

TESTIMONY OF
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BEFORE THE COMMITTEE ON FOREIGN AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
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Chairman Berman, Ranking Member Ros-Lehtinen, Honorable Members of the Committee:

Thank you for inviting me to discuss issues and challenges associated with the United States' transition from a military-led to a civilian-led presence in Iraq. The planning for this transition was set in motion more than two years ago and its implementation continues today on a daily basis. At the U.S. Department of State, the Department of Defense, and many other agencies and offices, hundreds of colleagues have participated in this unprecedented undertaking. At the State Department, there has been tremendous effort on the part of Secretary of State Clinton and her deputies, and all the way down to the desk officers, to make sure that we secure the gains made by our military colleagues and work with our Iraqi partners to achieve an Iraq that is sovereign, stable, and self-reliant.

This is a critical time in Iraq's history and the history of the U.S.-Iraqi relationship. For much of the past 40 years, our two nations have been at odds; Iraq has posed a threat to our interests and to its neighbors and has been a destabilizing force in the region. In this moment of transition in Iraq and in our bilateral relationship, we have an opportunity to help Iraq emerge as a strategic partner of the United States and a positive force for stability and moderation in a troubled region.

Alongside the changes in our bilateral relationship, Iraq itself is transitioning from years of extreme instability and strife. As Iraq's economy and governing institutions develop, and regulatory and legal frameworks and the rule of law become more firmly established, Iraq will become increasingly self-sufficient, able to protect its people and promote their welfare without current levels of U.S. or other outside assistance. But Iraq is not there yet, and our continued assistance over the next few years will be critical to ensuring that Iraq can sustain its progress and secure a brighter future for its people.

The Challenges Facing Iraq

Iraq faces no shortage of challenges. The primary political challenge of the weeks and months to come will be to implement the agreement on government formation and power-sharing, recently signed, and then for Iraq's political leaders to make the necessary but difficult compromises regarding a number of major outstanding issues, including passage of a hydrocarbons law, resolution of disputed internal boundaries, reintegration of displaced persons,

and reforming the de-Baathification process. The agreement on government formation, signed by Iraqi leaders on Thursday, November 11, comes after months of difficult negotiations over power-sharing and coalition politics. The agreement led to the Council of Representatives' election of a parliament speaker and a president of Iraq later on November 11. The parliament met again on November 13 to stress the importance of national partnership, and Iraqi leaders plan to meet again following the Eid al-Adha holiday to continue the complex negotiation of ministerial portfolios and implementation of the government formation agreement. Iraqis have agreed to usher in a government that is representative and inclusive, reflecting Iraq's diverse population and the results of the March elections. In deciding to form such a government, Iraqis have chosen a path of national reconciliation and responsibility. We welcome this development, even as we recognize the many difficult decisions and complicated negotiations that lie ahead. Now it will be up to Iraq's leaders to follow through.

Another serious challenge is that posed by violent extremists in Iraq. While October marked another month of reduced numbers of civilian casualties and overall levels of violence in Iraq remain at or near their lowest point since 2003, we have seen a disturbing uptick in what appear to be coordinated attacks on the Iraqi Security Forces (ISF) and attacks targeting specific sectarian communities. A recent spate of attacks, including the horrific October 31 attack on congregants of the Sayidat al-Nejat Christian church, the bombings in Shia areas of Baghdad, followed by attacks on pilgrims in Karbala and Najaf in the first week of November, attacks on Christians in Baghdad on November 9 and 10, and coordinated attacks on ISF in Diyala and Kirkuk, bears the hallmarks of al-Qaida-related groups.

We condemn these senseless and reprehensible acts of violence against civilians and Iraqi forces. Much of our on-the-ground coordination with Iraq is aimed tirelessly at bolstering the Government of Iraq's ability to maintain security and protect Iraq's diverse population, while also respecting their human rights. We continue to train and mentor the Iraqi Security Forces, who have responded to these incidents, even while they have been target of attacks themselves. Prime Minister Maliki has acted to protect these vulnerable groups and launched investigations into the attacks. We stand shoulder-to-shoulder with the Iraqi people in rejecting violence aimed at sowing dissent and dividing Iraqi communities.

In addition to the immediate political and security challenges is a wide range of factors that threaten Iraq's progress: lingering ethnic and sectarian tensions; disputed internal boundaries and Arab-Kurd and Sunni-Shia faultlines; new and fragile democratic institutions; a 30-year legacy of failed economic policies, high unemployment, and broken oil infrastructure; widespread corruption; a large youth population scarred by war and deprivation; an underdeveloped criminal justice system; millions of displaced citizens; and neighbors looking to exercise undue influence within Iraq.

Taken together, these problems have the potential to directly and seriously affect our own country's national security interests. A weak and unstable Iraq could provide sanctuary for

international terrorists, become a tool of Iraq's aggressive neighbors, face intensified internal strife, and have a destabilizing effect on the region and on international energy markets.

U.S. Policy Responses – Helping Iraq Move Forward

Accordingly, our programs are designed to perform as one integrated whole to help Iraq tackle these problems and mitigate these risks:

The Strategic Framework Agreement (SFA) signed between the USG and the Government of Iraq (GOI) is the foundation for building our continued strategic partnership. This is a partnership that includes a robust diplomatic, political, economic, and security cooperation relationship. The Department of Defense, the interagency community, and every functional bureau of the State Department are involved in advancing the goals of this important partnership.

Our consulates and Embassy Branch Offices (EBOs) will be positioned along key faultlines in order to defuse potential Arab-Kurd or Sunni-Shia crises, to mitigate foreign interference, and to seize opportunities for investment, stimulating economic opportunity for Iraq's growing population and reducing unemployment.

The Administration has approved a robust Office of Security Cooperation (OSC-I) under U.S. Chief of Mission authority in Iraq and we are working with our Iraqi partners on the way forward. The mission of any OSC is to build security relationships that develop partner military capabilities for self-defense and multinational operations and promote specific U.S. interests. One of the key components of our strategy depends on the development of Iraqi Security Forces that are capable of defending the population against internal and external threats. A future OSC-I will provide a key element of support for that development and help to cement our enduring partnership with Iraq.

The State Department Police Development Program will be an important component of efforts to promote the rule of law in Iraq and U.S. strategic interests in the region. It is designed to support and assist the Government of Iraq in developing the leadership and management of its police and Ministry of the Interior and will incorporate mentoring and advising on strategic planning; budget execution; improved border enforcement; as well as sophisticated training on combating terrorist financing, crime scene exploitation, forensics, and human rights. It will be a time-limited program based out of three Iraqi cities, Baghdad, Basrah, and Irbil, and will reach crucial policing institutions in the northern, central, and southern regions of the country.

Our rule of law and police development programs address the most important remaining gap in Iraq's internal security: its lack of a strong and professional police force integrated within a judicial system that is effective and impartial. Honest police and fair judges are essential to Iraqis' confidence in their government, and to economic growth and job creation. We have been working in concert with our colleagues at the Department of Defense to ensure that the transition

of the police training mission to a State Department-run program is smooth and builds upon the progress the program has already made training thousands of Iraqi police. While current Defense Department-led police training efforts have already demonstrated success – the ISF’s work protecting polling places during the national elections offers one example – our task now is to ensure that the GOI is able to sustain that progress in a civilian policing context. This program is being coordinated with the Department of Justice and Department of Homeland Security, who have coordinated programs in Iraq since 2004.

A crucial area of our engagement with Iraq is economic growth and diversification. Iraq is actively re-engaging with the international economy after years of war, isolation, and economic mismanagement. Given the circumstances, remarkable progress is being made in a variety of key fields that are vital to the success of Iraq’s economy, including oil, electricity, and finance. Baghdad has stabilized the dinar and tamed inflation. Ministries are spending their own capital to improve infrastructure. International investors are beginning to look seriously at opportunities in Iraq. Much of this progress has been achieved through the assistance of our diplomats and partners in Iraq.

Nevertheless, the Iraqi economy still faces significant challenges. Over-reliance on oil for government revenue subjects Iraq to swings in international oil prices. Even with additional oil production and exports, Iraq is likely to face fiscal difficulties in the near term. Expansion of Iraq’s oil sector could be hindered by infrastructural and political challenges. Unemployment remains high. Barriers to foreign investment including corruption, the security environment, and an under-developed banking system continue to dissuade investors from entering Iraq. Our development assistance programs, led by USAID, focus on traditional economic, political, and cultural cooperation. These programs help strengthen institutions, address ethnic and sectarian tensions, and provide economic opportunities for Iraq’s people. A major focus of USAID’s development program is on improving health and education in Iraq. Furthermore, USAID and USDA focus on strengthening the agricultural sector – a major source of employment in Iraq. The programs in place will increase job opportunities for Iraq’s young people. State Department programming also provides basic humanitarian assistance, including support for the voluntary return and reintegration of Iraq’s displaced through shelter rehabilitation and socio-economic reintegration, as well as protection and basic assistance for those who remain displaced.

Our assistance programs are also focused on private sector development, anti-corruption, and legal and regulatory reform, essential to creating new jobs and economic growth. The Departments of State, Treasury, Commerce, and Agriculture partner with Iraqis to help them transition from failed economic policies to the path of economic self-reliance. As Iraq develops its oil resources and increases net revenue, we expect it to augment the cost sharing that already takes place on a number of assistance programs.

Recognizing the importance of “matching” as a tool for achieving Iraqi buy-in and long-term sustainability, Embassy Baghdad places considerable emphasis on receiving matching

funding or other support from the Government of Iraq as a core component of assistance planning, execution, and evaluation. As set forth in the April 2009 matching guidelines, all USG agencies in Baghdad are working closely with their Iraqi counterparts to secure cash or in-kind matching for bilateral assistance programs.

We are using our bilateral assistance to Iraq, guided by the Strategic Framework Agreement, to help build Iraqi institutions, support sound macroeconomic policies, improve the livelihoods of Iraqi citizens, promote private sector growth, and encourage international economic engagement. U.S. assistance is vital at present to help consolidate hard-won gains and ensure a smooth transition from military- to civilian-led engagement in Iraq.

We are working closely with Iraqi officials and entrepreneurs to cement mutually-beneficial economic ties between our two countries. Iraq has great potential as an export market for U.S. businesses, which will further strengthen long-term economic linkages with the potential to help create jobs here in the United States.

Transition from U.S. Military to U.S. Civilian Lead

Our FY 2010 and FY 2011 programs are all designed to advance Iraq on this trajectory towards self-reliance. The transition has been underway now for well over a year. Our Embassy and the U.S. military command began intensive work on transition under Ambassador Hill and General Odierno and continue close coordination under the leadership of Ambassador Jeffrey and General Austin. Both USF-I and the Embassy are synchronized on the ground on a strategy coordinating all the elements of national power, and guiding the detailed planning of the military and civilian elements of the U.S. Government operating in Iraq.

USF-I identified 1,127 essential activities that they were performing in Iraq that needed to be transitioned to other bodies. USF-I and the Embassy completed the process of canvassing, categorizing, and defining “handover” plans for these activities and functions, determining what would be turned over to Iraqi entities, to American civilian, multilateral or private institutions, and which activities would be terminated. The Embassy has already taken the lead on 150 of these tasks, and will assume control of another 310 as USF-I complete its drawdown. The remaining programs will be transferred to CENTCOM, the Government of Iraq, or phased out with program completion.

On the operational side, there are seven key components to our transition: property, facilities, security, life support, aviation, medical, and contractor oversight. For property issues, the Embassy is aggressively pursuing property negotiations with the caretaker government. The timeline for securing agreement is tight as our goal is for each site to be fully operational by October 1, 2011.

Regarding facilities, to the maximum extent possible we will repurpose existing Defense Department infrastructure and property for each of the Consulate General and Embassy Branch

Office site. The State Department's Bureau of Overseas Buildings Operations (OBO) is finalizing site plans and coordinating site preparation and construction with USF-I at each site now.

The State Department's Bureau of Diplomatic Security will assume security responsibilities for all diplomatic personnel and facilities in Iraq, an unprecedented undertaking in a non-permissive environment without military support. In addition to static and movement security, this will include operating and maintaining 60 MRAPs, explosive ordinance disposal (EOD) teams, Unmanned Aerial Vehicle reconnaissance/surveillance, tactical communications, advance warning capabilities for indirect fire, tactical operations centers at each site, and tactical intelligence.

For life support, the Defense Department has agreed to provide logistical support through LOGCAP IV on a reimbursable basis, and we are actively engaged in realizing that transition. The State Department will also take over responsibility for emergency medical care and casualty evacuation from the Defense Department. Medical support will be provided through a contract provider, separate from the LOGCAP contract.

On aviation, the State Department's International Narcotics and Law Enforcement Bureau's Air Wing (INL/A) will manage and execute State's aviation operations in Iraq in support of INL, Diplomatic Security (DS), and the Embassy. Costs are tracked and allocated equitably to respective programs. Baghdad will serve as the main hub, with Erbil and Basra as supporting hubs. Operations and facilities will be coordinated and streamlined to ensure cost efficiency and standardization.

For contractor oversight, we are taking a host of measures to ensure proper U.S. Government management and oversight over the increased number of contractors, including private security contractors, that are necessary to support our operations after the military's withdrawal. Department-wide, we have instituted stronger qualification and conduct requirements for our security contractors, as well as mandatory cultural awareness training. A Diplomatic Security direct-hire must ride in every security convoy and additional personnel are deploying across the country to ensure we have the full range of officers with oversight responsibilities at every site in Iraq. These are just a few of the measures we are taking to ensure proper oversight of our security contractors.

Oversight of the LOGCAP life support contract is also a challenge, and one in which we are benefiting greatly from the Defense Department's assistance in continuing to provide contract oversight and administration experts from the Defense Contract Management Agency (DCMA) and the Defense Contract Audit Agency (DCAA).

We have a number of ways to mark the progress of this transition. To reach full operating capacity by October 1, 2011, there are a number of key milestones and intermediate objectives we must meet. We have already made significant progress. For example, down from

the height of the PRT program in 2008, when there were 33 PRTs and ePRTs, there are now 16 PRTs in operation. From May through September we will close down the remaining PRTs gradually. Applicable processes and functions will be transferred from PRTs to Iraqi provincial governments, nongovernmental organizations, or other U.S. posts. Our ability to conclude an orderly closeout of the PRT program is one important benchmark.

Going forward, we have additional milestones we will use to ensure we are ready to assume full operations at our diplomatic sites when the military withdraws. Contracts for site design and construction will be let in January. By July of 2011, the INL Police Development Program (PDP) will establish its initial operating capacity. By October 1, 2011, we hope that all of our diplomatic posts outside the Embassy and the PDP should be at full operating capacity.

Conclusion

The next few years in Iraq will be critical, both for its reconstitution as a stable, responsible, and thriving democratic state, and for its reintegration into the region. National reconciliation inside Iraq will be an important element of Iraq's ability to maintain positive relations with its neighbors. The establishment of a new representative and responsible government in Iraq also acts as a counterargument to the erroneous regional narrative that Iran exercises an overriding influence in Iraq. In fact, Iran's recent attempts to wield influence over developments in Iraq have been markedly unsuccessful. In 2008, Iran failed in its attempt to prevent Iraq's leaders from signing the Security Agreement with the United States. In the run-up to the elections in March of this year, Iran also failed in its push for the Iraqi election law to specify a "closed list" system. After the elections, Iran invited the winners to Tehran in a failed attempt to get a government with a "made-in-Tehran" imprimatur. Recent political developments in Iraq show that Iraq's political leaders recognize that an inclusive government is in Iraq's best interests, not the narrow government and marginalization of Iraq's Sunnis favored by Iran.

The United States and Iran ought to have a shared interest in Iraq's stability. The U.S. understands that Iraq needs to maintain productive relationships with all of its neighbors, including Iran, and we encourage Iran to maintain constructive and peaceful relations with Iraq, with whom it shares a history of cultural, religious, and economic ties. But Iran needs to understand and accept that Iraq is a country that can only prosper if all of its people, Sunni and Shia, Arab and Kurd, Muslim and Christian, see that their interests are protected and reflected in the government. And we remain troubled by Iran's continued support and training of militant groups that target both Iraqis and U.S. personnel. Iran should respect Iraqi sovereignty and end its support for those who carry out terrorist attacks in Iraq. It is up to Iraq's new government to choose the relationship it wants with Iran. Iraq has enormous potential to be a political and economic leader in the region, and it has the resources to provide a high standard of living to its citizens. It is our view that Iraqi political leaders can realize this potential by making choices that

lead to the development of a strong, independent state that has a balanced and productive relationship with its neighbors, including Iran.

The assistance provided by the United States to Iraq is not a substitute for Iraqi responsibility. Our assistance is not open-ended, rather it aims to help Iraq meet its needs, stand up its economy, and cement its democratic system over the next five to seven years, at which point Iraq will have meaningful new economic development and revenues to become more fully self-reliant. Our continued help during this critical window, however, is vital.

The strategic importance of this moment cannot be overemphasized. In the last week, the broad outlines of Iraq's new government have become clear, and it will be an inclusive government, with full participation by Iraq's Sunni Arabs. This agreement received broad support from important regional and international actors including Turkey, Egypt, the UAE, Kuwait, the Arab League, and the United Nations among others. The process leading to agreement on the new governing coalition was long and arduous, but the issues at stake were vital, and the fact that Iraq's leaders were able to address their differences through negotiations, not force, was encouraging. The initiative of Kurdistan Regional Government President Masoud Barzani led to the breakthrough and brought leaders of Iraq's political coalitions to address, in face to face meetings, the thorniest of the issues that divide them – issues like de-Baathification, hydrocarbons legislation, and the status of Kirkuk. The conversations that began in those meetings will need to continue as the new government takes shape and begins its work.

Democratic governance – especially in a new democracy like Iraq – can be chaotic, and it would be a mistake to downplay the challenges that lie ahead. The unexpected walkout of Iraqiyya during the parliamentary session last week is an example of this. There will be times when the very inclusiveness of the new government will be a source of frustration, because a broad government is not the most efficient government. But the Iraqi people have chosen inclusivity and national reconciliation despite these challenges, and we strongly support their efforts.

Chairman Berman, Ranking Member Ros-Lehtinen, Members of the Committee, thank you, again, for allowing me the opportunity to address our evolving relationship with Iraq. I look forward to answering any questions you may have and to continuing to work with the Committee and the Congress to help secure our interests in a more stable, prosperous, and peaceful Middle East.