

**STATEMENT OF AMBASSADOR RYAN C. CROCKER,
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BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE
SEPTEMBER 11, 2007**

Introduction

Mr. Chairman, Senator Lugar, and Members of the Committee:

Thank you for the opportunity to address the Senate this week. I have considered it a privilege and an honor to serve in Iraq at a time when so much is at stake for our country and the people of the region – and when so many Americans of the highest caliber in our military and civilian services are doing the same. I know that a heavy responsibility weighs on my shoulders to provide the country with my best, most honest assessment of the political, economic, and diplomatic situation in Iraq and the implications for the United States.

Americans, in this chamber and beyond, are looking for more than an update on the latest events. They want to know the answers to some key questions. Are our objectives realistic? Is it possible that Iraq will become a united, stable country with a democratic government operating under the rule of law? What is the trajectory – is Iraq, on the whole, moving in the right direction? Can we expect more and under what time frame? Are there alternative courses of action for our country which are superior?

These are sensible questions to be asked by a nation investing in and sacrificing for another country and people. In asking these questions, however, we must not lose sight of the vital interests the United States has in a successful outcome in Iraq.

My intention today is to give you an assessment of political, economic, and diplomatic developments in Iraq. In doing so, I will not minimize the enormity of the challenges faced by Iraqis, nor the complexity of the situation. Yet at the same time, I intend to demonstrate that it *is* possible for the United States to see its goals realized in Iraq and that Iraqis *are* capable of tackling and addressing the problems confronting them today. A secure, stable democratic Iraq at peace with its neighbors is attainable. In my judgment, the cumulative trajectory of political, economic, and diplomatic developments in Iraq is upwards, although the slope of that line is not steep. The process will not be quick, it will be uneven, punctuated by setbacks as well as achievements, and it will require substantial U.S. resolve

the already frayed fabric of Iraqi society and politics. It is no exaggeration to say that Iraq is – and will remain for some time to come – a traumatized society.

National Politics

It is against this backdrop that developments in Iraq must be seen. Iraqis are facing some of the most profound political, economic, and security challenges imaginable. They are not simply grappling with the issue of *who* rules Iraq – but they are asking what kind of country Iraq will be, how it will be governed, and how Iraqis will share power and resources among each other. The constitution approved in a referendum in 2005 answered some of these questions in theory, but much remains uncertain in both law and practice.

Some of the more promising political developments at the national level are neither measured in benchmarks nor visible to those far from Baghdad. For instance, there is a budding debate about federalism among Iraq's leaders and, importantly, within the Sunni community. Those living in place like al-Anbar and Salahaddin are beginning to realize how localities having more of a say in daily decision making will empower their communities. No longer is an all-powerful Baghdad seen as the panacea to Iraq's problems. This thinking is nascent, but it is ultimately critical to the evolution of a common vision among all Iraqi leaders.

Similarly, there is a palpable frustration in Baghdad over the sectarian system that was used to divide the spoils of the state in the last few years. Leaders from all communities openly acknowledge that a focus on sectarian gains has led to poor governance and served Iraqis badly. And many claim to be ready to make the sacrifices that will be needed to put government performance ahead of sectarian and ethnic concerns. Such ideas are no longer controversial, although their application will be.

Finally, we are seeing Iraqis come to terms with complex issues not by first providing a national framework, but instead by tackling immediate problems. One such example is how the central government has accepted over 1,700 young men from the 'Abu Ghurayb area west of Baghdad, including former members of insurgent groups, to be part of the Iraqi security forces. Another is how the government, without much public fanfare, has contacted thousands of members of the former Iraqi army, offering them retirement, return to the military, or public sector employment. So without the proclamation of a general amnesty, we see amnesty being granted, and de'athification reform in advance of national legislation. In both instances, the seeds of reconciliation are being planted.

We have come to associate progress on national reconciliation as meaning the passage of key pieces of legislation. There is logic to this, as the legislation we are

Perhaps most significantly, these five Iraqi leaders together decided to publicly express their joint desire to develop a long term relationship with the United States. Despite their many differences in perspectives and experiences, they all agreed on language acknowledging the need for a continued presence by the multi-national forces in Iraq and expressing gratitude for the sacrifices these forces have made for Iraqis.

Provincial and Local Politics

At the provincial level, political gains have been more pronounced, particularly in the north and west of Iraq where the security improvements have been in some places dramatic. In these areas, there is abundant evidence that the security gains have opened the door for meaningful politics.

In al-Anbar, the progress on the security side has been extraordinary. Six months ago, violence was rampant, our forces were under daily attack, and Iraqis were cowering from the intimidation of al-Qa'ida. But al-Qa'ida overplayed its hand in al-Anbar and Anbaris began to reject its excesses – be they beheading school children or cutting off peoples' fingers as punishment for smoking. Recognizing the Coalition would help eject al-Qa'ida, the tribes began to fight with us, not against us, and the landscape in al-Anbar is dramatically different as a result. Tribal representatives are on the provincial council, which is now meeting regularly to find ways of restoring services, developing the economy, and executing a provincial budget. These leaders are looking for help to rebuild their cities and talking of attracting investment. Such scenes are also unfolding in parts of Diyala' and Ninewa, where Iraqis have mobilized with the help of the Coalition and Iraqi security forces to evict al-Qa'ida from their communities. The world should note that when al-Qa'ida began implementing its twisted vision of the Caliphate in Iraq, Iraqis, from al-Anbar to Baghdad to Diyala', have overwhelmingly rejected it.

Shi'a extremists are also facing rejection. Recent attacks by elements of the Iranian backed Jaysh al-Mahdi on worshipers in the holy city of Karbala' have provoked a backlash and triggered a call by Muqtada as-Sadr for Jaysh al-Mahdi to cease attacks against Iraqis and coalition forces.

A key challenge for Iraqis now is to link these positive developments in the provinces to the central government in Baghdad. Unlike our states, Iraqi provinces have little ability to generate funds through taxation, making them dependent on the central government for resources. The growing ability of the provinces to design and execute budgets and the readiness of the central government to resource them are success stories. On September 6, Iraq's senior

take \$25 billion through 2016 to meet demand requirements, but that by investing the \$2 billion a year the Ministry is now receiving from the government's budget, as well as private investment in power generation, that goal could be met.

We are deploying our assistance funds to make a difference to ordinary Iraqis and to support our political objectives. Military units are using Commanders Emergency Response (CERP) funds to ensure that residents see a difference when neighborhood violence declines. USAID Community Stabilization Funds provide tens of thousands of jobs. With the recent apportionment of 2007 Supplemental funds, we are putting "Quick Response Funds" in the hands of our Provincial Reconstruction Team leaders to build communities and institutions in post-kinetic environments. Vocational training and microfinance programs are supporting nascent private businesses. And in Baghdad, we are increasing our engagement and capacity building efforts with ministries.

Regional and International Dynamics

On the diplomatic front, there is expanding international and regional engagement with Iraq. In August, the UN Security Council, at Iraq's invitation, provided the United Nations Assistance Mission in Iraq (UNAMI) with an expanded mandate through UNSCR 1770. The work of the International Compact with Iraq moves forward, jointly chaired by Iraq and the UN. Seventy-four countries pledged support for Iraq's economic reform efforts at a Ministerial Conference in May. The UN has reported progress in 75% of the 400 areas Iraq has identified for action. Later this month, the Iraqi Prime Minister and the UN Secretary General will chair a ministerial-level meeting in New York to discuss further progress under the Compact and how UNSCR 1770 can be most effectively implemented.

Many of Iraq's neighbors recognize that they have a stake in the outcome of the current conflict in Iraq, and are engaging with Iraq in a constructive way. A neighbors' ministerial in May, also attended by the P-5 and the G-8, has been followed by meetings of working groups on security, border issues, and energy. An ambassadorial level meeting just took place in Baghdad, and another neighbors' ministerial will be held in Istanbul in October.

Against the backdrop of these new mechanisms, the business of being neighbors is quietly unfolding. For the first time in years, Iraq is exporting oil through its neighbor, Turkey, as well as through the Gulf. Iraq and Kuwait are nearing conclusion on a commercial deal for Kuwait to supply its northern neighbor with critically needed diesel. Jordan recently issued a statement welcoming the recent leaders' communiqué and supporting Iraqi efforts at reconciliation. And Saudi Arabia is planning on opening an Embassy in Baghdad – its first since the fall of Saddam.

easily evaporate and they could establish strongholds to be used as safehavens for regional and international operations. Our current course is hard. The alternatives are far worse.

Every strategy requires recalibration as time goes on. This is particularly true in an environment like Iraq where change is a daily or hourly occurrence. As chief of mission in Iraq, I am constantly assessing our efforts and seeking to ensure that they are coordinated with and complementary to the efforts of our military. I believe that, thanks to the support of Congress, we have an appropriate civilian posture in Iraq. Over the coming year, we will continue to increase our civilian efforts outside of Baghdad and the international zone. This presence has allowed us to focus on capacity building, especially in the provinces. The number of Provincial Reconstruction Teams has grown from ten to twenty-five this year. In support of these goals, we will be asking Congress for additional economic assistance including additional quick response funds for capacity building. We will also seek support for two significant proposals that hold the prospect of creating permanent jobs for thousands of Iraqis. One would be the establishment of an "Iraqi-American Enterprise Fund," modeled on our successful funds in Poland and elsewhere in Central Europe. Such a fund could make equity investments in new and revamped firms based in Iraq. The second would be a large-scale operations and maintenance facility based on our Highway Trust Fund. On a cost-sharing basis, such a fund would train Iraqis to budget for and maintain important public sector infrastructure (power plants, dams, roads). Over time, the cost-sharing would phase down and out, leaving behind well-trained professionals and instilling the habits of preventative maintenance.

We will continue our efforts to assist Iraqis in the pursuit of national reconciliation, while recognizing that progress on this front may come in many forms and must ultimately be done by Iraqis themselves. We will seek additional ways to neutralize regional interference and enhance regional and international support. And we will help Iraqis consolidate the positive developments at local levels and connect them with the national government. Finally, I expect we will invest much effort in developing the strategic partnership between the United States and Iraq, which is an investment in the future of both countries.

Thank you, Mr. Chairman.