

- The Iraqi Army has planned and executed operations in Amarah, Baghdad, Basrah, Diyala, and Mosul – with encouraging results. Seventy percent of more than 160 Iraqi battalions are now in the lead. Their confidence level has grown with each passing month, as has ours in their ability to get the job done.
- Overall, political progress has been incremental but significant. The Iraqi parliament has passed key legislation this year. And the recent return of the Sunni Iraqi Accord Front party to ministerial positions was a welcome sign of reengagement by Sunnis at the national level.
- With the exception of Iran, we have seen an increasing willingness by neighboring countries to help engage with and stabilize Iraq. Bahrain, Jordan, Kuwait, the UAE and even Syria have announced that they will send ambassadors to Baghdad. Jordan's king and Lebanon's prime minister both visited Iraq last month.
- The International Monetary Fund estimates that the Iraqi economy will have 8 – 8 ½ percent real growth this year.

Despite all this, very serious challenges remain:

- Political progress remains too slow – as seen recently by the inability of the parliament to pass an election law. This means that provincial elections, which we believe will continue and enhance the process of reconciliation, will in all likelihood be pushed back until at least December. Elections also mean the possibility of increased violence.
- There have been some worrisome reports about sectarian efforts to either disrupt or slow the process of assimilation of the Sons of Iraq into the Iraqi Security Forces. It is a reminder that sectarian tensions still exist and have the potential to undo recent progress at the local and national level.
- Despite Iran's pledges last year to stop providing weapons, training, and funding to armed militias, evidence suggests that this support continues.
- Iraqi security forces still lack many key capabilities. Many of their operations would simply not have been possible without Coalition enablers. That will remain the case for some time to come.
- The threat from Al Qaeda and other militant groups has receded, but is still very real. In the last few months, we have seen a number of suicide attacks – as well as tactical shifts, such as the increased use of women. This is a reminder that Al Qaeda still retains the ability to inflict mass casualties, the operational capacity to assess and change strategies, and is still trying to sow chaos and reassert itself.
- Similarly, there is the possibility that Jaish al-Mahdi could return.

On that note, I would like to make a few broader comments and put the successes of the last year and a half into some context.

The President has called our reduction in troop numbers a “return on success.” I of course agree, but I might expand further. The changes on the ground and in our posture are reflective of a fundamental change in the nature of the conflict. In past testimony, I have cautioned that, no matter what you think about the origins of the war in Iraq, we must get the endgame there right. I believe we have now entered that endgame – and our decisions today and in the months ahead will be critical to regional stability and