

2006 AMBASSADOR SPEECHES

“Iraq: A Status Report,” Ambassador Zalmay Khalilzad at CSIS the Center for Strategic & International Studies

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Thank you, Zbig, for this very, very kind introduction. Many of you know that the Twelver Shia speak of certain individuals whom believers should seek to imitate, calling them the marjaiyya. To many of us who are playing policy roles but who have academic backgrounds, Zbig, you are a source for imitation. I also want to thank CSIS for giving me this opportunity to share my assessment of the situation in Iraq and my view on the way ahead, as well as to engage in some questions and answers.

I will give my bottom line up front. I believe Americans, while remaining tactically patient about Iraq, should be strategically optimistic. Most important, a major change – a tectonic shift – has taken place in the political orientation of the Sunni Arab community. A year ago, Sunni Arabs were outside of the political process and hostile to the United States. They boycotted the January 2005 election and were underrepresented in the transitional national assembly. Today, Sunni Arabs are full participants in the political process, with their representation in the national assembly now proportional to their share of the population. Also, they have largely come to see the United States as an honest broker in helping Iraq’s communities come together around a process and a plan to stabilize the country.

Moreover, al Qaeda in Iraq has been significantly weakened during the past year. This resulted, not only from the recent killing of Zarqawi, but also from the capture or killing of a number of other senior leaders and the creation of an environment in which it is more difficult and dangerous for al Qaeda in Iraq.

These are fundamental and positive changes. Together, they have made possible the inauguration of Iraq’s first ever government of national unity – with non-sectarian security ministers, agreements on rules for decision making on critical issues and on the structure of institutions of the executive branch, and a broadly agreed upon program. They have also enabled political progress that resulted in the recent announcement by Prime Minister Maliki of his government’s National Reconciliation and Dialogue Project.

However, at the same time, the terrorists have adapted to this success by exploiting Iraq’s sectarian fault line. A year ago, terrorism and the insurgency against the Coalition and the Iraqi security forces were the principal sources of instability.

Particularly since the bombing of the Golden Mosque in February, violent sectarianism is now the main challenge. This sectarianism is the source of frequent tragedies on the streets of Baghdad. It is imperative for the new Iraqi government to make major progress in dealing with this challenge in the next six months. The Prime Minister understands this fact.

Today, I will discuss the status of these efforts, noting the achievements we have attained and the further steps we intend to take in partnership with the new Iraqi government.

Enhancing Iraqi Unity to Contain and Defuse Sectarian Violence

Containing sectarian violence will require political and security steps. On the political track, several steps are needed to enhance unity among Iraqis.

First of all, Iraqi leaders must build a consensus to address several issues that arise out of the new constitution. Because Sunni Arabs were underrepresented in the assembly that drafted the constitution, the document provided a fast-track amendment process under the new, fully representative national assembly. One of the central and difficult issues will be the constitutional provisions governing future federalization of Iraq – that is, the process, timing, and rules for creating federal regions beyond the Kurdish area.

The constitution also requires the assembly to enact the legislation to govern the development of the country's oil and gas resources, including the role of the national government in allocating revenues.

Another constitutionally mandated action involves the creation of a commission to review de-Baathification. There is agreement among most Iraqis that there have been excesses in this process. The right approach is to subject those who committed crimes under the previous regime to the judicial process and to achieve reconciliation with those who were Baathists but who did not commit crimes.

Second, beyond these constitutionally driven issues, the new government's efforts to enhance the unity of the Iraqi people will be channeled through Prime Minister Maliki's National Reconciliation and Dialogue Project. This is a bold initiative, which puts all of the toughest issues on the table for resolution.

The central goal of the national reconciliation project is to bring insurgent elements, who are currently in the armed opposition, into the political process. Many insurgents have fought the Coalition and the Iraqi government as a result of misplaced fears that the United States was seeking to occupy Iraq indefinitely or was motivated by a

sectarian agenda. Now many are considering the pursuit of their goals by means of other than violence. Also, a greater sense of realism has set in among Iraqi political leaders. Sunni Arab leaders are realizing that nostalgia for their past dominance is not the basis for a realistic political strategy. Shia Arab leaders are coming to see that seeking vengeance against other groups for Saddam's crimes or attempting to exclude Sunni Arabs from playing a role in government is not a realistic option. Consequently, a growing understanding exists that reconciliation with most elements of the current armed opposition is both possible and essential for stabilizing Iraq, as evident from the fact that some insurgents have asked to be armed by the Iraqi government in order to fight the foreign terrorists.

As the Iraqi government and reconcilable insurgents come together, the question will arise of granting amnesty to those who have committed violent acts in the current conflict. Iraqi leaders understand that every war must end and that ending wars inevitably requires amnesties of some kind. A broad amnesty was issued at the end of the American Civil War. Many other recent internal conflicts have ended with broad pardons or amnesties. Recent examples include El Salvador, Sierra Leone, Mozambique, South Africa, Angola, and Indonesia. Afghanistan has implemented a process to allow all but a few former Taliban to renounce their past and to reintegrate into Afghan society.

I understand that some in the United States reacted negatively to the concept of granting amnesties. We will work with Iraqi leaders to find the right balance between reconciliation and accountability and to ensure that the sacrifices of those who died or were injured in the liberation of Iraq are honored. There will not be a double standard that grants amnesty to those who killed soldiers in the Coalition but not to those who killed Iraqis. The American people can rest assured on that point. The biggest honor for soldiers and civilians who sacrificed to end the threat from Saddam's regime and to liberate the Iraqi people is for the cause of a democratic Iraq to succeed and for those Iraqis who initially fought this change to accept the new order.

Building Effective Security Forces and Establishing Enduring Security

In parallel with political efforts, the Iraqi government, with the support of the Coalition, must increase the effectiveness of Iraq's security forces and adjust our security operations to meet the challenge of controlling sectarian violence. This will require adjustments and new efforts in six areas.

First, the Iraqi government and the Coalition will continue to improve Iraq's security forces. In the last twelve months, Iraqi security forces have grown from 168,000 to more than 265,000. By the end of this summer, about 75 percent of Iraqi Army

battalions and brigades will be leading counterinsurgency operations, with the Coalition playing only mentoring and supporting roles. By the end of the year, all Iraqi Army units are expected to be in the lead in their operations. Nevertheless, there is still much work to be done. Iraqi units must be fully manned, and the Iraqi army and particularly the police need to achieve higher levels of readiness. We are also implementing plans to accelerate the evolution of the Iraqi Army from a light force that is dependent on the Coalition for logistics and combat support into a heavier force that not only can take on well-armed enemy units more effectively but also can operate with less reliance on the Coalition. We will also have to maintain a long-term commitment to developing effective military leadership, as well as to working with the Iraqi government on the progressive modernization of their forces.

Second, there is a need for measures to ensure that Iraq's security institutions are capable of winning the confidence of all Iraqi communities – a confidence that Iraq's forces must secure if they are to be instruments for curbing sectarianism. Unfortunately, there have been instances in which Iraqi forces gave way to or even cooperated with sectarian militias. To counter this problem, Prime Minister Maliki, as well as Minister of Interior Boulani, has made the reform of the Ministry of Interior, including the purging of sectarian forces from the police, a top priority. It is vital that these changes take place as quickly as possible. The Coalition will assist through interim measures, such as increasing the vetting of recruits and embedding advisers with police units, to have an immediate impact in the conduct of the police. Also, General Casey and I have worked with Iraqi leaders to create a joint group to assess the capabilities and requirements of Iraq's security forces and to monitor such critical issues as the reform of the Ministry of Interior.

Third, as this institutional foundation is strengthened, the Iraqi government will be in a position to reestablish the state's monopoly on force, which is a central task of state building. Prime Minister Maliki understands – and is committed to undertaking – the next steps that are essential to the completion of this task. The need to demobilize unauthorized armed groups, including militias, is a critical part of this. Although this will be politically difficult, the new Iraqi government understands that it is necessary, both to stabilize Iraq and to reduce sectarian violence. Iraqi leaders, with Coalition support, are developing a program for the demobilization and reintegration of unauthorized armed groups, which will be implemented as insurgent activities diminish as part of the reconciliation process. As the Prime Minister undertakes this challenge, he can count on American support.

Fourth, the Iraqi government and the Coalition will take advantage of reconciliation efforts to weaken and destroy the terrorists and other irreconcilable elements. Prime Minister Maliki understands the importance of reaching out to the maximum extent to groups who are willing to lay down their arms, provided that they accept the new

democratic Iraq and fully cooperate in helping target those who persist in engaging in terrorism. We support this view because it will help to reduce the violence in Iraq and support other measures to defeat the terrorists.

A chasm has been developing between al Qaeda and those Sunni Arabs in Iraq who have been part of the armed opposition. Previously, many Sunni Arab insurgents saw al Qaeda's operations as beneficial for their own cause. Now, the Sunni Arabs increasingly understand that the terrorists are not interested in the future of Iraq and that al Qaeda's leaders see Iraqis as cannon fodder in an effort to instigate a war of civilizations. More and more, Iraqi Sunni Arab insurgents reject this cynical game. Osama bin Laden's specific denunciation of Sunni Arab political leaders, such as Vice President Tareq Hashami, and recently captured documents indicate that al Qaeda's leadership know that they are losing ground as a result of Iraq's reconciliation process. They know that if reconciliation goes further and begins to hollow out the Sunni Arab armed opposition, it is a mortal threat to their terrorist movement.

Fifth, as political reconciliation proceeds, the Coalition and the Iraqi government will carry out a series of focused stabilization operations to develop enduring security in major cities, particularly Baghdad. General Casey is leading the Coalition's effort to adjust the military strategy to focus on containing sectarian violence. Our stabilization operations will build up Iraqi forces in an area, while at the same time working with local leaders to implement programs to improve local governance and jump start economic development. A key requirement for Iraqi forces will be to go after those groups engaged in sectarian violence. Iraqi forces, with Coalition support, must establish an environment that poses sufficient risks to deter militant sectarians from launching attacks.

Sixth, the Coalition will be able to adjust its forces as Iraqi security forces stand up and as the security situation improves. Both the Iraqi government and the Coalition agree that the goal is for Iraq to stand on its own feet in terms of providing for its own security and that dangers exist in going too fast or too slow in drawing down Coalition forces. General Casey and I are discussing with the Iraqi government the formation of a joint commission to work towards the conditions-based withdrawal of Coalition forces. This will complement the joint commission on the transfer of security responsibilities, which has already produced an agreement on the first transfer – in Muthanna Province – to take place on July 13. This action demonstrates that as Iraqi security forces are ready to succeed in securing an area, responsibility for it will be turned over to them. This process will be based on continuing assessments of the security situation and Iraqi capabilities to handle it. If current progress remains on track, the Coalition will be able to continue its drawdown of forces.

Mobilizing Increased Regional and International Support

Besides ending sectarian and terrorist violence, Iraqi leaders have before them other opportunities and challenges, each of which can be used to support Iraqi efforts to stabilize their country. One opportunity that Iraqis are taking advantage of is the positive shift in regional and international assessments of Iraq's future.

More and more countries see the political change that has taken place in Iraq as enduring and even beneficial. At the regional level, several countries, including Saudi Arabia are encouraging Sunni Arab insurgents to move toward reconciliation. This is part of a process of regional reconciliation, which is leading to an improvement in relations between Iraq and other Arab states. An indication of this positive development is the recent series of visits by Prime Minister Maliki to Saudi Arabia, the United Arab Emirates, and Kuwait. These visits included potentially significant agreements for investment and assistance.

In addition, a number of countries and firms, including major energy companies, have approached the Iraqi government, proposing to increase their involvement in Iraq, to make investments in important Iraqi economic sectors, and to commit to binding contracts. These developments represent a shift, reflecting a calculation that the new Iraq is increasingly likely to succeed.

The Iraqi government has secured an agreement for the United Nations to co-chair a process to develop a compact between Iraq and the international community. Under this compact, Iraq will commit to specific goals and timelines for economic and other reforms in exchange for commitments for assistance from Coalition allies, the IMF, the World Bank, and other nations, including those who may have opposed Iraq's liberation but who now have a stake in seeing a prosperous Iraq. We will support this effort. Deputy Secretary of the Treasury, Robert Kimmit, will lead the U.S. government's engagement in this process, as well as State Department Counselor Phillip Zelikow.

However, at the same time, we have to be candid in acknowledging the challenge posed by a few countries, such as Syria and Iran. Tehran has played a role in providing extremist groups with arms, training, and money. The Iraqi government is increasingly concerned about Iran's destabilizing actions. Iran must decide whether it is irreconcilably opposed to a stable, strong, and democratic Iraq. If Iran persists in its unhelpful actions, the Iraqi government, as well as the United States and other friends of Iraq, will need to consider necessary measures to deny to Tehran the ability to undertake destabilizing policies.

Realizing Iraq's Economic Potential

All of the efforts to stabilize Iraq, both internally and internationally, will be bolstered by the new Iraqi government's efforts to realize the country's economic potential and to increase economic opportunity for the Iraqi people. There is a huge gap between Iraq's economic position and its potential. Iraq used to have one of the most prosperous and advanced economies in the Middle East. Under Saddam, mismanagement and wasteful spending on military conflict threw away those advantages.

To recover, Iraqis must do much for themselves to set their economic house in order – and they are. They have made an important down payment on the reduction of counterproductive subsidies for gasoline and other fuels. They are also picking up a major share of the cost of sustaining their security forces. The Iraqi government is in the process of drafting new legislation to encourage domestic and foreign investment. It has also tapped into international expertise to assist its own experts in drawing up new hydrocarbon laws, a necessary first step in developing its oil and gas sectors. And as a signal of its intentions to move beyond the old thinking that kept Iraq from participating in the international economy, legislation to open the fuel retail sector to market prices and international players has been put before the national assembly for its consideration before its August recess.

The Iraqi government's new economic team, led by Prime Minister Maliki and Deputy Prime Minister Barham Saleh, have the right priorities. They have emphasized increasing oil production, improving basic services, developing a safety net for the poor, and promoting investment. They understand the need to diversify the economy, particularly by jump starting the housing and agriculture sectors. They are prepared to move forward in privatizing viable state-owned enterprises, establishing a modern financial and banking sector, and investing in needed infrastructure in transportation, communications, and health. Prime Minister Maliki understands the importance of curbing corruption, both by undertaking reforms to increase transparency and reduce opportunities for abuses and by strengthening institutions to fight corrupt practices. The United States and other friends of Iraq will help the new government to deliver results in these areas to the Iraqi people.

Conclusion

In my remarks, I have explained the path to success in Iraq – the actions that the Iraqi government, the United States, and other members of the Coalition see as the keys to achieving the strategic goal of a stable and representative Iraq. The Iraqis are going through a difficult transition, simultaneously facing the challenges of state and nation building while also fighting vicious terrorists. Iraq's leaders have committed themselves to a course of action that can succeed. None of the steps in

this strategy are easy, but all of them are doable.

I want to end by saying a word on the importance of succeeding in Iraq. I am aware of the dangers of staying too long in Iraq, as well as the risks of leaving too soon, before success is ensured. A precipitous Coalition departure could unleash a sectarian civil war, which inevitably would draw neighboring states into a regional conflagration that would disrupt oil supplies and cause instability to spill over borders. It could also result in al Qaeda taking over part of Iraq, recreating the sanctuary it enjoyed but lost in Afghanistan. If al Qaeda gained this foothold – which is the strategy of the terrorists – it would be able to exploit Iraq's strategic location and enormous resources. This would make the past challenge of al Qaeda in Afghanistan look like child's play. Finally, a precipitous withdrawal could lead to an ethnic civil war, with the Kurds concluding that the Iraqi democratic experiment had failed and taking matters into their own hands and with regional powers becoming involved to secure their interests.

Whatever anyone may have thought about the decision to topple Saddam – whether one supported it or not – succeeding in Iraq is now essential to the future of the region and the world. Most of the world's security problems emanate from the region stretching from Morocco to Pakistan. Shaping its future is the defining challenge of our time. What happens in Iraq will be decisive in determining how this region evolves. Therefore, the struggle for the future of Iraq is vital to the future of the world.

Thank you.