

A SOLUTION IS POSSIBLE

Iran, Iraq and the World in This Moment of Crisis

by Hussein Askary

We present here an edited transcript of the LaRouche PAC live webcast with Hussein Askary and Matthew Ogden on Monday, January 6, 2020. Mr. Hussein is the Southwest Asia Correspondent for EIR. The full video is available [here](#).

The assassination of Qassem Soleimani has brought the whole region and the world to the brink of a new, major disaster, or war; but at the same time, it has within it, the ingredients of a comprehensive solution, if people keep their heads cool and a shift is induced to take place, most importantly with the way the Trump Administration is acting and how the U.S. Congress and the American population are acting at the moment. Because it's a very, very dangerous situation. It's very difficult to predict what will happen, it's very difficult to predict the Iranian reaction, but so far we have had calm, in a certain way.

Most importantly, these events took place in Iraq—it's very important to remember that. And—what we're going to discuss a little bit today—this could also become the starting point for solving this whole situation. The reason we are here and talking today is not just to give people some interesting analysis: We are, in Lyndon LaRouche's spirit, we are here to try to put the world on a better path towards peace, prosperity and progress for all nations. So it's in that spirit, and it's in this way, that people have to see this discussion today.

Now, what happened? Qassem Soleimani, unlike what Secretary of State Mike Pompeo or others say, is not hated in Iran—he's a national hero. Even in Iraq, and in many countries in the region, he is seen as a person who played a key role in, first of all, pushing back the Islamic State terrorists and other groups, and finally defeating them. He did not do that singlehand-



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Maj. General Qassem Soleimani, commander of the Quds Force of the Islamic Revolutionary Guard Corps.

edly. We had the Iraqis; the United States was involved in that, you had the Russian and Syrian Army, and so on. Soleimani's body is now back in Iran; he's getting the full honors of a real hero and a martyr.

But at the same time, the Iraqi parliament managed to get a quorum to vote a resolution to disinvite foreign forces, which had been invited, like the United States, to help in defeating ISIS in 2014. Of course, the United States has had permanent bases in Iraq since the invasion of Iraq in 2003, and it has been playing a key role in all matters in Iraq, both positive and negative. Now, with this resolution, President Trump has a fantastic chance to disengage from Iraq, not as a defeated force, but as having accomplished the mission which President Trump identified, that defeating ISIS is the mission of the U.S. forces in Syria and in Iraq.

That mission is accomplished, and now it's time to

disengage from Iraq, before worse things happen. This is what President Trump had promised the American people in the elections in 2016, and now there's a window of opportunity, as he used in October by announcing the withdrawal from Syria. But these things were blocked, by both internal and external forces, most importantly the impeachment process inside the United States.

And as usual, when we look at these events, as Lyndon LaRouche has taught us to do, he himself said, you have to look at the general context of things; you cannot just look at the event in itself. That event is the result of many factors. But most importantly, we have a world situation where the trans-Atlantic financial system is on the brink of collapse. We have a coup inside the United States against the President himself, and the people who are pretending to protect the President from the coup, like neoconservatives and other Republicans, hardliners, are pushing President Trump to escalate this war move. So it's a very complex situation.

But at the same time, what we have had in the global situation is a new paradigm in international economic and political relations: First of all, the Russian intervention in Syria managed to shift the whole regime-change policies which destroyed Libya, Syria, and before that Iraq, and put the whole region on the path of settling all of these problems, getting rid of terrorism, and starting the reconstruction of these nations; the other important factor is that the Chinese-proposed Belt and Road Initiative has taken hold in Asia and globally, and it's advancing. It's a positive force for change; it's a good vehicle for nations, both big powers and smaller nations to participate in a real economic and cultural Renaissance on a global scale. So this is the general context.

Destruction of the Iraqi State in 2003

But, as I said, because these things are happening in Iraq, we have to look at the situation: Because the real crime which was committed, from the beginning, at least since 2003, is that Tony Blair, then Prime Minister of Britain, had already declared that the system of sovereignty of nations, the system of the Peace of Westpha-



USAF/Ashley Brokop

There is no "safe place" from terrorism. Iraqi police and U.S. forces respond to a car bomb explosion outside Gate 3 of the Green Zone in central Baghdad.

lia from 1648 was "obsolete," null and void, and now it's up to us, he said—we, the British and our friends in the United States and whoever works with us, to define who should live and who should die, and how nations should function. And we are the ones who will decide these things. That was the basis for the invasion of Iraq in 2003.

Of course, Lyndon LaRouche and our movement, and I myself were completely against that invasion, because we realized that its consequences would be disastrous for Iraq, and also for the world. Because when you take the sovereignty and independence of a nation out of the international equation, then you have the law of jungle, where the powerful can dominate and destroy the weak, and then we have an escalation towards world war.

So that was the original crime. The Iraqi state was completely demolished; the armed forces, the security forces, the intelligence, and all other functions of government—it was not simply that they arrested and killed Saddam Hussein. That was not really the story. The story is that Iraq as a nation was cancelled. And therefore, you created a situation where we had all kinds of forces taking advantage and trying to gain a foothold. People, in the absence of a real government, had to go back to their tribal, ethnic, and sectarian loyalties, to seek protection, and also to try to survive in these new circumstances where we had a sectarian war developing.

So you had all these militias growing; we had other

forces in the region, not only Iran, besides the United States and Britain, you had Saudi Arabia, Turkey, other Arab countries, all intervening in Iraq, to destabilize or secure their positions, and so on.

That was when the Iranian role came into play in Iraq. Iran has many allies inside Iraq, especially in the Shi'a section of the population. So we have had a chaotic situation since the invasion of 2003, and the cancelling of the Iraqi state. That's what has happened.

Now, after 15 years of U.S. occupation of Iraq, and all these disturbances, Iraq has not even been restored to what it was before the invasion. All the infrastructure, all the services, agriculture, industry—it doesn't exist in Iraq. The oil industry has been the only thing developing, so Iraq has been simply exporting oil, and importing everything it needs—food, medicine, everything else is imported. So, Iraq became a “cargo cult” rather than a real nation.

There was however a new development, I was informed by Iraqi sources, and we will get to that soon. It is really significant: Because there was quite recently a chance for Iraq and the Iraqi government to rebuild and to reestablish a real, sovereign government in Iraq. And this is a really key element. It also reflects what I mentioned about the new paradigm, and its impact in stabilizing and rebuilding the region with the Belt and Road Initiative as a key component of that.

Trump and Neighboring Syria

Now, we have to look at the context of how the escalation took place, and then I can come back to this story of Iraq and the Belt and Road.

If you remember, on October 6, President Trump ordered the immediate withdrawal of all U.S. forces from Syria. That was welcomed, actually, everywhere, except by the British and their friends in the United States. Immediately afterward, on October 9, the Turkish President ordered his troops to launch an operation inside Syria, under the pretext of combatting Kurdish terrorists.

I have been on this show before, and we have discussed that Turkish incursion into Syria, and at the time, we said there is no need for alarm; this is coordinated, even if just implicitly, between President Putin of Russia, the Turkish President, President Trump, the Syrians, the Iranians and the Kurds themselves. So there was no reason for alarm; that Turkish invasion that everybody was warning against, was not really an invasion—the Turkish army was merely guarding the

border between Turkey and Syria; the Russians have been patrolling the region together with the Syrian troops and Turkish troops. So the whole situation is stabilized.

But the problem was that in October-November—and into December—the impeachment process went into high gear, and President Trump's focus shifted, but also he was obviously blackmailed by people like Sen. Lindsey Graham who were against withdrawing from Syria—to keep some forces inside Syria, allegedly to keep control of the oil fields. So the process was not complete, and that became a bit of a problem for fulfilling President Trump's policy to implement that promise.

At the same time, the Syrian Army, with support from Russia, started to regain control of that northeastern part of Syria, in the Raqqah and the Hasakah provinces, although not complete control. In the west, in Idlib province, in the northwest close to the Turkish border, you still have the last remaining obstacle, which is the control by the al-Qaeda types, of this province, Idlib. There was an agreement between Turkey, Syria and Russia to gradually manage the situation, but the Turkish side did not fulfill its obligations, and now the Russians and Syrian Army have decided it's now time to clean up and retake Idlib province.

So, that operation is going on, and people are screaming in the *New York Times* and *Washington Post* that there are hundreds of thousands of Syrians fleeing that region, because the Syrian Army might kill them. That's not completely true. So the final stronghold of the terrorists in Syria could be eliminated soon.

The Turkish army and the President of Turkey did not really react to that; some people expected that he would try to stop it. Instead, he has created a completely new maneuver, by saying that Turkey is going to support the Muslim Brotherhood government in Libya, and that Turkish troops could be sent to Libya, to keep that Muslim Brotherhood government alive. President Erdoğan has changed the subject of discussion, from supporting the so-called “rebels” in Syria, to supporting the government in Libya.

We expect that the Idlib province could also be brought back into the control of the Syrian state.

And then on October 26, U.S. special troops went into Idlib province and killed the leader of the Islamic State, Abu Bakr al-Baghdadi, and then President Trump could show that as a trophy to convince people that his policy to withdraw from Syria is viable because the

goal has been accomplished, the Islamic State and its chief have been eliminated. As I said, it was an interesting move, but it is blocked by the impeachment process, and by keeping U.S. troops still inside Syria. So, the sovereignty of Syria is not really restored: The United States still has some boots on the ground there.

Iraqi Prime Minister Goes to Beijing

When everybody was watching this situation in Syria, something was going on in Iraq. Iraq had been relatively calm; ISIS was defeated already in 2017. There were new elections, a new government came in in 2018, but the formation of government was a problem, because of the parliamentary system that we have got in Iraq—which is another problem that Lyndon LaRouche warned against in 2003, that changing the Iraqi Constitution from a Presidential system to a parliamentary system would be a big problem, because the head of state is incapable of implementing any policies: He has to go to a parliament that is highly split among ethnic, sectarian, and even tribal groups, and militias, so how can you get a parliament like this to agree on any policy? Even the formation of the government took about a year to complete!

In any case, the new government under Prime Minister Adil Abdul-Mahdi tried to form a new policy, to regain some of the credibility of the Iraqi government—because everybody knows there is massive corruption and total failure for 15 years—to restore electricity, water, agriculture and other things. But nobody believes in the Iraqi government. This government nonetheless tried to get something going.

I had a direct experience of that, which I will go into, soon. But Prime Minister Adil Abdul-Mahdi tried to restore some of the credibility of the government by coming in with a completely new economic plan for the reconstruction of Iraq, and how to use the Iraqi oil resources to rebuild the economy. I think we should give the government a chance to do that, and the people of Iraq should support the government to see how serious it is about that plan.

How serious the Iraq government is about rebuilding the country was shown when Prime Minister Adil Abdul-Mahdi, heading up the largest delegation of ministers ever, visited Beijing from September 19-23, 2019. As I said, the situation was still calm in Iraq,



and what happened in Beijing is really, really interesting.

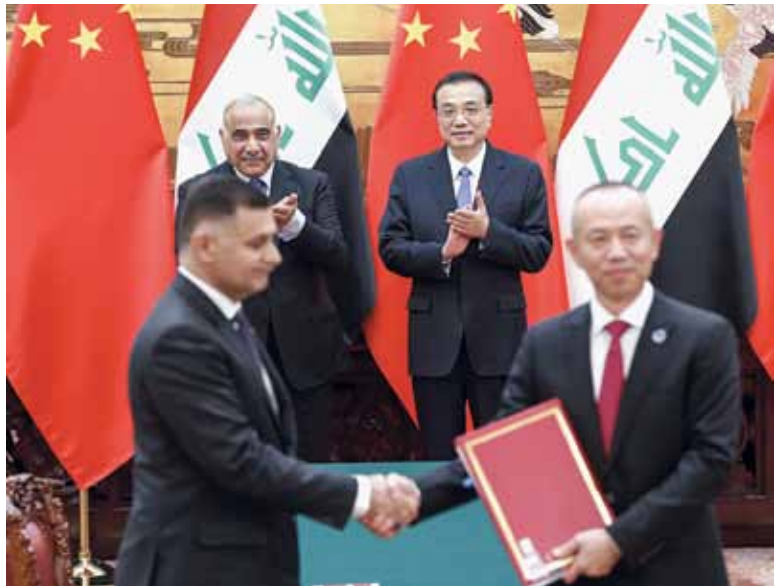
A memorandum of understanding was signed between China and Iraq, right there, under Prime Minister Abdul-Mahdi and President Xi Jinping, and then under the sponsorship of China's Prime Minister Li Keqiang. The details of that agreement were known, but never made available to the public; it was never discussed generally, and it was actually ridiculed inside Iraq. But, the agreement is a real breakthrough, both for Iraq, but also for how to do things—if you remember, Mr. Lyndon LaRouche, since the 1970s, has been calling for a policy for the Southwest Asia region, called "oil for technology": In which the countries of the region should use their oil resources to acquire high technology in order to become agro-industrial nations, and not simply rely on the export of oil to buy their goods as in the past.

The Iraq-China Agreement

I recently learned some of the details of that agreement. It is available, although some of the details still need to be clarified. We got confirmation of the existence of the agreement from an advisor to Prime Minister Adil Abdul-Mahdi, who spoke about it in a TV

interview, in October. The agreement is that Iraq and China will establish an Iraq reconstruction fund; it will be an Iraqi fund, in which the government will deposit every month, the equivalent in worth, of 3 million barrels of oil, exported to China, which is one of the big importers of Iraqi oil. Part of the revenue from that oil will be deposited in the reconstruction fund. When the Iraqi government establishes the fund and deposits the first installment, which was supposed to happen in October-November, the Chinese SinoSure (China Export and Credit Insurance Corp.) will issue insurance for the Chinese Export and Import Bank and other banks to issue credits to the Iraqi government.

The credits, worth up to \$10 billion to start with, for Chinese companies to start working on rebuilding and developing Iraq's railways, roadways, power plants and distribution, building ports, airports, and restoring and cleaning the Tigris and Euphrates Rivers, and rebuilding the canal system, water desalination plants; and to rebuild and create new Iraqi industrial zones, and to reenergize the Iraqi agricultural sector which had been destroyed. So, this is an extremely massive reconstruction plan, which is supported by the most powerful in-



Iraqi Prime Minister's Office
Iraq and China sign a series of MOUs in Beijing on September 23, 2019, covering financial, commercial, security, reconstruction, communications, cultural, and educational matters, and foreign affairs. Rear left: Iraqi Prime Minister Adil Abdul-Mahdi; rear right: Chinese Premier Li Keqiang.

frastructure in the world: China. The Iraqi prime minister, at the same time, pledged to actively promote the Belt and Road Initiative in the region, and said that Iraq will play a role in that process.

Now, just to go through why that is so important—first of all, my personal experience, as I said, as you know, I was in Iraq in December 2018, together with the scientific adviser of the largest Chinese desert control company, the Elion Resources Group. In my capacity as the CEO of the company Swedhydro, I presented the plan for building the Iraqi Green Belt to control the desert of Iraq. The map in **Figure 1** shows our plan to protect Iraq from sand and dust storms, but also to rebuild the Iraqi agricultural sector. We met with the Minister of Water Resources of Iraq; we met with the Deputy Agriculture Minister and his team, and they loved the idea, and they also loved the idea that the Chinese would be involved in this.

The problem was that there was no financial nor political framework to implement such a major project.



Courtesy of Hussein Askary

Hussein Askary (l.), presenting the Green Belt plan to control the Iraqi desert to Dr. Mahdi Al-Qaisi (r.), Deputy Agriculture Minister of Iraq, in December 2018. Accompanying Mr. Askary (on his left) are Prof. Cai Mantang, Chief Science Advisor, Elion Resources Group, and Dr. Nihad Mutlag, Professor of Biology and Environmental Science at Koufa University. Senior advisors to the Agriculture Ministry are also at the table.



Courtesy of Hussein Askary

Left to right: Hussein Askary, CEO of Swedhydro and Schiller Institute member; Dr. Jamal al-Adeli, Minister of Water Resources of Iraq; Prof. Cai Mantang; and Dr. Nihad Mutlag.

That’s why none of the major projects which were proposed, not only by me, but by many other people, were never implemented, because there is no political or financial framework; the Iraqi government has no resources. The people we met in these ministries, many of them hadn’t gotten their salaries for months!

Breakthrough Links Iraq to Belt & Road

So, with China proposing this reconstruction fund, now, the financial framework would be available to start implementing these kinds of projects. But of course, there are many priority projects which the Iraqi government has to identify.

So, this is a breakthrough for Iraq. It’s a breakthrough for the whole region—how a region which is just coming out of a war, can be rebuilt, even though you don’t have financial resources, even if you have a complicated political system.

In addition, we also had, interestingly, at the same time, at the end of September when Prime Minister Adil Abdul-Mahdi and his delegation were in China, we had the opening of the Abu Kamal border crossing between Iraq and Syria, which is shown in **Figure 2**. That border crossing had been closed for about five years, during

the Syrian war and the control of that region by ISIS. When both the Iraqi and Syrian forces managed to liberate Abu Kamal on both the Syrian and Iraqi sides, then on Sept. 30, we had this border crossing opened. Many people in the West were upset about that, because the propaganda was that this will open the road from Iran into Iraq to Syria and Lebanon to take weapons to Hezbollah in Lebanon. This is the only thing they were thinking about.

The reality is, as we discussed, in Project Phoenix for the reconstruction of Syria, this crossing is very important, as we show in **Figure 3**, which is an image of the Syrian reconstruction connection to the New Silk Road: The Abu Kamal crossing is very important to connect West

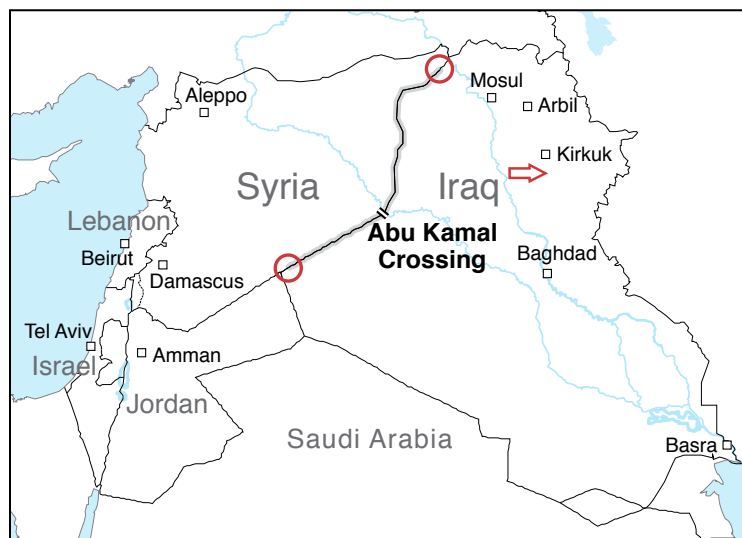
Asia to the Mediterranean.

The economic aspect of the Abu Kamal crossing is very important. The problem is that everybody else was

FIGURE 1
The Iraqi National Green Belt



FIGURE 2
Abu Kamal Border Crossing



The Abu Kamal border crossing between Iraq and Syria—closed for 5 years during the Syrian war, when the Syrian territory was under the control of ISIS—was reopened on Sept. 30, 2019.

fixating on its military and geopolitical implications. That crossing also became a big problem, which we’ll come back to later, and also the escalation which took place in the last month or so.

If we go back to the whole idea of the World Land-Bridge, Lyndon LaRouche’s plan for rebuilding the world economy by connecting the continents, when you look at where Iraq is located, in the so-called “Middle East,” that’s what Lyndon LaRouche called the crossroads of the continents. This is the pivotal point of all the oceans, all the trade routes, whether maritime or land trade routes, between east and west. Also, this region has massive wealth, both natural, human, and financial.

When this region is racked by all these never-ending wars, sectarian wars and terrorism, it’s impossible to get anything done, either for these nations as such, but also on an international

basis. We have the situation in Yemen, which is right in the crossroads between Asia and Africa—so this has been a chokepoint. It’s what the British have managed to create, to block cooperation between nations and continents, to get big powers enmeshed in conflicts in this region, and that can potentially lead to big wars.

Hidden Hand Against Belt & Road

If we go back to this Abu Kamal crossing being opened, and the visit of Prime Minister Adil Abdul-Mahdi to China, what happens immediately after that? As soon as Abdul-Mahdi is back in Iraq, you suddenly have massive, so-called “spontaneous” demonstrations against the government, by frustrated youth—I know many of them have legitimate reasons to be upset with the government; the lack of all basic services, the massive unemployment, especially among educated youth; many of the people I know personally, were out demonstrating. The problem is the demands these youth people were making were exactly the issues that Adil Abdul-Mahdi was discussing in Beijing, how to solve all of these problems. Of course, these projects will not happen in one day, such projects take time.

The Iraqi government was trying to get those solutions started in that visit to Beijing! We should give them the benefit of the doubt so they can implement

FIGURE 3
Syrian Connections to the New Silk Road



FIGURE 4

Crossroads of the Continents



these ideas, and we do trust the Chinese government to do these kinds of projects, as they have great experience with these. So, there is no reason to ridicule, as happened in Iraq, with the media, or have suspicions against the intentions of the Iraqi government and Prime Minister Adil Abdul-Mahdi.

When Adil Abdul-Mahdi was oil minister under Prime Minister Haider al-Abadi from 2014 to 2018, he actually had proposed this same plan, to exchange Iraqi oil for reconstruction. But you remember what happened in 2014: ISIS came into the picture, after many years of support from the Obama administration in Syria, and then they invaded Iraq in June-July of 2014. From that moment on, all these plans were put on ice. So, the Iraqi government was actually prevented from implementing policies which will benefit the same young people who were demonstrating against them, as of Oct. 1, 2019.

What happened next, was clashes with the security forces. The government tried to calm the situation by instructing the security forces not to intervene. But militias went in there, as a third force, shooting demonstrators. That plunged the whole thing into violence, with about 470 young people being killed—mostly in Shi'a areas. This enraged people even more, and because these Shi'a militias are connected to Iran in a certain way, the demonstrators then also turned their anger against Iran, and the Iranian consulate in Najaf, which is a Shi'a stronghold, was actually stormed and burned,

and the Iranian diplomats had to flee the building.

So, suddenly you have a situation, where instead of the government having a rational discussion about how to rebuild the country, you now had a conflict, between militias, and the peaceful demonstrators. The Iraqi government was forced to resign—this being the demand of the demonstrators. The problem was that the demonstrators—I spoke with people who called it a “revolution,”—did not understand what was happening. It was not a revolution, because there was no alternative available to replace this government. It's exactly like 2003: You take out the government and then you have no alternative. You will have only worse options to deal with.

This government should have been allowed to implement the oil for technology initiative, as it was on paper. Let the government carry out these policies. We know these things work when they are implemented. Instead, we now have an Iraqi caretaker government. The parliament has so far failed to form a new government. The Prime Minister and his government, who signed the MOU, are unable to implement that agreement now. They no longer have the legal authority to do so.

The Power of the Militias

Interestingly, Prime Minister Abdul-Mahdi, in July 2019, gave an order to abolish the so-called “Shi'a militias,” especially the Popular Mobilization Forces, whose commander, Abu Mahdi al-Muhandis, was killed along with Soleimani in the recent drone attack. In July, Prime Minister Abdul-Mahdi ordered the demobilization of these Shi'a militias, which could then be incorporated into the Iraqi Army so that the government and Iraqi Army could regain control over the military forces of the country, which was the right idea.

But that did not happen as planned. These militias have enormous power, and there are forces in the region that are not interested in taking the power away from these militias and handing it back to the Iraqi government. Then, in August, the Israeli air force, for the first time since 1984, bombed positions of these militias in Iraq. What message does that send? The message is, we want *those guys* to be our rivals, our counterparts, so to speak, inside Iraq. And we want to continue this war, and we don't want the militias to lose their base, their capabilities.

So, the Prime Minister of Iraq was made to look as if

he were allied with Israel against the militias, which gave the militias even more power, and more support to continue. In that sense, the Israelis *and* the United States forces which are continuously attacking the militias, are actually empowering them, rather than weakening them. They're weakening the Iraqi government and Army, by saying, "you don't have control over your territory," so we can continue playing this cat-and-mouse game inside Iraq. Whereas the Iranians themselves and of course the Revolutionary Guard can also continue to be active in Iraq. This is the kind of situation.

With the bombing—on the Iraqi-Syrian border, in the south, there's al-Tanf, controlled by the United States forces; in the north, it's controlled by the Kurdish militias, and partly by the United States; and there is the Abu Kamal area, which was guarded by Iraqi forces but also by these so-called Hezbollah militias, which were

attacked in late December. They had units guarding the border and also chasing remnants of ISIS in the desert area there; but inside both Iraq and Syria.

The United States bombed a number of these units guarding the border and killed 19 people, in retaliation, the Defense Department said, for an attack on an American base by these forces, which is not confirmed. The problem is the attack took place in Kirkuk—see the arrow on Figure 2—which is far, far to the east of Abu Kamal. So it was a whole setup to create a situation where you would have a new confrontation between the United States forces and the militias.

What happens next is those who were killed by the United States were taken to Baghdad and after the funerals, you had the attack on the American Embassy—which was more or less symbolic, but for Americans, it is a big attack on the United States itself. Then, three

Hamiltonian Banking Principles in the Iraq/China MOU

by Paul Gallagher

The memorandum of understanding (MOU) between Iraq and China shows an understanding and application—perhaps at the Chinese initiative—of Alexander Hamilton's principles of national banking and credit, as set out in his 1790 [Report on the Public Credit](#), commissioned by the first U.S. Congress. In addition, the overarching development idea at work is the "oil for technology" concept developed by Lyndon LaRouche in his "[Oasis Plan](#)" of July 12, 1990 for Mideast development.

The credit, in the form of loans against Iraq's oil revenues from sales to China, comes here from Chinese banks, forming most of the operating capital of a Reconstruction Fund. The critical infrastructure and reconstruction projects for investment are largely determined by the Iraqi government. The credits for these investments then come *jointly* from Chinese banks and from the Fund itself, in a ratio of roughly 6:1. (In the case of Hamilton's Bank of the United States, that bank's major equity "partners" were Dutch bankers.) All the credit is backed by specified

oil revenues of Iraq, placed in insured escrow in the Reconstruction Fund.

But the credit issued to the Fund by China's banks is a multiple of the oil revenue, whereby roughly \$2 billion per year in oil revenues is the basis for \$20 billion, or later \$3 billion per year the basis for \$30 billion, in what appear to be 20-year project loans. (It is a 20-year MOU.) The oil revenues are essentially guaranteeing the *interest* for a number of years: "A 'repay account' is created for debt servicing and is dedicated to subsidizing the interest rate, and is financed by the 'investment account' " of the Fund.

As Hamilton wrote, such a "national debt" of the Reconstruction Fund is a "national blessing" for Iraq because the "means of its extinguishment" are provided—short-term interest and minor principal repayment, by the repayment account; long-term principal repayment, by the increased productivity and wealth of Iraq's economy and people resulting from this reconstruction.

The investment account, like the operating capital of a Hamiltonian national bank, is itself also investing in the critical projects. And, its dedicated oil revenues are capable of backing more than China's \$20 billion or \$30 billion development loan—the Reconstruction Fund could, if desired, issue additional debt to Iraqis and Iraqi institutions as Hamiltonian national banks do.

days afterward, you have the assassination of Soleimani in Baghdad, on his way from the airport.

Diplomacy for Cooperation Disrupted

Now, Prime Minister Abdul-Mahi said yesterday, and we have good reason to believe him, that the reason he was going to meet with Soleimani was to take a message from the Saudis to the Iranians. If you remember, there was great tension in the Gulf, throughout the spring and summer last year, with oil tankers being attacked, American drones shot down by Iran, and the Yemeni group in Sana'a attacking a major Saudi oil installation in Saudi Arabia, which cut its oil production massively. Under these circumstances, there was a heightened level of tension. Adil Abdul-Mahdi was trying to mediate between Saudi Arabia and Iran to ease the tension, to leave no pretext for the United States, Israel, or anyone else, to start a new war, with Iran this time. As everybody knows, if you start war with Iran, the whole region is going to be set on fire.

So Adil Abdu-Mahdi was actually sending a message through Soleimani, to the Saudis, or receiving a message from the Saudis to give to the Iranians via Soleimani. But Soleimani was killed in that operation.

Somebody was trying, during this whole time, to undermine the sovereignty of Iraq, undermining the possibility for having a peaceful solution for the whole region, and also starting reconstruction—remember, a few days before the assassination of Soleimani, China, Russia, and Iran had held naval exercises in the Gulf of Oman, in the northwest of the Indian Ocean. That was a signal that to have security in the region, you have to involve everybody.

Russian President Putin, in the summer, at the height of this tension in the Gulf, and the Foreign Ministry of Russia had issued a statement saying we need a new security regime in the Persian Gulf and the whole West Asia region, which involves all parties. Not only the United States and allies are guarding the area and trying to maintain security—that's not going to work; they said we have to involve everybody: Iran, the Saudis, and other Gulf countries. In that context, also it's possible to solve the problem in Yemen.

So, you have had all these developments, starting in the summer of 2019 going through to the September visit by Iraq's prime minister to China and the signing

of the oil for technology agreement. In October, the President of the United States ordered the withdrawal of U.S. troops from Syria. The Syrians, in coordination with Russia, are getting back their territories and their sovereignty. The terrorists are being eliminated.

But in the middle of all those positive developments, some people decided—while the coup going on in the United States against President Trump—including Israeli elements that were not happy with the situation in Syria and Iraq were making trouble. Remember that the head of Hezbollah revealed that Lebanon had gotten a similar offer from China. He reported the Chinese came and offered to help build our infrastructure. But the government of Rafiq Hariri, who is a French-Saudi-American asset, rejected the Chinese offer. But the whole region was oriented towards reconstruction, towards working with China on the Belt and Road, working with Russia. It was a fantastic chance for the United States to become involved in this reconstruction of the entire region.

Instead, what we have now is the threat of a new war.

Putin-Xi-Trump Summit Is Urgent

The reason I'm mentioning these things, is not to present an interesting analysis, but rather because people need to know why this happened. We have, right now, a golden opportunity, actually, in the middle of this crisis, to turn the whole issue around and start working for peace. Mrs. Helga Zepp-LaRouche, the founder and chairwoman of the Schiller Institute, issued a statement on Jan. 3, urging an emergency summit between President Putin, President Xi Jinping and President Trump. And of course, you can include others that might be interested, like India, Japan, Germany, France.

Now we do have reactions from many parts of the world, trying to calm things down. But we need an emergency summit to discuss how to calm this situation, bringing all parties to the table, and also discussing the reconstruction of the region. We have very good reasons to believe that it's going to happen quickly, with the reconstruction: The plans, the projects are there; China is willing to participate; Russia is willing to participate. We need to get Europe and the United States onboard. This is the way we can have peace and security—not by assassinations and bombings and sanctions.

The Iraq-China Reconstruction Fund

Jan. 6—We present here Hussein Askary’s translation from Arabic of the Memorandum of Understanding (MOU), signed between the governments of Iraq and China in Beijing on September 23, 2019, to establish an Iraq-China Reconstruction Fund, an “oil for reconstruction” fund, parts of which were referred to by Mr. Abdel-Hussein Al-Honen, an advisor to Iraqi Prime Minister Adil Abdul-Mahdi, in a televised [interview](#) on Iraqi Dijla TV on September 25, 2019. EIR has not authenticated the MOU with either government.

1. This is a non-binding agreement and is part of the friendship agreement. Disputes will be resolved through international arbitration institutions.

2. Duration of the agreement (MOU): 20 years.

3. An Iraqi-Chinese Reconstruction Fund is to be established, supervised by the Iraqi government and a consultation company that will be selected by the [Iraqi] Central Bank from among the best five international consultancy corporations.

4. The Chinese party guaranteeing the agreement is the China Export and Credit Insurance Corporation (SinoSure).

5. The revenues of 100,000 barrels of oil/day of the oil to be sold to China through two specified Chinese companies, Zhenhua Oil and China National Offshore Oil Corporation (CNOOC), are to be reserved every month and transferred to the Iraqi-Chinese Reconstruction Fund.

6. Chinese banks will issue credit to the Iraqi Reconstruction Fund with a credit ceiling of US\$10 billion, with the interest rates subsidized by the Chinese state.

7. When the first package of projects is successfully implemented, and if the Iraqi side wishes to increase the investment level, the limit of Iraqi oil sales [reserved for the Fund] can be increased to 300,000 barrels per day, and the Chinese side would raise the ceiling on loans to US\$30 billion.

8. These sums will be deposited in [China’s]

CITIC Bank, which in turn will transfer the money to the U.S. Federal Reserve in New York, which supervises the total sales of Iraqi oil, and where Iraq has an account. Following that, the sums will be transferred to another new account called an “investment account.”

9. Another account, a “repay account,” is created for debt servicing and is dedicated to subsidizing the interest rate, and is financed by the “investment account.”

10. The Fund will cover the financing of the following [types of] projects:

- Airports
- Building schools
- Paving highways
- Railways
- Dealing with pollution and rehabilitating the Tigris and Euphrates rivers
- Building residential clusters
- Infrastructure projects
- Power generation and water desalination projects
- Other projects requested by the Iraqi government.

If the cost of a project is [hypothetically] US\$1 billion, this sum will be withdrawn from the fund at a rate of US\$850 million from China and US\$150 million from the sales of Iraqi oil.

11. The Iraqi cabinet identifies a project [from the list] above and signs a single contract. For example, a contract to build 2,000 schools is signed as an “open contract.”

12. [This section includes the MOU text and some comment on it by those involved—H.A.] The process of depositing revenues of sales of Iraqi oil in the Fund started on October 1, 2019, and a sum of half a billion dollars has been accumulated so far [the average price of oil in October-November-December was US\$55 per barrel, times 3 million barrels, times 3 months, is US\$495 million—H.A.]. It was hoped that the first projects would soon be identified, but that has not happened, because the government has been transformed into a caretaker government stripped it of its authority to proceed.

13. The Iraqi government preserves its right to choose international, European or American companies as partners with the Chinese companies.