23 July 2008

Mr. Chairman; Ladies and Gentlemen:

It is my pleasure to be with you today to discuss the situation in Iraq.

We are here as allies and partners with aspirations for a long term productive strategic relationship between Iraq and the US.

We are arriving at a critical stage where crucial decisions have to be made on a measured and responsible withdrawal of multi national forces from Iraq. The surge in the last year has no doubt made a difference in the security situation, however, we are concerned that these security gains are still fragile and may not be sustainable.

Iraq is in the process of negotiating a security agreement with the United States to organize the security relations between our two countries and agree on the framework for final withdrawal. Such agreement should include diplomatic, economic, cultural, educational, and security aspects. Most

importantly, it should be transparent and get the approval of the Iraqi Parliament and people. This may make the agreement welcomed by the people of Iraq, and create the right environment for trust and friendship.

The security agreement seems to have reached a deadlock and it appears unlikely that an agreement will be reached by the end of this year. At the same time, Iraq faces a deadline at the end of December when the current UN resolution expires. Without some remedy, the multi-national forces will have no legal cover. We therefore need to explore other options. Extension of the UN Security Council resolution under Chapter 7 is an option, but may be unacceptable in Iraq. A second option is a UN Security Council resolution, but under Chapter 6. This option and its ramifications need to be studied carefully because we are concerned about the protection of Iraqi assets from claims by international creditors. Either one of these two temporary options would give us more time to negotiate a more

permanent agreement in a transparent, cooperative manner.

As we think about moving to the next stage of our relationship, it is appropriate to discuss a time frame for reduction of US forces. But at the same time such reduction must be linked to measures of progress in Iraq and the conditions prevailing in the country. There is currently an urgent need to build non sectarian national institutions that are professional and capable. Iraq needs an army, police and security forces with commitment to defending Iraq's sovereignty and unity. Both civil and security institutions have to be built on qualities such as capability and experience, rather than sectarian and ethnic backgrounds.

Although reconciliation featured high on the benchmarks laid by congress, and much talk has been made on reconciliation in Iraq, yet it largely failed in tackling the main issues of conflict, such as Debaathification, disenfranchising a large segment of

the Iraqi population, sorting out the problems of millions of refugees and displaced people, and reviewing the constitution. Appropriate measures are urgently required on all these and other issues. Most important is sectarianism, which remains a major factor in Iraq's conflicts.

Progress continues to be very slow, if not stagnant, in public services and the economy. This involves the provision of electricity, water supply, health service, creating job opportunities, developing the economy and legislating the Hydrocarbon Law.

The major threat on Iraq's stability comes from neighbouring countries. Iraq's wealth, culture and sovereignty are being violated on daily basis by regional powers that use Iraq as a battlefield. We need international safeguards and the UN Security Council, in cooperation with the Arab League, Islamic Conference Organization and Gulf Cooperation Council, are asked to propose and monitor ways of protecting Iraq's borders and helping to stabilize Iraq.

Iraq is about to enter a critical phase of its political development with provincial elections scheduled for the end of this year and national elections in 2009. These two elections will be defining events for the future of Iraqi democracy, stability, and nation-building. We are very concerned about the transparency and integrity of these elections. In the previous elections, which were held in 2005, the election campaign was marked by violence, intimidation, arrests, character assassination, and the use of religious symbols. Gross irregularities have occurred resulting in an election not reflecting the real desire of the Iraqi people.

These are some of the conditions that we feel should be linked to negotiations on a time frame for any draw down.

I look forward to continuing our discussions in the coming months to seek ways of overcoming the challenges and building an understanding based on shared and balanced interests.

Thank you very much.

Dr. Ayad Allawi