United States Senate

WASHINGTON, DC 20510

October 27, 2003

The Honorable Ted Stevens
Chairman
Senate Committee On Appropriations
S-128
Washington, DC 20510

Dear Chairman Stevens:

As you undertake the crucial task of drafting a Conference Report to provide for the needs of our Armed Forces and the reconstruction of post-war Iraq, we urge you to consider the length of our presence in Iraq and the requirement to create a sustainable reconstruction plan. Both the House and Senate provided roughly $18 billion for Iraq reconstruction aid. Differences have emerged as to whether the funding should be comprised of grants or a package of grants and loans.

Nevertheless, no matter how the reconstruction appropriation is structured, it is clear that our efforts and presence in Iraq will be necessary for years to come. $18 billion will only meet Iraq's short-term needs. The RAND Corporation reports that no successful post-WWII reconstruction effort has been completed in less than seven years. Furthermore, non-partisan groups such as RAND, the World Bank and the Institute of International Finance contend an additional $36 billion to $75 billion will be required to enable the Iraqi people to overcome years of Saddam Hussein's economic neglect. America must commit to Iraq's reconstruction until the mission is complete, but the United States will be unable to sustain reconstruction without greater support from our allies and Iraq itself.

We were hopeful the Madrid Donor's Conference would have garnered greater international commitments for Iraq's reconstruction, but only $13 billion was pledged, with only $4 billion certain. Therefore, the responsibility for Iraq's reconstruction still greatly resides with the United States. Accordingly, as this reconstruction progresses, Congress should also investigate whether Iraq, with its vast resources and with continued U.S. guidance, has the means to be a partner, not a pauper, in its own re-birth after FY2004.

Two possibilities exist for Iraq to be such a partner in its reconstruction, and we urge your consideration of these matters during Conference. First, the United States could assist Iraq in the establishment of a financing authority to enable Iraq to secure loans in the private sector and through international lending institutions after the FY04 funds under deliberation have been expended. Data from the Congressional Research Service and the Department of Energy contend

Iraq conservatively holds assets of $2.5 trillion. United Nations Security Council Resolution 1483 clearly envisions the use of Iraqi assets to procure critical resources necessary for reconstruction and immunizes the revenues generated from Iraq's oil sales against garnishment by creditor nations so that these funds may be used by the Iraqi people for the Iraqi people. Second, the United States could provide loan guarantees for Iraq's future reconstruction needs, as it provided loan guarantees to our key allies in the Middle East – Egypt, Israel, and Jordan – in the FY03 Emergency Wartime Supplemental. Loan guarantees would permit Iraq to secure financing by making lenders aware the United States stands behind these loans for the people of Iraq. These proposals fully engage the United States in Iraq's long-term reconstruction effort, and they give strength to and encourage the Iraqi people to take an active role in their future.

As we bring hope to the Iraqi people, Congress and the President must proceed along a path that is sustainable for Iraq and the United States. The American people want Iraq to develop into a vibrant and open nation, but the American people will not support the lion's share of the cost for years to come. A grants only approach will jeopardize public support for a long-term commitment to Iraq and cannot endure. With the guidance and partnership of the United States, Iraq can assume a greater role in its reconstruction through financing mechanisms that will neither slow down nor hinder Iraq's progress and follow a path that provides for long-term success.

We appreciate your leadership of the Appropriations Committee and your consideration of our concerns.

With warm regards, we are

Mary L. Landrieu
United States Senator

George Allen
United States Senator

John Breaux
United States Senator

John Cornyn
United States Senator