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## On-the-Record Briefing at a Press Roundtable on Iraq

**Ambassador David Satterfield, Senior Advisor to the Secretary of State and Coordinator for Iraq**

Washington, DC

April 9, 2007

**AMBASSADOR SATTERFIELD:** (In progress) -- time and space for a political reconciliation process to move forward, can help Iraq on the economic side through commitment of our resources, to bring into play the assets Iraq possesses in its own economy to the benefit of the Iraqi people. This is a transition period, a transition period in which we are helping Iraqis to succeed and helping them to take the lead.

And how are they doing? On security, while it is still early days and our commanders in the field have made clear that it will be months, not days or weeks, before a definitive assessment can be made, we nevertheless see positive signs on the ground in terms of a significantly diminished level of sectarian killings, where we see civilian casualties overall except from al-Qaida suicide bombs diminished; Iraqi forces performing well in the field and most importantly performing in an even-handed manner, challenging all of those, whatever their sectarian or political identity, who are engaged in violence or the threat of violence; security decisions being taken by security commanders and not influenced by political considerations. These are important steps. The Iraqi army, the Iraqi security forces are doing well, as are our forces. But this has to be sustained over time, and it has to be sustained to provide, as I said at the beginning, a window, time and space for political reconciliation to move forward, for the government to move forward in provision of economic resources to its people and economic opportunities for all Iraqis.

There we have seen some encouraging signs. A hydrocarbon framework law has been approved by the Council of Ministers and is being prepared for consideration by the Iraqi parliament. A significant reform of de-Baathification legislation has been proposed by the Presidency Council-- that's President Talabani and his Shia and Sunni Vice Presidents -- for consideration by the Council of Representatives.

But other steps need to be taken. The hydrocarbon package has to be completed. De-Baathification reform has to actually move forward through debate in the parliament to implementation and execution. And other steps: holding of provincial elections on the basis of a free and fair electoral law; pursuit of constitutional reforms that provide for the maximum degree of inclusiveness and representation of all groups in Iraq and its (inaudible) demobilization

and reintegration of militias. Those also need to move.

Iraq needs to mobilize its economic resources and it hasn't. This is a country with over \$12 billion in resources within its budget, but they need the mechanisms to execute that budget, and that is where we are focused, we and our partners, over this year ahead. It's why we have justified to the Congress the extraordinary step of asking for U.S. taxpayer monies on the economic side for a country that has resources of its own. It is so important that money be moved to help stabilize and sustain the gains made on the military, the security side, that we're prepared to help transition with our money during the course of this year to a full Iraqi lead in budget execution, their budget execution in subsequent periods.

Can success be achieved in Iraq? We believe the answer is yes. But the route to that success is not by setting out arbitrary conditions or arbitrary deadlines for the presence of U.S. forces. The way to success is not by attempting to impose upon a fluid, diplomatic, political and military situation the kind of rigid conditions which may make sense from a political standpoint in the United States but make no sense or, worse, are counterproductive in the reality of Iraq.

I'm happy to take your questions.

**QUESTION:** If I can begin, Ambassador, Mark Finkelstein from Newsbusters. You mentioned that we cannot let the will of the Iraqi people be thwarted. You know, we have those demonstrations in Najaf by many supporters of al-Sadr. To what extent do you feel that those demonstrations reflect the will of a significant portion of Shias in particular in Iraq?

**AMBASSADOR SATTERFIELD:** I think the small size of those demonstrations is an indication of the limited appeal of Muqtada al-Sadr's rhetoric at this moment. With respect to the presence of coalition forces, do we understand that many in Iraq would prefer that foreign forces are not there? Of course we do. And we have since the beginning. But we are there, we and our partners in the coalition, at the request of the Iraqi Government. And we are there despite all of the reports to the contrary at the request, I believe, of the majority of Iraq's people. They may not want foreign forces present, but when you ask them, "Do you want Americans to leave now," the answer is overwhelmingly no. They want to see a way forward so that Iraqis can be responsible for the security of their country, but there is a recognition that that time has not yet come.

**QUESTION:** Ambassador, this is Scott Johnson from Powerline. Can you say anything about the infiltration of the Iraqi police forces by militias?

**AMBASSADOR SATTERFIELD:** There is a significant problem with the presence of political -- partisan political or militia-oriented -- sectarian militia-oriented elements within many elements, many units of the Iraqi police forces -- not all, but many units -- as well as within the Ministry of Interior. This has been a significant concern for us, as it is in the current Minister of the Interior, as it is for the Iraqi Government now. The Iraqi army is in much stronger, much better, much less sectarian shape, and they have performed extremely well. The police forces need work.

**QUESTION:** Who's working on it?

**AMBASSADOR SATTERFIELD:** We are focused upon it, as is the Iraqi Government. And it is -- focused upon it means pulling police units for scrubbing, vetting, better training, supervising the work that they do with Iraqi regular army

units overseeing as well as coalition forces overseeing. It's a longer-term challenge. It is a significant problem. But it is a problem that we and Iraqis are working on.

**QUESTION:** Ambassador Satterfield, this is Victoria Coates with Redstate.

(Inaudible) new employees dedicated to the provincial reconstruction teams that showed up over the last couple of weeks and I know that they're obviously new to the country, but I was wondering if you could speak to any of the specifics of --

**AMBASSADOR SATTERFIELD:** Sure.

**QUESTION:** -- their plans. And I'm particularly interested in what plans are for the Iraqi banking system, the central banking system, and the regional banking system.

**AMBASSADOR SATTERFIELD:** Sure. We talked about the commitment the United States is making in terms of additional military forces and additional economic resources to help move forward Iraq to stability. But we are making another commitment as well. On the civilian side, we are also surging. We are doubling the number of our Provincial Reconstruction Teams from 10 to 20. We are increasing the number of staff by several hundred who will manage those teams. And the way the staff had been chosen, I think, is very significant.

We went out to the brigade commanders, each and every one of them, in those conflict areas where these new civilian teams, civilian assets, will be embedded, co-located with our combat brigades in Anbar Province, in Baghdad itself, in North Babil. And we asked the commanders, "Who do you need? Tell us the numbers. Tell us the kinds of people. Do you need -- do you need urban planners? Do you need agronomists? Do you need specialists in rule of law? Do you need veterinarians? Who would help you achieve your mission: security, stability, building opportunity for Iraqis?"

And they came back with their responses and those are the people that we are now in the process of recruiting and sending out. We think this is a significant commitment, but it also should work towards the achievement of a significant goal, which is to provide points of progress and points of success in building outside the city of Baghdad, outside the green zone, the kinds of institutions, the kinds of support for civil society, for moderation that will be critical to the future of Iraq.

Now, the banking system; we've placed quite a bit of emphasis over the course of the last two years on working to build banking institutions. You may know that up to a quarter of any Iraqi unit in the army is absent at any one time not because of defection or because of attrition, but rather because they are traveling to or from their homes in order to get their pay and bring the pay to their families. Well, this is not an acceptable situation. So we are working to build institutions that allow Iraqis to transfer monies, particularly for the security force pay, in a much more effective and efficient manner.

**QUESTION:** Thank you. And actually just to -- a quick follow-up -- is there any plan to also implement or use that system or exploit that system to encourage small business growth and even outside investment in Iraq?

**AMBASSADOR SATTERFIELD:** Well, we have worked separately on encouraging the growth of small and micro enterprises in Iraq. Because of the weakness of the banking system of encouraging the growth of banking institutions that

are capable of providing mortgage loans, soft loans, easier credit, to achieve exactly that aim, we believe there is great value in Iraq, as elsewhere in the region and beyond in the small and micro-lending, micro-enterprise encouragement and incubation process.

**QUESTION:** Ambassador, Steve Schippert with Threatswatch. My question has to do with Iran.

**AMBASSADOR SATTERFIELD:** Yes.

**QUESTION:** And Friday, Foreign Minister Motaki said that he had sent a letter to Iraq demanding the release of the Iranian "diplomats," the Irbil five.

**AMBASSADOR SATTERFIELD:** Yes.

**QUESTION:** And an interesting quote from him today said that "We are serious about the way we will confront those behind the arrest of the Iranian diplomats in Iraq." I was wondering if the State Department has any kind of a response to the push from the Iranians to get the Irbil five released and if the State Department has a position on the proper characterization of those in custody.

**AMBASSADOR SATTERFIELD:** Well, the U.S. Administration certainly does and we do not regard those individuals as diplomats, nor does the Iraqi Government. They are operatives, officers of the Revolutionary Guard Corps Qods Force. They had no diplomatic status at the time that they were seized or at present, nor did the facility in Irbil have any formal diplomatic status at the time the raid took place.

They are security detainees. They were apprehended under the rubric of force protection. We will continue to do what is necessary to protect our forces in Iraq. With respect to their ultimate disposition, that is an element for consideration as we would with any security detainee.

**QUESTION:** And the second question that you may or may not have an answer for, which I would respectfully accept, earlier, there was a release of the second in charge of the Baghdad embassy for Iran. And he has been claiming that he was, of course, abused, tortured by the CIA. I found it particularly curious that a regime that made such effective use of imagery while they had the British captives, they did not air the bruises that they said they had on the gentleman. Have I missed a reaction from the State Department on that or has that been kept fairly quiet?

**AMBASSADOR SATTERFIELD:** We have no position on this individual. The United States has no connection whatsoever, categorical on that, to the circumstances of his case. We are not aware of what those circumstances are. It has been described as a "kidnapping." Again, we have no ability to validate one way or the other exactly what transpired with respect to that individual or to his fate or to his release.

**QUESTION:** Understood. Thank you very much.

**QUESTION:** Ambassador, this is Scott Johnson, if I could impose on you maybe for --

**AMBASSADOR SATTERFIELD:** Sure.

**QUESTION:** I don't know how much time you have.

**AMBASSADOR SATTERFIELD:** Oh, certainly.

**QUESTION:** Of course, thank you, sir -- and how many other folks are on the call -- I wondered if you could -- I didn't prepare properly for this call because I'm still at work, but I wondered if you could say anything about the missing 9 or 10 billion or \$12 billion that goes back over the past four years that I think went through State Department in connection with reconstruction efforts?

**AMBASSADOR SATTERFIELD:** Let me clarify the numbers that are under discussion here and I'll -- the figures are in the range of \$8 billion-plus. These were Iraqi -- and I want to underscore that -- these were Iraqi not U.S. taxpayer monies. They were funds the Iraqi Government possessed through the development fund for Iraq. That's where oil revenues were placed. Their execution or administration in terms of transfer to Iraqi Governmental entities against projects were managed by the Coalition Provisional Authority.

The Special Inspector General for Iraqi Reconstruction Stu Bowen, with whom we have worked very, very closely, has identified and has reported on major deficiencies, as he would describe it, in the manner in which oversight and accountability of those Iraqi monies was handled. It is not to say -- and here, I hope I am not misquoting the Special Inspector General, that \$8 or \$9 billion were lost, but that a precise and suitably transparent accounting of how all those monies were spent is lacking. And in that the Coalition Provisional Authority bore responsibility for the transfer of those funds, that is an issue which is not only Iraqi in terms of concern, but relevant to the performance of that now disestablished entity of the U.S. Government.

**QUESTION:** Following up on a question that Steve asked, I wondered if you could address the security situation with respect to the borders between Iraq and Syria and Iran.

**AMBASSADOR SATTERFIELD:** Before I do, I'd like to make one other point that you might want to include on the "lost" 8 billion issue -- I put lost in quotes -- and that is the following, that as a consequence of the work done by the Special Inspector General and changes after the disestablishment of the Coalition Provisional Authority in the summer of 2004, dramatic changes in the way in which oversight and accountability for monies were imposed took place. And the Special Inspector General has validated that current control methods are, in fact, adequate to assure the transparency that was not present during CPA times.

**QUESTION:** If I could just say one of the reasons I asked is I've heard Al Franken out here in Minnesota, who is now running for Norm Coleman's Senate seat, talk about this and I just haven't seen anything reported that the help --

**AMBASSADOR SATTERFIELD:** There has been extensive testimony on this which Stu Bowen and I have provided on numerous occasions, as recently as a few weeks ago -- just, I think, two weeks ago to the Congress in which we have made clear, first, that these are Iraqi monies, not U.S. funds. The issue of 8 billion stolen dollars is a wildly inaccurate characterization of the Special Inspector General's finding. The findings are significant. There was not adequate accountability or supervision of how those monies were spent or documentation of expenditure of funds

against specific items or services acquired.

And that is a genuine problem which was addressed subsequently by the Administration post-CPA. But it is an issue of that period, not the present.

**AMBASSADOR SATTERFIELD:** Now your question about security?

**QUESTION:** With respect to the borders.

**AMBASSADOR SATTERFIELD:** The fact is, as has been the case since 2004, the majority -- some 85, 90 percent of all suicide bombers, the people who are blowing up innocent Iraqi men, women and children, are coming across the Syrian border. They are 80 to 90 percent-plus foreign, not Iraqi in nationality. There is a reason why these individuals are transiting in those numbers through Syria and not through Jordan, not through Saudi Arabia. Syria has a responsibility, an obligation as a sovereign government to take control of its territory and its borders and stop this transit.

**QUESTION:** Actually, could I follow up on that quickly?

**AMBASSADOR SATTERFIELD:** Sure.

**QUESTION:** This is Victoria Coates again. I was wondering if there had been any response in Baghdad to Speaker Pelosi's trip to Syria, if the Iraqis --

**AMBASSADOR SATTERFIELD:** In Baghdad?

**QUESTION:** Or just if the Iraqis, if the government felt that this was (inaudible) --

**AMBASSADOR SATTERFIELD:** I actually have seen -- I have seen no such response.

**QUESTION:** Okay. So they didn't -- sort of a non-event as far as they're concerned?

**AMBASSADOR SATTERFIELD:** I have seen -- I think the Iraqi Government is well aware of where foreign policy is made and who executes foreign policy on the part of the U.S. Government.

**QUESTION:** Ambassador, this is Mark Finkelstein. You made a little news last month on the eve of the regional conference in Baghdad and you were quoted as saying that if we're approached over orange juice by the Syrians or Iranians, we're not going to turn and walk away.

**AMBASSADOR SATTERFIELD:** Exactly.

**QUESTION:** And there were indications that there were some informal conversations at that time. Of course, there's another conference planned for next month --

**AMBASSADOR SATTERFIELD:** Yes, indeed.

**QUESTION:** -- in Egypt. I'm wondering, are there any plans for additional -- you know, orange juice exchanges? And secondly, to what extent was the recent taking of British hostages by the Iranians -- to what extent does that complicate matters?

**AMBASSADOR SATTERFIELD:** Well, on your first question, to the extent that in the context of that ministerial session -- actually, it's two, one to formally launch the international compact for Iraq, the other an expanded neighbors meeting. This was the same collection, but expanded further to include G-8 and other participants that met March 10th at an envoys level in Baghdad.

We will be prepared for dialogue focused on Iraq and how best to support Iraq with all of the participants.

On the issue of the implications of Iran's actions towards the British sailors we have expressed our strong dismay at that action. The President's made very clear how he viewed that, at our pleasure that the British service people had been released. The challenge here is for Iran to demonstrate through concrete actions, not just its rhetoric, that it is committed to a positive engagement in support of the Iraqi Government.

**QUESTION:** Ambassador Satterfield, when you say that you expect Syria to do a better job not a perfect job with respect to the prevention of these suicide bombers, it seems to imply that they have intentions perhaps that are being frustrated. But isn't it apparent that the attacks on the Iraqi citizens are consistent with Syrian policy?

**AMBASSADOR SATTERFIELD:** Well, there is no suggestion at all that somehow a good Syrian intent is being thwarted or frustrated. We don't see that the Syrians are determined as a strategic decision to take the steps we are very confident that they can to constrain further the flow of these jihadists, these terrorists, into, through, and ultimately across their borders and territory into Iraq. They can do a better job. They need to do that better job. We cannot conceive how it could be in Syria's long-term interests to see further violence against civilians perpetrated by these individuals. They are terrorists pure and simple. They threaten all those who believe in the cause of peace and they ultimately are a threat to all of the countries in the region, Syria included.

**QUESTION:** But isn't Syria a state sponsor of terror? It seems perfectly consistent with their --

**AMBASSADOR SATTERFIELD:** But it is perfectly consistent with our policy to see Syrian behavior change in this regard and in other areas.

**QUESTION:** Steve Schippert with Threatswatch, a follow-up to that. You make a very compelling case and you make a very compelling statement. What is the State Department doing, what is the Administration doing to tighten the screws down on Syria in that regard? I mean it is one thing to acknowledge what everyone -- I think everyone across the globe acknowledges, but then, you know, if it is that compelling then what are we doing to tighten the screws?

**AMBASSADOR SATTERFIELD:** We have taken steps directed against officials of the Syrian regime. We have taken steps against Syrian financial institutions. We have other steps under consideration, under review in both of these areas. So we have moved. We've moved in ways that have indeed not been positive for the Syrian Government with respect to

its access to resources. We would hope that not only additional unilateral U.S. measures but certainly more universal measures could be adopted that indicate to the Syrian Government there is a real price or prices to be paid for continuing to engage in threatening behaviors.

**QUESTION:** I have another question if no one else does. I was just -- wanted to ask the Ambassador as we're sort of closing in, it's an extraordinary thought for me of a year of the al-Maliki government. You had said in your opening statement that it really is beholden on that government to thwart the enemies of Iraq.

**AMBASSADOR SATTERFIELD:** To take the lead in that process. Yes, indeed.

**QUESTION:** Right. Where do you -- having been in country over the course of this year, I mean, it seems this time last year that there was never going to be a government, so the fact that one was established and it's lasted this long is -- I find impressive.

**AMBASSADOR SATTERFIELD:** Yeah, sure.

**QUESTION:** And I've been wondering if it's the simple fact of its longevity has contributed to its ability to really effectively participate in this most recent security operation, and I just was wondering what your thoughts were on its sort of maturing status, how you see its effectiveness increasing or decreasing where --

**AMBASSADOR SATTERFIELD:** Sure. There's no question that time was lost during that long process of forming the Iraqi Government. We still believe, and I think most Iraqis believe, it was better to get a government that was the right one than to rush to formation of a government with a team that had a less of a chance of succeeding.

How has the government done? The government has clearly grown, largely speaking, certainly the Prime Minister in confidence and capability to confront the challenges posed by Iraq. But as Prime Minister Maliki himself has acknowledged, the government's performance is very uneven. There is much more that needs to be done, much stronger leadership that is needed -- these are his words, not ours alone, although we certainly agree -- in many key areas of governance.

We are pleased with the progress being made on the security side since the introduction of the new Baghdad plan and the articulation of the President's vision. There is much more that needs to be done and much more swiftly and comprehensively on political reconciliation and on moving, mobilizing Iraq's own economic resources into providing better opportunities, the prospect of a better future for Iraqis.

**QUESTION:** Thank you.

**AMBASSADOR SATTERFIELD:** Other questions?

**QUESTION:** Ambassador, I hope we can do it again. Thank you very much, sir.

**AMBASSADOR SATTERFIELD:** Certainly, my pleasure. Thank you all.

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