

*Permanent Mission of the Republic of Iraq
to the United Nations*



ممثلة جمهورية العراق الدائمة لدى الامم المتحدة

Statement of Iraq

**Before the Second Committee
Item: 52 Macroeconomic Policy Question**

**Addressed by
H.E. Falah Mustafa Bakir
Representative of Kurdistan Region
Member of Iraqi Delegation**

**New York
15/10/2007**

Mr Chairman,

Let me at the outset congratulate you for your election as chair of second committee and congratulate all the bureau members,

My delegation aligns itself with the statement presented earlier today by the distinguished representative of Pakistan on behalf of G 77 and china.

In addressing the world leaders at the opening of the 62nd session of the General Assembly, the Secretary General of the United Nations stated that successes have been achieved in the Millennium Development Goals, but the rising tide of globalisation has not lifted all boats.

The Secretary General's report on "International financial system and development" emphasised the importance of governance and multilateral surveillance reforms and the need of a stronger multilaterally institutionalised mechanism of surveillance. Moreover, the Secretary General also stressed the importance of expanding the representation of developing countries in global financial institutions.

Mr Chairman,

Iraq has entered a new historical phase following the fall of Saddam's regime, which drained the country's economy and destroyed its institutions. The current Iraqi leadership

is committed to rebuilding the country's economy, infrastructure, and institutions, and, most importantly, to establishing the rule of law.

On 3 May 2007, we announced the "The International Compact with Iraq," which is based on three main pillars:

1. political progress;
2. security and the rule of law, and;
3. economic reform and reconstruction.

In this regard I would like to mention the role of the Commission on Public Integrity, which was established on 27 January 2004 to promote the rule of law and preventing corruption in all levels of government.

Mr Chairman,

We are delivering on our economic reform agenda on a number of fronts. It is in the process of reducing government subsidies, expanding the private sector, promoting investment, restructuring the financial sector, and strengthening regional and international economic integration.

The initiative to implement a new investment law is another highlight of the past year. Emphasis has been placed in the initial stages on expanding public-private partnerships and restructuring state-owned enterprises.

Iraq has also given top priority to reform its banking sector, especially in the fields of corporate governance, human resource capacity, and expansion of capacity for credit, investment, and risk management.

Finally, we have taken steps to consolidate and improve decision-making in financial policies by signing a Memorandum of Understanding between the Central Bank of Iraq and the Ministry of Finance.

Mr Chairman,

During the launch of the International Compact with Iraq in May 2007, some creditors offered commitments for debt relief for Iraq. We encourage other states to take similar actions to Paris club state members to alleviate debt incurred during the regime of Saddam Hussein. The Iraqi people should not be forced to bear this burden as we seek to build a new Iraq.

We also request a review of the compensation, which Iraq is required to pay to Kuwait as a result of Iraq's invasion and occupation of Kuwait in 1990. The Prime Minister and the Foreign Minister of Iraq formally requested that the Security Council reconsider Iraq's obligations under this program, particularly since Iraq has paid \$22,081,193,340 through April 2007, and continues to pay such compensation. This too is a heavy burden for Iraq

at this critical juncture in its democratic and economic transition after Iraq's liberation from Saddam Hussein.

Mr Chairman,

Security remains the biggest challenge in implementing the governments' policies and programs. Substantial progress has been made towards Iraq's Security Forces in assuming primary responsibility for security in Iraq, and replacing coalition forces.

At the same time, the Higher Ministerial Committee for Security Sector Reform has started its work to ensure respect for human rights.

Mr Chairman,

Under the leadership of the Prime Minister of the Kurdistan Region, Nechirvan Barzani, the Kurdistan Regional Government (KRG) has sought to implement a clear vision for the region within a federal Iraq by setting and meeting the highest standards of transparency and accountability in governance.

I am pleased to report that since the collapse of Saddam Hussein's regime, the Kurdistan Region of Iraq has experienced a historic period of economic growth and expansion. Our region can be rightly considered as a model for the rest of Iraq with regard to political and social development, human rights, and religious tolerance.

Our economic program has been the result of the KRG's commitment to private sector development and expanding foreign investment. In July 2006, the Kurdistan National Assembly passed the Kurdistan Region Investment Law, which provides incentives to foreign investors, including the right of full property ownership, tax and customs duty exemptions, repatriations and partnership. By 2010, we expect to have \$5 billion in foreign investment in the Kurdistan Region.

The KRG has also enacted laws which assure that the natural resources of the Kurdistan Region, and Iraq will be best utilised for the good of the Iraqi people. We have therefore taken the initiative among Iraq's political parties in passing a regional oil law that fully conforms with Iraq's constitution and the draft federal oil law and should be a model for transparency and accountability in Iraq and other oil-producing countries.

Revenue from the country's oil and gas reserves will form the foundation of our economy and provide the financial support for the reconstruction of our damaged infrastructure.

We are determined to eliminate corruption wherever it occurs. Without strong adherence to the Rule of Law we will be unable to serve our people as best we can or attract the best foreign investment.

Education reform is another top priority. Our teaching methods are outdated and our physical facilities poor. Without improvement, our most important natural resource – the hardworking and resilient people of the Kurdistan Region – will not benefit as they deserve.

As we seek to build a new life for the Kurdistan Region and for all of the people of Iraq, we are grateful for the support of the United Nations and its member states. Now is the right time to further involve the UN in Iraq and in particular our Region as the gateway to the rest of Iraq. We are making progress and trying hard, but your help will ensure our survival and prosperity. Together we can implement a sustainable development plan.

Mr Chairman,

The people of Kurdistan Region in Iraq has been contributing positively in all aspects of the political process in Iraq, and just recently President of the Kurdistan Region Masoud Barzani called for a meeting of Iraq's political leaders on how to operationalise federalism as a mean of governance in Iraq, this invitation is vital for progress in the political process in Iraq and therefore it should be supported by all friendly member states.

Thank you.