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IRAQ STATUS REPORT

December 1, 2010




U.S. Department of State

**Iraq Policy & Operations Group
Bureau of Near Eastern Affairs**

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HIGHLIGHTS

- **Government of Iraq Delays Nationwide Census (*POLITICAL*, page 4)**
- **ISF Disrupts AQI Plot against French Embassy (*SECURITY*, page 9)**
- **Iraq's First Trade Court Opens in Baghdad (*ECONOMIC*, page 15)**
- **State Department Report Cites Iraq's Failure to Protect Minorities (*DIPLOMATIC*, page 17)**

POLITICAL – Governance & Legislation

Government formation negotiations continue

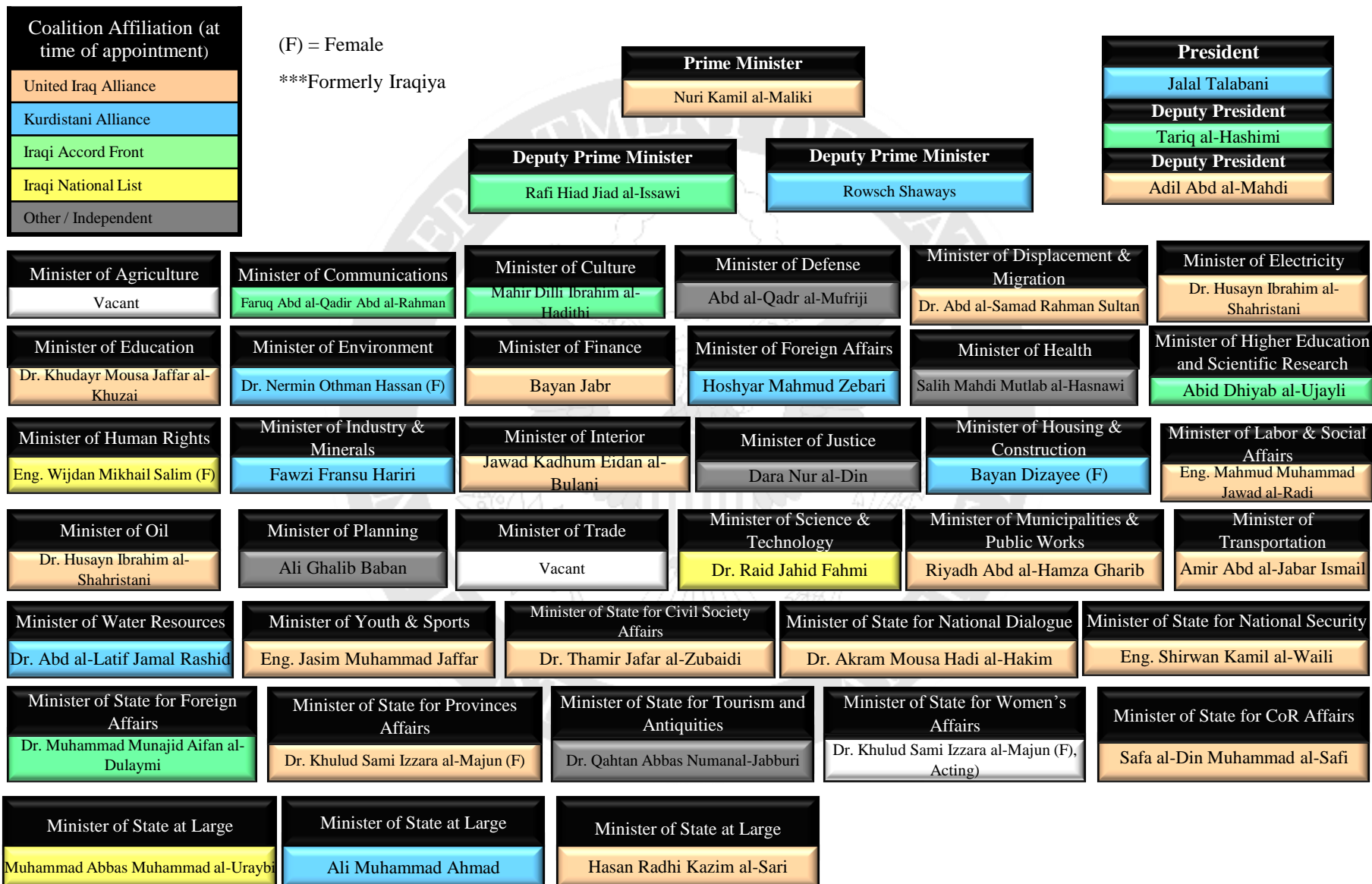
Government of Iraq Delays Nationwide Census:

- The GOI announced on November 30 that Iraq's nationwide census would be delayed, setting no new date for the population count that was supposed to take place on December 5. Political leaders have been unable to resolve a disagreement over whether Iraq's central government or the semiautonomous Kurdish region should carry out the census in disputed lands that are ethnically mixed. PM Maliki plans to meet with involved politicians, ministers, and COR members on December 5 to determine a new date.

Talabani Formally Nominates Maliki for PM:

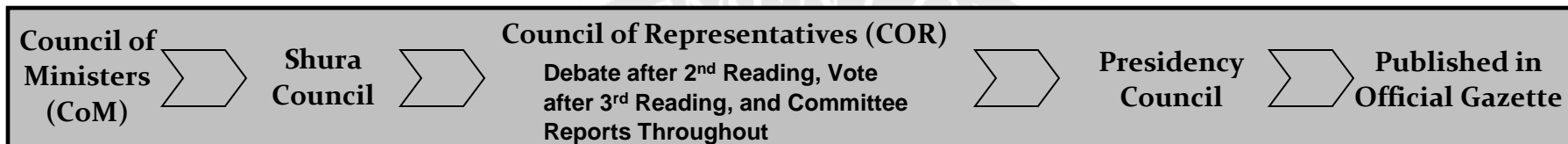
- Iraqi President Jalal Talabani formally nominated Nuri al-Maliki for a second term as Iraq's prime minister on November 25, giving him 30 days to form a new government. President Talabani first nominated Maliki on November 11, but he delayed the formal designation required by the Iraqi Constitution until November 25 to give Maliki the maximum amount of time to continue government formation negotiations.

POLITICAL – Government of Iraq



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, approved March 3, will regulate the operations and funding of Non-Governmental Organizations operating within Iraq.

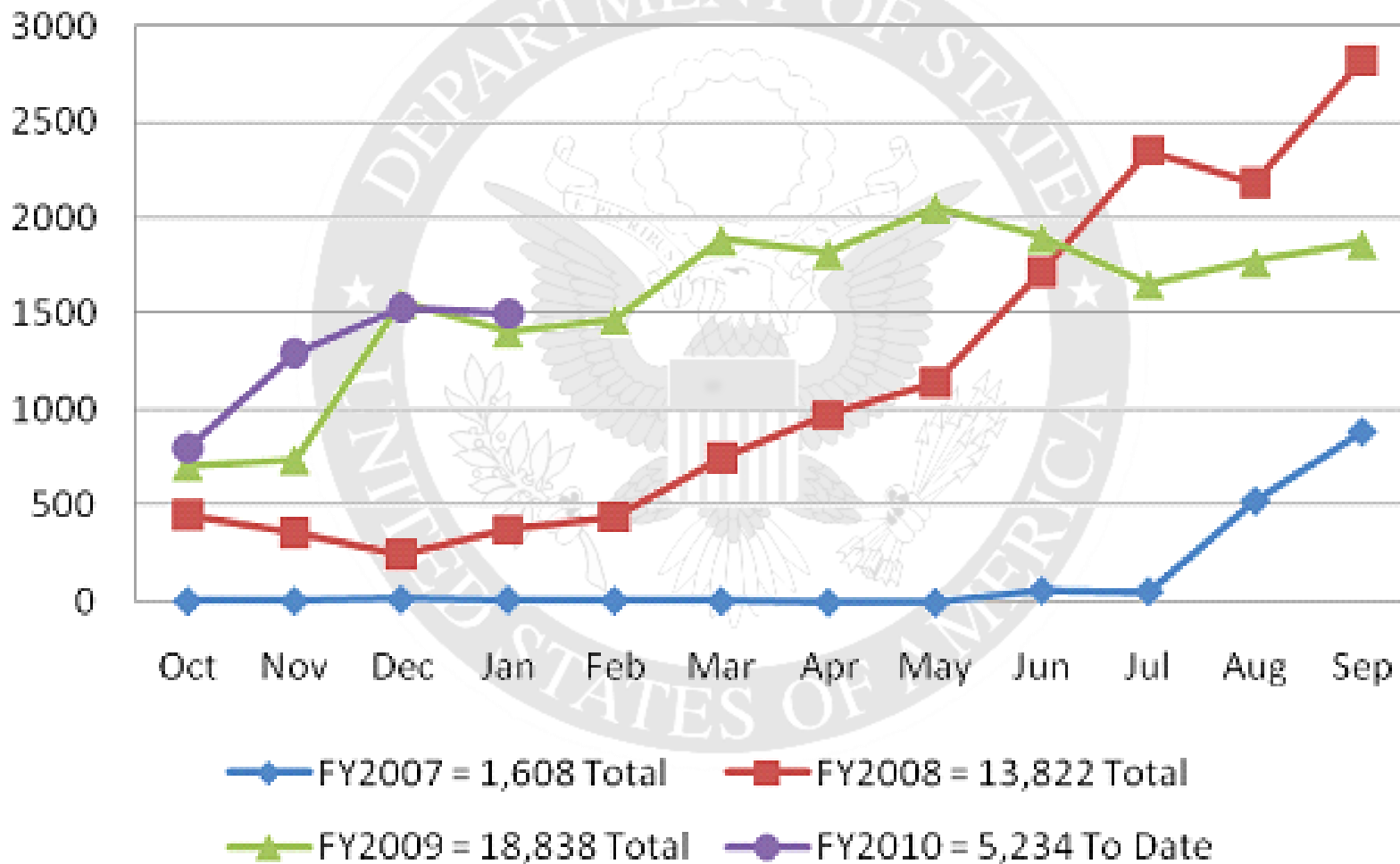
POLITICAL – Refugees

- **There are over 208,000 Iraqi refugees currently registered with the UN High Commissioner for Refugees (UNHCR) in neighboring countries and an undetermined number of unregistered refugees. UNHCR reports that 1.5 million Iraqis remain internally displaced due to sectarian violence following the Samarra Mosque bombing of February 2006.**
- **Since the beginning of 2008, over 515,000 Iraqis have returned to their neighborhoods in Iraq. The majority of the Iraqis returning were internally displaced persons.**
- **In FY10, the U.S. Government contributed \$355.8 million to international and non-governmental organizations to assist Iraqi refugees, internally displaced, and conflict victims.**
- **Since the program's inception in FY07, over 52,280 Iraqi refugees have been admitted to the U.S. for resettlement.**
- **As of September 2009, a total of 1,143 Special Immigrant Visas (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).**
- **As of September 2009, a total of 1,716 SIVs have been issued for Iraqis employed by the U.S. government (and their dependents) since FY08 (under the Section 1244 program).**

POLITICAL – Refugees



Iraqi Admissions to the U.S.



SECURITY – Situation Update

Iraqi Security Forces arrest suspected Al-Qaida members in Baghdad

ISF Disrupts AQI Plot against French Embassy:

- **Iraq's Minister of Interior Jawad Bolani said on November 29 that Iraqi Security Forces (ISF) recently thwarted a planned al-Qaeda in Iraq (AQI) attack on the French Embassy in Baghdad. Bolani said a number of AQI suspects were arrested in Baghdad in connection with the plot, as well as the October attack on Our Lady of Salvation church.**

Iraqi Air Force Activates 70th Iraqi Air Force Squadron:

- **The Iraqi Air Force activated a new squadron November 23 at Tallil Air Base near Nasiriyah. The 70th Iraqi Air Force Squadron is currently training in partnership with the U.S. Air Force 321st Air Expeditionary Wing. Lieutenant General Babeker Zebari, the Chief of Staff of the Iraqi Army, said the new squadron is the first step towards transitioning control of the base from USF-I to ISF.**

ECONOMIC – Oil

Crude oil average closing prices

Prices in world markets closed with the following averages:

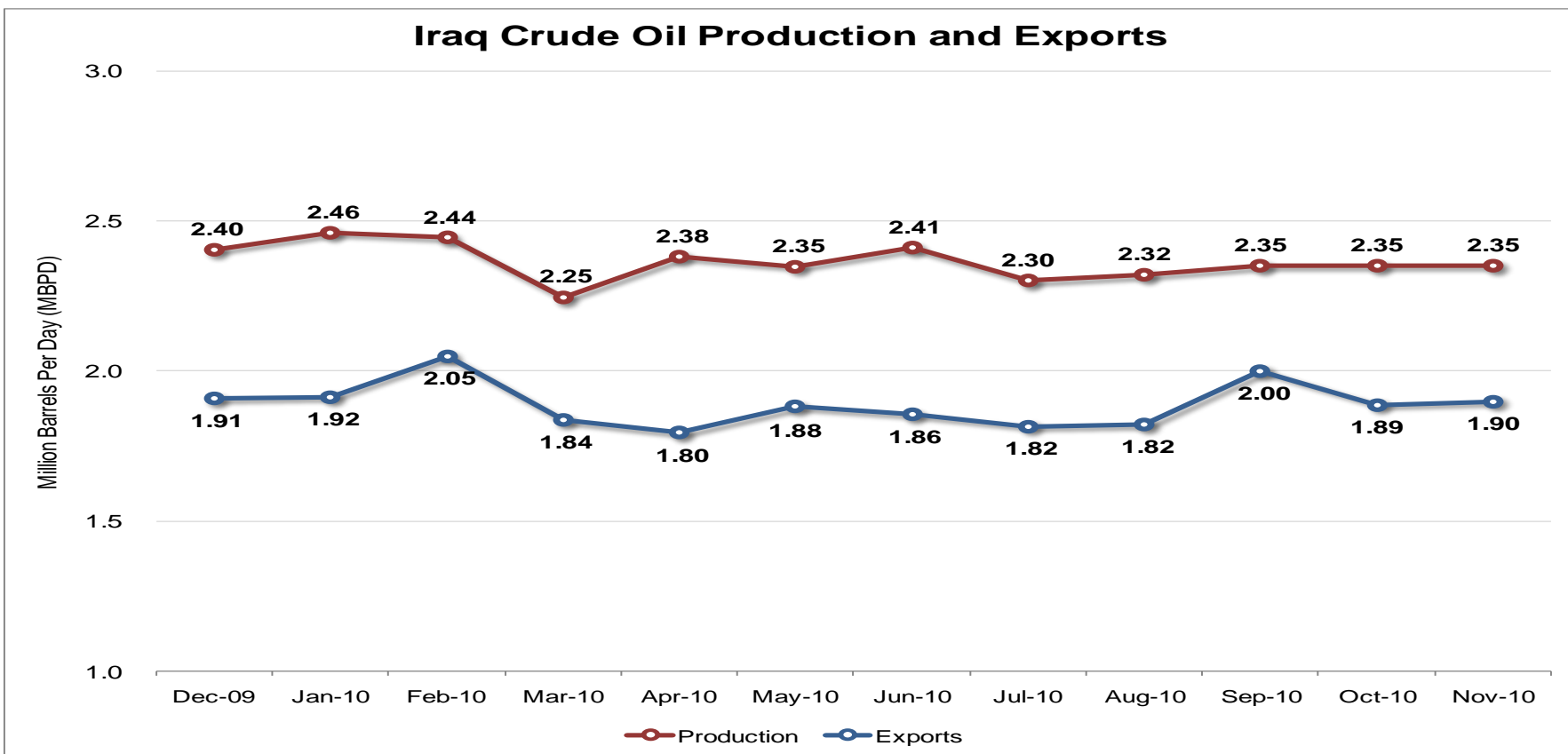
Basrah Light at \$82.04/barrel

Dated Brent at \$84.40/barrel

WTI Cushing at \$82.24/barrel

Oman/Dubai at \$82.60/barrel

Iraq Crude Oil Production and Exports



Iraq's Oil Revenue

2008: \$61.9 Billion

2009: \$39.2 Billion

2010 (ytd estimate): \$43 Billion

ECONOMIC – Oil & Gas

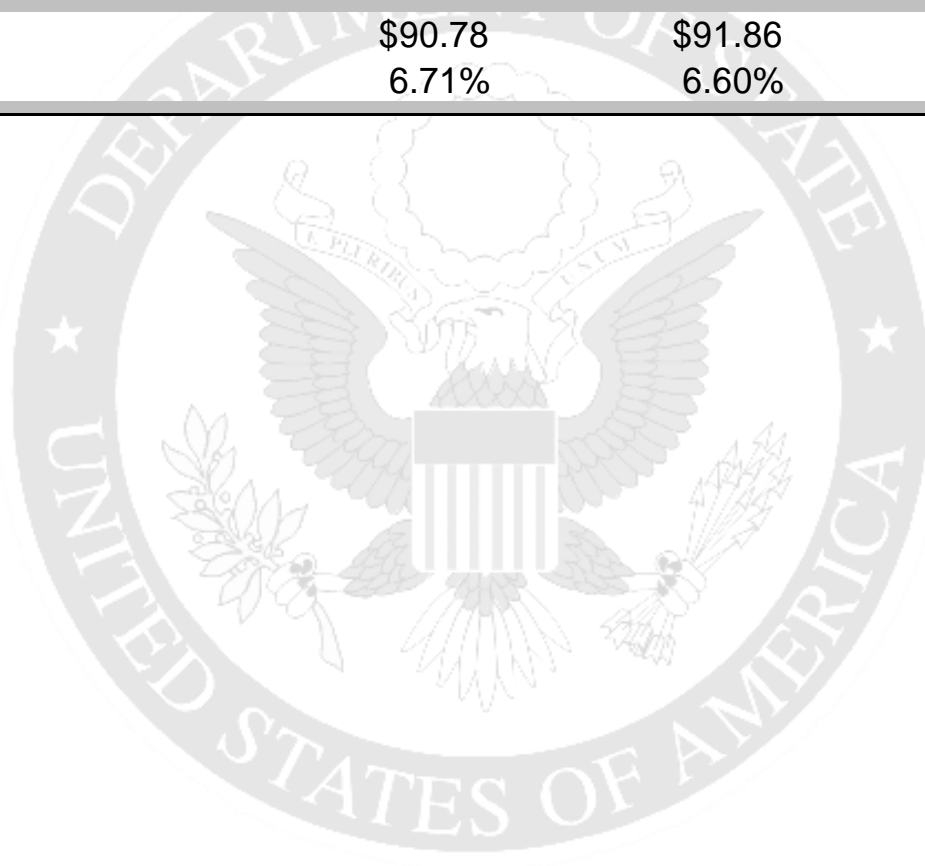
Iraqi Government officials promise action on oil and gas issues with new government

Iraqi officials promise action; Kurds post deadline:

- **At the Iraq Petroleum 2010 conference, senior Iraqi officials stated that the new government would take action in resolving disputes between Baghdad and Erbil in the oil and gas sector. Government of Iraq Spokesman Ali al-Dabbagh told the conference that, “among the next government’s priorities will be to approve the long-awaited oil and gas law through parliament.” He added that such legislation “should also bring oil contracts signed by the Kurdistan Region in line with the central government process.” In response to these statements, Minister for Natural Resources for the Kurdistan Region, Ashti Hawrami, stated that the Kurdistan Region wants a new set of laws by June 2011 as a condition of its participation in the new Iraqi government.**

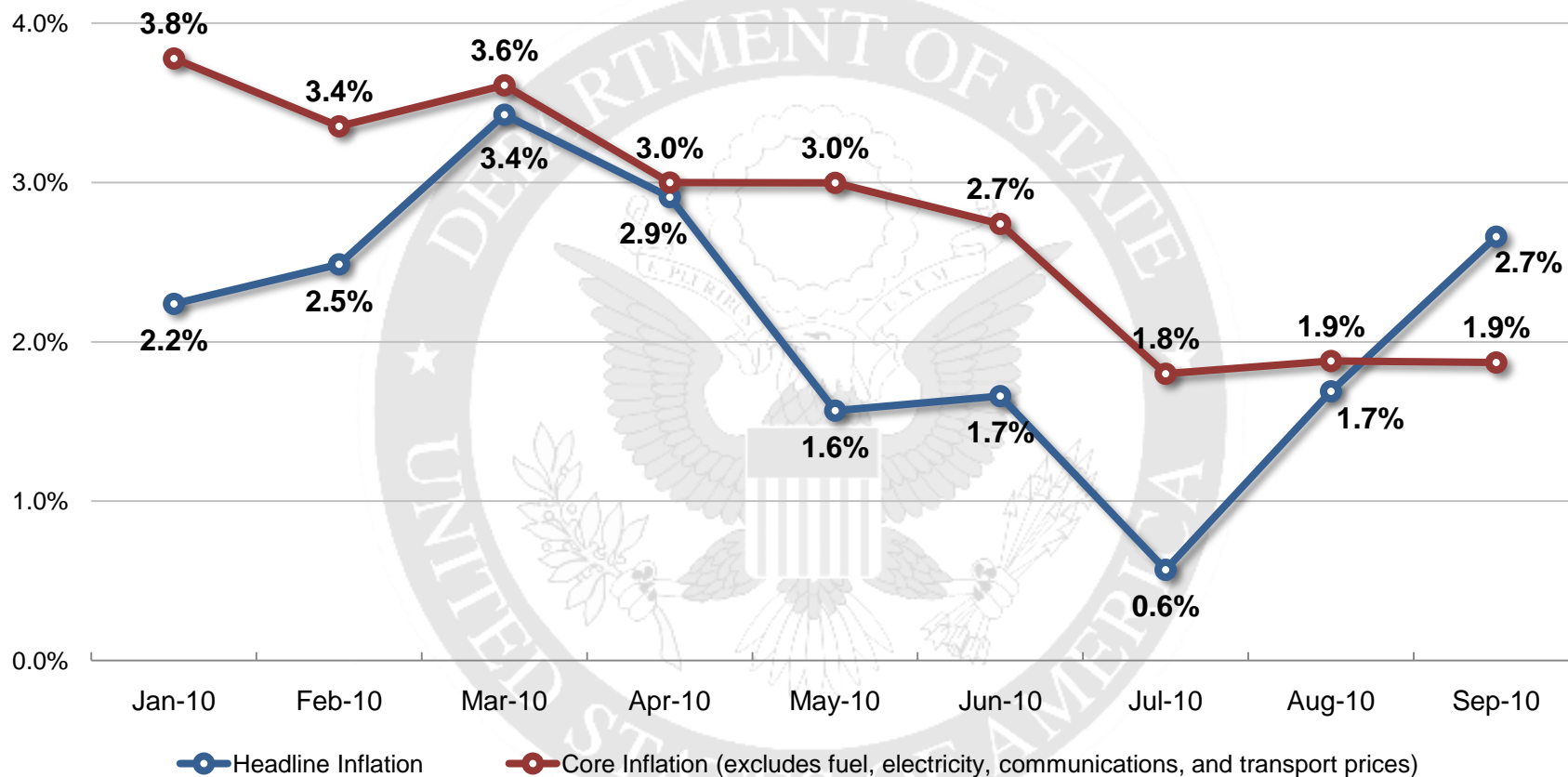
ECONOMIC – Fiscal and Monetary Affairs

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	\$90.78	\$91.86	\$92.70	\$64.50
Yield	6.71%	6.60%	6.52%	10.32%



ECONOMIC – Fiscal and Monetary Affairs

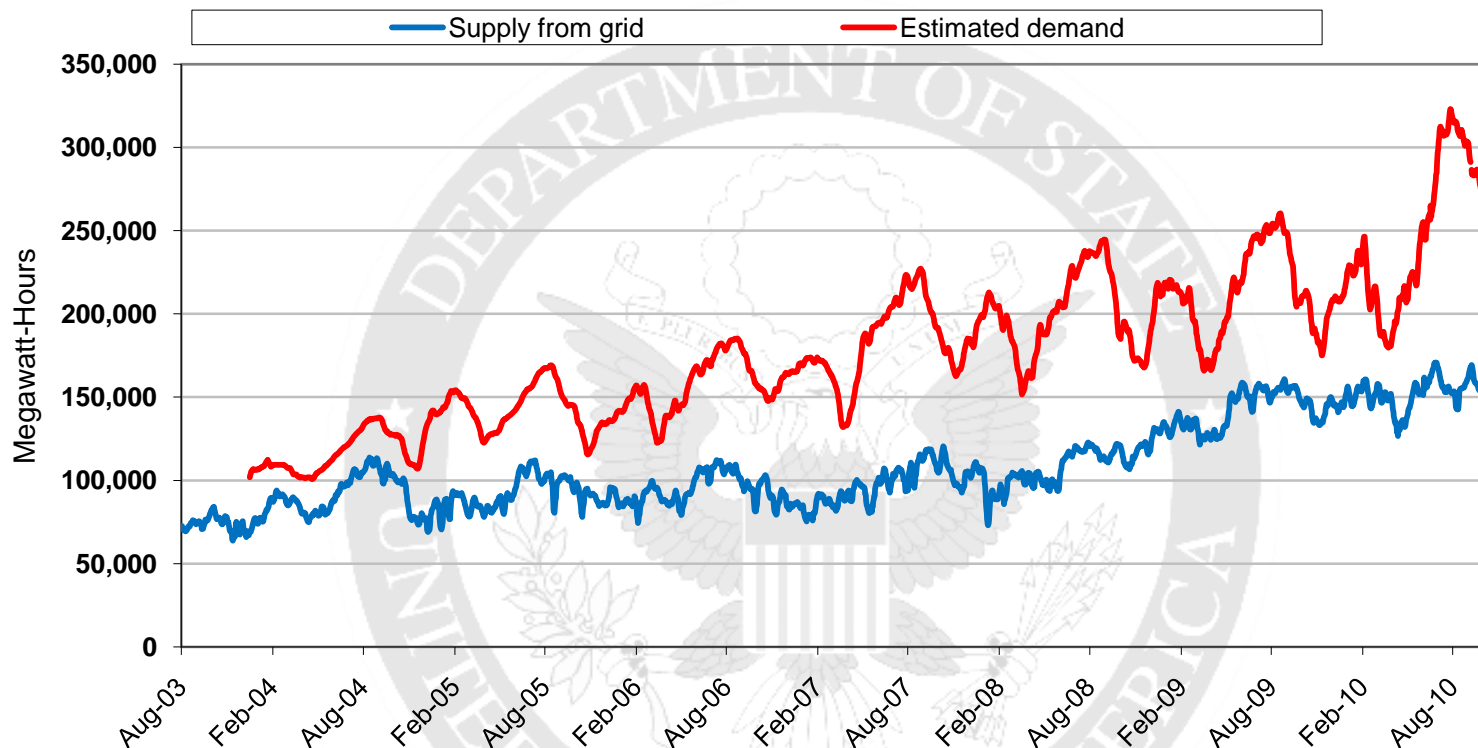
Iraq: Year-on-Year Inflation



- In 2010, the Central Bank of Iraq began using a new Consumer Price Index. As a result, year-on-year inflation data prior to January 2010 cannot be directly compared.

ECONOMIC – Electricity

Daily Electricity Supply from the Grid and Estimated Daily Demand



- November 18-24 supply from the grid was 11% above the year-earlier period, and met 86% of estimated demand compared with 75% for the same period in 2009.
- Supply has avoided its usual post-summer decline. Combined with the seasonal decline in demand, the result is the highest percentage of estimated demand served since March 2004. A caution: the estimate may understate actual demand and supply is unevenly distributed. The percentage therefore may not represent the level of service received by most Iraqis.

ECONOMIC – Public Services

New GOI policies aim to promote international trade and housing

Iraq's First Trade Court Opens in Baghdad:

- **The Supreme Judicial Council of Iraq has convened a special court in Baghdad to oversee trade cases. “The main goal of the court is to present commitments for foreign investors to guarantee non-loss of their capital in Iraq” said a Council spokesperson. He added, “The court [exists] in order to push the investment process forward, along with Iraq’s reconstruction.” The Baghdad court is the first of its kind in Iraq; branches in Basrah and Mosul are expected to open in the near future.**

Housing Ministry Predicts 2.5 Million New Homes Needed by 2015:

- **Lafarge SA, which produces 25% of Iraq’s cement and employs 3,000 workers in-country, plans to increase annual production by two million tons by 2013. The rise in capacity comes amidst comments by Iraq’s Housing Director that its Housing Fund, which began in 2005 with an initial holding of 300 billion dinar (\$257 million) and has already spent 210 billion on the building of 14,000 homes, will fall short of its goals due to inability to raise fresh capital. “The fund was developed in a rush,” said the Director. “The law was weak and the budget was not big enough to help achieve one of our main goals, which is providing financing for projects.” The GOI forecasts that it will need 2.5 million new homes by 2015 and another 300,000 each year thereafter to keep up with demand. Since October, it has purchased 100,000 tons of cement from Lafarge SA for building purposes.**

ECONOMIC – Industry Spotlight: e-Governance

KRG, Microsoft collaborate on IT strategies

KRG's Department of Technology Seeks to Implement e-Governance Plan:

- **Representatives from Microsoft's Middle East, Africa, and Pakistan offices visited Erbil on November 21 at the invitation of the KRG's Department of Technology, which appealed to Microsoft for help in implementing its five-year "IT Strategy" that it hopes will bring e-government solutions to the KRG. Technology officials acknowledged the challenges facing them, including technological illiteracy, employees' resistance to change, and lack of adequate budgeting. Nonetheless, Microsoft officials told the media that they were "impressed by the level" of technological facilities in the KRG and that they aim to "explore opportunities for Microsoft" in Iraq. This was the company's first visit to the KRG.**

DIPLOMATIC – Political Engagement

Iraqi regional and international reintegration

State Department Report Cites Iraq's Failure to Protect Minorities:

- **Secretary of State Hillary Clinton announced the release of the 2010 Report on International Religious Freedom on November 17, highlighting Iraq as among the worst offenders in failing to punish violence against non-Muslim minorities. “Very few of the perpetrators of violence committed against Christians and other religious minorities in the country were punished; arrests following a murder or other crimes are rare,” according to the report covering attacks in the period between July 1, 2009, and June 30, 2010. “We have expressed great concern about the situation of the Christian community in Iraq,” said Michael Posner, Assistant Secretary of State for Democracy, Human Rights and Labor. He said Iraqi Prime Minister Nuri al-Maliki has announced increased security for the Christian community. “We will continue to be vigilant,” Posner said.**

DIPLOMATIC – Political Engagement

Iraqi regional and international reintegration

Iraq and Kuwait Reach New Border Agreement:

- **Iraq and Kuwait have agreed to create a 500-meter no-man's land on each side of the border and to move Iraqi farmers to new homes, a Kuwaiti official said in comments published November 24. The agreement with Kuwait brings Iraq one step closer to being released from the Chapter Seven sanctions that were imposed upon it by the Security Council after Iraq invaded Kuwait in August of 1990.**

Iraqi Foreign Ministry Criticizes Wikileaks Release:

- **Iraqi Foreign Minister Hoshyar Zebari has criticized the leak of thousands of American diplomatic cables that detail U.S. concerns over Iranian involvement in Iraq, calling the leaks "unhelpful and untimely."**

Baghdad and Beyond



Sgt. Jonathan Strand, Combat Medic, Demonstrates to an Iraqi Doctor How to Secure an Airway During Training

Baghdad

Wasit

“...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

PRT-Baghdad has partnered with the U.S. military and graduates of Iraqi medical schools to develop a two-week medical training program. Thirty recent graduates have attended the program that addresses combat medic training, radiology, dental procedures and laboratory systems, among other medical topics. "It's a tremendous partnership," said Showalter, officer-in-charge of the medical clinic. "These are young physicians and they can take the tools and ... use them throughout their lifetime."

The work of the Wasit PRT, USAID and USDA representatives over the past three years culminated on November 7 with a ribbon-cutting ceremony presenting the Shuhaymiyah Water Users Association. As water levels in Wasit have steadily decreased due to dams and upstream water usage, a new irrigation system was put in place. The Shuhaymiyah Water Users Group facilitates the transfer of water to participating farmers, addressing urgent needs for water, economic sustainability for local farmers, and preventing the displacement of farming families.

CONTACT INFORMATION

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

For additional information, please see:

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- 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

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

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- New York Times, November 25, <http://www.nytimes.com/2010/11/26/world/middleeast/26iraq.html>

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- New York Times, November 29, <http://www.washingtonpost.com/wp-dyn/content/article/2010/11/29/AR2010112900436.html>

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- http://iraq-prt.usembassy.gov/20101107_prtwasit.html
- Source for President Obama's Quote: http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq/
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