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Bremer Announces Tens of Thousands of Jobs to Be Created in Iraq

Says economic transformation will complement political transformation

Paul Bremer, the U.S. presidential envoy to Iraq and administrator of the Coalition Provisional Authority (CPA), says the 2,300 construction projects planned for Iraq will provide jobs for tens of thousands and will contribute to the prosperity of the country.

"By the time Iraq is sovereign on June 30th, 50,000 Iraqis will be working on jobs funded by the partnership for prosperity," Bremer said in Baghdad March 29. "But this is just the beginning. Tens of thousands of additional jobs will be created for Iraqis as the 2,300 projects of the partnership get under way."

Bremer said the economic transformation of Iraq complements its political transformation, which involves the restoration of sovereignty, elections and the drafting of a constitution.

"The importance of these twin developments cannot be overstated. The interests of all Iraqis are served when Iraqis can live in a free and independent country with a growing economy," Bremer said.

Iraqi Minister of Planning Hehdi al-Hafidh and the director of the CPA's Program Management Office, David Nash, participated in the briefing with Bremer. Al-Hafidh spoke about the cooperation between Iraq and the United States in implementing the construction projects.

"These projects will contribute in creating new job opportunities for the citizens, and in this it will fulfill the needs -- the critical needs and will combat unemployment and enabling the citizens to enjoy the fruits of work. These projects will improve the principal services, which aims to raise the standard of living," the minister said.

Nash said the construction projects will provide a great opportunity for Iraq's construction industry to flourish.

"We have built serious incentives for our prime contractors to train and hire Iraqi workers and to engage Iraqi businesses in contracts," he said.

Following is the transcript of the briefing by Bremer, al-Hafidh and Nash:

U.S. Department of Defense News Briefing
Paul Bremer, U.S. Presidential Envoy to Iraq, and Admiral David Nash (Retired), Director CPA
Program Management Office
Monday, March 29, 2004 - 8:36 a.m. EST

(Coalition Provisional Authority Briefing)

MR. BREMER: The waiting is all but over. The partnership between the American and Iraqi people for the reconstruction of Iraq is on the move. This partnership for prosperity in Iraq is based on the commitment of the American people to provide substantial support to the reconstruction of Iraq and is of undoubtable benefit to the Iraqi people. The partnership for

prosperity in Iraq supports the larger goal of a stable, democratic Iraq at peace with itself and with its neighbors.

The reconstruction of Iraq is a major undertaking. The World Bank estimates that after decades of theft and mismanagement by Saddam Hussein, Iraq needs between 55 (billion dollars) and \$60 billion to regain its economic balance. The American people have contributed almost \$19 billion to this effort, the largest sum our country has ever committed to any country at one time. This commitment is the bedrock of the partnership for prosperity in Iraq.

Now the contracts are signed and in the coming weeks the dirt will begin to fly on construction jobs all over Iraq. This is good news for all Iraqis because an immediate impact of the partnership for prosperity will be the rapid creation of jobs for Iraqis. By the time Iraq is sovereign on June 30th, 50,000 Iraqis will be working on jobs funded by the partnership for prosperity. But this is just the beginning. Tens of thousands of additional jobs will be created for Iraqis as the 2,300 projects of the partnership get under way.

But the partnership for prosperity in Iraq is about more than just concrete and steel and wire. The partnership is an essential part of efforts to restructure Iraq's economy, leaving behind both Saddam's Soviet-style command economy and the cronyism, theft and pharaonic self-indulgence that further weakened it. These reconstruction projects will put muscle and sinew behind the sound economic policies already in place. Much of the intellectual overhaul was completed months ago when the Governing Council and the Iraqi ministers began implementing sound economic policies and practices, such as an independent central bank, low maximum tax rates and laws which encourage foreign investment.

Iraq is a rich country with a proud history. Managed properly and administered properly, the economy will once again provide a good life with good jobs for all Iraqis. The American taxpayer-funded partnership for prosperity in Iraq has the potential to propel Iraq out of decades of economic slump and toward a future of hope.

This economic transformation is the perfect complement to Iraq's political transformation. Soon Iraqis will once again be sovereign. By this time next year, two elections will have been held, and for the first time ever, Iraqis will be drafting their own permanent constitution.

The importance of these twin developments cannot be overstated. The interests of all Iraqis are served when Iraqis can live in a free and independent country with a growing economy.

And a free and prosperous Iraq provides the best possible response to the continued threat of terrorism. The terrorists' vision, a dark vision of Iraq's future, is a warped landscape of civil and sectarian strife, of bloodshed and violence, and finally of a return to tyranny. This is not new Iraq which Iraqis want. This is not the new Iraq Iraqis deserve. This is not the new Iraq Iraqis will have.

From the beginning, we in the coalition have made our strategic goals clear. We have sought a democratic, free, prosperous and sovereign Iraq at peace with its neighbors. That is the new Iraq Iraqis deserve. That is the new Iraq Iraqis will have.

The partnership for prosperity in Iraq is an essential element of the future of hope that belongs to all Iraqis, and that future of hope grows closer with every passing day. (Speaks in Arabic.)

MEHDI AL-HAFIDH (Minister of Planning): Ambassador Bremer, Admiral Nash, ladies and gentlemen -- let me now speak in Arabic -- (through interpreter) -- it gives me pleasure to present my thanks to Ambassador Bremer and the American administration and the American people for the generous aid they present to our countries. The sum of \$18 billion is a good, serious participation for the American people to help the Iraqi people for rebuilding their country. And it is a very important manifestation of the participation and partnership between the two countries, but it is not a one-way responsibility. There are responsibilities on our part as well, for the purpose of benefitting fully from the programs and the projects that are proposed for the interest of the country. Therefore, our ministry, the Ministry of Planning and Development Cooperation, will play a coordinating role in this partnership in cooperating with many of the government entities and nongovernmental entities and

ministries and governates and municipalities, in addition to the development of the level of coordination with the international community organizations for the best results. In fact, the political process in our country is progressing at a very speedy rate for the transfer of authority to the Iraqis on the specified date at the end of June. This shows the great importance of the missions of this transitional period with regard to the future of Iraq.

Iraq that has its own freedom and its sovereignty and which is governed democratically can, in accordance with sound economic policies, to liberate millions of its people from poverty and the poor standard of living that were inherited by the An Siyam (ph) regime. And perhaps the success in creating new opportunities for employment will have direct impact on the economic state -- general economic state and will contribute also to a deal with the roots of this black terrorism which will allow us to be able to strike those extremists in all its forms and the creation of a good environment for a better and new Iraq.

These important changes we are trying to achieve cannot be achieved automatically, and we must provide many requirements for that. Without security and without basic services and without rebuilding the infrastructure, it will be very difficult for us to accomplish -- to pass through the transitional period successfully. Therefore, Partnership for Prosperity will help Iraq to reduce these dangers and to limit the challenges that faces the country.

No doubt our country owns huge resources for oil, water in abundance. We have also human resources educated in various fields. But we are facing also very complicated problems. More than 20 years we've seen the militarization of this society and the economy, and the budgets for investment were focused on the military and in projects that have no viability, lacking any proficiency. Also the country was drowned in huge debts, foreign debts, as well as the wars which caused the destruction of the infrastructure of the country. And roads are deteriorating, and schools were destroyed, and the level of education was lowered, and the medical care edged from the highest level to the worst levels in the area. Yet the Iraqi people are standing today firmly behind the efforts that are exerted to transform the country into a democratic state that provides supremacy of the law and order and stability in the country.

The other side we must give great attention to fulfill the basic needs to the citizens, such as security, water -- suitable water, electricity, jobs. And these are principal missions for any authorities that want to gain the confidence of its citizens. Through that we can also make the enemies of Iraq lose the opportunity and to reveal their false claims. The participation for Prosperity gives us hope for building a new Iraq.

The projects that has been declared and will be declared confirms the desire for cooperation between our two countries and it indicates a clear commitment to allocate important sources for building Iraq that is more secure, more free and more democratic. These projects will contribute in creating new job opportunities for the citizens, and in this it will fulfill the needs -- the critical needs and will combat unemployment and enabling the citizens to enjoy the fruits of work. These projects will improve the principal services, which aims to raise the standard of living.

The Ministry of Planning and Development and the strategic entity for rebuilding will work with the Iraqi ministries and the official programs of the coalition authority to secure the best plans and the strongest level of coordination for implementation of these projects. In the framework of the budget for investment, we will strive to benefit from the grants given by the donor states for participation in partnership and progress. This will affect the economic life of our country in the future, and we must remember in this respect the importance of legislation and practical steps that were taken by Iraq to benefit from these sources.

We liberated the economy in a very essential way, and the taxes and customs were reduced. Also facilitated the registration of foreign companies and the liberation of the interest rates, and giving licenses for foreign banks. And now we are working to establish a new stock exchange. These steps will open the horizon for a strong economy that will give opportunity for the private sector to play a principal role in the economic life. And in fact, our economy has witnessed a very noticeable improvement, which leads us to say that the economy will continue in this trend in the future. We are giving great attention to the partnership for prosperity as a very important mechanism for marching on this road -- the road of rebuilding and transforming Iraq to a secure and democratic and prosperous country. And thank you. (Applause.)

ADM. NASH: Thank you all for coming. I appreciate the invitation from Ambassador Bremer

and from Minister Hafidh to provide some details on our partnership for prosperity.

As others have mentioned, there's real progress here. All seven program management and sector program management contracts have been signed. These contracts for those who provide design and build specifications and help contractors understand the policies and procedures of the Program Management Office, or PMO.

Last week we awarded the last of the capacity contracts for construction. With these awards announced now, we will turn our attention to managing the 2,300 projects, which will be carried out over the next several years. Assuring complete transparency and conformity with applicable laws and regulations has taken longer than anyone would have liked, but we are accelerating now. By this time next month we should have our prime contractors on the ground and physical construction will start not long thereafter.

For those of you who don't know, the PMO is a part of the CPA, charged with honest, effective and efficient management of the 18.4 billion grant the people of the United States have made to help rebuild the infrastructure of Iraq. Our construction work falls into six sectors: electricity; water resources and public works, which is mostly water; security and justice; transportation and communications; buildings, health, education; and finally, oil. That work amounts to something over \$12 billion; another \$6 billion is devoted to non-construction efforts.

Non-construction work is broken into two parts: one part consists of what was often called nation building, and includes projects such as civic education; the other part is for outright purchases for goods and services -- uniforms, weapons, vehicles and the like fall in this section, as do intangibles such as training. We also have a \$4 billion reserve that we hope to program after July 21st, probably for construction.

Obviously our work continues after CPA dissolves on 1 July. We will continue our functions as a part of the extended U.S. embassy here. With our contracts in place, our prime contractors will be looking to fill thousands of subcontracting positions to get the work done on time and up to standard. This is a great opportunity for the construction industry here in Iraq to flourish. We have built serious incentives for our prime contractors to train and hire Iraqi workers and to engage Iraqi businesses in subcontracts.

We have three principal goals: first and most important, do this program correctly and in accordance with all the laws and regulations of the United States; second, build up the Iraqi construction industry; and third, make a competitive bidder for large-scale program management projects around the world once the work is here -- is completed here.

We thank you for your attendance today. We thank you, Mr. Ambassador, for joining us. Dr. Hafidh and I will remain for questions.

Q: (Through interpreter.) (Inaudible) -- that is commitment to the implementation and the accuracy of implementation. Are there mechanisms to control these two matters?

The second question: Are there any priorities with regard to the project? Are there any priorities for the projects -- education, for example, or health? Thank you very much.

MR. HAFIDH: (Through interpreter.) Thank you. In fact, with regard to the mechanism in implementing, the projects are clear. With regard to the office of the projects at this Coalition Authority, there are contracts signed with companies, and implementation is done under the supervision of this office. And there are many projects that are being implemented, as Mr. Nash has mentioned. Therefore, the matter is very clear and is done in accordance with certain rules.

With regard to the priorities, of course there are priorities that were fixed in the report for the needs of reconstruction of Iraq, and it was prepared, that report, by experts from the World Bank and the IMF and the United Nations, and experts from the Iraqis ministries. And in fact in this report there are specific goals for 14 sectors, and we are striving to update these projects according to the economic requirements of the country.

Please go ahead.

Q: (Through interpreter.) Mr. minister, Mr. Bremer said that Iraq requires \$55 (billion) to \$60 billion for its economic balance. Don't you think that this is a very huge amount of money? And Iraq now has debts. And can you clarify this picture? How much do we owe as debts and how much do we have? And why \$55 billion? We know that there is a lot of production in oil and water, et cetera.

MIN. HAFIDH: (Through interpreter.) That is a very important point that must be clarified. This figure, \$55 billion, is what was estimated as a cost for projects that were presented in the report of the Madrid conference. Consequently, this matter is related to a group of projects in accordance to certain priorities. But what the country needs, in light of the problems that the country is facing -- of course there are many things. There are the debts. There are compensations for the wars. There are also needs that arise through development. Therefore, we must separate between the two, between the debts and the issue of the compensations for the wars and the issues of the cost of rebuilding.

Q: I'm Sewell Chan with The Washington Post. I have a question for Admiral Nash as well as for the minister.

To what extent to security concerns have the potential for interfering with both the timetable and the very nature of the reconstruction effort? And specifically, could you discuss what role the security and justice projects play in the total reconstruction scheme?

ADM. NASH: Certainly security is a concern and, as I've said in many forums, it will not stop us from beginning. We must begin the construction. The cost of security and -- or I'm sorry -- security will control how fast we can build. It will also control how much money we can put into real infrastructure and how much money we have to put into infrastructure.

Secondly, in our security and infrastructure portion of the money there is -- that we are buying goods and services, weapons, vehicles and other things to assist the Iraqi security forces. So yes, it does play a very important part and will all be managed together.

Q: (Through interpreter.) You spoke, Mr. Minister, about participation or partnership. Is this tying the Iraqi economy to the American economy? Does the partnership also include the oil?

MIN. HAFIDH: (Through interpreter.) Partnership means common goals and exchange between the two countries. The Iraqi people are striving to rebuild, to develop, to build a new system. So within this framework, the partnership that we are calling for is in fact -- helps to achieve prosperity for the Iraqi people in all fields of the economy, not only certain sectors outside of oil -- oil also -- which witness cooperation in various things.

Q: (Through interpreter.) Will the partnership include you giving principal contracts to companies, not to subcontractors? Will you appoint particular companies? Will the Americans be in charge of this?

MIN. HAFIDH: (Through interpreter.) This point must be clear. The Iraqi companies has the priority in many of the contracts that were signed. We have now more than 140 Iraqi companies out of 250 or 260 companies that are participating in contracts for these projects. So it is not preferring one company or other, with the exception of companies that take principal contracts, which are American companies, in addition to some companies from the coalition countries, which in fact enjoys the American grants.

ADM. NASH: We also in our prime contracts have incentives for our contractors to help us with our goal of building the Iraqi construction industry, which includes the designers, the builders and the material suppliers. And they will be rewarded if they help us improve the condition of the Iraqi construction industry here.

Q: (Through interpreter.) Mr. Minister, the transformation in the life of a society is very dangerous, so transfer from a dictatorship to a democracy you notice what is happening. The economic transformation from a socialist economy to an open economy, from a closed economy to an open economy, what are the dangers that you could face based on the fast transformation of this economy? Thank you.

MIN. HAFIDH: (Through interpreter.) Every transformation faces challenges. We must be

ready to face these challenges. And the most important challenge is the heritage of the former regime. It's a very heavy heritage. There are several aspects: there are debts, billions of dollars of debts; there is the problem of compensations; there are employment; there is a destroyed economy. These facts we must face through a plan. A plan that we are talking about is the rebuilding, the plan for rebuilding Iraq. I mean the accommodation of the economic system with the new economic situation. I'm not talking about the previous regime, I'm talking about the economic adjustment. The rebuilding includes the restructuring of the economy, the review of the administrative framework, the legal frameworks, financial frameworks. This was done by issuing a group of laws and systems that will create a new environment for a new economic situation in the country.

Q: (Through interpreter.) There are sincere efforts in the direction of canceling or reducing or restructuring of the debts, rescheduling of the debts that belong to the Paris Club. There is also the reduction or cancellation of compensations that resulted from the wars.

MIN. HAFIDH: (Through interpreter.) There are contacts with IMF and also with the World Bank, and there were meetings that were held at various times, and everything we are hoping for is that the Paris Club, in accordance with the Security Council resolution, to review this matter. And the Iraqi side will prepare a detailed report on this subject and will try to reduce the debts or to cancel some of it.

STAFF: (Through interpreter.) One more question.

(In English.) Yes?

Q: I'm Carol Rosenberg with the Miami Herald. (Off mike) -- share of the 18.4 billion (dollars) do the 260 already awarded contracts represent? And how much is the value of the 140 that have gone to the Iraqis?

ADM. NASH: I think there's a little bit of confusion here. We -- the contracts that we have already under way -- we have met very -- we have many alternative vehicles that we're using. The AID contract and the -- and there are some contracts in place by the Corps of Engineers. And these new contracts that we just awarded add up to \$5 billion. And they are capacity contracts, where we will plug in projects. So when we're all finished, we will spend \$12.6 billion on construction, and that will be spread across all these contracting entities.

Q: So how do you reach 18.4 (billion dollars)? And what share of the 5 billion (dollars) that's already been awarded has gone to Iraqi straight firms, not through subcontractors?

ADM. NASH: None of the 5 billion (dollars) went to straight Iraqi firms. They were -- the prime contracting was open to Iraqis, but there were no -- no one selected, and I don't know if there was anybody to even propose, because I'm not -- I have no access to that information.

And the way you get the 18.6 (billion dollars) -- you got 12.6 (billion dollars) -- I mean 18.4 (billion dollars). You got 12.6 (billion dollars) plus 5.9 (billion dollars) non-construction, and hopefully that adds to 18.4 (billion dollars).

STAFF: Thanks very much.

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