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From: Nigel Sheinwald

Date: 29 August 2003

PRIME MINISTER

cc:

Jonathan Powell

Sally Morgan

Jeremy Heywood

Alastair Campbell

Matthew Rycroft

Nick Cannon

Danny Pruce

Sir Andrew Turnbull

Desmond Bowen, CO

Jim Drummond, CO

IRAQ

*This isn't really  
working at present.  
I will have to reflect  
on how we progress  
& I need a meeting  
next week.*

You asked for an update. I attach a note which incorporates the conclusions of yesterday's Ministerial meeting chaired by Jack Straw.

I see the immediate priorities as follows:

- **UK Resources**: the present situation in Iraq calls for another surge in the UK (and wider) effort. The MOD are undertaking a review which is likely to lead to a proposal to increase UK troop numbers. DFID too are looking at increased resources (but UK numbers are dwarfed by the \$16 billion Bremer has requested from Congress).
- **Utilities**: this is going to take a massive medium term effort. But the immediate requirement for us is to increase generating capacity in the south. MOD, DFID and private consultants are working up a package which should be implemented very fast. Essential to perceptions of improved quality of life.

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- **Policing:** Situation appears to be improving. Some 37,000 Iraqi police are now deployed: anecdotal evidence is that they are increasingly successful in tackling civil crime. We need to accelerate the arrival of international trainers: a contributors' conference is the next step; a bigger UN role is probably necessary. Equipment is not a problem. 100 UK police are under firearms training and will be deployed over next two months as recommended by the two UK Deputy Chief Constables already in Iraq (one Baghdad, one Basra).
- **Media:** some progress:  
better coverage on Arab TV, more Iraqi involvement. But CPA media handling remains weak; the (American) CPA media director will arrive, at last, today; Iraqi TV in particular remains weak, both in management and programming.
- **UN Security Council Resolution:** this would be worth getting - to spread the military and reconstruction load. This will require a UN mandate for new military forces, but retaining a unified command; and a clearer UN role in the political/constitutional process, in support of the Iraqis.
- **Mass Graves/Saddam Regime Crimes:** 7 UK secondees in place (2 in CPA, 4 forensic experts, one MOD legacy crimes lawyer). Excavations of mass graves with international supervision to start in September. FCO expect to have a comprehensive report on Saddam

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crimes by end-September. This seems to be falling into place, with UK playing an active role.

- WMD: thin pickings expected from the preliminary report of the Iraq Survey Group in September. We will need to manage expectations carefully, and have a strategy in place to deal with the inevitable public criticism if the findings appear insubstantial.

You will want to have a beginning-of-term talk to President Bush; Iraq would be the main subject. I also plan to propose a video link with Condi Rice, accompanied by the key players on both sides – to bring in the Pentagon as well as State etc; and our people in Iraq. We would hold in reserve another video link between you and Bush.

Our own public presentation on Iraq needs some thought. The Americans are repositioning by stressing Iraq's place in the war on terrorism. For us the rationale would go wider – impact on global counter-proliferation; MEPP; Middle East reform; credibility of international institutions. It may be difficult to get such a presentation taken seriously in the Hutton fog. But reasonably soon there's a speech to be made setting out the case now for what we're doing, moving away from the history of why we went to war.

You might want to have a meeting next week with the main Ministers, CDS etc and establish clear priorities for the period ahead; and before your talk to Bush.

Nigel

NIGEL SHEINWALD

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IRAQ: UPDATE 29 AUGUST 2003

Introduction

1. We need to work on three interlocking fronts:
  - The provision of **security**, and parallel building of local security sector capacity;
  - a **political process** leading to a new constitution, elections and the restoration of full sovereignty; and
  - **humanitarian assistance and rehabilitation** leading to reforms to create a market-based economy.
  
2. There remain problems of influencing the Americans, and in getting the right expertise at working level. Bremer has reformed the CPA. In Andy Bearpark we have a decisive Chief of Operations. Hilary Synnott will bring strong leadership to CPA South. Jeremy Greenstock will arrive as UK Iraq Rep on 12 September. The UK will lead four out of 18 CPA Governorate Teams from September. But skills gaps remain at working level.

Security

3. The security situation in central and southern Iraq has worsened since July. It is likely to deteriorate into the autumn. Numbers of attacks in and around Baghdad remain broadly the same, but the **sophistication** has increased. Besides former Ba'athists and criminals, the terrorist threat has become reality with the UN bombing. More Islamic extremists are moving to Iraq (see attached note). Further large-scale terrorist attacks are likely.
  
4. Attacks on Coalition forces in central Iraq continue. Improved US tactics, helped by UK training, have led US losses, about one combat death every two days, to remain fairly constant. Tensions have been rising between Shia factions in the south and between ethnic groups in the north. Our losses in the south have started to mount, but we have yet to see a co-ordinated campaign

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against our troops. It is clear, though, that although levels of consent remain solid for now, public frustration is growing with the failure of the CPA to deliver improved public services, particularly fuel and electricity.

5. Following the UN bombing, we, the CPA, the UN and NGOs are reviewing **security procedures**. World Bank and IMF missions have been withdrawn. A number of NGOs are withdrawing their international staff. The UN is maintaining operations, but has withdrawn some staff temporarily while decisions on future security arrangements are made. We are obtaining advice; they remain reluctant to hunker down behind CPA walls.

6. The British Office in Baghdad has been withdrawn to the CPA secure area, and is likely to remain there. Security arrangements for UK staff in CPA in Baghdad are generally sufficient. CPA staff in southern Iraq are now more vulnerable. Extra measures are being taken to protect them. There is a difficult balance to be struck between security and continuing to operate.

7. The UN bombing has changed **international perceptions** of security in Iraq, diverting attention from good progress on some aspects of security in recent months. 20,000 Coalition troops arrived in Iraq over the summer to join the 145,000 US and 11,000 UK forces. The Poles now lead a multinational division south of Baghdad. We lead Multinational Division (South East), involving Italy, the Netherlands and others. The Division is working well. Although the US continue to divide security sector reform into unconnected pillars of police, army and justice sector reform, progress is being made. There are now 37,000 **Iraqi police**, becoming more active and better co-ordinated with Coalition forces. CPA, with UK assistance, are working on plans for an 1,500-strong **international police training mission**; 100 UK police are being recruited to participate. Fixed point and patrolling guard forces are being

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expanded. More Iraqi courts are being restored. Training has begun of a **new Iraqi Army**, initially 40,000 strong.

8. **Next Steps:**

- **Broaden and increase Coalition forces in Iraq.** This will require a new UN Resolution and a change of attitude amongst traditional UN troop contributors and the US military. In parallel, we should persuade the US to maintain their current force levels into next year, rather than reduce them as planned;
- **accelerate the recruitment and training of Iraqi security forces.** For the international police-training mission to be successful, the US needs to be convinced that UN and EU experts should be fully involved;
- gather more **intelligence on Islamic groups** operating in Iraq so that operations can be better targetted: and
- persuade the **UN to** adopt a realistic **approach to security**. Give more security advice and equipment to UNAMI so that it can continue with as many operations as possible in the greater threat environment. Where the UN operates, other international bodies and NGOs will follow.

**Political Process**

9. The political process continues to make progress. The **Governing Council** (GC) has appointed a preparatory constitutional committee, which should lead to a **constitutional convention** this autumn. National **elections** are possible next summer followed by the establishment of a sovereign Iraqi government in the autumn. The CPA is slowly transferring powers to the GC. It is inclusive but the nine-member **Presidency** is unwieldy and politically inexperienced. Decisions, including on the appointment of interim ministers, are taken on proportional ethnic and sectarian lines and are slow to emerge. We must have the more important Ministers, particularly Finance and Foreign Affairs, in place soon. Governors have been appointed and councils established

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at Governorate and municipal level. At least in southern Iraq, these are operating with some success.

10. The GC is gaining credibility in the region. We are lobbying the **Arab League** to give the Council greater recognition at their next Ministerial on 9 September. Diplomatically, **Iran** has been generally benign, even offering to provide electricity to Iraq. However, both the IRGC and \_\_\_\_\_ are active inside Iraq inciting Shia opposition groups, even if we have no evidence of direct orders to attack the Coalition.

11. The key to greater international recognition for the Governing Council, and more financial and military support for the reconstruction of Iraq, is **wider UN involvement**. The international reaction to the UN bomb has provided an opportunity to push for a new Resolution. However, the main US aim for the Resolution is more troops. They accept the idea of a UN mandate for the military effort, so long as the Coalition stays in command (no blue-hatted peacekeeping force), and want to encourage funding for reconstruction and backing to the Governing Council. But they appear reluctant, at this stage, to cede any significant political control to the UN. Annan wants to see an expanded role for UNAMI, particularly in the economic and political areas, but not on peacekeeping. Other Council members appear to support this line. A clearer timetable towards the end of occupation is a key point for most. The majority want a greater UN role than the US seems willing to contemplate at present. The French continue to argue at present for a fundamental reappraisal of the international presence in Iraq.

12. It is not yet clear that we will be able to reconcile these differences, but the signs are not bad. We also need to ensure that our legal basis for intervention and occupation is not undercut by a failed attempt to secure a renewed UN mandate.

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13. **Next steps:**

- Persuade Governing Council to choose Ministers quickly, establish the Constitutional Convention and agree and announce a **clear political timetable** in consultation with the CPA;
- work on **new UNSCR** which promotes international recognition of the Governing Council and wider support for the **reconstruction** of Iraq - more troops/money/experts to meet CPA/UN/Coalition military requirements. Persuade the US to include language on a more specific UN political role in exchange for fuller UNSC support; and
- persuade Annan to choose a suitable **successor to de Mello**.

**4. Reconstruction**

14. Physical reconstruction is slow. Sufficient **food** is provided through the UN distribution system. The **street economy** is increasingly active. 1.3m state workers and pensions are paid regularly. But **electricity generation** is a fifth less than before the war and less than two-thirds of requirements. **Oil production** has recovered to half pre-war levels. Exports through Turkey should resume in about a week, following interruption due to the bombing of the pipeline. There are water, gas and petrol shortages. The US hope that pre-war electricity generation can be achieved by September and oil production by April 2004 - possibly optimistic. **Unemployment** is estimated at up to 60 per cent, but should start to fall in the autumn when more plentiful power should allow factories to resume production.

15. Assisted by a number of UK media experts, **CPA media handling** has improved. The CPA has conducted successful media campaigns and it, and the Governing Council, have become more visible on the Arab networks. But this effort is hampered by the repeatedly delayed arrival of Gary Thatcher, Director of Strategic Communications. He is now expected in early September. Simon Haselock has begun work at the UK-funded Independent Iraqi Media

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Commission on establishing independent media regulations, licensing and training capacity. Iraqi print media are flourishing in a manner not seen in Iraq in decades.

16. Despite the UN bombing, **UN/IMF/World Bank needs assessments** should be finished in time to inform a donors' meeting on 23/4 October in Madrid and the proposed 2004 budget of \$14-22bn. The financing gap of some \$1-9bn may necessitate a significant UK financial contribution. Bremer has asked Congress for up to \$16bn but it is not clear how much of this will be spent through the budget.

17. Despite the efforts of UK military and the UN, **basic service delivery in CPA South** remains poor. To improve the situation:

- Hilary Synnott will improve communication with the CPA in Baghdad, review and improve local staffing and access to CPA funds;
- the CPA is providing \$200m to improve power generation in Basrah. Projects are in hand for other regions. A conference took place in Tampa on 25-27 August, hosted by Centcom and involving the UK, on practical steps which could be taken to improve oil and power production and distribution; and
- the MOD has commissioned **an action plan for immediate improvements** to the power sector in south-eastern Iraq. This reported on 28 August. DFID expect to meet the cost of implementation (\$30m), but this may exhaust their budget for Iraq this year.

18. We must improve services before **Ramadan** in late October. Other looming challenges are the end of the UN operated Oil For Food programme and the smooth transfer to a monetary food purchase system. Meeting these challenges is made more difficult by the greater security threat. With the drawdown or at least reduced activity of international staff, local staff should be able to continue most existing humanitarian and reconstruction

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programmes, including running the food distribution system, at least in the short-term. More can be done to help the UN and NGOs with security, but **greater US and UK effort, at greater cost, may be required to make up for lost capacity.**

19. **Next Steps:**

- In the **Short-term**: Implement CPA/UK national plans for improving the provision of **electricity, fuel and other services** to at least pre-conflict levels. Ensure that money flows from the CPA, and the UK if necessary, to pay for them. Provide sufficient **technical experts**, with the proper security.
- **Medium-term**. Ensure that plans for phasing out the **food distribution** system are workable.
- Build international consensus for the **donor conference**.

**Cabinet Office**

**29 August 2003**

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