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From:

Date: 25 November 2003

cc: PS/Baroness Symons

PS/Mr Benn

PS/Mr Hoon

DG(CA)

Mr Sawers

Mr Chaplin

Mr Buck

Mr Gass

Mr Charlton

Heads: SSU, FPPD, RMU

MENA, ESU, EG, ITSU, Cons

Dir, PMU(T)

Ed Owens

Michael Williams

James Paver, Press Office

David Richmond, IraqRep

Christopher Segar, Baghdad

Hilary Synnott, CPA Basrah

Henry Hogger, Basrah Gov

UKTI

Reference:

**MICHAEL**  
**IAV**

*1 agree Mr Jay 26/11/03*

To:

Neil Crompton, IPU *Seen in draft 25/11/03*  
PS/RUS  
PS

**SUBJECT: IRAQ: DRAFT LETTER ON BRITISH OFFICE, BASRAH**

1. Nick Cannon's letter of 13 November recorded the Prime Minister's interest in opening a British Office in Basrah to take care of bilateral interests. I submit a draft response to the PS/No10, cleared with FPPD, MED and other interested departments.
2. You will recall that there is some history to this idea, some of which is set out in the draft PS/PS No 10 letter. We originally planned to establish a British Office in Basrah in August, but plans were put on hold because the Treasury rejected our initial reserve claim bid and made clear that they would not make additional resources available for this idea this financial year. Give this, we decided it would be better to focus our efforts on building up CPA South.
3. We do, however, see advantage in revisiting this idea now, not least to flag up the resource implications to No 10. Under the new political timetable, CPA's formal role will end with the transfer of sovereignty to the Transitional Government by 30 June. But there will be a continued need for US and UK advisers to Iraqi Ministries for the duration of the transitional period (December 2005). We are still thinking through what sort of UK representation we will want after 30 June. But our preliminary view is that we should plan for a substantial Embassy or Transitional Assistance Office housing officials from Whitehall departments in Baghdad. We anticipate the need for a parallel, but smaller operation in Basrah.

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4. There will be funding implications in opening a small bilateral unit in Basrah. These might be kept to a minimum, depending on the availability of accommodation. If we are able to find space within CPA South, we should be able to use a member of staff who was originally allocated to BOB, so there would be no slot code problems at this stage. His/her role would be to, as bilateral representative, arrange visits and, most importantly, manage the establishment of the British transitional office by next July. Henry Hogger, the Governorate Co-ordinator in Basrah, will mentor the project. OGDs will join as the project develops.

5. If we do end up having to establish a transitional office, the resource implications for next year will be much more significant, and we are likely to find ourselves, once again, in difficult discussions with the Treasury. Tactically, it could help to emphasise that the role of these offices will be to meet HMG objectives and that other government departments should be expected to share the costs. But Finance Directorate judge that the Treasury are unlikely to make new money available for this office, and it that it would be hard to identify the required funding from further reprioritisation within our baselines.

6. We will submit again as soon as we have a clearer idea of what sort of representation we will need after the demise of CPA and once we have seen No 10's response.

Head, Bilateral Section  
IPU

Tel:  
Fax:

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