

CONFIDENTIAL
DECLASSIFIED

(F)

From: JIM DRUMMOND
Tel:

NO. 0339

DAVID MANNING

FAXED

1 November 2002

IRAQ: POST-SADDAM

Departments have produced a range of papers on post-Saddam issues. We have drawn these together into an overarching paper. Departments are broadly content with it, though there will still be some drafting improvements.

2. Edward Chaplin is leading a team (including me) to Washington on 5-6 November for a first round of discussions on post-Saddam issues with the US Inter-Agency Group. He intends to use our paper as the main steering brief, but not to pass it to the US. It would be helpful to know before I depart on 5 November whether you are broadly content with the thrust of the paper. We will certainly not be presenting the ideas in it as UK policy, rather this is where our thinking has got to so far.

3. Copies go to Desmond Bowen, Matthew Rycroft and Tom Dodd.

JIM DRUMMOND

Enc

CONFIDENTIAL
DECLASSIFIED

**IRAQ: MODELS AND SOME QUESTIONS FOR POST-SADDAM
GOVERNMENT**

Objectives

1. As rapidly as possible, we would like Iraq to become a stable, united and law abiding state, within its present borders, co-operating with the international community, no longer posing a threat to its neighbours or to international security, abiding by all its international obligations and providing effective and representative government for its own people.
2. There are many permutations, but this note focuses on two scenarios:
 - a) an Iraq under a new, more amenable strongman
 - b) a more representative and democratic Iraq.

SCENARIO A

3. Saddam Hussein is toppled prior to or in the early stages of any military campaign by a new strongman, not from Saddam's inner circle. A decision could be taken to recognise the new regime, lift sanctions and remove the No Fly Zones in exchange for:
 - The complete dismantling of Iraq's WMD infrastructure and the continuing presence of UN/IAEA inspectors;
 - trial and imprisonment of the key leaders of the Saddam regime; and
 - a complete cessation of support for terrorism.
4. We should also aim for:
 - the establishment of more representative structures at the centre and wide-ranging autonomy to the regions, but reintegrating the currently autonomous areas of Northern Iraq;
 - a non-aggression pact with its neighbours; and
 - opening up of Iraq's economy to foreign investment, agreement on repayment/rescheduling of Iraq's debts, and a reduction in poverty.
5. Our leverage over the new regime would quickly dissipate as Coalition forces could not remain mobilised at invasion strength in the region for long. Any sanctions, once lifted, would be difficult to re-impose. This scenario for achieving our goal of Iraqi disarmament would be relatively simple and cheap, but there would be a high risk of the new strongman reverting to Saddam's policies, including the development of WMD, in the medium-term.

DECLASSIFIED

SCENARIO B

6. Assuming that Saddam Hussein's regime falls and Coalition forces go all the way to Baghdad, our preferred model of the future government of Iraq might fall into three phases:

- a transitional Coalition military government;
- succeeded by a UN administration;
- leading to the formation of a sovereign, representative and democratic government of Iraq.

7. This scenario assumes that UN authorisation has been given for military action against Iraq and that the international community and UN system is willing to assist with reconstruction. The Coalition would publicise this broad plan for post-Saddam Iraq prior to the start of any military action.

A. Transitional Military Administration

8. Following the collapse of Saddam's regime, the Coalition would establish a transitional military government. It would make clear that it would transfer power to a UN administration as soon as possible. In practice it could take up to 6 months for the transfer to be effected. The US would continue to have overall responsibility for security after the transfer to a UN administration.

9. Priorities for the military phase would include:

- Establishing security. Saddam Hussein and his inner circle are protected by concentric rings of security ranging out to the Republican Guard and regular Army and police (see FCO paper on security sector). The Baath Party is another instrument of control. The inner rings of the security apparatus will need to be disbanded. Screening will be required of officers in the Iraqi security forces. Some will need to be demobilised, some imprisoned and some tried. During the transitional military administration, the priority would be to hold POWs and war criminals from the regime, and gather evidence.
- Dismantling WMD. The military administration will need to start dismantling Iraq's WMD infrastructure, destroying capacity and weapons, and arresting WMD technicians. An initial stabilisation phase of registering Iraqi WMD sites and locating Iraqi WMD experts will take 2-3 months. The subsequent destruction of the Iraqi WMD machine could take many years, depending on levels of cooperation received.
- Addressing humanitarian needs. In the transitional phase there will be immediate humanitarian problems (see DFID paper). OFF supplies 500,000 MT of food to Iraq a month feeding most of the population. With Iraq's borders shut, OFF would stop, leading to severe food shortages.

DECLASSIFIED

DECLASSIFIED

International personnel in the UN operating in Iraq will be withdrawn as war begins. This will have an impact on UN agency operations even if local staff will be able keep some operations going. Food distribution within Iraq will be interrupted by war. There will be population displacement, both internal and over borders, and possible extensive environmental damage (oil wells, water systems and dykes destroyed). There is also the possibility that CBW would have been used, affecting the civilian population. In this event, it is unlikely that Coalition partners would be able to respond beyond protecting/decontaminating their own military contingents. There is, therefore, the potential for a major humanitarian crisis when the international aid system is already overstretched. In response, we would need to restore an active UN presence as soon as possible. The UN has the only effective mechanisms for food delivery. We would therefore need to restart a version of OFF as soon as possible. Priority should be given to sourcing as many supplies in Iraq as possible, particularly from Iraqi farmers. There are, however, question over how OFF would operate. If Iraq's oil facilities were damaged, so that exports were reduced, donors would need to procure food and other humanitarian supplies. The transitional military administration would want to supervise financial flows to reduce opportunities for cheating and wrongful diversion. There would be a separate post conflict need for emergency works on bridges, water systems and communications etc. This work would require careful coordination involving civilian development agencies.

- Planning for the revival of the economy. The World Bank and IMF will need to assess the state of the economy and government finances, including the size of a sustainable budget. For this work to be successful, there will need to be good co-operation between the military administration and the international bodies concerned.
- Preparing for a UN Administration. A major task would be to decide as early as possible on the shape of a UN administration, and begin setting up as soon as the conflict ends. The Secretary-General, under guidance from the Security Council, would instruct the UN system to produce the necessary plan. Planning for SSR, economic recovery, and long-term reconstruction would also take place.

B. UN Administration

10. A UN administration would assume overall responsibility for Iraq from the transitional military administration after a maximum of six months. It would rule for a period of, say, 3 years while a new Iraqi constitution was agreed.

11. Iraq is likely to need intensive oversight from the UN. A model for such an administration (UN Mission to Iraq, UNMI) would be UNMIK (See FCO papers *Models for Administering a post-Saddam Iraq* and *An International Administration for Iraq*). In UNMIK, pillars of government (police and justice,

DECLASSIFIED

DECLASSIFIED

civil administration, democracy and institution building, and reconstruction and economic development) are sub-contracted to the UN, EU and OSCE. There is a parallel security structure, in this case provided by NATO, not under UN control, but with a responsibility to support the civil administration. Bodies such as the World Bank, OIC, UN and possibly the EU could provide pillar leads in UNMI. The parallel security structure would be under direct US military command, with as wide an inclusion of effective Coalition military partners as possible. The personality of the Special Representative leading UNMI would be particularly important.

12. Iraq is a large country with a relatively sophisticated bureaucracy. The level of intervention in individual ministries would vary from total in the security field to the superficial in areas such as agriculture. The new senior cadres could be composed of UN staff, as far as possible from Muslim countries, émigré technocrats and non-tainted technocrats from within Iraq.

13. Political Process. There would need to be parallel political process, also managed by the UNMI, which would prepare for the establishment of a new democratic Iraqi government. This would be based on declared principles, such as Iraqi territorial integrity, and respect for community and human rights. The UN would engage in a process of political consultation which would lead to a convention of all Iraqi factions, both internal and external, to discuss future political arrangements and, subsequently, to endorse a revised constitution. Under the UN administration, work could take place on reconstructing government, encouraging new political parties, facilitating a free media and an active civil society. A new/revised/and possibly federal constitution will be drafted by Iraqi experts with international guidance. Municipal elections will take place.

14. Based on precedent, UNMI would require at least in excess of one thousand international staff and several thousand foreign police. The security force would require tens of thousands of soldiers, although this figure would reduce over time. There are question of how much this international effort would cost and how it would be funded. This could be done by national contributions or through the UN assessment system. An alternative would be to use oil revenue to pay administrative and military costs. This would require UN authorisation, and UNMI and security expenses would need to reconciled with debt repayment (see below).

15. Humanitarian needs will remain. But OFF or its replacement will need to change from providing food and medicines to concentrate on pump-priming the economy for long-term reconstruction.

16. Economic recovery. War damage to the oil industry will need to be repaired and new investment introduced to remedy the neglect of the past ten years. Although the latter is likely to be met by the oil majors, there may be an IFI role in providing short-term financial assistance in other areas while the revenue generating oil industry recovers. The forfeited/seized assets of Saddam and his inner circle will provide another source of

DECLASSIFIED

DECLASSIFIED

revenue. The separate economy of northern Iraq will need to be reintegrated into the national economy. A new currency may need to be introduced. OFF will be wound down and sanctions will be lifted.

17. Reconciling payment of Iraq's **huge external debts** with reconstruction and development needs will be a major issue. Iraqi external debt incorporates commercial debt to Russia and the West (and the interest thereon) and debts to the Gulf states. There are also large compensation claims from Iran arising from the Iran-Iraq war, and compensation claims arising from the Gulf War. Added together the total claim on Iraq could amount to some \$400bn. Even if more unreasonable claims are dismissed, Iraq will need debt rescheduling. Oil income (illicit and illicit) has ranged from \$15-20bn per annum in recent years, according to fluctuations in the international oil price. Other claims on Iraq's oil revenues will be the cost of UNMI and international forces. All of this will require a financial plan, involving detailed work by the IFIs.

18. Security Sector Reform. There will need to be a security sector reform process (see FCO paper) Having dismantled Saddam's security apparatus, there will need to be a new one. This will need a comprehensive security sector plan agreed with and led by the US. The judiciary will need a total rebuild as will the police. Decisions will need to be taken about the size and scope of the Army and intelligence services.

19. Members of the regime will be tried, possibly by an international tribunal. Iraqi culture is unlikely to be conducive to a truth and reconciliation process. The position of members of the MEK will need to be addressed.

20. The dismantling of Iraqi WMD will need to continue under a UN administration.

C. Establish a Sovereign Democratic Iraqi Government

21. To mark the end of UNMI there will be a progressive return of bureaucratic and political power to Iraqis. A new constitution will be promulgated. National elections will be held. International military forces will withdraw, although there may continue to be small Coalition training teams with the Iraqi military and intelligence services, which would also have a monitoring role. The new Iraq would be welcomed back to the international community. Under international guidance, the new government could be encouraged to sign a collective non-aggression pact with all states bordering the Gulf.

OD Secretariat
Cabinet Office
1 November 2002

DECLASSIFIED