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Updated 26 Sep 2003

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Presenter: Ambassador L. Paul Bremer III, administrator of the Coalition Provisional Authority

Friday, September 26, 2003 4:00 p.m. EDT

Iraq Reconstruction Update Briefing with Ambassador Bremer

Bremer: Sorry to be a couple of minutes late.

I have spent most of the week, as you may know, making the case for the President's supplemental, \$87 billion supplemental. And I just want to make a couple of points.

First of all, the \$20 billion of the \$87 billion for which the CPA would be responsible is an important part in the overall effort to win the war against terrorism in Iraq. This is an integrated budget request where no one part is more important than another, and the \$20 billion is an essential part of supplementing the other \$66 billion. And the proposition behind the \$20 billion is that if we don't succeed in the reconstruction effort in Iraq, there is a very real risk, indeed, I think a likelihood, that Iraq will, because of the continued instability and poverty, become the kind breeding ground for terrorism that we've seen in other countries in the last 20 years.

So, I hope that when the Congress deliberates this request, they will see how important it is to our overall mission in Iraq and, indeed, to the fine men and women in our armed forces, that we approve this entire supplemental.



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I'd be happy to take your questions.

Yes, sir?

Q: Ambassador Bremer, you've made much of the Madrid donors' conference in your testimony this week, and you've just spoken of the \$20 billion for reconstruction. Sources on the Hill and at the administration are saying that you're unlikely to get much more than \$2 billion at this donors' conference. If other countries do not come forward with large sums of money, will you in fact have to ask the American taxpayers to pay even more than \$20 billion for reconstruction in the coming year?

Bremer: Well, first of all, I think we're still a month away from the donors' conference, and it's a bit premature -- I don't know who these people are who are certain about what we'll get; let's wait and see what we get -- we are hoping for substantial contributions from other countries there. I noted several times this week on the Hill that 61 countries have already pledged \$1.5 billion in response to an earlier U.N. request for helping in reconstruct Iraq, and I hope we will see substantial contributions at the end of October. So why don't we wait and see how it turns out, and then we'll see where we are.

Q: If you don't, sir, if you don't, is it possible that you will have to ask for more money in the coming year for reconstruction, just as the Pentagon is saying they may have to ask for more Guard and Reserve troops to be sent --

Bremer: No, what I -- no, the answer to your question is no. I have answered this question several times on the Hill. We believe that this supplemental request -- the part for which I'm responsible, the \$20 billion, is all we're going to ask for in the way of a supplemental. If there are additional needs, and we don't know that yet, they would be done through the regular appropriation process, when the FY '05 budget is submitted to the Hill in the first quarter of next year -- the first calendar quarter of next year. But I -- we do not believe that there is anything like this kind of a request that is needed again. This is what we think we need for FY '04.

Q: But if FY '05 doesn't start until October of next year --

Bremer: Right.

Q: -- what if needs arise between now and then?

Bremer: I don't anticipate that.

Q: You don't?

Bremer: No.

Q: Ambassador Bremer, Secretary of State Powell says he's giving Iraq six months to come up with a government in form. I wonder if you could talk about that a little bit. And something that wasn't clear to me out of what he said -- what happens if you don't have one stood up in six months?

Bremer: Well, I think we have to look a little more carefully at what he was -- what the situation is here. First of all, we have said that we are as interested as the Iraqis are to see a coherent, reasonable process to get back to a sovereign Iraqi government as quickly as that can be done reasonably. The pacing item in getting to that point is the convening of a constitutional conference by the Iraqi Governing Council and the writing of a constitution by that conference. We don't know how long it will take for them to write the constitution. Six months seems to me a reasonable guess as to how long it will take, but there are no deadlines involved here. What we're talking about is trying to emphasize our interest, as well as the Iraqi -- which coincides with the Iraqi government -- Governing Council's interest in moving along. And we hope that the Governing Council in fact will convene this constitutional conference quickly, and will get on the job of writing the constitution. We are as anxious as they are to see this period where we are exercising sovereignty end. But it has to be done, as I said in my testimony, in a responsible fashion, which means there has to be a period when the constitution is written.

So, I think we can take the six months as a reasonable estimate of what it might take, but we're not setting any deadlines at this point.

Q: But -- so if they're not done in six months, nothing happens, you just continue to work?

Bremer: Well, we will work, as the president has said, there, until the job is done. My job is to work myself out of a job. I now exercise sovereignty in Iraq, and I would like to pass that on to a sovereign Iraqi government as soon as it can reasonably be done. If it takes them longer than six months to write a constitution, then I'll be there longer than that.

Yes, ma'am?

Q: Sir, two questions. On the six months, explain to us why you think that's a reasonable deadline, considering the fact that you all haven't even -- or Iraq has

not even decided how it will come up with a constitution, before it even gets to the business of writing a constitution.

And can you give us some insight into what you anticipate the Iraqi operating budget is going to be from FY '05 on out?

Bremer: Yes. First, two points on your question. I explicitly said it was not a deadline. And secondly, I think if you read carefully what the secretary was talking about, he was talking about the period after the convention -- constitutional conference convention is assembled, how long does it take to write a constitution.

You are quite right in saying there is another unknown period which precedes that, which is when do we see the constitutional conference convened? The situation is the following: The Governing Council appointed a preparatory committee to study the question of how to convene that constitutional conference. They appointed that preparatory committee on April -- sorry -- August 15th, and gave them a month. The bombing in Najaf caused a two-week delay in the work of the council, as they had to go through the mourning period and the funeral. So, the deadline was extended to September 30th. We therefore expect the preparatory committee will report to the Governing Council next week; September 30th is Tuesday.

And the question, then, is how long does the Governing Council consider those recommendations, how complicated are they, what kind of consultations do they have to do and how long does it take them then to convene a constitutional conference? These are unknowns. We obviously, again, would like them to move right along. We think this can -- process can move right along. We are not standing in the way of a rapid return to sovereignty of the Iraqi government, provided it is done in a reasonable and politically-sensible way, which means getting a conference together, writing a constitution and holding elections.

Q: And the --

Bremer: On the operating budgets, our estimate of what it costs today to run the Iraqi government on an annual basis, the run rate, if you will -- the operational cost, plus minor capital expenditures and improvements, is about \$15 billion, more or less.

We believe that once we get the oil production back to its prewar maximum level, which is 3 million barrels a day -- and we hope to do that in October next year -- that means in 2005 -- we're -- Iraq is on a -- fiscal year is also the calendar year, so the years I'm talking about are calendar years. The Iraqi 2005 budget

starts in January 2005. The cost for that year should be about 15,000. When we are at a 3-million-barrel-a-day revenue and we have some tax receipts, we should be earning -- have revenues of about 20 billion (dollars). So starting in 2005, there should be in excess of about \$4 (billion) to \$5 billion beyond regular operating expenses for the Iraqi government.

Q: And that would be the money that you then -- that they would invest in infrastructure?

Bremer: In their own -- yes, because -- again, I repeat a bit what I've said on the Hill, but just to set the framework, the general assessment is that the Iraqis need something like \$60 (billion) to \$70 billion over the next four or five years to put their infrastructure and their economy right. The Iraqi people should, by the year 2005, be able to generate \$4 (billion) to \$5 billion a year in excess revenue over expenses, if you will, and that money should be available towards that longer-term \$60 (billion) to \$70 billion.

Q: Does that mean that the international community or the United States is on the hook for, then, another \$40 billion to \$50 billion --

Bremer: No, I don't think so. I think -- we hope we'll get substantial contributions from the donors conference. Some of those things will undoubtedly be postponed.

What we're focused on in the \$20 billion is the urgent and essential things. There are things that are probably nice to have in the \$60 billion to \$70 billion, and that's something the Iraqi government will have to figure out how to do. We're not doing "nice to have," we're trying to do "urgent and essential."

Q: Could I ask you to look at the turnover period from the opposite direction? Could you say what would be the risks of going along with some of the suggestions that have been made by the French, for example, of turning over sovereignty to the Iraqi people in a month's time? What might happen? What's wrong with that idea?

Bremer: Well, I think the problem is -- and it's now clear that everybody recognizes that on the Governing Council, they are not yet a legitimate body; they're not elected. They have only just begun to operate in the last three months. They are still working out their methods of operation, their staffing patterns, their decision-making. They are simply -- as they admitted in their press conference on Wednesday -- not ready to exercise sovereignty. And we understand that and they understand that.

On the other hand, the Iraqis are perfectly ready now to accept a lot of responsibility, and they're doing that. There are Iraqi ministers running all 25 ministries. Several of them were here this week. I don't know if any of you had a chance to meet them. It's an exceptionally well-educated, well-qualified group of ministers. They are making policy in every ministry. They are responsible for the budgets of their ministry. They've got to spend the money. They can move the money around within their budget. They have great latitude. And they are now operating ministries.

So, we are pushing responsibility out as much as we can, and authority out as much as we can. But there is no legitimate Iraqi body, which can now say: We're going to run the country.

Q: Ambassador Bremer, you and Secretary Rumsfeld, Secretary Powell, have repeatedly said that Iraq will make its own decisions of what Iraq looks like. What happens if they decide to make Iraq an Islamic state?

Bremer: Well, it depends on what you mean by an Islamic state. I mean, the majority of Iraqis are, after all, Muslims. So what do you mean by an Islamic state?

Q: (In the ?) -- constitution --

Bremer: Well, the 1925 constitution of Iraq says, as subsequent constitutions have said, that Islam is the religion of the majority of Iraqis. That's a statement of fact. If the Iraqis were to say Islam is the official religion of the state, we could not very well object to that, provided it also went on to say, as the 1925 constitution did, that people have freedom of worship. There are established religions in many countries around the world, including Great Britain.

Q: Are you going to be providing guidelines for them as they set up this constitution? How does that process work in this conference?

Bremer: Well, I -- I mean, it's a bit --

Q: Are there lines that will be drawn?

Bremer: Well, there are certain issues on which we feel quite strongly. One of them is the protection of individual rights, which is really a -- of which a subset is freedom of religion. And we will be quite insistent that individual rights must be respected and must be established in the constitution. I'm not particularly worried about that. The Governing Council, in its political statement it issued after it took office, said it planned to respect individual rights, including

women's rights and children's rights and human rights.

So I think we will find a dialogue on this and other subjects once they pull the constitutional conference together. We'll have an opportunity to exchange views.

But the constitution will be written by Iraqis. We will, of course, express views on some areas.

Q: One of the constant themes you've been hearing this week is from Democrats criticizing the Halliburton contract and that whole concept of sole source, \$20 billion. We're worried that the Cheney-connected firm is going to get more of the money. How has that criticism shaped your thinking in terms of the competitive way forward, so to speak? And how important it is to convince a lot of the world out there that you want aid from that some of their companies are going to have a crack at the \$20 billion and it's just not all going to go to Halliburton and Bechtel?

Bremer: Well, I would have to say the debate this week hasn't shaped my views, because my views haven't changed. My views have been that we do all of the bidding by open and -- open competitive bidding. That has been true of 95 percent of the contracts that have been let since before the war. And we plan to continue doing that.

The Halliburton contract itself is going to be re-bid on Wednesday. Maybe they'll win some more contracts. I don't know. If it's done on a fair and open competitive bid, I don't see what the objection can be. That's our plan.

Q: But has that, though, undercut some -- that criticism keeps coming up, though --

Bremer: Yes, I know.

Q: -- even though it might not be well-founded. But how has that hurt your effort to try to get donors to come in or instill public confidence that the money will be well spent or spread around, basically, fairly?

Bremer: Well, the money will be spent in accordance with American competitive bidding systems, and it will be well spent, I trust, by my colleagues and by myself. I can't make any more of a commitment than that. That's my commitment and that's what I will do.

Q: Could you, Ambassador Bremer, just say whether you see any signs that NGOs are pulling out or reducing their investment in Iraq? And if so, what

reason do you see for that? Is it strictly security? Do you think there's any political component to these decisions?

Bremer: We have seen very, very little drawdown by NGOs in the last couple of months. I think, when I asked my staff about this about 10 days ago, we looked around and I think there were one or two that had drawn down a few people in the south, but that's all. There are dozens of NGOs still operating in Iraq. I have several thousand civilians working for me who are still there in Iraq, all over the country.

So, I don't -- I think there really is, so far, not a problem with NGOs pulling down, not in any substantial manner.

I'll come back.

Q: Mr. Ambassador --

Q: Can I --

Bremer: Do you want to follow up?

Q: Well, I want to follow up on that.

Bremer: I'll come to you next.

Q: As you know, the U.N. is drawing down its personnel --

Bremer: Yes.

Q: -- even more now. What effect is that going to have on the reconstruction process? And do you think the -- does this signal any kind of lack of commitment by the U.N. to Iraq?

Bremer: Well, I have read the stories about that. We believe that the U.N. can play a vital role in the reconstruction of Iraq. The president repeated this on Tuesday in New York. I think it's regrettable that the U.N. apparently has decided to reduce still further its presence there. I think it will make it more difficult for the U.N. to carry out the role which they say and we say, we'd like them to play. And I hope they will at an early date be able to build those people back up and that capacity back up. We've been working very closely with several -- with about a dozen U.N. specialized agencies. I worked very closely with the secretary-general's special representative until he was killed, and I look forward to the day when they come back in as -- and help us as full partners in

the reconstruction.

Q: Ambassador, did you hear anything on the Hill this week or in your meetings with other administration officials that would cause you to do things differently when you return to Iraq? And what do you now see as your -- this biggest obstacle to your efforts on the ground now?

Bremer: The biggest obstacle on the ground has always been the need to continue to defeat the terrorists so that we have a secure environment in which we can go forward. To date, this has not had an impact on our reconstruction efforts. We are going forward on the reconstruction efforts. We've completed over 8,000 individual reconstruction projects all over the country in the last three months, and those are going forward at a considerable clip already, quite a pace. And we'll continue to do that.

But we certainly have seen in the last two months an influx of foreign terrorists, al Qaeda, Ansar al-Islam and others, and that is a threat to our soldiers and it is a threat to the Iraqi people, and it obviously was a threat to the United Nations. And we need to continue to work on that problem.

We are making very substantial progress on the other areas we're worried about: restoring essential services; getting the economy going; the political process is well underway in quite a vibrant fashion. So I think the focus we have to have, and indeed the focus of this supplemental, is very much the question of what do we need to do to be sure that we can defeat the terrorists in Iraq and we don't have Iraq become a breeding ground for terrorism in the future. And that is a focus that I need to keep very much in the front of it.

Q: "Defeat the terrorists" -- who do you mean?

Bremer: Well, we have basically got three security threats there, of which one is terrorism. But I'll go through the other two so you know what I don't mean. The three security threats are from the former Ba'athists, the Fedayeen Saddam, the killers of the old information intelligence services. These are the people who are primarily responsible for the attacks against our coalition forces. There are 100,000 criminals loose on the streets, thanks to Saddam Hussein's rather elaborate pardon system last year. These are convicted murderers, burglars, rapists, hijackers -- bad people. We have to wrap them up; we need to do that with the police.

And then there are terrorists. And the terrorists fall into essentially -- conceptually, anyway, two categories. One are the Ansar al-Islam, which is an al Qaeda-oriented, -linked group, that has reinfiltrated -- reconstituted and

reinfilitrated after the war and has now got probably several hundred members in Iraq, and they're a very dangerous terrorist group and that's a lot of terrorists.

We also have, secondly, foreign terrorists who are infiltrating in largely through the Syrian border -- the rat lines that cross the Syrian border. Some of them may also be al Qaeda. We have got almost two dozen al Qaeda in detention now. Some of them may just be terrorists-for-hire; we're not entirely sure. We do have almost 300 foreign -- non-Iraqi detainees -- third-country nationals in detention now, some of whom are terrorists, some of whom maybe just came as mercenaries. But we have -- so, we have two different terrorist groups, to answer your question, that we are concerned about.

Q: Can I just correct you on something? I interviewed Brigadier General Janis Karpinski, who's the commander of the 800th Military Police Company. And while it's true that 100,000 prisoners were let out across Iraq, more than half of them were political prisoners. So, the criminal element you're dealing with is probably more like (50,000 ?).

Bremer: Well, she has one number. There are other people who have other numbers. I've seen numbers as low as 10,000 for political prisoners; I've seen numbers as high as 60,000. I know what her number is.

Q: Less than 100,000?

Bremer: It's not a hundred thousand, absolutely. You know, I'm sorry; I absolutely agree it's not a hundred thousand, but what percent of a hundred thousand it is, I don't know. Even if you take her number, it's a lot of criminals.

Q: Mr. Ambassador, I was just wondering, this week in your appearances on the Hill, there have been a lot of critical questions and a lot of critical statements, I think mainly from Democrats.

Bremer: So I noticed.

(Scattered laughter.)

Q: And I'm wondering, are you concerned that the issue of what you're doing in Iraq is -- as the election season goes into full swing, has become a sort of political football, and is that a problem for you?

Bremer: No, I hope that won't be the case. I think -- and I said in all of my testimony -- and I, after all, have served this country for almost 40 years under parties -- both parties. I think that this issue is a foreign policy issue of such

supreme importance that it needs to have bipartisan support, needs to have the support of the American people. We're asking the American people to put up \$20 billion. All of you are taxpayers, I'm a taxpayer; it's our money. So people have a right to ask hard questions about how their money is going to be spent, especially this amount.

But I think when the dust settles from the discussions we've had this week and next week, I believe that the Congress of the United States will step up to its responsibility, that the American people will be responsible, and they will see that this is a very important thing for the national security, and it will not become a political football. That, in any case, is my hope.

Q: Can I follow up?

Bremer: Yeah, sure, follow up.

Q: On the \$20 billion, can you describe -- are you concerned at all that Congress might seek to make that -- a portion of that repayable from future Iraqi revenues in some capacity?

Bremer: Well, for those of you who were following my testimony, it came up quite often. I can understand the appeal on the surface of such an argument, because one can argue that Iraq should be a rich country -- it's got lots of oil; second-largest deposits in the world.

The problem with that argument is, at least if you look at it from my perspective, the Iraqis have more than \$200 billion in overhang from debt and reparations. This is a big chunk of change. And although the reparations don't carry an interest rate, if you just take the debt -- it's about 124, 125 billion (dollars); nobody's quite sure -- and if you assume that that debt carried an average interest rate of, say, 6 percent, which is the rate these days, that would mean a debt service amount of \$7 billion a year.

Well, I just went through what the likely budget looks like in 2005, when we finally get our nose above water, and we're only going to have \$5 billion more than we're going to spend. So the debt servicing, in other words, would bankrupt the country in 2005, if you just take my back-of-the-envelope calculations.

So it's very difficult to see how a country which now has no means of repaying these debts should have more debt laid on it by the United States. And therefore, I've made the point that I think it's a mistake to try to attach future revenues, to try to have a loan as part of this thing. It seems to me this will put an unnecessary burden on a country when what we're trying to do is get this

country stable and so it can go forward.

And again -- I hesitate to repeat what I said often on the Hill -- let's not repeat the mistake of the Versailles Treaty in 1919, which laid very heavy reparations on Germany and which contributed directly to the morass of unrest, instability and despair which led to Adolf Hitler's election. After all, he was elected in 1933. And the result of a badly handled peace after the First World War was another world war 20 years later.

Now I'm not saying there's going to be a world war here, but I'm saying there is a lesson, which is, you've got to find a way not just to have a military victory, but you've got to find a way to secure the peace.

Q: Mr. Ambassador, of the 270 foreign fighters incarcerated now in Iraq, how many -- from which countries?

Bremer: It's 248. The Syrians -- I'd have to do it off the top of my head, because I left my table upstairs. The Syrians are the largest, 123. I think there's something like -- I think the next two countries are Iran and Yemen, but I don't -- I may be wrong. But anyway, the Syrians are about half of them.

Q: (Inaudible.) -- the al Qaeda fighters come from what country? (Inaudible.)

Bremer: Well, I don't have it broken down. I don't have -- the chart I have doesn't break down where they come from. I just -- I don't know the answer to that.

Q: On the al Qaeda, just -- you said two dozen. Is that in postwar Iraq? And how do you know they're al Qaeda?

Bremer: Well, that's been a matter that has come out in their interrogations or in their documents. I can't say which is it for each one of them.

And again, I don't have it broken down by date of capture, so I can't answer that.

Q: It's a new number, though.

Bremer: Well, I don't know --

Q: I mean, you've just seen two dozen -- I'd never heard two dozen al Qaeda.

Bremer: Yeah. Yeah. It's 19, to be precise.

Q: The 124 billion (dollars) in debt, in reparations overhang --

Bremer: Excuse me. Yes.

Q: That --

Bremer: Yeah, got it.

Q: Who's going to pay for that? Is it -- and --

Bremer: Not the American taxpayer.

Q: Not the American taxpayer?

Bremer: Yeah, I made that clear in my testimony. I said not a dollar -- not a dime was the suggestion of one congressman -- should go to repaying those debts, and I said I completely agree.

Q: Well, how does that -- it's got to be paid somehow. Otherwise, creditors, other nations --

Bremer: Well, we have -- we are on the record as saying that there needs to be a very substantial reduction in that debt. And the process which was laid out by the G-7 --you know, at Evian in June was to toll any debt servicing for a year and a half, to give us a year and a half to try to figure out, first, what is the actual debt, because there are a lot of numbers around, and secondly, how do we get process to renegotiate it so that we get a substantial reduction.

Q: How about reparations, having Kuwait or Saudi Arabia pull back on their reparations?

Bremer: Well, I -- I have to say that it is curious to me to have a country whose per capita income, GDP, is about \$800 -- that'll be Iraq when we get the \$20 billion, GDP -- that a county that poor should be required to pay reparations to countries who per capita GDP is a factor of 10 times that for a war which all of the Iraqis who are now in government opposed. So I think there needs to be a very serious look at this whole reparations issue. And by the way, the Governing Council, which is more important than what I think, feels very strongly about that.

Q: Have the Kuwaitis and the Saudis been approached about that? Did they reject it?

Bremer: To my knowledge -- I know the Governing Council has sent delegations to various of the neighbors. I don't know whether they've raised it yet. It will be, obviously, something to be raised through diplomatic channels by the Iraqi government, and we certainly would encourage that.

Q: Some of the pre-war planning called for a large military footprint for the invasion and for the stabilization force and -- (Inaudible.) -- by General Franks. Would a larger footprint have eased the level of violence and terrorism?

Bremer: I've tried to stay away from this driving-by-the-rear-view-mirror. I frankly, I have to tell you, don't have a lot of time to go back and study the pre-war planning. I'm sure there's a wonderful Ph.D. thesis to be written about the prewar planning and how it did and didn't -- and I'll look forward to reading that after I retire. (Laughter.)

Thank you very much.

Q: Thank you.



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