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From: Peter Ricketts
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Foreign Secretary

VISIT TO IRAQ

1. I spent two days in Basra and Baghdad last week, travelling with my MOD counterpart and a senior DFID official. Our main purpose was to look ahead to what the UK role, and therefore presence, in Iraq in three to five years should be. Details of our various talks are recorded separately.
2. It was fascinating to go back after an eighteen month gap. My overriding impression is of a **real if fragile improvement**, both in the security situation and in economic regeneration (the two are linked), both in Basra, and country-wide as seen from Baghdad. The issue is whether the international community, and the UK, can be agile enough to switch from a security – dominated strategy to one which focuses on exploiting this window of opportunity.
3. The main elements as they struck me (guarding against the 48hr expert syndrome) were:
 - In **Basra**, security is better, opening a space for increased economic activity. Violence against the international presence has fallen because of our redeployment to the airfield, and because of the JAM 1 negotiations/detainee releases. This has coincided with an outbreak of politics, and the formation of popular pressure groups against the gunmen. We met the local Politicians behind this week's declaration (a kind of road map for political life in the province). They are now arguing about the basis for provincial elections. The Maliki- Waili relationship is repaired. The good Police Chief (Jalil) and Army Commander (Mohan) are working well together.

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- Throughout Iraq, violence levels as you know have fallen for several months. This seems to be a combination of: the US military surge; a change in US military tactics (with more small unit patrols, staying longer in the community, and less aggressive); and crucially a shift in public opinion against the killers: the awakening in Anbar, widely replicated at local level.
 - On the Economy, the rising oil price has swelled the Iraqi Government budget. Economic modernisers like Barham Saleh have ambitious plans to increase spending. The major blockages are in capacity in the Iraqi Government and some key legislation.
 - The politics is the least promising area at present. The analysis of Maliki's shortcomings is familiar. The Government is largely dysfunctional and is not getting legislation through the Parliament. National reconciliation is not making any real progress. The risk is that the politics will not allow exploitation of the window for economic progress opened by the improved security.
4. We compared notes with the big American team in Baghdad. They shared this analysis. If it is right, then international objectives over the next three years will in my view need to cover at least the following:
- Continued engagement in security because that enables everything else, but with emphasis shifting to training and mentoring if the decline in violence continues.
 - Focussing potential efforts on reconciliation, to provide the safety valve for ethnic tensions, and to get the key legislation through on issues like economic reform, national/provincial balance and electoral system.
 - Helping the Iraqis jump start economic growth, by developing their capacity to spend their growing revenues wisely, bringing in multilateral agencies, pushing to get the legal and other structures in place to allow foreign investment and open up trade.

Issues for UK policy

5. Pursuing that agenda will require some significant decisions by Ministers.
6. The most important is the future of our presence in **Basra**. We need to clarify soon the Government's medium term intentions:
- The PM has announced a continued military presence until late 2008.
 - CDS firmly intends that the UK military should leave soon after that. The PM has also (rightly) set a high level of ambition in terms of the UK driving forward economic regeneration in the south. Douglas Alexander will be going out this week to launch the Basra Development Commission. The Investment Promotion Agency is also coming together. Turning these instruments into delivery on the

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ground for the people of Basra will take sustained effort and more resources than HMG has at present on the ground. And it can't be done just by the UK – we need to bring in the World Bank and other multilaterals, and crucially attract Iraqis and other private sector operators to make things happen.

- But the civilian presence is entirely dependent on the military for security and life support. If the military go, the civilians go, unless another very capable western military force replaces us.
 - In the meantime, our PRT is small, and there is a sense of planning blight because of uncertainties beyond late 2008.
7. So at present there is a mismatch between Ministerial ambitions to drive economic regeneration, and what our small team can realistically do. Urgent thinking is needed on how to increase the pace and scale of economic/development work without requiring a lot more people on the ground quickly.
 8. My DFID colleague got this message and has taken back the need to think imaginatively about new ways of delivering more quickly. Privately, you should also be aware that there are tensions under the surface between some on the UK military side (more General Rollo in Baghdad than General Binns in Basra) who think that the civilians are moving too slowly and unimaginatively, and the UK PRT in Basra who feel that they have been turned on a sixpence from an expectation of closing down in the Spring of 2008 to a series of big new expectations, but not much more resources to deliver them. Des Browne has picked up this military view.
 9. I wouldn't exaggerate the tensions. Morale is generally high and the PRT have a range of good ideas. But clarity on the future UK military presence would enable us to take medium term decisions on the size and role of the civilian presence in Basra.
 10. **In Baghdad** Christopher Prentice is doing an excellent job leading the diverse UK team, and is working closely with the US and Senior Iraqis. There is a lot of good work going on in capacity building in the key Ministries including on the defence and police fronts. The Embassy are close to Barham Saleh on economic reform. They have also been thinking about UK objectives on a 3-5 year time horizon, covering the sets of issues outlined above.
 11. Given that this could be a watershed moment, I strongly agree with the conclusion you reached with the Defence and Development Secretaries that we should broaden out the current FCO work on future strategy into a wider strategic stocktake across Whitehall, on the lines of the recent Afghanistan exercise, I suggest, that, as with Afghanistan, the FCO should lead a group

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of officials/military officers, and should subject their emerging findings to outside challenge.

A handwritten signature in black ink, appearing to read "Peter Ricketts". The signature is fluid and cursive, with the first name "Peter" and last name "Ricketts" clearly distinguishable.

Peter Ricketts

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