



October 2, 2003 11:03 a.m. EDT

IRAQ IN TRANSITION

Price of Rebuilding Iraq Is Put At \$55 Billion Over Four Years

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Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON -- Rebuilding Iraq will cost \$55 billion over the next four years, according to a new estimate many countries will use to determine how much they might contribute to the U.S.-led reconstruction effort.

The figure arrived at by the World Bank, United Nations and the U.S.-led Coalition Provisional Authority sets a target for the Bush administration in its effort to convince other nations to help foot the reconstruction bill. The U.S. will help lead a donors conference in Madrid later this month, but other wealthy countries have hinted that they are unlikely to ante up anything close to the \$20.3 billion that President Bush has asked Congress to provide as the U.S. share for next year.

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See an [interactive graphic](#)² about what is needed to reconstruct Iraq, which companies have won contracts and which contracts are still under consideration.

See [continuing coverage](#)³ of developments in Iraq.

The European Commission, the executive arm of the European Union, said Wednesday that it will chip in \$230 million next year, although member nations may give more individually. Compared with what the U.S. has pledged, "any figure will probably appear to come up short," Spanish Foreign Minister Ana Palacio said at a news conference in Madrid this week.

Administration officials refuse to disclose how much they will seek in pledges or what they would consider a successful outcome in Madrid. "Our goal is to encourage countries willing to participate in the reconstruction of Iraq to give as much as they can, to ensure that the Iraqi people have a chance to succeed," said a Treasury Department official.

That participation, however, may well depend on the administration's ability to secure a U.N. Security Council resolution satisfactory to nations such as Germany, France and Russia, which opposed the U.S.-led ouster of Saddam Hussein.

The U.S. put forward a new resolution on Iraq Wednesday, hoping to enlist troops and funds from abroad by emphasizing the temporary nature of the occupation and inviting U.N. input on a new Iraqi constitution. It provides no timetable for a handover of authority, however.

Foreign diplomats, who have pressed for a bigger U.N. role, weren't ready to say whether it would fare any better than Washington's previous draft or Mr. Bush's personal appeal last week, which received a chilly reception.

The reconstruction effort is central to the U.S. strategy in Iraq, where military and civilian officials believe the delivery of basic government services will help quiet the persistent armed resistance.

But Congress already is getting antsy about the Iraq operation's costs. In addition to the reconstruction aid, Mr. Bush has asked Congress for \$51 billion to cover military costs in Iraq.

In a first test of strength, the Senate voted 59 to 38 to reject a Democratic attempt to cut the administration's reconstruction request. But the White House must contend with growing insistence from members of both parties that Iraq must at least partially repay the U.S.

Many Democrats want the entire sum financed by borrowing against future Iraqi oil revenue. And a pivotal bloc of five Senate Republicans joined Wednesday in support of an amendment that would essentially use half the money, or \$10 billion, to capitalize a new trust fund for Iraq at the World Bank.

The \$10 billion would be made available on a matching basis as other donors contribute, and the pooled funds used to support loans or loan guarantees to help Iraq's recovery. "I think by going through the World Bank, we increase the chances of other nations committing funds," said Sen. Susan Collins (R., Maine), one of the co-sponsors.

Delaware Sen. Joseph Biden, the ranking Democrat on the Senate Foreign Relations Committee, urged his party to turn away from such loan arrangements. "This is a very appealing, bad idea," Mr. Biden said, warning that U.S. taxpayers may end up paying more since other donors will be discouraged, especially if Washington lays claim to oil revenue to collateralize its investment.

In the House, there is growing sentiment in the Republican caucus for some provision promising future repayment to the U.S.

The needs assessment will be the topic of discussion at an international meeting in Spain Thursday, and some numbers may change. The draft version puts the needs for 2004 at \$17.5 billion, and \$37.5 billion over the following three years.

In theory, the U.S. could cover the entire cost for 2004, should Congress meet the president's request. But such a move would certainly run into opposition on Capitol Hill, and prove politically risky for Mr. Bush heading into a presidential election year. Instead, the administration is likely to cover initial expenditures while collecting what pledges it can from others for future expenses, and hoping that Iraqi oil production grows enough to add significantly to the effort.

— Jess Bravin in New York contributed to this article.

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Updated October 2, 2003 11:03 a.m.

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