

U.S. POLICY TOWARD IRAQ

HEARING
BEFORE THE
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION
FEBRUARY 3, 2011

Printed for the use of the Committee on Armed Services



Available via the World Wide Web: <http://www.fdsys.gov/>

U.S. GOVERNMENT PRINTING OFFICE

68-557 PDF

WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON ARMED SERVICES

CARL LEVIN, Michigan, *Chairman*

JOSEPH I. LIEBERMAN, Connecticut

JACK REED, Rhode Island

DANIEL K. AKAKA, Hawaii

E. BENJAMIN NELSON, Nebraska

JIM WEBB, Virginia

CLAIRE McCASKILL, Missouri

MARK UDALL, Colorado

KAY R. HAGAN, North Carolina

MARK BEGICH, Alaska

JOE MANCHIN III, West Virginia

JEANNE SHAHEEN, New Hampshire

KIRSTEN E. GILLIBRAND, New York

RICHARD BLUMENTHAL, Connecticut

JOHN McCAIN, Arizona

JAMES M. INHOFE, Oklahoma

JEFF SESSIONS, Alabama

SAXBY CHAMBLISS, Georgia

ROGER F. WICKER, Mississippi

SCOTT P. BROWN, Massachusetts

ROB PORTMAN, Ohio

KELLY AYOTTE, New Hampshire

SUSAN M. COLLINS, Maine

LINDSEY GRAHAM, South Carolina

JOHN CORNYN, Texas

DAVID VITTER, Louisiana

RICHARD D. DEBOBES, *Staff Director*

DAVID M. MORRIS, *Minority Staff Director*

CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

U.S. POLICY TOWARD IRAQ

FEBRUARY 3, 2011

	Page
Austin, GEN Lloyd J., III, USA, Commander, U.S. Forces-Iraq	6
Jeffrey, Hon. James F., U.S. Ambassador to Iraq	7

U.S. POLICY TOWARD IRAQ

THURSDAY, FEBRUARY 3, 2011

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 10:04 a.m. in room SD-106, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Lieberman, Reed, Akaka, Nelson, Webb, Udall, Hagan, Begich, Manchin, Shaheen, Gillibrand, Blumenthal, McCain, Wicker, Brown, Portman, Ayotte, Collins, and Graham.

Committee staff members present: Richard D. DeBobes, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Ilona R. Cohen, counsel; Jessica L. Kingston, research assistant; Peter K. Levine, general counsel; William G.P. Monahan, counsel; Michael J. Noblet, professional staff member; and William K. Sutey, professional staff member.

Minority staff members present: David M. Morriss, minority staff director; Adam J. Barker, professional staff member; Christian D. Brose, professional staff member; Michael V. Kostiw, professional staff member; and Diana G. Tabler, professional staff member.

Staff assistants present: Jennifer R. Knowles, Christine G. Lang, and Breon N. Wells.

Committee members' assistants present: Vance Serchuk, assistant to Senator Lieberman; Carolyn Chuhta, assistant to Senator Reed; Nick Ikeda, assistant to Senator Akaka; Ann Premer, assistant to Senator Ben Nelson; Gordon Peterson, assistant to Senator Webb; Jennifer Barrett, assistant to Senator Udall; Roger Pena, assistant to Senator Hagan; Lindsay Kavanaugh, assistant to Senator Begich; Joanne McLaughlin, assistant to Senator Manchin; Clyde Taylor IV, assistant to Senator Chambliss; Charles Prosch, assistant to Senator Brown; Ryan Kaldahl, assistant to Senator Collins; and Andy Olson, assistant to Senator Graham.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. Welcome first to our witnesses, U.S. Ambassador to Iraq James Jeffrey and General Lloyd Austin, Commander, U.S. Forces-Iraq (USF-I).

Before we begin, I want to extend a warm welcome to the newest members of the Senate Armed Services Committee (SASC): Senator Jeanne Shaheen, Senator Kirsten Gillibrand, Senator Richard Blumenthal on the majority side; and Senator Rob Portman and Senator Kelly Ayotte on the minority side. We also welcome back

Senator John Cornyn, who is rejoining the committee after a brief hiatus.

This committee, as you will soon learn, has a tradition of bipartisanship. It is a long tradition. It is based on our common desire to provide our men and women in uniform and their families the support that they need and the support that they deserve. That goal makes the work of this committee truly rewarding.

Senator Reed, Senator Tester, and I recently returned from visiting Iraq. One of my main impressions was that the team of Ambassador Jeffrey and General Austin is providing the strong leadership needed to manage the critical transition over the coming year leading up to the December 2011 deadline for withdrawal of all U.S. military forces from Iraq, a deadline that was set by President Bush and Prime Minister Maliki in the November 2008 Security Agreement that they entered into.

I believe that you two gentlemen are the right team to lead that transition and on behalf of the committee let me thank you both for your service and for the service of the men and women with whom you serve.

Last December, after 8 months of discussions among Iraq's political leaders, those leaders agreed to form a national unity government. But the agreement was only partial. Iraq still awaits the nominations by Prime Minister Maliki to the key cabinet positions of Iraq Minister of Defense (MOD), Iraq Minister of Interior (MOI), and Iraq Minister of National Security, as well as the resolution of issues relating to the powers of the National Council on Higher Priorities to be headed by former Prime Minister Allawi. The pressure on the Iraqi Government to fill in those large gaps must continue.

During our trip to Iraq, we were told that plans are on track for the drawdown of U.S. forces and the shift of lead responsibility for our many programs from the Department of Defense (DOD) to the Department of State (DOS), including training of the Iraqi police. To carry out these responsibilities, the U.S. embassy in Baghdad anticipates that it will have some 15,000 to 20,000 personnel under its authority, including at two consulates, two embassy branch offices, three police training centers, and five Office of Security Cooperation (OSC) locations. This will include thousands of DOS contractors to provide perimeter and movement security as U.S. Armed Forces depart.

Whether this transition is successful will depend in no small part on whether DOS is provided the resources that it needs to take on and sustain those responsibilities. Congress will need to do its part to ensure that DOS has what it needs to do all that it can to help secure the hard-fought gains in Iraq that have come at great sacrifice of American lives and treasure.

Significant security challenges remain in Iraq. Security incidents in 2010 were down from 2009 levels, but terrorist groups, including Al Qaeda in Iraq (AQI), continue to have the capacity to carry out high-profile attacks that kill dozens and wound hundreds of Iraqis.

Iran remains a highly negative influence, providing support to extremist groups. Another security challenge is the instability arising from the unsettled situation in Kirkuk and the boundary dispute in the north. USF-I has worked closely with the Government

of Iraq and Kurdish security forces to reduce tensions and to facilitate the integration of these forces.

Our goal is to leave behind an Iraq that is stable. During our trip, we heard that in general the Iraq Security Forces (ISF) have made major progress and are capable of dealing with internal security threats to the Iraqi people and are leading those operations. However, we also heard it will be some time before the Iraq Security Forces can provide for Iraq's external defense.

USF-I's training and advisory mission is focused on train-the-trainer programs as the training mission is transferred to the Iraq MOD. USF-I continues to work with Iraq's MOD and MOI with the goal of building their minimum essential capabilities.

Iraq will continue to need support in building its capabilities to meet internal and external threats for years to come. I'm concerned, however, by the latest report from the Special Inspector General for Iraq Reconstruction (SIGIR), which finds that the development of ISF is at risk from shortfalls in logistics capacity, corruption within the Iraq MOD, and the failure to plan appropriately for the maintenance and sustainment of infrastructure and equipment.

The SIGIR report cites a report by the DOD Office of Inspector General (IG) which warns of problems with Iraq's development of its capability to achieve and sustain minimum material readiness levels for the ISF, saying that this "could result in a downward spiral of operational readiness that would put Iraq's security and stability at risk."

General Austin, I'm interested in getting your professional military opinion on whether you agree with those assessments.

One major question is what security relationship the United States and Iraq will have once the 2008 Security Agreement expires in December. It is unclear whether the Maliki Government will seek any type of continuing U.S. presence after December, given the terms of the Security Agreement that provides that all of our troops will be removed by this December. Iraq needs to engage with the United States sooner rather than later if such a request is going to be forthcoming.

The Government of Iraq needs to understand that the days of American taxpayers bearing the costs of developing ISF are ending. Iraq has significant oil revenue which will continue to increase. According to the latest quarterly report from the SIGIR, Iraq's efforts to attract foreign investment "continue to bear fruit," in their words, and the development of Iraq's oil fields is making "better than expected progress."

We should work with the Government of Iraq to make available the equipment and training it needs for its long-term security, but Iraq should not expect American taxpayers to bear the costs of its security needs.

Finally, an important issue for the Government of Iraq remains the security of Christians and other religious minorities. During our visit, we met with leaders of Christian communities, which have suffered from suicide attacks, targeted killings, kidnappings, and other intimidation by violent extremist forces. These communities live in fear and a large number of Christians have either fled the country or uprooted to safer regions in northern Iraq.

The leaders we met, explained with pride, how Iraq has been home to some of the earliest Christian communities and Iraqi Christians do not want to leave their country in order to feel safe and Iraq had a long tradition of religious tolerance. On our visit we urged the Government of Iraq to act with great urgency to provide the security necessary to preserve and protect these ancient Christians and other religious minority communities.

Ambassador Jeffrey and General Austin, we know from our conversations in Iraq and here that you will continue to keep the safety of the various religious minority communities in Iraq as one of your top priorities in your discussions with the Government of Iraq.

We look forward to hearing from our witnesses this morning and again thank you both for your service, as well as those with whom you serve.

Senator McCain.

STATEMENT OF SENATOR JOHN MCCAIN

Senator MCCAIN. Thank you, Mr. Chairman. Let me also join you in taking this opportunity to welcome the six new members of our committee. I'm confident that the work of this body will be enriched and enhanced by their contributions and I join you in stating that our work has been bipartisan and it's been an honor for me to serve with you as ranking chairman of this committee. Our bipartisanship is not devoid of passion when we occasionally disagree on an issue.

I want to thank our distinguished witnesses for joining us today. I have had the honor of knowing Ambassador Jeffrey and General Austin for many years, two great servants of our country, and on behalf of this committee we thank you for your service. Please convey to the brave men and women you lead, both military and civilian, the deep gratitude for their service that is felt by the American people and their representatives.

I'm very happy to have the chance today to focus on Iraq. It would have been unthinkable even 2 years ago to say that we would reach a point which most Americans, indeed some people in Washington, would increasingly forget about Iraq. But that point has largely come and, as much as it reflects the dividends of success, especially the success of the surge, we disregard Iraq at great peril.

It's certainly true that many of the critical indicators in Iraq are encouraging. AQI remains significantly weakened. Despite many horrific large-scale attacks, especially against Iraq's Christian communities, overall levels of violence have been relatively low and steady compared to recent years. Iraq is increasingly bringing its vast oil and gas resources on line.

The country had a successful democratic election last year and, despite a painfully drawn-out period of political wrangling, a new government is now mostly formed in Baghdad. As demonstrations take place for democracy across the Middle East, I don't think you'll see those kinds of demonstrations in Iraq because the Iraqi people did have a chance to express their political will.

Yet, despite Iraq's progress, there remain serious questions about whether it will endure and what role our Nation can play and should play as Iraq's partner to reinforce success. The fact is 2011

will be one of the most consequential years for Iraq and for our partnership, a year that will largely shape whether the country continues to emerge as an increasingly secure, self-sustaining democratic partner of the United States or tragically stumbles, sliding back into civil conflict, anarchic violence, and authoritarian rule.

These choices will ultimately be made by Iraqis. Make no mistake, after sacrificing hundreds of billions of American taxpayers' dollars and nearly 4,500 American lives, the United States has an enormous stake in Iraq's success. We have enduring national interests relating to Iraq that must be defended. We still maintain a significant capacity to influence events for better or for worse. If, God forbid, Iraq's progress should unravel and the moment of opportunity is squandered, no one should think that the American people will be forgiving in holding their leaders accountable for that failure.

The Security Agreement signed by the Bush administration and affirmed by the current administration states that all U.S. troops will leave Iraq by the end of this year. This means we're approaching a decisive transition, and I'll be blunt. I have real concerns about whether the proposed civilian-led mission will take the lead once our troops are gone and is sufficient to support the Iraqi needs and U.S. interests, not because our civilians are not capable professionals, they most certainly are, but because of the huge and unprecedented challenges they face.

In short, we are asking DOS to take on the mission of the U.S. military at a scale never contemplated before, amid still-fragile security conditions. Many of the tasks now performed by U.S. troops will transition, at great cost, to civilians and contractors. Some such tasks will cease to be performed at all. Many relationships with key Iraqi leaders across the country will be hard to maintain for security reasons and vital military-led programs, from intelligence fusion to the peacekeeping activities performed along the still tense Arab-Kurdish boundaries, will be massively scaled back or effectively ended.

No one should interpret my comments today as a lack of support for Iraq and the continued U.S. involvement there. To the contrary, failure is not an option in Iraq and we must be prepared to bear the cost to ensure success, including the cost of our civilian operations and development programs, and which will be substantial however this transition plays out. Congress cannot shortchange this mission now.

What we need, however, is a more forward-looking strategy. The new Iraq administration will govern the country for the next 4 years. What does it need to accomplish by the end of that time to set Iraq further down a path of lasting success? How can our two governments align our resources in a common plan that consistently advances our shared goal, the emergence of an Iraq that can secure itself, govern itself, generate its own wealth, and sustain its own development with less and less U.S. assistance.

Then, having established the optimal ends we seek as well as the U.S. presence and programs required to achieve them, how can we build the bipartisan support in Congress to sustain a robust com-

mitment to Iraq, especially a commitment for what will increasingly be a civilian-led mission?

These are questions worth considering today and in the months ahead and I look forward to discussing all these issues today with our witnesses.

I also would like to point out that there is a place in Iraq that is inhabited by Iranian refugees called Camp Ashraf, and it has been under the protection of American troops. I am concerned about the welfare, wellbeing, and security of these people. I hope that we can address this issue in a way that would reassure them of America's and Iraq's commitment to their security.

I thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator McCain. We also share your concern about Camp Ashraf.

By agreement to your suggestion, we are going to call on General Austin here first. Ambassador Jeffrey will follow.

General Austin.

**STATEMENT OF GEN LLOYD J. AUSTIN III, USA, COMMANDER,
U.S. FORCES-IRAQ**

General AUSTIN. Chairman Levin, Senator McCain, distinguished members of SASC, thank you for the opportunity to testify with Ambassador Jeffrey this morning. I am indeed fortunate to be partnered with Ambassador Jeffrey in one of the most professional diplomatic teams that I've ever seen.

I'd also like to thank you for your support to our men and women in uniform serving in Iraq and their families here at home. I'd like to spend a few minutes to give you my assessment on the current security environment and the capabilities of the ISF and outline what USF-I is focused on for the remainder of the year.

The security environment in Iraq has been steadily improving over the past few years, most notably during the delay in government from March to December 2010. It was very encouraging to us that while Iraq was being served by a caretaker government the ISF remained apolitical and performed admirably. They provided the Iraqi leaders with the time and the space that was necessary for peaceful dialogue and compromise to occur.

The commendable work on the part of the ISF is paying off. Today Iraq has the most inclusive government in her nation's history and the security environment is the best it has been since 2003. Security incidents in 2010 were 25 percent lower than those in the previous year, and that trend has continued following government formation.

The security environment continues to improve, but it will remain complex and the threats to Iraq's stability will remain in 2012. Sunni extremist groups, like al Qaeda, will continue to target the Government of Iraq, the ISF, and Iraqi civilians in order to garner media attention and to attempt to demonstrate that the government cannot provide security for the Iraqi people. Shia extremist groups likewise will continue to target U.S. personnel and, in our absence, the Iraqi Government and its institutions.

While the ISF have a good capability to confront Sunni and Shia extremist groups and provide for internal security, they will have gaps in their external defense capabilities in 2012. Iraq will not be

able to defend its air sovereignty for some time. They will also require continued development on capabilities such as logistics, sustainment, intelligence, and more complex training.

The ISF will continue to develop their capabilities, which will require them to continue receiving modern equipment, conduct training on that equipment, and then conduct unit-level training. USF-I and the ISF have just recently begun a collective training initiative which allows entire battalions to go through an intensive training cycle. This program provides the Iraqi army with the foundational collective training necessary for their units to operate and has been made possible by the much improved security environment. This training is a great step forward towards improving their proficiency, but they will still require much more comprehensive combined arms training and joint training in order to develop an external defense capability.

With the time that we have remaining, USF-I will continue to advise, train, assist, and equip the ISF to narrow some of these capability gaps. We will also work closely with the U.S. Embassy-Iraq as we transition from a predominantly military-led to a civilian-led effort in Iraq.

We are dedicated to partnering with our embassy teammates in preparing for this important transition. The key to a successful transition is the need to fully resource the embassy to perform their task and responsibilities. We're developing the OSC, which will fall under the embassy, and the OSC will provide oversight over all security cooperation in Iraq and it will assume responsibility for the near-\$13 billion worth of Foreign Military Sales (FMS) programs that we currently have with the Iraqis. It will also coordinate International Military Education and Training. This office will work hard and be dedicated to closing any capability gaps within the ISF.

Clearly, there is much work to do, but I am encouraged by the progress that Iraq has made over the last few years and I'm confident that Iraq can achieve its full potential if it stays on the path that it's currently on.

I'd like to close my remarks by recognizing the great men and women that are serving in Iraq and their families who are supporting them. While our soldiers, sailors, airmen, marines, coast-guardsmen, and civilians are serving overseas, our families are serving here at home, and certainly we would not be where we are today without the sacrifices of so many, and without the unwavering support from here at home.

Mr. Chairman, members of the SASC, thank you once again for this opportunity to appear this morning with Ambassador Jeffrey, and I stand ready to answer any questions that you may have.

Chairman LEVIN. Thank you so much, General Austin.

Ambassador Jeffrey.

STATEMENT OF HON. JAMES F. JEFFREY, U.S. AMBASSADOR TO IRAQ

Ambassador JEFFREY. Chairman Levin, Ranking Member McCain, Senators: Let me join with General Austin in thanking you for holding this hearing and inviting us to appear before you

to discuss the issues associated with the United States transition from a military-led to a civilian-led presence in Iraq.

We face a critical moment now in Iraq, where we'll either step up to the plate, finish the job, and build upon the sacrifices made or we will risk core U.S. national security interests, be penny-wise and a pound-foolish, and cede the field to al Qaeda and to other dangerous regional influences. We have thus, an historic opportunity and a critical window to help Iraq emerge as a strategic partner and a force for stability and moderation in a troubled region. We cannot afford to let the gains we have sacrificed so much for slip away.

The President has clearly articulated our vision for partnership with Iraq. We seek an Iraq that is sovereign, stable, and self-reliant, with a government that is just, representative, accountable, that denies support and safe haven to terrorists, is able to assume its rightful place in the community of nations, and contributes to the peace and security of the region.

The U.S. military have performed admirably, but they cannot stay in Iraq forever. DOS is ready to take the lead, but we need the support and resources to finish the job. We need to have platforms to carry out key transitional missions for the next 3 to 5 years. These include work throughout the country, especially in key areas such as Kirkuk and Mosul, where past experience has shown how a small number of Americans can have a great, disproportionate impact in helping to defuse crises and produce long-term solutions.

Our missions also include helping the Iraqis to professionalize their police, an absolutely critical component to the country's long-term stability, as General Austin said, to provide security assistance to help the Iraqis finish the job against al Qaeda and other terrorist groups, and to develop a core conventional defense capability. To not finish the job now creates substantial risks of what some people call a "Charlie Wilson's War moment," with both the resurgence of al Qaeda and the empowering of problematic regional players.

Al Qaeda is still capable of devastating attacks that threaten Iraq and beyond. Furthermore, gutting our presence in Iraq would also provide Iran increased ability to create anxieties in the region that could spiral out of control.

Along with the Iraqis, the United States has paid a dear price in this war: over 4,300 deaths, over 3,300 wounded among our military forces and hundreds of embassy casualties as well. As Vice President Biden stated during his recent visit, "It is vital that we leave behind an Iraq that is worthy of the sacrifices that so many U.S. troops and civilians have made."

While all U.S. Government work in Iraq is expensive due to the security situation, a robust civilian presence represents a significant reduction in expenditures. Between 2010 and 2011, for example, the U.S. military withdrawal reduced the bill for taxpayers by about \$15 billion, while the increase in DOS's budget was just \$2.5 billion. While DOS's 2012 funding needs will naturally increase because of the military-to-civilian transition, the overall U.S. cost will continue to decrease dramatically.

Moreover, U.S. development assistance to Iraq is not open-ended. Iraq has vast untapped oil resources, but, due to the devastated oil infrastructure, it will be a number of years before Iraq will have meaningful new oil revenue for its own budget.

Performing the military-to-civilian transition in Iraq also will demonstrate, more generally, that we can transition security successes in war zones into long-term stability, including for Afghanistan.

In closing, I would like to thank DOD, U.S. Central Command (CENTCOM), and above all General Austin and his troops for the support that they are giving us in this mission. I would also like to express my admiration and humility in the face of the commitment and sacrifice we see every day in Iraq on the part of our civilian staffs, military members, and our Iraqi partners as they risk their lives for a cause which they believe in, the Iraq I have just finished describing.

I thank you again for the opportunity to appear before you today. We will be happy to answer any questions the committee may have and look forward to working hand in hand with you and other Congressional colleagues.

Mr. Chairman, at this time, we'd like to submit our joint written statement for the record.

Chairman LEVIN. It will be made part of the record.

[The joint prepared statement of Ambassador Jeffrey and General Austin follows:]

JOINT PREPARED STATEMENT BY AMBASSADOR JAMES F. JEFFREY AND GEN LLOYD J. AUSTIN, USA

WHY IRAQ IS IMPORTANT TO THE UNITED STATES

A stable Iraq will play a critical role in achieving U.S. foreign policy objectives in the Middle East for the foreseeable future. Iraq's strategic importance is based on a number of factors. Iraq plays a central role in the Arab and Muslim worlds and hosts Shi'a Islam's holiest sites. Iraq has a diverse, multi-sectarian and multi-ethnic population. Geographically, Iraq is strategically positioned between major regional players, including Jordan, Kuwait, Saudi Arabia, Turkey, Iran, and Syria. Iraq represents the frontier between the Arab and Persian worlds. Because it is endowed with a significant portion of the world's oil reserves, Iraq will play an increasingly influential role in the global economy. We must remember that for most of its modern history, Iraq has been aligned with our adversaries, a threat to our friends and interests, and a destabilizing force in the region and world.

We now face an historic opportunity—and a critical window—to help Iraq emerge as a strategic partner and a force for stability and moderation in a troubled region. An enduring Iraqi-U.S. partnership will be critical in enabling Iraq to be that positive force. It is in our national interest to fully support that partnership. We cannot afford to let the gains we have sacrificed so much for slip away before they are cemented.

U.S. Interests

The United States has important national interests in the greater Middle East. These include the unity and security of Iraq as well as continued development of its democratic institutions and its reintegration into the region. U.S. national interests related to Iraq are: regional nonproliferation; counterterrorism cooperation; access to energy; and integration of the region into global markets.

ADMINISTRATION POLICY

U.S. policy is set by President Obama's 2009 speech at Camp Lejeune, which reaffirmed the 2008 Security Agreement, calling for the withdrawal of U.S. forces by December 31, 2011, and the 2008 Strategic Framework Agreement, which lays out a long-term strategic relationship between the United States and Iraq in the fields of diplomacy, economics, energy, security, and rule of law. The goal of the Presi-

dent's policy is to promote security and prosperity in Iraq, transition responsibility for security to the Iraqis, and cultivate an enduring strategic relationship with Iraq based on mutual interests and mutual respect.

In so doing we seek an Iraq, as described in the Camp Lejeune speech and the May 2010 National Security Strategy, that is sovereign, stable, and self-reliant; with a government that is just, representative, and accountable; that denies support and safe haven to terrorists; is able to assume its rightful place in the community of nations; and contributes to the peace and security of the region. Consistent with this policy, President Obama announced the end of Operation Iraqi Freedom and combat operations in Iraq on August 31, 2010. Prior to the end of combat operations, the administration withdrew nearly 100,000 troops, closed or transferred to the Iraqis hundred of bases, and moved millions of pieces of equipment out of Iraq. These actions marked a key transition as Iraqis assumed responsibility for their own security. The transitional force of less than 50,000 U.S. troops that remains has a new mission to advise, train, assist, and equip the Iraqi Security Forces (ISF), protect our personnel and property, and participate in counterterrorism operations. As the military draws down, civilians—diplomats, aid workers, and advisors—are moving into a more prominent role to support Iraq in achieving its political, economic, security, and diplomatic goals. Our success in Iraq will require continuing the strongest possible U.S. military and civilian cooperation on the ground during the drawdown.

CURRENT SECURITY SITUATION AND A LOOK TOWARDS 2012

Despite some predictions to the contrary, security in Iraq improved during the 9-month delay in government formation. Security incidents in 2010 were 25 percent lower than 2009 due, in large part, to the credible performance of the ISF. They were instrumental in creating the space necessary for peaceful dialogue.

That said, there is still much work to be done. 2011 will be a critical, challenging year—one that sets the conditions for Iraq's continued progress. Security trends are good but the environment is complex. Iraq still faces dangerous and determined enemies, each with their own objectives and tactics.

Al Qaeda in Iraq (AQI) is degraded but determined. Recent attacks targeting Christians, including a horrific attack October 31 against Our Lady of Salvation Church, as well as against Shia pilgrims during the observation of Arba'een demonstrate AQI's capability to conduct high casualty-producing attacks. However, the window of time between AQI attacks has widened while the level of sophistication of their attacks has declined. This degradation in capability is largely due to the efforts of Iraqi and U.S. Special Operations Forces, working together to maintain constant pressure on extremist networks. Additionally, restricting financing and command and control capability greatly limits AQI's ability to conduct signature attacks. While they remain determined, they will not achieve their aim of inciting sectarian conflict—the Iraqi people continue to stand together and reject AQI principles.

While AQI remains Iraq's most dangerous enemy, Shia extremist groups continue to be a serious threat. Groups such as Kataib Hezbollah, Asaib al-Haq, and the Promised Day Brigade have indicated their intention to increase violence against U.S. forces and they continue in their attempts to do just that. While they may focus on U.S. forces now, we believe they will likely target the Government of Iraq after U.S. forces depart.

We assess Iraq's security environment will be relatively stable in January 2012 due to a number of factors. AQI will remain capable of signature attacks but will lack public support. The Sunni insurgency will continue to present a low-level threat. Shi'a extremists will continue to be funded, trained, and equipped by Iran. Violence will be masked by criminality, illicit smuggling, and extortion—a blend of extremism and crime. The ISF will be increasingly capable of providing internal security, but will not be capable of providing for external defense. The Army will not be capable of conducting combined arms operations due to incomplete fielding of modern equipment that will still be arriving as U.S. forces depart. The Navy will have limited capability to defend territorial waters and the Air Force will lack the capability to maintain air sovereignty. Police will be unable to assume full responsibility for internal security in many regions due to lagging development of capabilities and professionalism, further hampered by poorly defined relationships between the Ministry of Defense (MOD) and Ministry of Interior (MOI).

IRAQ SECURITY FORCES GAPS

For the United States to achieve its goals, the Government of Iraq must provide for Iraq's internal security, develop external defense capabilities, and lead and manage its institutions. As Iraq emerges from an extended government formation proc-

ess, inter-ministerial conflict, ethno-sectarian tensions, and malign Iranian influence will continue to serve as barriers to progress. While U.S. operations through 2011 will address many of these issues, gaps in capabilities will remain. These gaps include:

- Counterterrorism operations and intelligence fusion.
- Cross-ministerial and interagency intelligence fusion and information sharing.
- Sustainment and logistics.
- Combined arms (external defense)
- Air sovereignty/air defense.

FIVE “Ms” OF TRANSITION

At the national strategic level, the transition to a civilianized post-2011 relationship under the Strategic Framework Agreement involves a number of key factors, what we call “the five Ms.” These are: new Missions, Money and other resources, coordination with Prime Minister Maliki’s government, Months left to complete the job, and Management of the whole process. Let us cover each of the “Ms” in more detail.

(1) The New Missions

The National Security Strategy lays out specific tasks the embassy will have to assume from United States Forces-Iraq (USF-I). These include:

Broader Diplomatic Presence

2011 will see a huge drop in U.S. presence in Iraq as almost 50,000 troops and many tens of thousands of Department of Defense (DOD) contractors depart. USF-I and the 16 diplomatic Provincial Reconstruction Teams (PRTs) we have now are carrying out extraordinary security, political outreach, training, economic, and developmental assistance programs, and giving the embassy, USF-I headquarters, and Washington situational awareness over the breadth of Iraq. This presence has been instrumental in aiding Iraq in achieving not only its security, but also remarkable political and economic progress. But we need a temporary civilian-led presence in these areas for a few years to further build on what our military and PRTs have done, to diffuse crises, and produce long-term solutions. To this end, civilian engagement with Iraq’s provinces, currently led by PRTs, will consolidate into four strategically-located diplomatic outposts. The Department of State (DOS) will soon inaugurate two consulates—in Erbil and Basra—and two embassy branch offices—in Mosul and Kirkuk—as well as utilize the Office of Security Cooperation in Iraq (OSC-I) offices and police training hubs as secure platforms for assistance throughout Iraq.

Development Assistance

Aside from general political engagement and situational awareness, U.S. Government assistance through these platforms and the U.S. Agency for International Development (USAID) programs will emphasize strengthened provincial governance, community and civil society participation, economic reforms to expand the private sector economy, respect for the rule of law and human rights, improved delivery of key social services, preparations for future elections, and the continued return and resettlement of displaced persons. USAID development programs assist Iraqis to use their own human and natural resources more effectively and sustainably and coincide with U.S. Government and Iraqi prerogatives laid out in the Strategic Framework Agreement as well as the Iraqi Government’s stated priorities in its own National Development Plan.

Modernization of Iraqi Security Forces

As noted above, the ISF are not ready to independently provide for Iraq’s defense despite their impressive performance thus far. They need continued U.S. support. U.S. Embassy Baghdad will continue the efforts of USF-I to develop the ISF, now more than 650,000 strong, through Security and Defense Cooperation and Security Assistance activities under the OSC-I. This mission will include advising, training, and equipping Iraqi forces, supporting professional military education, and planning joint military training exercises. It will allow for continued fulfillment of 336 cases of Foreign Military Sales (FMS) (valued at \$8 billion) and ensure the delivery of M1A1 tanks, patrol boats, howitzers, armored personnel carriers, and more. The OSC-I will also enable the delivery of an additional 61 cases of FMS (valued at \$5 billion) already requested by the Government of Iraq. It is projected to have a full-time staff of 157 military and civilian personnel as well as hundreds of case-related specialists for FMS at any one time.

We believe the OSC-I is important to a successful Iraq transition. DOD and DOS will work with Congress on requested resources and authorities needed in order to support the OSC-I.

Police Development Program

We need to help the Iraqis to professionalize their police, an absolutely critical component to the country's long-term stability. The U.S. Embassy in Baghdad and the DOS's Bureau of International Narcotics and Law Enforcement Affairs will oversee a continuing U.S. Government effort to enhance the professionalism of the Iraqi police force through advanced mentoring at the ministerial and provincial level and through specialized training. The transition to a civilian-led partnership with the Iraqi MOI will be a central element of the U.S. support to ISF. This partnership will include 190 advisors at 28 advisory locations in 10 provinces, eventually reaching approximately 55 percent of the roughly 287,000 police assigned to the Iraqi Police Service and focused on population centers representing more than 65 percent of the Iraqi population. The goal will be to facilitate a professional, competent, and self-sufficient MOI that provides security and stability to its citizens and is able to effectively counter terrorism and organized crime within 5 years.

Information-Sharing

Counterterrorism cooperation is the primary focus of our information-sharing mission. Current information exchange programs in Baghdad will continue, with limited information exchange—including tactical data—at consulates and branch offices. U.S. Embassy Baghdad will also maintain operations and information liaison at various headquarters, operation centers, and intelligence fusion cells in four major cities in Iraq.

Logistics

To support various missions and operating locations in an austere and non-permissive environment, U.S. Embassy Baghdad must take on many logistical functions that USF-I currently provides for its forces, PRTs, and the embassy. These include securing sites outside of Baghdad and providing personal security details, administering the DOD Logistics Civil Augmentation Program's life support contract for all U.S. personnel in Iraq, managing the supply lines for food, fuel and material, operating emergency medical facilities, and running in-country and regional air operations.

(2) Money and Other Resources

If DOS is to effectively take the lead from our military colleagues, we need the support and resources to finish the job. As Vice President Biden said on November 20, 2010: While the day will come when Iraq's vast natural wealth can fully finance its security and investment needs, and when its civilian institutions no longer require such intensive support, it has not yet arrived. Iraq has increased its own spending in these areas, and with sustained American engagement, it will emerge from generations of trauma to become a stable and self-reliant nation. That is why, even at this difficult economic time, we are asking Congress to fulfill our budget requests to support America's continued engagement, including our broader diplomatic presence, modernization plan for the Iraqi security forces and financing for a police development program. While all U.S. Government work is expensive in Iraq due to the security situation, a robust civilian presence represents a significant savings for the taxpayers from the bills they have been paying for the past 8 years. Given all the United States has sacrificed in Iraq, now is not the time to be pennywise and pound-foolish and risk ceding the field to al Qaeda and Iran. One of the hard lessons from America's past experience in Afghanistan right after the Cold War is the necessity of supporting and influencing the transition of war-torn nations from conflict to stability to peace and prosperity.

(3) Months to January 2012

We have a limited time to successfully implement this transition. DOS will have to take over the above mentioned missions, deploy many thousands of additional personnel, and expend significant funds to build out various sites, all within less than a year.

(4) Coordination with Prime Minister Maliki's Government

The cooperation of the Government of Iraq is essential to achieving the new missions above in the time allotted. Specifically, we are asking that the Government of Iraq finalize Land Use Agreements, provide security support with ISF to U.S. diplomatic establishments and activities, and allow for the continuity of current security, aviation, and ground movement operations now provided by USF-I.

(5) Management

The U.S. Government must execute this entire program, from budget execution through personnel deployments, site construction, and transfer of missions. The greatest asset of the operation, and of the embassy in Baghdad, has been the extraordinary support provided by USF-I, U.S. Central Command, and DOD. This support, and the closest possible civilian-military cooperation during and after the transition, is vital to our success.

CONCLUSION

To quote the President in his address on the end of combat operations in Iraq on August 31, 2010: The Americans who have served in Iraq completed every mission they were given. They defeated a regime that had terrorized its people. Together with Iraqis and coalition partners who made huge sacrifices of their own, our troops fought block by block to help Iraq seize the chance for a better future. They shifted tactics to protect the Iraqi people, trained Iraqi Security Forces, and took out terrorist leaders. Because of our troops and civilians—and because of the resilience of the Iraqi people—Iraq has the opportunity to embrace a new destiny, even though many challenges remain.

Our overarching goal in this transition is to build a viable partnership that will flourish into the future well after our troops have departed, and to honor the many thousands of Iraqis and Americans who have given their lives for a greater cause—a cause that embraces all of us here as we endure to leave behind an Iraq that is worthy of their sacrifice.

Chairman LEVIN. Senators Portman and Ayotte are with us. We welcomed you before very warmly and we repeat that welcome. We're delighted that you're with the committee, as are other new members on the Democratic side.

Senator AYOTTE. Thank you, Mr. Chairman.

Chairman LEVIN. We welcome your statement, Ambassador, as to what the goals of the Obama administration are in Iraq, and maybe most of us share that goal. You talked about stability, security, and self-reliance of an Iraqi state and an Iraqi Government, and that is and has been the goal.

One of the threats to that success, that achievement of that goal, to the stability, and security of Iraq, is the failure of the political leaders of Iraq to reach conclusions on some critical issues. This has always been a problem. We've always expressed the importance of the political leaders coming together.

Some of the current political issues that are unresolved include the following: An agreement to create a National Council for Higher Policies with real executive power, headed by former Prime Minister Allawi. There's an agreement that such a council be created, but there's no agreement yet on what the powers of that council will be.

The positions of the Iraq MOD, MOI, and National Security are still unfilled. There is no agreement yet on oil policies, specifically the division of oil revenues. These are huge issues that remain unresolved and I believe threaten the goals and objectives that we have and, hopefully, the Iraqis have for themselves.

Can you comment on this matter? Is it important that the leaders of Iraq get on with the decisions in those areas, Ambassador?

Ambassador JEFFREY. Thank you, Mr. Chairman.

Chairman LEVIN. We're going to have a 7-minute round, by the way; I usually announce how long the round of questions will be.

Ambassador JEFFREY. It is vitally important that they finish the job of forming the government. They've taken most of the steps necessary, but you have outlined several of the remaining issues that we've been pressing them on and more importantly, they've been

pressing themselves on. We have seen some progress in the last several weeks on the National Council and the two sides have basically agreed to everything but the modality of how to select Dr. Ayad Allawi. Everybody agrees that he should be selected.

We think that this should be resolved in the next few days. I was in contact with President Barzani of the Kurdistan Regional Government this morning and the embassy with other people, trying to take the temperature of where we are on these steps. There are also some names that are floating on compromise candidates for both of those ministries that I mentioned. Again, we are encouraged by what we've heard over the past several days, but the proof is in the pudding and we have to see if they will finish the job. It is very important that they finish the job and get on with the business of government.

On the oil account, two positive developments. As with everything else in Iraq, it moves forward in relatively small steps, Senator, but it does move forward. The Kurds and the other coalition parties agreed on a 19-point plan, or on most of the 19-point plan, that includes giving priority to a hydrocarbons law and a revenue-sharing law. This is vital.

Meanwhile the central government, Prime Minister Maliki personally, and the Kurdistan Regional Government have agreed on an interim step of allowing up to 150,000 barrels of oil from the Kurdistan Regional Government to flow out through the Turkish pipeline. This is a very significant development and it gives us hope that they will continue down that path, sir.

Chairman LEVIN. Thank you.

General Austin, is the withdrawal of our forces by the end of this year, as agreed to by President Bush and Prime Minister Maliki, on track?

General AUSTIN. Thank you, Senator. It is indeed on track. We just recently completed our planning process that will govern the rest, the remainder of our activities from now until the end of December. We've issued Operations Order 11-01, which prescribes the major activities that will be conducted, focused on strengthening the ISF, reposturing our forces, and also transitioning responsibilities to the embassy, the Government of Iraq, and CENTCOM.

We continue to synchronize that plan and we're also synchronizing the activities of the embassy along with our activities as we go about executing the plan.

Chairman LEVIN. Thank you.

Is there any indication, I'll ask this of both of you, that Iraq is going to request that any elements of our military forces remain beyond December?

Ambassador JEFFREY. We have received no such request, Senator. We are working with the Iraqis, as the General said, on the security elements of our post-2011 presence, which will include a large OSC-I element for security cooperation and the police training, which will be a major program. Both of these are under the framework of the Strategic Framework Agreement, which was the second agreement signed in 2008. It does not have a deadline and it calls for a broad cooperation across the spectrum of bilateral relations including, specifically, security.

We're working with the Iraqis now on exactly what the components of that would be, sir.

Chairman LEVIN. Do you expect any requests beyond that from the Iraqi Government?

Ambassador JEFFREY. We haven't yet, sir, and I can't say what they'll say in the future.

Chairman LEVIN. We don't have any indication that such a request is going to be forthcoming as of this time?

Ambassador JEFFREY. As of this time, there's no specific request on the table, and they will want to see how we will meet their training and equipping needs with the program that we set up.

General AUSTIN. Senator, I echo the Ambassador's comments. We haven't received any request. Again, I think he covered the entire gamut there, so I would not add anything to that.

Chairman LEVIN. Another threat to the stability, security, and the self-reliance of Iraq is Iran. Can you tell us, Ambassador, in your view, whether or not Iranian behavior in Iraq represents a threat to their stability and to their successful transition to their own complete sovereignty? What also is the susceptibility of the Government of Iraq to Iranian influence or to their destabilizing efforts?

Ambassador JEFFREY. Senator, as the President has said many times, we are concerned with Iranian behavior in the region and in pursuit of nuclear weapons.

Chairman LEVIN. Does that include in Iraq?

Ambassador JEFFREY. In Iraq specifically, sir, we, first of all, have to note that as a neighbor of Iraq's, a country that suffered devastating losses from an invasion by Iraq in 1980, Iran obviously has legitimate interests in Iraq. Just like Turkey, Jordan, Kuwait, and Saudi Arabia do. There is significant trade in the region. There is a tremendous amount of religious pilgrimage and the like into Iraq.

Nonetheless, what concerns us about Iran and Iraq begins with the support, that we have seen over the years, of armed militias who have attacked us and who have attacked the Iraqi Government. This culminated in a series of battles where Prime Minister Maliki took them on in 2008, in Basra, Sadr City, and Baghdad.

We are watching that closely. We are seeing continued signs that Iran has not given up its support for these groups, and this is very troubling to us.

In terms of the susceptibility of the Iraqi Government, like any government pays attention to its important neighbors, we are absolutely convinced that this is a government that is nationalist in orientation, is fully aware of the threats to its sovereignty, and will take the necessary steps to protect it.

Chairman LEVIN. Just to complete that, they may be concerned about their neighbors, but specifically is there a problem that Iran creates for Iraq with their current behavior?

Ambassador JEFFREY. Iraq has to face many pressing and long-term problems, some of which you've described.

Chairman LEVIN. Is one of those Iranian behavior?

Ambassador JEFFREY. It's not on the short list at this time for the Iraqi Government, but they are well aware of the potential for trouble.

Chairman LEVIN. Is it on the long list?

Ambassador JEFFREY. They're well aware of the potential for trouble, Senator.

Chairman LEVIN. Thank you very much.

Senator Gillibrand, you are welcome here. We're delighted that you are here. When we welcomed the new members before I don't believe that you were present, so it's great to have you here.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

As is well known, I'm deeply concerned about this issue of complete U.S. withdrawal. General Austin, I think that we would agree that the Battle of Fallujah was one kind of counterinsurgency that could even be compared to the Battle of Hue. It was house-to-house, high casualty, and a high intensity conflict. We fast forward to the Battle of Sadr City, which made extensive use of technological capabilities that we've developed over the intervening time.

In the absence of the United States, would the Iraqis have the capability that was vital in winning the Battle of Sadr City?

General AUSTIN. Senator, certainly not. They would have to develop that type of capability over time. The capability that I believe you're referring to is the capability to acquire targets and employ precision fires that limit collateral damage.

Senator MCCAIN. In the words of General Petraeus, "We made them take a knee," right?

General AUSTIN. Absolutely, Senator.

Senator MCCAIN. Without the U.S. presence there, it would take a long time before Iraq would have the ability to replicate that capability?

General AUSTIN. It will take some time for them to develop that.

Senator MCCAIN. The Iraqis are interested in having an air force, for obvious reasons. Are they going to be able to build an air force without U.S. presence there?

General AUSTIN. They do have a number of options to both acquire equipment from and ask for training from other nations.

Senator MCCAIN. So they would have to acquire equipment and then get trainers from other nations?

General AUSTIN. They would.

Senator MCCAIN. Would you agree, Ambassador Jeffrey, that the highest priority of the Iranian government this year is to prevent any change to the security agreement with Iraq so as to ensure that no U.S. troops will remain in Iraq by January 1, 2012?

Ambassador JEFFREY. Senator, I can't assess with full accuracy Iran's intentions.

Senator MCCAIN. My question is, would you agree that it's the Iranian Government's highest priority?

Ambassador JEFFREY. I would say that it is a significant priority of the Iranians to not have U.S. forces on its doorstep.

Senator MCCAIN. How concerned are you, Ambassador Jeffrey, about the violence against U.S. civilian officials that might entail or occur after our withdrawal?

Ambassador JEFFREY. Senator, my highest priority as Ambassador is the security and safety of my personnel. My people on a given week are the subject of sometimes one, two, or three attacks, between indirect fire and typically improvised explosive devices

(IED). We had an IED against one of our columns 2 days ago. It's a very big concern of ours. Nonetheless, it is a concern we have lived with since we started operating in Iraq in 2003.

Senator MCCAIN. Al Sadr resided in Iran for a period of time, came back, and then went back to Iran. Now I understand he's back again. Is that correct?

Ambassador JEFFREY. The latest I heard was that he is back in Iran, sir, but it's very hard for us to keep track of his going back and forth.

Senator MCCAIN. His followers are a key element in the formation of the Maliki Government?

Ambassador JEFFREY. His followers or his party played a role back in the October time-period when the Maliki Government was first forming. But at the end of the day, Senator, they received 660,000 votes out of more than 12 million cast. They have only 39 seats in the coalition, which is roughly 300 seats total. Their role, which is relatively minor in the government, reflects their voting power.

Senator MCCAIN. It also played a key role in the formation of the government. When they swung by Maliki, it then enabled Maliki to form the government. I'm very concerned about Al-Sadr, his activities, his followers, and his close ties with Iran, the Taliban, and others. I'll just be very blunt, I'm deeply concerned about that.

I'm also concerned, Ambassador Jeffrey and General Austin, the Government of Iraq has already released a lot of individuals who had been detained by the U.S. military. We hear reports that the prime minister has released many more as part of a political negotiation to form a new government, especially with the Sadrists. Do you have concern about that, General Austin?

General AUSTIN. Senator, I am always concerned if—

Senator MCCAIN. I mean, it's happening? These detainees are being released?

General AUSTIN. There are a number of detainees that are routinely released because of lack of evidence or because they may have served their sentence.

Senator MCCAIN. Do you believe that some of those have been released because of the influence of Al-Sadr?

General AUSTIN. I have no proof to confirm that.

Senator MCCAIN. Is it your opinion?

General AUSTIN. Without proof, I would be hesitant to provide an opinion on that.

Senator MCCAIN. In the Kurdish Iraqi areas like Mosul and Kirkuk there is a significant U.S. peacekeeping presence. What is your degree of concern about the removal of that presence as far as igniting some conflicts between the two parties?

General AUSTIN. Our presence up there has provided a means to build confidence and enable the Arab and Kurdish elements to work together there. The troops have done a magnificent job of working well together. In some areas, tensions still remain, and I think that as we remove those combined security locations it has to be carefully managed.

At the end of the day, the issues that are present there need to be resolved politically and that may take some time.

Senator MCCAIN. I hope, Ambassador, you'll make some representations to the Iraqi Government concerning the situation in Camp Ashraf, and I want to thank both of you for your service, and may I urge you to continue to make a case for continued U.S. assistance as the Iraqi Government goes through a very difficult and challenging transition. There are enormous pressures for cutting spending that are going to increase here in Congress, and we're going to have to convince a lot of people of the importance of sustaining and assisting a free and independent Iraq as it makes this transition.

I thank you for your service to the country.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Thank you, gentlemen, for your service and for the service of your colleagues. As Senator Levin indicated, we were there just a few days ago to witness firsthand the progress, but also the challenges. I want to underscore something that Senator McCain said, which is absolutely critical. That is, the need to generate bipartisan support for an increasingly civilian-led effort. As the mission migrates from DOD and from the DOD budget to the civilian side, DOS, and it looks more like foreign aid instead of military aid in the field the reality which Senator McCain pointed out, is it's going to be very, very difficult to sustain.

He's also pointed out, quite perceptively, if we don't sustain this effort then we have invested a lot of blood, lives, and material in an effort that could be lost, that would be a tragedy, as you pointed out, Ambassador Jeffrey, in one of those Charlie Wilson moments, where we ask goodness gracious, what were we thinking?

That is a central point and it was very well said by Senator McCain. I wanted to emphasize it.

Ambassador Jeffrey, you pointed out that the rough cost of our operations this year in Iraq, is what? Combining military and civilian efforts? Do you have an idea?

Ambassador JEFFREY. On the civilian side, sir, it's roughly \$2 billion plus. That includes the assistance program, which is roughly \$0.5 billion or \$500,000,000, and we're beginning to get some of the moneys for the police training program. It's complicated accounting. Then the operations budget is \$1.797 billion, sir. So you add it all up, it's somewhere over \$2 billion. For the military side, I'd have to defer to General Austin.

Senator REED. General Austin, what's your rough estimate of your operating budget this year?

General AUSTIN. In fiscal year 2010, Senator, it was \$72 billion.

Senator REED. \$72 billion. You have roughly \$74 billion we are committing annually. When the transition is completed, what's the number that you need, Mr. Ambassador?

Ambassador JEFFREY. We haven't quite finalized that for fiscal year 2012, Senator. What I can say is the building blocks would be where we are now. We would like to take over the ISF training and equipping program as a DOS Foreign Military Financing (FMF) program. Right now, that's \$1.5 billion. We would ask for less, but it would be a significant percentage of the \$1.5 billion.

The police training program is approximately \$1 billion a year. Taking over some of the operations in the field security and logistical missions, but particularly perimeter security and movement security would be on the order of half a billion or more a year. If you add all that up, you would get a figure that I would rather not add up, but it would be about twice what we are doing now.

Senator REED. Can you add it up, because you're better at math than I am.

Ambassador JEFFREY. If I had to add it up, it would be over \$5 billion, Senator.

Senator REED. We're going essentially from \$74 or \$78 billion down to \$5 billion.

Ambassador JEFFREY. There would be some DOD costs associated with OSC-I, Senator. We don't quite know how much that would be, because they would be doing the security and obviously some of the payment of those. But clearly we're looking at roughly a 90 percent reduction.

Senator REED. We're looking at a 90 percent reduction, which is good news. But the reality is, unless we're prepared to fund your efforts at the tune of \$5 to \$6 billion a year, then you're going to have a difficult time sustaining the progress that we've made; is that fair?

Ambassador JEFFREY. I'm not going to sustain the progress that we've made, at least in supporting the Iraqi Government.

Senator REED. Unless you have that money, that's right.

What percentage is that of DOS's budget?

Ambassador JEFFREY. It's between 5 and 7 percent of DOS's foreign assistance budget, the moneys that we would have for the FMF and for the U.S. Agency for International Development (USAID), roughly half a billion dollars for Economic Support Fund, and then the police training. For the Diplomatic and Consular Programs, if you strip out salaries for our people, the basic operating budget, which is pretty big, is almost as high as 30 percent in the statistics I've seen.

Senator REED. We're looking at 30 percent of the budget. This is not a nominal figure in DOS. This is a huge amount of money.

Ambassador JEFFREY. This would be, taken together, probably the single biggest program in DOS in fiscal year 2012, Senator.

Senator REED. Again, let me reiterate. We all understand that when programs migrate from DOD over to foreign aid, we keep the troops in the field for support, which is a category that's a lot harder to sell, to be blunt, and we have to make that sale. That's the message that I heard on both sides.

Let me interject another issue, I saw competition on the DOD side between assets for Iraq and assets for Afghanistan. At the same time you're trying to do this in Iraq, your colleagues are trying to pull military forces out in Afghanistan, stand up Afghan forces, and turn it over to the civilian mission.

This is going to be a competition not only for money and your effort, but also for money for Afghanistan's efforts, which means that we have the same dilemma there. Is that an accurate assessment?

Ambassador JEFFREY. Basically, it is, Senator. There is one difference. In a year, I'll be operating without the U.S. military. My

colleagues in Afghanistan will not be operating without the U.S. military.

Senator REED. Another point is, when we were there DOD and DOS had identified over 1,000 tasks that had to be transitioned or accommodated. Some of them have clear DOD fingerprints; clearing travel routes, protecting personnel, et cetera. Others are tasks that are subsumed in the Commander's Emergency Response Program (CERP) funding, local activities, et cetera.

I must say when you look closely at all these functions and the support you're getting indirectly, the positive spillover benefits from the military presence, that the number of \$6 billion plus you've suggested is probably an underestimate. Do you have a reaction to that, Mr. Ambassador?

Ambassador JEFFREY. As I said, we try not to talk specific figures at this point, but in the order of magnitude of double what we're doing now is what we'll be looking for in fiscal year 2012. The support activities that the military is doing, is very hard to put a figure on and how much of that would transfer to us because it's apples and oranges. We have to pay the salaries of our Private Security Details (PSD) while combat troop salaries are in the DOD base budget.

We get extraordinary support, billions of dollars of support, from the military every year, everything from Counter Rocket, Artillery, and Mortar identification of incoming rockets to logistical support, there's no doubt about it.

Senator REED. Thank you. My time has expired. Again, gentlemen, thank you for your extraordinary service.

Thank you.

Chairman LEVIN. Thank you very much, Senator Reed.

What are PSDs, for the record?

Ambassador JEFFREY. Personal Security Details. These are the people who—

Chairman LEVIN. "Private security details," is that what "PSDs" means?

Ambassador JEFFREY. Yes, sir.

Chairman LEVIN. Just filling in what the acronym means.

Ambassador JEFFREY. Exactly. But they could be military or they could be contractor security.

Chairman LEVIN. Thank you very much.

Senator Graham.

Senator GRAHAM. Thank you both for your service. I think Senator Reed brought up some very good points. The Nation needs to understand what's about to occur here. If you bring all the troops home, we all would like that to happen as soon as possible, you still have a country that is in a very early stage of development in terms of democracy. Would both of you agree with that, that Iraq is an infant democracy at best?

General AUSTIN. Yes, sir.

Ambassador JEFFREY. I would drop the "at best." I think they're a solid infant democracy, Senator.

Senator GRAHAM. Okay. We're going to say they're in the solid infant category. Now, just like with any other infant, you need to provide some assistance and nurturing to make sure they grow up

strong and healthy, and that's the challenge forward, correct? Take it from an infant to a mature democracy?

Ambassador JEFFREY. The Iraqis appreciate our assistance. There's an issue of sovereignty here.

Senator GRAHAM. No, I'm not saying that we're going to do it for them. We're going to help them.

Ambassador JEFFREY. Yes, sir, it is in the strategic framework, specifically, air political support. We of course support them in election monitoring, in setting up elections, and in many other ways.

Senator GRAHAM. Does the general population want us to continue to be their partner in some fashion?

Ambassador JEFFREY. The general population wants us to be their partner, yes, sir.

Senator GRAHAM. Does the military want us to help train their air force, General Austin?

General AUSTIN. They do, Senator Graham.

Senator GRAHAM. Okay. We have an Iraqi navy to develop, too. Do they also want us to help them in that regard?

General AUSTIN. They do.

Senator GRAHAM. We're not staying in a place where we're not wanted, is that a fair statement, whatever "staying" means?

Ambassador JEFFREY. That's a fair statement, Senator. Most polls say that the Iraqi population in general would like to see the military presence withdrawn.

Senator GRAHAM. I understand that. Now, that goes back to what is penny-wise and a pound-foolish from an Iraq-American point of view. To carry out your mission in 2012 without U.S. military security being provided, we're basically creating a small DOS army, correct?

Ambassador JEFFREY. I would have a problem with two words, Senator, "creating" and "army," and I'll explain why. Right now we have some 2,700 private security contractors (PSC) and many hundreds of DOS security personnel. That figure will go up significantly, by an order of magnitude. The point I'm trying to make is we already have a large number of security personnel operating in Iraq under—

Senator GRAHAM. Is it enough to do the job?

Ambassador JEFFREY. If we get the money to have the additional security, it's enough to do the job.

Senator GRAHAM. Well, let's talk about that additional security. Will it include mine-resistant ambush protected (MRAP) vehicles?

Ambassador JEFFREY. It will, Senator.

Senator GRAHAM. Will it include helicopters?

Ambassador JEFFREY. It'll include a large number of helicopters, Senator.

Senator GRAHAM. Will these helicopters be armed?

Ambassador JEFFREY. They will not be armed, Senator.

Senator GRAHAM. But you're going to have a helicopter fleet. You're going to have an MRAP fleet. If something happens, do you have enough capacity to shoot your way out of it, or are you going to have to rely on the ISF if you're up in Kirkuk or Mosul and something bad happens?

Ambassador JEFFREY. Currently, Senator, both the U.S. military and my own convoys move with ISF support in the cities. We assume that will continue.

Senator GRAHAM. How dependent are you today on American military security for your movements?

Ambassador JEFFREY. Essentially all movements outside of Baghdad, that is all Provincial Reconstruction Team (PRT) movements, by agreement between the embassy and CENTCOM are conducted by USF-I forces. That of course will change when the forces go.

Senator GRAHAM. Okay. If all movements in Iraq to do your DOS and other agency jobs require USF-I to provide security and next year they're gone, who fills that vacuum?

Ambassador JEFFREY. First of all—

Senator GRAHAM. Well, let me ask this question. Would it be wise from an Iraq-U.S. point of view that we not create a complete vacuum? Would it make sense, financially or security-wise, to have a military footprint left behind if Iraq requests a continuation to provide security for DOS officials and others?

Ambassador JEFFREY. We are always happy to have U.S. military security. They're the best in the world.

Senator GRAHAM. Thank you.

From a professional military point of view, what lies ahead in Iraq is the holding and building. Do you believe it makes sense, given the security requirements that lie ahead for our DOS officials and others to get out and about in Iraq, that it would be wise to have an American military contingent in 2012 in Iraq?

General AUSTIN. Senator, the ISFs have the ability to control the internal security in the country currently. They are leading the effort to do that now, and they do need continued work on logistics and intelligence capabilities, and so—

Senator GRAHAM. Do you feel comfortable with the ISFs as they exist January 1, 2012, to protect the thousands of Americans and other people in Iraq trying to provide assistance to that country? Can they do the job? Are you comfortable with them being able to provide that security?

General AUSTIN. I think that adequate security will be provided, provided the Ambassador is adequately resourced to mitigate—

Senator GRAHAM. Is it your opinion we do not need, from a military point of view, any troops in Iraq in 2012?

General AUSTIN. Senator, what we're focused on now is abiding by the agreement that—

Senator GRAHAM. I know, but you're advising Congress. You're somebody we respect. You've been on the ground a lot. Please put on the table what you see as reasonably necessary or an insurance policy, for lack of a better word. If you can construct the perfect scenario, what would you have that scenario be, regarding military involvement in Iraq in 2012 and beyond?

General AUSTIN. Senator, I would prefer to avoid speculating on what we would be able to do and what we could provide, because I think the Iraqis would have to make a request and then we would, as a matter of policy, our government would have to—

Senator GRAHAM. My time is up, but I understand what you're saying. If such a request were made by the Iraqi Government, they

would love to have some military assistance to help them with the boundary disputes, to train their air force, to help develop better security for our people and theirs. If such a request was made, would you be favorably disposed to say yes?

General AUSTIN. If that is the policy of the American Government—

Senator GRAHAM. No, I'm talking about you. Would you recommend to us to say yes?

General AUSTIN. Senator, again that's beyond my pay grade to make that recommendation.

Senator GRAHAM. Thank you.

Chairman LEVIN. Thank you very much, Senator Graham.

Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

I want to welcome Ambassador Jeffrey and General Austin to our hearing today, thank you for your testimonies today, and your continued efforts to ensure that Iraq becomes a stable, self-sufficient, and democratic nation. I also would like to recognize the outstanding men and women you both lead in Iraq, and we appreciate their sacrifice and hard work.

Ambassador Jeffrey, in our transition we're looking at many ways of bringing that about, and in particular the PRTs have been in place throughout Iraq since November 2005 and have worked towards building up provincial and local economies. Can you discuss the current status of the PRTs as they hand over their mission to our consulate office?

Ambassador JEFFREY. Yes, sir. We have gone from a total, including outlier posts, of roughly 30 PRTs down to 16 PRTs right now. These are co-located, with the exception of Irbil, with the U.S. military. As we discussed, they receive U.S. military security. They're embedded in the U.S. military units. They're combined military-civilian teams focusing on political, development assistance, rule of law, and the like.

They have been extremely effective in partnering with the U.S. military on the delivery of aid, be it CERP, be it our own quick reaction funds, and so forth. What we are going to do is transform, if we get permission and the funding, four of those, in Irbil, Mosul, Kirkuk, and Basra, into two consulates, in Irbil and Basra. Also, two temporary, for a number of years, embassy branch offices in Mosul and Kirkuk. This also requires Iraq to approve, at least, the embassy branch offices. They have approved the two consulates. We also will keep the Baghdad PRT in operation and running out of the embassy. We'll have five.

Then we're looking at ways in various other areas, such as Diyala and other areas that are important, to conduct fly-ins, to leverage the presence of either the police trainers or the OSC—I to develop "lily pads" that I can physically get people and security in, so that I can move and have contact with the governmental folks. We maintain some of the tremendous contacts and programs that we've had in places other than the five branches where we will continue to have a significant presence.

Senator AKAKA. Thank you. We'd like to continue oversight there.

In October 2010, DOS had over 1,000 employees and 2,700 contractors in Iraq. Current reports indicate that they plan to have and hire 7,000 more security contractors. Ambassador Jeffrey, how will you ensure that these contracts are fulfilled in an appropriate manner, avoiding the types of problems that surfaced under the Blackwater security efforts?

Ambassador JEFFREY. Senator, we currently have 2,700 security contractors. We'll increase, for the embassy, to 5,500 personnel. Our police training program will require some security as well, let's say the better part of 1,000 more. Then OSC-I working through DOD will also have security contractors as well.

We are very, very concerned about that, given the Blackwater incident in 2007 in downtown Baghdad. DOS, under Under Secretary Pat Kennedy, who's still in the job and watches this closely, wrote a report outlining all of the problems that led to that tragic event. As a result, we have taken various precautions, modifications, and reforms, as have the Iraqis.

All of these security companies have to be registered with two Iraqi ministries. They're under Iraqi law. We, in addition, have a variety of new procedures, tactics, techniques, and procedures as we call them or standard operating procedures, that require, for example, a commissioned or full-time DOS security employee to ride in every convoy. We have cameras on the vehicles to record everything that goes on. We have Blue Force Trackers to monitor where they are. We have done special training in rules of engagement and cultural awareness. We have ISFs traveling and coordinating with us, and I'm happy to report in thousands of moves in Baghdad and in the north in Irbil where we've done that since 2007 we have not had a serious incident.

Senator AKAKA. Thank you.

General Austin, the U.S. Government's presence in Iraq will change without question significantly as we draw closer to the end of 2011 and we redeploy the remaining military troops. What are the future plans for the bases and the facilities? Is any equipment going to be handed over to DOS, given to Iraq, or brought back to the United States?

General AUSTIN. Thank you, Senator. Actually, we'll do some of all of that. We will transfer equipment to DOS to help in their future endeavors. As they identify additional requirements, we'll work with the leadership in DOD to make sure that we transition or transfer equipment as expeditiously as possible.

We're also transitioning or transferring equipment to the ISFs. As we've drawn down from a much larger footprint than we had, over 100,000 personnel, to the footprint that we have today. We have 77 bases that we're operating out of today, but when we transitioned in September from combat operations to Operation New Dawn, we were at somewhere around 92 bases. As you can see, we've continued to shrink our footprint somewhat.

In that process, we have continued to transfer equipment to both the Iraqis and, again, identified equipment that should be transferred to the embassy based upon their request. So it's some of all of that, Senator.

Senator AKAKA. Thank you very much, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Akaka.

Senator Wicker.

Senator WICKER. Thank you, Mr. Chairman.

General Austin, I want to take another stab at Senator Graham's line of questioning. I realize that you are a military man, that you take orders and you don't speak for yourself. You are under the command of the President of the United States as our Commander in Chief. We appreciate that, and you're going to implement the policies that you're directed to implement.

But I assure you it's all right for you to come before Congress and give opinions as to your best judgment. I think that's what Senator Graham was unable to get from you in his line of questioning. The military troops are going to be gone after January 1, 2012. We're going to have a number of American personnel there who will still be in harm's way. So my question is, in your judgment, based upon your expertise, will our American personnel in Iraq be as secure without U.S. troops as they would be if troops remained present?

General AUSTIN. Thank you, Senator. I think Ambassador Jeffrey would agree with me when I say this, but because of who I am, I always believe that it can be done better with the U.S. military. As you pointed out earlier, we are right now focused on achieving the objectives that have been laid out with the current Security Agreement that exists between our country and Iraq, and that's where our focus has been.

Senator WICKER. I understand that there are other considerations, and part of that is what the people of Iraq and the government wants, that they've put in place. Could you quantify on a scale of 1 to 10, with 10 being the security of our American personnel if troops remain, what will be your comfort level about their security without troops there?

General AUSTIN. Senator, I would like to avoid trying to quantify any kind of assessment such as that without—

Senator WICKER. Clearly your opinion is that our personnel would be less safe than if we had troops there. I think that is your judgment. You're going to implement a different policy, but that is your judgment; is that not correct, General?

General AUSTIN. Senator, again because of who I am, I always believe that our military adds much value to any situation. I think that Ambassador Jeffrey and his team, if adequately resourced, can provide for the security of the folks that they'll have working there. It can be done better with our help for sure, because we have a long history of doing these types of things.

Senator WICKER. Thank you.

Then, Mr. Ambassador, let me ask you this. I want to make sure that we get your complete testimony. With regard to PSCs, your answer to Senator Akaka was: One group of 2,700 security personnel, another group of 5,500, and then you mentioned others, but I didn't get numbers there.

Ambassador JEFFREY. Thank you. If I could take a moment because this is an important point. We have operated with our own contract security in Iraq under far worse conditions than we are now, when I was there last time in 2004–2005. It was total rock and roll. We were in Basra, Hillah, and Kirkuk operating on our own. We took casualties, but we did the mission.

We are continuing to operate in Baghdad and in Irbil with our security personnel. They do a very, very good job. They keep our people safe. Baghdad is one of the areas where we've seen more attacks than most other areas; and we're prepared to do this throughout the country.

Because the military security, for the places where we'll still be located around the country, is being withdrawn, we have to increase our security forces, both perimeter security around the consulates, embassy branch offices, and movement security, the PSDs. Therefore we're going from, as I said, the current level, which is 2,700 security contractors and roughly 300 DOS security and support personnel, to some 5,500 contractors, and augmenting somewhat the number of DOS personnel who will be supervising them.

In addition, the police training program will bring with it some additional security personnel.

Senator WICKER. How many will that be?

Ambassador JEFFREY. I would say the better part of a thousand, Senator. But that we need to get back to you on.

[The information referred to follows:]

The Department will provide protective security and static security personnel under the Bureau of Diplomatic Security (DS) Worldwide Protective Services (WPS) contract for INL-I programs beginning in fiscal year 2011 with anticipated security personnel increases in fiscal year 2012. For fiscal year 2011, the staffing plan consisted of 322 WPS static guards at FOB Shield in Baghdad. However, temporarily, the DOD TWISS contract will provide static guard services until April 1, 2012, at which time 322 WPS static guards will assume operations. In Baghdad, INL will have 204 WPS protective security detail (PSD) personnel, 62 WPS PSD personnel in Erbil, and 54 WPS PSD personnel in Basra. INL-I's anticipated security personnel staffing needs in fiscal year 2012 will increase to 291 WPS PSD personnel in Baghdad, 103 WPS PSD personnel in Erbil, and 79 WPS PSD personnel in Basra. Static Security requirements for Baghdad at FOB Shield are expected to remain the same in fiscal year 2012. The total number of anticipated WPS security personnel initiating operations in fiscal year 2011 is 320, with an additional increase of 153 being added in fiscal year 2012 for an overall total of 795 WPS personnel.

Five DS Special Agents under Regional Security Office (RSO) Baghdad will work in direct support of the INL mission in Iraq. These agents will manage security programs that directly relate to INL, and along with other DS personnel, provide operational oversight of WPS contract personnel. DS personnel will not be training providers. Although their primary duty is to manage programs, DS Special Agents are fully prepared to serve as agents-in-charge (AIC) of INL PSDs, lead quick response force (QRF) operations, conduct security surveys of INL locations and perform other security duties as needed. Another important duty of these DS Special Agents will be to maintain strong working relationships with their Iraqi Security Force counterparts.

Depending upon the scope and range of the Police Development Program, up to 30 DS Security Protective Specialists (SPS) under RSO Baghdad will also be assigned to support INL programs in Iraq. In addition to assisting DS agents in managing security programs, Security Protective Specialists will lead INL PSDs as AICs, providing direct operational supervision of WPS personnel. SPS will also staff positions requiring unique skill sets such QRF teams. SPS personnel will not be training providers.

Senator WICKER. We have 5,500, then 1,000.

Ambassador JEFFREY. Then—

Senator WICKER. Then there's OSC-I.

Ambassador JEFFREY. OSC-I, which is the military support element under the embassy, that will be providing security assistance, training and equipping, and these FMS cases, they will require security as well. But I don't have a number on that.

Senator WICKER. Okay. You mentioned what the population of Iraq want with regard to continued U.S. presence. I know at a time

there was extensive public opinion polling going on of the Iraq people. Mr. Ambassador, is that still the case?

Ambassador JEFFREY. There is a good number of different polls that come out all the time, done by various international agencies, private companies, the Iraqis themselves, sir.

Senator WICKER. Are you privy to that information?

Ambassador JEFFREY. We see a lot of it, that's right.

Senator WICKER. Based on that, the information you have is that a substantial majority of the Iraqi people would like the United States to continue with a security presence there absent the military; is that correct?

Ambassador JEFFREY. I wouldn't say a substantial majority, but it's much higher amount wanting a relationship with us, than the percent of the population that want to have an American force presence. That typically is quite low, between 7 and 20 percent, other than in the Kurdish areas, where it's up about 50 percent or higher sometimes.

Senator WICKER. With regard to the situation that we intend to have after January 1, 2012, is there majority support for that?

Ambassador JEFFREY. I would have to check the polls, Senator. It's a tricky question. It was a tricky question when——

Senator WICKER. They get tricky even done inside the United States.

Ambassador JEFFREY. I know, but——

Senator WICKER. It depends on the question.

Ambassador JEFFREY.—they're particularly tricky, frankly, in the Middle East, where I've spent much of my career. They were tricky inside Turkey, where in all of these countries, there is a nervousness about countries having too close relations with anybody, including Iran, which does not fare well in any poll in Iraq. Or the Sunni Arab countries or Turkey, they're nervous about relations with anybody because all of these countries have had a long history of being exploited by neighbors, colonialization and such in the case of Iraq. The general reaction of the population is to be wary.

Nonetheless, as we judge these things, taking that in mind, we would say that there is a general positive feeling on the part of the population towards relations with the United States in general and the program we'll have after 2012.

Senator WICKER. Thank you, and thank you both for your service.

Chairman LEVIN. Thank you, Senator Wicker.

Senator Ben Nelson.

Senator NELSON. Thank you, Mr. Chairman, and let me add my appreciation for your service and the men and women in uniform who serve, as well as the civilians who serve at the present time.

I find the discussion about good, better, or best in terms of security there in Iraq as to how we provide it and which will work best. The presence, the amount of our presence, and the quality and the nature of our presence is an Iraqi decision more than it is ours. Having said that, isn't the question, General, whether or not DOS will, with proper resourcing, be able to provide adequate security?

General AUSTIN. That is one of the important questions, yes, Senator.

Senator NELSON. Yes, we could do it better. We could do the belt and suspenders approach. I understand the level of continuing to provide even more and I would support and appreciate the fact that you've pointed out that you feel that the military can do it better. You should feel that way. We should all feel that way.

It's not about better. It's about adequate and getting it done sufficiently to protect our presence in Iraq as well.

Now, let's get it on the table. Mr. Ambassador, you said Iraq has not asked for any continuing U.S. military presence at this time. This is a tough question because you don't have a crystal ball. Do you expect that they will ask for some continuing military presence after the expiration date? It's a possibility. Do you expect it?

Ambassador JEFFREY. Again, my crystal ball doesn't reach that far, Senator. I expect them to want to talk more with us about their security needs, and how they can be met. This is a country with security forces right now of some 650,000 people. They have basically beaten an insurgency and they're doing well against a continued but still relatively small resistance, compared to the past terrorist threat.

Senator NELSON. They probably have a reasonable understanding of their capabilities today, and we would hope that they would have a reasonable expectation, understanding, and evaluation of their security capabilities at the point of departure. It's not unreasonable to expect that if they're inadequately resourced in security, that they might want to have some additional help. We're not anticipating that at the present time, but that's perhaps one of the plans that we ought to have in mind. Is that fair?

Ambassador JEFFREY. As I said, we are already preparing to provide that help with police training, FMS, FMF, and the multitude of security and military assistance of various forms that are required. To turn them into a foundational conventional defense force that they need to be and where they're not now, will require a good deal of help.

How that help is construed, whether it can fall into the program that we have set out after 2012 or would require something more, is something that they haven't come to us and talked to us about.

Senator NELSON. This would constitute conditions on the ground at the time, is that fair?

Ambassador JEFFREY. That's what will drive their decisions on talking to us about this, Senator.

Senator NELSON. In terms of turning over equipment, I've always been concerned about the fact that we don't want to be the kind of military that we are bought and paid for by a foreign country on the one hand. On the other hand, as we transfer equipment are we finding ways for them to pay for the costs of that equipment, either at the current time or with some future arrangement for them to pay us back rather than simply providing equipment and leaving it free of charge? General Austin?

General AUSTIN. Some of the equipment has and will, in fact, be paid for, Senator. It depends on the category of the equipment. The answer to your question is yes.

Senator NELSON. I know that some time ago we entered into an agreement with Iraq, where, when they were having trouble acquiring equipment because of their own internal inadequacies and

procedures, we actually acquired it on their behalf with their money. My hope is that we will be as careful with the taxpayers' dollars in the transfer of the equipment as we should be. Recognizing that we are paying for a great deal of the war in Iraq. It's a tremendous impact on our budget. It's not the driving force as to whether or not we continue to do what we think is right, but it is a factor, and I hope that everybody will be focused on that as we create this transition.

Can you assure me, both of you, that, not out of the goodness of our heart, but recognizing the importance to doing this in a good, sound economic way that we will try to recover as much of our costs in that transfer as possible? Ambassador?

Ambassador JEFFREY. We have been pressing them to increase and they have, Senator. They spend \$8 billion a year on their security forces. That has been going up. The percentage of how much they put into their equipment purchased externally and how much we put into it has been rising in their favor and it will continue to do so. This is not a long-term program that we're envisaging.

Senator NELSON. General?

General AUSTIN. Yes, sir. In addition to that, they have about \$13 billion or so worth of FMS cases that we are processing with them. They are not only investing in their own future, but we are playing a large part of that. They're investing in our equipment as well.

Senator NELSON. This could be the third leg of that, to recover some of our costs as we make that transfer. It's consistent with where the trend is and we just ought to make sure this is part of that trend?

General AUSTIN. Yes, sir.

Senator NELSON. Thank you, Mr. Chairman.

Chairman LEVIN. If I could clarify something, Ambassador, in answer to Senator Nelson's question you said the percentage that Iraq is paying is rising in their favor. You mean that the percentage that they're paying is rising or they're paying more?

Ambassador JEFFREY. They're paying more. Of the weapons systems that have been flowing in to them, the percent of the total cost that they pay for has been rising consistently for the last several years.

Chairman LEVIN. When you use the term "rising in their favor," it's rising in our favor, not in their favor, as far as I think Senator Nelson's point was.

Ambassador JEFFREY. Exactly.

Chairman LEVIN. Senator Ayotte.

Senator AYOTTE. Thank you very much, Mr. Chairman.

I want to again commend both Ambassador Jeffrey and General Austin for your distinguished service. I want to also thank our men and women in the armed forces for their sacrifice and the tremendous progress that we've made in Iraq, and also their DOS counterparts and the important work that you do.

Ambassador, can you think of another circumstance where DOS has had the security responsibilities, you said that we will have, of approximately at least 5,500 contractors, perhaps another thousand security personnel, and have had success in transitioning from a military security basis to that much security responsibility?

Ambassador JEFFREY. Back in 2004–2005, Senator, when I was there, we provided essentially all of our own security for our operations throughout Iraq. It was not as large as this program, but it was significant. DOS provides the security for all of our personnel in Pakistan. While it's a somewhat, from other circumstances, an unfortunate analogy, but I was involved in the transition on the military side when we turned over to the embassy in Saigon with a tremendous equipment delivery and security mission in February 1973.

Senator AYOTTE. Ambassador, I believe you testified that when you were in Iraq previously that it was sort of “rock and roll” in terms of what you were dealing with. One of the concerns that I have is, obviously, we don't want to put our personnel in that position again, where those are the circumstances under which they are working, and I'm sure you share that concern as well.

What circumstances do you anticipate that you may recommend to your superiors that we approach the Iraqi Government to ask for an extension of the military presence past 2011 deadline?

Ambassador JEFFREY. Let me put that a little bit differently, Senator. The assumptions I have made that we can do, I would go beyond adequate, security that I'm comfortable with putting people out there based upon the continuation of the current security trends. That is, with attacks down 90 percent from the high point back in that era; with the ISFs on the job. They still have some areas that need to be improved and that exposes certain weaknesses, but they're the outer security, we're the inner security, if you will. Most of the time, they fend off most of the threats, particularly the bigger tactical or military threats, and we have to worry more about bombs, IEDs, snipers, and that kind of thing, as opposed to platoon-sized ambushes.

If that were to change, if the ISFs no longer could control large areas where we're moving, I would be in a different circumstance and would have to consider options at that time, and there are many options. Again, I'd like to wait until those circumstances arise and I do not expect them to arise at this point.

Senator AYOTTE. With that many contractors that you're currently relying on, and relying on additional contractors as this transition is made, are you confident that there's sufficient oversight to address waste, fraud, and abuse with taxpayer dollars that are funding those contractors?

Ambassador JEFFREY. Any large program, Senator, and this is already a large program, requires oversight. It requires both people on the ground, contracting officer representatives, who follow up. We have a very active program at the embassy. We're under constant supervision, as cited earlier by the chairman, the SIGIR; our own IG, military IGs for their side of the operation; and our own internal controls and my Deputy Assistant, Ambassador Peter Bodde, particularly watches over that.

Senator AYOTTE. General, a question about our forces in Kuwait. They are offering logistical support in Iraq and also Afghanistan at this time. Do you anticipate any enhanced force presence in Kuwait in case there is an emergency in Iraq from either Iranian aggression or some other form, where security regresses in Iraq?

General AUSTIN. Actually, Senator, that positioning of forces in Kuwait really falls in the domain of the CENTCOM commander, General Mattis, and the commander that he has forward on the ground there, General Webster. In support of our operations in Iraq, I would not want to speculate that we have to increase the amount of forces in Kuwait. That is not a part of the plan as we look ahead here.

Senator AYOTTE. Thank you very much.

Chairman LEVIN. Thank you, Senator Ayotte.

Senator Webb is next.

Senator WEBB. Thank you, Mr. Chairman.

Ambassador Jeffrey and General Austin, I'd like to thank you and all the people who are working with you during this transitional period as we climb out of a hole that we dug 8 years ago, in the view of many people and myself, having come from an enormous strategic blunder. We were worried, and were saying so at the time, that this endeavor would harm the country's economy, that it would blow the top off of the price of oil. I recall when Congress voted to go to war in Iraq oil was \$24 a barrel. It went up to \$143 and today it's about \$102.

We were concerned that this activity would empower rather than contain Iran, that it would encourage greater activities of al Qaeda in a country where it had not been active to any degree before and it had the potential to destabilize the region. Most importantly, there were concerns that I shared and wrote about before the invasion, that the invasion of Iraq would create the temptation or the possibility of a long-term occupation by the United States in a part of the world where we should not be an occupying power.

This last point has been the underlying premise of a number of questions that have been raised today about what's going to happen to the military presence in Iraq in the immediate future. I have read the Status of Forces Agreement and the Strategic Framework Agreement. They're not airtight, as I think you know, in terms of the requirement for United States military withdrawal.

There are people on this committee, and in the Senate, who have argued that the United States should remain in Iraq in the same sense that it's remained in Korea, as a projection force. Some arguments were made during the past campaign that we should be there for another 50 years.

There really are two different questions when it comes down to whether our military should remain in Iraq. The first is whether they are needed in domestic terms, which is what a lot of the discussion has centered on today. The second one, and the most important one, is beyond this transition period should we or are we discussing the notion of providing bases in Iraq as a projection force that could be used externally from Iraq or in a situation other than for the domestic concerns that you're talking about.

Ambassador, have you had any discussions of that?

Ambassador JEFFREY. We haven't, Senator. To go back to 2008, I was involved peripherally in the negotiation of these agreements when I worked on the National Security Council and the Iraqis made it very clear at that time. It was in black and white in the agreement, somewhere between articles 24 and 27, that we are not to have permanent bases, we are not to use our presence in Iraq

to project power of any sort or in any way outside of Iraq. That was the explicit understanding that the administration at the highest levels, and I was present for these deliberations, went into with that agreement. Our presence in Iraq as we move forward from 2008 to the end of 2011 would be solely to help the ISF and the general stability of the country.

Our belief, Senator, after 20 years of having highs of 500,000 troops in 1991 and lows of a few tens of thousands of troops with Operations Northern Watch and Southern Watch, was that securing Iraq, making it a relatively peaceful place that didn't require the kind of military commitments, large- or medium-sized, that many administrations and both parties have supported for the 20 years. This was a great security benefit in and of itself. Therefore we decided to keep the forces on to finish the fight, if you will, and we think we're pretty close to that by the end of this year. But the Iraqis have no intention of having us have bases or project power and that's not our intent at all, sir.

Senator WEBB. Let me clarify something from what you said or get a clarification from you. There has been a lot of discussion this week in the previous hearing in the Senate Foreign Relations Committee, and this one as well, that Iraq is not presently capable of providing security against external threats. I assume we are keeping military forces in Iraq to address that issue for some period of time, where that is a part of a formula?

Ambassador JEFFREY. Under the current agreement, Senator, we are not going to keep military forces in Iraq after 2011. What we will do, given the fact that Iraq does not have a foundational conventional defense, external defense capability, it's just beginning to focus on that because its focus has been on internal security, what we're going to do is to continue our training and equipping program, which will be quite extensive. Both FMF and FMS programs that they purchase for main battle tanks, armored personnel carriers, 155-millimeter self-propelled and towed howitzers, aircraft systems, and other platforms, that they can develop this capability.

We're going to be there with them, helping them do this in a very broad and extensive way, but at this point not with combat troops on the ground, sir.

Senator WEBB. In an advisory capacity, as opposed to with independent units?

Ambassador JEFFREY. That's the plan, exactly.

Senator WEBB. Just so I'll understand, it's been some time since I've read the Strategic Framework Agreement, but there was, and I can provide it for the record if necessary, there was loose language in the sense of a further agreement being possible if the Iraqi Government, for instance, decided that it needed help beyond a period of time.

Ambassador JEFFREY. In the first agreement, the Security Agreement, Senator, there is an article that says that either side can ask to extend it, just like either side can ask to terminate it. In the Strategic Framework Agreement, there's a section on security. That's section 3. Section 10 basically states that additional agreements within the framework of the Strategic Framework Agreement can be set up to do one of the many purposes of the Strategic

Framework Agreement, that can be culture, it can be energy, and it could be security.

Senator WEBB. Just to clarify the point because my time is up, it is your understanding that as of the end of 2011 the formal commitment of the United States, as ground forces per se or combat forces per se will have ended and the transition would be into advisory roles, as we've been discussing today. Is that correct?

Ambassador JEFFREY. It is our plan that we will have a security relationship, Senator, and quite possibly a follow-on agreement under article 10 to talk about how we would do that advisory and training function. It would be an advisory and training function under title 22 authorities under DOS as a security assistance organization, as opposed to a combatant commander subordinate force, sir.

Senator WEBB. Thank you very much.

Thank you, General.

Chairman LEVIN. Thank you, Senator Webb.

Senator Udall.

Senator UDALL. Thank you, Mr. Chairman.

Before Senator Webb departs, I wanted to associate myself with his initial remarks. I think the Senator brings an incisive set of impressions and analysis to the decisions leading up to the invasion of Iraq. I know I served in the House at the time and asked many of those same questions. I know the chairman as well has been deeply involved in those considerations. I think at great peril do we forget those lessons in the long run.

Good morning to both of you. Welcome. Thank you again for the hospitality that you provided to Senator Whitehouse and myself when we were with you in October. General Austin, thank you for your in-depth military operations brief and the way in which your personnel showed us the country.

Ambassador Jeffrey, your hard work paid off. We were privy, with your assistance, to a series of meetings with political leaders across the spectrum in Iraq. I note that your analogy of mixing bitter tea with sugar so that everybody could drink out of the same pot of tea in the end prevailed. Congratulations for those successes there and for the establishment of a government.

I also want to acknowledge the partnership that you have. I think it models the partnership that Ambassador Ryan Crocker and General David Petraeus had preceding you. The jointness that we now have in our civilian and military efforts is really key to the successes that we want to have.

I know the immense challenge that we have in front of us. We're discussing that here today. As you've explained, the success of the transition will be dependent on a number of factors, many of which we have little or no control over. Again, we're engaged and your leadership is very, very important.

If I might specifically move to Al Anbar, we had a chance, General, to travel out to Ramadi and the progress there was significant. In your written testimony, you assess that AQI will remain capable of signature attacks, but will lack public support. Are there any conditions under which you could imagine that public support for AQI would again increase like we saw in those tough days in Al Anbar in particular?

General AUSTIN. I'll offer my thoughts first and then offer the Ambassador the opportunity to provide his thoughts.

I don't think so, Senator Udall. I don't think the people want what AQI brings to their country. They had a good look at that a while back and a couple of years ago they decided that they wanted something different. So AQI does not enjoy the support of the people, and I don't see them returning to prominence to the degree that they were a while back.

I think that the people have seen better times. They want different things. They want a greater sense of security in the country. I don't see it returning.

Ambassador JEFFREY. I agree with General Austin, sir.

Senator UDALL. Ambassador, referencing the image you continue to share with the Iraqi leadership of bitter tea sweetened, the Sadrists are now part of the ruling coalition government. Al Sadr himself, I understand, has returned back to Iran after he had a triumphant return to Iraq earlier this year. Is there any significance to those developments?

Ambassador JEFFREY. As a general rule, Senator, at this time in Iraq, it's not just our assessment from the outside, but it's the assessment of the Iraqis that an inclusive government that brings in all of the political actors, including some of the more problematic political actors, is a good thing. This too allows inside the government, the coalition, and the parliament people to work out compromises and to move forward.

In that sense, Iraqis believe, including some that are quite suspicious of the Sadrist movement, that them being in the government is a good thing. Many Iraqis that I talk to also are quite pleased that their role in government is not particularly large. I think that I'll just stop there.

Senator UDALL. Yes.

We've had some conversation this morning, including Senator Nelson's questions to you, about the transfer of equipment, authorities, and missions from the DOD to DOS. I think we all acknowledge there will be some other bumps in the road as the transition continues. Can you help us understand if there's more we could do in Congress to help expedite this transition?

Then I was also thinking in addition, given the eventual likelihood and I think it has to be a certain likelihood, that there will be a similar transition in Afghanistan, do you see a need for a set of authorities to guide such transition? In other words, from DOD to DOS. Ambassador and then maybe the General could add his thoughts.

Ambassador JEFFREY. Very briefly and I'll turn it over to the General because there are some authority questions on the DOD side. It's not a question of authorities at this time, Senator. It's a question of the funding. We need the funding. As we talked earlier, this will be a substantial part of the DOS budget, but a very small part of what we had been paying just a year before overall from the Federal budget for Iraq. We're hoping that people will focus on that latter point rather than on the former point, that it's a big chunk of the DOS budget.

Senator UDALL. If I can interrupt, General, just for 30 seconds—Ambassador, that, although the number of 17,000 employees

sounds large, it's actually a significant decrease from what was 85,000 personnel on the ground at one point in Iraq. Is that accurate? Please correct me if I'm misinformed.

Ambassador JEFFREY. The military presence, I'll leave that to General Austin. I can't give the figures for that. But it obviously is many times what the 15,000 and to 10,000 to 20,000 range that we're looking at.

Senator UDALL. Over that working lunch we had with your team that we were actually drawing down quite significantly.

Ambassador JEFFREY. The overall U.S. Government footprint in the country will be a dramatic decrease of way more than 90 percent from its highest point.

Senator UDALL. General Austin?

General AUSTIN. When we were operating as a coalition force, Senator, we had upwards of 160,000 total people in the country. We drew down to about 100,000 or so when the United States began to provide the majority of the assistance there.

Then, most recently, we've drawn down to a little less than 50,000. That's a pretty significant transition over time.

Back to your question on authorities, we do need additional authorities to fund the renovation and construction associated with the standup of the OSC-I. We would look forward to working with Congress to be able to obtain those authorities.

Senator UDALL. Thank you again for your service. I look forward to seeing you in country perhaps later this year.

Chairman LEVIN. Thank you, Senator Udall.

Senator Manchin.

Senator MANCHIN. Mr. Chairman, thank you.

To Ambassador Jeffrey and to General Austin, thank you for your appearance today. As one of the new people on the committee and new to the Senate, I want to also thank you and DOD for bringing us up to speed as quickly as possible.

General Austin, I'll start with you if I may. As a person who comes from the State of West Virginia, who is extremely patriotic, like this entire Nation, we thank you for your service.

Sir, at the time of the attack on September 11, we pretty much knew that al Qaeda was our enemy and that was our direction of force, if you will. Who have you identified as our enemy today that we're fighting in the Middle East, whether it be Afghanistan or Iraq? What is the strength of the force of that enemy?

General AUSTIN. Iraq remains a very complex environment, Senator, and there are a number of elements that play in Iraq that oppose not only our efforts, but, most importantly, the Government of Iraq's efforts. To start with, we've spoken of AQI earlier. AQI is much diminished in terms of capability if we look at it today versus what it was a couple of years ago. Our counterterrorist forces have had tremendous impact in reducing the capability of the network. We've taken a number of their senior leaders off the battlefield over time. We've reduced their capability to finance themselves, and we continue to place pressure on AQI.

Senator MANCHIN. What's the number, sir, just for my information, as far as what would be their number of strength? Is it 10,000, 5,000, 100,000, al Qaeda?

General AUSTIN. I'll take that question for the record, sir, because I want to make sure we're accurate there. But it's in the several thousands, but certainly not 10,000.

[The information referred to follows:]

[Deleted.]

Senator MANCHIN. Okay.

General AUSTIN. Their ability to do what we saw them do in the past is somewhat diminished. Having said that, they do have the capability to conduct high-profile attacks and we've seen that most recently during the Arba'een celebration here as we saw Shia pilgrims march down towards Karbala. We expected that AQI would try to attack some of the pilgrims and they did.

There are also other Sunni insurgent elements that are in the environment, like Jaysh Rijal Tariqah al-Naqshabandi for example. Their focus is currently on U.S. forces. We believe that if we are no longer there then they will turn their focus on the Iraqi Government.

Turning to Shia extremist elements, there are three major elements that we focus on on a daily basis. The first is Khateb Hezbollah and the number for Khatib Hezbollah is a couple of thousand. Then Asaib Ahl al-Haq, also a couple of thousand. Then the Promise Day Brigade, that element has been associated with Sadr.

It remains a complex environment. Each of the elements have their own focus. The Shia extremists, for example, are primarily focused on us currently. There's no question in my mind that if we are no longer there they will turn their focus on the Government of Iraq.

Senator MANCHIN. Trying to get a handle on this, the amount of forces that we have in the Middle East right now is at what level, the amounts? 100,000?

General AUSTIN. In the entire Middle East?

Senator MANCHIN. Iraq and Afghanistan.

General AUSTIN. I think there are about 98,000 troops in Afghanistan. Our current footprint in Iraq is less than 50,000, a little bit above 47,000 currently.

Senator MANCHIN. A little less than 150,000, and we've identified not that many thousand enemies.

General AUSTIN. Right. Of course, we have forces in other parts of the Middle East.

Senator MANCHIN. I'm sure of that. It makes it confusing for those of us who don't have the military experience, and us being such a technology-based military, why we have such a presence with such few enemies identified.

General AUSTIN. I understand the question, Senator. I would say that when you look at the numbers, it could be misleading to compare numbers of friendly forces to suspected numbers of enemy forces. You have to really take into account the type of operations, the type of warfare that you're conducting. The types of operations that we're doing in both Iraq and Afghanistan are very, very difficult.

Currently in Iraq, we are focused primarily on advising, training, assisting, and equipping the ISF. We are partnering with them in

conducting counterterrorist operations, but we shifted our focus from combat operations with our conventional forces back on September 1.

Senator MANCHIN. What differences do you see from the Soviet war with Afghanistan and the war that we're fighting?

General AUSTIN. I would defer to Dave Petraeus and his leadership to really provide those comments.

Senator MANCHIN. They had overwhelming forces and superiority, the same as we have overwhelming forces and superiority in comparison; correct?

General AUSTIN. There have been a number of attempts to compare what the Soviets did to what we are doing in Afghanistan. Some people would draw parallels and others would not. Again, we're taking a different approach to what we're doing there in terms of protecting the people and working with the people. It's very difficult to make a direct comparison from the Soviets to us.

Senator MANCHIN. Ambassador Jeffrey, if I may. A tremendous amount of resources that have been invested into the war in the Middle East by the United States, especially Iraq and Afghanistan, that I have heard could be extracted, particularly the oil and development of the oil fields in Iraq. It's hard for a lot of, especially West Virginians, but also Americans to understand. Is there a return for us or any sharing of that, or are we all in with nothing in return?

Ambassador JEFFREY. Senator, it's a good question and it's a question that is both above my pay grade and that every single citizen needs to look at. The logic of what we've been doing since World War II, and almost everything that I've been involved in for the last 40 years flows from that, is that if we can maintain international security, freedom of trade, promote democracy, we won't ever have to go through something like what we went through in the first half of the last century—World War I, World War II, the advent of the nuclear threat. In the long run, while it is indirect, that brings tremendous benefits to the American people and to the rest of the world.

It's not a zero sum game. It's not that we benefit like Rome benefited at the expense of many of the people on the periphery. Everybody benefits together, the system is stable, and we're able to deal with the threats to it. What we're doing in the Middle East is dealing with one of the threats to this system that's been in place for the last 60 years, sir.

Senator MANCHIN. Basically we get, as a country and our general fund, no return on the investment we're making. That'll be turned over to the private sector.

Ambassador JEFFREY. As I said, Senator, we as a Nation benefit tremendously from international security and not having to spend 15 or 20 percent of our gross domestic product on the military.

Senator MANCHIN. Thank you, Mr. Chairman. I have other questions I'll submit.

Chairman LEVIN. Thank you, Senator Manchin.

Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman.

I want to join in thanking both of you and the men and women who serve with you for your service. General Austin, many of your

soldiers and others who serve in our military are from Connecticut and have been to Iraq not just once but twice, and some three times, in tours of service. I would guess that very rarely in our country's history have few of the total number of people who live in this country, our citizens, borne so much of the burden militarily for this country.

To you, Ambassador, my thanks on behalf of Connecticut and our country to the members of the foreign service who are in not only Iraq but other dangerous places in the world. We have only to look at today's headlines to see how dangerous those places are to civilians as well as the military.

I want to focus my questions on an area that hasn't been covered and perhaps would seem to be outside this committee's jurisdiction, but I think is very relevant to the transition you've been describing. The economic progress of Iraq, which in the long-run, maybe even in the short-run, will make possible its funding for the continued protection of its own citizens.

Perhaps, Ambassador, if you could give us your analysis of the progress that's been made economically, the prognosis for Iraq making further progress and thereby funding some of the activities we've been describing today.

Ambassador JEFFREY. Certainly, Senator. Very briefly, Iraq has a population of about 28 million people. It has a per capita income of roughly \$3,000 per person. This puts it on roughly the level of the Republic of the Congo. It is a very poor country today, despite it being naturally a rich country, in oil and agriculture, with an educated population, because of horrific leadership by Saddam Hussein and some of his predecessors over decades of repeated wars and internal turmoil.

The bulk of their economy, over two-thirds, is in the oil extraction. Right now they're improving, thanks to the help of international oil companies that were brought in about a year and a half ago, and we anticipate that oil production will be up perhaps as high as 2.6 to 2.8 million barrels. That's roughly equivalent to or a little bit more than Kuwait or the United Arab Emirates and a little bit less than Iran. By the end of the year, exports will be well over 2 million barrels a day. That's their main foreign exchange earner.

The non-oil economy is growing at a rate of about 6 percent to 8 percent. Over time it will begin to deal with the unemployment problem. But right now we have 18 percent unemployment, which is obviously very high and has a security dimension as well, because next to unemployment there is an even higher level of underemployment, particularly of young men. This is very worrisome to us, and it's one of the targets of the many programs we've done through USAID, through the military and CERP.

In terms of the oil, as I said, the Iraqis have had considerable success with the international oil companies in increasing up to 10 percent the output of these fields. This could go up as high as 6 to 8 million barrels a day. Some people see even higher, putting it almost in the range of Saudi Arabia.

However, there are major breaks on such developments. First of all is the infrastructure. In fact, they will be slowed down, in terms of continuing to export their additional production, because they

have to repair the offshore terminals. That work won't be complete until the end of this year at best.

Second, they will then have before them major improvements to the internal storage tank and pipeline infrastructure that gets the oil from the fields to the terminals. They're going to have to repair the northern pipeline that goes to Turkey if they want to get over 700,000 barrels, and the potential up in the north is quite a bit above that.

That will require an awful lot of their oil earnings to be poured back into repairing the infrastructure in order to prime the pump, if you will.

Likewise, the oil companies are on cost-plus contracts basically and they're starting to recover their costs. Much of the increased production profits are going to go to covering the costs of the oil companies, rather than improving the Iraqi budget. It's going to be a number of years before we see a significant impact on the Iraqi budget of these increases. Nonetheless, the very economic activity associated with that and the general slow improvement in the economy augurs well for the next 5 years if we can get over the remaining security and economic problems.

Senator BLUMENTHAL. At what point do you envision that the Iraqis themselves would take over a greater share of funding their own security?

Ambassador JEFFREY. Right now, they are funding the vast majority of their security, \$8 billion a year. The ISF program is about \$1.5 billion which I think was asked for in the program, and we have about a \$1 billion police training program. Right now it's \$2.5 billion plus the cost of the U.S. military being there.

But within a few years our programs will basically terminate and they will be on their own, and we think that they're in a position where they can continue at that level.

Senator BLUMENTHAL. What is the current level of security of the Iraq oil fields, its production, and output facilities?

Ambassador JEFFREY. The security is provided by Iraqi forces, on the outer perimeter. The inner perimeter is the security companies themselves. They, just like us, hire PSCs to do the job. There are many of them operating in the private sector there. Also there's oversight by General Austin's people in the south, who coordinate closely with the oil companies and with the ISFs in terms of intelligence-sharing and improving the capabilities of the Iraqi forces.

You basically have three separate levels of security, sir.

Senator BLUMENTHAL. Thank you very much, and again my thanks to both of you for your service to the country.

Thank you.

Chairman LEVIN. Thank you, Senator Blumenthal.

We'll have a round two for those who want to ask questions. I just have a few.

General Austin, you were reluctant to speculate as to what your recommendation be if there were a request from the Iraq government for any military support beyond the December 2011 date. It relates to that question, which is asking your personal and professional military view, from a military perspective, as to whether or not you agree with the current policy of the administration to remove all U.S. military forces from Iraq by the end of this year?

General AUSTIN. Senator, the agreement that I think that we're referring to is between our country and the Government of Iraq, and that agreement says that unless a request is made by the Iraqis to extend the agreement or a request for assistance is made, then our mandate is to reposition or reposition all forces.

We're on track to do that. Now, certainly if the Iraqis decide that they need further assistance and a request is made to our government, then I think Secretary Gates has been clear. He said that we would certainly consider that. But that policy is in the domain of our leadership and I really would not like to speculate on it.

Chairman LEVIN. I'm not asking you to speculate as to what would happen if there's a request. I am asking for your personal professional military view on whether or not you believe that we have the correct policy now, which is to remove all of our combat troops, from Iraq by the end of this year?

General AUSTIN. I think that—

Chairman LEVIN. That is a question which you are obligated to answer under the commitments that you have made to this committee and under our rules.

General AUSTIN. Right. Thank you, Senator. As I said earlier, I do believe that Ambassador Jeffrey and his team can provide adequate security for their elements that they'll have remaining. I do believe also that it can be provided better with the help of U.S. forces. I also believe that, as I stated earlier, that the ISFs will have gaps in their capabilities to defend themselves in the future. Certainly if they request and our government agrees to provide assistance, then certainly I think that is absolutely the right thing to do.

Chairman LEVIN. You say it's always true that our troops can provide better security and I think as a military man that's understandable. But that's not my question, whether we can provide better security than contractors can provide. My question is what is your personal and professional military view as to whether or not our policy is correct to remove all of our forces as provided for in that agreement by the end of this year? If you disagree with that policy, you better say so right now.

General AUSTIN. My personal opinion is again I think the Iraqis will require further assistance.

Chairman LEVIN. Military combat assistance on the ground after the end of this year?

General AUSTIN. Assistance to develop their capabilities.

Chairman LEVIN. That could be training and equipment.

General AUSTIN. That would be training and equipment.

Chairman LEVIN. I'm asking you beyond that. I'm asking you whether or not our decision, President Bush's decision, implemented by agreement, to remove all of our ground forces by the end of this year is the right decision for us to make? Or do you believe it's wrong and we should offer to keep our troops there whether or not we get a request?

General AUSTIN. I think we should only offer to provide assistance if requested by the Iraqi Government, Senator.

Chairman LEVIN. Then what would your recommendation be if there were such a request, right now?

General AUSTIN. It would be based upon the things that they requested assistance for or with. If that's training on their counter-terrorist forces, combined arms training, training or assistance with logistical support or whatever it is, it would be my responsibility to look at what's being asked for and what we agree to do and then provide an assessment to my leadership on what that would require in terms of forces.

Chairman LEVIN. I'm going to ask you that question again for the record, because I think it's incumbent on you to give us an answer to the question that I ask. I'll ask it of you for the record, and then you can decide whether or not to respond to that question that I ask you. Okay?

General AUSTIN. Yes, sir.

Chairman LEVIN. Now, there's another unresolved issue, which is the future of a group that's at Camp Ashraf, which is an Iranian dissident group. Ambassador, I want to know whether or not you believe that the Government of Iraq has the obligation to provide adequate protection for these people and whether or not they are doing it and whether you are confident, if they are providing adequate protection, that they will continue to do so after December.

Ambassador JEFFREY. First of all, Mr. Chairman, they do have obligations both under international law and in a specific written agreement with us from 2008 to both provide adequate humanitarian protection and care of these people and not to force them to go to a country where they could legitimately expect to be mistreated.

The Iraqis generally are providing adequate security and protection for these people. We have had a number of unfortunate incidents. We are on this. The United Nations and we go up there every week. We are in constant contact with the Iraqis and we talk to them about this all the time.

Chairman LEVIN. How confident are you that they're going to provide protection after December?

Ambassador JEFFREY. I absolutely think that they'll continue to provide security. I mean, there are no U.S. forces there, Senator, and I don't think that whether we are present or after we're gone will change their position. The international community has certain basic expectations of all members of the international community and one of them is not to mistreat people who are in these conditions.

Chairman LEVIN. Can you give us a confidence level? Are you very confident they're going to provide protection or somewhat confident?

Ambassador JEFFREY. I'm confident. On a scale of not confident to very confident, I'm confident.

Chairman LEVIN. On a scale?

Ambassador JEFFREY. As I said, confident would be one level below very confident.

Chairman LEVIN. Alright.

On the question of violence against religious minorities, we met with leaders of the Iraq Christian community. They're very concerned. You two are very concerned as well, I believe. Give us your assessment of the situation, but also whether or not Iraq is training units comprised of religious minorities who can be deployed to

the areas where they come from and where their respective communities reside in order to provide security? Can you give us an answer to both of those questions?

General AUSTIN. Yes, sir. I'll take the last question first. The prime minister has directed that 500 Iraqi Christians be hired and incorporated into the MOI to provide additional assistance in protecting the Christian neighborhoods.

Chairman LEVIN. Villages and communities?

General AUSTIN. That's right, Senator. These 500 will be really employed across the country from Mosul to Baghdad and in other places. That hiring process is taking place. Initially there were some applicants that were above the age limit and the prime minister has come back and offered an age waiver for those applicants. We expect to see them on board in about a week or so.

Chairman LEVIN. Ambassador?

Ambassador JEFFREY. Senator, on my list of things that make me optimistic, I would say that the reaction across the board in Iraq to the attack on the church on the 31st of October is one of those things that make me feel best about the future of Iraq in terms of an inclusive society that can deal with violence and can deal with diversity.

Everybody across the board has been magnificent in outreach. They followed that up with concrete actions. We have seen, unfortunately, a number of major attacks, particularly by AQI, since that time, but no major attack by AQI has been conducted successfully on a Christian facility. AQI would like to do more, but Christian facilities are getting a lot of protection.

It's also the sincerity and the depth of the reaction of people from all religious groups in Iraq to this. The Christians really are considered a part of the community by all of the other communities in Iraq, and that's a good model for people in other places.

Chairman LEVIN. I hope that you'll keep that concern on the radar screen, there may be good intent, but they're also having to deal with some people there who have malicious intent. They're going to have to put some resources in there to implement their intent to carry out what you say is their beliefs, that there is a history there of tolerance and participation by the Christian community, that the leadership in Iraq want to protect. They need to have the resources in order to carry out that intent because of the threat that exists there.

We will stand adjourned, with thanks again to both of you for your testimony and for your service. We hope you'll pass that along to the men and women with whom you work.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

CONTINUED PRESENCE OF U.S. MILITARY FORCES IN IRAQ

1. Senator LEVIN. General Austin, in your personal and professional military view, and from a purely military perspective, if the Government of Iraq requested the continued presence of U.S. military forces, including combat forces, would you recommend the approval of such a request?

General AUSTIN. Yes, I would recommend approval for a request for U.S. forces that would mitigate the most significant gaps in Iraqi military capabilities and address critical missions remaining in Iraq. This could include combat forces for counter-terrorism and air sovereignty missions, but would be primarily focused on

training and stability tasks as well as select enabling functions such as logistics and intelligence. My recommendation would ultimately be based on an assessment of the operational conditions at the time of the request. The President has been clear on the U.S. objectives for Iraq: a sovereign, stable, self-reliant Iraq that is just, representative and accountable and that provides neither support nor safe haven to terrorists. I believe that a continued U.S. military presence in Iraq would significantly reduce the risk to these objectives.

SECURITY SERVICES CONTRACTING

2. Senator LEVIN. Ambassador Jeffrey, in September 2010, the Department of State (DOS) notified eight companies that they could compete for their private security work under the Worldwide Protective Services (WPS) contract. One of those companies was International Development Solutions (IDS), a joint venture that is 49 percent owned by the company known as Blackwater. In 2007, after the tragic shooting at Nisour Square by Blackwater guards, Blackwater was reportedly banned from operating in Iraq. Will IDS, which is 49 percent owned by Blackwater, be eligible to compete for DOS security contracts in Iraq?

Ambassador JEFFREY. The WPS contract was competed in accordance with the Federal Acquisition Regulations (FAR). The FAR allows any company to submit a proposal in response to an acquisition process based on full and open competition. During the evaluation process for the WPS base contract, DOS performed a review of all proposals to confirm that they met the minimum criteria established by the WPS contract requirements. This review included a process to determine whether any companies had been suspended or debarred from the award of Federal contracts; IDS, despite Blackwater's 49 percent ownership, was determined eligible to bid on the base contract and was one of the eight awardees. IDS submitted a proposal for both the Baghdad and Basrah task orders; however, they did not meet the licensing requirements and their proposals were not reviewed during the Technical Evaluation Panels.

Each task order awarded under the WPS base contract, including the five in Iraq, are evaluated separately and include specific requirements regarding licensing in the country where services are being performed. Companies that do not meet the minimum mandatory requirements are not eligible for award. Since IDS does not currently hold a license to operate in Iraq, it does not meet the minimum mandatory requirements for the Iraq task orders.

On December 17, 2010, USTC Holdings LLC acquired Xe Services and its core subsidiaries. As part of the transaction, USTC Holdings will acquire the Xe companies that provide domestic and international training, as well as security services. As one of Xe's core operating subsidiaries, U.S. Training Center was included in this transaction and is now owned by USTC Holdings. USTC Holdings will be managed by a board appointed by the equity owners, which will include independent, unaffiliated directors. The change in ownership does not have any impact on IDS's contract with DOS.

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION ACCESS TO INFORMATION

3. Senator LEVIN. Ambassador Jeffrey, in its last quarterly report, the Special Inspector General for Iraq Reconstruction (SIGIR) raised concerns regarding the DOS's actions that would have the effect of restricting SIGIR's access to information relating to reconstruction activities in Iraq. The report also lists a number of SIGIR requests for information on the status and funding of reconstruction responsibilities that DOS has declined to answer, including:

- The status of life-support contracts to provide support to Provincial Reconstruction Teams, embassy branch offices, consulates and other embassy elements carrying out reconstruction activities; and
- The status of embassy vehicle and equipment requests to support the Police Development Program (PDP), embassy branch offices, and consulates.

Are you aware of SIGIR's concerns regarding its access to information regarding the DOS's reconstruction activities?

Ambassador JEFFREY. Yes, we are aware of SIGIR's concerns. Embassy Baghdad has enjoyed a long and collegial relationship with SIGIR. We devote extensive effort to answer SIGIR's questions in a timely and complete manner. We provided over 300 pages of information in response to the 40 questions on the most recent data call and 8 pages of edits and comments to the draft report circulated by SIGIR. Assistant Chief of Mission for Assistance and Transition Ambassador Peter Bodde meets weekly with all of the Inspectors General (IGs) in Baghdad. And he ensures

that the Embassy responds promptly to ensure timely response to SIGIR's quarterly data calls.

In addition, we have given SIGIR, as well as all the IGs located at Post, unprecedented access to information outside of their data calls. SIGIR participates in our Country Team meetings and is granted access to both unclassified and classified DOS computer systems, which gives them unlimited access to our internal documents and classified cables. This level of access for an IG organization is simply unparalleled in any other post in the world. We have done this because we recognize, respect and appreciate the value of SIGIR's institutional knowledge.

As Congress is aware, we are in a period of transition and, as SIGIR noted in its October 2010 Quarterly Report, our assistance in Iraq is transitioning from largely reconstruction-based to technical assistance and capacity building.

The 2005 Memorandum of Agreement (MOA) between SIGIR and the DOS Office of the Inspector General (OIG) delineates the jurisdiction of the two oversight organizations to avoid overlap and duplication. That MOA specifically states questions dealing with Embassy operations will be addressed by DOS OIG. The Embassy has already responded to DOS OIG on transition matters. Because the MOA also directs the parties to share information in order to avoid duplication, SIGIR, which has previously sourced the Government Accountability Office (GAO) and the U.S. Agency for International Development (USAID) IG reports, in fact, has access to this information.

**MEMORANDUM OF AGREEMENT BETWEEN
THE DEPARTMENT OF STATE, THE OFFICE OF INSPECTOR GENERAL
OF THE DEPARTMENT OF STATE AND
THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION**

1. Purpose

The purpose of this Memorandum of Agreement (MOA) is to facilitate the implementation of section 3001 of the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (P.L. 108-106) (Emergency Supplemental), as amended by section 1203 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (P.L. 108-375), and 5 U.S.C. App. 2. Recognizing that the respective jurisdictional authorities of the Special Inspector General for Iraq Reconstruction (SIGIR) under section 3001 of the Emergency Supplemental and of the Inspector General of the Department of State (OIG) under the Inspector General Act of 1978 and the Foreign Service Act of 1980 overlap in part and recognizing that SIGIR and OIG have a duty to coordinate with each other pursuant to section 3001(f)(4) of the Emergency Supplemental, the MOA is intended to ensure the effective conduct and supervision of audits and investigations relating to Department of State (Department) programs and projects that are funded through amounts appropriated or otherwise made available to the Iraq Relief and Reconstruction Fund (IRRF). The MOA is also intended to facilitate interaction between the SIGIR and the Department. With these purposes in mind, the Parties to this MOA agree as follows:

2. Coordination between SIGIR and OIG

A. To ensure effective, efficient oversight of Department programs and projects that are funded through amounts appropriated or otherwise made available to the IRRF, to avoid duplication of effort, and to minimize disruptions to U.S. Mission and Department programs, operations, and activities, SIGIR and OIG will:

- i. meet regularly (at least once per month) to review issues of mutual interest and exchange information;
- ii. inform each other of pending or planned audits and investigations;
- iii. coordinate audit and investigation planning, including consulting on which entity is best suited to undertake particular audits or investigations;
- iv. collaborate on audits and other activities when mutually agreed;
- v. inform each other as to any deficiencies identified related to IRRF-funded programs or projects carried out under the auspices of the Department;

- vi. coordinate, as appropriate, in preparing reports;
- vii. coordinate, as appropriate, in keeping the Secretary of State, the U.S. Chief of Mission in Iraq, and Department officials fully informed with respect to deficiencies, findings, conclusions, and recommendations related to programs or projects carried out under the auspices of the Department; and
- viii. designate points of contact within their respective entities to facilitate coordination and communications between them.

B. In areas of overlapping jurisdiction, SIGIR will generally focus on programs managed by the Project and Contracting Office (PCO) and former programs of the CPA, including the Development Fund for Iraq, and IRRF activities managed by the Iraq Reconstruction Management Office (IRMO). OIG will generally focus on programs overseen by the Department.

C. As requested by SIGIR, OIG will seek to facilitate communications and meetings between Department officials and SIGIR.

D. As requested by SIGIR and as appropriate, OIG will assist SIGIR in preparing reports by soliciting and obtaining Department views and reactions to proposed findings, conclusions and recommendations.

E. If SIGIR receives initial allegations against a Department employee or Department funds are involved in such cases, OIG will be notified and may participate in any investigation undertaken by SIGIR that is within the jurisdiction of both Inspectors General.

3. Information Sharing

A. SIGIR will keep the Secretary of State, the Chief of Mission in Iraq, OIG, USAID and other Department officials fully informed with respect to any deficiencies, findings, conclusions, and recommendations related to IRRF-funded projects or programs carried out under the auspices of the Department or USAID.

B. SIGIR draft reports related to projects, programs or operations under the Department's auspices will be provided to the Department, through the OIG, for comment and appropriate review prior to release or publication.

C. The SIGIR will consult with the Secretary of State, the U.S. Chief of Mission and other Department officials, as necessary and appropriate, in order to carry out the instruction set forth in the President's October 28, 2005 signing statement on the Ronald Reagan National Defense Authorization Act, 2005.

D. OIG will provide SIGIR with final audit and inspection reports relating to Iraq relief and reconstruction, and summaries of relevant investigation reports as appropriate.

4. Personnel

A. Upon request by SIGIR and as appropriate, the Department will post SIGIR personnel vacancy announcements within the Department.

B. OIG will request the Department to provide reemployment rights to employees who seek temporary appointments with SIGIR.

5. Resources and Logistics

A. The details for the provision of appropriate and adequate office space and other support in Iraq pursuant to section 3001(h)(5) of the Emergency Supplemental will be worked out among the Department, Embassy Baghdad, and SIGIR.

B. The Department will designate one or more points of contact to coordinate with the SIGIR regarding such matters as country clearance cables and the publishing of reports on the Department's website.

C. SIGIR will provide such supporting information as the Department may request to facilitate implementation of this section.

6. Chief of Mission Authority

In Iraq, the activities and employees of the SIGIR will be under the direction, coordination and supervision of the U.S. Chief of Mission in Iraq.

7. Effective Date, Amendment and Termination

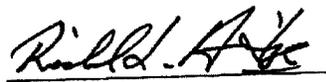
This MOA will be effective upon signature of all the parties and may be executed in counterparts. The MOA may be amended in writing as mutually agreed by the Parties. The MOA will remain in effect during the existence of SIGIR unless terminated by any Party upon notification in writing.


 Cameron Hume, Acting Inspector General
 Office of Inspector General
 Department of State


 Stuart W. Bowen, Jr.
 Special Inspector General
 for Iraq Reconstruction

Date:

Date: JAN 04 2005


 Richard Armitage
 Deputy Secretary of State

Date:

4. Senator LEVIN. Ambassador Jeffrey, as these reconstruction activities transition from the Department of Defense (DOD) to DOS, would you agree on the continuing need for SIGIR to have broad access to information relevant to its ability to carry out its responsibilities to monitor that taxpayer funds are used appropriately?

Ambassador JEFFREY. The current DOD-managed reconstruction funds are from the Commanders' Emergency Response Program and the Iraq Security Forces Fund (ISFF). While neither of these funds will be transitioned to DOS, civilian assistance activities targeted at Iraq's defense and security, for example, will be funded through FMF if provided in the fiscal year 2012 budget.

DOS will continue to work with the relevant oversight agencies, including the GAO, USAID IG and DOS OIG, all of which maintain a permanent presence in the U.S. Mission in Baghdad, to ensure oversight of our programming in Iraq, as we do in embassies across the world.

5. Senator LEVIN. Ambassador Jeffrey, will you look into these concerns and urge DOS to ensure that SIGIR has full access to the information it needs to carry out its oversight responsibilities?

Ambassador JEFFREY. As noted in the response to question three, Embassy Baghdad provides unprecedented access to SIGIR, DOS OIG, GAO, USAID IG, the War-time Contracting Commission, the House Appropriations Surveys and Investigation Committee and visiting congressional delegations and we will continue to do so. We share the Committee's view that oversight is critically important; however, we believe that it is also important to avoid duplicative efforts that could result in wasted taxpayer dollars, especially in this budget environment. The MOA signed by DOS OIG and SIGIR in January 2005 described this division, which was put in place to "avoid duplication of effort, and to minimize disruptions to U.S. Mission and Department programs, operations, and activities."

SIGIR will continue to have access to meetings and to DOS unclassified and classified computer systems. We intend to continue to respond to all questions thoroughly and in a timely fashion, as related to reconstruction activities.

For other Embassy functions, we will also continue to provide DOS OIG, the USAID IG and the GAO with the information they need to carry out their oversight activities without overlap.

QUESTIONS SUBMITTED BY SENATOR CLAIRE MCCASKILL

STATE DEPARTMENT OVERSIGHT OF THE DYNACORP CONTRACT

6. Senator MCCASKILL. Ambassador Jeffrey, the United States has spent approximately \$7.3 billion to train, staff, and equip Iraqi police forces since 2003. In January 2010, the SIGIR found continued weaknesses in DOS's oversight of the DynCorp contract to support police training. As a result of those weaknesses, SIGIR reported that more than \$2.5 billion was vulnerable to waste and fraud. What, if anything, has DOS done to account for the questionable funds already expended on this contract?

Ambassador JEFFREY. DOS, through the Bureau of International Narcotics and Law Enforcement Affairs (INL), has taken steps to improve programmatic contract management and oversight requirements based upon INL's initiative and in response to recommendations from the oversight community. These improvements include: (1) a comprehensive invoicing review process, (2) a substantial number of rejected invoices, (3) collected refunds, and (4) the increased number of contract oversight personnel.

In October 2006, the base International Civilian Police (CIVPOL) contracts were modified to allow INL to demand repayment for any improper payments identified in a reconciliation review conducted in Washington, D.C. This "provisional payment" modification allows INL to reconcile 100 percent of all program invoices for the life of the task order. INL currently only makes provisional payment after a detailed review of invoice documentation is conducted and the valid invoice is certified. INL's tougher management controls have resulted in a significant number of rejected invoices (18 percent) and refunds totaling \$28.9 million as of March 1, 2011, for Iraq. With the implementation of this modification, the risk to the U.S. Government was reduced substantially.

To facilitate the implementation of the management controls, INL significantly increased contract oversight staff. Currently, there are nine In-country Contracting Officer's Representatives (ICORs) deployed in Iraq, and an additional ICOR's deployment is pending due to the completion of training. INL anticipates increasing these staff to a total of 15 ICORs by July 2011.

7. Senator MCCASKILL. Ambassador Jeffrey, what other steps has DOS taken to improve oversight of this contract?

Ambassador JEFFREY. DOS consistently reviews, adapts, and improves programmatic contract oversight. Other improvements include: (1) using the Quality Assurance Surveillance Plans (QASP) for contractor accountability; (2) standard operating procedures with greater specificity for oversight roles and responsibilities; and (3) established a comprehensive Invoice Tracking Database.

To minimize the U.S. government's risk for fraud and mismanagement, INL instituted the use of the QASP to systematically ensure that the contractor is meeting performance-based requirements. The plan details how and when the U.S. government will survey, observe, test, sample, evaluate, and document the contractor's performance in accordance with the statement of work. By employing the QASP, INL and the contractor achieve an understanding of performance expectations and how performance will be measured against those expectations.

ICORs carry out quality assurance responsibilities as specified in the QASP on a continuing basis. Also, INL is providing greater specificity in ICOR responsibilities as described in the ICOR delegation letters and 14 FAH-2 H-100, the Contracting Officer's Representative (COR) Handbook. INL drafted standard operating procedures for ICORs and is in the process of drawing conclusions resulting from our recent field testing of the draft guidance which covers: Invoice Validation; Receiving and Inspection; and COR File Maintenance. INL continues to refine and update this guidance based on the field test results.

INL developed an Invoice Tracking Database in December 2009, which was operational by January 2010. This database currently maintains approximately 4,000 invoices and tracks approval and payment status. This management tool has a feature for preventing duplicate invoice submission, cross-referencing with DOS's Global Fi-

nancial Management System (GFMS), calculating statistical results and producing weekly savings reports.

8. Senator MCCASKILL. Ambassador Jeffrey, what metrics have been put in place to measure whether the overall police training program is succeeding?

Ambassador JEFFREY. DOS, through its Bureau of INL has supported USF-I/Iraq Training and Advising Mission's police training mission in Iraq since 2004. Therefore, an explanation of the metrics to measure success of the current police program to date is something best answered by DOD. State will assume responsibility for police development in Iraq on October 1, 2011, through its PDP. INL is currently working with DOD to draft a robust monitoring and evaluation (M&E) program to serve as an integral part of INL's Iraqi rule of law program providing oversight, accountability and transparency.

INL will begin with an assessment of the current status of the Iraqi criminal justice sector: its police, corrections, and courts system. The assessment will identify the sector's strengths and weaknesses and provide contributory factors. This clear-eyed view of Iraq's criminal justice sector will not only help define key performance indicators for INL's criminal justice program, including its PDP, but it will also highlight those areas most in need of assistance.

Once the assessment is completed and the performance indicators identified, we will undertake a baseline study to determine the point against which all subsequent programmatic activity will be measured. INL will hire up to four full-time M&E experts who will work at each of its hubs in Iraq to manage daily performance monitoring and conduct more robust periodic evaluation. These M&E professionals will report back to Washington, permitting regular, up-to-date monitoring of the INL Iraqi PDP.

9. Senator MCCASKILL. Ambassador Jeffrey, in SIGIR's January 2010 report, it stated that, according to one official:

"[D]uring most of the period DynCorp was billing for Task Orders 1436, 0338, and other task orders awarded earlier in the contract, the sole ICOR was approving all DynCorp invoices without questioning their accuracy. As a result, INL has no confidence in the accuracy of over \$1 billion in charges and is now performing a 100 percent reconciliation of all INL-funded, Iraq-related invoices prior to October 2006."

What is the current number of ICOR for the contract and is there a plan to increase this number further?

Ambassador JEFFREY. The reference in Question 9 above refers to conditions in INL up to October 2006. INL made dramatic changes in contract oversight since the earlier days of this task order when only one person approved the invoices. Since 2006, INL established a contract oversight cadre that involves Washington based COR, COR support staff, ICORs in the field, and an entire program office to assist with contract accountability.

Currently, we have nine ICORs deployed in Iraq, and an additional ICOR is in training whose deployment is pending. INL anticipates increasing these staff to a total of 15 ICORs by July 2011.

10. Senator MCCASKILL. Ambassador Jeffrey, how many personnel are dedicated to reviewing questioned and unsupported payments for the DynCorp task orders on this contract?

Ambassador JEFFREY. INL currently has 12 invoice reconciliation experts reviewing Dyncorps task orders. It is in the process of hiring four more; we anticipate all four positions will be filled by June 2011. The reconciliation team is responsible for both Iraq and Afghanistan invoice reconciliations.

11. Senator MCCASKILL. Ambassador Jeffrey, are these personnel government or contractors?

Ambassador JEFFREY. The Reconciliation Team will be made up of 16 government personnel including 7 civil service and 9 personal service contractors.

12. Senator MCCASKILL. Ambassador Jeffrey, what metrics have been put in place to ensure that the government is only paying for legitimate charges?

Ambassador JEFFREY. As the result of the following oversight processes, INL has rejected 18 percent of vendors' invoices with realized savings of \$38 million and the recovery of more than \$28.9 million in refunds for the period 2004 to the present in Iraq.

ICORs are responsible for the receiving, inspection and acceptance of all the goods and materials procured. Before invoices are submitted for payment, ICORs in Iraq perform a 100 percent review of contractor purchase requests before the requests are submitted for procurement. The contractor claims are validated 100 percent for the cost reimbursable services and supplies. The ICORs reconcile current invoices in-country using an "Invoice Check List." Any discrepancies are noted on the check list and then forwarded to Washington for further review.

INL currently utilizes a 14-step process to ensure the U.S. Government is only paying for legitimate charges. The steps involved include the following: the invoice is sent to the billing office where it is logged in and delivered to the invoice examiner; the invoice is date stamped and validated; the invoice is reviewed and is determined either proper or improper. An acceptance or rejection letter is prepared once the determination is made. If the invoice is denied, the vendor is notified; the denied invoice is suspended until the vendor submits the correct information. Funds are checked in the GFMS for availability; and the invoice is approved and logged out.

INL currently makes only provisional payment after a detailed review of invoice documentation is conducted and the valid invoice is certified. In October 2006, base CIVPOL contracts were modified to allow INL to demand repayment for any improper payments later identified in a detailed invoice review conducted in Washington, DC. This process includes rigorous controls over program execution and invoice payments.

STATE DEPARTMENT TRANSITION STATUS

13. Senator McCASKILL. Ambassador Jeffrey, in your prepared statement, you stated that U.S. Embassy Baghdad was currently taking on the following logistical functions: securing sites outside of Baghdad and providing security details, administering the Logistics Civil Augmentation Program (LOGCAP) contract for U.S. personnel, managing the supply lines for food, fuel, and material, operating emergency medical facilities, and running in-country and regional air operations.

Please provide an account of the status of transition of each of these functions, including the planning, competition, and execution of contracts in support of these functions and whether these contracts will be performed by Iraqi companies. How many non-Iraqi (United States or third-country national) contractor personnel will be required to fulfill these contracts in Iraq?

Ambassador JEFFREY. Security: The static guard contract for Baghdad was awarded in September, 2010. The Baghdad movement security contract, and the static and movement security contracts for Basrah, Kirkuk, and Mosul were awarded on February 15th of this year. We plan to award the movement and security contracts for Erbil on April 15th.

LOGCAP IV: The solicitation has been issued and proposals are due in March. Aviation: The aviation program contractor personnel are and will continue to be hired through INL's existing aviation operations contract.

Contract Management: DOS's Office of Acquisition Management is partnering with the Defense Contract Management Agency (DCMA) to develop a comprehensive, country-wide contract management strategy. DCMA personnel will supplement DOS contract management personnel on a reimbursable basis.

Medical: The medical solicitation was issued February 11 and an award is planned for May 20.

The movement and static security contracts and the LOGCAP IV contract were competed only among American companies, though this does not mean that they will employ only Americans. As the solicitation for the medical contract has just been issued we do not know which companies will bid and whether or not any Iraqi companies plan to participate. We do not have a breakdown of U.S., third control national, and Iraqi personnel on these contracts because they have either just been awarded or have yet to be awarded.

14. Senator McCASKILL. Ambassador Jeffrey, who will be responsible for the security for movements outside Baghdad, which is currently conducted by U.S. Forces-Iraq (USF-I), after the transition? Please provide an explanation of the expected roles and responsibilities of U.S. Government personnel and contractors, and an estimate of the number of contractors beyond those currently in place in Iraq who will be required to provide security for movements outside of Baghdad.

Ambassador JEFFREY. The Protective Security Detail (PSD) program in Iraq is the responsibility of DOS's Bureau of Diplomatic Security (DS) through Regional Security Office (RSO) Baghdad. PSDs are primarily staffed by DS WPS contract personnel under the operational control of direct-hire DS Special Agents and/or Secu-

rity Protective Specialists (collectively, DS personnel). Contracts for WPS personnel must and do meet government of Iraq requirements.

DOS, DS managed PSD program already operates in Iraq in Baghdad and Erbil, and in the 2004–2006 period also operated in Hillah, Mosul, and Basra. After the transition this program will extend to sites throughout Iraq under Chief of Mission security requirements.

RSO Baghdad manages all protective security programs at Post, including establishing policies and procedures for PSD movements outside secure areas. DS personnel direct PSD operations, including serving as agents in charge of PSDs operating in the field. WPS contract personnel conduct site advances and secure venues prior to the PSD's arrival, drive armored vehicles, and staff positions in vehicles, walking formations, and quick-response force teams. Qualified contractor personnel also serve on PSDs as emergency medical technicians.

Outside of Baghdad, DS plans to use 540 WPS contract personnel to support PSD movements in the cities of Erbil, Basra, and Kirkuk.

15. Senator MCCASKILL. Ambassador Jeffrey, will contractors be driving Mine Resistant Ambush Protected (MRAP) vehicles? Flying helicopters? Please provide an estimate of the number of contractors required to operate vehicles which are currently provided by USFI.

Ambassador JEFFREY. Current planning envisions using MRAPs for the secure movement of personnel in extremely non-permissive environments. MRAPs also provide enhanced capabilities to extract personnel in emergency situations, conduct emergency medical evacuations, and recover ground and air assets. DS direct-hire personnel and WPS contractor personnel already programmed for Iraq security operations will be trained to drive and operate MRAPs. Approximately 12 additional personnel working under the new LOGCAP contract for logistical support will be needed to provide the specialized skills and qualifications required for MRAP maintenance, repair, and training.

Helicopters support a broad range of mission critical operations, including transporting personnel safely throughout Iraq, supporting vital engagement, aid, and assistance programs, and providing emergency response capabilities. It should be noted that Embassy Baghdad is already operating an extensive aviation program and Embassy aircraft are flown and maintained by contractors. The number of contractors that will be needed to meet expanding mission requirements is not linked to USF-I.

At this time it is estimated that a total of 636 contractor personnel will be needed in-country to support future Embassy air operations in Iraq. This total number is an increase of approximately 400 personnel over the current staffing. This figure will be adjusted as planning continues moving forward and air assets and operations come on line.

16. Senator MCCASKILL. Ambassador Jeffrey, during the hearing you testified that you currently have 2,700 security contractors working in Iraq. You stated after the transition that that number will increase to 5,000 in addition to the police training mission and the Office of Security Cooperation-Iraq. What procedures will the embassy use to vet, hire, and monitor these thousands of private security contractors?

Ambassador JEFFREY. The WPS contract requires all vendors to vet all prospective employees prior to their submission to DOS for consideration. Each vendor has its own screening and vetting process, but all must include a criminal background check, medical screening, and verification of prior employment.

Following the completion of contractor vetting, the vendor may nominate an individual for employment under the WPS contract. WPS companies are required to submit a biographic review package to the DS program office, including a resume with detailed work history and any supporting documentation (e.g., Military DD 214 or paramedic certification or medical license). The program office then reviews the information against the contract requirements for the specific position or labor category. Additionally, the program office reviews its internal records to determine whether the prospective employee has an employment history under the previous two Worldwide Personal Protective Services contracts (WPPS I and II), or the Baghdad or Kabul Embassy Security Force (BESF/KESF) contracts. Should this review determine an individual is ineligible for employment under any of the above contracts the program office denies the biographic review package and the vendor is notified. Once the review process is completed and an individual's experience is determined to meet contract requirements, an approval is sent back to the vendor to be included in a follow-on request for a security clearance.

Following successful biographic review and approval, companies submit forms for a Government background investigation to DS. All contractor personnel in Iraq are

required to possess either a security clearance (Top Secret or Secret, depending on position) or a Moderate Risk Public Trust certification, for which investigative standards are similar to a Secret security clearance but which does not allow access to classified material. Additionally, local nationals are investigated by the Embassy's Regional Security Office and undergo a polygraph examination as part of their vetting process.

Following the completion of vetting, training, and deployment of PSC personnel, DOS employs an active monitoring and oversight program for all PSCs in Iraq. Many of the changes and lessons learned under the WPPS II, BESF, or KESF contracts have been incorporated into the new WPS contract, which was awarded in September 2010. Some of those oversight controls include: requiring that a direct-hire DS employee accompany PSDs; hiring additional personnel to provide full-time contract oversight; having DS personnel reside in off-site contractor housing facilities; installing video recording and tracking systems in vehicles; strengthening the Mission Firearms Policy on the use of force, including the deployment of additional, less-than-lethal equipment fielded to minimize the need for deadly force; adding interpreters in the majority of motorcades; and implementing a revised standards of conduct policy, including a ban on alcohol.

Finally, all security contractor firms including those under the WPS contract must meet Government of Iraq requirements.

17. Senator McCASKILL. Ambassador Jeffrey, under what jurisdiction will employees of the PSCs that are U.S. citizens be under with respect to criminal or civil violations?

Ambassador JEFFREY. U.S. citizens employed by private security companies in Iraq are subject to Iraqi criminal and civil jurisdiction, and will remain so after the transition. They may also be under the jurisdiction of the United States, under certain circumstances. The Military Extraterritorial Jurisdiction Act (MEJA) extends extraterritorial jurisdiction to cover DOD employees and contractors, as well as employees and contractors of any other Federal agency, to the extent such employment relates to supporting the mission of DOD overseas. Additionally, certain offenses enumerated in the U.S. criminal code include provisions extending jurisdiction to acts committed outside the United States.

DOS is fully committed to ensuring that U.S. contractors who are accused of committing serious crimes in Iraq are investigated and, when warranted, fully prosecuted. DOS supports legislation that would clarify U.S. extraterritorial jurisdiction and extend resources to prosecute such persons for serious crimes committed overseas, in a manner consistent with international law.

U.S. citizens employed by private security contractors in Iraq may also be subject to the jurisdiction of U.S. courts for civil matters, depending on a number of factors including the claim at issue and whether the court has personal jurisdiction over the individual.

18. Senator McCASKILL. Ambassador Jeffrey, under what jurisdiction will employees that are third country nationals (TCN) be under with respect to criminal or civil violations?

Ambassador JEFFREY. TCNs employed by private security companies in Iraq are subject to Iraqi criminal and civil jurisdiction, and will remain so after the transition. They may also be subject to the jurisdiction of the state of their nationality, depending on the laws of that state. Under certain limited circumstances, TCNs may be subject to the extraterritorial jurisdiction of the United States, including under the MEJA or by operation of a U.S. statute extending jurisdiction to offenses occurring outside the United States.

TCNs employed by private security companies in Iraq may also be subject to the jurisdiction of U.S. courts for civil matters, depending on a number of factors including the claim at issue and whether the court has personal jurisdiction over the individual.

19. Senator McCASKILL. Ambassador Jeffrey, will all PSC be citizens of either the United States or Iraq?

Ambassador Jeffrey did not respond in time for printing. When received, answer will be retained in committee files.

20. Senator McCASKILL. Ambassador Jeffrey, will the PSC be afforded diplomatic status? If not, what legal protections will exist to preclude or prohibit Iraqi prosecution of alleged crimes committed by the PSC?

Ambassador Jeffrey did not respond in time for printing. When received, answer will be retained in committee files.

U.S. MILITARY TRANSITION STATUS

21. Senator McCASKILL. General Austin, during the hearing you testified that the U.S. military is transferring some equipment to the DOS, it is transferring or selling some equipment to the Iraq military, and it is returning some equipment to the United States. Given the sheer volume and quantities of U.S. military equipment remaining in Iraq and the recapitalization efforts being made by the DOD as a result of a decade at war, there must be thorough accountability of all equipment and weapons. Concerning the transfer of military equipment to the Iraqi military, what office or person decides what is transferred by way of a grant and what equipment is sold?

General AUSTIN. U.S. military equipment is transferred to the Iraqi military via three programs: Foreign Military Sales (FMS), ISFF and the U.S. Equipment Transfer to Iraq (USETTI) program.

USETTI is a program that is in existence as a result of the DOD Report on the Transfer of Defense Articles and the Provision of Defense Services to the Militaries and Security Forces of Iraq and Afghanistan, submitted to the Senate Committee on Armed Services on 5 April 2010. The program authorizes the Secretary of Defense to grant both non-Excess Defense Articles, under section 1234 of both the National Defense Authorization Acts for Fiscal Years 2010 and 2011, and Excess Defense Articles, under section 516 of the Foreign Assistance Act of 1961 with congressional notification completed on 16 June 2010. The Defense Security Cooperation Agency is the primary office that decides what is transferred as a grant.

22. Senator McCASKILL. General Austin, please provide a list of specific U.S. military documents, directives, or decision papers that are guiding the FMS/Foreign Military Financing (FMF) of U.S. military equipment being transferred, sold, granted, or given to the Iraqi Government.

General AUSTIN. FMS, whether funded by the Government of Iraq or the FMF program, are conducted in accordance with DOD 5105.38-M, the Security Assistance Management Manual. This document provides specific and detailed procedures to guide both FMS and FMF processes. The FMF program is just beginning in fiscal year 12 as a replacement for ISFF activities. The FMS program in Iraq has existed since 2005, and has evolved over time as a result of the changing tactical and strategic environment in Iraq.

The current guiding principles for equipment transferred, sold, granted or given to Iraq begin with the Security Agreement and Strategic Framework Agreement signed on 17 December 2008. Article 27 of the Security Agreement, Deterrence of Security Threats, and Section III of the Security Framework Agreement, Defense and Security Cooperation, both provide for mutual cooperation to strengthen the Iraqi military and enhance Iraq's ability to defend its sovereign territory. Article 27 of the Security Agreement specifically includes "training, equipping, and arming Iraqi security forces" as a means for achieving the ability to defend itself from internal and external threats.

In July 2009, then Multi National Forces-Iraq published "Iraq: Achieving Stability and Enduring Strategic Partnership," providing guidance for resourcing support to the Government of Iraq to develop an enduring strategic partnership through security cooperation. The paper provided guidance to achieve the President's stated goals for Iraq: maintain internal security and stability, achieve police primacy, defend against external aggression, participate in regional security partnership, and develop an enduring U.S. security partnership.

The Center for Army Analysis published an analysis in July, 2009, providing recommendations for the size and force structure of the Iraqi security forces. The study concluded the Iraqi military required modernized equipment, a mix of mechanized and counterinsurgency capable forces, rotary wing and fixed wing attack aircraft, and various enablers.

In August 2009 USF-I provided an information paper for the August 2009 Iraq Planning conference: "Iraqi Security Forces—Predicting the Capabilities and Covering the Gaps," to assist leadership in determining appropriate resources.

23. Senator McCASKILL. General Austin, please provide a summary list of the U.S. military equipment to be transferred, sold, or granted to the Iraqi military.

General AUSTIN. Enclosed is a summary list of the U.S. military equipment to be sold under the FMS program and transferred/granted under the USETTI program.

To date we have sold over 152,581 military articles to the Government of Iraq with another 1,439 major case articles pending delivery completion over the next 3 years. Moreover, under the USETTI program we have transferred 6,768 pieces of excess (section 516) and non-excess (section 1234) military equipment and will com-

plete all transfers no later than 31 December 2011, when the USETTI program expires.

Summary of Military Equipment to be Sold/Sold (FMS)			
Authorized Source	Required	Pending Delivery	Delivered To Date
FMS	~154,020	1,439	~152,581
Total	~154,020	1,439	~152,581

Summary of Military Equipment Transferred/Granted (USETTI)			
Authorized Source	Required	Pending Transfer	Transferred To Date
Section 516 <small>(Excess Defense Articles)</small>	23,168	17,320	5,848
Section 1234 <small>(Non-Excess Defense Articles)</small>	1,478	558	920
Total	24,646	17,878	6,768

USETTI Summary Listing

Section 516 Congressional Notification Approved Item	NSN	LIN	QUANTITY REQUIRED
Antenna Related Equipment: MAST: AB-1339A/G	5985-01-465-2883	M13833	6
Antenna: Long Range (OE-254/GRC)	5985-01-063-1574	A79381	48
Receiver, Handheld, AOR AR8200 Mark III	5820-02-C02-0207		120
Axle Cable Reel: RL-27	3895-00-498-8343	B07126	41
Bed Cargo, Demountable PLS 8 x 20 (Flat Rack)	3990-01-307-7676	B83002	81
	8470-01-526-7916 8470-01-565-7815 8470-01-092-8497 8470-01-029-8498 8470-01-092-8499 8470-01-092-8500 8470-01-092-8501 8470-01-424-5392 8470-01-424-9686 8470-01-242-9734 8470-01-491-8411		
Body Armor		DA708Q	6,965
Cable Assembly Telephone: CX-4566/G	5995-00-985-7571	C66253	6
Cable Assembly Telephone: CX-4760/U 15FT	5805-00-089-8365	C66390	9
Cable Reel DR-8	6145-01-155-4258	C68719	61
Cable Reel DR-8	8130-00-407-7859	R55920	31
Cable Reeling Hand RL-31	3895-00-252-6896	R59023	13
Cable Reeling Hand RL-39	3895-00-498-8343	R59160	195
Cable Telephone: WD-1/TT RL-159/U 2 KM	6145-01-047-4344 6145-00-243-8466	C68856	77
Cable Telephone: WF-16/U	6145-00-910-8847	C69541	12
Command Post System: Modular	8340-01-334-7529 8340-01-528-8210	C40496	30
Computer			60
Computer Cmpplt W/ Accessories			18
Computer, Ballistics Mortar M23	1220-01-119-6049	C60294	35
Computer, Desktop			131
Computer, Laptop			443

Computer, Laptop, Ruggedized			30
Cover, Camouflage Screen	1080-00-103-1246	C89145	127
Electronic Test Set: TS-4348/UV	6625-01-323-9584	E03826	42
Fire Direction Set Artillery: 30000m Max Range	1290-00-299-6892	H55843	9
Gen Set Ded TM: 10KW 60HZ Tri Mtd	6115-01-319-9032 6115-01-413-3818	G42170	
Generator Set: Diesel Trk Mtd 60KW 400HZ PU-806B/G	6115-01-317-2133 6115-01-471-1506	G17460	503
Generator Set Ded Skid Mtd 10KW 400HZ MEP-813A	6115-01-274-7392	G74779	3
Generator Set Ded Skid Mtd 10KW 60HZ MEP-803A	6115-01-275-5061	G74711	3
General Illumination Light Set		L63994	349
Generator Set Comm 5KW 60HZ	6115-01-224-6653	J35813	268
Generator Set, 5KW			1,271
Generator Set 50 KVA	6115-01-C03-3887		3
Generator 250KW	6115-01-C13-1770		100
Generator Set Ded Tm, 10KW Trailer Mtd 400HZ PU-799	6115-01-313-4283 6115-01-413-3819	G53403	3
Helmet	8470-01-092-7528 8470-01-300-3819 8470-01-092-7527 8470-01-092-7526 8470-01-092-7525	K34733	7,954
Hose Cot Rub Line	4210-00-289-6123	K53748	24
Interrogator Set: AN/TYX-1	5895-01-494-0898	J99233	3
Machine Gun (M60) 7.62mm	1005-00-505-7110	L92386	1,088
Military Lensatic Compass	6605-01-196-6971	E63317	157
Modular GP Med Tent System (Modular)	8340-00-543-7788		9
Oscilloscope: OS-303 G (TEMOD)	6625-01-470-7541	P32409	6
Phone, Cell			24
Pioneer Tool Kit: Eng Platoon, Manual Labor Tools	5180-00-596-1539	W48211	6
Pioneer Tool Kit: Engineer Platoon	5180-00-596-1537 5180-01-467-4677	W48211	6
Pioneer Tool Kit: Engineer Squad	5810-00-596-1539 5180-00-596-1546	W48074	18
Plotting Set Artillery Fire Control	6675-00-641-3630	P09818	6

Power Supply, PP-2309/U	6130-00-752-2215	P38314	3
Purging Kit Fire Control	4931-00-065-1110	P70517	15
Quadrant Fire Control, Gunners M1A1	1290-00-891-9999	Q03468	99
Rifle M16A2	1005-01-128-9936	R95035	193
Shelter: Non-Expandable S250	5411-00-489-6076	S01427	3
Sight: Reflex Collimator	1240-01-411-1265 1240-01-540-3690	S60288	1,053
Spectrum Analyzer			6
Survey Equipment: Etheodolite Survey	6675-00-089-8885	W07701	6
Surveying Instrument Distant Measuring	6675-01-187-5139	S69675	3
Telephone Set: TA-312/PT	5805-00-543-0012	V31211	56
Telephone Switchboard SB-22/PT	5805-00-257-3602 5805-00-715-6171	U81707	20
Telephone Wire with Reel: MX-10891/G	6145-01-259-9203	T31872	30
Vehicle Tester Flow	6680-00-436-4212	W02526	3
Tool Kit Artillery Mechanics: ORD	5180-03-577-7727	W32182	12
Tool Kit DS Cable Adapter Frequency:	5840-01-064-1375	T36679	3
Tool Kit Electric TK-101	5180-00-064-5178	W37483	13
Tool Kit Multi-Capability	5180-01-493-1664	MC8015	3
Tool Kit Small Arms Repairman: Ordnance	5180-00-357-7770	W32182	35
Tool Set: General Mechanic's	5180-00-177-7033 5180-00-606-3566	W33004	259
Tools Small Arms Repair Kit			21
Tow Bar, Motor Vehicle (Cable ILO)	4910-00-735-6056	W69528	83
Trailer: Light Utility, 3/4 Ton (M101 series)	2330-01-102-4697 2330-00-898-6779 2330-00-738-9509 2330-01-372-5641	W95537	243
Tripod Surveying: w/Head Ext Legs 64 in	6675-00-641-3572	X31755	18
Tripod Surveying: w/Head w/o Head	6675-00-240-1881	X31892	3
Truck, Heavy: Tractor (Inter 5000MV)			36

Truck, Mdm: 5-Ton Cargo	2320-00-077-1617 2320-01-230-0307 2320-00-050-8913 2320-01-950-2084 2320-01-206-4087 2320-01-523-1101	X40794	132
Truck, Tractor (Semi-trailer)	2320-01-091-1678	X59042	300
Wattmeter Test Set: TS-3793/U	6625-01-033-5050	W39339	6
Welder Tool Kit	5180-00-754-0661	W58075	2
Welding Kit, Alarkon gas			6
Welding Kit, Oxy/Acetylene and Arc			16
Welding Set		LB3173	52
Welding Shop CgoTrailer 300 Amp	4940-00-287-5404	Y48255	1
Win Radio WR3150e Receiver			78
Section 1234 Congressional Notification Approved Item	NSN	LIN	QUANTITY REQUIRED
USAF REQUIREMENT			
Aircrew Survival Kit			100
Tow Tractors Aircraft Shop	1740-01-468-5158		10
ASR-8 ATC Radar (Airport Surveillance Radars)	5840-01-114-1148		2
Airfield Weather Operating System			4
VORTAC (navigational device)			3
Instrument Landing Systems			3
ATC Towers w/associated communication equipment			3
Test Set, Torque Meter Run Out (C-130)	4920-01-978-6079		2
Test Set, Thermocouple (C-130)	6685-00-884-3885		2
Test Set, Temp Control System	4920-01-292-2173		2

(C-130)			
Test Set, TACAN Ramp (C-130)	6625-01-038-9024		2
Test Set, SCNS Flight Line	4920-01-250-6953		2
Test Set, Propeller De-Icer (C-130)	6625-01-344-2895		2
Test Set, MLS (C-130)	6625-01-291-5370		2
Test Set, Identify Friend or Foe (IFF) (C-130)	6625-01-152-6705		2
Test Set, Fire and Overheat Detector	4920-00-562-4880		2
Test Set, Engine Instruments	4920-00-507-8054		2
Test Set, Engine Electrical	4920-00-650-4312		2
C-130 Engine Stands	1740-00-106-8512		2
C-1 Stand	1730-00-395-2781		2
Airfield Lighting Systems	5680-01-331-4012		2
25K Forklift (ILO K-Loaders)	3930-00-955-3293		2
Radar Approach Control Facility w/Communication Equipment			1
C-130 Prop Change Kit			1
USMC REQUIREMENT			
M1114 HMMVV	2320-01-413-3739	T92446	179
Binoculars (6650-01-C07-7413 per guidance)	6650-01-C07-7413		13
Lighting Trailer	NAVAIR P/N 627451-1		5
VORTAC AN/FRN-42A	5825-00-419-6537		1
Crane, 25-30 Ton	3810-01-268-1737		2
Truck, Medium 7-Ton Cargo (MTVR)	2320-01-530-5676		133

Trailer, Light Utility 1 ½ Ton (M105)	2330-00-141-8050		127
Aiming Circle with Case	6675-01-067-0687		36
Medical Equipment Set, Ground Ambulance	6545-01-467-5035		2
Camouflage Net	1080-01-457-2956		12
ARMY REQUIREMENT			
Antenna, Long Range (OE-254)	5985-01-064-1574	A79381	66
Bed Cargo, Demountable PLS 8x20 Flat Rack	3990-01-450-5671	B83002	36
Airfield Lighting Systems	6210-00-332-3757	L64405	1
Machine Gun Caliber .50 (M2)	1005-00-322-9715	L91975	108
Medical Equipment Set, Ground Ambulance	6545-01-141-9476	M26413	14
Truck, Contact Maintenance	4940-01-333-8471 4940-01-333-8470	S25681	10
Trailer, Lowboy 40-Ton	2330-01-224-9245	S70594	5
Armored Security Vehicle (M1114)	2320-01-413-3739	T92446	186
Armored Gun Truck (M1114)	2320-01-413-3739	T92446	218
Armored Gun Truck (M1114)	2320-01-413-3739	T92446	24
Truck, Up Armored (M1114)	2320-01-413-3739	T92446	131
Trailer, Light Utility 5Ton (M106A1)	2330-01-207-3533	T96883	12

QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN III

IRAQ SECURITY EXTERNAL THREATS

24. Senator MANCHIN. General Austin, you have said that internal security in Iraq is the best it's been in years, and even though insurgents still carry out attacks there, the Iraqi forces do have the abilities to conduct internal defenses, but their bigger challenge is in protection against external threats. How do you define or identify these external threats or enemies of Iraq?

General AUSTIN. [Deleted.]

25. Senator MANCHIN. General Austin, in your opinion, if Iraq cannot stand up to external enemies do you envision that if asked, the U.S. military would fill that gap going forward, similar to our presence in South Korea? General Austin, if so, in your judgment, how many troops and equipment would be needed and for how long?

General AUSTIN. I personally believe that the military partnership model we employ on the Korean Peninsula would not work in Iraq. The U.S. forces deployed to the Republic of Korea are arrayed against a known enemy and oppressive regime.

The threats to Iraqi sovereignty are on the horizon. Unlike Korea, any commitment of U.S. forces would be arrayed against a capability gap existing within the Iraqi security forces. The interdependence and scope of these gaps can be a primary ignition source for future conflicts in the region. The Iraqi Army will not achieve

the full capability to defend against external threats prior to the expiration of the Security Agreement. Areas of specific concern are a lack of integrated air defense and air sovereignty, logistics and intelligence fusion, and the ability to conduct combined arms training.

U.S. forces will focus on strengthening the Iraqi security forces. This effort currently includes maneuver training for select Iraqi security forces divisions, and FMS cases designed to advise, train, and equip. On our current glide path, a large amount of equipment arrives just as the U.S. military departs. There will be no capability for the Iraqi security forces to conduct combined arms training and employment once this equipment is fielded. This is a hindrance to enduring security.

Equally important are the concerns about Iraq's ability to employ integrated air defense in order to defend air sovereignty. A nation has an inherent right to exercise absolute control and authority over the airspace and coastal waters. 85 percent of Iraq's revenue comes from exporting oil. These gaps place risk on Iraq's ability to economically mature. This capability gap can be addressed through our current transition plans, but success will be contingent on the continued support of Congress to fund Embassy Baghdad operations over the next 5 years.

Finally, the adhesive that keeps everything together is sustainment and intelligence fusion capability. The capability to analyze intelligence, to share pertinent and actionable information, and then complete the loop with actions against malign actors is the foundation for enduring security in Iraq. The security environment required the Iraqi security forces to grow rapidly which has flooded an immature logistics system and forced the Government of Iraq to accelerate sustainment efforts. If the Iraqi security forces are going to continue to develop as a security force and provide internal security and external defense they will have to improve their logistics capabilities. In order for progress to be solidified over the next 5 to 10 years these capabilities must be established and modernized. This is the strategic main effort for any U.S. military partnership over the next decade.

U.S. TROOP LEVELS POST-WITHDRAWAL

26. Senator MANCHIN. Ambassador Jeffrey, what are your thoughts on the full scope of the U.S. commitment to Iraq after the troops withdraw?

Ambassador JEFFREY. Today we have a historic opportunity and a critical window to help Iraq emerge as a strategic partner and a force for stability and moderation in a troubled region. We cannot afford to let the gains we have sacrificed so much for slip away.

President Obama has clearly articulated our vision for partnership with Iraq. We seek a country that is sovereign, stable and self-reliant, with a government that is just, representative and accountable, that denies support and safe haven to terrorists, is able to assume its rightful place in the community of nations, and contributes to the peace and security of the region.

The U.S. military has performed admirably, succeeded in an extremely tough mission and sustained heavy losses, but now it is time to reorient relations to their proper civilian foundation, based on our bilateral Strategic Framework Agreement. We need to have platforms around the country to carry out key transitional missions for the next three to five years. These include stationing political, economic, security and other officials in key areas where past experience has shown how a small number of Americans, working daily with their Iraqi counterparts, can have a disproportionately great impact in helping to defuse crises and produce long-term solutions.

We will also have a robust Office of Security Cooperation in Iraq (OSC-I) under U.S. Chief of Mission authority, which will build security relationships that develop partner military capabilities for self-defense and multinational operations and promote specific U.S. interests. In addition, the DOS PDP will play a vital role in helping Iraq's Ministry of the Interior develop its capabilities in the areas of strategic planning, budget execution, improved border enforcement, combating terrorist financing, crime scene exploitation, forensics, and human rights.

Our foreign assistance programs, led by USAID, focus on traditional economic, political, and cultural cooperation, and private sector development. These programs help strengthen institutions, address ethnic and sectarian tensions, and provide economic opportunities for Iraq's people. USAID's major focus areas are strengthening the agriculture sector, improving health and education, combating corruption, and instituting legal and regulatory reform; all essential to create new jobs and grow the private sector in Iraq. As Iraq develops its oil resources and increases net revenue, we expect it to augment its contribution to cost sharing, already taking place on a number of assistance programs.

27. Senator MANCHIN. Ambassador Jeffrey, what type of U.S. involvement will be necessary in order to keep the peace and make our investments in nation-building pay off?

Ambassador JEFFREY. Following the responsible drawdown of U.S. military forces at the end of 2011, our involvement in Iraq will transition to a strong civilian engagement with Iraq as envisioned by the Strategic Framework Agreement. The goal of this civilian presence is to carry out our key programs and support our strategy to transition to a more robust Iraqi capacity; build a long-term economic, political, and cultural partnership; and support Iraq's reintegration into the region and the global economy. Key programs during this transition include consulates military assistance programs, rule of law and the development of the Iraqi police force, assistance for refugees and the internally displaced, as well as traditional economic and development assistance. All of these build upon our whole-of-government efforts in Iraq to date.

Right now we have a critical window to help Iraq emerge as a strategic partner of the United States and a force for stability and moderation in a troubled region. However, to achieve these goals, Iraq must overcome some very serious challenges, which taken together, have the potential to directly affect our national security interests. A weak, unstable Iraq could attract international terrorists or open the door for Iraq to potentially align with destabilizing actors in the region.

Our programs will help Iraq meet these challenges and moderate these risks. We anticipate opening consulates in Erbil and Basrah to engage directly on political and economic issues with Iraqis at the regional and local levels. Additionally, our OSC-I in the short term will help close gaps in Iraqi security forces capabilities via security assistance and security cooperation activities, and in the long-term will play a critical role in building our strategic partnership with Iraq.

Our foreign assistance strategy in Iraq has evolved over time—shifting from reconstruction to capacity development in order to increasingly enable the Government of Iraq to govern effectively, manage its own reconstruction efforts, and promote economic growth.

Targeted programs that focus on microfinance, improving the banking and investment climate, liaising with key ministries and local governments to become more effective in the delivery essential services, advising the Iraqi parliament on improving its oversight and monitoring capacity, monitoring access to justice for vulnerable populations, and other anti-corruption, legal and regulatory reforms. Without such assistance, a democratic Iraq will be unable to meet its own citizen's expectations for a sovereign, stable and self-reliant country.

Our military assistance programs—FMF and International Military Education and Training—focus on helping the Iraqis increase the capacity and professionalism of their military forces and complement the efforts made to date through U.S. Coalition, and Iraqi military operations and initiatives. These programs are critical to the U.S. objective of engaging with Iraq as a strategic regional partner, particularly during this period of substantial turmoil in the region, with major implications for Gulf security.

Finally, our rule of law and PDPs address the most important remaining gap in Iraq's internal security—development of a strong and professional police force and a judicial system that is effective and impartial. Iraq's ability to engage in legal reforms and police professionalization will reinforce favorable conditions in which Iraq's private sector can thrive and ameliorate the problems mentioned above.

We must build on the shared sacrifices of both Americans and Iraqis to continue the momentum towards a sovereign, stable, and self-reliant Iraq while forming a broad and lasting strategic partnership. We cannot afford to let the gains our troops have sacrificed so much for in Iraq slip away before they are cemented.

28. Senator MANCHIN. Ambassador Jeffrey, in 2003, the Bush administration said the United States won't be faced with a huge bill for reconstruction of post-war Iraq, in large part because Iraq's oil wells can be tapped to help defray the costs. Clearly this did not occur, with the United States spending billions in Iraq for reconstruction. Iraq is known to have the second largest oil reserves in the world. What is the current state of Iraq's oil industry and revenues, and will their revenues be used to support their police forces, education and medical facilities, reconstruction and maintenance, and the types of things that can stabilize a country?

Ambassador JEFFREY. The Iraqi Government spends billions of dollars each year on security, reconstruction, and development. In 2009, the Iraqi Government spent nearly \$8 billion on security and roughly \$7.8 billion on reconstruction and capital investment. Through November 2010, year-to-date Iraqi Government spending was \$7.5 billion for security and \$8.4 billion for reconstruction and capital investment. The 2011 budget includes \$12.0 billion for security and \$25.7 billion for reconstruc-

tion and capital investment. This includes over \$5 billion for investment in critical areas such as electricity, public works, health, and education.

The overwhelming majority—nearly 90 percent—of Iraq’s projected income comes from oil revenue, and Iraq has the fourth largest proven oil reserves (115 billion barrels) in the world behind Saudi Arabia, Venezuela, and Iran. (In late 2010, the Iraqi Government announced an additional 28 billion barrels of reserves, but this increase is not yet recognized internationally as proven reserves.)

Having proven reserves, however, does not translate into the immediate ability to produce or export all of that oil. Iraq’s 2010 production average was 2.4 million barrels per day, and some industry analysts have predicted that Iraq may exceed 4 million barrels per day production by 2015. Iraq faces numerous logistical, bureaucratic, and financial constraints to achieving those production levels, however. The government must update and build pipeline and export infrastructure, and cover significant upfront costs incurred by international oil companies. Furthermore, even if Iraq solves its logistical and infrastructure problems, Iraq’s production could be limited by market conditions and the potential re-imposition of an Organization of the Petroleum Exporting Countries quota.

Even with increases in production, Iraq may not see significant net revenue increases for 3 to 5 years. The signed contracts state that Iraq must pay international oil companies for services rendered and some infrastructure and supplementary costs incurred during field development. Covering these costs—tens of billions of dollars—upfront will have the effect of delaying net revenue increases, and thus the Iraqi Government’s ability to make significant additions to the non-oil investment budget.

Iraq is still very much a post-conflict developing country facing considerable development, human resource, and fiscal challenges. The Iraqi Government’s fiscal management is improving with each passing year, but its available fiscal resources and institutional capacity are not yet adequate enough to meet its citizens’ demands for basic services and infrastructure, or to fully achieve its development goals. Nevertheless, we believe the Iraqi Government is fully committed to improving stability and prosperity for all Iraqis. With the passage of time and the continued development of Iraq’s oil and gas sector, additional resources will be available that, if properly managed, will help enable Iraq to reach middle-income status over the next decade.

QUESTIONS SUBMITTED BY SENATOR ROGER F. WICKER

SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION OVERSIGHT

29. Senator WICKER. Ambassador Jeffrey, Iraq’s financial system is not like our own. Many transactions are conducted using cash which has presented some issues for us in the past. Specifically there have been numerous cases where money has not been appropriately accounted for, it has been embezzled, or it has simply been stolen. The SIGIR has investigated such issues and provided accountability since 2004. But I understand SIGIR is to stand down upon the transition to civilian control of operations in Iraq. How will the DOS ensure taxpayers’ dollars are well spent and accounted for?

Ambassador JEFFREY. DOS OIG and USAID IG have oversight of DOS-managed assistance programs. These IGs have experience monitoring traditional assistance programs in embassies worldwide.

SIGIR was established to provide oversight for reconstruction activities in Iraq and now that reconstruction is coming to an end, the Embassy will focus on traditional assistance programs and DOS OIG and USAID IG will have jurisdiction.

GAO also maintains a three person office at the Embassy and has oversight over all programming and projects, as directed by Congress. We have provided—and will continue to provide—access to our GAO colleagues on all assistance activities in Iraq.

On a related issue, the Embassy will continue to provide capacity development programming to address corruption. We have an active program in Iraq, with the goal of providing training on anticorruption activities within the Government of Iraq.

30. Senator WICKER. Ambassador Jeffrey, who will provide that accountability in the absence of SIGIR?

Ambassador JEFFREY. Mission Baghdad has a long and collegial relationship with SIGIR and has appreciated the insights and accountability that the audit team in Baghdad has provided over several years. DOS OIG and USAID IG also provided

oversight over traditional assistance programs in Iraq and a multitude of other countries. Both offices have a permanent presence in the United States. Mission. Additionally, GAO has—and will continue to have—a three person office at the Embassy. These three agencies will continue to provide oversight.

QUESTION SUBMITTED BY SENATOR SUSAN M. COLLINS

INFORMATION SHARING WITH SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

31. Senator COLLINS. Ambassador Jeffrey and General Austin, the information and oversight SIGIR has provided over the last several years has been invaluable to my colleagues and I to evaluate the U.S. mission in Iraq. The most recent SIGIR quarterly report suggests SIGIR has experienced some challenges in obtaining detailed information from DOD and DOS in the course of fulfilling its congressionally mandated requirements. Would you describe your commitment to be forthcoming in providing information to SIGIR for adequate reporting of the transition during this year?

Ambassador JEFFREY. Embassy Baghdad has a long and collegial relationship with SIGIR. We answer SIGIR's questions in a timely and complete manner. We provided over 300 pages of information in response to the 40 questions on the most recent data call and 8 pages of edits and comments to the draft report circulated by SIGIR. Assistant Chief of Mission for Assistance and Transition, Ambassador Peter Bodde, meets weekly with all of the IGs in Baghdad and have a front office staff member whose responsibility is to ensure timely response to SIGIR's quarterly data calls.

In addition, we have given SIGIR, as well as all the IGs located at Post, unprecedented access to information outside of their data calls. SIGIR is included in our internal Country Team meetings and is granted access to both unclassified and classified DOS computer systems, which gives them unlimited access to our internal documents and classified cables. This level of access for an IG organization is simply unparalleled in any other post in the world. We have done this because we value SIGIR's institutional knowledge.

As Congress is aware, we are in a period of transition and, as SIGIR noted in its October 2010 Quarterly Report, our assistance in Iraq is transitioning from largely reconstruction-based to technical assistance and capacity building.

The 2005 MOA between SIGIR and DOS OIG delineates the jurisdiction of the two oversight organizations to avoid overlap and duplication. That MOA specifically states that questions dealing with Embassy operations will be addressed by DOS OIG. The Embassy has already responded to DOS OIG on transition matters. Because the MOA also directs the parties to share information in order to avoid duplication, SIGIR, which has previously sourced GAO and USAID IG reports, in fact, has access to this information.

General AUSTIN. USF-I has enjoyed a strong and effective relationship with SIGIR. I fully support the goals of the administration and Congress of ensuring valuable oversight of U.S. operations in Iraq. Oversight is essential to our success and SIGIR is a part of the team. My staff dedicates a significant amount of time and effort to ensure SIGIR's requests are supported expeditiously. SIGIR's Quarterly Report has a compressed timeline which has made it challenging for USF-I to conduct a detailed examination of the documents for possible erroneous information.

The USF-I Inspector General recently met with SIGIR's Baghdad Embassy team to discuss current audit procedures and timelines. USF-I business rules have been adjusted to better meet these timelines and help streamline SIGIR's ability to conduct oversight.

[Whereupon, at 12:23 p.m., the committee adjourned.]

