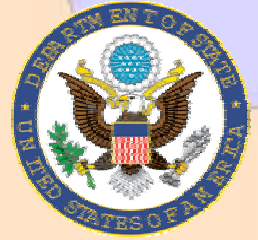


22 September 2004



Iraq Weekly Status Report

DEPARTMENT
OF
STATE

UNCLASSIFIED



Table of Contents

SECTION	SLIDE(S)
<u>1.0 Highlights</u>	3-4
<u>2.0 Political Affairs</u>	
2.1 Governance	5-6
<u>3.0 Economic Affairs</u>	
3.1 Economy	7-9
3.2 Essential Services	10-14
3.3 Oil and Power	15-20
<u>4.0 Reconstruction</u>	
4.1 IRRF Financial Status	21
<u>5.0 Security</u>	
5.1 Security and Stability	22-24
<u>6.0 General Information</u>	25

Highlights

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Political/Governance

Elections Timeline:

- ï Iraqi leaders and the UN are determined that elections will remain on schedule and be held by January 31, 2005. A new publicity campaign is educating the Iraqi people about the electoral system.

Economic

Joint Economic Commission (JEC) Readout:

- ï The Joint Economic Commission met in Baghdad on September 17 and 18. This was the first meeting of the JEC which will be a vehicle for discussing important current and future economic policy issues. The JEC received positive coverage in the press.

Iraqi Airways Resumes Flights:

- ï Iraqís national airline Iraqi Airways resumed international flights on September 18 after being grounded for fourteen years by war and sanctions.

Highlights



Reconstruction

Reallocation of Iraq Relief and Reconstruction Fund (IRRF) Spending:

- ï A proposal to shift \$3.46 Billion of the Iraq Relief and Reconstruction Fund (IRRF) to improve security, boost oil output and prepare for national elections was introduced last week and is awaiting approval from Congress.

Security

Security Forces Update:

- ï Of the \$3.46 billion IRRF reallocation, \$1.804 billion is planned for Security and Law enforcement improvements. The increase will allow expansion of police, national guard and border forces.
- ï Iraqi security forces capabilities continue to improve. Capability is demonstrated by Iraqi Army, Special Operations Forces, Iraqi Intervention Forces, National Guard, and Police.

Governance - Developments



Planning Iraq Elections Continues:

- ï Iraqi leaders and the UN are determined that Iraq elections will remain on schedule for January. The Independent Electoral Commission-Iraq (IECI) has launched a publicity campaign educating the Iraqi people about the importance of the poll to their future. The IECI will provide instructions on voting procedures and will begin voter registration in late October.

Iraq Presents First Post-War UN envoy:

- ï Samir Sumaidy, Iraq's first ambassador to the United Nations since the fall of Saddam Hussein's regime, formally presented his credentials to UN Secretary-General Kofi Annan on Friday. Sumaidy had served as Minister of Interior before the transfer of authority to the Iraqi Interim Government (IIG). The ceremony came amidst the opening of the 59th UN General Assembly.

Governance - Developments



Capacity Building:

- ï The State Department is promoting capacity building and democracy through US-based programs for Iraqis.
 - ñ ìU.S. Media and Political Campaignsî International Visitor Program (September 5-September 25): The program for Iraqi journalists will examine the role of the media in U.S. political campaigns and the particular symbiosis between the media and the candidates they cover.
- ï USAID continues to implement local governance activities in 18 governorates, increasing Iraqis' understanding of democratic principles and the political process.
 - ñ Thirty-seven leaders from local government councils in Al Qadisiyah Governorate came together to work with USAID Local Governance Program advisors on ways to improve the effectiveness of neighborhood councils.



Economy

Oil Update:

- Crude Oil prices in world markets for the week ending 17 September closed with Kirkuk Crude at \$36.28/barrel, Basra Light at \$36.04/barrel, and the OPEC basket at \$38.87/barrel.

Employment Update:

Number of Iraqis employed under USG-administered projects by sector:

Sector	Iraqis last week	Iraqis this week	% Increase on week
Buildings, Health & Education	3,726	3,726 *	0.0%
Electricity	3,919	3,919 *	0.0%
Oil	402	411	2.2%
Public Works & Water	308	350	13.6%
Security & Justice	6,560	6,560 *	0.0%
Transportation & Communications	175	146	-16.6%
AIRP	15,053	14,643	-2.7%
PCO Weekly Survey TOTAL	30,143	29,755	-1.3%
USAID	55,463	^45,844	-48.2%
MILCON TOTAL	1,017	1,100	8.2%
GRAND TOTAL	86,623	^76,699	-35.9%

Data as of 15 Sept 04

* Indicates Sector's projection numbers, rather than DB contractor's reported actuals.

^ Decrease in employment numbers reflects correction of a previous accounting error.



Economy (cont.)

Iraqi Airways:

- ï Iraqís national airline Iraqi Airways resumed international flights on September 18 after being grounded for fourteen years by war and sanctions.
 - ñ The airline will launch flights to Syria and Jordan twice a week, with possible expansion into Dubai within weeks.
 - ñ The airline has sold dozens of tickets, although return ticket prices to Amman cost about \$750, versus \$40 for the same trip by road.
 - ñ The airline will have to overcome hurdles: Many of its financial assets were frozen last year and only one plane out of its sixteen-plane fleet is operational.

Iraq Securities Exchanges:

- ï At the New Iraqi Dinar (NID) auction on September 13, the settlement price was 1,460 dinars per dollar, the same as the previous day and unchanged since June 17.
- ï The Ministry of Finance auctioned ID 150 billion (about \$102.7 million) in T-Bills on September 13; the settlement yield was 4.0 percent.



Economic Development

Joint Economic Commission a Success:

- i The US ñ Iraq Joint Economic Commission (JEC) held its inaugural meeting in Baghdad on September 17 and 18.
 - Both sides agreed that the discussion which covered urgent economic policy and future economic reform issues, was both substantive and useful.
 - EXIM Bank reached a framework agreement with the Iraqi Ministry of Finance, Central Bank, and Trade Bank of Iraq on a \$500M export credit facility.
 - The JEC was widely and positively covered in the Iraqi media. The next US ñ Iraq JEC is tentatively scheduled for Washington, D.C. in January 2005.

Generalized System of Preferences (GSP):

- i The Presidential proclamation of September 7, 2004, designated Iraq as a GSP beneficiary country, effective September 22, 2004.
 - The program grants duty-free treatment to specified products that are imported from 142 designated developing countries, territories, and associations of countries.
 - There are 98 lines that are already GSP-eligible where Iraq-U.S. trade previously existed. These lines include some agricultural products, chemicals and machinery parts.

Essential Services - Water and Sanitation



Current Projects:

- ï USAID is continuing the rehabilitation of seven major wastewater treatment plants and five water treatment plants.
 - ñ Additional projects include the expansion of a water treatment plant and construction of a new one, as well as repairs to the Sweet Water Canal and the Basrah water treatment system.
 - ñ To date, USAID has repaired hundreds of breaks in Iraqís water network, significantly increasing water flow.
- ï Work on one of three wastewater treatment plants in Baghdad, begun in August 2003, is nearing completion and is scheduled to finish on October 15, 2004.
 - ñ When rehabilitated, the three plants will have the capacity to treat the wastewater from 70 percent-80 percent of Baghdadís 4.7 million residents.
- ï Rehabilitation of Basrah International Airportís water and wastewater treatment plants will be complete in October.
- ï Rehabilitation of a major water treatment plant in Atí Tamim Governorate which began in June 2004, is approximately 40 percent complete, and is on schedule for completion by November 2004.



Essential Services - Food Security

WFP Program:

- i Embassy is working closely with the Ministry of Trade to monitor and project delivery schedules for MOT-1 and MOT-2, and encourage sufficient procurement levels of essential commodities in the food basket to mitigate potential shortfalls.
- i While infant formula was further delayed due to the World Food Program's inability to receive timely MOT approval for shipments totaling 1,515 MT, this shipment is now on its way.

MOT-Awarded Contracts:

- i The MOT has now concluded contracts for 8,000 MT from France and Switzerland, scheduled for delivery between September and November 2004. The scheduled arrivals will meet Public Distribution System requirements for infant formula through the end of 2004.
- i The MOT recently awarded contracts for 127,000 MT of vegetable oil/ghee that will start to arrive shortly. Delivery will occur in tranches through the end of 2004, which will meet PDS needs for the next three months.
- i MOT-1 rice procurements will meet Public Distribution System needs through the end of October. The MOT has awarded 175,000 MT in rice contracts to Thailand under MOT-2, which will meet PDS needs through the end of the year. Contracts for an additional 175,000 MT, which would meet its 3-month buffer stock requirements, are pending.
- i Under MOT-2, the Embassy confirmed contracts for pulses (chick peas, lentils and beans) have been awarded, including a contract for 15,000 MT of lentils for immediate delivery and an additional 64,000 MT monthly through the end of 2004. In addition, 36,000 MT in chickpeas and red beans were also awarded for similar delivery. As a result of these recent awards, pulse requirements for the Ramadan holidays should be met.



Essential Services - Health Care

Minister of Health Visit:

- ï Minister of Health Alwan is on a visit to the U.S. along with Prime Minister Allawi.
 - ñ Prior to departure, the Minister of Health signed a document, which was verbally agreed to by Prime Minister Allawi, to allocate a six story building in the International Zone to be used for the Iraqi National Academy of Health Science Center.
 - ñ Upon official approval, almost all training and education will be done for primary health care, discipline specific re-training, and managerial/administration.

Current Projects:

- ï The Al Furat Clinic opened this last week on September 12th.
- ï Najaf Teaching hospital is continuing the clean up process after offensive operations there and the opening of the Emergency Room/Administration areas by the end of the month, after the return of the Iraqi Interim Government officials.
- ï A Ministry of Health doctor will be working in the Multinational Forces Iraq (MNF-I) Situational Room to handle emergencies once all approvals are obtained.



Essential Services ñ Education

Education Assistance:

- ï A donation of 50 boxes of books has arrived from Duke University, which they have supplied to update curriculum at an Iraqi college. Military Liaison Office (LNO) is working on logistics to have these books delivered.
- ï The Strategic Planning trip in the northern region of Iraq had to be rescheduled for later this month due to the Minister of Higher Education having to speak to the National Council.
- ï The Ministries of Education and Higher Education are participating in a weekly video teleconference with the World Bank to discuss expediting the process of procuring \$100 million dollars for education and entering discussions for higher education funding.

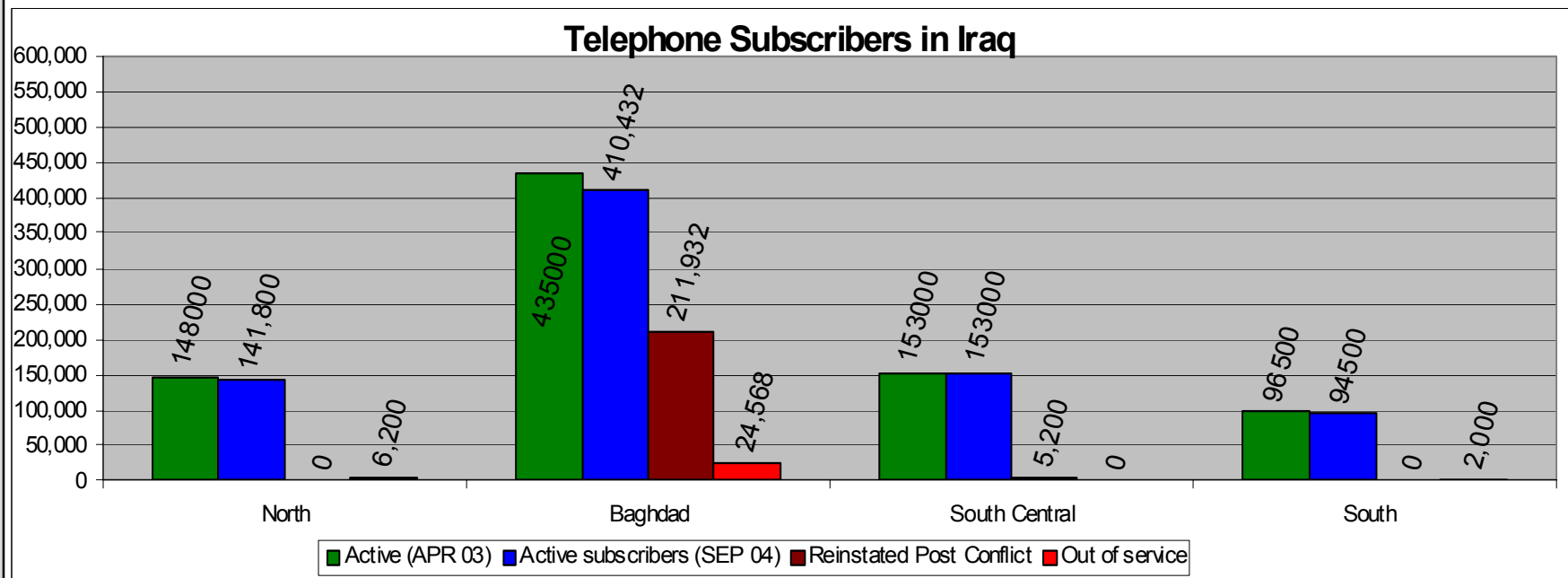
Attacks:

- ï The President of Nahrain University was wounded and one of his guards was killed in an attack on a girls' school in Baghdad.



Essential Services - Telecommunications

- ï Total number of telephone subscribers in Iraq is now over 1,537,089 (including 737,357 cell phone subscribers) ñ 84.5% above pre-war levels.
- ï There are now 799,732 land line telephone subscribers in Iraq, compared with 833,000 subscribers pre-war.



As of Sept 16

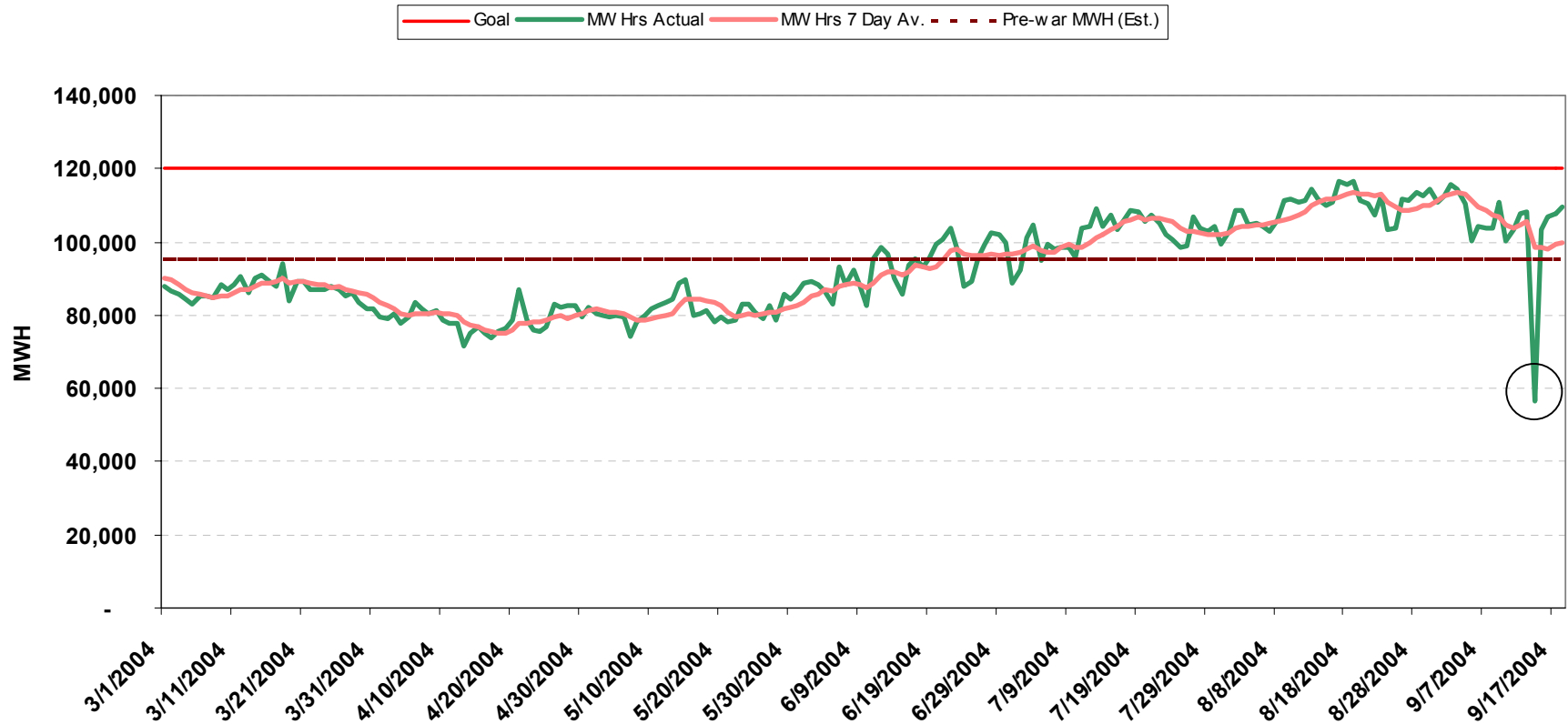
- ï The Communication sector initiated development of the first task order to NANA Pacific for the Wireless Broadband requirement to support this important requirement for the Iraqi government ministries.



Electricity Overview

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Megawatt Hour Production (MWH)



ii On average 470 MW of generation capacity was scheduled offline and while 379 MW was unscheduled for maintenance.

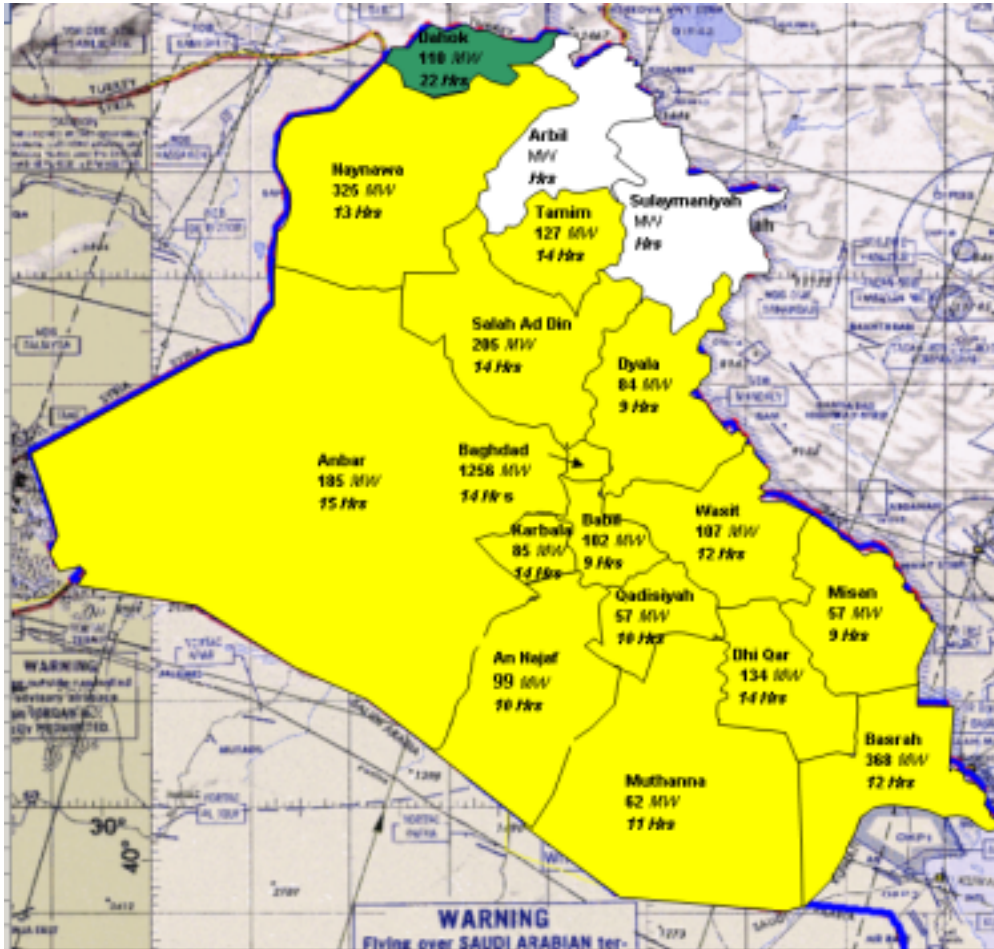
ii 7 Day Average: 98,710 MWH.

Circle represents a day-long disruption in electrical power following a sabotage attack on Sept. 14 which damaged transmission lines. The Iraq Ministry of Electricity responded promptly to the event and restored to full power within 48 hours.



Hours of Power

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Average hours of Electrical Service provided over a 7 Day Period

≤ 8 Hrs = Red	
9 to 15 Hrs = Amber	
≥ 16 Hrs = Green	
No Report = White	

Percent Change in MW over a 7 Day Period

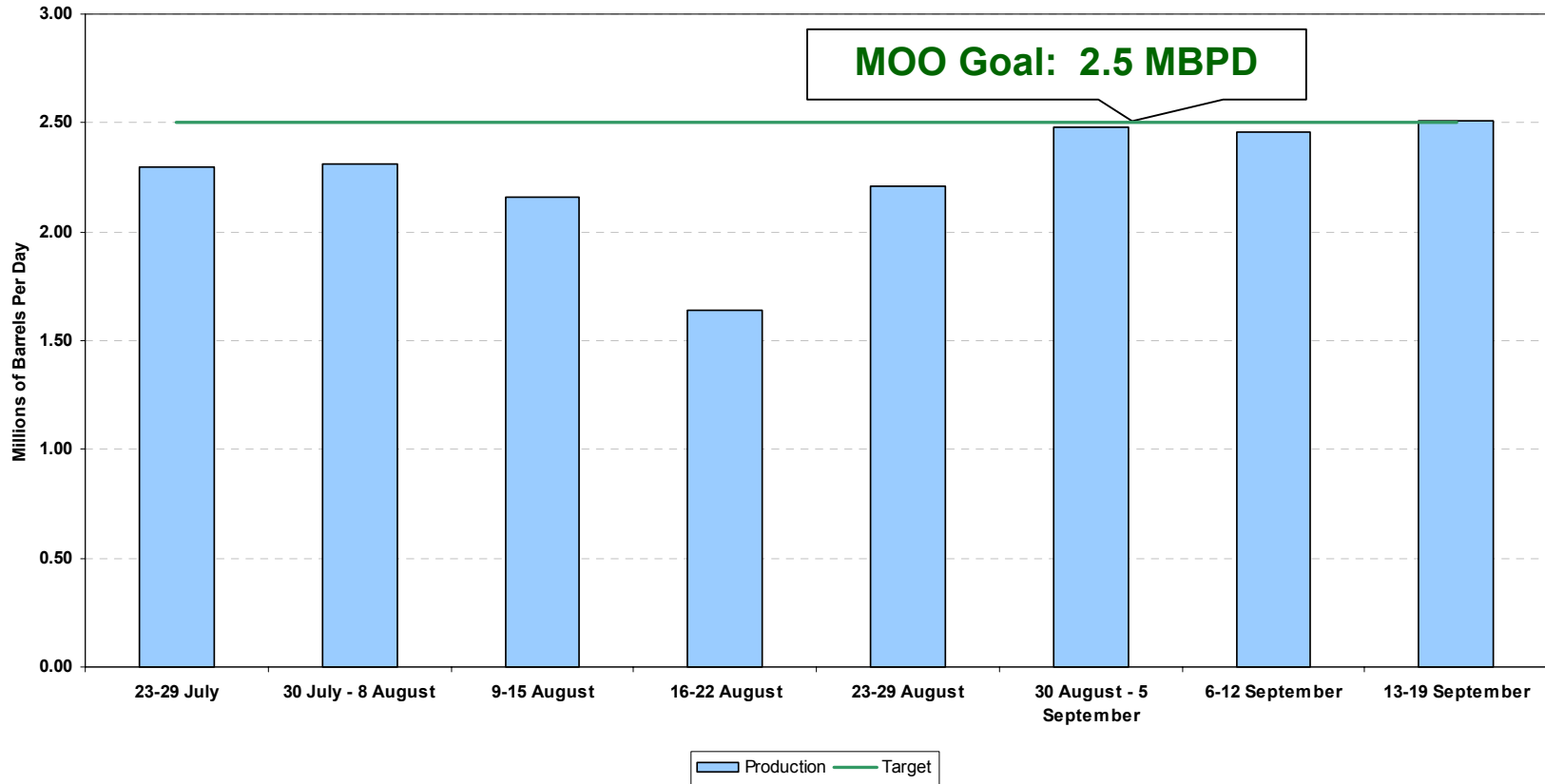
Baghdad	-19.9
Dahuk	13.6
Ninewah	-7.1
Tamim	-2
Salah Ad Din	-7.4
Anbar	3.7
Diyala	13.9
Babil	1.5
Karbala	-7.2
Najaf	-23.3
Qadisiyah	-2.5
Wasit	7.3
Muthanna	-2.3
Dhi Qar	-6.2
Mayson	-5.2
Basrah	-8.9
Arbil	Unknown
Sulaymaniyah	Unknown

Average Electrical Power Distribution per Governorate as of 15 September 2004



Crude Oil Production

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Weekly Average of 2.509 MBPD Exceeds Target of 2.5 MBPD

Long Term Ministry of Oil (MOO) Target (Dec 04): 2.8 ñ 3.0 MBPD (Pre-War Capacity)

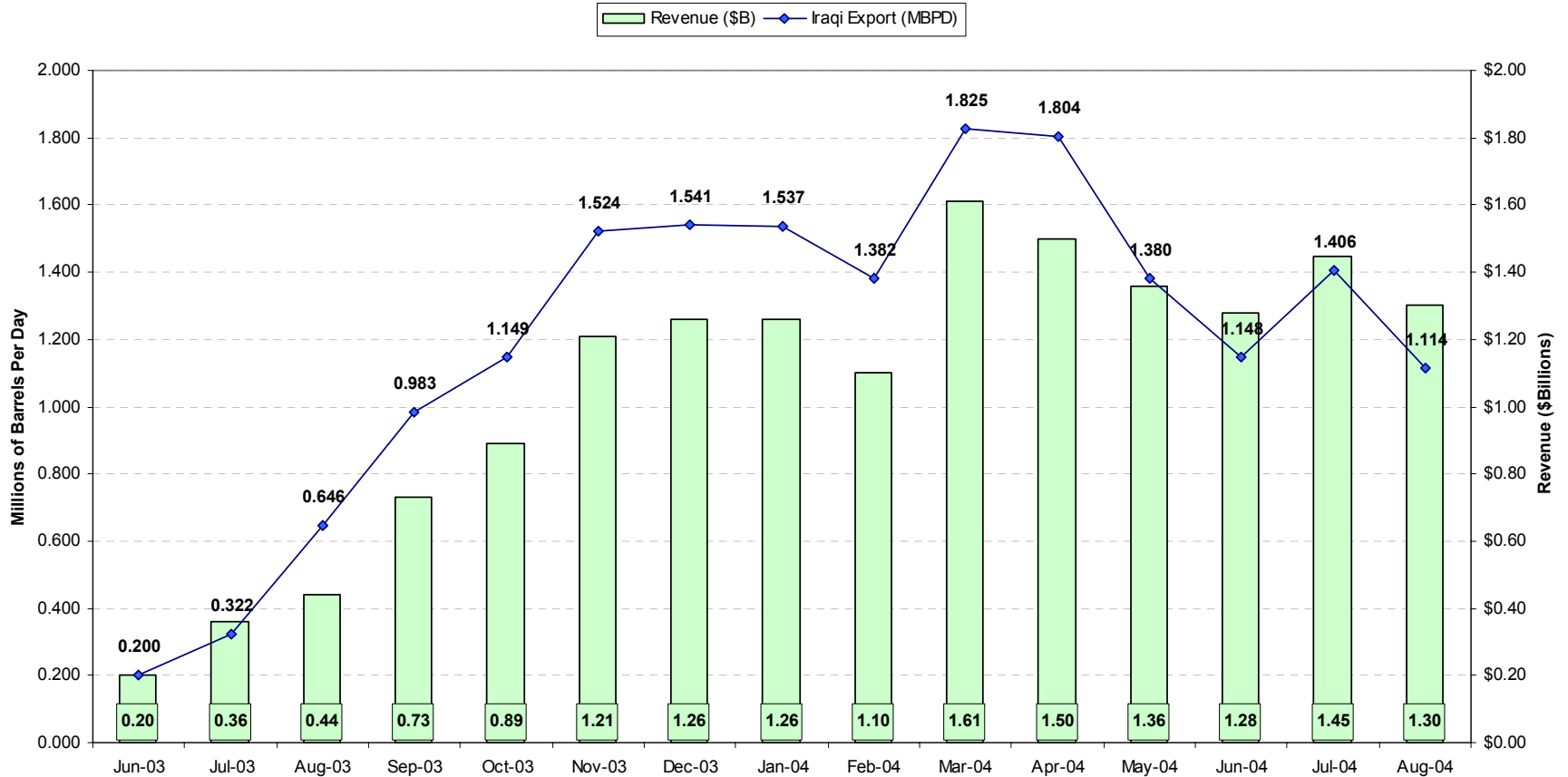
Pre-War Peak: 2.5 MBPD in Mar 03

Post-War Peak: 2.629 MBPD on 18 Sep 04



Monthly Export ñ Volume & Revenue

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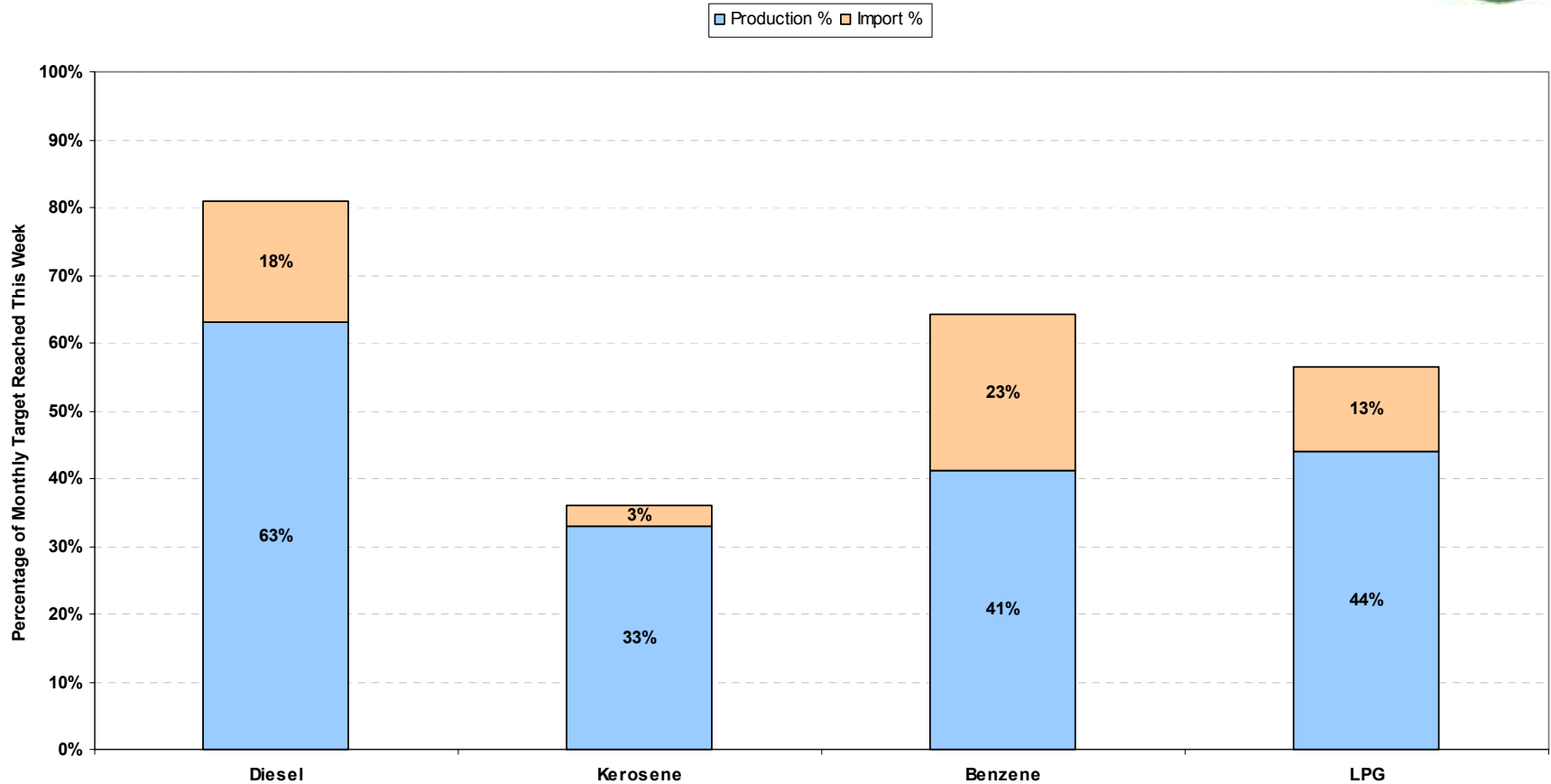
ï September Monthly Average: 1.578 MBPD

ï September Monthly Revenue: \$0.93B



Refined Products

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Note: Kerosene target increased for upcoming winter months, while the target number for benzene was reduced.

ï Diesel: 14.5 ML of 18 ML

ï Benzene: 12.2 ML of 19.1 ML

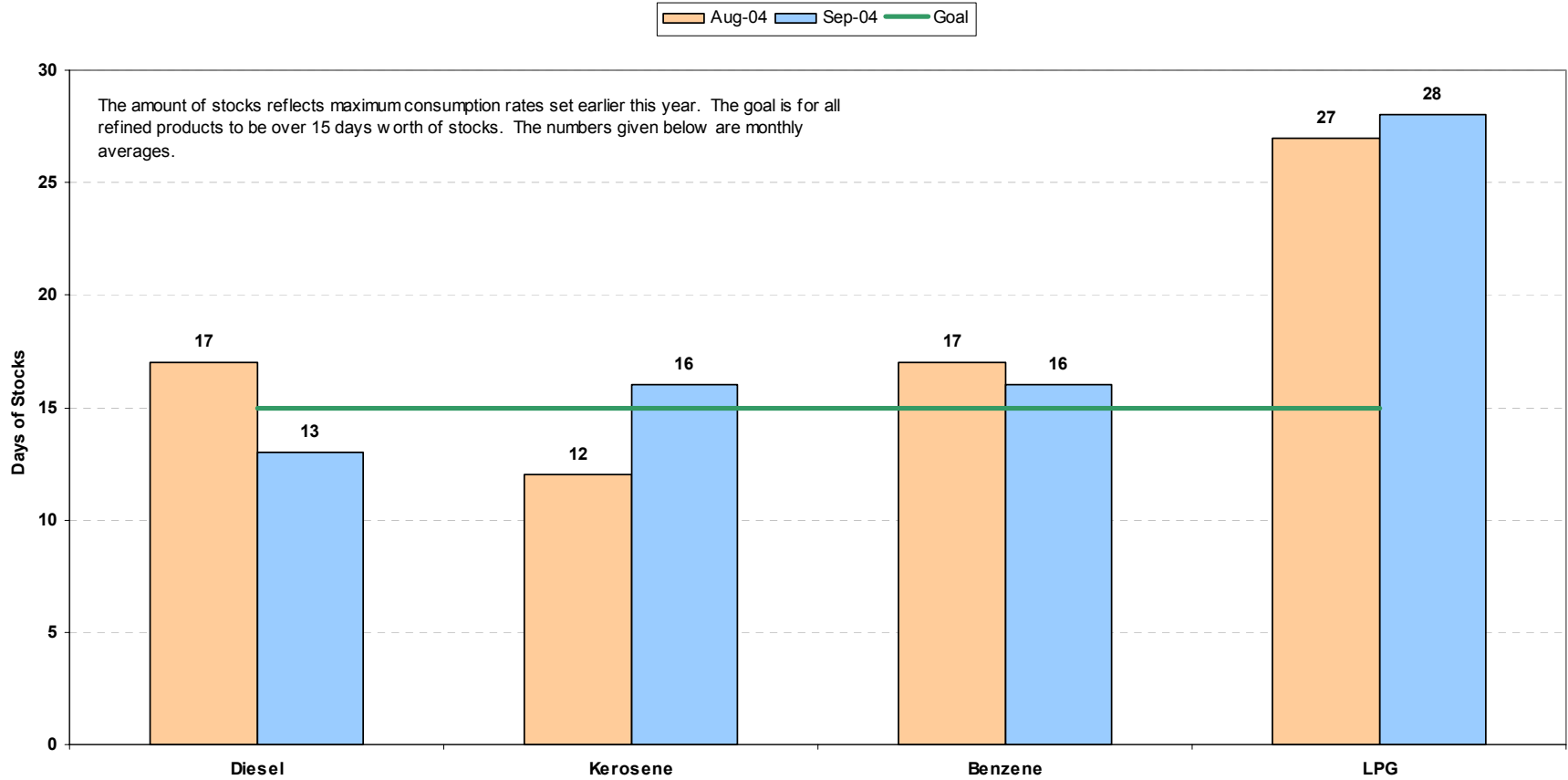
ï Kerosene: 5.4 ML of 15 ML

ï LPG: 2,262 tons of 4,000 tons



National Stock Levels

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ï National stock levels of diesel continuing to decline.

Iraq Relief and Reconstruction Fund (IRRF) ñ Financial Status



As of 22 Sep 2004

\$Millions Sector	2207 Report	Apportion	Committed		Obligated		Disbursed	
			Last Week	Current	Last Week	Current	Last Week	Current
Security and Law Enforcement	3235	3124	2746	2748	1939	1971	622	623
Electricity Sector	5374	2845	2479	2658	1990	1971	279	300
Oil Infrastructure	1701	1701	1218	1168	720	675	42	43
Justice, Public Safety and Civil Society	1041	867	732	744	378	426	47	50
Democracy	541	541	522	522	417	417	77	77
Education, Refugees, Human Rights, Governance	259	259	241	241	129	129	26	26
Roads, Bridges and Construction	360	267	256	256	138	142	10	10
Health Care	786	784	715	760	385	406	2	2
Transportation and Communications	500	499	411	357	219	169	10	11
Water Resources and Sanitation	4246	1069	890	930	679	716	18	19
Private Sector Development	183	135	127	127	93	93	34	34
Admin Expense (USAID, STATE)	213	29	29	29	29	29	22	22
TOTAL	18439	12120	10366	10540	7116	7144	1189	1217
CONSTRUCTION	12316	6685	5956	6073	4507	4502		
NON-CONSTRUCTION	5582	4894	3888	3945	2192	2225		
DEMOCRACY	541	541	522	522	417	417		
Total	18439	12120	10366	10540	7116	7144		

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Police Forces ñ Current Status

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FORCE		MANNING		TRAINING			EQUIPPING							
							WEAPONS		VEHICLES		COMMS		BODY ARMOR	
							REQ	O/H	REQ	O/H	REQ	O/H	REQ	O/H
IRAQI POLICE	IRAQI POLICE SVC	135K	↓ 84,950	↓ 46,176	↓ 3,479	↑ 35,295	213,185	93,093	22,395	5,923	67,565	13,245	135,000	42,941
	CIVIL INTERVENTION FORCE	4,800	0	0	0	0	11,490	0	1,002	0	10,240	0	4,800	0
	EMERGENCY RESPONSE UNIT	270	83	0	116	83	1,020	500	58	0	352	↑ 300	270	↑ 270
DEPT OF BORDER ENFORCEMENT		32,000	↑ 16,798	↑ 2,000	485	14,313	42,601	16,442	8,271	↑ 1,798	8,271	1,627	28,626	4,000
TOTAL		172,070	↑ 101,831	↓ 48,176	↓ 3,964	49,691	268,296	110,035	31,726	7,721	86,428	↑ 15,172	168,696	↑ 46,761

- 39% OR LESS OF REQUIREMENT
- 40 - 69% OF REQUIREMENT
- 70 - 100% OF REQUIREMENT

SOME RADIOS ARE ON HAND BUT THEY ARE AN INTERIM CAPABILITY ONLY

Data as of 13 Sept 04



Armed Forces ñ Current Status

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		MANNING		TRAINING			EQUIPPING							
							WEAPONS		VEHICLES		COMMS		BODY ARMOR	
FORCE	COMPONENT	AUTH	ON DUTY	UN-TRND	IN-TRN	TRND	REQ	O/H	REQ	O/H	REQ	O/H	REQ	O/H
ARMY	IRAQI ARMY	27,000	12,699	0	7,910	4,789	23,606	15,432	2,298	1,768	3,596	1,021	20,949	6,137
	IRAQI NATIONAL GUARD	61,904	41,461	0	2,189	39,272	68,760	37,635	2,142	727	11,209	427	62,032	23,320
	IRAQI PREVENTION FORCE	6,584	7,417	0	5,489	1,928	8,850	3,300	583	152	1,798	1,593	6,584	2,741
	IRAQI SPECIAL OPS FORCE	1,967	651	0	75	576	1,898	1,274	180	67	1,212	115	1,620	605
AIR FORCE		502	182	0	39	143	383	0	34	4	21	0	502	0
COASTAL DEFENSE FORCE		409	412	0	130	282	486	12	15	15	156	1	409	0
TOTAL		77,175	62,822	0	15,832	46,990	103,983	57,653	4,421	2,733	13,764	3,157	71,152	32,803

- 39% OR LESS OF REQUIREMENT
- 40 - 69% OF REQUIREMENT
- 70 - 100% OF REQUIREMENT

SOME RADIOS ARE ON HAND BUT THEY ARE AN INTERIM CAPABILITY ONLY

Data as of 13 Sept 04



Stability Contributors ñ OIF

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Countries with forces in Iraq

29

- Albania
- Australia
- Azerbaijan
- Bulgaria
- Czech Rep
- Denmark
- El Salvador
- Estonia
- Georgia
- Hungary
- Italy
- Japan
- Kazakhstan
- Korea
- Latvia

TOTAL ~25K

- Lithuania
- Macedonia
- Moldova
- Mongolia
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Singapore
- Slovakia
- Tonga
- Ukraine
- UK

Countries committed to provide forces for Iraq

1

31 Countries
 (including US)
and NATO
 Potentially Supporting
 Iraqi Stability

Iraq Weekly Status ñ General Information



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- ï Development, coordination and distribution responsibilities for the Iraq Weekly Status Report have been transferred from the Department of Defense to the Department of State.
- ï This brief draws from multiple sources. References are cited on the respective pages in the ìNotes Pageê section (View → Notes Page).
- ï Please forward all questions and/or comments to (unclassified) NEA-I-IPOG-DL@state.gov or (classified) NEA-I-IPOG-DL@state.sgov.gov