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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
 Since January, attacks and murders against civilians and against Iraqi and
 Coalition security forces in Ramadi has decreased significantly, from a high of 10
 - Coalition security forces in Ramadi has decreased significantly, from a high of 108 in the week beginning February 23 to just seven in the week ending May 11.
- 2. Transition Iraq to Security Self-Reliance
 The Iraqi Defense Minister announced May 21 that the Iraqi military will buy more than \$1.5 billion in weapons, including helicopters and U.S. M-16 rifles.
- 3. Help Iraqis to Forge a National Compact for Democratic Government
 Prime Minister Nuri al-Maliki warned May 22 that Iraq's fight against terror will be
 "open-ended and long" and called for the creation of "salvation councils" across
 the country to bring together Iraqis to fight al-Qaida militants.
- 4. Help Iraq Build Government Capacity and Provide Essential Services
 The U.S. Army-funded construction of the al-Rassassiya water compact unit in
 Salah al-Din province has been completed, providing clean potable water service
 to 15,000 area citizens.

Highlights



5. Help Iraq Strengthen Its Economy

The U.S. Agency for International Development (USAID) has awarded the contract for the Inma Agribusiness Program in Iraq to Louis Berger Group, Inc., a professional services firm based in New Jersey. Inma is a three-year, \$343 million program, with two one-year option periods.

6. Help Iraq Strengthen the Rule of Law

In the past week, the Iraqi Police Service graduated 107 Iraqi Police from specialized and advanced training courses covering advanced criminal investigations, major crimes, dignitary protective services, and personnel management. The Baghdad Police College graduated 402 National Police and in Sulaymaniyah, the National Police graduated 290 students from the Basic Recruit Training Course.

7. International Support for Iraq

The Iraq office of the United Nations Development Program (UNDP) organized a threeday conference ending May 19 in Amman, Jordan, which established a water strategy in Iraq and assisted the government in developing its water management capacity.

8. Strengthen Public Understanding of Coalition Efforts and Public Isolation of the Insurgents

ABC News reported May 18 that two Iraqi journalists working for the television network were killed the previous day as they drove home from work. Cameraman Alaa Uldeen Aziz and soundman Saif Laith Yusuf were attacked by unknown assailants as they returned from the network's Baghdad bureau.

[1.] Defeat the Terrorists and Neutralize the Insurgency



Anbar Province Still Dangerous, but Improving:

- Since January, attacks and murders against civilians and against Iraqi and Coalition security forces in Ramadi has decreased significantly, from a high of 108 in the week beginning February 23 to just seven in the week ending May 11.
- Efforts and cooperation from local shaykhs and tribal leaders has dramatically increased Iraqi Security Forces (ISF) recruiting in Anbar, illustrated by an increase in 7,100 trained policemen in the province since December.
- Additionally, Iraqi citizens are increasingly providing information concerning insurgent operations to ISF.

[2.] Transition to Security Self-Reliance – Iraqi Security Forces



<u>Iraqi Defense Ministry to Buy \$1.5 Billion in Weapons:</u>

- The Iraqi Defense Minister announced May 21 that the Iraqi military will buy more than \$1.5 billion in weapons, including helicopters and U.S. M-16 rifles.
- The purchases will be made possible by a 26% increase in the country's defense budget, to \$4.1 billion for the current fiscal year.
- To increase the country's naval and air force capabilities, Iraq will purchase 29
 Soviet-designed M-17 helicopters, six reconnaissance planes, 10 patrol boats from Italy, and 26 from the U.S.

IA Begins Training with U.S. Rifles:

• The Iraqi Army (IA) recently started what is expected to be a year-long process of training and equipping their entire force with U.S.-made M-16 rifles and M4 carbines. As the army transitions from the AK-47 to the new U.S. weapons, Iraqi soldiers attend a five-day training course where they are issued the weapons, undergo an identification verification and accountability process, and eventually zero and qualify with their new weapons.

[2.] Transition Iraq to Security Self-Reliance – Iraqi Security Forces



Ministry of Interior Forces

COMPONENT	TRAINED & EQUIPPED
POLICE	~135,000
NATIONAL POLICE	~ 26,300
OTHER MOI FORCES	~32,900
TOTAL	~194,200**

Ministry of Defense Forces

COMPONENT	OPERATIONAL
ARMY	~151,800***
AIR FORCE	~900
NAVY	~1,100
TOTAL	~153,800**

Total Trained & Equipped ISF:

~348,000****

- * 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 May 23, 2007 (updated bi-weekly by DOD)

[3.] Help Iraqis to Forge a National Compact for Democratic Government – Developments



<u>Iraqi Leaders in the U.S for Medical Treatment:</u>

- Iraqi President Jalal Talabani left Iraq May 20 "for a nearly three-week trip to the United States that was expected to include a medical checkup." A senior Kurdish politician said May 19 that Talabani was to visit the Mayo Clinic for a check-up.
- Meanwhile, Islamic Supreme Council of Iraq leader 'Abd al-Aziz al-Hakim arrived in the U.S. May 17 for medical tests, and departed two days later for treatment in Tehran and may be there for several weeks.

UN Special Representative Urges Consensus:

 U.N. envoy to Iraq Ashraf Qazi urged the Iraqi Constitutional Review Committee, which was established by the Iraqi Parliament in September 2006 to determine whether the constitution should be amended, to build consensus among political blocs. Qazi added that "for a successful constitutional review process all groups will have to come to the table to make compromises and the process will need to be kept alive until it reaches a conclusion."

[3.] Help Iraqis to Forge a National Compact for Democratic **Government - Iraqi National Unity Government**





Foreign Affairs Governorates Affairs Women's Affairs **Tourism and Antiquities** Safa al-Safi Fatin Abd al-Rahman Rafi Hiyad al-Isawi Mahmud (F)

UNCLASSIFIED

CoR Affairs

[4.] Help Iraq Build Government Capacity and Provide Essential Services – Financials from Iraq Relief and Reconstruction Fund (IRRF) 1 and IRRF 2

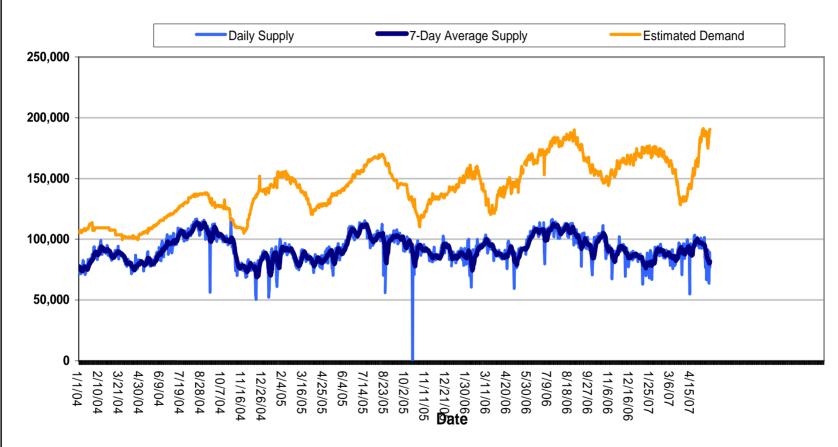


	Apportioned	Committed		Obligated			Disbursed		
Sector	Apportion	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current
Security and Law Enforcement	\$5,002.59	\$4,979.56	\$4,979.56	\$0.00	\$4,977.68	\$4,977.68	\$0.00	\$4,785.89	\$4,785.89
Electricity Sector	\$4,216.87	\$4,172.79	\$4,172.79	\$0.00	\$3,991.21	\$3,991.21	\$0.00	\$3,248.05	\$3,248.05
Oll Infrastructure	\$1,724.70	\$1,654.18	\$1,654.18	\$0.00	\$1,578,87	\$1,578.87	\$0.00	\$1,424.35	\$1,424.35
Justice, Public Safety and Civil Society	\$1,304.15	\$1,302.76	\$1,302.76	\$0.00	\$1,296.96	\$1,296.96	\$0.00	\$1,055.60	\$1,055.60
Democracy	\$999.26	\$997.98	\$997.98	\$0.00	\$997.91	\$997.91	\$0.00	\$934.62	\$934.62
Education, Refugees, Human Rights, Governance	\$410.06	\$400.13	\$400.13	\$0.00	\$400.12	\$400.12	\$0.00	\$361.62	\$361.75
Roads, Bridges and Construction	\$333.60	\$329.26	\$329.26	\$0.00	\$322.19	\$322.19	\$0.00	\$220.94	\$220.94
Health Care	\$816.22	\$773.59	\$773.59	\$0.00	\$760.12	\$760.12	\$0.00	\$661.79	\$661.79
Transportation and Communications	\$456.72	\$453.02	\$453.02	\$0.00	\$447.26	\$447.26	\$0.00	\$352.69	\$352.69
Water Recourses and Sanitation	\$2,115.79	\$2,015.22	\$2,015.22	\$0.00	\$1,971.66	\$1,971.66	\$0.00	\$1,574.98	\$1,574.98
Private Sector Development	\$813.95	\$809.25	\$809.25	\$0.00	\$809.25	\$809.25	\$0.00	\$786.05	\$786.05
Admin Expense (USAID, STATE)	\$213.00	\$210.48	\$210.48	\$0.00	\$210.48	\$210.48	\$0.00	\$188.10	\$188.10
Total	\$18,406.92	\$18,098.22	\$18,098.22	\$0.00	\$17,763.72	\$17,783.72	\$0.00	\$16,684.87	\$16,694.80
IRRF II Construction	-	\$10,358.01	\$10,358.01	\$0.00	\$10,045.08	\$10,045.08	\$0.00	\$8,499.92	\$8,499.92
IRRF II Non-Construction	-	\$6,742.23	\$6,742.23	\$0.00	\$6,720.73	\$6,720.73	\$0.00	\$6,160.13	\$6,160.27
IRRF II Democracy	-	\$997.98	\$997.98	\$0.00	\$997.91	\$997.91	\$0.00	\$934.62	\$934.62
IRRF I Total	\$2,473.30	\$2,473.30	\$2,473.30	\$0.00	\$2,232.3	\$2,232.3	\$0.00	\$2,139.00	\$2,139.0
Grand Total IRRF I & II	\$20,880.22	\$20,671.62	\$20,671.62	\$0.00	\$19,996.02	\$19,998.02	\$0.00	\$17,733.67	\$17,733.80

[4.] Help Iraq Build Government Capacity and Provide Essential Services – Electricity Overview



Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



• For the week of May 16-22, national electricity supply was 11% below the same period in 2006.

[4.] Help Iraq Build Government Capacity and Provide Essential Services – Health, Transportation and Water & Sanitation



Health Care:

 The U.S. Army-funded construction of the Bayji public health clinic in Salah al-Din province has been completed, providing primary health care for 15,000 local residents.

Transportation:

 The U.S. Army-funded bridge and road widening at Camp Radwaniyah, Baghdad province has been completed, increasing roadway width and safety to everyone stationed in Camp Victory.

Water & Sanitation:

- The U.S. Army-funded construction of the al-Rassassiya water compact unit in Salah al-Din province has been completed, providing clean potable water service to 15,000 area citizens.
- The U.S. Army-funded construction of the Samarra landfill incinerator in Salah al-Din province has been completed, providing three 500 kg/hr trash incinerators and back-up power generation to benefit 200,000 residents by reducing the landfill requirements, cleanly burning waste, and improving sanitation in the city.
- The U.S. Army-funded construction of the al-Tarbuli water network in Fallujah, al-Anbar province has been completed, providing new hydrants and fresh potable water to its area homes.

[5.] Help Iraq Strengthen Its Economy – Oil Update and Job Creation



Oil Update:

- Crude oil price averages in world markets for the week ending April 20 closed with the following prices:
 - Basrah Light at \$63.138/ barrel

– Dated Brent at \$67.988/barrel

WTI Cushing at \$63.596/ barrel

- Oman/Dubai at \$64.648/barrel

Employment Update:

Iraqi Employment Per Organization Employment Program	iragis Last Week	iragis This Week	% ohange
Gulf Region District (GRD) (Includes MILCON/OMA)	20,798	21,335	2.58%
US Agency for International Development (USAID)	42,322	41,298	-2.42%
Commander's Emergency Response Program (CERP)	4,670	4,636	-0.73%
Multi-National Security Transition Command-Iraq (MNSTC-I)	10,753	12,502	16.27%
Iraq Reconstruction Relief Fund (IRRF) Non-Construction	6,484	8,986	38.59%
GRAND TOTAL	85,027	88,767	4.30%

CERP employment numbers are representative of Baghdad only.

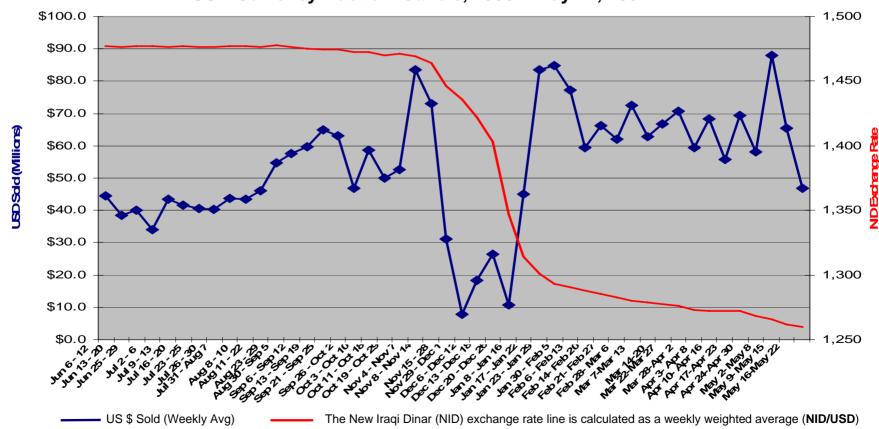
[5.] Help Iraq Strengthen Its Economy - Banking Sector



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

• The following table shows volume sold of and exchange rates for USD in the Iraqi currency auction since April. Since September, the Central Bank has slowly appreciated the dinar, as suggested by the IMF, in an effort to rein in galloping inflation. There are early signs that this effort may have begun to bear fruit, as year-to-date inflation is 2.8%, which projects a pace well below the IMF annual target of 30%.

Central Bank of Iraq
USD Currency Auction: June 6, 2006 – May 22, 2007



[5.] Help Iraq Strengthen Its Economy – Securities Markets

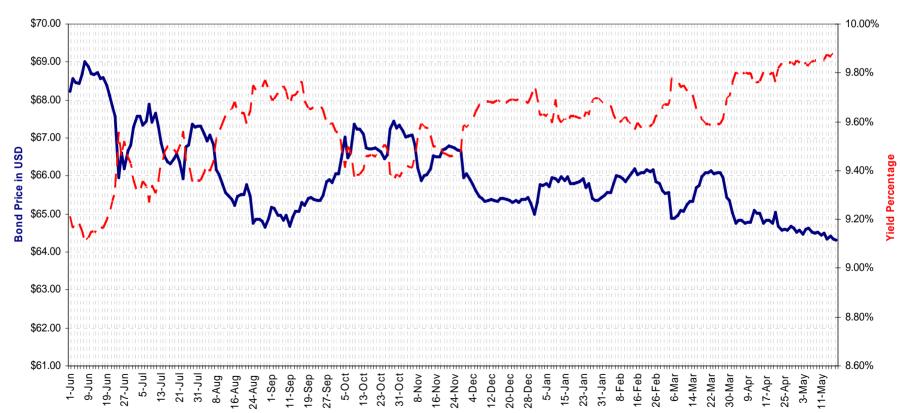


Trading of Iraqi Bonds on the International Secondary Bond Market:

• The following table shows the daily bond resale price and yield on Iraqi bonds issued January 20. The bonds were originally issued to approximately two-thirds of Iraq's commercial creditors as part of a debt exchange arrangement as per 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 9.6 percent remains one of the highest in the world for sovereign debt instruments.

Iraqi Commercial Bond Sales

June 1, 2006 - May 18, 2007



Trading High = \$73.98 (January 24)

Trading Low = \$64.66 (August 30)

[5.] Help Iraq Strengthen Its Economy – Economic Events



Minister Hariri and DUSD Brinkley Hold Joint Press Conference:

 Minister of Industry and Minerals Fawzi Hariri and Deputy Under Secretary of Defense Paul Brinkley held a joint press conference May 17 to outline industrial revitalization efforts to date and future plans for privatization. The Ministry of Finance has approved \$20 million in soft loans (in addition to a previous \$5.6 million) to restore industrial capacities in 24 factories.

Pepsi and the ALB Have Problems with its Trademark:

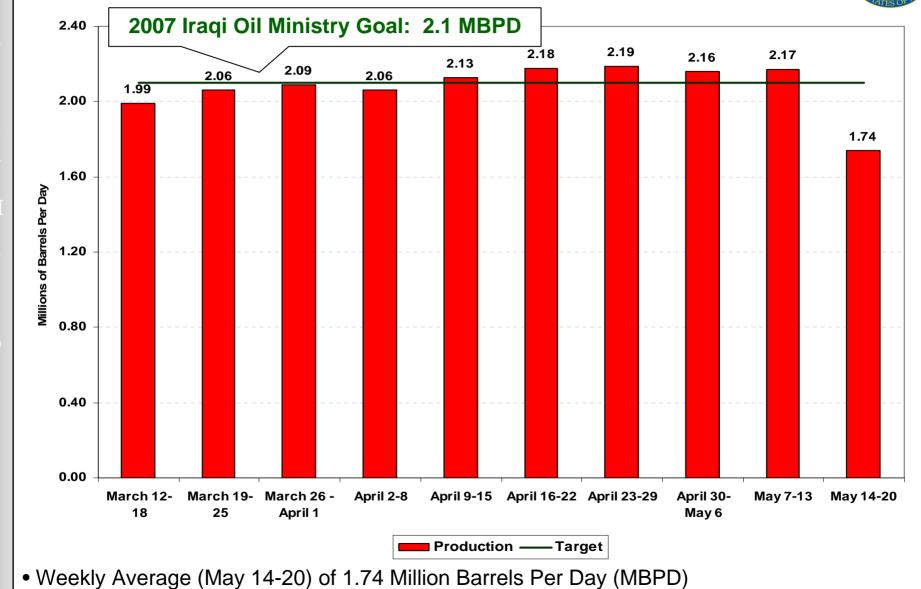
 Pepsi Co. resubmitted its trademark application, per Minister Hariri's instructions during the Amman meeting May 7. Pepsi's application was again rejected due to a lack of boycott-appropriate language, with officials saying the boycott declaration had not been lifted.

<u>USAID Awards Inma Agribusiness Program in Iraq</u>:

 The U.S. Agency for International Development (USAID) has awarded the contract for the Inma Agribusiness Program in Iraq to Louis Berger Group, Inc., a professional services firm based in New Jersey. Inma is a three-year, \$343 million program, with two one-year option periods. Complementing USAID's other economic growth programs, Inma will work with the Iraqi government to support the development of agribusinesses and agricultural markets.

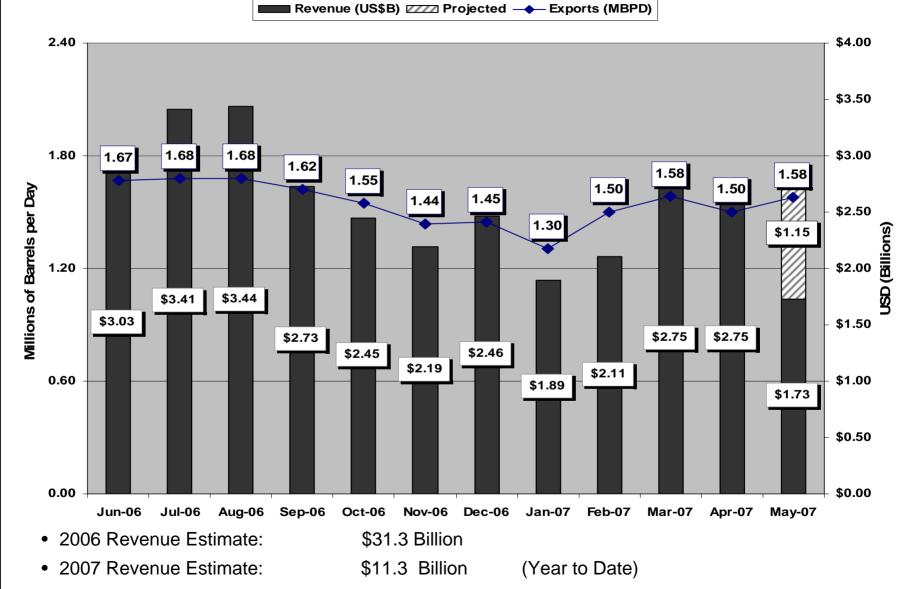
[5.] Help Iraq Strengthen Its Economy – Crude Oil Production



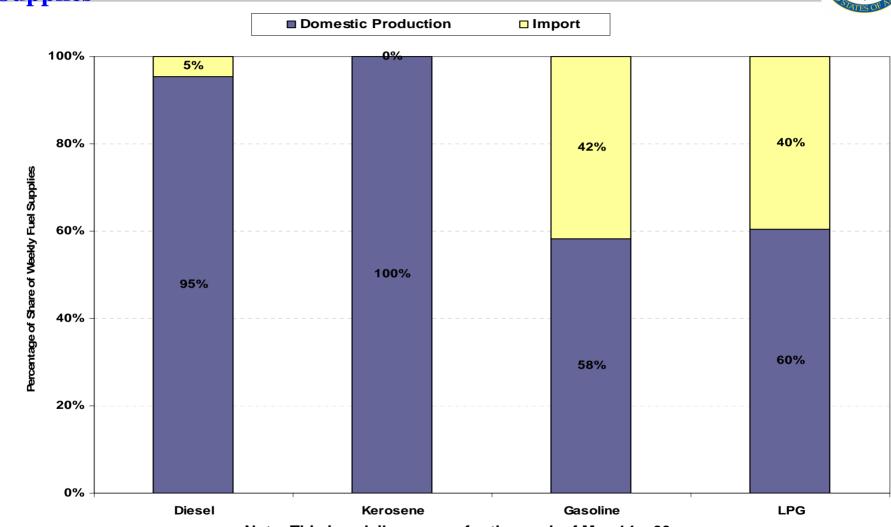


[5.] Help Iraq Strengthen Its Economy – Crude Oil Export





Supplies

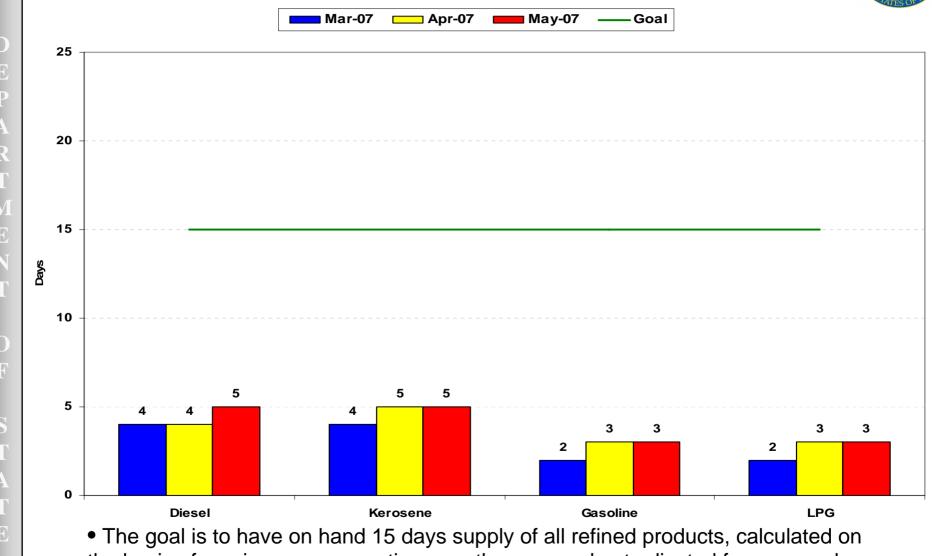


Note: This is a daily average for the week of May 14 - 20

- Diesel: 6.7 ML supply of 23.1 ML target
- Kerosene: 3.7 ML supply of 7.0 ML target
- Gasoline: 10.6 ML supply of 21.5 ML target
- LPG: 1,905 tons supply of 5,080 tons target

[5.] Help Iraq Strengthen Its Economy – National Stock Levels





• The goal is to have on hand 15 days supply of all refined products, calculated or the basis of maximum consumption over the year and not adjusted for seasonal variation. The numbers given above are monthly averages.

[6.] Help Iraq Strengthen the Rule of Law and Promote Civil Rights— Iraqi Judicial System



<u>Iraqi Police Training Program Highlights</u>:

 In the past week, the Iraqi Police Service graduated 107 Iraqi Police from specialized and advanced training courses covering advanced criminal investigations, major crimes, dignitary protective services, and personnel management. The Baghdad Police College graduated 402 National Police and in Sulaymaniyah, the National Police graduated 290 students from the Basic Recruit Training Course.

Dibis Courthouse Construction Complete:

• The U.S. Army Corps of Engineers reported May 2 that the construction of the Dibis Courthouse in Kirkuk province was complete. The courthouse will provide the essential infrastructure needed to facilitate a fully functional judicial system.

Anfal Trial Update:

Last week, the Iraqi High Tribunal Court adjourned the Anfal trial after six
defendants concluded their final testimony. In closing pleas, the defendants said
they had nothing to do with chemical attacks, village demolitions, deportations, and
mass executions against the Kurds in a series of offenses in the late 1980's. All are
charged with war crimes against humanity and genocide. Court officials predict a
verdict and sentencing in mid-June. If convicted, they could be sentenced to death
by hanging.

[7.] Increase International Support for Iraq – Developments



Iraqi Foreign Minister Urges Incoming British Prime Minister to Stand Firm:

 Iraqi Foreign Minister Hoshyar Zebari urged incoming British Prime Minister Gordon Brown to stand firm against domestic political pressures and maintain troop numbers in Iraq despite ongoing militia and insurgent violence. While citing progress being made in Iraq since the latest security crackdown began in mid-February, he stressed it was important there were no signs of weakness with Coalition forces.

<u>UNICEF To Launch Humanitarian Operation in Iraq</u>:

 UNICEF has announced that they intend to launch one of the biggest humanitarian operations in Iraq in the last two years with nearly 8,000 vaccinators operating across the country to prevent a possible outbreak of measles amongst Iraq's children. UNICEF also requested \$42 million to provide water and sanitation for children inside Iraq, as well as education services for refugee children in Jordan and Syria.

[7.] Increase International Support for Iraq – Developments



<u>Iraqi Vice President on Iran-U.S. Talks</u>:

 Iraqi Sunni Vice President Tariq al-Hashimi spoke out against the U.S.-Iran talks on the situation in Iraq scheduled for May 28, saying the dialogue was "damaging to Iraq's sovereignty" and that he would have preferred that the subject of Iraq's stability to be "tackled by Iraqis themselves." It is reported that Iran's outgoing envoy to the United Nations, Javad Zarif, is to represent Tehran in talks next week with Ambassador Ryan Crocker in Baghdad.

OIC Ministers Urge Withdrawal of Foreign Forces from Iraq:

 Foreign ministers from Muslim nations called on international forces to pull out of Iraq as soon as possible. The joint declaration came at the end of a three-day meeting in Islamabad of foreign ministers from the 57-member Organization of the Islamic Conference (OIC). "We emphasize...accelerating the capacity of the Iraqi security forces and securing the earliest possible withdrawal of foreign forces from Iraq," it said. The declaration also warned that Iraq should not be split along Sunni-Shiite lines.

[7.] Increase International Support for Iraq – Contributors to Iraqi Stability Operations

1250

Data as of May 16, 2007

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

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

TOTAL ~ 12,198 Forces

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

34 Countries and NATO*

(including US)

Support Iraqi Stability Operations

^{*34} includes the 25 countries listed above, the US, Fiji, and seven 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



Two Iraqi Journalists Killed:

 ABC News reported May 18 that two Iraqi journalists working for the television network were killed the previous day as they drove home from work. Cameraman Alaa Uldeen Aziz and soundman Saif Laith Yusuf were attacked by unknown assailants as they returned from the network's Baghdad bureau.

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

- 101

Notes and Source Citations (1 of 3)

Slide 5:

MNF-I Press Briefing – 16 May 2007 -- (http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=11894&Itemid=131)

Slide 6:

- Yahoo News 21 May 2007 (http://news.yahoo.com/s/afp/20070521/wl_mideast_afp/iraqusmilitary_070521164950;_ylt=AirQ8pzkokz5Cbd9lKTzXSyaOrgF)
- The Advisor MNSTC-I 19 May 2007

Slide 7:

DoD Input to Iraq Weekly Status Report May 23, 2007

Slide 8:

- www.abcnews.com
- www.un.org

Slide 9:

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

Slide 10:

- IRMO Weekly Report, May 22, 2007

Slide 11:

- POC Bob Means, Department of State (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.

Notes and Source Citations (2 of 3)

Slide 12:

Health Care:

• USACE Daily Report - May 16

Transportation:

• USACE Daily Report - May 21

Water & Sanitation:

- USACE Daily Report May 18
- USACE Daily Report May 16
- USACE Daily Report May 15

Slide 13:

- Oil Prices are sourced from Bloomberg

Employment Update:

- Information regarding the Employment Update was sourced from the IRMO Weekly Report May 22, 2007.
- 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 14:

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

Slide 15:

Iraqi Bond Prices are sourced from Bloomberg

Slide 16:

- May 21 IIC
- May 17 NEA-I OI
- http://www.usaid.gov/iraq/

Slide 17:

- Department of State, NEA-I-ECON, 202-647-9885

Slide 18:

Department of State, NEA-I-ECON, 202-647-9885

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:

- International Criminal Investigative Training Assistance Program Weekly Status Report May 12, 2007
- Corps of Engineers: http://www.grd.usace.army.mil/news/releases/TodayInIrag-All.asp
- New York Times; May 17, 2007 by John F. Burns

Slide 22:

- http://www.gulftimes.com/site/topics/article.asp?cu_no=2&item_no=150624&version=1&template_id=42&parent_id=18
- http://www.upi.com/International Intelligence/Briefing/2007/05/14/un urges consensus in irag constitution/6831/

Slide 23:

- http://news.yahoo.com/s/ap/20070520/ap_on_re_mi_ea/jordan_world_economic_forum;_ylt=Ar7nz.6R46Ek2MgMQnlKhE8LewgF
- http://news.yahoo.com/s/afp/20070517/wl_mideast_afp/pakistanoicislamiraq_070517184728;_ylt=Ahf9RpGgOrcsQBceN9gnwh2aOrgF

Slide 24:

DOD Input to Weekly Status Report, updated bi-weekly

Slide 25:

Associated Press - http://news.yahoo.com/s/ap/20070518/ap_on_re_mi_ea/iraq_journalists_killed