

TRANSCRIPT

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[Joined in progress]

A: --in the manner in which it is handled, both privately and publicly, these series of outrageous, and we use that term advisedly. We have been in longstanding dialogue with both Iraqi officials in Baghdad at the most senior levels as well as with the Kurdish regional government leadership. President Talibani in his capacity as a Kurdish leader; President of the KRG Massud Barzani, and other Kurdish officials, to make one basic point. This terror launched from the territory of a friendly state, Iraq, against the citizens of another friendly state, Turkey, is unacceptable to the United States, it should be unacceptable to the government of Iraq, and to the Kurdish regional government leadership. In fact the Iraqi government does regard it as such.

The Iraqi government has entered into a counter-terrorism memorandum of understanding very recently with the Turkish government. There has been a series of statements, which we applaud, by the Iraqi government explicitly condemning the PKK as a terrorist organization, condemning the attacks from Iraqi territory against a friendly state, Turkey.

The Kurdish regional government leadership has made similar statements. But statements are not enough. Action is required here. It has been too long without meaningful action directed against this terrorist group.

In the first instance, responsibility for dealing with this threat lies with the Kurdish regional government leadership. This organization is based in and operates from the KRG territory. We look to the Kurdish leadership to take steps in their own interest against this group, and I must tell you this is not anything which the Kurdish leadership is not aware of from our own voice. We are not pleased with the lack of action undertaken against the PKK. We don't believe a cross-border operation would serve the interests of any party--Kurdish, Iraqi, or Turkish. We continue to counsel the Turkish government against a cross-border operation. We believe it's intrinsically destabilizing. That is a message which we pass not only to the Turkish leadership but also to the Kurdish leadership. They should act and they should act now in meaningful fashion against the PKK in order to prevent an action, the consequences of which could be harmful to them, to Iraqi interests, and certainly to our broader interest. But action at the end of the day must be taken.

Q: Can you tell us whether you have recommended specific steps to the Kurdish regional government? Can you tell us what those specific steps might be?

A: In the first instance, I'm not going to go into detail except to note that meaningful steps would include actions by the Kurdish leadership to constrain the movement of the PKK, to constrain the access of the PKK to the various types of support that it receives. But I won't go--

Q: Up to and including military action?

A: I will simply say to take actions to constrain the ability of the PKK to operate from Kurdish regional government territory. I'm not going to go into more specifics.

Q: Yes, Sir, the first question is the US has been on this case for some time now, and General Ralston. What leads you to believe that the odds are better now to take some action with the KRG than they were a year or so ago?

Secondly, on a slightly different topic, I wonder if you could--

Q: Let's let him answer that one first, then we'll come back to--

A: Well, Paul, I'm not offering odds of a greater or less chance; that was your surmise. What I'm saying is that a very threatening situation exists today. There has been an escalation in both the incidents and lethality of PKK attacks in Turkey. This was a serious situation; it is an even more serious and imminent situation today. It ought to impel the Kurdish leadership to action. I'm not giving odds on likelihoods.

Q: Can you offer us a reason for greater hope? Should we be more--

A: I wish I could.

Q: Okay, you had round two?

Q: My second question is regarding Iran in Iraq. There seem to be a lot of people under Iranian command in the water in the Persian Gulf and also in Iraq itself, apparently. Is it the US government's view that the Tehran government has firm control over these commanders, or is there a concern that they may have a lot of latitude, perhaps too much latitude [inaudible]?

A: There is no question in our minds whatsoever that the activities undertaken by the Republican Gulf Corps, whether in the Gulf, Naval forces, or in Iraq through Quds Force and other associated IRGC elements are very much under the direction and command of the most senior levels of the Iranian government. Full stop.

Q: So that you don't see any--

A: I tried to be clear as I can be. We believe their actions are very much under the direction and authority of the most senior levels of the Iranian government.

Q: Good morning, Ambassador. I wonder if you could bring us up to date a little bit on State Department plans to have forces from the State Department and perhaps other associated agencies to go [inaudible] and work on the reconstruction. There had been some discussion of having sort of a semi-permanent force of people from State and a Reserve force who would be helpful in situations such as--

A: If you're referring to the Civilian Reserve Corps--

Q: Yes.

A: --proposal, we are very interested in establishing a standing reserve corps or reserve service of civilians who would have the skill sets to deal with a variety of situations, not just man-made circumstances as in Iraq or the Balkans, but also natural disasters of a profound scale similar to the tsunami disasters in East Asia.

It's really not advisable, given the circumstances we have faced in too many different situations around the world over the past decade and more, to have to ad hoc a response which involves the mobilization of very specialized skills which are not typically skills found within the State Department or, indeed, within civilian US government ranks, but which do exist in the private sector. Town planning, agricultural chemists and soil specialists, specialized veterinarian skills, disease diagnostic and epidemic skills; these

are things that we'd like to have a better ability to mobilize as a resource base. And indeed, we are in fact setting up such a Reserve Corps. We are working with the Congress on funding for the Corps. We see this as an ongoing issue of importance for US government. We see it as something which the US Congress certainly has expressed its own support for, but we are in the beginning stages of making this a reality.

Q: Thank you.

Q: On the topic of Congress, the supplemental was finally delivered to lawmakers yesterday, and now with the increased tensions of Turkey, do you see this as an opportunity for more public kinds of [inaudible] their support to--

A: I'm not going to speculate on the impact of tensions between Turkey, the PKK, and the Kurds or Iraq on the specific of voting lay-down for the supplemental. I think that's a stretch, very honestly.

Q: And the delay of getting supplemental funds to Iraq right now, is that having any impact on training or critical State Department actions at this point?

A: Over time, deferral of the previous supplemental, now past, this supplemental did have an impact, would have an impact, but we're projecting now into the future. But yes, there comes a point where we do need these supplemental funds in order to sustain a variety of both civilian and military activities in Iraq. That was the case with the '07 supplemental before it was passed and the monies made available. It would be the case in the future for this supplemental. That is not a now issue.

Q: What is the point in time?

A: I'm not going to speculate on a precise date at which a given program, because it's a cascade of multiple programs, military and civilian; they have different funding dates, different funding drawdown or burn-through rates. I simply can't give it. It would be a very complex flow chart.

Q: I mean, is there one area that you're concerned about most, like training.

A: We're concerned about all areas of civilian and military needs. There needs to be a regular and prompt delivery of funds for a variety of these activities, but I'm not going to single out any one area specifically.

Q: Mr. Ambassador, to follow up on Paul's question about Iran. Could you bring us up to date on what's the key to the bilateral talks with Iran and the issue of Iraq? Are there more meetings planned? What's the [inaudible]? And could you explain from your point

of view [inaudible] what's the US strategic plan to deal with Iran?

A: Okay, well I will challenge the Iraq-centric allusion there--

Q: [inaudible]

A: --because it's a significant question, because we cannot be Iraq-centric in the way in which we assess issues, either Iraq related or Iran related, and I'll get to that point in greater elaboration later.

The answer is there has been no significant change in Iranian behaviors in Iraq that can be attributed to the bilateral discussions we have held; this is a matter of concern to us. We went into these talks on the premise that it was worth having a dialogue on Iraq-related matters, primarily security, to see whether or not Iran indeed had the intention of changing those behaviors which were beyond threatening, indeed lethal, to American forces, to associated coalition forces, to innocent Iraqis. We have seen no such demonstrable outcome to the talks.

The issue of a further set of negotiations, whether it be ambassadorial or sub-ambassadorial-level remains on the table. It is not something that we have withdrawn as a matter of principle, but any decision to initiate such talks, the level at which they would be conducted, the timing of those talks, that all remains to be decided. Indeed, the question of "if" remains to be decided. Nothing can be attributed to the talks held so far, and that is a point we have made to the Iranians very directly.

Now, with respect to your last question. The reason I responded as I did is that Iran approaches, Iraq approaches, the Middle East in a strategic fashion. It certainly has ambitions in Iraq that are unique to Iraq and its future. But it also uses Iraq and its activities in Iraq as both a demonstration case and as a projection lens for its interests in the region more broadly.

Iran uses the presumption, which I think existed through much of 2006, that it had escalation dominance in Iraq as a means of projecting a broader strategic dominance in the Gulf as a whole. It used it to enhance the aggression, confidence with which it engaged with Syria, with Hezbollah, with radical Palestinian elements based in Damascus, further to project its influence. That's how Iran, in our view, looks at the region. It does have Iraq-specific interests, but it also looks at Iraq as a means of projecting much broader interests.

We have a strategic approach as well in confronting these ambitions. We are dealing with the issue of Iran in Iraq, in Iraq, through confronting the Quds force elements there engaged in facilitating supplies of weaponry, engaged in providing training for the most

radical and violent Iraqi factions. We are engaged in the Gulf more broadly through a variety of steps, both assuring our Gulf partners of our continued presence in the area through our deployments in the Gulf region, through the package of arms sales we are now working with Congress to advance, demonstrating an ongoing significant commitment through the repeated and multiyear commitments of economic and financial assistance we have made to traditional allies, Israel and Egypt, all of which coupled with a robust and now some 13-month-old dialogue to establish a more meaningful, coherent, and effective Gulf security dialogue and Gulf security architecture plus Jordan and Egypt, and trying to assure the region as a whole that the United States is here for the long stay.

We have had a 60-year-commitment in the Gulf. We intend to stay. We are not withdrawing. Not in Iraq, not in terms of our commitments more broadly to our friends and allies in the region. Now that's a message not only to our friends; it's also very much a message to Iran. We intend to defend our interests and the interests of our friends there against Iranian ambitions.

Q: Just to dot an I, you said that the question of "if" was still on the table--

A: It absolutely is--whether or not we will schedule--

Q: Whose decision will that be?

A: Well, at the end of the day, it will be the decision of the Secretary of State and the President.

Q: A US decision, not an Iranian--

A: Of course it's a US decision.

Q: I meant to--

A: It would be a US decision.

Q: I just had a question here too. You mentioned the term escalation dominance. You said that Iran thought it had it, I believe that's what you said, in the summer of '06--

A: I think it's--

Q: Were you saying they no longer have it or you no longer believe--

A: I don't believe that Iran, after the actions undertaken against Quds force elements as

well as other, both kinetic and non-kinetic, activities conducted broadly in the region, including deployment of carrier routes to the Gulf, that they have the same perceived dominant position in Iraq, as was the case through much of 2005-2006.

Q: Perceived by who?

A: The region and Iraqi parties and certainly by the Iranian government itself.

Q: Congress right now is considering expanding the authorities of [SIGR], Special Inspector General, and creating a War Contracting Commission and also creating a special inspector general for Afghanistan or expanding [SIGR] into Afghanistan. In light of contracting abuses and oversight issues in Iraq and in Afghanistan as well, what are your thoughts on those proposals?

A: I can't comment on the Afghan proposal. I don't have responsibility for that area.

With respect to Iraq, the State Department has worked extremely closely with Stu Bowen and with his office for some time now, both in his reporting and also on the follow-up actions, implementation of his recommendations. It has been a very positive relationship. I think that all sides have benefited from this, as Stu acknowledges in his own reporting. But I don't have any further comment on specific congressional proposals for expansion of authorities or extension.

Q: What about this Wartime Contracting Commission to--

A: Again, I don't have any comment on that. We take very seriously oversight and management responsibilities, but, again, I am not in a position to give you a specific comment on proposed legislation.

Q: At this point, is a Turkish incursion into northern Iraq inevitable? If not, what does the US have to do, I mean, what leverage do we have?

A: I certainly don't believe there is any inevitability to a step. The Turks, as I said, have been extremely restrained, cautious, and careful in the manner in which they have described both the threat and in the conduct of diplomacy, most recently with a variety of actors. Foreign Minister Babashan is present now in Baghdad; that's an important step. There have been very senior level contacts including, most recently, in terms of external parties between Erdowan and Prime Minister Brown.

We believe a resolution to this threat to Turkey, to Iraq, and to the Kurdish leadership, because all are threatened by the situation, is possible. But it will require meaningful action against the PKK operations from their bases in the Kurdish regional government

territory against Turkey. That is what is going to be required. And at the end of the day, it is not so much a question of US action as what is the Kurdish leadership prepared to do. And I cannot speculate beyond that.

Q: What is the US role, in the military we have no power over it. Is the Kurdish--

A: Our role is to impress upon all sides the importance of avoiding destabilizing actions A and B; to impress upon the Kurdish leadership for meaningful action after a very long period of reiteration that action is required and no action being taken if they wish to avoid the potential destabilizing impact of a further escalation in the situation. And I'm not going to go beyond that in speculations.

Q: What about a lever? What US leverage, what leverage does the US have--

A: We have excellent contacts with all sides involved here. I'm not going to get into discussion of specific levers.

Q: One follow-up. If in fact there was an incursion, this is somewhat hypothetical, would you recommend that General Patraeus--

A: Oh, you know the answer to this. I'm not going to speculate on hypotheticals. I'm not going to speculate on hypotheticals. We believe an escalation can be avoided. We do not believe military action of the sort that you are describing or speculating upon is necessarily what will happen, but action is going to have to be taken to address terrorist activities by a group based in Kurdish regional government territory. That's it.

Q: In the next week or two or--

A: It's going to be needed, and it's needed soon.

Q: Will we know it when we see it? [Laughter].

Q: Yeah. Will we know it when we see it?

A: I think all sides, if it happens, will speak positively to it. The Kurdish leadership, the Iraqi leadership, and the Turkish leadership. Yes, we'll know it if we see it.

Q: How does a force of 3,500, this is the figure thrown out for the PKK, how does that hamstring Turkey, us, I mean, it's a small force, disproportionate--

A: How did under two dozen hijackers manage to kill thousands of people? I think that question is self-evident.

Q: Thanks.

Q: Last July, we had the Ambassador of Turkey, [Nabi Sensoy] come in, and he was complaining about American weapons winding up in the hands of the PKK. The way he put it was kind of odd; he said this does not mean the United States has supplied this, not necessarily to the terrorist organization--

A: Look--

Q: --so my question is has any action been taken to address this concern, US weapons given to--

A: Yes.

Q: --Iraqi forces winding up in the hands of the PKK?

A: We have addressed very specifically reported Turkish belief that US weapons have wound up in the hands of the PKK.

Q: And what's the conclusion of these investigations?

A: We do not believe any such actions took place.

Q: Mr. Ambassador, your organization has come under some criticism in the past from commanders, military commanders in the field--

A: My organization being?

Q: [Inaudible].

A: Okay.

Q: That there wasn't enough involvement by State Department interagency folks in the field, out in Iraq, in the hinterlands helping with this counter-insurgency. What have you done to increase that influence and what do you have to show for it? What are some examples of some successes there?

A: Over the course of the past six months we have established 15 embedded Provincial Reconstruction Teams. We are in the process of deploying almost 500 civilian staff, not just from US government agencies, but also from specialists brought in as contractors. Based upon a rather unique bottom-up appraisal, place by place, area of responsibility

by area of responsibility. What does the Brigade Combat Team currently on the ground believe is needed? Do they need, and I'm not joking here; this is quite literal. Do they need a camel veterinarian? Do they need another kind of veterinarian? Do they need experts in palm disease or wheat disease? It's that specific. What's needed, how many people are needed, when are they needed? We have moved to establish, over the course of the past six months, an extremely robust what you might call a civilian [SERP] front; our equivalent of the Commander's Emergency Response Program. This is very new. It puts money in the hands of personnel on the ground, civilians working with the brigade commanders in each brigade area of operation in Iraq, to get not only a force multiplier effect but also to have the best eyes and ears, military and civilian, of what kind of requirements exist, how best to address them.

This has been a dramatic effort in mobilizing US government resources, financial and human; in setting up in combat areas the most robust civilian presence in the field that has existed since Vietnam and the [inaudible] program. This is something the Secretary is very much committed to. It is regarded by our brigade commanders by Corps Commander Odierno, by Dave Patraeus as a very successful model. It is still spinning up to full deployment, and I think the best test of this, for those of you who have been out to Iraq is to talk to brigade commanders themselves and get their appraisal; it is an extremely positive one.

We intend to continue this program. There may be additional Provincial Reconstruction Teams requested. If so, we will mobilize the necessary staff to get those teams deployed as well. We have 25 Provincial Reconstruction Teams currently operating in Iraq. If we need more, there will be more.

Q: May I follow up?

Q: Yeah, go ahead.

Q: How much money is devoted to that

SERP fund that you were talking about, the equivalent--

A: There are a variety of monies that are available for contracting, available for grants, available for programs that are coordinated with or through the PRTs. The total sum put together approaches a billion dollars for all of the programs that are worked through or with, in coordination with the PRTs.

Q: Can you discuss what you see are the trends in militia infiltration as related to both the police and the Iraqi Army? And then, secondly, I wonder if you can comment on the DynCorps police training contract?

A: The answer is I can't comment on the DynCorps issue.

Q: Can't or won't?

A: I can't comment on the DynCorps issue.

On the issue of militia infiltration, look, there has been a longstanding concern about militia influence in, control of, infiltration into the structures, particularly in the Ministry of Interior and into elements of local police forces in Iraq; secondarily, the National Police Force. Those are issues which, over the course of the past two years, MNSTCI, the Embassy, MNFI have placed special focus on.

I don't believe, and I don't think there's empiric evidence that that infiltration is on an accelerating curve. Indeed, we've seen measures to combat it and confront it in the Ministry, in the police forces themselves, as declining.

There is a new trend, a very new trend, with respect to recruitment into the police and the army. And that's what we have seen in Anbar and increasingly now outside Anbar in Saladin Province, in Diala, in Baghdad, in Ninewa, which is elements who had been associated with the Sunni insurgency having laid down their arms against the Iraqi government and coalition forces and turned those arms against al-Qaida are now being referred by the Iraqi Government into local police forces into the national army. They're going through a vetting program.

You can understand the Iraqi government, its ministries are very concerned that they not bring individuals into the Iraqi national forces which would constitute a potential threat or a further infiltration of disloyal elements. The fact that the government, the national government, is satisfying itself that these individuals, many of whom were covered by the de-Ba'athification order still extant, are now functionally being brought back into the life of the state, we see as an extraordinarily positive step. It is very much a part of what Anbar represents. It's part of the story, I think, that really has not gotten as much attention as it merits.

You don't have a national de-Ba'athification law yet. One is absolutely necessary, but at a functional level there is reform and de-Ba'athification taking place, what Dave Patraeus calls local or community amnesty. The government is bringing these people back into national life and national service.

Q: I'm just curious about the measures you have in place to vet these folks--

A: It's not just us. It's that we and the Iraqi government have in place.

Q: Previously, others were vetted and they ended up--

A: And that was not an adequate process.

Q: What's changed?

A: Well, we believe over the course of the past two years we've learned very much from the lessons of the previous three years in terms of the kinds of vetting measures. I'm not equipped, I'm not the person to give you the presentation on the specifics of vetting measures. MNSTCI can talk to you in detail about that, or MNFI. But there are very much revised and enhanced vetting procedures we and the Iraqis are applying for police as well as for army.

Q: I'd like to, you put me on the [inaudible]. First up, just a follow on the PKK. Is the Kurdish Regional Government actively helping the PKK or preventing efforts to go after it? And secondly, some months ago you told me that if we got to the September benchmark [inaudible] and there was no oil law that it would say really, really bad things about the will of the Iraqi government and the Iraqis themselves to come together around something that ultimately would be [inaudible]. We're a month past it, and there is no oil law.

A: Right. And first of all, no, the Kurdish Regional Government we do not believe is facilitating or aiding the PKK, nor are they blocking "efforts by others" to deal with the PKK problem. They are inactive. They must become active in dealing with this threat to them. There is no argument by the Kurdish leadership that the PKK is a hostile group. Masud Barzani and his forces suffered significant casualties in taking on the PKK in the late 1990s. They're an enemy of the Kurdish Regional Government. That's not our judgment, that's the Kurdish leadership's judgment as well. But action is required to deal with this threat, to deal with [inaudible].

Now with respect to the hydrocarbon law. Ryan Crocker spoke, I think, quite elegantly and in great detail on exactly what the consequences were of the failure of Iraq's government to pay us the so-called legislative benchmarks, and the way Ryan presented this, Anne, was I think significant. What Ryan said was there is no question that a common national will that lays out in detail the nature of the future of the Iraqi state, the nature of relationships between the center and the periphery, between communities and Iraq, is not present. Iraq has undergone a revolution--social, economic, and political--Ryan's words. That process, those dynamics are continuing.

The fact that the government of Iraq, the Cabinet, the Council of Representatives, have not acted on many of these issues is a reflection of the fact that a common national

consensus, a national will, what Zal Khalilzad used to call a national compact, does not exist, but in the absence of this national consensus and the manifestation of such a national consensus in the form of passage of these specific laws, something very interesting is happening on the ground at a functional level. While there is no national hydrocarbon revenue management law, revenues from hydrocarbons are being distributed and distributed more and more effectively. Last year, the national government was able to execute only 22 percent of its capital investment budget. This year we project the execution rate will be some 70 percent plus. That is a result of our and Iraqi efforts to mobilize execution capacity.

Anbar Province, once population security was assured, saw provincial government stand up again, both the provincial council and local mayors, and with them, because of the careful work we, the military, our provincial reconstruction teams have been doing, often with elements in exile in Baghdad, the provincial government that could not meet in its own offices because of the violence, when they were able to return they were able to emerge with a coherent transparent plan for local needs, and because of our work with the national government, we were able to get some 220 million dollars in funding for Anbar province from the national government.

Now, is that, Anne, reconciliation with a capital R? Well, again, Ryan spoke to that. No. Reconciliation will require at a national level this achievement of a national consensus on the future of the country. But even in the absence of that step, practical accommodations, pragmatic steps are taking place between the center and the provinces, within the provinces, which have the impact of increasing security, increasing stability for populations, and a progressive increase in the ability of the Iraqi government to provide services, not just in Baghdad, which has the highest provision of electricity in the last three years, sustained over the last several months, to a provision of basic services in the provinces. There is a long way to go.

But the focus upon a single point of success or failure, when a single list of what are often existential and extraordinarily difficult national decisions, the legislative benchmark blurs, we think, the progress that is being made in many more points of success, both in the capitol and outside, and we're focused at both levels, at the national level and at the provincial level.

Q: Mr. Ambassador, several months ago when he was still Chairman of the Joint Chiefs, Pete Pace said basically, you know we're not really sure that the fingerprints of the senior Iranian leadership around these EFPs and other weapons coming into Iraq. Today, you seem to say, yes, they are. Has something changed in the intervening months?

A: I can only express the view of the US government now and for some time, which is we

are not in doubt that the activities of the Republican Guard Corps in Iraq, provision of weapons, training on those weapons, reflect a decision and the direction of the most senior levels of the Iranian government. I'm carefully phrasing my response to you. That is our position. That has been our position for some time. "Our" being the US government's.

Q: Can you elaborate?

A: No. My remarks stand.

Q: Mr. Ambassador, as I'm sure you know, Congressman Waxman yesterday accused Blackwater of federal tax evasion for not paying Medicare and Social Security and all sorts of other obligations because of their classification of their contract personnel [inaudible]. I'm wondering if you agree with that, is that true?

A: I'm not able to offer you a comment on that. I'm simply not able to. I'm not a tax attorney. I have no idea.

Q: Has the committee asked you for a response--

A: No. Not to my knowledge.

Q: Are you concerned at all that the Iraqi government is contracted by over a 120,000 weapons from the Chinese Communist Party. They often blame the DoD and the Foreign Military Sales Program for failing to give them the weapons they have ordered, but I'm wondering if from your perspective if that presents a risk, giving the Chinese government, making the Iraqi government dependent on the Chinese government for these types of--

A: Look, we do not believe that the Iraqi government, our own interests in Iraq, the desire to see the standup of functional and effective Iraqi forces is threatened by any of the current government of Iraq authorized procurements that is undertaken, whether with the Chinese government or with other sources.

With respect to the FMS program, we do very much want to see the most efficient functioning of FMS sales for Iraq possible. This is an issue which the Department of Defense has been very much focused upon in terms of making sure that from the Iraqi side, we're calling that, this is a new experience for them.

The issue of how one enters, from the acquiring side, an FMS arrangement is a very, it's a year-old experiment, not experiment, experience for them. We want trucks. What kind of trucks? Big trucks. What kind of big truck? Literally. [Laughter]. It's a generic request

that has to be, as you all know in this business, brought down to very specific detail. It has been a learning experience for the Iraqi side in how one takes a very generic desire for things and brings them down to specific requests for a thing and a specific quantity with a specific set of characteristics. That's on the Iraqi side, and we think we are working through very successfully bringing them up to speed on what they need to do and the speed with which they need to do it. You can't provide equipment unless you know equipment is being sought and have requests for it.

On our side, we have worked to accelerate the procurement process from the defense base we have to try to match up both of these for a more effective functioning of what is something still very new, but which is very much accelerated, and I think we're doing a much better job on both sides of getting the requests in so we have the ability to process them, and then in our ability to procure and send out.

Q: So just to be clear, you're not concerned at all at [inaudible] as these logistics get worked out where the Iraqi army will become dependent on other sales--

A: No, the rather tendentious phrasing you're using notwithstanding, we are not concerned at the procurement position of the Iraqi government.

Q: Back to the Turkey issue real quickly. Clearly, you've suggested that the Kurdish leadership is in many respects key to resolving some of these issues and, again, clearly they haven't taken action. But what is their response when the US government talks to them? Are they cooperative or are they resistant to do anything, or what sort of feedback are you getting from them?

A: Well, the only feedback that ultimately matters is are they acting, and the answer is no. They have not acted in the manner that we think is very much in their interests to address this threat.

Q: How close is the State Department to deciding whether to amend or terminate the [inaudible] contact with Blackwater? And is it at this point, given the rage within the Iraqi public and also the repeated demand by the Iraqi government that Blackwater leave the country at some point in the near future, is it inevitable that at some point soon the US State Department primary contractor and it is no longer Blackwater?

A: Let me make a couple of points here. There are several different processes at play here. There is an investigation, which the FBI has the lead into the specifics of the September 16th incidents. That investigation continues.

There is a joint US-Iraqi government to government joint commission, which has just begun over the past several weeks its work examining the overall operation of contractor

security forces, private contractor security forces in Iraq. The work of that joint commission is still not complete.

Pat Kennedy served as Executive Secretary on behalf of the Department of State and the Secretary for a review of contractor operations beyond Blackwater, security contractor operations in Iraq. They provided their brief, their summary brief, to the Secretary of State less than 24 hours ago. We need an opportunity, "we" being the US government, the Iraqi government, to reflect upon these various lines of inquiry and investigation underway.

We have drawn some conclusions in terms of management and oversight, steps that need to be taken. The Secretary has indeed implemented some of those steps when the first initial report from Pat Kennedy was submitted to her prior to this more comprehensive briefing. We will all be considering the more mature recommendations of that report in considering what other steps are appropriate. Beyond that, I would not speculate on any ultimate decisions, including with respect to the ultimate disposition of the Blackwater contract.

Q: So, to be clear, the simple fact that, as US officials constantly emphasize, the sovereign government of Iraq, the democratically elected sovereign government of Iraq, the simple fact that it has said that it does not want Blackwater in its country, that isn't enough for the US to say conclusively that Blackwater--

A: What I'm saying is that we will deal with this issue with the Iraqi government. We will deal with it in terms of our internal deliberations upon appropriate steps, focusing on management and oversight responsibilities, and we will focus on it in light of investigations which have yet to be completed. And I will draw no conclusions on ultimate decisions at this point.

Q: I'm trying to understand how much difference there is between the administration's view and that of those who advocate soft partition [inaudible]? Can you explain to me how strong a role the US government believes the Iraqi government should, will ultimately have as things settle down [inaudible]? Does the US government believe that it will be much like ours or that it will be kind of a weak central government?

A: Well, the first comment is, and this is not an evasion, I wish I knew what soft partition meant as opposed to hard partition, exactly how this would be conducted, what the US role would be. I'm a little confused, and I guess I have been for the better part of a year in just what these terms thrown around might mean. But what I think is far less important than what Iraqis think, and that gets to your second part of your question.

We don't know what ultimate decisions will be taken by Iraq's leaderships--Sunni, Shia,

Kurd--with respect to the sorts of issues that I was discussing with Anne. These existential questions of what is to be the nature of Iraq, what is to be the relationship between Iraq's communities, between the center and the peripheries?

I think there is a broad assumption, based on the content of the Iraqi constitution and also of a general sense from all communities that a federal system contains within it the broad frame for the future of Iraq. But federal systems around the world can take many, many different forms. Some are very high with centralized, some are extraordinarily decentralized, some possess a mix of some very centralized national functions and then highly decentralized provincial regional functions.

I don't know, we don't know what decisions Iraqis may ultimately take in filling in the many blanks that will define what kind of country they want. But we do know one thing. Virtually no Iraqi leader in any community in any place is advocating partition of the country, and that includes the Kurdish leadership. Indeed the reaction of Iraqis, for quite some time, to encouragement toward exhortations about "partition" have been almost uniformly negative. And I think that's probably the best answer to your question.

I don't know what soft partition means. What I do know is that virtually all Iraqis are repelled by the concept of partition and what they think that suggests for their future.

Q: This is a follow-up. From the Bush administration's point of view, is there anything alarming in the idea of Iraq ultimately settling out to a very weak central government with military and border functions and most of the power residing in the regional spheres?

A: Those are decisions entirely for Iraq's leaders and the Iraqi people to take. The constitution provides for the ability to form multiple regions within Iraq. The provinces can convert full cloth to regions, they can cluster in regions. The options are there. For Iraq, that is intrinsically an Iraqi decision.

Q: This is a rare opportunity to ask you to, somewhat authoritatively, what are the worst case scenarios of a Turkish incursion in terms of the US mission in Iraq?

A: I'm sorry. I'm just not going to speculate over worst-case scenarios. We're working right now to try to see actions taken that stabilize the situation through an addressal of the operations of a terrorist group from the territory of a friendly country against another friendly country. That's it. We are not looking at worst cases, at inevitabilities. We're working to try to stop a further escalation, further deaths by innocent Turkish citizens, further potential destabilization. That's where we're focused.

Q: Well, what form would it take or how would it impact the US--

A: I'm not going to comment. We don't believe that a cross-border operation. We don't believe military operations inside Kurdish Regional Government territory are intrinsically stabilizing or helpful. We think they have the opposite impact. But the consequences of continued acts of terror against innocent Turkish citizens are also enormously destabilizing and unacceptable.

Q: You telegraphed on the Gulf security initiative, you said we are now working with Congress to further the arms package. Has the 20-day informal notification period actually begun? I didn't think it had already.

A: I can't comment on that.

Q: Come on.

A: No, I'm sorry. I can't. I'm not responsible for the arms packages on the Hill.

Q: But you hinted that now--

A: We are working with the Hill on advancing these sales. If you would like a specific response on the congressional timelines, we can get that for you. Not a problem at all.

Q: All right. Fair enough.

A: Not a problem. It's a factual answer; I am not responsible for this process. Sadly, I do Iraq.

Q: You hinted at it, that's why I wanted--

A: Right.

Q: Okay, thank you.

Q: I had another quick question about the supplemental.

A: Sure.

Q: On the amendment yesterday, the State Department's portion of supplemental went from \$3.3 billion to \$6.9 billion. That's an adjustment of over 100 percent, so I'm wondering if you can talk about some of the [inaudible] of how the estimate for the State Department's obligation in Iraq rose over 100 percent from the time that the original budget.

A: It is a reflection of the surge now underway in Iraq. It's a diplomatic surge. It's an operations surge on the civilian side as well as a surge on the military side. It is going to be sustained. It's going to continue. We have significant responsibilities. They are responsibilities which are very much attendant to, supportive of, the successes achieved as well as the obligations contained within what the military has been doing, and the successes produced by the military surge. And that requires an additional funding level for operations as well as for our programs in Iraq.

Q: Will you talk about what that money is going to be used for. In other words, we didn't get details of--

A: It's for a variety of operations including an expanded staffing at the embassy, sustained over a longer period of time. It is funding for expansion of housing and space for our personnel in Iraq. It is for those very dramatically expanded PRT operations, over doubled, for the very much larger civilian presence we are bringing into Iraq, and the potential that we will be bringing more provincial reconstruction teams and staffing it, and then, of course, for the programs, the civilian SERP, the other programmatic activities which are being conducted not just in Baghdad but throughout the country. All of that wraps into those higher numbers.

Q: First of all, thank you for your time this morning.

A: Sure.

Q: To what degree do you think that the fighting underground in Iraq is shifting from a fight between sects between Shia on Sunni, Sunni on Shia, to a fight between rival groups, each trying to secure a position so that they are the dominant force within their community?

A: The struggle in Iraq is a struggle or a set of struggles on many levels. There is a struggle for influence, for resources, for authority. It has at times taken territorial dimensions between groups. It is a struggle for influence at a much more particularist level between self-interested gangs; collectives, which may or may not have a national label, accurately or inaccurately applied to them. It's a struggle between al-Qaida and basically everyone else in Iraq, whatever community identified. All of these are going on.

What we are trying to do is to stabilize the situation to achieve greater population security from all of these sources of threats. That's where we believe the greatest success for the ultimate fate of Iraq lies. Because, and again I have to quote Ryan Crocker because I think he said it quite well. We can't predict what will be the ultimate future in terms of shape, governance, arrangements of Iraq.

What we can say is this, that if the decision process, the deliberative process that leads to those decisions takes place in an atmosphere which is calmer, more secure, freer from the forces which are pressing for greater polarization; radicalism, extremism, and violence; we believe you will get an outcome or a set of outcomes that greater serve the interest of the Iraqi people, the US people, the region as a whole, than if those decisions and those processes unfold in a different kind of environment marked by polarization, marked by threat, marked by violence.

So, different levels of struggle, different levels of confrontation; we are trying to reduce all of that to provide a greater space for what is going to be a very difficult decision process by Iraqis on what the nature of their country is to be.

Q: I think we have just one more over there.

A: Sure.

Q: Back on Blackwater. I know you're not going to comment on the ongoing review and the decisions that might result from them--

A: No.

Q: --but one thing they have in common is something of a scramble after the fact to look at how much oversight the State Department has over these contractors and to find some way to hold them accountable. Given that and what happened on September 16th, do you think that this sort of whole Blackwater problem is something we all should have seen coming long before now?

A: Anne, I can't comment on that except to say we take management and oversight seriously. We had management and oversight arrangements in place prior to September 16th. The purpose of the various inquiries and reviews underway is to look at several different questions. First, the common understanding of what the rules, procedures are. What exists right now? Were they being followed? Just the current body of procedures. Were they being implemented? Were the resources there to implement them?

A second question. Are they today, in late 2007, the right rules, the right rules, the right procedures? Should something else be done in terms of oversight mechanisms? Some steps have already been taken in terms of enhancing management and oversight, and the Secretary announced those, I think a week and a half ago. There are other steps, undoubtedly, which will be considered and, I suspect put into place; again, to enhance management and oversight, but I'm not going to look back beyond that.

Q: Thanks for coming in.

A: Absolutely. Thank you all.

Q: We appreciate it.

A: My pleasure.

END TEXT