

DAILY BULLETIN

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PRESIDENT TELLS TROOPS AT FORT LEWIS THAT TERRORISTS WILL FAIL

Freedom, democracy vital for Bush's counter terror strategy

President Bush explained to a gathering of U.S. Army troops on June 18 his vision of the role of the U.S. military in combating terrorism by spreading freedom and democracy.

Addressing military personnel and their families at Fort Lewis, Washington, the president noted that high-technology weapons "can make a critical difference in the war on terror. But the major difference ... is the people ... who wear the uniform: a highly-skilled, highly-motivated, fantastic group of men and women."

Bush said terrorists kill the innocent in order to shake Americans' will, and noted that they "have vowed to destroy America.

"But like aggressors of another time, the terrorists have chosen the wrong enemy in the United States of America," he said.

"You can't reason with [terrorists]. There's no need to negotiate with them. Therapy is not going to work. To win this war, we will stay on the offensive and bring them to justice," Bush continued.

The president said that in order to defeat the terrorist threat, the United States is "confronting regimes with ties to terror that arm to threaten the peace. We will remove threats before they arrive," Bush vowed. "That

is one of the lessons of September the 11th we must never forget.”

Bush told the soldiers that “by fighting the terrorists in ... distant lands, you are making sure your fellow citizens do not face them here at home. By helping the rise of democracy in Iraq ... you are giving people an alternative to bitterness and hatred, and that is essential to the peace of the world.”

The president noted that once sovereignty is returned to Iraq at the end of the month, the nature of the fight against the terrorists will be transformed. “Terrorists who attack a self-governing Iraq are showing who they really are. They’re not fighting foreign forces. They’re fighting the Iraqi people. They’re the enemies of democracy and hope. They are the enemies of a peaceful future for Iraq,” he said.

As for the chorus of criticism about U.S. policy in Iraq, the president drew a historical parallel by quoting from a New York Times piece commenting on post-war conditions in Allied-occupied Germany in November, 1946, 18 months after the collapse of the Nazi regime:

“Germany is a land in an acute stage of economic, political and moral crisis,” Bush read. “The basic elements of recovery and peace are lacking. European capitals are frightened by the prospect of a German collapse. In every military headquarters, one meets alarmed officials doing their best to deal with the consequences of the occupation policy they admit has failed.”

Fortunately, Bush commented, “The pessimists did not have their day.” Our predecessors, he said, “stood firm in the face of cynicism and doubt ...[and] helped the German people rise above hunger and hopelessness... [and] resist the designs of the Soviet Union. We overcame many obstacles,” Bush continued, “because we knew that the hope for a secure America was a peaceful and democratic Europe.”

Drawing the parallel to current events, the president said, “We face the same challenges today. It’s just in a different part of the world.” He noted that only 14 months have elapsed since Baghdad fell.

“And today, in spite of the insurgency, in spite of the attempts of the terrorists, Iraq’s economy is moving forward and democracy is taking hold,” the president said. He noted that most Iraqi communities have elected

municipal governments that are functioning, as are over 170 newspapers and dozens of political parties.

Bush said, “Life is getting better for the Iraqi people, who have suffered for decades.” He listed as examples: the rehabilitation of thousands of schools, the training of thousands of secondary school teachers in modern teaching methods, the restoration of electric power “despite continued attacks,” and the influx of Iraqi oil revenues that have now surpassed \$11 billion since liberation.

Sounding a cautionary note, the president said that “[w]ith each step forward on the path to self-government and self-reliance, the terrorists will grow more desperate and more violent.” Nevertheless, he predicted, “these terrorists will fail.

“They will fail, because the Iraqi people will not accept a return to tyranny. They will fail because the resolve of America and our allies will not be shaken. And they will fail because of the courageous men and women like you who are standing in their way.”

POWELL PREDICTS SMOOTH TURNOVER OF SOVEREIGNTY TO IRAQI GOVERNMENT

Reporters query secretary of state on Iraq, Uzbekistan, Middle East

Questions concerning the situation in Iraq and the June 30 turnover of sovereignty dominated a June 18 round-table interview of Secretary of State Colin Powell, but the secretary also responded to queries on Uzbekistan and the Middle East peace process.

Powell met in Washington with reporters from five regional newspapers.

Addressing the preparations for returning sovereignty to Iraq, Powell said he is “impressed by the way in which the interim Iraqi government has started to function even before they have received full sovereignty,” and added that “everything we’ve seen so far suggests it [the turnover of sovereignty] will go smoothly.”

Powell predicted the U.S. relationship with Iraq after the turnover would be “normal political-diplomatic rela-

tions” with the U.S. ambassador to Iraq representing the U.S. government and reporting to the president through the secretary of state. Supervision of U.S. funds allocated for Iraq reconstruction will fall under the authority of the U.S. ambassador, the secretary added.

U.S. military forces remaining in Iraq will continue to report through the military chain of command. Powell said he foresaw no problems in this arrangement “because “it’s a standard arrangement that we have used in many countries over the years,” and cited Germany and Korea as examples.

Powell also stated his belief that “the handover helps with security” and pointed to the buildup in Iraqi police, military and paramilitary forces as evidence that the Iraqi people are “willing to put themselves on the line” to ensure the security situation is brought under control.

The secretary reminded that reporters that “there is a lot of positive news that could be reported.” Pointing to the passage of the U.N. Security Council resolution on Iraq, Powell stated that the 192 member countries of the United Nations “now stand behind this transition effort, this sovereign government, [and] this reconstruction effort.” The adoption of the resolution “also provides a clearly vital role for the United Nations to come in and supervise the elections,” he added. But the secretary acknowledged, “[I]t’s hard to get that good news out when you have this security problem.”

Security is an issue not just in Iraq, as tragically evidenced by the reported death of American Paul Johnson in Saudi Arabia, and reporters queried the secretary on what can be done to ensure the safety of U.S. citizens abroad.

“You cannot protect every single individual that’s living in a foreign country,” Powell responded, but added that the United States would continue to do all it can to inform individuals of risks and ways to reduce risk, as well as to work with other governments to enhance security.

In response to a question on Uzbekistan’s progress on human rights, the secretary said that, “Uzbekistan has been a good, good friend in the global campaign against terror. ... But we do have some concerns about some of their human rights and reform practices.” The secretary, who must make a determination in the next few weeks on whether the country has made “substantial and continuing progress” on human rights, said he is assembling information from the U.S. embassy in Uzbekistan, the

Uzbek government, and interested third parties on which to base his decision.

According to the State Department’s 2003-2004 annual report on human rights and democracy, Uzbekistan’s human rights record remains very poor, and it continues to commit numerous serious abuses. The report cited endemic torture, extremely harsh prison conditions and harassment of independent journalists, opposition politicians and human rights activists.

On the Mideast peace process, Powell said he is continuing to work with National Security Advisor Condoleezza Rice to advance President Bush’s road map for peace. The secretary praised Ariel Sharon’s plan for Israeli withdrawal from settlements in Gaza and on the West Bank, and urged Palestinians to “take advantage of this opportunity.”

“[The] United States ... stands ready to help,” Powell concluded, adding that “I have been carrying that message to Arab leaders everywhere ... and I am in steady contact with both Israeli and Arab and Palestinian leaders.”

IRAQI BANKERS MEET U.S., INTERNATIONAL FINANCIERS IN NEW YORK, WASHINGTON

Meetings arranged by U.S. Trade and Development Agency

Representatives of Iraq’s banks are meeting with U.S. and international financial experts in New York and Washington to be briefed on the latest banking practices and to come in contact with potential U.S. business partners.

The visits are sponsored by the U.S. Trade and Development Agency (USTDA).

“Reconstruction and modernization of the private banking sector is essential for economic growth in Iraq,” said Kevin Woelflein, Senior Advisor to the Iraqi Ministry of Finance with the Coalition Provisional Authority. “This visit has provided the delegates with a valuable opportunity to learn about modern banking practices and will

help to make private banks the core of the future banking structure in Iraq.”

The delegation includes representatives from 12 privately owned Iraqi banks as well as the deputy governor of Iraq’s Central Bank.

According to a June 17 press release from USTDA, the visit includes meetings with members of the Federal Reserve Bank of New York, the Arab Bankers Association of North America, the Institute of International Bankers, the U.S. Department of Treasury, the International Monetary Fund, the World Bank and the International Finance Corporation.

Delegates also are meeting with business leaders from numerous U.S. firms to explore potential investment opportunities and business partnerships.

The press release highlights several steps that have already been taken to ensure the development of a sound banking sector in Iraq, including the enactment of modern legislation to govern the central bank, the introduction of a new currency, and the liberalization of interest rates.

Following is the press release from the USTDA:

USTDA Orientation Visit Supports Development of the Private Banking Industry in Iraq

ARLINGTON, VIRGINIA (June 17, 2004) -- Reconstruction and modernization of Iraq’s banking sector is the focus of a U.S. Trade and Development Agency (USTDA) sponsored orientation visit that is taking place this week in New York City and Washington, D.C. Representatives of 12 privately held Iraqi banks and the Deputy Governor of the Central Bank of Iraq are participating in the visit.

“The development of a vibrant financial sector will be key as Iraq moves into the future,” said USTDA Director Thelma J. Askey in remarks to the Iraqi delegation at USTDA offices in Arlington, Virginia today. “USTDA is well suited to provide assistance in this critical sector, having built a solid reconstruction record in the Balkans in the 1990s and most recently in Afghanistan.”

The orientation visit was designed to expose the delegates to U.S. banks and to technology, capacity, and regulatory practices in the U.S. financial sector. In ad-

dition, the delegates are meeting with U.S. Government officials and representatives of international financial institutions. USTDA sponsored a business briefing today for U.S. firms to learn about developments and opportunities in banking sector in Iraq. One-on-one meetings were held between the Iraqi delegates and U.S. firms to discuss potential business partnerships.

Mr. Kevin G. Woelflein, Senior Advisor to the Ministry of Finance from the Coalition Provisional Authority, is accompanying the delegation. “Reconstruction and modernization of the private banking sector is essential for economic growth in Iraq,” said Mr. Woelflein. “This visit has provided the delegates with a valuable opportunity to learn about modern banking practices and will help to make private banks the core of the future banking structure in Iraq.”

Private banks are likely to play a significant role in the future of the Iraqi financial sector and many steps have been taken to encourage their development. For example, modern legislation has been enacted to govern important financial institutions, such as the Iraqi Central Bank and the Trade Bank of Iraq. In addition, a new currency has been successfully put into circulation and interest rates have been liberalized. To attract investors, the Iraq Banking Law permits foreigners to buy up to 50% of an existing Iraqi bank without going through the licensing procedure for establishing a new bank or making a majority acquisition.

The delegation is lead by Faleh Dawood Salman, Deputy Governor of the Central Bank of Iraq. Other participants include officials from Al Baraka for Investment and Financing Bank, Investment Bank of Iraq, Bank of Baghdad, Iraqi Middle East Investment Bank, Basrah Private Bank for Investment, Islamic Bank, Commercial Bank of Iraq, North Bank, Credit Bank of Iraq, Sumer Bank, Gulf Commercial Bank, and United Investment Bank.

Following today’s business briefing, representatives of U.S. Government finance agencies made presentations to the delegates. Participants included April H. Foley, Vice Chair and First Vice President of the Export-Import Bank of the United States; Jay Brandes, Director of the Iraq Reconstruction Task Force at the U.S. Department of Commerce; and Dulce Zahniser, Senior Advisor to the President of the Overseas Private Investment Corporation.

Earlier in the week, the delegation participated in meetings in New York City with representatives of the Federal Reserve Bank of New York, the Institute of International Bankers, Bankers Association of Foreign Trade, the Business Council for International Understanding, and the Arab Bankers Association of North America. Following today's program at USTDA, the delegation will have meetings at the U.S. Department of Treasury, the International Monetary Fund/World Bank, and the International Finance Corporation.

The U.S. Trade and Development Agency advances economic development and U.S. commercial interests in developing and middle-income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

U.S. COMMANDER OUTLINES PROGRESS TOWARD DEMOCRACY IN AFGHANISTAN

Department of Defense Report, June 18:
Afghanistan update

Afghanistan continues making progress toward democracy as Afghans register to vote in the September national elections and as the nation raises an army, says Lieutenant General David Barno.

Over 4 million Afghans have registered to vote in the September elections, "a key barometer of the commitment of the individual Afghans to their democratic future," the U.S. commander in Afghanistan told reporters in a video-teleconference June 17.

The Afghan National Army has met its goal of 10,000 soldiers this month and will double that number in the next year, the general said, adding that as the army and Afghan National Police have matured, "terrorist remnants are becoming increasingly wary of taking them on."

Fifteen provincial reconstruction teams (PRTs) will be operating by the end of the month, in comparison to only four a year ago, Barno said, explaining that the PRTs identify projects that help the people of their province, extend the reach of the national government and help provide the security framework for the upcoming election.

The Taliban, al-Qaida, and other terrorist groups are being squeezed by military operations on both sides of the Afghanistan and Pakistan borders, operations that recently have been enhanced with communications capabilities at the tactical level "so that commanders on both sides of the border can stay in close communications with each other," he said. He commended the Pakistani military and its aggressive efforts to rid Pakistani tribal areas of all terrorist threats.

Barno noted that Afghanistan faces continuing challenges that include eliminating the threat of narcotics trafficking, demobilizing regional militias, expanding the capacity of local government, and advancing reconstruction. "Meeting these and other challenges that this emerging democracy, here in this very critical part of the world, faces will not be easy. But the Afghan people will not be facing these challenges alone," he promised.

Please Note: Most texts and transcripts mentioned in the U.S. Mission Daily Bulletin are available via our homepage www.usmission.ch. Select "Washington File" from the drop-down menu under "News."