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THE SECRETARY-GENERAL

**—
ADDRESS TO THE ANNUAL REVIEW CONFERENCE
OF THE INTERNATIONAL COMPACT WITH IRAQ
Stockholm, 29 May 2008**

Prime Minister Reinfeldt,
Prime Minister Al-Maliki,
Excellencies, Ladies and Gentlemen,

It is an honour to be here. As Co-Chair of the International Compact with Iraq, I thank all of you for joining us for this important meeting. Your participation is a clear sign of the international community's determination to stand in solidarity with the people and Government of Iraq as they go through their challenging transition.

Let me thank, in particular, the Government of Sweden for its steadfast support of the Compact process, and for its generosity in hosting this first Annual Review Conference. I am grateful to His Excellency, Mr. Nouri Al-Maliki, Prime Minister of Iraq, for sharing with us the efforts of his Government to implement its commitments under the Compact.

Excellencies,

Just over a year ago, we met in Sharm el-Sheikh, Egypt, to launch the International Compact with Iraq. Much has been accomplished since then. Today, we have an opportunity to take stock of where we stand. You have before you the first Annual Review Report, titled "A New Beginning." It provides a comprehensive assessment of the progress so far, and the challenges ahead.

Indeed, notable progress has been made in all three pillars of the Compact -- in the security, political and economic fields, despite the challenges. For this, Prime Minister Al-Maliki, his Government, and the people of Iraq deserve our commendation.

As the Report makes clear, the Iraqi people continue to suffer from acts of terrorism, sectarian violence and criminality. Many endure forced displacement and human rights violations. Essential services are still sorely lacking.

Nonetheless, if I were asked to use one word to describe the situation in Iraq today, I would choose the word "hope." There is new hope that the people and Government of Iraq are overcoming daunting challenges and working together to rebuild their country, after years of war, dictatorship and neglect.

In the area of security, there is reason for hope. The incidence of violence has retreated from the alarming levels of 2006 and early 2007. Thanks to the concerted efforts of the Government of Iraq and other stakeholders, we have seen steady progress in strengthening the capacity of Iraqi security forces and curbing the activities of militias and other armed groups. We have also seen renewed determination to strengthen the rule of law.

Through these efforts, Iraq is stepping back from the abyss that we feared most. Nevertheless, the situation remains fragile. Securing the full trust and support of all the Iraqi people is paramount. I urge those in charge of ongoing military operations to keep doing their utmost to prevent civilian casualties and respect international humanitarian law.

By the same token, it is essential to keep building professional security forces that are trusted by all Iraqi communities, capable of taking over security responsibilities in an impartial and non-sectarian manner, while respecting human rights and the laws of the land.

To consolidate these advances in security, it is essential to achieve progress in the political sphere. Here, again, there is cause for hope. The Government of Iraq has committed itself to completing a long legislative agenda. Successes include the passage of the Justice and Reconciliation Law, the Amnesty Law, the Provincial Powers Laws and the 2008 Budget. I encourage Iraqi leaders to maintain this positive momentum, and finalize as soon as possible other pending laws that are critical to national reconciliation, including the draft Electoral Law and Hydrocarbon Law.

Equally, I urge Iraqi communities to work together in a spirit of national unity to resolve fundamental issues that continue to divide them. These include the federal structure of Iraq, and the sharing of the country's wealth and natural resources. The Constitutional Review Process presents an important opportunity to resolve these difficult and long-standing issues. If Iraqi leaders are able to agree on a package deal of key amendments to the Constitution, it could make for a much-needed grand bargain among the country's main communities.

Equally essential to lasting peace is creating an inclusive dialogue. This means building further on interaction with groups that are outside the political process, but willing to renounce violence and enter into dialogue. A fine example is the engagement with the Awakening Councils. Integrating them into the security forces, workforce, and political mainstream could significantly help pave the way for national reconciliation.

In the economy, too, there is reason for hope. Estimates from the International Monetary Fund show that the economy has expanded since last year, and will continue to do so over the next several years. The Government of Iraq has made great strides in meeting its commitments under IMF Stand-By Arrangements, and has taken steps to reduce inflation.

Iraq has ratified the UN Convention on Anti-Corruption -- another notable step towards strengthening investor confidence. And most significantly, the volume of oil outputs and exports are at their highest levels since 2004.

Excellencies,

I have often been reminded by my Iraqi counterparts that Iraq is not a poor country. And yet, while Iraq has made progress in delivering essential services, there are still too many citizens who lack clean water and sanitation, electricity and fuel, and access to proper health care and education. There are vast numbers of Iraqi refugees -- in the region and beyond, including here in Sweden. And there are hundreds of thousands of internally displaced persons who require urgent assistance.

The international community has an obligation to assist them. But I am also hopeful that the Government of Iraq will consider ways of spending more of its own resources to improve the lives of its people. The United Nations is committed to supporting Iraq in this mission.

Given Iraq's wealth and natural resources, building better lives is not a question of extensive financial aid. Rather, it is a question of unlocking Iraq's own potential. Iraq looks to the international community for partnerships, technical assistance and economic exchange. A number of countries have already contributed, in the form of investments, debt relief according to Paris Club terms, and assistance for reconstruction and capacity-building. I encourage all Governments to do the same, so as to fulfil the promises made through mutual commitments under the Compact.

Let us be clear about what is at stake: for the first time in its history, Iraq has a chance to integrate fully into the global economy. Iraq's contribution, particularly in the energy sector, will translate into real dividends for the world as a whole. I would urge Governments to support Iraq's accession to multilateral institutions, including the World Trade Organization.

Finally, in the area of regional cooperation, there are signs of hope as well. Political and economic integration in the region is essential for building and sustaining peace, and can bring economic rewards to everyone involved. I welcome the efforts of the Expanded Ministerial Conference of Neighbouring States, held in Sharm El Sheikh, Istanbul and Kuwait. I urge participants at future meetings to redouble their efforts to achieve more tangible outcomes. It should be possible for the three regional working groups -- on border security, energy, and refugees as well as IDPs -- to formulate more concrete recommendations. These could eventually be endorsed at the ministerial meetings.

The United Nations is committed to supporting the expanded ministerial process through the Ad-Hoc Support Mechanism endorsed in Kuwait in April 2008. These efforts will help Iraq and its neighbours strengthen relations and establish diplomatic ties.

Excellencies,

The International Compact is not only a road map for achieving the national vision of Iraq. It also represents a framework for Iraq's normalization and transition to a full member of the community of nations. I am sure you all agree that this is in our collective interest.

The United Nations, for its part, remains committed to doing all it can to support the people and Government of Iraq under Security Council resolution 1770. We are working under challenging conditions on a range of outstanding issues -- from the conduct of elections to the resolution of disputed internal administrative boundaries, from constitutional review to the promotion of human rights and the rule of law, and the coordination and delivery of humanitarian, reconstruction and development assistance. In all these endeavours, my colleagues in the United Nations Assistance Mission for Iraq have my full support.

For the Government, parliament and people of Iraq to move forward on the path towards genuine national reconciliation, they will need to address all these issues through meaningful dialogue and consensus. Only in this way can Iraq build enduring political, social and economic progress, for the benefit of all its citizens.

The partnership and mutual commitments enshrined in the International Compact exist to support Iraq in this work. Together, we can fulfil Iraq's national vision of becoming a free, secure, stable and prosperous nation.

Thank you very much.