that support. Because the Iraqis are building a democratic state really from the ground up -- the local level, the provincial level, the national level. There are a lot of countries that have expertise in the development of justice systems. A lot of countries that have expertise in agriculture. And now getting that project support in the way of technical assistance is very important. The Iraqis are developing -- need to develop and want to develop not just their hydrocarbon sector, but they're putting a big emphasis on agriculture, on housing. Those are areas where I think technical assistance could be very valuable to them.

QUESTION: Is it too early to talk about investment from private investors at this conference? You seem to be saying that it's -- the corruption has to be tackled first.

SECRETARY RICE: No, I think it's not too early to talk about private investors. I know that there are private investors, first of all. Secondly, the Iraqis have lots of people who want to talk to them about private investment. I do think -- and by the way Iraq is not alone in this regard -- that a stable environment in terms of rule of law and the fighting of corruption improves the capability of private investors to feel secure in their investments. But I want to emphasize Iraq is not alone. One of the reasons that the Millennium Challenge Corporation puts corruption so high on the list of good governance issues is that Iraq is not alone in having a problem with corruption.

QUESTION: Can you give us an update about this revised package of incentives to Iran and where that stands and where you see that going? And of course, again, you'll be in the same room as Prime Minister Maliki and the Iranian Foreign Minister may be there, and any sense -- I know, usually late or something, but just talk about where you see the Iran nuclear package going now?

SECRETARY RICE: I think right now the Iranians have a lot of explaining to do about the IAEA report, which essentially sees them as not cooperating on some very important questions that the international community has about their programs. And we're going to continue along the two tracks. There is a package of proposals. I think the original package was very generous, and gives Iran a course to integrate itself into the international community. This package is perhaps somewhat more explicit about some of how that would work, but I think we have a kind of agreement among the six that we are going to talk to Iranians first through Javier Solana and we're waiting for that to be set up. But the major question on my mind today is how are the Iranians going to answer the quite serious questions of non-cooperation?

QUESTION: When you're talking tracks, you mean U.N. and then our own --

SECRETARY RICE: No, by two tracks I mean the two tracks that the six have, which is the U.N. Security Council track, where we passed a resolution, and then the Solana and negotiations track. But obviously we also continue to deny Iran access to the international financial system to pursue its ill-gotten gains. And there's no doubt that the treasury continues to monitor that and to look for places where designations make sense.

QUESTION: (Inaudible) sanctions now?

SECRETARY RICE: Well, I think everybody has to have a chance to adjust the IAEA report. I've made the point several times that the U.N. Security Council resolutions are important, because they demonstrate to the Iranians that this is not about the west or the United States, it's about the entire international community. But there is a collateral effect of those, that isn't necessarily written into the resolution, and that is that people look with skepticism on investment in Iran for reasons of reputation, reasons of investment risk and, of course, no one wants to run afoul of U.S. designations.

QUESTION: Madame Secretary, you said that the first package was very generous. Did you mean that the second is not or don't you back the second one?

SECRETARY RICE: The second package is not unlike the first. I mean, it's the same general approach. But I just said that the second has more -- it has been refreshed or updated to take account of possible details that the Iranians may be interested in. But both packages are in very much the same line.

QUESTION: I just want -- I'm trying to figure out exactly -- if you're not really expecting anything in terms of deliverables out of -- I mean, I don't even want to use the word deliverable? I am using it. But, I mean, what -- why is this meeting being held at your level?

SECRETARY RICE: Because this compact is a very important affirmation of where Iraq stands today, as opposed to where Iraq stood a year ago. And there are a lot of people who are having trouble making the transition in their minds -- I don't mean in the international community. I mean perhaps, more broadly, from how Iraq looked in 2007 and how Iraq looks now: an Iraq that -- where there were questions about whether its security forces would ever defend the Iraqi population; of whether the state would ever create institutions that could function like parliaments; of whether they could pass reconciliation legislation; of whether they could reconcile with their neighbors, let alone reconcile among themselves.

Now, I'm not -- the work is not done. And so the international community needs to stand by Iraq, as it continues to move ahead. But this is a functioning state. And it's extremely important to get together to review that and to help it become now a more capable functioning state. Because an Iraq that is capable and functioning and on its way to its second round of democratic elections is going to make a very big difference in this region and in the world. And so everybody has a big stake in continued progress of Iraq.

QUESTION: (Inaudible) the countries and who will be represented at the meeting are among those a lot of people were having trouble, or are these countries -- are you trying to, like, light a fire under some of these countries who are --

SECRETARY RICE: I think that normal relations are developing between Iraq and its neighbors. Normal relations are developed between Iraq and the rest of the international community. But this is a country that's been through an extraordinary -- extraordinarily difficult time over the last several years, and before that under the nightmare of tyranny for decades. It's a country where the normalization of relations also means overcoming not just the last four of five years, but remember that relations between the international community and Iraq have not been normal since Saddam Hussein invaded Kuwait in 1990. So this is a process of normalization with the international community.

As their process unfolds, and given the state of the international community and the full development of that normal process, that normal set of relations, how can the -- what kind of assistance can be given to the Iraqis? Technical assistance in building a civil service that is capable and decent. Technical assistance in building local and provincial capability. Iraq is fortunate in that it doesn't need donor conferences like so many other post-reconstruction states -- post stabilization states do. But that doesn't mean that it doesn't need help. It doesn't mean that it doesn't need the assistance of its neighbors, the assistance of functioning democratic states to help it build the structures and the institutions of governance. And that's the stage in which it finds itself now. It's going to have a lot of work to do to build a diverse economy and again, I want to remind everybody this goes back to 1990. It's not that agriculture doesn't function as a result of 2003. It's that agriculture doesn't function as a result of the unexpected, unintended consequences of oil for food, for instance. So the international community, because of that history, has I think an obligation to help the Iraqis get on their feet. This is not just an obligation of the United States.

QUESTION: Do you (inaudible) when people come and say, well, you guys created this problem in the first place. You can go back to them and say, well, oil for food, everyone signed off for it well before the war.

SECRETARY RICE: The situation with Iraq has not been normal. Before that, they were just a huge threat. Then, there was a war in 1990, 1991. The invasion and then the war. And there were certain sanctions put on Iraq that I think are unparalleled in international -- probably in international history. I don't know. Maybe the ones that were put on Germany at Versailles. But the sectors that were essentially put out of business by that now need to come back into being. Two-thousand and three liberated the Iraqis from Saddam. It's been an extraordinarily difficult period, and now they are beginning to reconcile among themselves, beginning to reconcile with their region, and beginning to reconcile with the international community. And you can think of the Compact as a kind of roadmap for that reconciliation. Sure, I think the road map is a good thing.

QUESTION: What about Iran, though? Is Iran's influence not also growing in Iraq? Or maybe you think --

SECRETARY RICE: Last question about Iran's influence, okay? Okay. I think the Iranians learned a fairly tough lesson by arming and training militias in Basra who, when they went up against the state power, lost. And then all of a sudden from the Iranians' point of view, they were just criminals anyway. Well, they were criminals that the Iranians had armed and trained. So I think the issue of interference in Iraqi affairs is an issue that the Iranians have to answer for.

I do think that the way that the coalition has dealt with this and is dealing with this is that you have a sovereign Iraqi Government, and whatever we do with the Government of Iraq, it recognizes that it is sovereign. It recognizes that it takes decisions that are based on that sovereignty and it recognizes that this -- that these have to be partnerships between a sovereign state and other sovereign states. And Iraq's neighbors need to act in the same fashion.

QUESTION: One on Lebanon? How did you take President Suleiman's speech or -- at the Parliament? How did you assess that?

SECRETARY RICE: First of all, we very much look forward to working with the new President of Lebanon. We've long supported his election. I'm very glad for the Lebanese people, in particular, that it's finally taken place. And he is someone that we believe will defend Lebanon's interests, Lebanon's independence, Lebanon's sovereignty, and Lebanon's democracy. And we will continue to work with him and those are all elements that he emphasized in his speech. Thank you.

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