Iraq Weekly Status Report
December 27, 2006

Bureau of Near Eastern Affairs
US Department of State
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This report provides weekly updates in the eight key areas identified as pillars of US government policy for victory in Iraq.

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Highlights

1. **Defeat the Terrorists and Neutralize the Insurgents**
   Coalition Forces positively identified a terrorist killed in an operation December 7 near Thar Thar as Fahd al-Saudi, an Iraqi-based Saudi foreign fighter facilitator and a member of an al-Qaida in Iraq operations cell in the greater Ar Ramadi area.

2. **Transition Iraq to Security Self-Reliance**
   The security and governance of Najaf province and its nearly one million citizens was officially transferred to Provincial Iraqi Control in a ceremony December 20.

3. **Help Iraqis to Forge a National Compact for Democratic Government**
   A delegation of officials from the United Iraq Coalition’s Dawa al-Islamiyya party, Dawa Tanzim al-Iraq party, and others met with Grand Ayatollah Ali al-Sistani and other Shia clerics in Najaf to discuss the formation of a moderate coalition to support the current Iraqi government.

4. **Help Iraq Build Government Capacity and Provide Essential Services**
   The Doura Power Plant Unit 6 Electricity Commissioning Project began with an estimated completion date of February 24, 2007. The $15 million Iraq Relief and Reconstruction Fund project is part of the Baghdad Ring electricity project.
5. **Help Iraq Strengthen Its Economy**
   The first Iraqi-owned loan guarantee facility, the Iraq Company for Bank Guarantees Ltd. (ICBG), officially commenced business operations in November. Small and Medium Enterprise loan applications presented for guarantee coverage review and appraisal in the first month of operations totaled $450,000.

6. **Help Iraq Strengthen the Rule of Law**
   Judge Aref Shaheen announced that the Iraqi High Tribunal's appellate chamber upheld Saddam Hussein's death sentence December 26 in the Dujail massacre case. Shaheen said the court's decision was final. Under Iraqi law, the sentence is to be carried out within 30 days.

7. **Increase International Support for Iraq**
   South Korea's National Assembly approved a bill extending their country's troop presence in northern Iraq December 22. The bill calls for the deployment of troops in the northern Iraqi city of Erbil for one year. The number of troops, however, will be cut from 2,300 at present to 1,200 by April 2007.

8. **Strengthen Public Understanding of Coalition Efforts and Public Isolation of the Insurgents**
   The head of an al-Qaida in Iraq-dominated group offered US troops a month to pull out of the country, free of attack, in an audiotape posted on the Internet December 22. Abu Omar al-Baghdadi demanded an answer within two weeks.
[1.] Defeat the Terrorists and Neutralize the Insurgency

Foreign Fighter Facilitator Killed:

- Coalition Forces (CF) positively identified a terrorist killed in an operation December 7 near Thar Thar as Fahd al-Saudi. Fahd Hilal ‘Awidh al-Salifi al-Maqati al-Utaybi, aka Nu’man, aka Fahd al-Saudi, was an Iraqi-based Saudi foreign fighter facilitator and a member of an al-Qaida in Iraq operations cell in the greater Ar Ramadi area.

- Fahd al-Saudi previously operated in Yemen as a foreign fighter facilitator responsible for sending foreign fighters to Iraq. He fled Yemen after Saudi and Yemeni authorities initiated investigations on his family and close associates due to indications he and his Yemeni-based group were planning external terrorist operations.

Multiple Car Bombs Detonate in Baghdad Neighborhood of Bayaa:

- Iraqi National Police and CF responded to multiple vehicle borne improvised explosive devices (VBIEDs) that detonated in the southwestern section Baghdad December 26. Initial reports indicated that three bombs detonated in the predominantly Shia neighborhood, killing ten local nationals and wounding approximately 40. Twenty vehicles were also damaged in the attack.

An Najaf Province Transferred to Provincial Iraqi Control:

- The security and governance of Najaf province and its nearly one million citizens was officially transferred to Provincial Iraqi Control in a ceremony December 20.
- An Najaf is the third of Iraq’s 18 provinces to be transferred to Provincial Iraqi Control and is Iraq’s fourth largest province. The Coalition transferred full Provincial Iraqi Control to the provinces of Al Muthanna and Dhi Qar earlier this year. Since then, local police and military forces have had full responsibility for security with little Coalition assistance.

2nd Iraqi Army Division Assumes Control of Security Operations in Mosul:

- The 2nd Iraqi Army (IA) Division, commanded by Major General Jamal, assumed control of security operations for Mosul and Ninewa province during a transfer of authority ceremony December 18 at Forward Operating Base Tiger in Mosul.
- The 2nd IA Division is the final IA division to assume the lead in Multi-National Division-North, and the Division will fall under the control of the Iraqi Ground Forces Command January 15, 2007. The 2nd IA successfully completed their final validation exercise December 4 and have moved forward to full autonomy of operations and independence of maneuver in their battle space.

ISF Will Reach Their Goal of 325,000 by End of December:

- Iraqi Security Forces (ISF) will reach their goal of 325,000 trained and equipped members in December, according to Lieutenant General Martin Dempsey, the commander of Multi-National Security Transition Command-Iraq. As of December 13, the Iraqi Interior Ministry forces numbered approximately 188,300 and the Defense Ministry had approximately 134,700.

- LTG Dempsey also said that although the ISF are effective, they need more training; in 2007 the Coalition will focus efforts on improving ISF logistics, intelligence and leaders.

- Prime Minister Nuri al-Maliki has also announced that the IA must grow by 19,000 soldiers in 2007, which will add another 20 battalions, five brigade headquarters and three division headquarters. This growth will allow Iraqi commanders to place additional forces in the most heavily contested provinces and allow commanders to pull units off line from time to time to rearm, refit and retrain.

Ministry of Interior Forces

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<th>COMPONENT</th>
<th>TRAINED &amp; EQUIPPED</th>
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<tr>
<td>POLICE</td>
<td>~135,000***</td>
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<tr>
<td>NATIONAL POLICE</td>
<td>~ 24,400</td>
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<td>OTHER MOI FORCES</td>
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<td>TOTAL</td>
<td>~188,300**</td>
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Ministry of Defense Forces

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<td>ARMY</td>
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<td>AIR FORCE</td>
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<td>NAVY</td>
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<td>TOTAL</td>
<td>~134,700**</td>
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Total Trained & Equipped ISF:

~323,000****

* Ministry of Interior Forces: Unauthorized absence personnel are included in these numbers
** Ministry of Defense Forces: Unauthorized absence personnel are not included in these numbers
*** Army numbers include Special Operations Forces and Support Forces
**** Does not include the approximately 144,000 Facilities Protection Service personnel working in 27 ministries

Data as of December 25, 2006 (updated bi-weekly by DOD)
[3.] Help Iraqis to Forge a National Compact for Democratic Government—Developments

Shia Coalition Visits Sistani and Sadr:

- A delegation of officials from the United Iraq Coalition’s Dawa al-Islamiyya party, Dawa Tanzim al-Iraq party, and others met with Grand Ayatollah Ali al-Sistani and other Shia clerics in Najaf to discuss the formation of a moderate coalition to support the current Iraqi government.

- The delegation said it was going to ask Muqtada al-Sadr to allow his followers to return to the government. The Sadrist 30 lawmakers and cabinet ministers had announced their suspension of participation in the government to protest Prime Minister Maliki’s decision to meet President Bush in Jordan.
[3.] Help Iraqis to Forge a National Compact for Democratic Government—Developments

Sadr Refuses to Discuss JAM Dissolution:

- According to a December 26 report in the al-Mashriq newspaper, Muqtada al-Sadr refused to meet with a delegation from the Shia Alliance who wished to persuade him to dissolve the Jaysh al-Mahdi (JAM) and to end the Sadr Movement’s boycott of the Council of Representatives. Sadr reportedly refused to discuss the issue of dissolving the JAM until the Badr Organization was also dissolved.

Escaped Minister Arrives in Jordan:

- Jordan’s Prime Minister said December 26 that former Iraqi Minister of Electricity Ayham Alsammaraei, who escaped from a Baghdad prison in mid-December, arrived in Jordan on a US plane. However, the US government has denied any US role in Alsammaraei’s escape and transport to Jordan.
- Alsammaraei had been jailed on charges of corruption.
### [3.] Help Iraqis to Forge a National Compact for Democratic Government - Iraqi National Unity Government

#### President
- Jalal Talabani

#### Deputy President
- ‘Adil ‘Abd al-Mahdi

#### Prime Minister
- Nuri al-Maliki

#### Deputy Prime Minister
- Salam al-Zawba’i

### Ministries

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<th>Ministry</th>
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<tr>
<td>Ministry of Agriculture</td>
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<td>Minister of Communications</td>
<td>Muhammad Tawfiq Ailawi</td>
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<td>Ministry of Culture</td>
<td>As’ad Kamal Muhammad Abdallah al-Hashimi</td>
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<td>Ministry of Defense</td>
<td>Abdul Qadir Muhammed Jasim</td>
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<td>Minister of Environment</td>
<td>Narmin ‘Uthman (F)</td>
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<td>Ministry of Finance</td>
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[4.] Help Iraq Build Government Capacity and Provide Essential Services – Financials from Iraq Relief and Reconstruction Fund (IRRF) 1 and IRRF 2

Please Note:
IMU is including the 19 December financials in this week’s IPOG. They will be updated in next week’s report.

(Millions of USD)

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<th>Change</th>
<th>Last Week</th>
<th>Current</th>
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<td>Grand Total IRRF I &amp; II</td>
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<td><strong>$20,922.25</strong></td>
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</table>

As of December 26, 2006
During the week of December 21-27, electricity availability averaged 7.5 hours per day in Baghdad and 8.8 hours nationwide. Electricity output for the week was 6% below the same period in 2005.
[4.] Help Iraq Build Government Capacity and Provide Essential Services – Electricity

Electricity:

- The Doura Power Plant Unit 6 Electricity Commissioning Project began with an estimated completion date of February 24, 2007. The $15 million Iraq Relief and Reconstruction Fund project is part of the Baghdad Ring electricity project.
[5.] Help Iraq Strengthen Its Economy – Oil Update and Job Creation

Oil Update:

- Crude oil price averages in world markets for the week ending December 15 closed with the following prices:
  - Basrah Light at $55.61/barrel
  - Dated Brent at $62.28/barrel
  - WTI Cushing at $61.91/barrel
  - Oman/Dubai at $57.99/barrel

Employment Update:

There will be no employment update this week.

* CERP employment numbers are representative of Baghdad only.
[5.] Help Iraq Strengthen Its Economy - Banking Sector

Central Bank’s US Dollar (USD) Currency Auction:

- The following table shows volume sold and exchange rates for USD in the Iraqi currency auction since April. Since September, the Central Bank has begun slowly appreciating the dinar, as suggested by the IMF, to tackle rampant inflation over the past year. This welcome increase in the dinar's value against the dollar is reflected in the figure below.

Central Bank of Iraq
[5.] Help Iraq Strengthen Its Economy – **Securities Markets**

Trading of Iraqi Bonds on the International Secondary Bond Market:

- The following table shows the daily bond resale price and yield on Iraqi bonds issued January 20. The bonds were originally issued to about two-thirds of Iraq’s commercial creditors as part of a debt exchange arrangement at Paris Club terms. Iraq’s commercial debt was approximately $22 billion before the debt-swap arrangement. The bonds, which are not yet rated, will mature in 2028. The bonds’ current yield of 9.68 percent remains one of the highest in the world for sovereign debt instruments.

**Iraqi Commercial Bond Sales**  
**January 20, 2006 - December 15, 2006**

<table>
<thead>
<tr>
<th>Date</th>
<th>Bond Price in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-Jan</td>
<td>$60.00</td>
</tr>
<tr>
<td>31-Jan</td>
<td>$62.00</td>
</tr>
<tr>
<td>9-Feb</td>
<td>$64.00</td>
</tr>
<tr>
<td>20-Feb</td>
<td>$66.00</td>
</tr>
<tr>
<td>1-Mar</td>
<td>$68.00</td>
</tr>
<tr>
<td>10-Mar</td>
<td>$70.00</td>
</tr>
<tr>
<td>21-Mar</td>
<td>$72.00</td>
</tr>
<tr>
<td>30-Mar</td>
<td>$74.00</td>
</tr>
<tr>
<td>9-Apr</td>
<td>$76.00</td>
</tr>
<tr>
<td>18-Apr</td>
<td>$78.00</td>
</tr>
<tr>
<td>29-Apr</td>
<td>$80.00</td>
</tr>
<tr>
<td>9-May</td>
<td>$82.00</td>
</tr>
<tr>
<td>18-May</td>
<td>$84.00</td>
</tr>
<tr>
<td>29-May</td>
<td>$86.00</td>
</tr>
<tr>
<td>7-Jun</td>
<td>$88.00</td>
</tr>
<tr>
<td>16-Jun</td>
<td>$90.00</td>
</tr>
<tr>
<td>26-Jun</td>
<td>$92.00</td>
</tr>
<tr>
<td>4-Jul</td>
<td>$94.00</td>
</tr>
<tr>
<td>13-Jul</td>
<td>$96.00</td>
</tr>
<tr>
<td>22-Jul</td>
<td>$98.00</td>
</tr>
<tr>
<td>1-Aug</td>
<td>$100.00</td>
</tr>
<tr>
<td>15-Aug</td>
<td>$102.00</td>
</tr>
<tr>
<td>24-Aug</td>
<td>$104.00</td>
</tr>
<tr>
<td>1-Sep</td>
<td>$106.00</td>
</tr>
<tr>
<td>3-Oct</td>
<td>$108.00</td>
</tr>
<tr>
<td>12-Oct</td>
<td>$110.00</td>
</tr>
<tr>
<td>23-Oct</td>
<td>$112.00</td>
</tr>
<tr>
<td>1-Nov</td>
<td>$114.00</td>
</tr>
<tr>
<td>10-Nov</td>
<td>$116.00</td>
</tr>
<tr>
<td>21-Nov</td>
<td>$118.00</td>
</tr>
<tr>
<td>30-Nov</td>
<td>$120.00</td>
</tr>
<tr>
<td>11-Dec</td>
<td>$122.00</td>
</tr>
</tbody>
</table>

Trading High = $73.98 (January 24)  
Trading Low = $64.66 (August 30)
First Iraqi Loan Company Begins Lending:

- The first Iraqi-owned loan guarantee facility, the Iraq Company for Bank Guarantees Ltd. (ICBG), officially commenced business operations in November. Small and Medium Enterprise loan applications presented for guarantee coverage review and appraisal in the first month of operations totaled $450,000.
[5.] Help Iraq Strengthen Its Economy – **Crude Oil Production**

**Iraqi Oil Ministry Goal:** 2.5 MBPD

- **Weekly Average (December 11-17):** 2.14 Million Barrels Per Day (MBPD)

**Production** vs. **Target**

- **October 9-15:** 2.29
- **October 16-22:** 2.33
- **October 23-29:** 2.30
- **October 30-November 5:** 1.79
- **November 6-12:** 2.05
- **November 13-19:** 2.20
- **November 20-26:** 2.21
- **November 27-December 3:** 2.18
- **December 4-10:** 2.05
- **December 11-17:** 2.14
[5.] Help Iraq Strengthen Its Economy – Crude Oil Export

- 2005 Revenue Estimate: $23.5 Billion
- 2006 Revenue Estimate: $30.7 Billion (Year to Date)

Revenue (US$B) | Projected | Exports (MBPD)
--- | --- | ---
Jan-06 | 1.05 | $1.84
Feb-06 | 1.47 | $2.16
Mar-06 | 1.32 | $2.25
Apr-06 | 1.60 | $3.02
May-06 | 1.51 | $2.92
Jun-06 | 1.67 | $3.03
Jul-06 | 1.68 | $3.41
Aug-06 | 1.68 | $3.44
Sep-06 | 1.62 | $2.73
Oct-06 | 1.55 | $2.45
Nov-06 | 1.44 | $2.19
Dec-06 | 1.51 | $1.35

Millions of Barrels per Day

USD (Billions)
[5.] Help Iraq Strengthen Its Economy – *Total Critical Refined Product Supplies*

- Diesel: 7.7 ML supply of 21.0 ML target
- Kerosene: 6.7 ML supply of 16.8 ML target
- Gasoline: 8.0 ML supply of 22.5 ML target
- LPG: 2,095 tons supply of 5,630 tons target

**Note:** This is a daily average for the week of December 11 – 17
The goal is to have on hand 15 days supply of all refined products, calculated on the basis of maximum consumption over the year and not adjusted for seasonal variation. The numbers given above are monthly averages. (December 11-17)
[6.] Help Iraq Strengthen the Rule of Law and Promote Civil Rights–
Iraqi Judicial System

Iraqi Appeals Court Upholds Hussein Death Sentence:

• Judge Aref Shaheen announced that the Iraqi High Tribunal's appellate chamber 
  upheld Saddam Hussein's death sentence December 26 in the Dujail massacre 
  case. Shaheen said the court's decision was final.

• Hussein's execution must take place within 30 days, i.e. before January 27, 
  Shaheen said. Iraqi law requires a death sentence to be carried out within 30 days. 
  Hussein was sentenced to death by hanging November 5 for his role in the 1982 
  killings of 148 people in Dujail, a mostly Shiite town north of Baghdad. Hussein's 
  attorneys appealed, and the appellate chamber began reviewing the case 
  December 5.

• The White House released a statement praising the court's decision, "Today marks 
  a milestone for the Iraqi people's efforts to replace the rule of a tyrant with the rule 
  of law."

• Hussein and two co-defendants - his half-brother and former intelligence chief 
  Barzan Hassan and former chief judge of the Revolutionary Court Awad Bandar - 
  were found guilty in the killings in Dujail.
[7.] Increase International Support for Iraq – Developments

UN calls for international help for refugees in Syria, Jordan:

- The United Nations High Commissioner for Refugees (UNHCR) appealed to the international community for efforts to help Syria and Jordan in dealing with some 1.5 million Iraqi refugees. The UNHCR has put forward a plan for aid starting 2007 in which aid will be given to the governmental and non-governmental institutions in Syria and Jordan in three major sectors: health care, education and social services.

Parliament Approves Extension of South Korean Troops in Iraq:

- South Korea's National Assembly approved a bill extending the country's troop presence in northern Iraq December 22. The bill calls for the deployment of troops in the northern Iraqi city of Erbil for one year. The number of troops, however, will be cut from 2,300 at present to 1,200 by April 2007.
[7.] Increase International Support for Iraq – **Contributors to Iraqi Stability Operations**

Data as of December 22, 2006

25 Countries with forces in Iraq (in addition to US)

- Albania
- Armenia
- Australia
- Azerbaijan
- Bosnia-Herzegovina
- Bulgaria
- Czech Republic
- Denmark
- El Salvador
- Estonia
- Georgia
- Japan
- Kazakhstan
- Latvia
- Lithuania
- Macedonia
- Moldova
- Mongolia
- Poland
- Romania
- Singapore
- Slovakia
- South Korea
- Ukraine
- UK

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

**TOTAL ~ 15,197 Forces**

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

*34 includes the 25 countries listed above, the US, Fiji, and six NATO, non-MNF-I countries: Hungary, Iceland, Italy, Netherlands, Portugal, Slovenia, Turkey
[8.] Strengthen Public Understanding of Coalition Efforts and Public Isolation of the Insurgents – Developments

Al-Qaida Leader Offers Month’s Truce for US Withdrawal:
• The head of an al-Qaida in Iraq-dominated group offered US troops a month to pull out of the country, free of attack, in an audiotape posted on the Internet December 22. Abu Omar al-Baghdadi demanded an answer within two weeks.
• The audiotape could not be verified, but appeared on an Islamic website known for displaying militant groups’ statements.

Secretary Rice Speaks on Iraq:
• In an interview given to Associated Press December 21, Secretary of State Rice said that sectarian violence in Iraq “was a great test for that [Iraqi] government, the real goal for that government is going to have to be to really demonstrate to the Iraqi people that they’re prepared to deal with those who are not willing to live inside the law whatever sect they come from, whether they’re Shia or Sunni.” She continued, saying that “if they do that and they do that with the help of coalition forces to support their military forces in ways that may be needed, then this government will establish itself as one of that can protect its people and govern.”
Special Addendum: Provincial Reconstruction Teams (PRT)

PRT Mission Statement:
• To assist Iraq’s provincial governments with developing a transparent and sustained capability to govern, promoting increased security and rule of law, promoting political and economic development, and providing provincial administration necessary to meet the basic needs of the population.

Provincial Reconstruction Team Concept:
• The PRT concept was developed to improve on Regional Embassy Office (REO) and Provincial Support Team (PST) programs. The PRTs are a civil-military operation led by the civilians with extensive support from US and Coalition Forces. The PRTs are an integrated capacity-building effort built around Local Governance Program (LGP) and include support from other agencies to cover all key capacity development needs.

PRT Operations Status:
• PRTs have been established in Tamim/Kirkuk; Ninewa/Mosul; Babil/Hilla; Baghdad; Anbar/Ramadi; Diyala/Baquba; Salah ad-Din; Basrah; and Dhi Qar. PRTs are comprised of representatives from the US Department of State, United States Agency for International Development, Multi-National Force – Iraq, Department of Justice, Gulf Regional Division of the Army Corps of Engineers, Multi-National Corps – Iraq and Coalition partners.

Interested in working in Iraq?
Please visit http://careers.state.gov/opportunities/iraq/index.html for a list of available positions.
Iraq Weekly Status – General 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 3)

Slide 5:

Slide 6:

Slide 7:

Slide 8:
- DoD Input to Iraq Weekly Status Report December 27, 2006

Slide 9:

Slide 10:
- “Al Sadr: Badr Organization Should Be Dissolved First Then We Will Dissolve Mahdi Army.” Al Mashriq Newspaper. December 26, 2006

Slide 11:
- NEA Political Section, NEA-I-POL-DL@state.gov

Slide 12:
- IRMO Weekly Report, December 26, 2006
Notes and Source Citations (2 of 3)

Slide 13:
- POC Bob Means (202) 647-9815
- 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. Currently supplies are not much improved over last year when judged by hours of power, but this is due in part to an influx of new appliances. This has dramatically altered demand and diluted the effect of increased generation capacity on actual results.

Slide 14:
- Electricity:
  - USACE Daily Report – December 26

Slide 15:
- Oil Prices are sourced from Bloomberg
  - Employment Update:
    - Information regarding the Employment Update was sourced from the IRMO Weekly Report – December 26, 2006
    - CERP has not reported figures for some time. Until they report accurate data, the number will remain at 0.
    - PCO will be reporting on a bi-weekly basis.

Slide 16:
- Information regarding the NID auction was gathered from the Central Bank of Iraq’s website: http://www.cbiraq.org

Slide 17:
- Iraqi Bond Prices are sourced from Bloomberg

Slide 18:
- Izdihar News Highlights – December 14
Notes and Source Citations (3 of 3)

Slide 19:
- Department of State, NEA-I-ECON, 202-647-9885

Slide 20:
- Department of State, NEA-I-ECON, 202-647-9885

Slide 21:
- Department of State, NEA-I-ECON, 202-647-9885

Slide 22:
- Department of State, NEA-I-ECON, 202-647-9885

Slide 23:

Slide 24:

Slide 25:
- DOD Input to Weekly Status Report, updated bi-weekly

Slide 26:
- AFP, "Al-Qaeda Offers US Troops Month’s Truce to Quit Iraq," December 22
- Associated Press, "Iraqi Militant Group Posts Web Offer of Truce, Tries to Recruit Iraqis," December 22
- US Department of State, Office of the Spokesman, Secretary of State Condoleezza Rice by Anne Gearan of the Associated Press, December 21

Slide 27:
- NEA Political Section, NEA-I-POL-DL@state.gov