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From: Peter Ricketts
Date: 10 November 2008

Cc: John Jenkins
Andrew Noble
Giles Lever, Iraq Group
Frank Baker, Iraq Group
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Christopher Prentice, BAGHDAD
Robert Wilson, ACG ERBIL
Nigel Haywood, ACG BASRA

Mark Lyall Grant

IRAQ STRATEGY FROM 2009

I'm sorry to miss the deadline for responding to your minute of 3 November about the future of our presence in Iraq.

I agree that Giles has produced a very helpful note. His arguments make good sense from the perspective of our relations with Iraq. What you and I, and other Board members, need to do for Ministers is consider the relative importance of continuing very high levels of FCO spending in Iraq as against other priorities. On the merits of our relations with Iraq, of course there is a strong argument for retaining three missions. But I believe we need to question seriously whether this is still the right disposition of FCO resources given that Iraq's relative priority in our foreign policy must be set to decline over the next five years.

Our corporate systems are not well developed for making these decisions about relative priorities across the network, but there will be an opportunity to look at this in the Board at the end of the month, and I am therefore keen that decisions should not be pre-empted by Whitehall processes before we've had a chance to do that. I suggest we do this on the basis of Giles' note and a short covering paper from you.

Like you, I am struck by the extremely high cost of maintaining a presence in Erbil. I know the Foreign Secretary's personal priority for work in this area (although I note that it did not figure in Matthew Gould's latest note prioritising his time over the next three months). I really do not believe that we can justify on value for money grounds a large capital investment in Erbil (we have an NAO study into our estates strategy just gearing up). So if we are to stay, I think it has to be on the basis of co-location with another EU member (the Khanzad Hotel option is not sustainable in the long term).

On Basra, my worry is that other departments will not feel as committed as us to remaining, and over time will drift away. With all due respect to Giles, the cost

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savings in his paper for Erbil and Basra are all extremely soft. I doubt that DfID will stay for long if at all (and I note from your conversation with Mark Lowcock that he more or less confirms this. I'm afraid I'm very sceptical that DfID will give us funding support for a post where they no longer have any staff members.

I wonder what a very small mission, with declining interest from other departments, can actually achieve and I would like Ministers to be given the option of closure when the UK military leave. If they won't accept that, and therefore accept the opportunity cost of continuing there, then I certainly agree we should review after 12 months to see whether staff have in practice been able to make a difference in Basra.

In short, what I would like is:

- No decisions until we have been able to discuss this in the board.
- A short cover note to the Board from you presenting the options, with the costs, and your recommendation.

We will then need to move quickly to get Ministerial views.



Peter Ricketts

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