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From: Antony Phillipson

Date: 27 August 2004

PRIME MINISTER

cc: Nigel Sheinwald  
David Quarrey

### IRAQ: NEXT STEPS

I attach a paper on "Iraq: Next Steps" from the FCO. I have discussed with Nigel.

The paper concludes that the strategy agreed at the start of July remains essentially sound, although it needs some fine tuning. This is too vague, and does not tally with loss of control compared to the situation on the ground in early July, not least in Basra. Nor does it offer a clear way forward. As you said this afternoon, what we need is the unvarnished truth so that we can engage in a frank discussion about how we can help the IIG restore control.

Our recommendation is that the paper should be broken down into three parts:

- Elections: how do we ensure that the elections take place on time in January 2005? If the problem is security concerns on the part of the UN then we need to address them and immediately. The UN were unwilling to be protected by UK or US troops, but no one else is willing to do it so we should end this debate now. Allawi, himself, also needs bolstering on this point. We need a short term strategy to get to January - if we miss that deadline then the rest of our strategy is called into question.
- The Sunni Triangle: how does the IIG and the MNF go about beginning to bring the Sunni Triangle back under control? A key part of this is Iraqiisation of the security forces (see below) but we also need a short term programme of intensive reconstruction to make a visible impact on people's lives - a Sunni outreach programme. This needs to be accompanied by a communications strategy to ensure that the IIG gets credit for improvements that are made.
- Basra: Two months ago Basra was calm. It is not now. The situation in Najaf did not help but it is far from clear that this is the only problem. There is a local governance problem. There is a danger that we are being too pure in rejecting moves like appointing a security commander for the

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South because it looks autocratic. If this leads to a short term improvement in the security situation then that is a plus. We also need a more hard headed assessment of the military perspective. Gen Rollo should be asked to say what needs to be done to restore control. In essence we need a short term strategy for Basra.

Two issues need to be mainstreamed in all three of these components:

- Iraqisation: the paper says that Iraqisation is on track. We should ask for a more explicit assessment. What were the original timelines and benchmarks? What is our performance against them? How and where can they be tightened up and accelerated? There is a tendency to fear that this will increase costs - we should make clear that this should not be a bar to the necessary policy judgements. On timelines we also need to challenge the assertion that MNF forces will now need to be in Iraq at present levels until 2006 - we should be looking to move as quickly as possible to a shift from offensive MNF forces to a smaller training and advisory deployment.
- Governance: there is a real concern about the capacity of the central government to make and execute the necessary decisions. Too much rests on the shoulders of one man. We need to identify who needs to do what to build up the capacity of the IIG to govern. We also need to look at issues like the loyalty of the police in Basra and elsewhere. What are the problems and what can we (or others) do about them?

Although we have an enormous stake in getting these issues right, or at least moving in the right direction again, we do not have direct control over the levers. Allawi remains the key. There is a tendency in the paper to be concerned about relying solely on him, partly because he may not be PM after the elections and partly because we do not approve of everything he might want to do. In the immediate term we need to accept that he is the one in control, and we must back him.

We also need to ensure that the US are pushing in the same direction as us. Their approach at the moment is more hands off than we would like. Despite the distraction of the campaign, and the desire to show that there is an exit strategy underway, we need to keep them fully engaged - they are the ones with the troops, money and therefore the real influence over Allawi. He will always turn to them for support.

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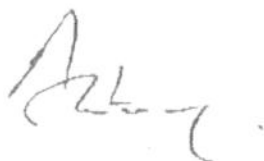
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If you agree we should ask for the papers detailed above by the middle of next week. You should have a meeting as soon as possible after that with relevant Ministers and military. This will lead up to a full discussion with Bush the week after next, although as we discussed it would be worth touching base with him on Tuesday next week to flag up the need for a substantive discussion the next week.

Do you agree with this proposed way forward?



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