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EVENT: National Council on U.S.-Arab Relations Public Affairs Briefing: A Conversation with H.E. Samir Shakir M. Sumaida'ie, Ambassador of the Republic of Iraq to the United States; Moderator: John Duke Anthony

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AMB. SUMAIDAIE: Thank you, Dr. Anthony.

I'd like to start by -- yes -- thank you. I'd like to start by thanking the Council on U.S.-Arab Relations for providing me with this opportunity to address this distinguished gathering and to talk about the prospect of Iraqi-American relations.

But first, let me congratulate you all and I mean all -- not here, but all America -- on the great achievement of the elections. The Americans have given the world an example that is so inspiring, that it has reestablished the United States as the true leader of democracy in the world. It cannot be exaggerated, the influence or the impact on this last election and the result of the last election in the world.

The Americans have demonstrated that they are still the core of the fight for democracy and that their democracy is enduring, it is creative, it is moving forward and it is inspiring.

It has reinstated the hopes of people around the planet in the United States as a world leader.

Nothing encapsulates the values that we admire as the two speeches that were given at the end of that memorable day of the 4th of November. The speech by the now President-elect Obama was thoughtful, was comprehensive and was masterly. The speech by Senator McCain was equally impressive. It demonstrated the spirit of fair play, the spirit of acceptance, graciousness. And really, these two speeches, for us, represent what America is all about.

So I would like to take this opportunity to congratulate the American people on an excellent election and I hope that the future of this great country will reflect the great heights of aspirations and ambitions that were reflected in the -- in those speeches.

I want also to congratulate both Iraq and the United States on the achievement of the SOFA agreement, an agreement which has cemented our long-term relationship. Our relationship is vital for -- I believe, for both sides, certainly for Iraq. And these agreements were not easy to achieve. We had serious challenges. But we overcame them, and in overcoming them we have proved that both sides are committed and dedicated.

Now, we live in an interesting time, or in interesting times. In this country there is a transition, and people are focused on this transition. The future is full of challenges. The American people are facing a difficult time at home and a difficult time abroad. The financial crisis has gripped this country, as it has gripped many other countries. And the natural instincts of many people would be

to re-entrench, to come back into the shell and try to solve the problems at home and try to put aside or forget the problems outside the borders of the United States.

That would not be advisable. We live in a totally interconnected world. We live in a world so interdependent that whatever happens in one part will reflect immediately on the other.

And I ask you to remember one -- one important fact: Even if you adopt re-entrenchment as a strategy, will your enemies adopt the same strategy? I guarantee that they will not. The enemies of the United States are not confined to one country. They will not confine themselves to operating in one geographical location. They have global aspirations; and therefore, facing up to them has to have a global dimension.

In similarly difficult times, in the first half of the last century, after the Great Depression, this country did not really come out completely, come out of that depression completely, until the Second World War, and the armament industry then picked up and the economy started moving. It was through global engagement that the financial problems of the last depression were overcome. And I submit that at this time, at this difficult time, the best strategy is to continue to be engaged both internally and internationally.

We are at this juncture facing the future with so many unknowns, so many challenges, that we need to really do an accounting of where we stand, both in Iraq and in the United States, in terms of what the foreign policy of the United States is.

Let me start with Iraq. Iraq came out of the most horrendous period of dictatorship, persecution and humanitarian crimes -- mass humanitarian crimes; a society totally traumatized, brutalized and run into the ground; infrastructure broken completely; institutions of government collapsed; security almost zero; a country which was driven back into the Middle Ages in the span of three-and-a-half decades.

What do we have now? Well, given what we started with, we have achieved quite a lot; yet we still have a lot of challenges, a lot to do. But let me just do a summary of what has been achieved.

The country came to the verge of civil war in -- at the end of 2006, beginning 2007, and people in this country were talking constantly about a civil war in Iraq. At that time, I said that there will not be an all-out civil war, and events have vindicated my statements. We have come out of that danger. There is no talk about civil war.

Security has been restored to most of the country. Yes, there are explosions here and there, there are suicide bombers, and it's extremely difficult to stop suicide bombers. But we have -- we have now turned the tide against terrorism. We have denied terrorists territory. They used to control large areas of Iraq.

And gradually, steadily but surely, we are defeating them. We have defeated al Qaeda for the first time on Arab Muslim territory. And I think that's a significant -- that's a historic achievement. They are on the run. They are not finished, but they are on the run. That's a major achievement. And that has come about mainly because the people of Iraq had enough, and they just refused to put up with any more -- any more of their brutality.

On the political front, we have made a good start on building up of -- building up our political institutions. We have achieved a constitution and had a referendum on it. It needs some tweaking. It needs some changes. But it is a good start. A constitution -- the first constitution in the Middle East which has a very clear bill of rights. And many of the aspects of this constitution reflect a con-

siderable advance -- in fact, a major advance -- in terms of equality, gender equality, nondiscrimination and human rights. We are proud of that.

That is now our guiding light. That is the foundation for our future. We need to make some changes to it. That's political, and we're struggling with that. But in its totality, it provides us with a good basis for going forward. Politically, we've had a number of elections. We will have another election next month for the local and provincial councils. And at the end of next year, in a year's time, we will have another general election. Our elections have been broadly fair and free.

And we have made some economic progress, despite the challenges of security, terrorism. We have maintained the value of our currency, which had all but collapsed during Saddam's time. Since 2003, our currency has maintained its value. In fact, it has appreciated by about 25 percent, at least. And we have, through our fiscal policies, managed to provide a solid foundation for economic recovery.

We updated the laws for investment, promulgated an investment law which allows -- which provides a friendly climate for -- and with security for foreign investment. We joined MIGA to provide insurance for foreign investment against the political risks that they might find. So we turned the situation around on the political side to prepare the ground for an economic recovery. And of course, as I said earlier, we have managed to consolidate that by signing the security agreement with the United States.

Challenges? Yes. We live in a very difficult neighborhood. We can choose many things, but we cannot choose our neighbors. And very often I say that if Iraq were to be an island in the Pacific we would have solved most of our problems by now. But Iraqis are used to that. Iraq has always been the stamping grounds of empires. And we know that these influences continue.

Our neighbors essentially are fearful. After the American intervention, they felt threatened and they wanted to take measures to protect their interests. And in Iraq, they found the vacuum and the space to do that. But Iraqis have demonstrated their independence, her zeal -- their zeal for independence. They have -- in even signing the SOFA, taking that as an example, they have demonstrated that it is their will which will prevail and not the will of others.

We have -- we have a continuing threat of terrorism. We have a continuing threat of people coming from outside bent to destroy the new experiment which they see as threatening to them.

Because Iraq is now the front line for this international struggle, between two ideologies really: the ideology of freedom and human rights, freedom of choice, for individuals, and the ideology of dictatorship and totalitarianism.

And the outcome matters to both sides. And it certainly matters to the Iraqi people. We have challenges of corruption. We have challenges of lack of capacity, difficult administration. But these are to be expected.

Is the glass half full? Or is it half empty? Well, we believe, definitely it's half full and filling up. This is the important thing. This is the trend. This is the direction. We've come out of the worst. And we will make it.

We have our friends with us. We've had the determination of our American friends, to support us, the determination of the international community, to support us. And we have a great deal of good will, in this country and around the world. And that will help us through, with the resilience

and the determination of the Iraqi people. I think that combination has proved to be a winning combination and will see us through.

Our Arab friends and neighbors are slowly coming round to realizing that Iraq is going to be a successful project. Iraq has been reinvented in a new form. And they will have to accept it and live with it. So they're beginning to come forward. Embassies are being opened in Baghdad. And we hope to strengthen that and build upon it.

In the wider context, in the context of this global struggle, which we find reflected everywhere, from 9/11 in this country to the 7th of July in London to explosions in Madrid -- today, explosives were found in a store in Paris -- the vicious attack in Mumbai, the list goes on and on and on.

There is a confrontation. We find this confrontation in -- everywhere.

The outcome of this confrontation matters deeply. It's not going to be easily won unless all of us, including the United States, understand the prime motives behind it, the fuel that keeps it going and try to shut off the taps which feed it. And I'm not talking here about just the financial sources of these terrorist networks. I'm talking about the perception of the United States as a player in the international arena.

I believe that the new administration should and ought to address the festering Palestinian-Arab -- Palestinian-Israeli conflict. It has to be solved fairly. It has to be solved in a way that provides for the security of everyone, not the security of one party at the expense of the other. The Arabs have demonstrated that they are willing to engage on this -- on terms that provide security for Israel and a fair solution for the Palestinians.

I believe that that opportunity -- that this opportunity should be seized, because if this problem is solved, it will not only be in the interest of Israel and the Palestinians; it will defuse a lot of the bitterness and the -- and the hatred that fuels much of this terrorism around the world. I'm not saying that this will totally stop terrorism. Terrorism is a phenomenon that has multi-dimensions. But it will pull the rug from under the feet of the terrorists. So that has got to be addressed. Many other issues have to be addressed, but I believe that one issue is at the core of it.

The final message that I would like to leave is that we have come through a long journey together. Mistakes were made. Not everything was handled the right way, by the Americans or by the Iraqis, but we have learned a lot. We should not waste the lessons that have been learned.

The new administration should not start from zero. Clearly, they cannot. They should start by building on the positive and learning from the negative. We need the new administration to succeed, because we need to succeed. And in succeeding, we jointly will defeat our common enemies. And I believe that we have a long future to build as allies and as fellow free people and fellow democrats.

This, the outcome of what happens in Iraq, will matter. If Iraq is abandoned and it falls into chaos and becomes, God forbid, a failed state, it would be a huge threat for the security and stability of the region and the world. You can see the results of the failed state of Somalia affecting international shipping and affecting everyone. It would be a hundred times worse in Iraq, a country with oil riches, if it fails.

We believe it will not fail, but we should not take that for granted, because we are facing really vicious, resourceful and determined enemies. We should not be any less determined ourselves. So

my final message: Don't abandon Iraq, and let's build success upon success, and build a longstanding relationship.

Thank you. (Applause.)

MR. ANTHONY: Thank you very much, Ambassador Sumaidaie.

With your permission, Mr. Ambassador, on asking the questions we have at least eight or nine that have already been handed to me. If Dr. Sedney would ask the first, I'll ask the second, she'll ask the third, I'll ask the fourth. And you can either remain here at the podium, or sit. All right?

Dr. Sedney.

DIANA SEDNEY (manager, International Government Relations, Chevron Corp.): All right. Thank you, Your Excellency.

You talked about the economic progress that had been made over these past few years, and this of course is very critical to build on for future development. As you look forward, what kinds of security and financial guarantees do you see being put in place that are going to help persuade foreign investors that Iraq is a risk worth taking, particularly in light of the current global financial situation?

AMB. SUMAIDAIE: Thank you. Well, the Iraqi stock exchange is probably the only stock exchange in the world which kept going up during the last few months. (Laughter.) So that's got to be a piece of good news.

And that's a vote of confidence by the Iraqis themselves. After the SOFA was signed, property values in Baghdad doubled overnight, almost. That's another vote of confidence in the future of Iraq. The legislation that we put in place to protect foreign investors, both at the local level and at the international level, through MEGA (ph), give secure legal framework for foreign investors.

Any investor can come into Iraq, register a company with relative ease, conduct business and take out their entire capital and profit at any time they wish. This is guaranteed in the constitution and in our new investment laws. So I believe we have done our part to provide the necessary investment climate for international investors.

There have been security challenges, yes, but there are very secure areas in Iraq. Investors can come into some of these secure areas and make a start there. Some people have chosen to open offices in Amman or in Kuwait or the Emirates. I believe they should think of opening offices in Erbil, or maybe Basra, or even if they are not yet confident enough to open their offices in Baghdad.

But Erbil is no less secure than Washington, D.C.

Thank you.

MS. SEDNEY: Thank you.

MR. ANTHONY: Mr. Ambassador, we have one regarding Syria and Jordan, and it's linked to the question of refugees and displaced people internally. The question has to do with the reports of somewhat over 4 million of the two categories, refugees outside and Iraqis displaced inside.

I know some Iraqi officials have said that the figures are questionable because they're using figures of people who've officially registered with the United Nations or some other refugee organization as refugees. Others have challenged that by saying, well, the larger number is the more huma-

nitarian number. There are many refugees in Miami, Cuba -- in Miami, Florida -- (chuckles) -- who are Cubans who've not registered with anybody to be refugees, but they're oftentimes considered refugees.

In an American context -- given that we're talking about 4 million, this is around one-sixth of Iraq's population. In American equivalency terms, this would be on the order of 50 million Americans, the refugees who are displaced. And if it's true that some 20,000 Iraqis are imprisoned, many of them by the United States forces there, for engaging in violence or the insurgency, this would equal something like 200,000 Americans in prison.

Could you comment on these refugees? What is being done to bring them back to Iraq? How soon -- or complicated a challenge and priority do you envision this to be?

And you didn't mention Syria at all in your remarks. Might you comment on Syria, and/or Jordan, for that matter, in terms of Iraq's interconnectivity with the peoples and economies and societies of those two countries?

It's a long, complicated question that has to do with refugees, displaced people, Syria and Jordan. (Laughter.)

AMB. SUMAIDAIE: Thank you. Do you want another long speech, or -- ? (Laughter.)

Let me address the issue of the refugees. It's a serious issue. There are figures bandied about. And some of them are questionable. But we will not deny that the numbers are large. Iraq has been going through a war, a real war. And in this -- in any war, you have -- you have considerable amount of suffering in the civilian population, and considerable displacement.

Most of these refugees have fled because of the lack of security and the challenges they faced in their daily lives. Some of them have resources of their own. And they live abroad, either work or have savings. But most of them don't. They have fled for their lives.

We have a responsibility for them. The Iraqi government accepts that and in fact has a ministry for refugees and displaced people. It has a budget to help repatriate them. But we have a complex situation.

Some people have been evicted from their homes. And their homes have been occupied by other families, whose homes have been occupied by other families, displaced from different areas. And to disentangle this requires a lot of coordination between security forces and other ministries.

There has been a decision to give incentives for families to come back and reclaim their homes. Any family coming back from Syria is transported free, given a stipend to help them resettle in. The security forces will help to vacate their home and give them protection, for a period of time, until they resettle.

So there is an active policy of encouraging refugees and displaced people to go back to their homes. A recent decision has been taken to provide all these families, in Jordan and Syria, with their monthly food ration.

Iraqis, since the years of the sanctions, get a monthly food ration. All families are entitled to get a quantity of rice, a quantity of sugar and so on, staple foods. And now the Iraqi government has decided to ensure that Iraqis living, at the present, in Syria and Jordan will get these rations.

So we are doing what we can, A, to encourage these people to come back and, B, to support them while they are out there.

Are we doing enough? Maybe we can do more. But this is a large problem, and I believe we -- we need help from the international community to care for these refugees and especially the more acute cases.

Now, you asked me about Syria. Well, as in the case of other of our neighbors, we have very close historical relationship with them. I, myself, come from a family which, before the borders were drawn between Syria and Iraq, had land straddling -- well, all along the Euphrates, straddling the now two countries. I have cousins who, after the separation, became Syrian nationals. And our part of the family are Iraqi nationals. This is typical in this, because these borders were drawn in an arbitrary fashion.

So we are essentially the same people. We had difficult -- a different political evolution in the last century, and therefore we have different systems. Iraq has now transitioned from a dictatorship to democracy. We are charting our own path for the future.

Syria is what it is at the moment. It felt threatened by the American attack -- American military invasion of Iraq and the presence of American troop at its borders and, therefore, took a negative attitude in the initial stages. And we -- I, myself, took part in high-level delegations to Syria to try and persuade them that the development in Iraq need not be a threat to them. We don't -- unlike Saddam, we do not want to be -- to be a source of threat to our neighbors. We don't want to attack anybody.

We just want to repair our country and get on with rebuilding it. But the -- obviously the suspicion and the fear remained and Syria -- I mean, it's a fact that most of the suicide bombers who came to Iraq from abroad came through the Syrian border.

So this is an ongoing dialogue with Syria, trying to reassure them and trying to insist that they should do something about this. And they have been doing some -- taking some measures to stem the tide of these terrorists. So that's the situation with Syria.

MS. SEDNEY: Not surprisingly, we have a number of questions related to oil and energy. One, not surprisingly: What is the status of the hydrocarbon law? And if I could combine that with -- as you look forward, the steep drop in oil prices today, what impact is this going to have on the Iraqi economy? And do you expect Iraq to seek outside assistance -- financial help, particularly from the United States? Thank you.

AMB. SUMAIDAIE: Well, thank you. This gives me the opportunity to address a sore point, actually. The last few months, even in the election campaign, people here were talking about a surplus of something like 80 billion Iraqi -- U.S. dollars that Iraq had, while the United States was going deeper and deeper into deficit. And there were voices here in this city, asking the question, why can't we get hold of the Iraqi surplus instead of spending money on Iraq?

Well, these figures were erroneous, were fictitious. We have a reserve to secure our -- the value of our currency. That is not accessible -- that belongs to the central bank, and that's not accessible by the government as part of its budget. Central bank in Iraq is an independent entity. And we need these funds to stabilize our currency.

Now, we did have a surplus of about 22 billion (dollars) because of the high prices of oil during the past year which were reissued as a supplementally or supplemental budget for infrastructure and other requirements.

Now, for next year, with the oil prices going down, we are going to have a problem, because we've calculated the budget for 2009 assuming an oil price of something like \$80 dollars a barrel, and now it's about half of that. So we are going to have a problem. And the year after that, if it continues, it's going to be a serious problem. It's not even going to be enough to pay salaries, never mind reconstruction of the infrastructure. So Iraq will be hurt by this downturn in international oil prices and by the financial crisis.

Now, coming back to the oil, the oil sector in Iraq is the most vital sector. Ninety-five percent of the government's revenue is from oil. The government is the largest employer. In fact, the economy is based on what the government spends, at the moment. That -- the private sector is so limited.

Now, the oil law is essential to get our oil industry rehabilitated. We need huge investments to build up our infrastructure, our oil infrastructure, to get the gas that is being flared put to use -- to good use and exported. But that cannot be really progressed well without having the right legal framework. But that's part of a political struggle; yes, I can use that. In this transition, we have different competing visions for the way Iraq should be run. There are political parties who are going in different directions or have different and competing agendas. It's called democracy.

It takes time to resolve these issues. You need to negotiate solutions and make compromises that will produce the results which -- with which everyone is equally comfortable or equally uncomfortable, but spread the discomfort around.

At least we're not fighting in the streets about this; we are fighting in the parliament. And that's a huge progress.

I believe this will be resolved, probably as a package where there are -- several issues are on the table. The oil issue is one of them. And there will be give and take on the whole package, as happened a few months ago when three laws were passed together because every law was important to one segment of the political landscape.

But we need to produce more oil. We need to at least double what we are producing and exporting, in terms of oil. That's good for Iraq, and it's good for energy security of the world.

Thank you.

MR. ANTHONY: Mr. Ambassador, these are three questions combined into one. They all relate to the status of forces agreement.

Regarding the security pact, Iraq's constitution requires parliament to pass a two-thirds majority vote. This agreement only passed with a simple majority. Doesn't that render the agreement illegitimate and leave the U.S. troops and contractors without adequate protection?

Related to it is, what would be the implications if indeed the national referendum, which would be forthcoming, rejects the agreement? And might you speak to what the complications or alternatives or Plan B might be?

And the last part of this is that under the status of forces agreement, contractors in Iraq who currently operate under foreign government or multilateral and funded contracts, such as the World

Bank and the USAID, are required to be registered and licensed in Iraq by January the 1st, 2009, which is less than two weeks away from now. Given the amount of time it would take for this to occur and the complexity of the process, what are the implications if the deadline is not met?

AMB. SUMAIDAIE: Sorry, I didn't get the last one.

MR. ANTHONY: The last one says that under the SOFA, contractors in Iraq are required to register and be licensed in Iraq by January the 1st, 2009, a little more than two weeks from now, and what are the implications if indeed contractors do not succeed in being registered by that time, or licensed?

AMB. SUMAIDAIE: Right. Well, first, there was a lot of disinformation in the heat of the debate about the SOFA, and some disinformation was deliberate.

The Iraqi constitution is very clear. It does require the government to seek parliamentary approval for all foreign treaties. But it does not require two-third majority in parliament. There are some specific issues where the constitution is clear that two-third majority is required. But apart from those specific issues, the rest is obviously assumed to be a simple majority. If it was -- if this was one of the issues that requires two-thirds of -- a two-third majority, then it would have specified it. So I think that's simply part of the disinformation that's still sort of floating around and worrying people. So I can be very categorical here and assure everyone that the vote in parliament was absolutely legitimate and legal, and the agreement is going to be effective from the 1st of January.

Now the referendum -- again, this is part of the -- that was part of the bargaining. Some people -- some political players or parties in Iraq committed themselves so publicly against the agreement, and then they came round to supporting it. They came round to understanding that they really -- it was in everybody's interest to support it. But they needed something to show their people that they've got a face-saving formula. And I think the referendum should be looked at in that light. In fact, that's what happened.

But now that they have come round to support it -- and practically all the political parties, with the exception of the Sadrists and one other, Fadhila -- all political parties in Iraq have supported it, I don't see any problem or threat that it will fail in a referendum.

In fact, even the referendum, although it is stipulated, it might be lumped with the next elections or postponed or whatever -- but the fact is that the agreement will be valid from the 1st of January. Iraq will seek to go out of Chapter VII stipulations of the Security Council. As we speak, my foreign minister is now in New York with a delegation to negotiate the technicalities of ending the Security Council mandate. So these -- we are on track there, and everything is under control.

As regards the registration of companies, well, you know, we are resourceful people. We are also reasonable people. We have some administrative limitations. We stretch the arrangements to allow people to register to complete this process. Nobody's going to be thrown out for not making the deadline on the registration. We've had several of such deadlines, and we have to take the circumstances in account. So I don't believe that this is a big worry, but people need to go through the process.

MR. ANTHONY: Thank you.

MS. SEDNEY: Okay, another oil-related question, this one -- a couple of questions on pipelines.

Could you speak to the status of the -- the operational status of the pipelines today? And is the current pipeline network sufficient to allow the continued economic revitalization of the energy sector?

AMB. SUMAIDAIE: You're asking about the pipelines. They are leaky. (Soft laughter.) They are old. And where they don't leak by themselves, somebody puts holes through them and make them leak.

We have a problem with the pipelines. We really need to update them; renew sections of them; protect them better -- we've suffered from a lot of terrorist attacks on our pipeline infrastructure -- new pumping stations; maybe put new pipelines, as well. But we need to do a lot of work on the pipelines.

As we increase our production capacity, we will need also to have greater capacity and flexibility in terms of the direction from which we export. So a lot of infrastructure, including the pipelines, has to be done.

MS. SEDNEY: Thank you.

MR. ANTHONY: This question has to do with Kurdistan. Kurdistan and cities like Erbil have enjoyed security and, in turn, investment for a number of years now. With that, there is great interest among American investors to plan for a future in Kurdistan.

Unfortunately, the level of investment is chilled or limited by the apparent strain in the relationship between Baghdad and Erbil.

Kurdistan appear to be doing something right. Should they keep their security force? What would be the implications if the United States were to press and the independent aspects in Kurdistan would agree to a permanent military base? What would that do to the dynamics and implications of the relationship with the United States and the Iraqi people?

The last one was, was the United States policy mistaken in encouraging virtual independence for the Kurdish region of Iraq for so many years?

AMB. SUMAIDAIE: Thank you.

The Kurdistan region of Iraq is an integral part of Iraq. Our constitution is clear on that. The leaders of the Kurdish region are also clear about that and they have committed themselves to a united, federal Iraq. So there is no argument about that.

We are grateful that the United States provided some security for that region during Saddam's time, which allowed it to develop and to prosper. We're proud of the achievements, economic and security achievements, of the Kurdistan region. We believe it represents an asset for the entire country.

There are certainly differences between the federal government at the moment and the Kurdish region government -- regional government. But these are natural differences that can and will be resolved within the democratic framework of the new Iraq and in the light of our agreed constitution. We don't see that progress in Kurdistan represents a threat to Iraq. On the contrary, we see it as a good starter for the entire Iraq, a good model to be emulated by the entire country.

And as I said during my speech, we encourage foreign companies to start their operations in Kurdistan and then move from there into the rest of Iraq. There is -- there is no threat to the unity of Iraq if Kurdistan does better. On the contrary, I believe it will help the entire country.

Now, as to the question of military forces, we have, again, very clear stipulation in our constitution that foreign relations, relations with other countries, are determined by the federal government, in which our Kurdish compatriots are an integral part.

The Kurds -- I mean, my minister is a Kurd. The president of the country is Mr. Talabani, who is a Kurd.

So the Kurdish leadership are an integral and leading part of the federal government. And we, together, at the federal level, will decide the future of our relations with other countries, including military bases or anything else.

MS. SEDNEY: Okay. Thank you.

As you look to extend the economy and to open up investment opportunities, is the embassy or the government planning any investment conferences outside of Washington, D.C., here in the U.S.? And if so -- if you have any details on that.

And related to that, what are some of the things that you would like to see the U.S. government and U.S. business to be doing to best assist Iraq in the development of the economic sector? Are there any particular sectors within Iraq that you see as being most opportune -- we'll say outside of the energy sector -- sectors most opportune for investment?

AMB. SUMAIDAIE: Oil. Start with oil. But --

MS. SEDNEY: We'll say outside of oil.

AMB. SUMAIDAIE: Yes. Oh, outside of oil. I'm sorry.

We have had considerable interest in investment in Iraq from all over the world. And I am sorry to say that the United States is lagging behind. We've had less initiative, less enthusiasm, less bold steps from the United States than from Asian and European countries, and we had expected the exact opposite. So we are a little bit puzzled why this should be.

Yes, the oil companies have shown considerable interest, and we are happy about that, and we're grateful. But in other sectors -- agriculture, construction -- not so much; financial, not so much. So I would encourage American business to get engaged. We'd like to do business with Americans. But they have -- it takes two to tango. We need the other party to be engaged.

There has been a whole range of conferences about Iraqi investment. But none, to my knowledge, was conducted specifically on this subject in the United States. But we had some in Europe and in Iraq. And we have some trade exhibitions in Iraq. We have a commercial department -- a commercial office in Washington, D.C., and I encourage anyone who is thinking of doing business in Iraq to seek information from them. They are here for that purpose.

Thank you very much.

MS. SEDNEY: And I would just add, the commercial office has been very helpful.

AMB. SUMAIDAIE: Good. Well, I'm glad to hear that.

MR. ANTHONY: This question has to do with Iran, and a couple of pieces to it.

Can you elaborate on where is Iran in the world of your priorities and challenges on the foreign policy front; the nature and extent of the relations with Iran at this time; the reports of Iran manufacturing and being a conduit for the improvised explosive devices, support for agents, sympathizers, insurgents in Iraq; and the comment that's made by many, perhaps superficially, that the United States attacked Iraq, and Iran won, without firing a single shot or shedding a single drop of blood; and the situation if either the United States or Israel, or the two in some combination, were to attack Iran?

AMB. SUMAIDAIE: Yes. Iran is a neighbor. We share with them a border which is about a thousand miles long, and a history of several thousand years. And we have considerable ties, historical and cultural, with them.

We now have a completely different system of government. They have one way of doing things; we have another. But our attitude is, well, let everybody decide for himself. Let Iraqis decide what kind of government they have, and we are happy for our neighbors to decide what kind of government they have.

They, like Syria, like others, perhaps, felt threatened by the presence of Iraqi -- by the presence of American troops in Iraq, although the United States did them the biggest favor by removing their archenemy, Saddam Hussein.

And we've had a bumpy relationship. And I, again, took part in high-level delegations in the early days to Tehran, to explain to them that we do not intend to pose a threat against them. We are not intending to export democracy; nor do we welcome anybody else to export their ideology and system of government. We can live side by side, we can have fruitful economic and cultural ties without being hostile.

But you know, it is more difficult than that. So we've had again a difficult relationship. But also we've had a positive side to this relationship.

Let me explain. Iran was the first country to acknowledge the new government of Iraq. They were the first country to send a high-level delegation, the first country amongst our neighbors to send a high-level delegation to visit us in Baghdad. They've had diplomatic representation throughout at a high level. And they demonstrated their continued interest in maintaining a relationship with the new Iraqi leadership.

We appreciate that. But we've had -- we had also indications and facts that they were allowing threats to arise on our security. And we've been very frank and open with them and demanded that such activities be stopped.

So we have this tension. But we believe that if we continue on the policy that we have adopted, we will turn around this relationship into at least not a damaging relationship but a positive relationship.

There are issues between the United States and Iran which go way beyond anything to do with Iraq. I mean, the nuclear issue, the hostages issue of the late '70s and so on. But Iraq is not party to those. And we have encouraged a dialogue between Iran and the United States.

Indeed we facilitated a number of sessions, in Baghdad, at ambassadorial level, between the United States and Iran. And we feel that any such dialogue, about issues related to Iraq, at least will remove some of the fear which fuels some of Iraq's -- Iran's actions.

So the answer -- we don't have the solution of the problem, between the United States and Iran, in our hands. But we encourage dialogue and we also are committed not to have Iraq or Iraqi territory be used to threaten any of our neighbors. That's a commitment the Iraqi government has given. (Applause.)

Now, the ladies here clapping -- let me -- allow me please to address.

Thank you for attending this meeting. I see, you are carrying a plaque defending Mr. al Zaidi, who attempted to assault President Bush in Baghdad. Let me take this opportunity to make a couple of remarks here. It's very clear. In our culture, throwing somebody's shoes at someone is an insult. It's a big insult.

Two comments: One, Mr. al Zaidi is a very, very lucky man. It was Mr. Bush and Mr. Maliki and not Mr. Saddam Hussein. Because had it been Mr. Saddam Hussein, you would be carrying a different plaque by now. That's number one.

Number two, in our culture, I know, people have told you that throwing shoes at someone is a big insult. But it's a bigger insult to the host, not the guest. In our culture, anybody who insults a guest is insulting the host to a double degree.

So even if it had been a local tribal leader, he would not have stomached that behavior. So in our culture, we believe that what Mr. al Zaidi did was reprehensible.

Q What about what Mr. Bush did?

AMB. SUMAIDAIE: Let me just finish my remark.

It was reprehensible. It was not representative of the way we behave as Iraqis. It diminished us as a nation. We are better than that. We have issues, whether it is with Mr. Bush or with other people. But we believe that we should always behave in a dignified manner and in the correct manner. And if we have differences, we express them in the right way.

But as I said, and as Mr. Bush said himself, these are the fruits of freedom. Everybody gets the fruits of freedom, even those who don't know how to handle them or how to make use of them. So that's all I'm going to say on that.

(Applause.)

MS. SEDNEY: Thank you.

If we could address --

Q (Off mike.)

MS. SEDNEY: If you would like to submit a question -- (audio break).

And specifically do you have any thoughts on how cultural diplomacy, cultural interactions could be developed, further developed with Iraq, especially with respect to the looting of the Baghdad museum.

AMB. SUMAIDAIE: Well, thank you. This gives me an opportunity to make an announcement.

Iraq intends to open a cultural center in D.C.

(Applause.)

Thank you.

Iraq's culture is ancient. We are proud of being the cradle of civilization, the place where so many great achievements of humanity were initiated and started. And I don't want to start talking about this, because that would need another hour or so.

But we are very proud of our history. And we are proud of our archaeological possessions. Unfortunately they were looted, and we feel very bad about that.

But there were two things which have happened recently. One, the first lady graciously visited us at the Iraqi embassy and announced a project of about \$14 million to help protect our cultural heritage in different ways, including training of Iraqis on the protection of cultural heritage. And we'll -- the Iraqi government intends to match that figure with an equivalent sum.

The United States government has also been helpful in seizing smuggled Iraqi artifacts. And in fact, I'm going to Baghdad next month, and I hope to be taking with me more than a thousand items that has been -- have been handed back to us, which were smuggled from Iraq. We continue to seize more and more of these items. We continue to aggressively go after auctions which put up for sale Iraqi artifacts.

In fact, there is an article which was put up at Christie's, and we have now taken action to freeze that sale. And we will go after it and we'll try to retrieve it for Iraq. So we are pursuing that very actively with the help -- with a lot of help from American government and other governments in other countries.

Now, I do believe in cultural diplomacy. I believe that when two people start to understand each other, they start to build up respect for each other. And then everything else can flow from that. Trust can be built. When understanding is built, trust is built. When trust is built, well, everything is possible: political coordination, cooperation, diplomatic cooperation and economic cooperation. Trust is the foundation of the relations between people, and I think cultures can provide the right bridge and necessary ingredient for that.

And I hope that our cultural center in D.C. will do its part to present the better face of Iraq. Most people have looked at Iraq through their television screens and only saw destruction, violence and rough behavior. Iraq has another face, a more enduring face, and I hope it will be seen through our cultural center.

Thank you.

MS. SEDNEY: Thank you.

MR. ANTHONY: Mr. Ambassador, this one comes back to an element of the Iraqis leaving Iraq and trying to find settlement elsewhere. Could you provide context or share with us your perspective on the extraordinarily limited number of Iraqis who have been allowed into the United States?

It was mentioned earlier that some 2 million outside in Syria and Jordan, which have small populations compared to the United States -- and so the sociological, economic and humanitarian burden that those two countries are bearing is enormous.

In contrast, the United States -- correct me if this figure's wrong -- has agreed to allow, this year that we're still in, only 12,000 Iraqis who were interpreters or helped on the interrogation system and dynamics, which, in terms of the American population, looks like a typographical error. It's not

even one-hundredth -- thousandths of 1 percent. What's going on here? And what are the implications of this?

AMB. SUMAIDAIE: Well, two aspects to this. First, it's our policy to try to encourage displaced people to go back to their homes. Refugees in other countries, we hope the majority of them, at least, will come home and share in the -- and take part in the rebuilding of Iraq.

Most -- a lot of the educated people, the qualified people, have fled. And we need those most. Iraq cannot be rebuilt without the help of its own qualified people. So that's our priority. That's our focus. And we will do everything that we can in order to encourage that and facilitate that and get them home safely and make sure that they take part in the recovery and reconstruction of the country.

Now, some of them will not. And we appreciate any help to any of our compatriots.

The numbers that are allocated for refugees to come to this country are remarkably small, I agree. But this question should be addressed to the American government, not to us. So maybe they have an explanation.

But only a week ago, I hosted at the embassy a lunch for some of the families who came here as refugees, and put them together with some established Iraqi-American families to help them establish themselves.

And I was pained to see how little support they get. We have some serious problems. A lot of these -- even these pitifully small numbers arrive in this country, and they are virtually abandoned, abandoned to their fate.

They are not yet competent in the language. Some of them are highly qualified. We have doctors. They have other -- but even doctors have to re-sit their exams here in order to practice medicine.

And they -- it seems that they are just left to their devices after just a few months of support and not much continuity takes place. And we get a lot of telephone calls from distraught families who feel abandoned. And some of them, indeed, have asked us to take them back home.

So I think this calls for some attention, and I have raised that at the State Department.

MR. ANTHONY: Thank you.

MS. SEDNEY: What is the future of the city of Kirkuk? How do you see a decision finally being made to resolve the status of Kirkuk?

AMB. SUMAIDAIE: Well, that is one of the more intractable issues that we're facing in Iraq. And, again, I believe that, like some of the other intractable issues we face, will be resolved through dialogue and through consensus, through compromise. There is a stipulation in the constitution on this. There are political negotiations on this. There are different positions taken by different parties.

I don't think that -- the answer to that question will be given from this podium. But it will be given by the Iraqi political players across the negotiating table.
