

Remarks at The Iraq Compact Conference

Secretary Condoleezza Rice

Thank you all for being here today. The United States, of course, remains committed fully to fostering a sovereign, democratic, prosperous, and unified Iraq, a federal Iraq that is at peace with itself and at peace with its neighbors. And as we move forward with the International Compact with Iraq, the United States is deeply grateful to our international neighbors for their efforts in helping Iraq develop that framework and the mechanisms not only to transform economically, but to become a full, viable partner in the international economy.

There has been a lot of progress in Iraq as noted in the first review of the International Compact. Because of the country's sound monetary policies, core inflation has dropped, the Iraqi dinar remains strong, and unemployment is down by almost half. The IMF is projecting a 6.6 percent real GDP growth for this year. And programs for micro-credits and loans to small and medium enterprises are creating jobs across the country. We encourage Iraq to continue the work to restructure and to revive its major state-owned banks.

Iraq's leaders have significantly improved Iraq's budget execution, and they are now allocating more of Iraq's own budget to build the infrastructure and provide the services that Iraqis expect from their democratically elected government. Iraq's leaders are making progress in passing legislation on the budget, provincial powers, de-Baathification reform, pensions, and amnesty. And looking ahead, we look forward to progress on the elections law, the constitutional review, and of course the hydrocarbons package.

Now, these positive political and economic developments are being facilitated and supported by really significant improvements in security. And here, let me say as a lead member of the international coalition, we are particularly pleased by and gratified by Iraq's willingness and ability to play a larger role in providing for its own security, particularly as we have just seen against extremists in Basra, in Baghdad, and in Mosul. After years of enforced isolation under the terrible regime of Saddam Hussein, Iraq is making good progress at integrating itself more fully into its region and to its world. The successive neighbors meetings that we have been holding are bearing fruit, and Iraq should be commended for its commitment to developing strong, long-term relations in its neighborhood and with the world.

The progress in Iraq under the Compact could not have happened without the strong and steady support of the international community. Now, five years after the country's liberation, Iraq's international partners remain committed to sustaining their economic assistance. About \$2.5 billion in new soft loans from Japan and the World Bank have been approved for much needed infrastructure, energy, and essential services. And since the Compact was launched, Bulgaria, Serbia, Bosnia, Slovenia, and Russia have agreed to major reductions in Iraq's Saddam-era debt, and we encourage countries that have not yet done so to do so promptly.

There are, of course, remaining challenges. Not everything that needs to be accomplished has been. We echo others in saying that the mechanisms for implementing the Compact should be made more effective. While the goals and the benchmarks of the Compact are clear, Iraq needs to improve efforts for implementation among its ministries. And we encourage the Iraqi leadership to address these issues directly.

In closing, I want to thank, in particular, the Government of Sweden, Foreign Minister Bildt, Prime Minister Reinfeldt for Sweden's hosting of this Compact meeting. Not only are the arrangements exquisite, but the spirit in which Sweden is reaching out to Iraq is greatly appreciated. I also want to thank the United Nations, especially, of course, the Secretary General, and his Special Representative Staffan de Mistura for the hard work that they are doing to help to bring Iraq into the international community.

The United Nations Assistance Mission for Iraq is supporting Iraq on many issues, including promoting national reconciliation and regional dialogue, facilitating elections and protecting refugees and internally displaced people, and resolving disputed international or disputed internal boundaries. Iraq requires regional and international support to succeed. And I encourage everyone to increase their diplomatic, economic, social, and cultural engagement with the people of Iraq. We especially urge Iraq's neighbors and friends to strengthen these ties through official visits to Iraq, the reopening of embassies and consulates, and the appointment of ambassadors. Iraq can also play an encouraging role in enhancing diplomatic relations by appointing Iraqi ambassadors to Arab countries.

But again, in closing, though there is much work to be done, special congratulations should go to the leadership of Iraq. Mr. Prime Minister, Deputy Prime Minister and your team, Iraq has achieved a great deal in the years since this compact was launched. It has been through leadership and dedication and, indeed, courage that Iraq has accomplished so much.

But I'd like to say one final word, and that is about the Iraqi people. Because while their leaders have, indeed, shown courage and dedication, so too have the Iraqi people. The Iraqi people have been unwilling to give in to violent enemies. They have remained dedicated to building their democracy. And they have remained true to decency among themselves. Faced with the many challenges that they have, the Iraqi people have demonstrated that they deserve the support and commitment of the international community as well. Thank you very much.