

PRESS CONFERENCE:

**Major General Timothy P. McHale, Director of Personnel, Logistics and Resources,
Multi-National Force – Iraq**

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REPORTERS:

**Sam Dagger from the Christian Science Monitor
Brian[ph] from NBC**

REPORTERS 1-12

***REP1 = REPORTER 1**

***INT = INTERPRETER**

**MAJ GEN
MCHALE:**

As-Salāmu `Alaykum. Good afternoon. I am Major General Tim
McHale, director for personnel, logistics, and resources. My
directorate is responsible for the logistics policies, plans, and

programs in support of Multi-National Force – Iraq. In March of 2007, General Petraeus, in a directive to his commanders and leaders, stated, “It is my intent to leverage all this command’s activities and resources including contracting to provide increased opportunities for economic expansion, entrepreneurship, and skills training for the people of Iraq.” He further stated, “I expect commanders at all levels to make every attempt within legal and regulatory limits and operational requirements to use available Iraqi services and products. Today I want to highlight two of our initiatives that support this decision. I’ll begin with a program we call Iraqi First LOGCAP which is tied to our Military Logistics Support Contract. And second, the Iraqi-Based Industrial Zone or IBIZ. Both these programs are focused on contributing to Iraq’s economic progress and security. To accomplish our mission, the coalition buys goods and services from business contractors. Iraqi First is about directing the purchase of needed goods and services to Iraqi people and Iraqi suppliers. We are striving to put Iraqis first in purchase decisions. LOGCAP is the name of our Military Logistics Contract. It is the coalition’s single, largest service contract in Iraq. It is a prime example, and one of the programs where Iraqi First is being applied. We are working to direct more and more jobs supporting this contract to Iraqis. In addition, we are directing more purchases of products to Iraqi suppliers. The goal is to have Iraqi

workers and Iraqi suppliers to be a significant part of our military-logistics support. Three thousand-seven hundred Iraqi citizens, up from approximately 2,600 just four months ago, currently hold jobs as part of the Iraqi First LOGCAP program. At some locations Iraqi citizens already make up over 50% of the workforce. We are working every day to open up more jobs on more bases to Iraqi citizens. And we expect to add thousands of jobs over the next several months. Today Iraqi citizens work mainly in skilled jobs. For example, jobs like construction, carpentry, masonry, welding, plumbing, electrical work, and well drilling as well as many types of general labor positions. Iraqis also have a growing presence in both professional and administrative positions. Iraqi First LOGCAP currently makes its job openings available through labor brokers or employment agencies. We are always looking for new ways to hire Iraqi citizens. For example, we are currently exploring partnerships to recruit from vocational training schools sponsored by the Government of Iraq. Iraqi First LOGCAP is not only about directing the jobs to this contract to Iraqis, it is also about purchasing Iraqi products for use on our coalition bases. In the last year alone we have spent over \$182 million on Iraqi products. While these products were available elsewhere, we chose to buy Iraqi goods and services. These dollars spent indirectly contribute to even more jobs. A single Iraqi First purchase order enabled a state

factory to restart three unused plastic bag production lines. Iraq has a strong heritage in plastics manufacturing stemming from its inherent strength in petroleum, the raw material for plastics industry. It is fair to say that the Iraqi First LOGCAP purchase order has had a positive impact on the renewal of this industry in Iraq. LOGCAP's Iraqi focus first has led to the purchasing of thousands of different items from over 200 Iraqi vendors. Items purchased include construction materials, metals, tools, heating and cooling equipment as well as maintenance, laundry, and food service supplies. So how would an Iraqi business get involved in this emerging program? The first step is to register. Iraqi individuals and businesses can contact us through our Web site, by phone, or visit a Coalition Regional Contracting Center or a provisional...Provincial Reconstruction Team to get additional information and assistance on how to apply for this program. We are always looking for ways to attract additional Iraqi businesses. In February of 2008, the Iraqi-American Chamber of Commerce held a business-to-business expo in Baghdad and identified over 150 new potential vendors for Iraqi First. Many of these vendors from the expo have contracts with LOGCAP today. Iraqi First LOGCAP also sponsors vendor training sessions throughout Iraq, and Iraqi suppliers who attend these sessions are immediately registered with the program. The Iraqi First LOGCAP is an economic initiative that

is starting to take hold and we believe there are still many significant opportunities waiting to be pursued. Please consult the Key Facts sheet you have been provided on how to identify job and supply opportunities. Now I'd like to transition and talk about another program that is providing opportunities to stimulate Iraqi businesses. It is the Iraqi-Based Industrial Zone program or IBIZ. IBIZ is a program that provides secure locations on or next to coalition force bases for privately-owned small- and medium-size Iraqi businesses employing Iraqi workers. Businesses are given a land-use agreement to establish their operations on a base in order to provide coalition forces a wide variety of goods and services. By doing this we direct money into the Iraqi economy and help stabilize security by providing jobs so Iraqis can provide for their families. We also create a workforce and business foundation for transitioning support to the Iraqi security forces or to the society of Iraq. Presently IBIZ is in a period of significant expansion as the program is implemented on many more sites. Iraqi business partners are located on 11 bases with plans to grow to 14 this summer. More than 100 IBIZ initiatives are either operational or in the planning and implementation phases. IBIZ ventures currently employ over 1,400 Iraqis with annual salaries totaling more than \$10 million U.S. Many different types of businesses can flourish through the IBIZ program. Successful businesses include building trades,

vehicle repair, retail shops, cement and asphalt batch plants, metal cutting, trucking, and generator repair. These jobs are making a difference in many Iraqi's lives. I would like to tell you a story about a young Iraqi gentleman by the name of Ibrahim[ph]. Ibrahim was one of the first Iraqi business owners in the IBIZ program. From an early age, Ibrahim learned how to be a successful and honorable businessman by watching and helping his father. He understood that success was a result of hard work, endless dedication, and excellent service to his customers. Ibrahim comes from a family that lived through some tough economic and security circumstances. Four years ago he was working as a laborer for a company that cleaned buildings. He was able to support his family, but he was always looking for a better way. He didn't want to work for someone else his whole life. He wanted to run his own company so he got involved and learned how the contracting process worked. When he understood the proper way to bid on a contract, he submitted his first bid to clean buildings and he won a contract. Armed with this knowledge and business experience, and realizing that there were thousands of vehicles on our bases that needed regular cleaning, he wrote a business plan and put in a bid on a contract to start a car-washing business. The base commander liked his plan. And in August of 2007, an agreement was signed that allowed him to use a piece of land to operate a car wash.

Ibrahim now employs 12 Iraqis in his car-washing business in addition to 10 Iraqis he has working in his office-cleaning business. Ibrahim understands how it feels to be unemployed. And because of this he is determined to expand his thriving businesses and to create more jobs and employ more Iraqi people. Ibrahim and his employees directly support over 100 people including their family members. His business is truly a success and we are grateful for the excellent support and services that he provides. When I asked Ibrahim why owning a business was so special to him, he told me, “My whole life I aspired to attain a business opportunity to prove myself to myself and to my family. I wanted to do something good to provide for them.” He went on to say, “With all that I have done, it is most satisfying to me when I see the happy smiles on the faces of my children and my employees’ children.” Ladies and gentlemen, this type of success story has been repeated many times on many IBIZ locations throughout Iraq. We want to continue to provide the opportunities for many more stories like Ibrahim’s. These two programs, Iraqi First LOGCAP and IBIZ, are ways we are working closely with the Iraqi people to provide jobs, stimulate the Iraqi businesses, and help build the nation’s economy. We are just starting this journey and we know we have a long way to go. But we are optimistic about the positive impact this journey will have on the Iraqi people and their promising future. In closing, we

are excited about promoting economic growth in Iraq. Whether it is providing jobs on bases, purchasing products from Iraqi companies, or through supporting businesses located near bases. General Petraeus has emphasized many times [that] procuring Iraqi supplies and services strengthens the Iraqi economy, enhances the security environment, gives local workers a vested stake in the quality of their lives, and increases local resources for the future of Iraq. I want to thank you for taking time today to find out about these important initiatives. We look forward to continue working with the people of Iraq to take advantage of these opportunities. Shukran jaziiilan. I will now be glad to take your questions. Sir.

REP1: [Asks question in Arabic.]

INT: Major General, does it mean that you rely on your...on purchasing your products, you rely on Iraqis so that means you're going to stop importing or the American Army is going to stop importing their products from Saudi Arabia or other neighboring countries? So are you going to rely on Iraqis...on Iraqi products as far as getting your logistics and your food from, you know, Iraqis?

MAJ GEN MCHALE: We will continue to rely on many vendors from around the world to supply our soldiers, sailors, airmen, Marines, and civilians logistically. We have many vendors that come from the United

States and other parts of the world that supply our different classes of supply and distribute our supplies. We saw an opening here about a year ago to increase the opportunity for Iraqi markets in the area of vendors. And so we are exploiting that opportunity today because we know Iraqis that bid on many of our vendor supplies, they deliver very well, they give us a product, and they're doing very well. So in the long run, we would like to grow that relationship so the Iraqis have more capability in your country to grow your economy and to supply our needs. Sir.

REP2: [Asks question in Arabic.]

INT: The unemployment problem now reached to about 75 or 70% of Iraqis. And you talked about purchasing or procurement and vendors and opening businesses for those vendors. Those are products that we want to see in the future, the Iraqi product being... or flooding the markets – Iraqi markets or Arab markets and international markets – instead of having other vendors...international vendors getting their or importing their products. Now we see the Iraqi are...the Iraqi plants and factories, they've stopped working. Like the glass factory, the dairy products factories, and all that. So what's the solution for that?

MAJ GEN MCHALE: The solution is for us to continue to engage with the Iraqis, both the

Iraqi government and with the marketplace to increase and improve those capabilities that once was here in Iraq, and now is on the mend and building up over time. The portion of the market that we're talking about, and some of those things is what Rear Admiral Kathleen Dussault talked about last week when she talked about Iraqi First, that they are working very hard at purchasing more and more items from out on the economy as Iraqi businesses improved, state-owned enterprises, and commercial enterprises. So the long term is...the short term, excuse me, is to start out here and to build these small organizations that can meet the requirements of not only the coalition, but the society of Iraq. Yeah.

REP3: [Asks question in Arabic.]

INT: I have three questions. What are the contracts that are available right now to the...so people can go register there? And also, what's your assessment to the economy right now putting in mind the percentage of unemployment? And then my third question is is there any plans to build new industries in Iraq?

MAJ GEN MCHALE: On your first question on what contracts are available, that is handled by Rear Admiral Dussault who was here last week talking about Iraqi First. And her command, the Joint Contracting Command, has a list of all that information. To enter in...to

understand how to get into supplying and understanding contracts, in your handout we gave you, it's got a clean background paper on how you get into those contracts. We do that through a four-step process. First of all, you can visit the Web site and learn about the LOGCAP procurement process and register as a supplier. Any Iraqi can do that. And then you need to respond to the proposals that they will put out. Once you register, they will put proposals out in order to see if you can fill those needs. And then they'll ask you to confirm that you can meet the specifications of those needs. And then you have to fulfill the purchase orders that they have given to you. There's other ways to help to get into this and I would recommend to you...there's two teams. It's the Regional Contracting Centers that are on the diagram we gave you along with the Provincial Reconstruction Teams. Those people work real hard at facilitating for the Iraqis to get into the system. To walk you through it, train you on it, to evaluate your product so we can get you into the system to work it on contracts. On your second question on the economy, that is the very reason why we're doing this. Because we are concerned about unemployment and the economy. And we understand...I'm sorry. We're....

REP3: [Asks question in Arabic.]

INT: My question was is what's your assessment to the Iraqi economy

right now? The economy in Iraq. Putting in mind the unemployment problem.

**MAJ GEN
MCHALE:**

I'm not an economist. I am a soldier that is working in order to improve the economy of Iraq. And under direction of General Petraeus, those are the things that we're working on these two initiatives. I think it has a lot of possibility for growth and that's why we're setting up this IBIZ program and working it along with working through the LOGCAP Iraqi First. The more contracts we can get out there, that's the way we strengthen the Iraqi economy. Sir.

REP4:

[Asks question in Arabic.]

INT:

Now these projects that you talked about that's going to contribute in a way or another to stimulate the Iraqi economy, are these projects throughout Iraq? Are they distributed throughout Iraq or they're only limited to Baghdad or other areas that has...or maybe there are other areas that has the same projects? As far as the contact or the way that the Iraqi people can get involved in this, what are the ways that Iraqis can use in order to get involved in those projects? And thank you very much.

**MAJ GEN
MCHALE:**

Okay. First of all, to answer your question, these projects are

throughout Iraq. As you can see on the handout we gave you that those are Regional Contracting Centers throughout Iraq in the provinces that you can contact and there's programs going on. The Joint Contracting Command, working with all the commands in MNF-I, work projects throughout the provinces. So it's a nationwide program. Your second question on how to get into the system is the process is if they want...for a labor job, they can go to two Web sites, whether they are a trade laborer or a professional laborer, they can get to Web sites that are on your documentation there. They submit the required applications and documentation. They successfully go through interviews. Then they review what the employment offer is. If they get an employment officer...offer, if they're qualified, and they pass security screening which is very important, and then they go on from there to get hired. All Iraqis are encouraged to explore job opportunities, both unskilled or skilled, professional or administrative, both male and female. The good news about the Iraqi employment...Iraqi First employment program, the advantages are this: Wages and salaries are at or better than the market rates and are paid dependably. Opportunities to learn and train, both on the job and through classroom training, are available for you in these programs. Opportunities to increase responsibilities and compete for higher level jobs and leadership positions are available. And we work in a fair, safe, and

professional work environment. Sir.

REP5: [Asks question in Arabic.]

INT: Major General, I don't know if it was your field of specialty or not, I really ask if you can answer this question, please. How much money the American Army is using or U.S. Army is using to provide services for their Army every year? And do you think using Iraqi vendors or companies are going to reduce the amounts of funds that you are using every year for your Army?

**MAJ GEN
MCHALE:** Okay. Last week Admiral Dussault talked at this table on Iraqi First overall Iraqi initiatives. And she mentioned that there is about \$5 billion a year that the Joint Contracting Command does in contracting, and about \$2.5 billion are going into Iraq for joint contracting. The programs I talked today about is about \$4 billion a year in contracting for the LOGCAP program. We are just scratching the surface with these new programs. And what we want to do is get a greater market share for the Iraqis to be able to provide these goods and services. To do that we have to work with the Iraqis to develop their systems to enter into our system, and provide the quality products and the quality services that we need in order to maintain the operations. The good news about this which is very important is not just supporting a military operation, but the

skills they learn are transferrable to anybody. You saw on the slides and you hear me roll down the list of these skills sets of construction, electrical, building trades. All those skills are needed as the Government of Iraq rebuilds and the Iraqi people rebuild their nation. As more construction comes in it's good to have these kind of skill sets along with managerial leaders and professionals in the engineering field that are working through these programs I talked to you about today. Sir.

REP6: [Asks question in Arabic.]

INT: Major General, I want to thank you and applaud you for...commend you for those two programs that you...two initiatives that we've been waiting on for so long now. I want to say one thing. There is a sort of isolation...media isolation, no media coverage. I mean that you have not done any media coverage or enough media coverage to get this information to the Iraqi people. My question is do you have...do you plan to have any media coverage for that?

MAJ GEN MCHALE: Yes, sir. That is the very reason why we're at this press conference today to start talking more and get it into the media, these opportunities for the Iraqi people. And so General Petraeus asked us to come out here and to lay this all out so we get better exposure so the Iraqi people know about these opportunities out there. Shukran.

Sir.

REP7: Sam Dagger with The Christian Science Monitor. Thank you. I just had a couple of questions if that's alright. My understanding is there is no, like, minimal requirement or threshold for local content in the LOGCAP. Is that correct?

MAJ GEN MCHALE: I'm sorry. I do not understand your question.

REP7: My question is there is no, like, requirement that, you know, the LOGCAP...as part of the LOGCAP contract that there be a minimal sort of requirement or threshold or minimal percentage for local content or local labor that's sort of hired as part of, like, you know, the contract itself. Is that correct?

MAJ GEN MCHALE: What went in...the LOGCAP contract is a contingency contract that we prepare for if we have to go on a contingency operation. And what they have to do is be able to meet the mission requirements that we give upon them. That said, over time, we have told them that we need to have more and more Iraqis hired. And so we have meetings with that. We give them that direction. We redirect work. Clearly, because of safety and standards and requirements, to hire out more Iraqis and get the vendors involved, they have to go

through a process to make sure that quality control is there from the items that they purchase from vendors into the quality control of the workers. So that's where we're at today. More and more Iraqis are coming in as the security situation gets better and we have an opportunity to bring them on board – to either hire them as workers in many fields as I talked about today or also to buy their products.

REP7: Sure. So there is nothing mandatory here. I mean it's just you're expressing your desire to these contractors, saying hire more Iraqis or buy more local content, but no...nothing mandatory.

MAJ GEN MCHALE: We sit down and go through negotiations with them when they do performance reviews to ensure that they are meeting the quality requirements of the contract and what we want to do in order to improve the economy and work through the pieces. And so that's how we work that process.

REP7: Right. But in your opinion, do you think having something mandatory would actually spur this program or...I mean is that...? In your opinion, if you were to mandate, like from contractors to hire say, X amount of Iraqis or to buy X amount of goods from Iraq, do you think that may help, you know, expand it and actually have it have more impact on Iraq?

**MAJ GEN
MCHALE:**

We believe in the negotiations that we do with them on a regular basis of driving these opportunities like we're doing, like I laid down in the briefing is the most effective way to bring it online appropriately.

REP7:

Sure. My last question is are you able to monitor or able to look at what impact this is having on communities that are particularly beset by violence or are still, you know, facing an insurgency or some of the more violent spots around the country? Are you able to actually measure that? And if yes, can you provide some examples? Thank you.

**MAJ GEN
MCHALE:**

We have not measured it quite the way you asked the question. We just believe that this kind of thing with economic growth is good for Iraq. And over time we'll see how that plays out. As you know, the security situation has been improving over this past year, and so we think there's a lot of factors that go in this. And this is a very important program to get people economically involved with the funding that we have for some of our programs and to bring Iraqi people into this organization in order to improve their lives. Thanks. Sir. No...yeah.

REP8: Brian from NBC. This project was happened contract with government in Iraq with their forces, additional forces. Is this IBIZ project has a budget to be [unintelligible] in Iraq? And IBIZ project, this be in effect now inside Iraq? All the people who was consent to be helped, all Iraqis that you want to employ in this project from any type?

MAJ GEN MCHALE: Your first question; could you say again, please?

REP8: The budget of this project. Because you mentioned that this is the biggest project now with the government.

MAJ GEN MCHALE: The LOGCAP project, not the IBIZ, the contract with LOGCAP is the biggest budget for taking care of the services and goods and services for all the coalition forces. And so that's a contractual arrangement we have with LOGCAP. The IBIZ program is the Industrial-Based Zone where we have businesses have an agreement, a permission to be on our base or adjacent to our coalition bases. And those IBIZ systems are small business, medium businessmen and women who come...who want to be on our base and provide some goods or services which I laid out before. For the IBIZ there is no budget. That's where there's a relationship with the base commander and the IBIZ worker who

wants to start a business on our base.

REP8: Your mission...your mission and you say there's \$182 millions was spendened and around \$100 million was also spendened as salaries. The figures or the budget for this projects with all?

MAJ GEN MCHALE: Those come from the LOGCAP budget, which we talked about Iraqi First LOGCAP where they are entering into our markets to provide us supplies and services. And that's where those numbers come from. Does that answer your question?

REP8: Yes.

MAJ GEN MCHALE: Okay. The gentleman in the back, please.

REP9: [Asks question in Arabic.]

INT: Is the Iraqi government...has the Iraqi government helped you [with] those two initiatives you're talking about as far as providing a database for the unemployed people or the people who needs work? Has the Iraqi government provided any facilitation as far as this initiative?

MAJ GEN MCHALE: The Iraqi government's senior leaders have talked to us about this

and that's why we're here today – to lay out where we are going with our programs. And they have worked with us closely with the vo-tech industries to align the vo-tech people that are going to school at vo-tech, vocational and technical institutes, to hopefully flow into these business situations when they get out of their school. And so the next steps are, after we set this up, as we're evolving this...these programs is to continue to work with the Government of Iraq and to do press conferences like this. To have more IBIZ business-to-business expos and training sessions around the country so we get the word out and then people have an opportunity, the Iraqi people, to come work. Sir.

REP10: [Asks question in Arabic.]

INT: You...we have talked a lot about projects and future plans for things like that in Iraq...coalition are doing in Iraq right now. But what we think is the rights of those laborers. We know that the people who work with the coalition, they get threats in then they get displaced and get kidnapped and killed. So is those laborers...are those laborers are going to get any insurance or life insurance? Is there any insurances or assurances for those laborers that when they go to work and when they retire afterwards? If you have any answers for that.

**MAJ GEN
MCHALE:**

I do not run the details of the LOGCAP program as far as all the negotiations with the salaries and also with the benefits. I know it is good salaries and a dependable, safe work area. I will have to get back to you on the details of your question. Sir.

REP11:

[Asks question in Arabic.]

INT:

We know that the unemployed people has no capital or money to do projects like that. Do you think the American Army or the U.S. Army is going to provide loans for those people or...to start those projects? We know that we have a lot of widows in Iraq and they need projects like that. Do you have any directives to get women involved in certain projects for instance?

**MAJ GEN
MCHALE:**

Yes, I'll answer that by last week when Rear Admiral Dussault was here, she talked about the initiatives of getting women and widows into the workplace with Joint Contracting Command and some policies. So we are working in that direction. Last question, please.

REP11:

[Speaks briefly off microphone.]

**MAJ GEN
MCHALE:**

As far as loans, they are all...for some time now there have been microloans and microgrants given throughout the provinces throughout Iraq to help start out businesses and work that. And that

works through the Provincial Reconstruction Teams. And so that's the way we've been handling it, and that's how it's going to be handled in the future. Last question.

REP12: [Asks question in Arabic.]

INT: My question is about the lands that you mentioned. Those lands that's going to be given businesses or vendors by...next to or adjacent to the American bases. Is this going to be coordinated with the Iraqi government?

MAJ GEN MCHALE: How that works is that land is not given away. It's...the coalition is on that land and all it is is permission to use the land. So it is not a deed, it's not an agreement. The land is not transferred over. It's given permission to operate a business on there for the Iraqi who gets that piece of land after he submits a business plan and it's approved by the base commander. Okay. Well, I'd like to wrap it up here by saying thank you very much for what you do every day, for telling the story, and for listening to this story today. Like I told you before, Ibrahim is just one of many success stories. And we're starting to walk down this path and moving out on some new programs that we wanted to bring out and talk to you today. These programs are not just to take care of operations that are going on now. These programs are enduring that will impact on the Iraqi

society for a long time to come. These skills and these training that will go on with the Iraqi people and the opportunity to vendors to get involved in some big business are very important for the growth of your great country. So with that, shukran jaziilan. Thank you.