

Sunni groups about the reconciliation plan, this will be the most tangible thing that has happened thus far. And during the last five weeks there has been a rise in violence in Baghdad, and a rise in the sectarian violence. And that's obviously something that they'll be talking quite a bit about.

But at the same time, there's also been a number of things that may be below people's radars that demonstrate that there's still -- in fact, I'd like to put it that this country is trying to pull itself together, it's not trying to pull itself apart. You've seen a lot of solidarity between Sunni and Shia organizations. And Ayatollah Sistani just yesterday issued another statement talking about Iraqi solidarity and the need to overcome pressures on the Shia and Sunni communities.

There's also a committee in the Parliament that has begun its work on looking at the de-Baathification issue, which is one of the things that Maliki announced would be part of his reconciliation initiative. They're looking at the current de-Baathification program and how it could be modified to be potentially more of a judicial program than it is currently a political program.

On the economic side, I think there, there's been more positive developments than I think most people realize, just because I think it's been drowned out a little bit. But some of you will be well aware that Iraq in this period, in the last two months, has realized its highest oil production and export levels since before the war. Over the course of 2006, in the first six or seven months, exports were averaging about 1.47 million barrels a day. And in June, they were at 1.67. So that's a significant increase.

And there's also been an increase in hours of power and electricity. Still -- can't fool anyone here -- still the numbers are very, very low. But in Baghdad, they were around three to five hours in April and May, and now they're up to about eight hours.

And that is, in part, a reflection of the new electricity minister and the electricity plan that he's put in place that has resulted in a number of initiatives on the security front, but also on things like rapid repair, getting up cables faster when they come down, those kinds of things.

Also, Prime Minister Maliki made a speech to the Iraqi assembly laying out his economic program. And it was really the first time I think you had an Arab leader in decades put on the record that there would be change in key areas -- in new investment laws, anti-corruption initiatives, restored financial relationships with Gulf states, and initiatives to improve essential services. And he's started to follow up by instituting changes. And it's particularly notable on the corruption front. He is talking to his Cabinet members, directed them to establish comptrollers in their agencies and submit financial disclosure forms. He's submitted the investment law to parliament, and there's some other liberalization laws which are pending. So there's been a number of small steps, but, again, indications that he is moving from his announcement plan to his implementation plan.

I think on the international front, there has been an initiative called International Compact which many of you have probably heard the U.N. or the Iraqi government or our own President talk about in the last month or so. It's basically an initiative that the U.N. and the Iraqi government will co-chair much along the lines of the Afghan Compact, where Iraq will agree to certain reforms and commitments, primarily on the economic side, but maybe a bit in the security and political sides, as well. And in return for making those sorts of reforms that will put Iraq on a better path to self-sufficiency; the international