

U.S. Senate Foreign Relations Committee
Chairman Richard Lugar
Opening Statement for Hearing on Iraq Reconstruction
June 4, 2003

The Foreign Relations Committee is pleased to welcome Under Secretary of State Alan Larson, Under Secretary of Defense Dov Zakheim, Under Secretary of the Treasury John Taylor, and Administrator of the Agency for International Development Andrew Natsios. Our panel represents the broad range of U.S. agencies responsible for American stabilization and reconstruction activities in Iraq. The bureaucratic diversity of this panel also underscores how important inter-agency coordination is to our success in Iraq.

The Committee is looking forward to your testimony about the funding required for efforts in Iraq, the Administration's plans for seeking international contributions, and efforts to ensure that resources are used effectively.

This is the second in a series of hearings on post-conflict Iraq. The Committee greatly appreciated the comprehensive testimony delivered by Deputy Defense Secretary Paul Wolfowitz and General Peter Pace on May 22. They helped to clarify U.S. policy and plans for stabilization and reconstruction in Iraq and to put in perspective the difficulties that have accompanied these efforts. They assured us that the Administration is making adjustments to its plan aimed at accelerating reconstruction and addressing stabilization problems. I was particularly pleased to hear Secretary Wolfowitz assure the Committee that the Administration is committed to the long term in Iraq and "will remain there as an essential security force for as long as we are needed."

Up until now, the support of the American public for the war in Iraq and the war on terrorism has been strong. But as we move into the expensive and complicated process of rebuilding Iraq, Americans will want to know that their money is being spent effectively and that other nations are contributing a fair share.

As part of a \$79 billion Supplemental Appropriations bill covering Operation Iraqi Freedom and the war on terrorism, Congress has already provided \$2.5 billion for relief and reconstruction in Iraq. Most experts anticipate that significant additional appropriations will be needed by year's end. As we examine what funding will be needed, we must ask what are the most critical priorities, how are existing funds being used to meet these priorities, and who is making the decisions about expenditures?

We also are intensely interested in the Administration's efforts to secure contributions from other nations that will reduce long-term U.S. financial burdens and broaden the interests of the international community in a successful outcome in Iraq. During the military conflict, many nations contributed to the success of the Coalition, some by contributing troops, others by offering logistical support, materiel, or shared intelligence. We are grateful for the partnership and commitment of these nations.

With regard to the re-building effort, however, it is still unclear what international contributions have been offered and what goals the Administration has set for securing both financial and human resources. Experts have identified the need for peacekeeping forces along with economic and technical experts, but it remains unclear who is being asked to provide these personnel. The main criteria for the involvement of allies and international organizations must be their ability to make contributions that will advance our goals in Iraq.

Another issue that we wish to explore in depth is the degree to which Iraq's own resources will be available for the rebuilding effort and how Iraqi funds will be administered. These resources include the \$1.7 billion in frozen Iraqi assets in the United States, at least \$600 million in Iraqi assets in other nations, the more than \$700 million recovered by Coalition forces that was hidden in Iraq by Saddam Hussein's family and associates, the funds remaining in the United Nations Oil-For-Food account, and revenue from future oil sales. Together, these assets represent a substantial down payment on Iraq's future. But the administration of Iraqi assets will require full transparency and a high degree of political sensitivity.

The passage of Resolution 1483 lifting the United Nations Sanctions on Iraq has added a new dimension to these resource issues. The winding down of the Oil-for-Food program over the next six months and establishment of the Development Fund for Iraq with \$1 billion in unallocated UN escrow account funds can help meet immediate reconstruction needs.

The measure of success in Iraq that matters most is what kind of country and institutions we leave behind. Toward that end, we should acknowledge that we are engaged in nation-building in Iraq. The achievement of stability and democracy in Iraq presents an opportunity to catalyze change in the Middle East region that can greatly improve U.S. national security and help win the war against terrorism. Achieving such ambitious goals will require careful planning by the Administration, full participation by the Congress, and support from the American people.

We look forward to exploring these issues with you today.