

Iraq Weekly Status Report

August 27, 2008

**Bureau of Near Eastern Affairs
US Department of State**

Unclassified



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HIGHLIGHTS

- U.N. Will Present Iraq with a Resolution for Disputed Internal Boundaries (**POLITICAL, page 4**)
- Coalition Forces Capture Two Key AQI Leaders (**SECURITY, page 8**)
- IEA May Lower Forecasts for Iraqi Oil Expansion Capacity (**ECONOMIC, page 14**)
- Iraq Seeks to Discuss Bilateral Issues with Kuwait (**DIPLOMATIC, page 23**)



POLITICAL - Governance & Legislation

U.N. Proposal on Disputed Internal Boundaries:

- U.N. Special Representative for Iraq, Staffan de Mistura, announced August 20 that by the end of October the U.N. will propose a “grand deal” to Iraq’s political parties as an option to solve the dispute over Kirkuk and other territories in the North. Fifteen lawyers, negotiators, academics, diplomats, and historians have worked on the list of proposals. Additionally, a team at the U.N. searched Iraqi archives, which document administrative decrees dating back to 1932. Mr. de Mistura noted a possible path to end the dispute is for the parties to first agree on a political compromise and later confirm that compromise in a referendum. Due to the Iraqi population’s sensitivities about disputed territories, he would not comment on whether the proposals involve shifting populations or redrawing provincial and regional boundaries.



POLITICAL - Governance & Legislation

Palestinian Refugees in Iraq Given Identity Cards:

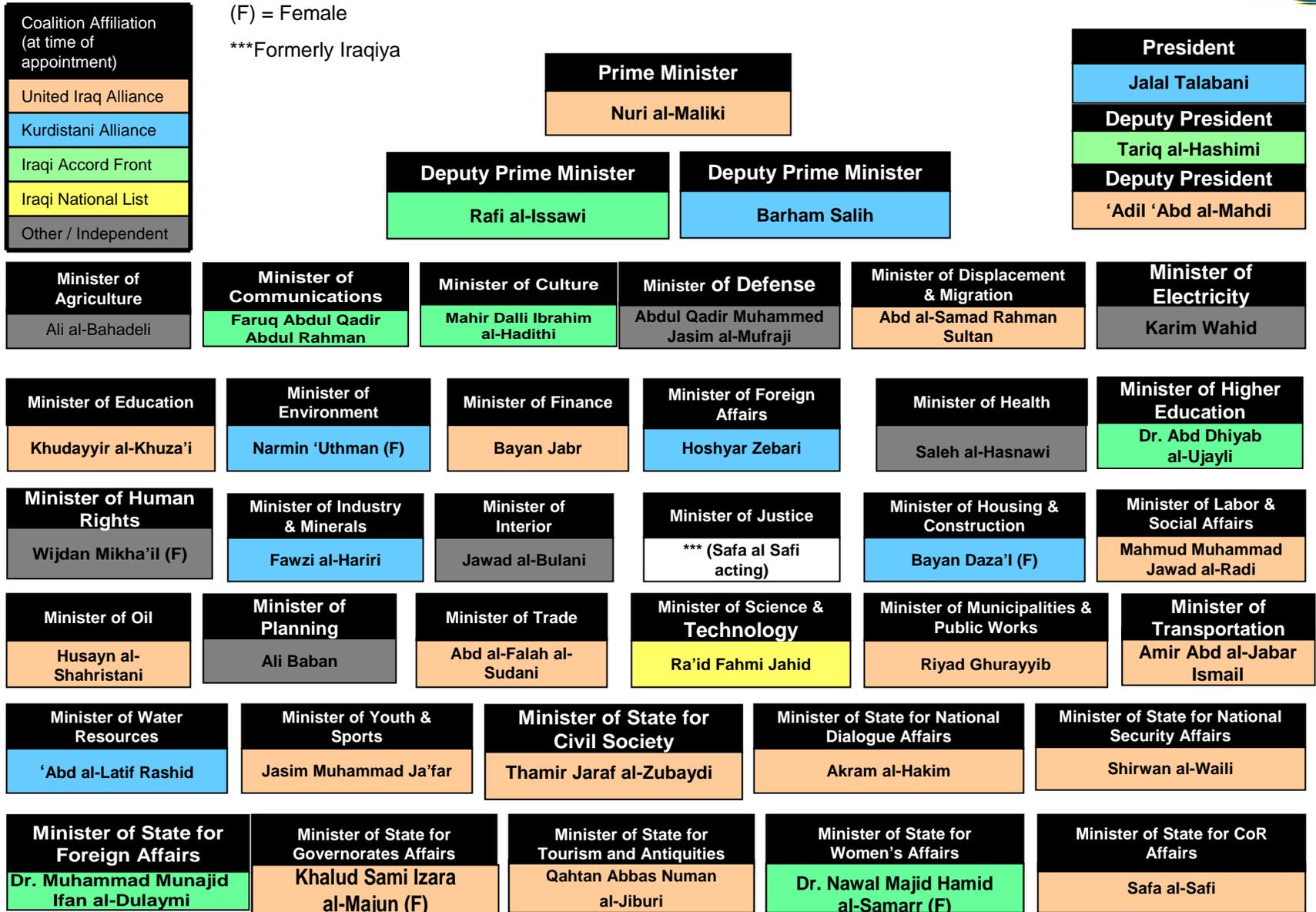
- The Ministry of Displacement and Migration (MODM) announced August 26 that the GOI is registering Palestinian refugees and their descendents who arrived between 1948 and 1967. Registered Palestinians will be issued ID cards which identify them as refugees and will facilitate their access to government assistance programs. MODM stated plans to send teams to various provinces in Iraq and the al-Walid camp on the Iraq-Syria border to register Palestinians. An estimated 9,000 Palestinians remain in Baghdad and about 2,300 are living in camps along the Iraq-Syria border.

Canon White Concludes August Iraqi Inter-Religious Meeting:

- Reverend Canon Andrew White, President of the Foundation for Relief and Reconciliation in the Middle East and the Vicar of St. George's Anglican Church in Baghdad, brought together prominent Iraqi, Sunni, and Shi'a leaders at the Iraqi Inter-Religious (IIR) meeting in Beirut, August 22-26. Delegates noted improvements in security, condemned violence and suicide bombings, and acknowledged that the main reason for the violence and terrorism is religious sectarianism. Delegates also prioritized the need to enable the return of displaced Iraqis, asked for investigation of the cases of imprisoned Iraqis, and encouraged continued meetings of this group. The next IIR meeting is scheduled for November.



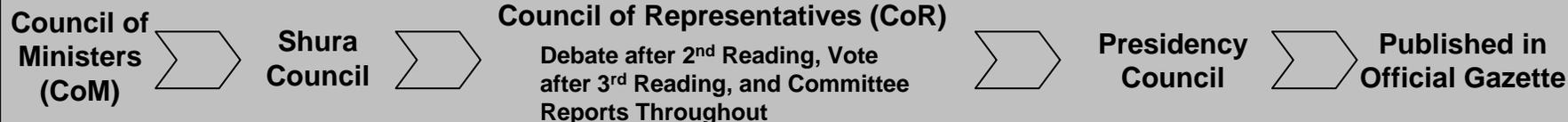
POLITICAL – Government of Iraq





POLITICAL – Key Legislation and Refugee Update

Legislative Process



Provincial Elections	Passed July 22; vetoed July 26. Negotiations continued after the scheduled July 30 recess but no compromise was reached. The CoR recessed August 6 and is scheduled to reconvene on September 9 after summer recess.
Hydrocarbons Package	The level of control allocated to the central government in the July 2007 draft version of the Framework Law (currently in CoR Committee) is the key point of disagreement; there may be more progress on the Revenue Management Law, currently with the Shura Council, in the coming months.
Amnesty Law	PASSED: CoR approved the law on February 13; the law was signed by the Presidency Council February 26 and was implemented March 2.
Pensions Amendment	PASSED: Published in the Official Gazette December 2007.
De-Ba'athification Reform	PASSED: Approved by default by the Presidency Council February 2008. Published in the Official Gazette in mid-February.
Provincial Powers	PASSED: CoR approved the law on February 13; the law was vetoed by the Presidency Council February 26. The veto was rescinded on March 19, allowing the law to take effect.

Refugee Update

Iraqi refugees in the region: 2-2.4 million

Internally displaced persons in Iraq: 2.7 million

The U.S. expects to admit 12,000 Iraqi refugees in FY08; 10,477 refugees have been admitted thus far in FY08. 12,085 Iraqi refugees have been admitted since FY07.



SECURITY - Situation Update

Coalition Forces Capture Two Key AQI Leaders:

- Coalition Forces announced the capture of two suspected senior al-Qaida in Iraq (AQI) leaders in Baghdad. Salim 'Abdallah Ashur al-Shujayri, who is also known as Abu Uthman, was detained August 11. Abu Uthman was known as the AQI emir of the Rusafa district of Baghdad and is accused of overseeing car-bombings, suicide attacks, and is believed to be behind the kidnapping of American journalist Jill Carroll. Coalition Forces also captured Ali Rash Nasir Jiyad al-Shammari, known as Abu Tiba August 17. Abu Tiba was considered the AQI senior advisor for Baghdad where he was responsible for overseeing financial and attack operations for up to 15 AQI cells.

Baqubah Raid Apprehends Provincial Council Member in Diyala:

- Iraqi special forces units conducted a pre-dawn raid on the governorate building in Baqubah August 20, arresting Sunni provincial council member Hussein al-Zubaidi. The raid was conducted in conjunction with the ongoing Iraqi Security Force (ISF) operation throughout Diyala, the intent of which is to eradicate al-Qaida in Iraq support and influence in the province. Some Sunnis in Diyala have expressed reservations about the operation's intent, claiming the GOI is utilizing the operation as a cover to repress Sunni political participation in Diyala politics.



SECURITY - Situation Update

Suicide Bombing Kills Sol Leader, Dozens More:

- An August 24 suicide bombing killed at least 25 and wounded at least 29 people during a celebration at the house of a prominent Sunni leader. The attack occurred as members of the Sons of Iraq (Sol), a group mainly made up of former Sunni insurgents who have now joined with Coalition Forces, gathered for a party in the Abu Ghraib district of Baghdad. Sol leader Adnan Hanoush was celebrating the release of a family member held by U.S. forces when the bomber struck.

Iraqi Police Recruits Attacked by Suicide Bomber:

- A suicide bomber exploded among a crowd of Iraqi police recruits lining up to apply for police positions in the town of Jalawla in Diyala province August 26. The bomber killed 28 and wounded at least 45 people in the attack. Iraqi Security Forces have been conducting an offensive in Diyala for the past month aimed at driving al-Qaida out of the province.



SECURITY – Security Transition

Reintegration Facility Aids in Stabilizing Iraq's Security:

- The construction of the Theater Internment Facility Reconciliation Center in Taji is expected to be complete by the end of November 2008. Once finished, the \$77.3 million center will house detainees and provide them with the opportunity to obtain vocational skills necessary for reintegration to Iraqi society. Language skills, arithmetic, and other basic courses will also be taught to detainees.



SECURITY - Iraqi Security Forces

Iraq Security Forces as of June 30, 2008 ^a			
Component	Current Authorized Personnel	Assigned ^c Personnel	Total Trained Personnel to date
Ministry of Interior (Mol) Forces ^e			
Iraqi Police Service ^f	292,001	299,757	186,365
National Police ^g	33,670	39,544	47,449
Border Enforcement	38,205	41,525	32,177
Total Mol	363,876	380,826	265,991
Ministry of Defense (MoD) Forces ^h			
Army	169,024	174,268	218,068
Support Forces	15,583	18,336	21,144
Air Force	3,228	1,886	2,245
Navy	1,893	1,872	1,494
Total MoD	189,728	196,362	242,951
Counter Terrorism Bureau			
Special Operations ⁱ	4,733	3,782	4,564
Total Iraqi Security Forces	558,337	580,970	513,506

**The decrease in authorized MoD forces from the April 30 Weekly Status Report with ISF data as of March 31 reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. Mol strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- j. Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.



ECONOMIC – Economic & Government Capacity Update

Iraqi Company Wins Contract from Joint Contracting Command:

- Hashim Abd Al-Amir Mahdi of the Miran Co. was awarded a contract to repair shipping containers from the Joint Contracting Command, the latest Iraqi company to win a contract as part of the Iraq First program. The program is designed to promote Iraqi economic expansion, entrepreneurship, and individual development. Through a land-use agreement with Joint Base Balad, Iraqi companies taking part in the program can operate in a designated secure area on the base. The program also expands employment opportunities for Iraqis. According to the statement of work, 70 Iraqis will be employed within the first six months and the Miran Co. will create an apprenticeship program for locally hired labor.



ECONOMIC – Oil

Crude Oil Update:

Price averages in world markets closed with the following prices:

Basrah Light at \$103.77/barrel

Dated Brent at \$113.02/barrel

WTI Cushing at \$115.51/barrel

Oman/Dubai at \$112.01/barrel

Revenue estimates:

2006: \$31.3 Billion

2007: \$41.0 Billion

2008: \$48.2 Billion (ytd)

Iraq and China to Sign Oil Deal:

- Iraq and China may sign an oil deal next week to develop the Ahdab field in Wasit province, an Iraqi spokesman said August 21. The \$1.2 billion technical service agreement—once signed—will be the first contract to be honored from the Saddam era. The contract signed 11 years ago was a production sharing agreement, but under the new terms it is now a technical service agreement. The field sits above an estimated 1 billion barrels.



ECONOMIC – Oil

IEA May Lower Forecasts for Iraqi Oil Expansion Capacity:

- The Financial Times reported that the International Energy Agency might lower its forecasts for the capacity of Iraqi oil expansion due to concerns over the delays of the technical service agreements (TSAs). While some oil companies such as Anadarko have walked away from the TSAs, others such as the Italian oil company, Eni, have stepped up efforts, sending its head of exploration and production and its head of oil and gas to Iraq for a visit.

Minister of Oil Comments on World Oil Supply:

- At a press conference in Warsaw August 21, Minister of Oil Hussain al Shahrastani said the world's supply of oil may meet or exceed current demand. He also added that he expected Iraq to reach the OPEC target of 4.5 million barrels per day (bdp) in the next 5 years and 6 million bdp within 10 years.



ECONOMIC – Essential Services

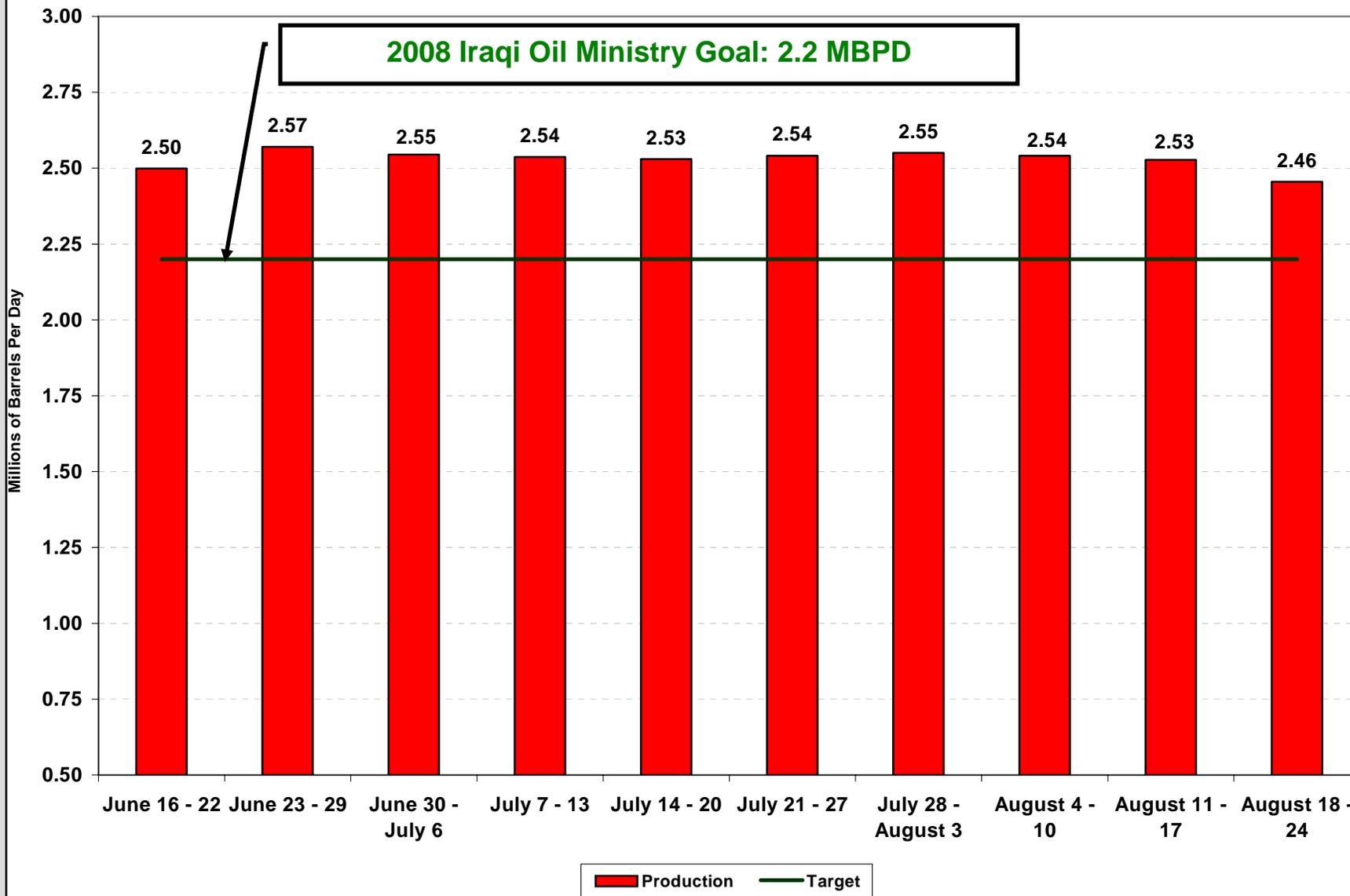
Jadriya Lake Park Reopens in Eastern Baghdad:

- Local officials and citizens celebrated the reopening of the Jadriya Lake Park in the Karadah District of eastern Baghdad August 22. The lake, which is more than a tenth of a mile in length, was visited in the past by 50,000 Iraqis during the week and 250,000 on weekends. Other projects still to be completed at the park include building restaurants, a boat ramp, and paddle boats.



ECONOMIC – Crude Oil Production

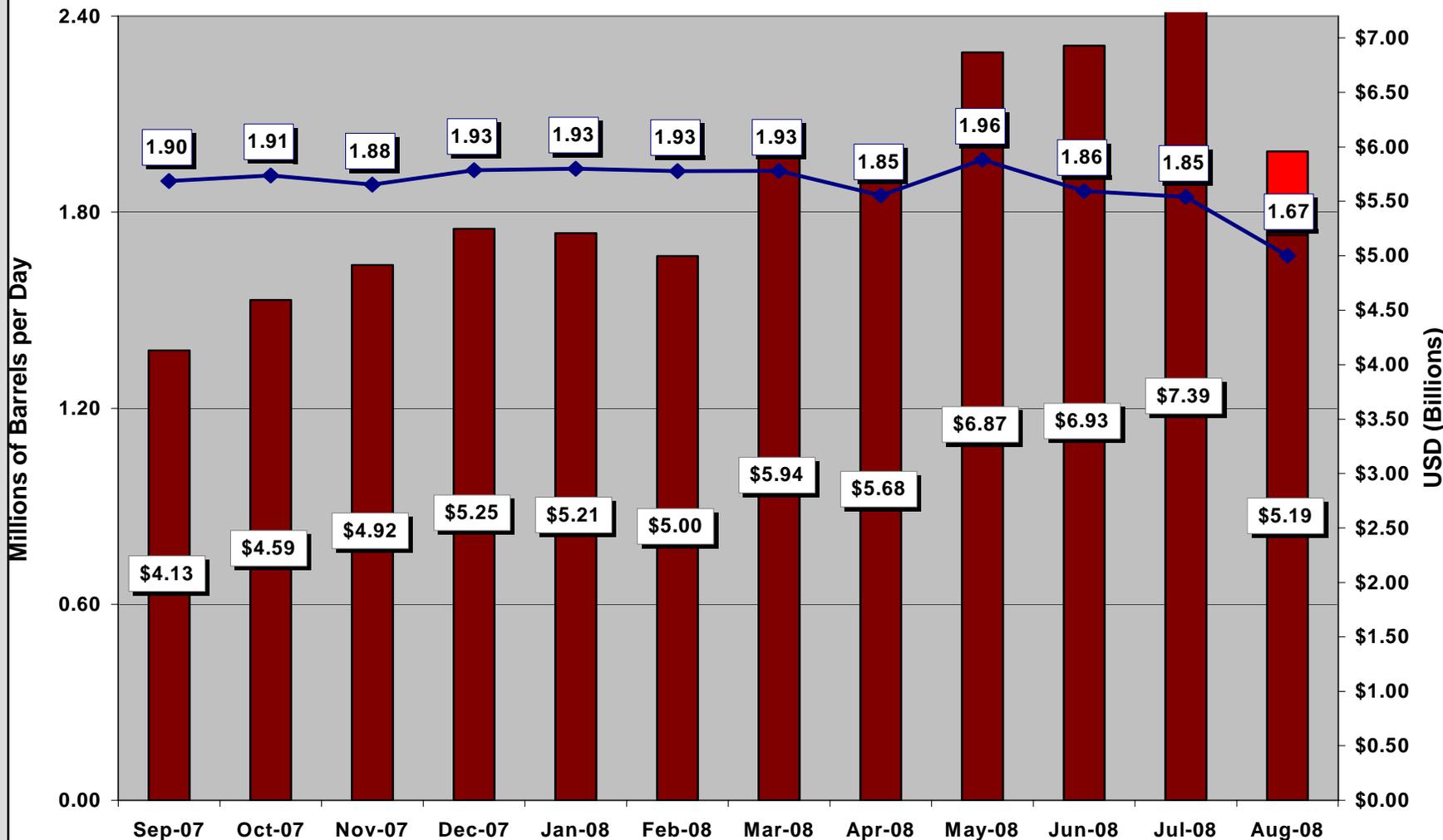
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ECONOMIC – Crude Oil Export

Revenue (US\$B) Projected Exports (MBPD)

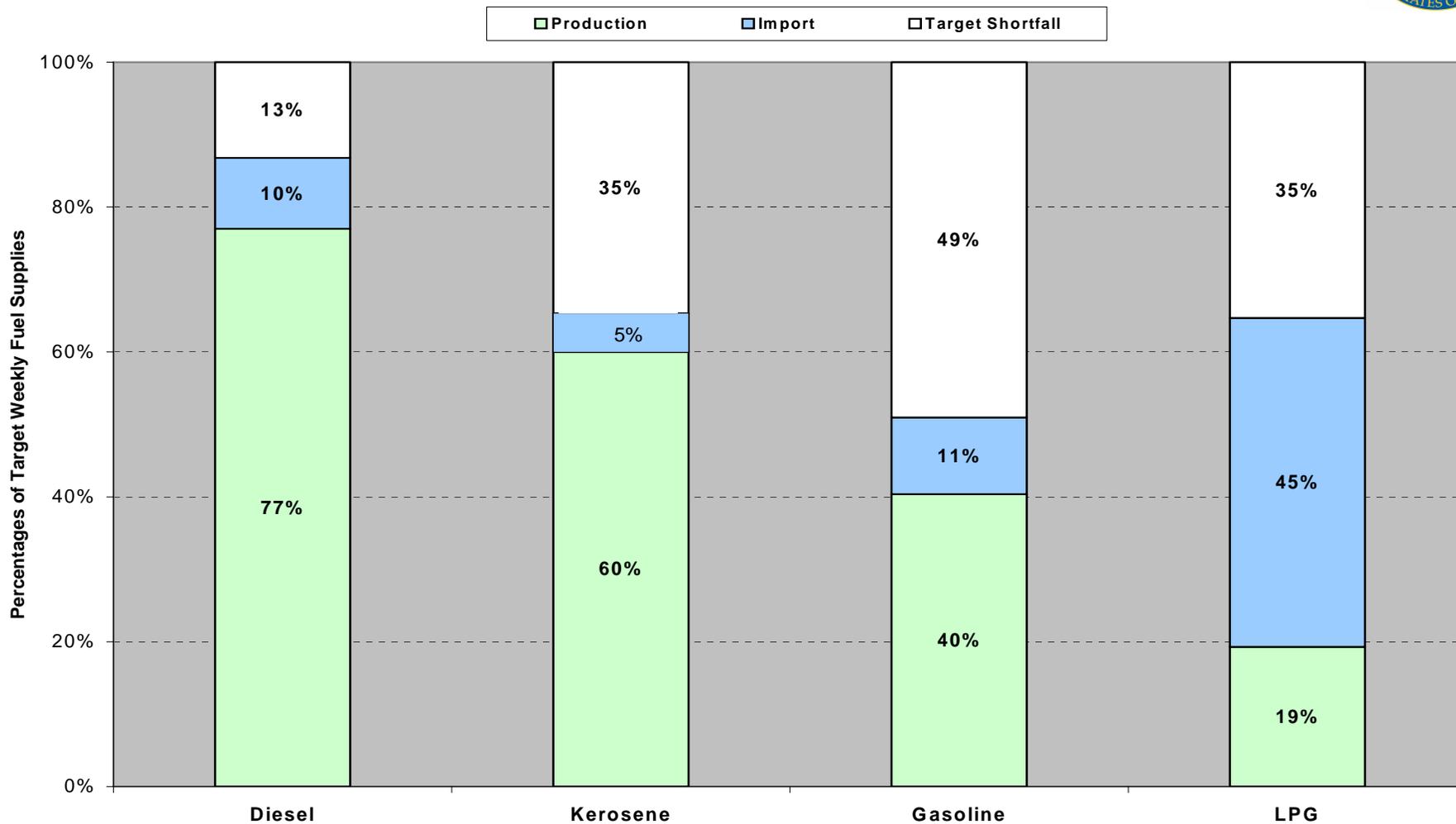


- 2006 Revenue Estimate: \$31.3 Billion 2008 Revenue Estimate: \$48.2 Billion (ytd)
- 2007 Revenue Estimate: \$41.0 Billion

DEPARTMENT OF STATE



ECONOMIC – Total Critical Refined Product Supplies



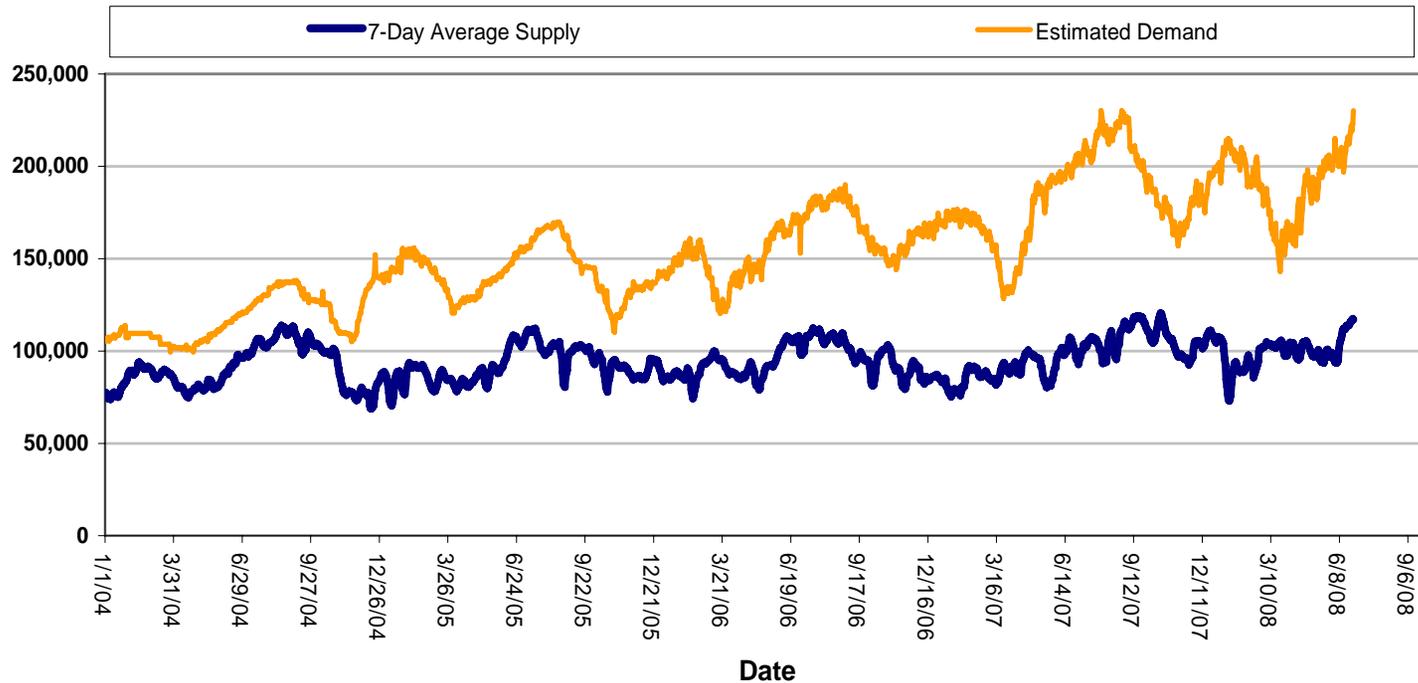
Note: This is a daily average for August 18 – 24

- Diesel: 21.3 ML supply of 24.5 ML target
- Kerosene: 9.5 ML supply of 14.6 ML target
- Gasoline: 13.7 ML supply of 26.8 ML target
- LPG: 3,300 tons supply of 5,100 tons target



ECONOMIC – Electricity

Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004

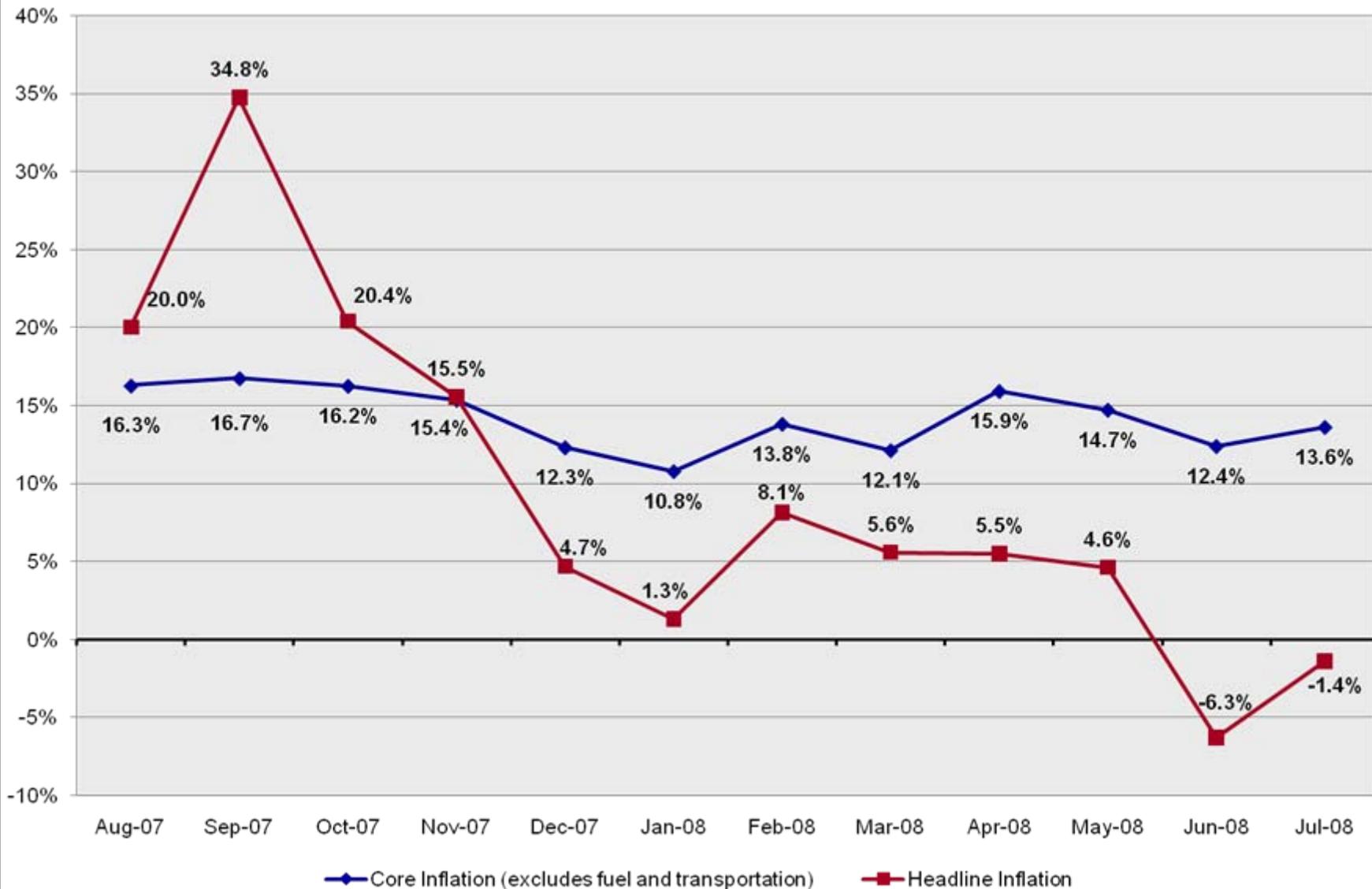


- Daily electricity demand August 13-19 was 7% above the same period last year. Daily supply from the grid was 25% above the year-earlier period and met 51% of demand, compared with 44% for the year-earlier period.
- For August 13-19 average hours of power from the grid after meeting demand from essential services were Baghdad:10.6 and national 11.1. Year-ago levels were Baghdad 6.9 and national 9.7.



ECONOMIC – Economic Indicators

Year-on-Year Inflation





ECONOMIC – Economic Indicators

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$74.40	\$74.75	\$74.05	\$62.82
Yield	8.51%	8.47%	8.56%	10.16%
Central Bank's USD Currency Auction				
USD Sold	***	***	\$57,872,489	\$66,957,492
NID Exchange Rate	***	***	\$1,197	\$1,254
Total Employed by USG Programs				
	124,064	124,064	130,661	N/A



ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2

Sector/Status (Millions of USD)	Allocated		Committed			Obligated			Disbursed		
	Allocated	Un-allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law	\$4,943	\$4,943	\$0	\$4,943	\$4,943	\$0	\$4,865	\$4,865	\$0	\$4,943	\$4,943
Justice and Civil Society	\$2,265	\$2,265	\$0	\$2,258	\$2,258	\$0	\$2,178	\$2,178	\$0	\$2,265	\$2,265
Electricity Sector	\$4,064	\$4,064	\$0	\$4,056	\$4,056	\$0	\$3,906	\$3,906	\$0	\$4,064	\$4,064
Oil Infrastructure	\$1,597	\$1,597	\$0	\$1,597	\$1,597	\$0	\$1,580	\$1,580	\$0	\$1,597	\$1,597
Water and Sanitation	\$1,978	\$1,978	\$0	\$1,954	\$1,954	\$0	\$1,834	\$1,834	\$0	\$1,978	\$1,978
Transportation and Comm\	\$458	\$458	\$0	\$457	\$457	\$0	\$420	\$420	\$0	\$458	\$458
Roads, Bridges and Const\	\$283	\$283	\$0	\$283	\$283	\$0	\$257	\$257	\$0	\$283	\$283
Health Care	\$790	\$790	\$0	\$778	\$778	\$0	\$741	\$741	\$0	\$790	\$790
Private Sector Development	\$820	\$820	\$0	\$820	\$820	\$0	\$814	\$814	\$0	\$820	\$820
Edu\, Refugees, Human Rights	\$431	\$431	\$0	\$431	\$431	\$0	\$409	\$409	\$0	\$431	\$431
Admin Expense (USAID,DoS)	\$218	\$218	\$0	\$218	\$218	\$0	\$208	\$208	\$0	\$218	\$218
Rescission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total IRRF II	\$17,849	\$17,849	\$0	\$17,796	\$17,796	\$0	\$17,212	\$17,212	\$0	\$17,849	\$17,849
IRRF II Non-Construction	\$7,966	\$7,966	\$0	\$7,952	\$7,952	\$0	\$7,756	\$7,756	\$0	\$7,966	\$7,966
IRRF II Construction	\$9,363	\$9,363	\$0	\$9,324	\$9,324	\$0	\$8,939	\$8,939	\$0	\$9,363	\$9,363
IRRF II Overhead	\$520	\$520	\$0	\$520	\$520	\$0	\$517	\$517	\$0	\$520	\$520
Total IRRF I	\$2,291	\$2,291	\$0	\$2,232	\$2,232	\$0	\$2,139	\$2,139	\$0	\$2,291	\$2,291
Grand Total IRRF I & II	\$20,140	\$20,140	\$0	\$20,028	\$20,028	\$0	\$19,351	\$19,351	\$0	\$20,140	\$20,140

**Note: DOD input not available; no updates/changes reflected.

Data as of the 26th of August 2008

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.

DIPLOMATIC – Political Engagement



Iraq Seeks Discussions with Kuwait:

- In an August 26 Gulf News article Iraqi spokesperson, Ali al-Dabbagh, reportedly announced that the Iraqi government was seeking negotiations with Kuwait “to solve pending problems between the two countries left behind by the former Iraqi regime.” Dabbagh did not go into detail as to what these problems were, but indicated that the Iraqi government was keen on maintaining good relations with Kuwait.



DIPLOMATIC – Coalition Contributors

24 Countries with forces in Iraq (including US)

Albania	Czech Republic	Kazakhstan	Poland
Armenia	Denmark	Korea	Romania
Australia	El Salvador	Latvia	Tonga
Azerbaijan	Estonia	Lithuania	Ukraine
Bosnia-Herzegovina	Georgia	Macedonia	United Kingdom
Bulgaria	Japan	Mongolia	

TOTAL ~ 7,330 Forces

30 Countries and NATO*
(including the US)
Support Iraqi Stability Operations

*30 includes the US, the 23 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey

Note: Fiji and New Zealand, participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.



CONTACT INFORMATION

- This brief draws from multiple sources. References are cited on the following pages.
- Please forward all questions and/or comments to:
NEA-I-IPOG-DL@state.gov



NOTES AND SOURCE CITATIONS (1 of 2)

Slide 4:

- NY Times, August 20, http://www.nytimes.com/2008/08/21/world/middleeast/21iraq.html?_r=1&ref=world&oref=slogin

Slide 5:

- IRIN August 27 News Report
- Reporting from DRL/IRF

Slide 6-7:

- Department of State, NEA/I Political Section, NEA-I-POL-DL@State.gov

Slide 8:

- MNFI Press Release, August 24- http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=21982&Itemid=128
- San Francisco Chronicle, August 20- <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/08/19/MN4M12EEBE.DTL>

Slide 9:

- The Washington Post, August 25- <http://www.washingtonpost.com/wp-dyn/content/article/2008/08/24/AR2008082401208.html?hpid=sec-world>
- New York Times, August 26- <http://www.iht.com/articles/reuters/2008/08/26/africa/OUKWD-UK-IRAQ.php>

Slide 10:

- MNFI Press Release, August 26- http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=22000&Itemid=1

Slide 11:

- DoD Input to Iraq Weekly Status Report August 27, 2008

Slide 12:

- Balad AF News, August 25 – <http://www.balad.afnews.af.mil/news/story.asp?id=123112174>

Slide 13:

- NYTimes, August 20 - <http://www.nytimes.com/2008/08/20/world/middleeast/20oil.html?ref=world>

Slide 14:

- The Financial Times, August 21 - <http://www.ft.com/cms/s/0/180ad376-6f18-11dd-a80a-0000779fd18c.html>
- Forbes, Reuters, August 22 - <http://www.forbes.com/afxnews/limited/feeds/afx/2008/08/21/afx5346442.html>

Slide 15:

- MNF-I, August 25 - http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=21993&Itemid=1



NOTES AND SOURCE CITATIONS (2 of 2)

Slide 16-18:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 19:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

Slide 20:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 21:

- Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 28 August 2008) (Bloomberg.org) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (<http://www.cbiraq.org/C.B.I.%20FOREIGN%20EXCHANGE%20AUCTIONS.pdf>)

Slide 22:

- ITAO IMU Essential Indicators Report, Baghdad, 27 August 2008.

Slide 23:

- GulfNews.com, August 26, <http://www.gulfnews.com/region/Iraq/10240411.html>

Slide 24:

- DOD Input to Weekly Status Report, updated August 27, 2008