

RESTRICTED
FIRST IMPRESSIONS OF BASRA
From: BASRA

TO PRIORITY FCO
TELNO 76
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INFO ROUTINE , BRITISH OFFICE BAGHDAD, CABINET OFFICE, DFID
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SUMMARY

1. The Consulate still a work in progress. Basra has potential, but is still a mess and the risk of riots again in August is real unless power and water can be maintained. Islamists look well placed to do well in elections. We need to understand the implications of this better, and not be spooked by stereotypes. The lost generation issue. Relations with Baghdad.

DETAIL

2. The very first impressions for anyone arriving at Post in Basra are of a fortress compound which is still a building site. For most support staff not allowed to venture out this is all they will ever see of the country to which they are posted. Our physical security is not yet fully in place and even basic social amenities are absent. See MIFT (not to all) for a fuller report.

THE US PRESENCE (OR ABSENCE)

3. The rest of the former CPA compound is now the US Regional Office, opened by Negroponte last week. But pending the arrival of PCO staff to spend the South's \$2.3bn projected share of the US \$18bn supplemental the site is full of people feeding and protecting each other, with little contact with the world outside the gates. All life support is imported and so are most support staff. The impact on Basra in terms of understanding and influencing events, stimulating trade, or creating jobs thus borders on zero. I hope the costs of maintaining this moon colony are not being attributed to developmental funds.

4. The DFID project intended to shape how US aid is spent in the South is a good concept. The sums involved dwarf any other revenue source except the Iraqi Government's own budget. But no one here - including my US counterpart - knows yet how the 3rd entirely new organisation in just over a year will organise itself and do business. There must be a high risk that money will be spent slowly, inappropriately, and without adequate consultation with ourselves or, more importantly, the Iraqis.

THE REAL WORLD

5. Basra City itself is drab and squalid. It is recognisably a poor Arab town, reminiscent of the down at heel parts of remoter towns in Syria or Southern Jordan. There are some areas of discreetly prosperous middle class housing. But there are also areas of real poverty where, through the distorting lens of a bullet-proof windscreen, you see mothers old before their time carry their children through rubble strewn streets. Thirty per cent of the population have no access to mains water. Despite major efforts, the release of suppressed demand continues to outstrip supply and power and water systems remain dangerously close to collapse. Over half of the South's power production is

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still exported to Baghdad. The potential for a repeat of last August's riots remains real.

6. And yet Basra is supposed to be Iraq's Second City, with a population estimated at over 2 million. It should be a wealthy oil and trade centre, and people here know it. On my first call I was closely quizzed by the Acting Governor about lessons to be learned from my previous post, Dubai. Encouraging, but he has a very long road to travel.

7. Most senior officials have little or no experience of the West. The present leadership's direct experience of the outside world seems largely limited to Iran, Kuwait and Saudi Arabia. But Iranian influence here should not be overstated. The local leaders of Shia groups like SCIRI and Badr who opposed Saddam from exile may have taken the Persian shilling when they needed it, but they remain Arabs and Iraqis first. Their attitudes will largely determine whether the security, political and development process now under way retains mainstream popular consent in the South. Understanding and influencing these people, and ensuring that US attitudes are not unduly distorted by anti-Iranian reflexes (cf Washington telno 802), is probably the single most important political task we face in the South.

8. The hunger for security is everywhere. People still accept the continuing MNF presence as necessary, but want it to stop being necessary. The senior Shia cleric in Basra told me he welcomed the transfer of sovereignty as a step in the right direction, but that the occupation would not really be over until foreign troops left Iraq. The IIG was an improvement, but only a government elected by the people could really be considered legitimate.

9. The local head of SCIRI, full of praise for the British forces, is equally keen to see us train Iraqi forces and leave. He and others like him are genuinely enthusiastic about the prospect of elections and see the poll in Al Zubayr on 9 July as a successful pilot. Maintaining political momentum will be vital to maintaining consent for the wider process, and for the presence of British and other multinational forces in the region.

THE SPECTRE OF SHIA ISLAMIST POLITICS

10. Shia leaders want elections mainly because they expect to win, and to have a voice at last. Islamist groups may do well. Some are disciplined and seen as less corrupt. Those leaders I have met during my first calls appear to be pragmatists. A senior cleric's family runs a hospital, and several businesses. The leader of SCIRI wants to work with us on capacity building, civil society programmes, and academic exchange visits. The Acting Governor is a Badr man who works well with British military representatives on Basra's Security Committee.

11. The alternatives to the Islamists seem unlikely to mount an effective challenge. They are less well organised. The senior tribal Shaikh was forced out as Chairman of Basra Council over a corruption allegation. He appears to have little to offer voters beyond the fact of his own personal status. There are some capable technocrats around with more secular and modern attitudes, but they lack a power base. Most of the other Provisional Council members I have so far met are well-meaning but unimpressive. They deserve respect as the equivalent of local councillors in the UK facing extraordinary pressures over their personal security, the high expectations of a population released from years of brutal rule, and a set of major environmental, security, and developmental challenges. It is hardly surprising if they are

overwhelmed. But with no resources of their own to control, many interpret their role as begging for more aid. One colleague dismisses them accurately enough as the "what have the Romans ever done for us" brigade.

GENERATION X

12. Perhaps the greatest medium term threat to stability is the lost generation of young men aged 16-30. These are the dispossessed potentially attracted to Moqtada Al Sadr or to crime. They grew up in a violent society under Saddam, war and sanctions, without access to decent education or jobs and as yet have no stake in the future. They may well miss out entirely if there is a generational leap when the present set of professionals retires and is replaced by youngsters with access once again to Western qualifications. Managing this ignorant and brutalised generation through adult literacy and job creation programmes will be an important task for any elected Iraqi government and for its external supporters. It may not be a hopeless cause. The day labourers shovelling sand into our blast protection walls still keep alive the Iraqi tradition of song, and fight the daily battle to stay one up on the Man (especially when He is foreign and wealthy) by cheerfully nicking anything which isn't nailed down or guarded. There is not much of a cringe factor.

BAGHDAD

13. The South's relationship with Baghdad is crucial to a successful national political process. There is much talk here of CPA Order 71 (the "States Rights" order). But the more pressing concerns are financial. The South suffered from over a decade of deliberate under-investment. There are still no effective mechanisms in place for Ministries to release funds. Equitable access to the national government's budget is the key to tackling a range of infrastructure, public service and economic stimulation issues. Lack of access is fuelling potentially dangerous calls from the Acting Governor and others for the South to retain some oil revenue before it reaches Baghdad. A large neon sign in Arabic over the Southern Oil Company building carries the ambiguous slogan: "Our Oil is Ours". There is also more work to be done to create an effective interface between the NSC in Baghdad and the local equivalents being established with MND(SE) British military assistance in the South. And there is a perception that Basra will not be allowed to do anything unless Baghdad does it first, eg opening the airport to civil use. Most of this should now be primarily an Iraqi conversation, and the stuff of normal politics. During my first calls I have emphasised the need for officials here to engage in the issues directly with the IIG in Baghdad. But we should do what we can to encourage reform and equity.

UK ROLE

14. We may still play the predominant foreign role in the South, but Iraqiisation is the key to progress here as elsewhere and we must stand back. Iraqis will prove more capable than some outsiders expect, and Iraqi solutions to Iraqi problems are much more likely to stick. But we should encourage the IIG at national level to act, particularly over the equitable distribution of resources and on issues with a security dimension, as with the current feud in Maysan between the families of the Governor and of the murdered Chief of Police. This will sometimes, as in Maysan, leave our forces in a difficult situation.

15. There appears to be a broad popular consensus around the security and internal political process. Implementation is now

the major challenge. It will be a long haul - perhaps 5 years before Basra begins to look normal. Our commitment to assist must be worth it, if only because the price of failure is so high.

COLLIS

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