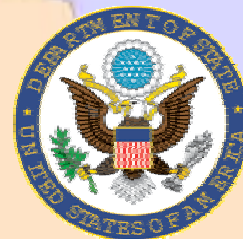


18 May 2005



D
E
P
A
R
T
M
E
N
T
O
F
S
T
A
T
E

Iraq Weekly Status Report

UNCLASSIFIED



Table of Contents

SECTION	SLIDE(S)
<u>Highlights</u>	3
<u>1.0 Neutralize the Insurgents</u>	5
<u>2.0 Ensure the Continuation of Support for Iraqís Electoral Process through 2005</u>	7
<u>3.0 Create Jobs and Provide Essential Services</u>	9
<u>4.0 Establish Foundations for a Strong Economy</u>	15
<u>5.0 Establish Good Governance, Rule of Law</u>	22
<u>6.0 Maintain International Engagement & Support</u>	23
<u>General Information</u>	25



Highlights

D
E
P
A
R
T
M
E
N
T

O
F

S
T
A
T
E

1.0 Neutralize the Insurgents

- ï On May 12, the Iraq Police Service graduated 1,469 police officers from basic police training courses in Al Hillah and Baghdad. Completing the eight-week training were 517 police recruits from the Al Hillah Regional Academy and 952 from the Baghdad Police College, including 16 female police recruits.

2.0 Ensure the Continuation of Support for Iraqís Electoral Process through 2005

- ï During a one-day visit to Iraq on May 15, Secretary of State Condoleezza Rice met with the country's new leaders to offer support to the Iraqi government and urge an inclusive political and constitutional process.

3.0 Create Jobs and Provide Essential Services

- ï Electricity demand has already exceeded last summerís maximum, even with moderate temperatures. Estimated electricity demand satisfied is 61 percent.



Highlights

4.0 Establish Foundations for a Strong Economy

- ï The ITG has established a Ministerial energy committee to coordinate between the Ministries of Oil, Electricity, Water Resources, and Finance. Two meetings have been held since its formation.

5.0 Establish Good Governance, Rule of Law

- ï The Rule of Law Coordinator and the EU Mission are designing a forum on the EU Mission's "Integrated Rule of Law Program," which trains Iraqi justice officials outside of Iraq. The forum will be an opportunity to discuss coordination with the EU Mission's Rule of Law programs.

6.0 Maintain International Engagement and Support

- ï On May 17, Foreign Minister Kamal Kharrazu, the most senior Iranian official to visit Iraq since the fall of Saddam Hussein, said he promised that Iran would cooperate on security and not provide support to the insurgency.



[1.0] Neutralize the Insurgents ñ Iraqi Security Forces Update

D
E
P
A
R
T
M
E
N
T

O
F

S
T
A
T
E

Iraqi Security Forces Update:

- ï On May 12, the Iraq Police Service graduated 1,469 police officers from basic police training courses in Al Hillah and Baghdad. Completing the eight-week training were 517 police recruits from the Al Hillah Regional Academy and 952 from the Baghdad Police College, including 16 female police recruits. To date, more than 31,000 police recruits have completed the course, with an additional 36,000 police officers completing the three-week Transitional Integration Program (TIP), providing officers with prior police experience a condensed version of the basic training course.
- ï Iraqi soldiers from the Oil Security Battalion (OSB) disarmed an improvised explosive device (IED) they found on the Kirkuk-to-Baiji main pipeline May 3 in Kirkuk Province. The OSB Squad disarmed the IED and brought it to Task Force Liberty Soldiers at a Coalition Forces base for disposal.
- ï The 1st Mechanized Battalion, 1st Iraqi Army Brigade began combat operations in the western Baghdad district of Abu Ghraib on May 2 to defeat insurgents who have been staging attacks in the Iraqi capital. The battalion, composed of armored personnel carriers, tanks, and Iraqi infantry soldiers, is conducting operations throughout the town.



[1.0] Neutralize the Insurgents ñ Iraqi Security Forces Update

DEPARTMENT OF STATE

Ministry of Interior Forces

COMPONENT	TRAINED & EQUIPPED
POLICE	59,882
HIGHWAY PATROL	
OTHER MOI FORCES	29,555
TOTAL	89,437*

Ministry of Defense Forces

COMPONENT	OPERATIONAL
ARMY	75,073
AIR FORCE	188
NAVY	521
TOTAL	75,782**

Total Trained & Equipped ISF:

165,219

* Ministry of Interior Forces: Unauthorized absences personnel are included in these numbers

** Ministry of Defense Forces: Unauthorized absences personnel are not included in these numbers

[2.0] Ensure the Continuation of Support for Iraqís Electoral Process through 2005 ñ **Developments**



ITG and Constitution Updates:

- ï During a one-day visit to Iraq on May 15, Secretary of State Condoleezza Rice met with the country's new leaders to offer support to the Iraqi government and urge both an inclusive constitutional process and that the Transitional Administrative Law political deadlines be met. ìThe constitution is about the future of Iraq,î she told ABC News. ìIt has to be a constitution in which all Iraqis see a path to a better future.î
- ï TNA Deputy Speaker Hussein al-Shahrastani announced the creation of 55-person Constitutional Committee on May 10.

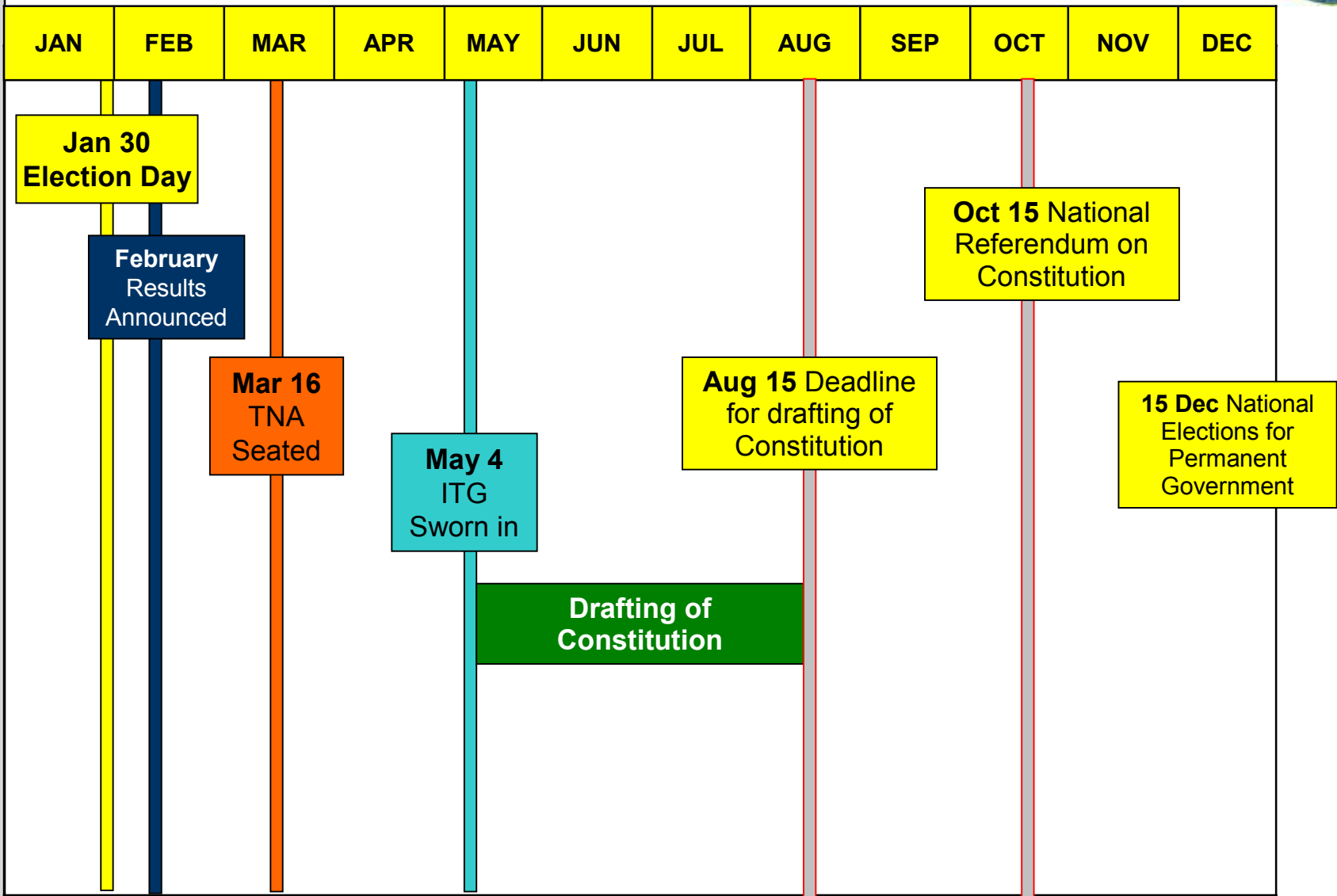
Continuing Transitional National Assembly (TNA) Responsibilities:

- Serve as Iraq's national legislature until the election of a new government under a permanent constitution.
- According to the Transitional Administrative Law, the TNA is to draft Iraq's new Constitution by August 15, 2005; this will be presented to the Iraqi people for their approval in a national referendum by October 15, 2005.
- If it is approved, an election for a permanent Iraqi government under that new Constitution will occur by the end of 2005.



[2.0] Ensure the Continuation of Support for Iraqís Electoral Process through 2005 ñ Electoral Process Timeline

DEPARTMENT OF STATE





[3.0] Create Jobs and Provide Essential Services ñ Economy

Oil Update:

Crude oil prices in world markets for the week ending May 6 closed with the following prices:

ñ WTI Cushing at \$50.35/barrel

ñ Dated Brent at \$48.91/barrel

ñ Basra Light at \$40.38/barrel

ñ Oman/Dubai at \$45.93/barrel

ñ Kirkuk Crude at \$43.63/barrel

Employment Update: Number of Iraqis employed by USG-administered projects in each sector:

Employing Organization	Iraqis Last Week	Iraqis This Week	% Change on Week
PCO (Project and Contracting Office)	28,240	29,624	4.9%
USAID	67,623	67,188	-0.6%
AIRP (Accelerated Iraqi Reconstruction Program)	2,950	3,050	3.4%
MILCON (Military Construction)	592	555	-6.3%
*CERP (Commanders' Emergency Response Program)	23,706	23,706	0.0%
MNSTC-I	27,976	24,443	-12.6%
IRRF NON-CONSTRUCTION	9,155	9,160	0.1%
GRAND TOTAL	160,242	157,726	-1.6%

Data as of May 18, 2005

UNCLASSIFIED

[3.0] Create Jobs and Provide Essential Services ñ Education and Food Security



School Construction:

- ï PCO has completed 541 schools renovations to date and a further 170 are under construction. Under the Accelerated Iraq Reconstruction Program (AIRP), an additional 24 school renovations have been completed and 16 are underway.

Public Distribution System (PDS):

- ï The Ministry of Trade (MoT) has contracted 150,000 MT of wheat flour from Turkey; the first truckloads have begun to arrive for Mayís distribution.
- ï The MoT contracted 60,000 MT of US rice and 115,000 MT of Thai rice to fulfill distribution needs for June and July.



[3.0] Create Jobs and Provide Essential Services ñ Health Care

D
E
P
A
R
T
M
E
N
T
O
F
S
T
A
T
E

Primary Health Care Facility Construction:

- ï Construction is underway on 142 new primary health care (PHC) facilities across Iraq; one has been completed. Under the AIRP, an additional two PHCs are under construction and eight have been completed.

Veterinary Clinic Construction:

- ï The renovation of five veterinary clinics will begin soon through grants from the Ministry of Agriculture and USAID's Agriculture Reconstruction and Development for Iraq (ARDI) program. These clinics, which serve a total of 345 villages, are often the only source of veterinarian assistance to area farmers. They are the principle providers for vaccines against livestock diseases, and serve as the coordinating agencies for comprehensive treatment of livestock during disease outbreaks.

Telecommunications:

- ï The three major cell phone companies in Iraq (Asiacell, Iraqna, and Atheer) continue to enroll new subscribers at healthy rates. As of May 1, there were 2,180,355 active cellular subscribers in Iraq, a 6 percent increase over last month. Landline telephone subscribers in Iraq have also increased to 992,416. Prior to the war, there were approximately 833,000 landline subscribers and no cellular network.



[3.0] Create Jobs and Provide Essential Services ñ **Water and Sanitation**

D
E
P
A
R
T
M
E
N
T

O
F

S
T
A
T
E

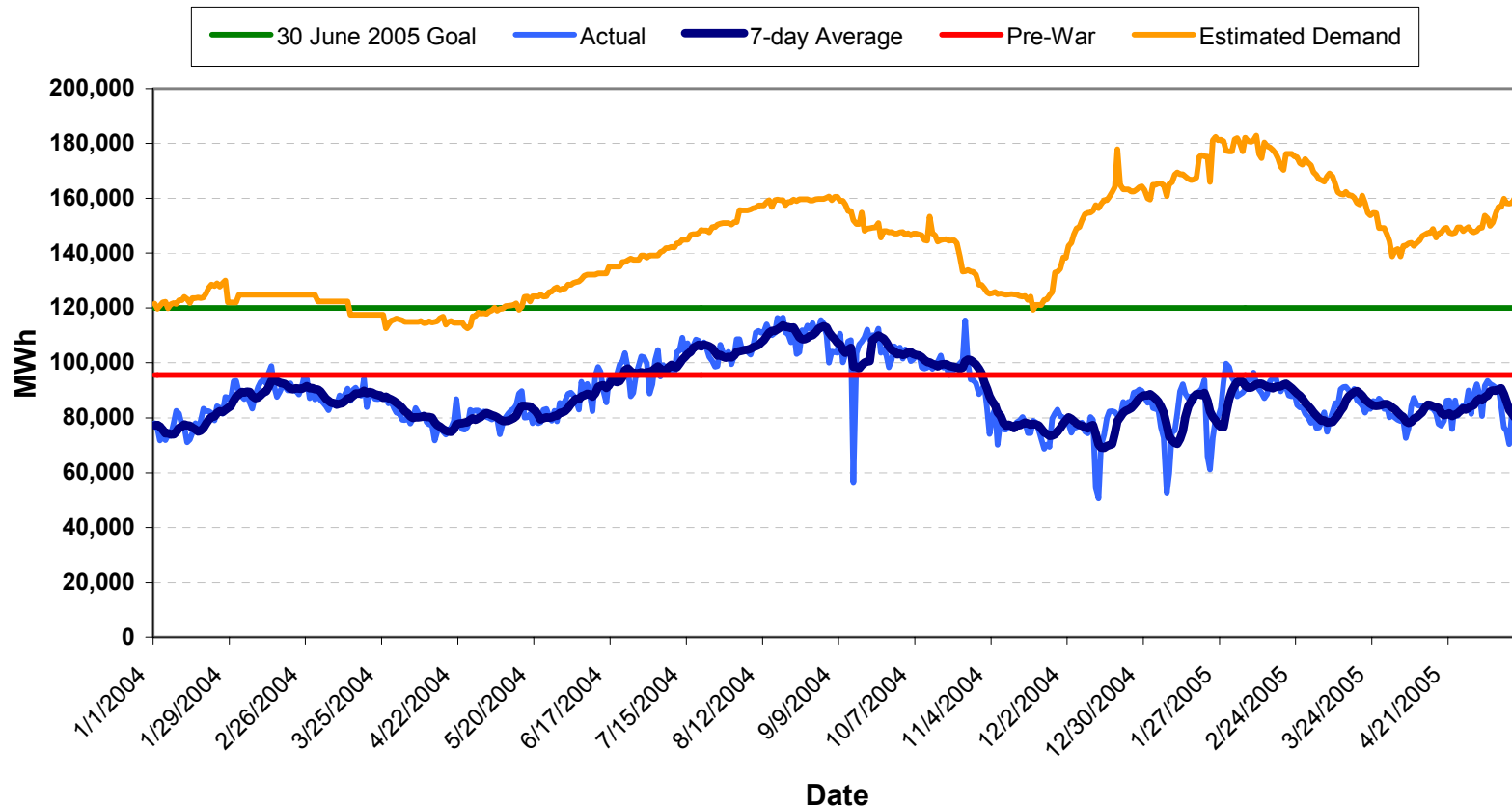
Water and Sanitation:

- ï PCO has 90 water treatment projects underway and has completed 15 to date. Under the AIRP, there are a further 12 water treatment projects under construction and 38 have been completed.
- ï Work is moving forward on USAID's Rural Water Initiative to supply potable water to rural Iraqis by digging wells in mid-sized communities. So far, the program has constructed wells at 81 sites; 69 of those sites are now active and 12 have been abandoned due to dry wells or other issues.
 - ñ Operating under the Iraq Infrastructure Reconstruction Program, this initiative will drill approximately 110 wells in remote locations throughout Iraq and will benefit about 550,000 rural Iraqis.
- ï The installation of water treatment units at four major power plants in Basrah is nearing completion.
 - ñ Two of the plants are completely finished and a third is undergoing final inspection. The fourth plant is expected to be completed by mid-May. The new facilities will improve the efficiency and reliability of Basrah's thermal power plants.



[3.0] Create Jobs and Provide Essential Services ñ Electricity Overview

Iraq Daily Electricity Load Served



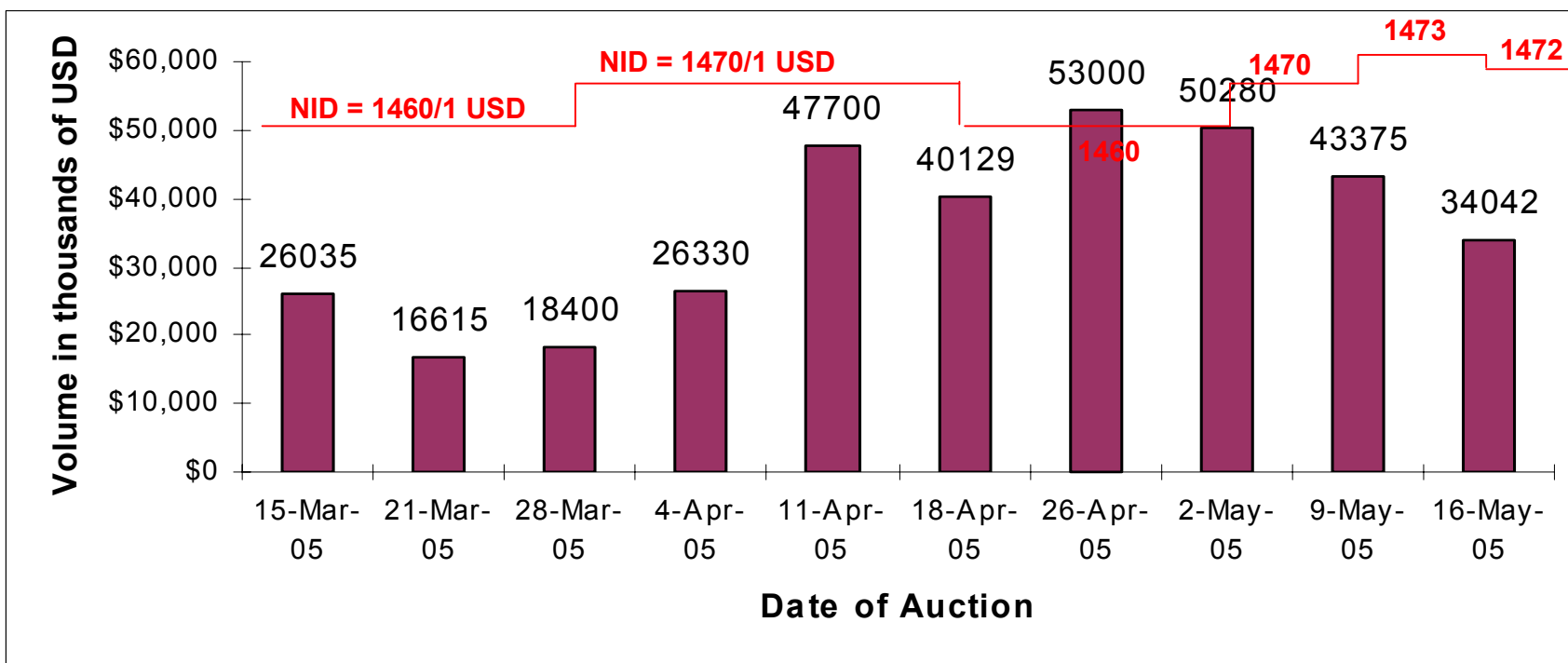
- ï Electricity load served dropped last week (May 10 - 16) to an average of 79,800 MWh with several power plants going offline with forced outages. Hours of available power similarly dropped to 7.1 hours in Baghdad and 7.0 hours country-wide.
- ï Demand levels are approaching last summer's highs, although temperatures continue to be moderate (high 80s °F).



[4.0] Establish Foundations for a Strong Economy

Iraq Currency Exchange:

- ii At the New Iraqi Dinar (NID) auction on May 16, the settlement price was 1,472 dinars per USD with a total of 21 banks trading. The following table shows the purchase volume over the last two months:



- ii On May 16, the Central Bank of Iraq began providing banks with 50 percent of their foreign currency demand confirming to them the necessity to determine the purpose of purchase. The CBI hopes to curb speculative operations which it attributes to the unjustified increase in foreign currency demand.



[4.0] Establish Foundations for a Strong Economy

State-Owned Bank Reform:

- ï USAID's Iraq Economic Governance II (IEG II) program recently completed a first draft of a Credit Procedures Manual and a Credit Policy Manual, both of which will be translated and shared with the state-owned banks. IEG II advisors have been providing sustained technical assistance to the banks on credit and risk analysis.

Iraqi Securities Exchange:

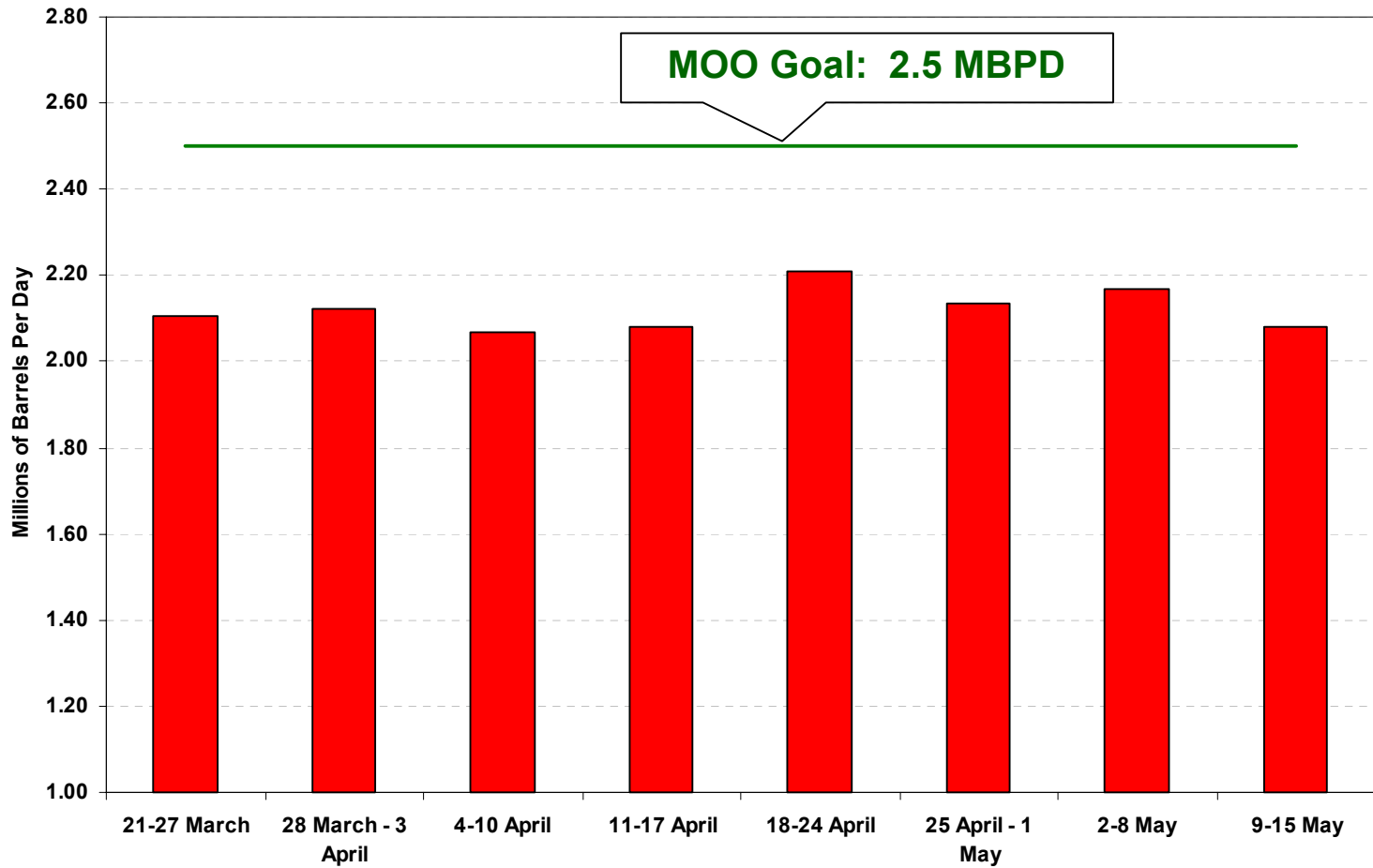
- ï The Ministry of Finance auctioned ID 200 billion (about \$135.87 million) in T-Bills on May 16; the settlement yield was 4.0 percent with five banks offering winning bids. The following shows the results of the previous seven auctions:

No. of Auction	Date of Auction	Amount of Issue	Term of Security (in days)	Maturity Date	Number Competitive Bidders	Winning Bidders	Total Valid Competitive Bids	Total Competitive Awarded	Cover Ratio %	Bid Range Yields	Cut off yield
16	2/20/2005	150.020	91	5/23/2005	10	4	253.000	145.520	173.86	3.00 %- 7.00%	3.00%
17	3/6/2005	200.040	91	6/6/2005	8	6	399.500	197.040	202.75	2.00%- 6.90%	3.00%
18	3/20/2005	200.040	91	6/20/2005	8	6	424.000	197.040	215.18	2.00% - 6.50%	3.00%
19	4/3/2005	200.020	91	7/4/2005	6	5	396.000	197.020	200.99	3.00% - 6.50%	3.00%
20	4/17/2005	150.040	91	7/18/2005	8	6	300.250	147.540	203.50	3.00% - 7.00%	3.00%
21	5/2/2005	200.030	91	8/2/2005	5	4	311.000	198.030	157.05	3.00% - 6.50%	3.00%
22	5/15/2005	200.020	91	8/15/2005	6	5	375.750	197.020	190.72	4.00% - 5.50%	4.00%



[4.0] Establish Foundations for a Strong Economy ñ Crude Oil Production

DEPARTMENT OF STATE



ï Weekly Average (May 9-15) of 2.08 MBPD

ï Pre-War Peak: 2.5 MBPD in Mar 2003

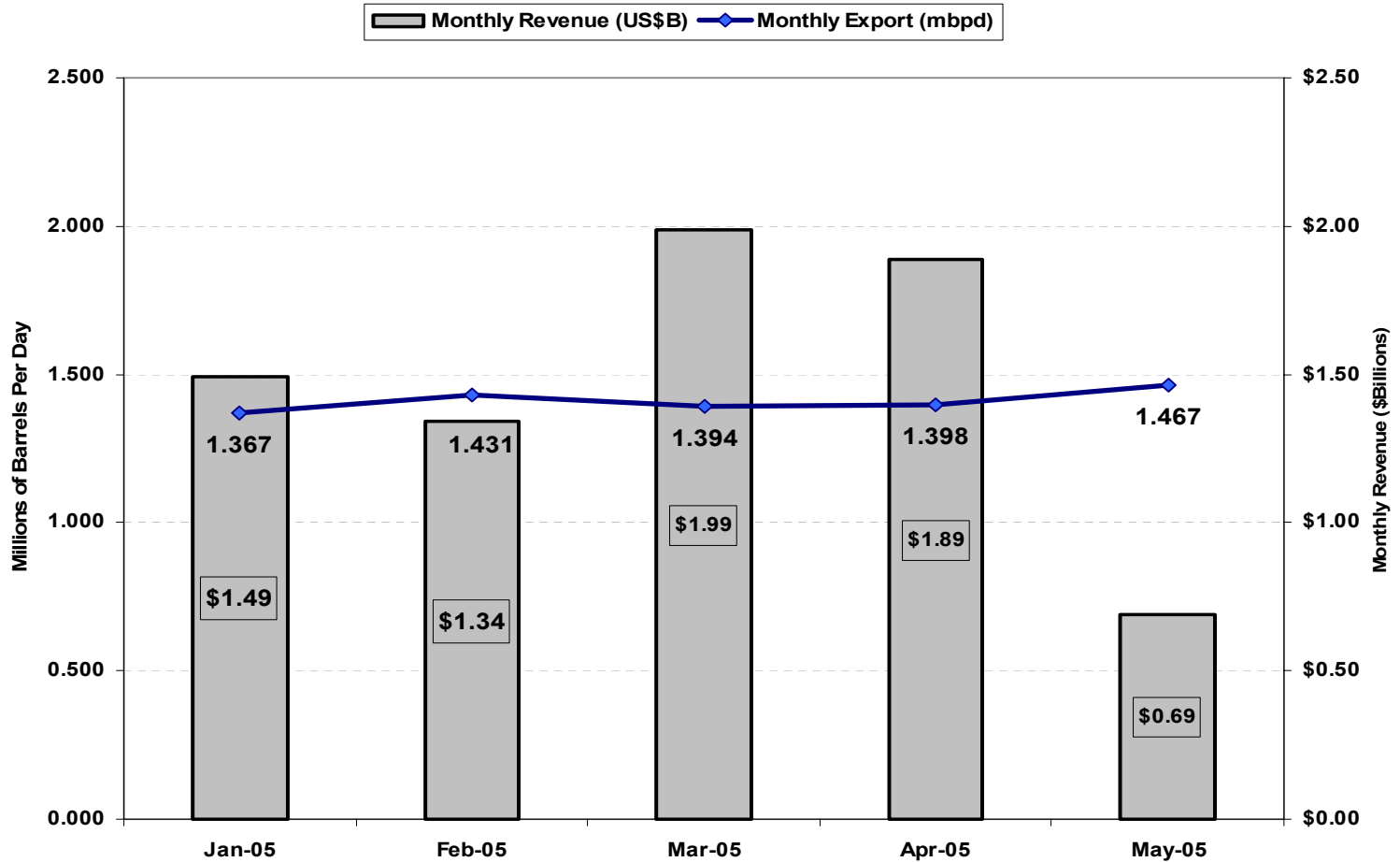
ï Post-War Peak: 2.67 MBPD

■ Production — Target



[4.0] Establish Foundations for a Strong Economy ñ Crude Oil Export

DEPARTMENT OF STATE

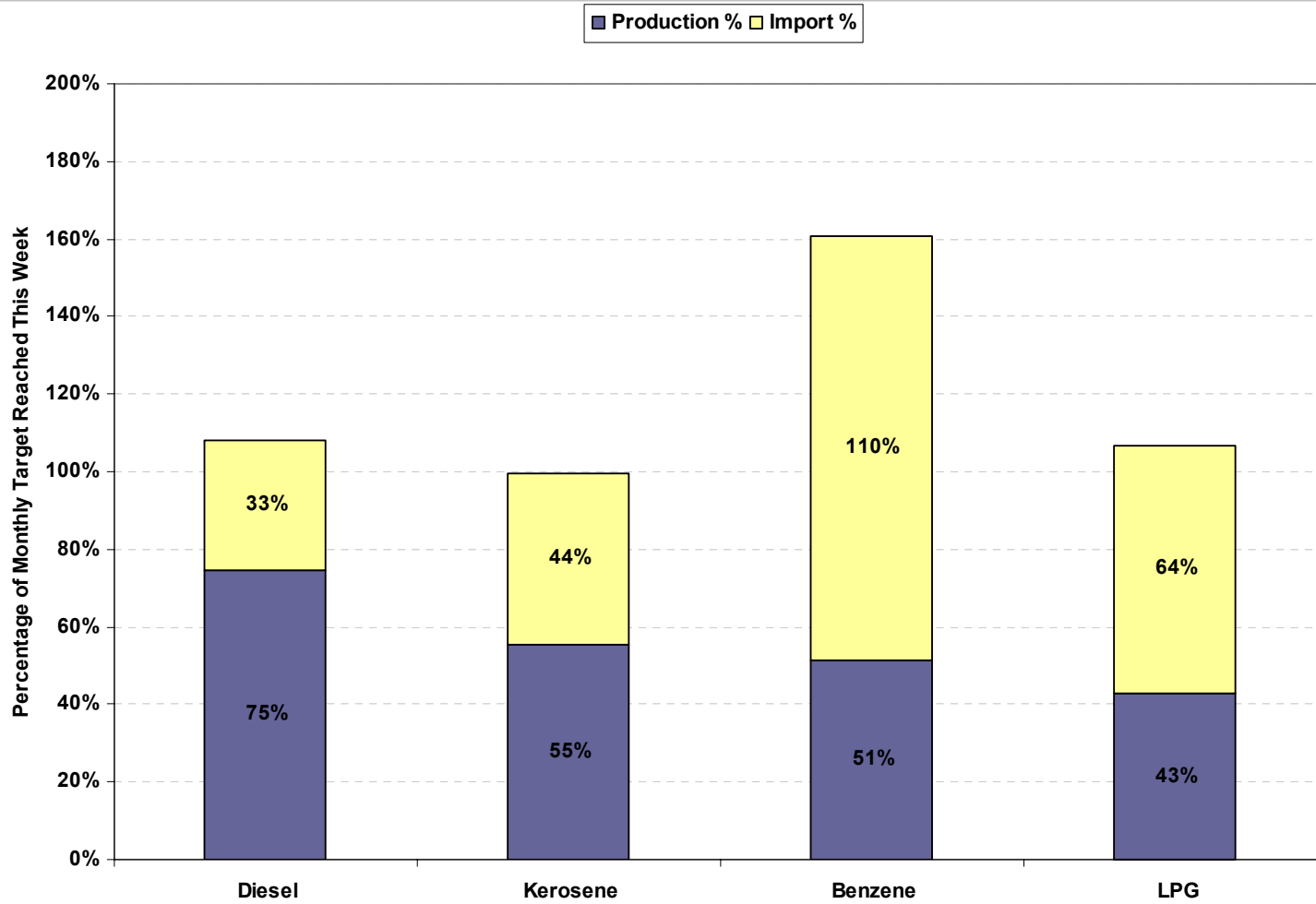


- ï 2003 Revenue: \$5,076.6 M
- ï 2004 Revenue: \$17,012.3 M
- ï 2005 Revenue: \$7,560.0 M (cumulative for 2005)



[4.0] Establish Foundations for a Strong Economy ñ Refined Products

DEPARTMENT OF STATE



Note: This chart represents the average percentage of daily target reached for the week of May 9-15

ï Diesel: 19.5 ML of 18 ML

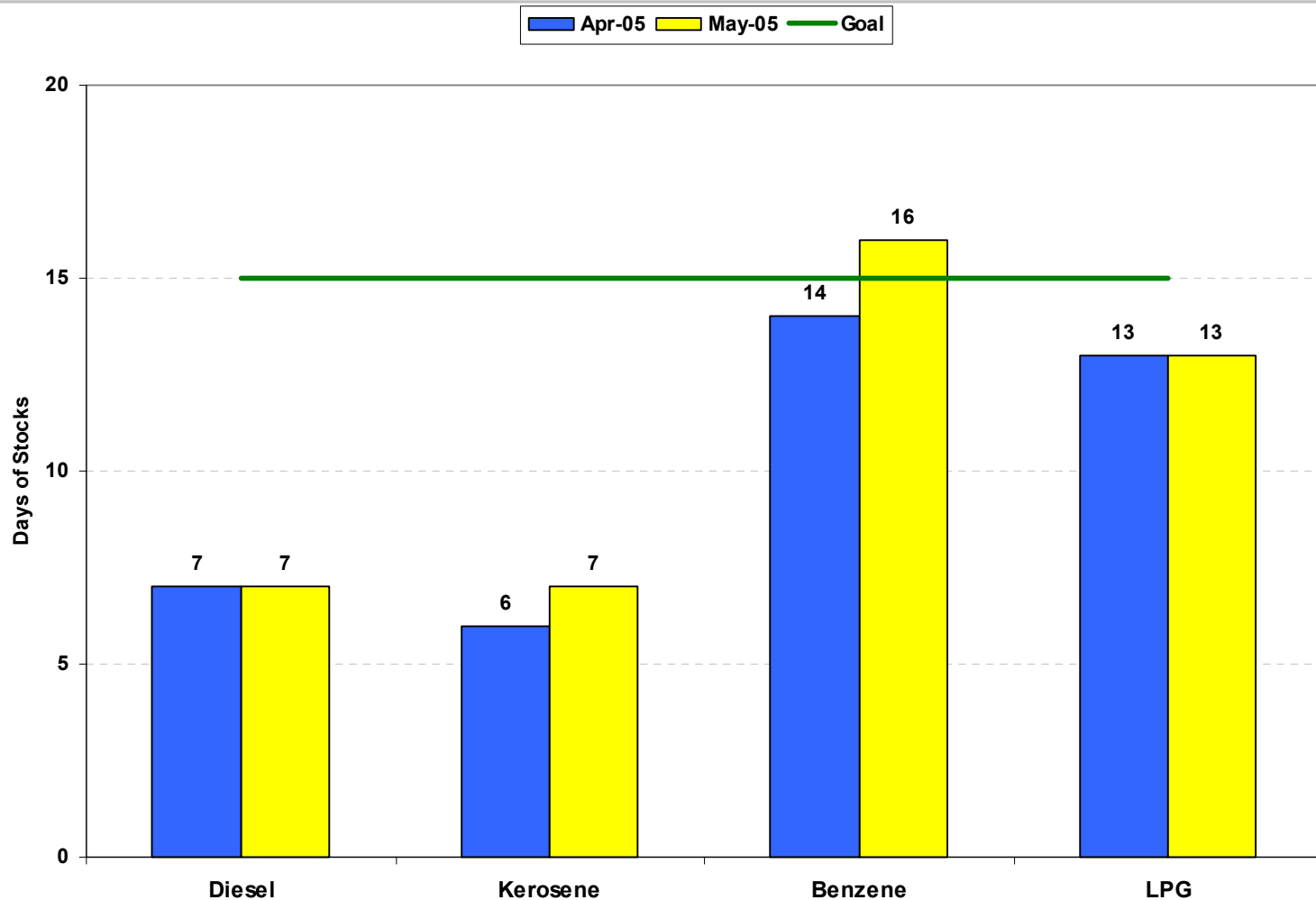
ï Benzene: 28.9 ML of 18 ML

ï Kerosene: 5.4 ML of 5.4 ML

ï LPG: 4,597 tons of 4,300 tons



[4.0] Establish Foundations for a Strong Economy ñ National Stock Levels



ï The goal is for all refined products to be over 15 days worth of stocks at maximum consumption rates and does not represent seasonal change. The numbers given above are monthly averages.

[4.0] Establish Foundations for a Strong Economy ñ IRRF I & II Financials



DEPARTMENT OF STATE

Financial Status-IRRF I & II	2207 Report	Apportion	Committed		Obligated		Disbursed	
			Last Week	Current	Last Week	Current	Last Week	Current
Sector								
Security and Law Enforcement	5,036	5,036	4,743	4,769	4,176	4,206	2,148	2,281
Electricity Sector	4,308	4,083	3,723	3,753	2,758	2,774	1,051	1,091
Oil Infrastructure	1,723	1,723	1,586	1,568	1,006	1,020	271	275
Justice, Public Safety, and Civil Society	1,224	1,224	1,049	1,055	865	870	270	278
Democracy	905	905	765	765	679	749	356	394
Education, Refugees, Human Rights, Governance	363	363	287	287	275	275	92	96
Roads, Bridges, and Construction	355	355	343	343	194	194	87	90
Health Care	786	786	755	755	569	584	86	100
Transportation and Communications	509	509	483	479	337	337	74	80
Water Resources and Sanitation	2,157	1,804	1,758	1,758	1,072	1,090	129	134
Private Sector Development	860	840	791	791	776	777	449	458
Admin Expense	213	29	29	29	29	29	29	29
IRRF II SUBTOTAL	18,439	17,657	16,314	16,354	12,736	12,904	5,042	5,306
IRRF II CONSTRUCTION		10,837	9,872	9,896	7,152	7,220	2,322	2,401
IRRF II NON-CONSTRUCTION		5,915	5,677	5,693	4,905	4,935	2,364	2,511
IRRF II DEMOCRACY		905	765	765	679	749	356	394
IRRF I SUBTOTAL	2,475	2,475	2,475	2,475	2,475	2,475	2,150	2,150
GRAND TOTAL IRRF I & II	20,914	20,132	18,789	18,829	15,211	15,379	7,192	7,456

Data as of May 18, 2005



[5.0] Establish Good Governance, Rule of Law ñ Refugees, Democracy and Human Rights

D
E
P
A
R
T
M
E
N
T
O
F
S
T
A
T
E

Ambassador Taylor meets with the New Minister of Justice:

- ï The US Embassyís Rule of Law Coordinator and IRMO Director Taylor met with Adil Shandal, the new Minister of Justice, to discuss the role of the MOJ and the Justice Integration Project. The Minister would like his Ministry to play a central role in the constitution-drafting process, particularly when it comes to drafting the actual document. The Ministerís primary mission at this point is to build the capacity of the Ministry, including institutional systems and personnel. He is seeking USG support for this effort.

Inter-Ministerial Commission Developments:

- ï The Rule of Law Coordinator met with Chief Justice Medhat to review the organization and staffing of the Inter-Ministerial Commission created by the Justice Integration Project. Chief Justice Medhat will meet with the Ministers of Justice and the Interior to ensure that the blueprint for the Commission is a jointly developed plan, which the Commission and its member agencies can then use as a set of operating principles. The Minister of Justice promised active participation by all levels of the Ministry in the Inter-Ministerial Commission in an earlier meeting with IRMO Director Taylor.

Orientation Seminar for TNA Members:

- ï On May 3, USAIDís partner providing support to the Transitional National Assembly (TNA) conducted its third orientation session for 28 TNA members. During the session, trainers initiated discussions on the oversight of the executive branch and techniques in maintaining effective legislative-executive relations, and then presented a series of constructive engagement strategies to help TNA members strengthen the legislative process.

[5.0] Establish Good Governance, Rule of Law ñ Refugees, Democracy and Human Rights

D
E
P
A
R
T
M
E
N
T

O
F

S
T
A
T
E

Women Support Iraqi Constitution:

ï USAIDís partner providing support to the TNA held another training session as part of its ongoing ìEngendering the Constitutionî project. The session was attended by 42 women and focused on improving their ability to develop advocacy campaigns. Attendees included representatives from the TNA, five members of the Baghdad City Council and 35 NGO staff. The meeting started with an update on the formation and components of the INA Constitutional Drafting Committee. At least two of the INA members belonging to the core group of the ìEngendering the Constitutionî project are expected to be in the Drafting Committee.

EU and U.S. Rule of Law Programs:

ï The Rule of Law Coordinator and the EU Mission are designing a forum on the EU Mission's " Integrated Rule of Law Program," which trains Iraqi justice officials outside of Iraq. The forum will be an opportunity to discuss coordination with the EU Mission's Rule of Law programs.

Pro-Democracy Book Distribution:

ï Since Embassy Baghdad opened on June 30, 2004, the Public Affairs Section has distributed nearly 20,000 democracy-promotion and other Member of Provincial Parliament-themed Arabic books throughout Iraq. Nationwide feedback from distributing units has been overwhelmingly positive.



[6.0] Maintain Int'l Engagement & Support ñ **Developments**

D
E
P
A
R
T
M
E
N
T
O
F
S
T
A
T
E

International Support:

- ï On May 17, Foreign Minister Kamal Kharrazu, the most senior Iranian official to visit Iraq since the fall of Saddam Hussein, said he promised that Iran would cooperate on security and not provide any support to the insurgency.
- ï The Danish parliament on May 17 debated whether to extend the nation's troop mandate in Iraq, following a Danish intelligence report warning that a withdrawal of coalition forces Iraq could result in full-blown civil war. The warning came just before the Danish parliament began debating whether to pass a government proposal to extend the country's troop mandate in Iraq for another eight months after the 530 soldiers there complete their current tour of duty in June 2. The proposal is expected to pass.
- ï Kazakhstan's Defense Minister Mukhtar Altynbayev said on May 17 it should pull its largely symbolic 27 troops out of Iraq. "We fully met our international obligations," a spokesman quoted the minister as saying. "My opinion is it's time to think of withdrawal or maybe not sending new troops after the term of the current detachment expires at the end of July." Kazakhstan's troops in Iraq are mostly engineers but one was killed along with seven Ukrainians in January while attempting to detonate an ammunition cache.



[6.0] Maintain Int'l Engagement & Support ñ Stability Contributors

27 MNF-I Contributors (in addition to US)

Albania	El Salvador	Latvia	Poland
Armenia	Estonia	Lithuania	Portugal
Australia	Georgia	Macedonia	Romania
Azerbaijan	Italy	Moldova	Slovakia
Bulgaria	Japan	Mongolia	Ukraine
Czech Rep	Kazakhstan	Netherlands	UK
Denmark	Korea	Norway	

*Note: Fiji participating as a part of the UN mission in Iraq.

TOTAL ~ 23,000 Forces

28 Countries and NATO
(including US)
Support Iraqi Stability Operations



Iraq Weekly Status ñ General Information

D
E
P
A
R
T
M
E
N
T
O
F
S
T
A
T
E

- ï This brief draws from multiple sources. References are cited on the respective pages in the ìNotes Pageî 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