

DECLASSIFIED**IRAQ: TRANSITION IN BASRA****SUMMARY OF KEY JUDGEMENTS**

1. This paper sets out our latest assessments and plans on security transition, and the associated reposturing and drawdown of UK troops in Basra – in the context of the overall strategic picture and prospects in Iraq. It is designed to inform decisions by Ministers at the 19 July meeting of the National Security, International Relations & Development Committee.
2. Among the key judgements relevant to those decisions are:
 - The political process in Iraq is not currently delivering what is needed to generate confidence that the country faces a sustainable future;
 - It is likely that debate in Washington about the results of the 'surge' will result in an announcement this autumn that US troop draw down will begin either late in 2007, or in early 2008;
 - The best way forward for us remains sticking to the transition strategy we have consistently followed, and handing over the fourth and last province in our sector, Basra, to Iraqi security control this autumn;
 - The final decision on when Basra should be transferred to lead Iraqi security control lies in Iraqi and US hands. The actual handover will take place at the earliest in September;
 - Thereafter, our engagement in Southern Iraq will move into a distinct new phase. Our effort is already reaping diminishing returns. This trend will accelerate once we move into 'Overwatch' mode in Basra. The threats we face will remain. Our ability to deliver military and civilian effect will be limited both by the security environment and Iraqi appetite for UK support. We therefore believe that we should see the period of 'Overwatch' lasting for a matter of months, not longer;
 - Sustaining our presence at Basra Palace and the Provincial Joint Co-ordination Centre is already putting our forces at very high risk. The strong military recommendation is that we do not remain at these sites for any longer than is necessary. But before we leave Basra Palace, a robust Iraqi security force must be in place to prevent looting;
 - When we leave Basra Palace, we will need to leave the Provincial Joint Co-ordination Centre too (meaning no UK presence in the city).

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THE STRATEGIC CONTEXT

3. The heart of US/UK strategy in Iraq has been our effort to build a state able, in President Bush's revised 2006 formulation, 'to govern, sustain and defend itself'. Across the board, we have sought to build the institutions of the Iraqi state to the point where they are robust enough to take on responsibility for themselves, as quickly as practicable.
4. Four years on from the toppling of Saddam's regime, we have achieved only some of our objectives. Iraq has the forms of democracy: a new Constitution endorsed in a national referendum, a freely elected Parliament, a Government of National Unity made up of all the significant political parties. Each of Iraq's 18 provinces has an elected Governor and Provincial Council. On paper, Iraq has the machinery of Government in place, and security forces over 350,000 strong (Police 160,000, Army 157,000).
5. But behind these outward signs of progress lie deep-seated problems. The constituent parts of the Iraqi Government are not working together in pursuit of a genuine national unity agenda. Lip service is paid to the need for reconciliation between Iraq's main communities, notably between Shia and Sunni Arabs. In practice, the Iraqi political class has been more focussed on pursuing narrow sectarian or party agendas.
6. The political process is not working as we hoped it would following the 2005 election and installation of a national unity Government. The current Shia and Sunni political leaderships are Islamist, fractured and unrepresentative.
7. There has been little progress on the major political issues that have divided Iraqis since 2003: the Constitution (in particular the degree to which Iraq should be a federal state); the management of the oil & gas sector and how its proceeds should be distributed; the extent to which former members of the Ba'ath party should be excluded from public life.
8. Ministers treat their Ministries as party or personal fiefdoms, sources of funds and patronage. The writ of central Government runs weakly outside the Baghdad International Zone. The loyalties of key institutions to the Iraqi state is mixed at best. Some 40% of the Iraqi Police Service is thought to owe loyalty to militias linked to political parties. Other security bodies, such as the Facilities Protection Service, have become personal militias for Ministers or Provincial Governors.

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9. More fundamentally, Iraq's political leaders have not yet accepted that their own interests, and indeed the only viable future for the country, lie in genuine power sharing. This is what underlies much of the current political paralysis and violence.

Worsening sectarian violence

10. In 2006, a spiral of sectarian violence set in which threatened to undo the achievements of the last 3 years, and to overwhelm the fragile institutions of the Iraq state. This was sparked by a deliberate Al Qaeda strategy, encapsulated in the destruction of the Shia shrine at Samarra. This wave of violence did not affect the whole country equally. The Kurdish north was largely unaffected. In the overwhelmingly Shia south, only pockets of mixed population (such as in Basra) witnessed sectarian violence.
11. But in Baghdad and the mixed provinces around it, the impact was hugely damaging. Coupled with the very intense fight the US military continued to face against AQ-I and Sunni insurgents in Anbar and elsewhere, and the failure of two successive 'Baghdad Security Plans' to halt worsening violence in the capital, it brought a wholesale reappraisal of US policy.

The new US approach

12. Most US voices, notably the Iraq Study Group (Baker-Hamilton) argued that the US should accelerate its plans to withdraw combat troops and turn over security responsibility to the Iraqis. The Bush Administration rejected this advice, and decided instead to send 30,000 extra troops. The aims of this 'surge' were to bring greater security to the capital and surrounding provinces, and to buy time for the Iraqis to make progress on the fundamental political issues dividing them.

Impact of the 'Surge'

13. In security terms, the 'surge' has so far delivered mixed results. The US military has been taking the fight to AQ-I, and is putting their network in Iraq under real pressure. There has been a dramatic reduction in violence in Anbar province, thanks to a combination of military operations and MNF success in turning Sunni tribes against AQ-I. US troops are getting into areas around Baghdad they have not been in for some time. But US commanders are worried that the Iraqi Security Forces are not up to the job of holding onto the ground they have won - suggesting that the security gains from the surge may prove unsustainable when US troop levels begin to reduce.

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14. In Baghdad, sectarian murder and vehicle bombing rates have been brought down. Recently released Iraqi figures suggest a significant drop in attacks in June. But the return of Shia militia fighters to the city seems to be reversing this positive trend. High profile attacks (eg on markets) have declined in recent months, though there has been a significant increase in mortar and rocket fire into the International Zone.
15. The surge's impact on levels of violence in Iraq as a whole is disputed. Some US analysts believe this is now at an historic high. There has undoubtedly been a displacement of violence from Baghdad to outlying areas. MNF argue that this reflects the increased tempo of their operations, and their successful moves into areas hitherto held by insurgents – rather than a worsening overall picture.
16. In political terms, there is no doubt that the picture is much less positive. The Executive Council (PM, President and 2 Vice Presidents) has been put onto a more formal footing, holding out the hope of more inclusive, functional government. But there has been little progress on Congress' benchmarks.
17. Draft legislation governing the Hydrocarbons sector is on its way to Parliament, but from a Cabinet from which the Sunnis have withdrawn. We believe that it should not be forced through in haste. There has been less movement on other key benchmarks – a review of the de-Ba'athification process; a date and new system for Provincial Elections; and the completion of the Constitutional Review. The chances of coming to a conclusion on many of them by September look slim.

US Politics

18. The US Administration is under intense pressure to demonstrate that their policy is delivering results. An interim written assessment was published on 12 July. General Petraeus and Ambassador Crocker are due to deliver their full assessment in person in September. The likelihood is that they will argue that the surge should be extended until March 2008.
19. this is shaping up to be a critical moment in determining the future course of US engagement in Iraq. Democrats and some senior Republicans are already claiming the surge has failed and urging a change of course. Congress has voted to reconstitute the Iraq Study Group, to provide alternative policy options.

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20. Whatever happens, 2008 will bring a reduction in US force levels in Iraq: Congress will accept nothing less, and the US military say they cannot sustain current numbers beyond next Spring. But the basis on which US decisions are made will make a significant difference. Drawdown in the context of an admission of US failure will reverberate negatively not just in Iraq but around the region, and the wider world.
21. There is no chance of a complete US withdrawal from Iraq in 2008. And most of the Presidential candidates accept that a sizeable US force should remain beyond 2008, to continue operations against Al Qaeda (AQ-I). The US are looking to negotiate a long term bilateral defence agreement with Baghdad, possibly meaning a long-term presence in 4 or 5 bases in Iraq, as well as significant forces elsewhere in the region.

Future of the Maliki Government

22. Part of the explanation for the lack of political progress lies in the performance of the Maliki Government.

the Iraqi political class are considering what a post-Maliki Government could look like. The Sunnis have already suspended their participation in Cabinet and Parliament. The Sadrists have withdrawn from Parliament and been excluded from Government.

23. The US fear that the collapse of Maliki's Government would mean a long political vacuum at a crucial moment, risking increased violence and effectively condemning the 'surge' to failure.

24.

There is no guarantee that the Iraqis could conclude this process rapidly, nor that it would bring in a more effective Government. It would not resolve the deep political problems facing Iraq, which are rooted in differences over the nature of power sharing and decision making. But there is widespread support for a more consultative form of Government which would at least begin to manage the political process more effectively.

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25. The choice of a candidate to succeed Maliki would be the result of intra-Shia politics. The chosen Shia candidate would then need to command a majority in Parliament, in order to form a new Government.
26. Some have long seen the relatively moderate Adel Abdul Mehdi (the Shia Vice President from the Islamic Supreme Council for Iraq (ISCI)) as the most credible alternative to Maliki. We agree that he would govern in a more inclusive and effective way than Maliki. We believe he would be an improvement on Maliki -
27. But ISCI remains close to Iran. There is no guarantee that the other Shia parties would allow them to take the premiership. Their direct competitors, the populist Sadrist Trend, succeeded in thwarting them last year. If ISCI were to win the premiership, we believe they would choose Mehdi as PM. But he would still be hemmed in, both by his own party, and by many of the same fundamental political constraints as Maliki.
- 28.

Impact on Transition and our plans

29. One consequence of the surge and benchmarks has been that the earlier shared US/UK emphasis on transferring security responsibility to the Iraqis has been sidelined in favour of a short-term focus on improving security. they have effectively taken the Iraqis backwards in sovereignty terms.
30. General Petraeus (overall MNF Commander since January) and his staff now believe transition was happening too quickly in 2006 - indeed that the previous Coalition strategy represented a 'rush to failure'. Formally, the US remains committed to transition. Bush reaffirmed in his 10 January speech the goal that all 18 provinces should be handed over to Iraqi control by November. But in practice they have put the brakes on.

31. Only 7 provinces have been handed over to Iraqi control so far: 3 in our sector in the South, because we pushed and other Allies (Japan, Italy) were determined to leave; the 3 Kurdish provinces in the north, which had been in any case de facto in local hands since 2003; and just 1 other, Najaf, where the special religious status of the city meant US troops had long kept out anyway.

TRANSITION IN BASRA

32. All this has significantly changed the context in which the transfer of Basra province to Iraqi lead security control is now being considered.
33. On the plans the US were pursuing as late as last autumn, Basra should have been transitioning now, but as one of the last provinces in Iraq to undergo this process – reflecting the city's importance and the scale of the problems that needed addressing. We had expected the US by now to be in the mindset where they recognised and accepted that transferring authority to the Iraqis inescapably involved a degree of risk – and that they would be used to taking such risks in provinces under their control.
34. But the context is now quite different. The US are more, not less risk-averse. They are intensely nervous about transition in Basra. They believe the local Iraqi security forces are not robust enough to handle security without our direct support. They see pervasive, malign Iranian influence. And even the Iraqi Government, who had earlier been pressing for transition, has recently been more ambivalent.
35. The US fear that the hand over of the last province in the UK sector will signal a UK decision to withdraw entirely from Iraq in the near future, precipitating similar moves by other Coalition members. And they fear that doing this in August would pose significant risks for the credibility of their attempt in September to persuade Congress to extend the surge.

The significance of Basra

36. Basra is Iraq's second city. It sits in a strategically vital position at the head of Iraq's only outlet to the sea, astride the oilfields and pipelines which provide over 85% of Iraq's oil exports. Its 2m population is overwhelmingly Shia. The proximity of Iran is keenly felt.
37. Basra province has also been the primary focus of the UK effort in Iraq since 2003. Our reputation is at stake there in a much more visible and direct way than it has been in the other provinces in our sector.

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Provincial Iraqi Control (PIC)

38. The process by which judgements are reached about when individual provinces are ready for transition is set out in Annex A. Annex B sets out our Commanding General in Basra's assessment of where things stand against the key criteria on which such judgements are made.
39. Three key points to note about this process are:
- i) It provides in itself a lever to force Iraqi decisions and Iraqi action. The prospect of Coalition troops pulling back can help concentrate Iraqi minds and unblock long-deferred problems;
 - ii) It is not in our gift. Our Commander makes a recommendation. But the decisive votes are with the US MNF Commanders, and ultimately the Iraqi PM. So we do not control the timing;
 - iii) Ultimately this is a subjective, not a scientific decision. The criteria inform but do not rigidly determine it. Not every box needs ticking: what matters is that overall, things are judged good enough to proceed.
40. There is always a significant political element, particularly in US minds, to judgements on whether a particular province is ready for PIC. Fundamentally, they need to be sufficiently convinced that the Iraqi authorities – locally and in Baghdad – are prepared to take on and face down those challenging their authority.
41. One further important consideration has informed our (but not US) thinking about the timing of PIC in each of the provinces in our sector. That is about the balance of risk in retaining or handing over security responsibility. Do we assess that we have reached the stage where the benefits of retaining security responsibility are outweighed by the downsides? Is there any realistic prospect that by holding on, we can hope either to effect further positive change, or to provide the time needed by the Iraqis to meet the challenges themselves? That balance of risk led us, for example, to promote transition in Maysan province, despite the clear shortcomings in the local security forces.
42. In the case of Basra, there have been 3 major issues beyond the formal criteria which we and the US have seen as critical to achieving a credible and sustainable transfer of security responsibility:

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i) **The appointment of an effective new Provincial Police Director**

After months of pressing, a new Police Director has finally been appointed, General Jalil. He has made a good initial impression,

ii) **The replacement or dissolution of the Emergency Security Committee**

This too has now been achieved, with the appointment of General Mohan to lead the Basra Operations Centre, replacing the ESC. He too has a reputation for toughness. We have not yet seen how his arrival will change things locally. Nor do we know how long he will stay in Basra – he also has key roles to play in Karbala and in Baghdad.

iii) **Resolution of the future of the Governor**

Maliki has confirmed, most recently in the Ministerial Committee on National Security on 15 July, that he has ordered the removal of Governor Wa'ili, and had instructed the Provincial Council accordingly. But Wa'ili is acting as though he intends to cling on. If this stand-off persists, we should insist on clarity on how the lines of security responsibility will flow after transition. Normally the lead role would rest with the Governor. But if Wa'ili does stay, the Iraqis will want a different arrangement for Basra, perhaps with General Mohan in charge of security.

Our assessment and the prospects for a positive decision

43. The GOC's recommendation is that a positive decision should be taken now, and that actual PIC should happen in August. He has put that to the US Multinational Corps (MNC-I) Commander, General Odierno, in Baghdad, backed by his detailed assessment of progress in Basra against the criteria (reflected in Annex B).
44. An important new factor in the equation has been the appointment and views of the Basra operational commander, General Mohan. Mohan's stated aim is to redirect local nationalist sentiment away from attacks on us, and towards the long-term Iranian threat. He sees our presence in the city as a hindrance, not a help in this respect – because it taints the Iraqi Security Forces as collaborators with the occupiers and makes their job harder. He is pushing for us to leave our remaining city bases as soon as possible – and to adopt a *de facto* overwatch posture immediately.

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45. But General Odierno (MNC-I Commander) has rejected the GOC's recommendation. He believes the new Basra security leadership and structures need time to demonstrate they are making a positive difference. Assuming satisfactory progress, he believes a decision should instead be taken in September, for actual PIC in October. General Petraeus is likely to back this judgement - he has never before gone against Odierno's recommendation.
46. Iraqi views on the timing of PIC in Basra have been changeable. We have urged them to make their views clear, and to make the case for PIC, if that is what they now want. Maliki seems to have settled on September as his favoured date for actual transition. He told the Prime Minister on 5 July that he favoured transition in Basra 'within 3 months.' And he told the House of Commons Defence Committee on 10 July that the Iraqi Security Forces would be ready to take over 'in early September'. Against that, Qader (Defence Minister) has said he wants to increase the Iraqi Army's strength in Basra before PIC. And Boulani (Interior Minister) has said he wants to train 2-3,000 more police before PIC.
47. At the 15 July meeting of the Ministerial Committee on National Security, HMA Baghdad argued that the GoI should develop a political and security strategy for transition in Basra, based around a target date of late-September. Maliki agreed that dedicated discussion on Basra should be taken forward in the Crisis Action Cell (chaired by Qader, with representatives from Iraqi security ministries and MNF-I). This is helpful in that it establishes a process whereby Basra's progress towards PIC can be regularly assessed, and a vehicle for delivering the support Mohan and Jalil will need.
48. But we will need to continue to hold Iraqi and US feet to the fire if we wish to achieve PIC in the autumn. US concerns will have been reinforced by gloomy presentations from Mohan and Jalil on ISF capability in Basra. Mohan argued that he needed more Iraqi Army units; Jalil, that the IPS was "barely functional". We will have to encourage the Iraqi MOD and MNSTC-I to prioritise ISF resources for Basra, in the face of US arguments that Baghdad and Diyala should have first call on ISF reinforcements.
49. The risk thus remains that if we try to force a positive decision in the teeth of US opposition and lukewarm Iraqi attitudes, we will reinforce the American belief that we are doing so for political reasons, driven by our desire to reduce UK troop levels.

Implications for the UK Military presence in Basra

50. In anticipation of transition in Basra this summer, UK forces began a process of gradual reposturing and drawdown in February.
51. This process involves the progressive handover of military bases in and around Basra to the Iraqis, and their eventual consolidation at a single site at Basra Air Station (the military side of Basra's civilian airport).
52. Three significant bases (at Shaibah, the Old State Building and Shatt al Arab Hotel) have already been handed over. In the process, the total number of UK troops in Iraq has already been reduced from 7,000 to around 5,750.
53. The last of our bases in the city is at **Basra Palace**. This is a large compound on the southern edge of the city. It has mainly been used as a base in the city from which to launch military strike operations. It used to house the British Consulate and a UN office, until a dramatic increase in missile attacks in the second half of 2006 forced us to relocate civilian staff to the Air Station. The US Consulate is due to complete its move from the Palace to the Air Station in late July.
54. Basra Palace remains the most heavily mortared and rocketed place in Iraq. Merely sustaining our presence there is now placing our troops at very high risk. Every nine days we have to run resupply convoys to the base, along highly predictable road routes from the Air Station. These convoys are now routinely targeted, in increasingly sophisticated and lethal attacks by Shia militia groups, which have brought a steadily mounting casualty toll among UK troops (June saw the highest monthly toll since 2003).
55. Basra Palace belongs to the Iraqis (we occupied but have never owned it). The Iraqi Prime Minister's Office is eager to reclaim it as a base for central Government in Basra. We, the US and Iraqis have jointly been discussing plans for the hand over of the site. The Iraqi plan is that a new Presidential Guard Force (PGF) will hold the site for future use by central Government. The current target date for the hand over is 31 August. This is based on latest projections of how long it will take to train and equip the PGF. This process has already started and MND(SE) are monitoring it. Corps has agreed that the final decision on whether and when the PGF are ready should rest with the GOC.

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56. At that point, remaining UK forces would withdraw from the city to the Air Station (joining the bulk of UK forces, our Consulate, and the UK-led Provincial Reconstruction Team (PRT)). This reposturing will allow total UK troop numbers to reduce to around 5,000.
57. General Petraeus has said that he sees the successful handover of Basra Palace to the Iraqis as one of the key preconditions for a decision to move to PIC in the province.

Timing of leaving Basra Palace

58. The precise timing of our departure from Basra Palace matters for a number of reasons.

The difficulty of re-intervention from the Air Station

59. First, our departure will mark *de facto* handover of responsibility in the city to the Iraqi security forces. Once we have left, our Commander will reintervene only at Iraqi request, and *in extremis*.
60. We have therefore sought to ensure that our departure from the Palace happens as close to PIC as possible. A gap of a month or so between our leaving the Palace and PIC should be manageable. A significantly longer gap would put UK forces in a difficult position: responsible for security in Basra city, but unable to deliver it except at high risk.

Potential disorder in Basra, and the impact on the US debate

61. Second, the US are nervous about the political impact in Washington of any potential upsurge of violence on the streets of Basra in the run up to the Petraeus/Crocker testimony in September. Even if there were no disorder, they fear that the optics of the UK signalling further draw down and possible withdrawal will play badly into their efforts to persuade Congress to extend their own troop surge.

The risk of looting

62. Third, it would be disastrous for our reputation if our departure were followed by the sort of looting at Basra Palace which happened at bases in Muthanna and Maysan provinces after we handed them to the Iraqis.
63. As demonstrated with the successful handover since then of other bases in Basra this year, it is critical that we do not leave until a credible Iraqi

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Guard Force is in place. General Petraeus is equally clear on this point, and will insist on certifying himself that the new Guard Force is sufficiently robust to do the job effectively.

Provincial Joint Co-ordination Centre

64. Fourth, we currently have a presence (100 troops and 7 Police Advisers) at one other location in Basra city – the **Provincial Joint Co-ordination Centre (PJCC)**.
65. Until General Mohan's arrival, the PJCC was the central command for the ISF in Basra – co-ordinating Iraqi Army, Police and Border Enforcement operations. It is co-located with Basra Police Headquarters at the 'Warren' site.
66. The site has hitherto been a key location for our security sector reform work in Basra. It also provides situational intelligence within Basra City, which cannot be replicated from the Air Station. Loss of this intelligence will significantly impact on the cueing of strike operations in the city.
67. We had earlier planned to retain our presence at the PJCC beyond PIC, on the basis of an assessment that the threat to UK personnel embedded in an Iraqi base would be lower than at the Palace. But this assessment has not been borne out in recent months. The rate of attacks on the Warren, and on the convoys that resupply it doubled in June, significantly increasing the threat to UK personnel.
68. Once we have left Basra Palace, any UK personnel at the PJCC would be at even greater risk. There could be a co-ordinated attack on what would be an isolated outpost, hard to reach by road or air. Without a Quick Reaction Force based at the Palace, or a helipad, there would be no quick way to get reinforcements to the site or to evacuate UK personnel in an emergency.
69. When we leave the PJCC, our security sector reform work there will cease., and we will lose the situational awareness gained from our interaction with the ISF, military patrols But in our judgement, these downsides are outweighed by the risks in remaining at the site. And the PJCC is no longer as crucial a centre for the Iraqi Security Forces, since Mohan moved the Basra Operations Centre to the

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Shatt al Arab Hotel. We therefore recommend that we plan to remove all UK personnel from the site in parallel with leaving Basra Palace.

70. Military planning assumes an end-August target date for handing over Basra Palace. This could be adjusted as necessary. On past experience, we cannot exclude further delays in standing up the Iraqi Guard Force.
71. But once that Guard Force is in place, the strong military advice is that we do not further delay handing over the Palace. A balance of risk needs to be weighed here. On one hand, we cannot confidently assert that there will not be the sort of large-scale disorder in Basra after our withdrawal that might prompt the US & Iraqis to ask us to reintervene in the city. That is not our assessment of what is most likely to happen, but nor can we entirely rule it out.
72. Against that potential risk is the certain knowledge that remaining at the Palace will come at a cost in lives. Every resupply convoy to the Palace is now fighting its way in and out of the city in heavy contact. In effect, we are already mounting a significant reintervention into the city, with limited situational awareness, every 9 days. We will continue to have to do that for as long as we stay.
73. Annex C explains in more detail the concept of reintervention, and gives an indication of how it would work in practice.

BASRA AFTER PIC & UK AMBITIONS

74. Annex D is a paper offering an analysis of the likely Medium Term Prospects for the city, produced by our Basra Consulate in consultation with MND(SE). It is against this background that our thinking about what we can hope to achieve in Basra beyond PIC has evolved.
75. As the paper makes clear, we cannot confidently predict how the situation in Basra will unfold beyond PIC. We believe that the most likely scenario is that Basra's experience will be broadly similar to that of the three other provinces in our sector, which have already been through the same process.
76. That may mean an initial period in which the Iraqi Security Forces face challenges to their authority from militia groups. In Maysan and Dhi Qar, such challenges have been dealt with through a combination of Iraqi political and security responses, resulting in a rough if uneasy equilibrium being found between rival forces.

77. We can be confident that Basra will continue to face major challenges beyond PIC. There will be weaknesses at the leadership level in the Iraqi security forces. Insecurity and poor governance will continue to hamper the economic development of the city. High unemployment and the strain on public services, including water and sewerage, will persist. The malign role of Iran in sponsoring attacks on us and meddling in local politics will continue.
78. We have a strong interest in doing what we can to ensure the success and sustainability of transition in Basra. But our ability to operate in and around the city is already heavily circumscribed, both by the acute security threat, and by the willingness of local Iraqis to co-operate with us. Beyond PIC, both these factors will impose even greater limits on what we are able to do.
79. We must therefore be realistic in our ambitions. Annex C sets out the main outputs we believe we can deliver from our base at the Air Station, in the post-PIC phase of our engagement in Southern Iraq.

THE MEDIUM & LONGER TERM

80. In taking decisions on our reposturing and drawdown plans in the short term, we do of course need to think about the broader national prospects in Iraq, and our medium and longer-term plans.
81. There are a number of uncertainties ahead. One is the outcome of the autumn Washington debate. Another is whether the Coalition can secure a fresh UN Security Council mandate, providing a politically and legally adequate basis for extending its presence in Iraq into 2008 (the current mandate expires on 31 December). This will not be easy. The Sadrists will press again for a firm date for an end to the MNF presence. Iraq's Parliament will want to shape and approve any new mandate.

The Medium Term

82. For the UK, the transfer of Basra Province and our move into 'Overwatch' mode in all four provinces in our sector will represent the end of one phase of our effort in Southern Iraq and the beginning of another.
83. There is no Coalition-agreed blueprint for how long this Overwatch phase should last, nor what criteria should guide our judgement on when it is

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right to draw it to a conclusion. The US has not addressed this question in earnest, in part because they see themselves maintaining a significant military presence in Iraq for years to come (and tend to assume that we will do likewise).

84. But we do know that we already face a clear trend toward diminishing returns from our effort in Southern Iraq across the board. This is bound to accelerate when we withdraw from Basra city, become less visible to Iraqis, and draw back from day to day involvement in security work.
85. We can expect fairly rapidly to reach a point where the risks of remaining outweigh the benefits we are able to deliver. So we do not believe the 'Overwatch' period in Southern Iraq should be envisaged as lasting more than a matter of months from the date of PIC in Basra.
86. Not least in view of the long lead times which would be needed to wind up our military operations in an orderly way, there would be real advantage in our setting a rough target date now, by which we should aim to draw this next phase of our engagement in Southern Iraq to a close.
87. Our planning should assume that the UK civilian presence in Basra will have to be wound up shortly before the removal of the UK military envelope which enables it to operate (though if the US were to decide to move a military presence of their own to Basra Air Station, and to retain a US civilian presence, we could expect US pressure for us to maintain some sort of ongoing commitment to the Basra Provincial Reconstruction Team).
88. There are some important wider reasons for setting and announcing such a target date now. We must give the US and other Allies in our sector (notably the Australians and Romanians) clarity about our intentions, so that they can make their own plans. And in Basra, sending a clear signal of our intentions to the Iraqis could pay dividends locally, particularly with those who have all along opposed our presence – notably the Sadrists. It may be possible to open a new relationship with them, once they have clarity on a timetable for our departure.
89. In parallel with our planning for the next phase of our engagement in the South, we need to try to engage the US in reviewing our **political strategy** for Iraq as a whole. As this paper has set out, the politics are not currently working in favour of stability and sustainable improvement either internally in Iraq, or regionally. It is also clear that the Congressionally-imposed strategy (recommended by Baker-Hamilton) of

seeking to force Iraqi actions through externally-dictated benchmarks and timelines, backed by a threat of troop withdrawal, is not working either.

90. What could be done differently to change the political dynamics, and generate movement in a more positive direction?
- 91.

- **Offering a date for Coalition troop withdrawal**

A firm date for the end of the MNF presence could transform our relationship with the Sadrists, the attitude of many Sunni Arabs to the Iraqi Government, and the nature of our engagement with Iraq more broadly. The Bush Administration has always resisted this idea (disparaging it as a 'surrender date').

For the reasons set out earlier, there are now good reasons for our seeking to set a date in respect of UK forces. And the Coalition is in any event going to have to face this issue again later this year. A firm withdrawal timeline, even if framed in terms of ISF development and transition, could well be the price the Sadrists and some (eg Russia) on the UN Security Council demand for an extension of the MNF's UN mandate into 2008. And it may also be something forced on the Bush Administration by Congress in September or earlier.

We might go further and explicitly accept likely Iraqi demands that MNF forces withdraw to their bases (as we will have done already in the South), and intervene only at Iraqi request (as we will also have agreed to do).

- **Security Guarantees**

The Kurds hanker after a firm US guarantee of their security against potential threats
Offering them such a guarantee, made concrete by

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the establishment of a US military base somewhere in the KRG provinces, would give us much stronger levers to persuade the Kurds to remain committed to a national unity agenda. It would give them the security they want within Iraq to encourage them to play a wholehearted, constructive national unity game on oil and the constitution, and to play to their full potential in brokering unity between Sunni & Shia communities. More broadly, the US and we might think about security guarantees we are prepared to offer Iraq as a whole, as a deterrent

The Longer Term

92. Our plans for the longer term should start from an examination of our core interests in Iraq, tempered by the assets at our disposal, and the likely major ongoing US commitment.
93. The US are already starting to consider plans for the period 2009-2020 and to explore with the Iraqis the idea of a negotiating a bilateral 'Enduring Security Arrangement'. The likely US ambition will be to retain significant US ground forces, perhaps at four or five large bases in Iraq, for some years beyond 2009.
94. Among our core interests are likely to be:
 - Preventing AQ from establishing a base in Iraq from which to attack our interests;
 - Maintaining Iraq's territorial integrity and deterring intervention by her neighbours;
 - Preserving the stability of the region, and preventing disruption to energy supplies.
95. These long-term UK interests argue for a long-term UK commitment in Iraq. This might include the following components:
 - We currently make an important niche contribution to the US-led **fight against AQ-I**, from Balad. This contribution ought to be sustained, for as long as Iraq remains a key front in the anti-AQ campaign;
 - We are currently playing an important role in ensuring the **security of the Northern Gulf, and the protection of key Iraqi oil infrastructure**. We should continue this, and our work to build the Iraqi Navy, who can take over these roles in the longer term;

- We also make a contribution (a detachment of 6 GR4s) to **Coalition air strike operations** in Iraq, based in Kuwait. This is small by comparison with the US air assets in the region, but significant in UK terms. We might want to retain this commitment in the longer term;
- We will also want to continue to be able to **influence the Iraqi Government**, and to support what will be a long-term effort to build the capacity of the Iraqi state – particularly through the provision of **advice to central Government Ministries** in Baghdad. This will demand that we retain an Embassy in Baghdad, as a platform for such cross-Government effort as the security situation permits;
- We will also wish to develop a **bilateral defence relationship** with the Iraqi Government. In practice this might mean the gradual transformation of our current military presence in Baghdad (as part of MNF) into a small-scale training role.

HANDLING THE US & OTHER ALLIES

96. We have briefed the US regularly, at all levels, on our Basra reposturing plans and the associated draw down of UK troops. Prior to the last Prime Minister's 21 February statement to Parliament, they pressed us to delay departure from Basra Palace until the summer (we had originally planned to leave in May). We agreed then to a two-stage process, which would see our force levels come down from some 7,000 to around 5,700 in May – then to around 5,000 in the summer, when we left Basra Palace.
97. For the reasons already set out, the Administration will remain intensely nervous about our plans, at least until September. The fact that we have said that UK troop levels in Iraq will reduce to *around 5,000* has helped. But they have been eager to hear whether our change of Government will mean any more dramatic change in our intentions.
98. Early contact on this issue with the key Americans (Bush, Gates, Rice) following decisions made at NSID will be therefore be important. Officials can follow these exchanges up with the US Administration and military, in Washington and Iraq. Engaging them on medium-term strategy, and presenting a longer-term vision of UK commitment, will provide some reassurance and help shift the focus off UK troop numbers.

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99. We will also need to brief key Allies in our sector, notably Australia & Romania. The Australians are acutely nervous about UK plans because of the potential impact on their own looming general elections.

PUBLIC ANNOUNCEMENTS

100. Our intention to hand Basra Palace to the Iraqis was announced by the last PM on 21 February, and has been publicly reconfirmed since then by the Defence Secretary. There is no need to re-announce it, and indeed the US would strongly prefer that any public statement on the issue be as low-key as possible.
101. On current plans, the Defence Secretary will issue a written statement to Parliament before the recess, explaining, in the usual way, which military units are due to be sent to Iraq in the next roulement in the autumn. That statement would also confirm our plans to hand over Basra Palace at some point in the summer (before the next roulement).

Foreign and Commonwealth Office

Ministry of Defence

12 July 2007

Annexes:

- Annex A: The Security Transition process
- Annex B: Latest assessment of progress in Basra
- Annex C: UK Civilian and Military plans beyond PIC in Basra Province
- Annex D: Basra: Medium Term Prospects

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ANNEX A

SECURITY TRANSITION

1. In 2004, sovereignty was restored to the Iraqis with the dissolution of the Coalition Provisional Authority and establishment of the Iraqi Interim Administration. But the Coalition retained lead responsibility in one key area – security – because the fledgling new Iraqi security institutions were not sufficiently mature to take this on themselves.
2. For the last 4 years, one of the Coalition's highest priorities has been to build the capacity of Iraqi security institutions, so that lead responsibility can progressively be passed to them, with the need for Coalition troops declining commensurately (as the US say: 'as they stand up, we stand down'). As time has gone on, assuming full responsibility for security, and being seen by the Iraqi people and outside world to do so, has become an increasingly key priority for the Iraqi Government too.

Command of the Army

3. There are two parallel processes underway. One has been to give the Iraqis direct control over all their own security institutions. The Iraqi police have been under Iraqi control since 2004. The new Iraqi army has progressively been transferred from Coalition to Iraqi command, Division by Division. the original 10 Divisions have all now been transferred to Iraqi control. 3 new Divisions are in development.

Provincial Iraqi Control (PIC)

4. The second process is the formal transfer of lead responsibility for security in each of the 18 provinces to Iraqi control. Thus far, 7 provinces (Muthanna, Dhi Qar & Maysan in the UK sector; Najaf in the US sector; and recently the 3 Kurdish provinces in the North) have reached this stage – known as Provincial Iraqi Control (PIC).
5. Once a province has reached PIC, the Multinational Force (MNF) moves into a new relationship with the local Iraqi security forces. The Iraqi Police, backed by the Iraqi Army, are responsible for maintaining order. Only if they are together unable to cope with a particularly challenging situation do they call on the MNF to intervene in their support.

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6. Such re-intervention has only proved necessary once, in Najaf (formerly in a US sector). Experience has shown that post-PIC, the Iraqi authorities have a strong preference for resolving challenges themselves, without our help.
7. To reflect this changed relationship, Coalition forces have changed their posture significantly in those provinces which have reached this stage. In line with Iraqi Government wishes, MNF forces have handed over to the Iraqis or closed a large number of bases, and withdrawn from many cities to less visible out-of-town bases.

The PIC Process

8. The process of deciding whether individual provinces are ready for PIC is a joint one. Every month, the relevant Divisional Commander (in the case of Basra, the UK General who commands Multinational Division (South East)) makes an assessment and a recommendation.
9. This recommendation is sent to Baghdad, where the US-led Multinational Corps comments on and forwards recommendations to the Iraqi/US/UK Joint Committee on the Transfer of Security Responsibility (JCTSR). If the JCTSR decision is positive, a recommendation then goes to the joint Iraqi/US/UK Ministerial Committee on National Security.
10. Ultimately it is for Prime Minister Maliki to take decisions. In practice, the views of the US Multinational Force Commander (General Petraeus) and Multinational Corps Commander (General Odierno) are critical.

The Conditions

11. This process is governed by a set of agreed conditions:
 - i. Security conditions and threat levels in the province;
 - ii. The Iraqi Security Forces' capacity to maintain order and conduct counter insurgency operations;
 - iii. The Provincial Governor's capacity to take responsibility for security, as head of the Provincial Security Committee;
 - iv. Coalition ability to re-intervene should the security situation require it.

We have also monitored an additional issue, which we judge important:

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- v. Capability of the provincial authorities to direct reconstruction, and to spend their budgets wisely and accountably.
12. In practice, the key test is whether the US and Iraqis are convinced that the situation in a province is sufficiently stable, and that the local Iraqi authorities are strong and willing enough to do what is necessary to ensure that transition is broadly sustainable.
13. Transition is of course by definition a joint process. For it to be successful and sustainable, the Iraqis need to play their part in its preparation and delivery. That includes lending the firm political support from Baghdad needed to resolve issues beyond Coalition control.

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ANNEX B

PROGRESS TOWARDS PIC IN BASRA

Since autumn 2006, we have pursued an ambitious programme of cross-Government activity – under the ‘Better Basra’ label - to create the conditions for the sustainable transfer of security responsibility to the Iraqis. This effort has brought Basra close to PIC, though we will need to maintain our effort up to and beyond it.

Taking the PIC conditions in turn:

A. Threat levels in the Province

The data on threat levels in Basra is not complete, nor entirely reliable. But reported levels of violence are considerably lower across Southern Iraq than in Baghdad and the surrounding provinces. In the last 6 months, only 5% of all attacks in Iraq occurred in Basra. Over the same time period there have been 0.41 attacks per capita in Basra, some way below the national provincial average of 0.6.

The main threat to Iraqis arises from the activities of militias, often connected to organised criminality and local political parties. Intimidation and pressure from Islamist extremists are a fact of life. But 90% of recorded attacks in Basra are against Coalition forces rather than Iraqis.

The main threats are from frequent rocket & mortar attacks; small arms fire against Coalition troops and bases; and roadside bombs and other attacks on Coalition vehicles. MND(SE) have employed a number of tactics to combat these threats, including the use of new military assets (notably C-RAM, ISTAR, Counter Battery Fire and UAVs) to help increase the level of protection afforded to our troops and civilian staff against indirect fire.

In the first half of 2007, we increased the number of detention operations, targeting those responsible for anti-coalition attacks. These operations, often involving Iraqi Special Forces, have been successful, resulting in the detention of a number of senior militants. But it is hard to determine how the success of these operations will affect the security situation in Basra in the medium/long term. Two points must be recognised. First, the external sponsorship of these groups is directed at us, and not at the local population. Second, in a large urban environment such as Basra City, eliminating the threat altogether is impossible – just as it is in Baghdad.

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Iranian influence will likewise remain a fact of life in Basra, and throughout the South. Iran continues to provide increasingly sophisticated weapons and training to Shia extremists and to sponsor their attacks on us. Such arrests have been well received on the streets and appear to be having a disruptive effect on the militias. But the effect is short-lived. Following our reposturing to the air station, the loss of situational awareness and a presence in the city will make these operations more difficult. They should, however, continue to be conducted by MNF, Iraqi Special Forces, and the Iraqi Army's 10 Division in future,

There is no solely military solution to the Jaysh Al Mehdi (JAM) challenge. The extent to which the ISF are capable of neutralising the malign influences of local JAM cells in other ways remains to be seen. Splitting mainstream JAM from the Secret Cells and criminal groups will be one of the keys in this respect.

The GOC and General Mohan assess that our own presence in the city complicates the work of the ISF, because they are accused of collaborating with the occupation. The removal of our presence may help spur a unification of those in Basra opposed to Iranian interference – though plainly this will not happen overnight.

B. Strength of the Iraqi Security Forces

Leadership & Structures

In June, the Government of Iraq announced significant changes to the security structures in Basra and their leadership.

Executive Orders 166 and 167 signed by Prime Minister Maliki on 1 June and 15 June respectively established a new security structure for Basra. The first appointed a new Provincial Director of Police, General Jalil, replacing General Muhammad Hammadi, and the second established a new military command, termed the Province of Basra Operations Command (BOC), overseeing all existing security organisations. This will be led by General Mohan, a 4* General currently in charge of a similar structure in Karbala, a role which he will apparently retain while concentrating on Basra.

The BOC will come under the command of the Ministry of Defence, and replaces the Emergency Security Committee (ESC), which has been dissolved. The head of the latter, General Ali Hammadi, will become a deputy in the BOC.

The performance of Mohan (BOC Commander), Jalil (Police Director) and Habib (Commander 10 DIV) over the next three months may have a significant

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impact on the state of the ISF in Basra.

They both seem intent on making a positive difference to further their own careers. Habib has been in post since last year and performed competently, though thus far undermined by the broader security structures.

These initiatives are an essential pre-requisite to transition. The changes streamline security responsibilities in Basra, aim to ensure that all security structures (including the problematic Facilities and Ports Protection Services and Customs Directorate) report to one body.

Iraqi Army (IA)

10 Division has proved its raw capability in Baghdad. Since February, nearly a third of 10 Division (two separate deployments of approximately 1,500 troops) have deployed to Baghdad in support of Operation Fardh Al'Qanoon. They have performed credibly despite taking a number of casualties.

But 10 Division has shown its vulnerability to political pressure when operating in Basra. Elements of 10th Division refused to fight when faced with the prospect of confronting JAM independently. It is likely that similar incidents may occur in the future as our influence diminishes.

The main issue facing 10 DIV is the quality of its leadership. Militia infiltration is present, but not close to the levels seen in the IPS. The GOC believes General Mohan makes a critical difference in this respect.

Over the last few months units of 10 Div have continued to conduct routine counter-insurgency operations across MND(SE) with Coalition support. Co-ordination mechanisms are in place to respond to requests for assistance, via the PJCC, demonstrating an improved ability to respond to security threats.

Defence Minister Qader has recently decided to increase the strength of 10 DIV, and to split it into two Divisions. An additional 14th Division will be created for Dhi Qar, Muthanna and Maysan provinces. This will allow 10th Division to focus solely on Basra. The two Battalions of 10th DIV in Baghdad for Fardh al Qanoon will be recalled to Basra.

This will mean more forces in Basra under national, not local control – a welcome development, giving greater confidence in their ability to withstand local political/militia pressures. Though these plans are at an early stage, they

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are a welcome sign of the national government's determination to take control of security in Basra.

Iraqi Police Service (IPS)

The Basra IPS is on target to meet the PIC criteria. Its 'on hand' strength is now at 90%. It has exceeded the target requiring 80% of Police Stations to reach Transitional Readiness Assessment (TRA) level 2. The last full measurement was made in March, when 93% of stations had reached this level.

But for all our effort, Basrawi levels of trust in the police force remain low. Some assessments indicate that the IPS continue to do more to undermine than to promote security.

The notorious Serious Crimes Unit has been disbanded, but some of its members still work elsewhere in the Police. Operations to arrest those accused of the worst abuses have been hampered by counter-attacks, intimidation and corruption. Firm action by the MOI in Baghdad will be required. Overall, militia infiltration of the IPS remains the key barrier to preventing the IPS from adequately tackling the militias.

General Jalil appears to be providing urgently needed leadership to the IPS. He is a strong disciplinarian and has already made it clear he will not tolerate loyalty to militias, tribes and political parties. But the scale of problems in the IPS will take some time to rectify.

By Western standards, the police service and judicial system will take many years to operate effectively. Our current approach is to develop specific niche training programmes in leadership, internal affairs, investigations and judicial capacity which we believe offer the best prospects of achieving a lasting effect.

More generally, the kind of institutional reform required by the IPS in Basra requires an Iraqi led solution and engagement from Baghdad. The loyalty of some sections of the police is towards militias rather than their commanders, and some employees have actually assisted JAM in attacks against MNF.

C. Local Iraqi authorities' capacity to control the security environment

Much of this has been covered in Section B. The likelihood is that, unlike other provinces, Basra will retain a hybrid structure designed to keep security powers out of the hands of Governor Wa'ili, whose future remains uncertain.

We hope to see an early end to the current unofficial disengagement from the MNF by the Provincial Council. The boycott demonstrates the tightrope that is walked by MNF in their dealings with the Provincial Council, many of whom are under militia influence.

Our goal remains to put local Iraqis in the lead, and showing ownership of the actions needed to reach PIC. The changes described in Section B are a long overdue but welcome advance.

D. Coalition ability to re-intervene should the security situation require it

Following PIC, MND(SE) will provide over-watch capability in Basra and Maysan from the Air Station. The re-intervention capacity for Muthanna and Dhi Qar will continue to be provided in the first instance by the Australian and Romanian Battle Group based in Talil (in Dhi Qar). There is a potential need for MND(SE) HQ to support them with specialist capabilities or *in extremis* with additional forces.

In Basra the effect of closing the bases in the city will be to reduce our tactical and situational awareness, making any re-intervention high risk. But MND(SE) will retain the capacity to re-intervene if necessary following the re-posturing. Re-intervention will only occur at the request of the Iraqi government or if the security of Basra is severely threatened – or for reasons of self-protection.

Current military planning assumes that we will retain a credible capability to re-intervene in Basra for at least the rest of 2007. This will consist of up to 2 Battle Groups (approximately 1,400 personnel). This is comparable to the scale of re-intervention capability we have possessed for the past 12 months. Its utility was highlighted during the disturbances in Al Amarah last October when the UK deployed a Battlegroup to support an ISF operation (although in the end, our forces were not required to intervene).

In practice there is likely to be little Iraqi political appetite to make a request for a significant UK military intervention in Basra post-PIC. It is more probable that elements of the UK force would be used to support an intervention by, for example, the Iraqi Army, providing combined with air and logistical support.

If the security situation deteriorated to the extent that a major coalition re-intervention was required we would look to corps-level (i.e. US) support to stabilise the situation, as is now the case.

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E. Economic governance capability of the provincial authorities

The barriers to economic growth in Basra are clear - insecurity, corruption, weak political leadership, over-bureaucratisation, limited access to credit and barriers to trade with Kuwait. The focus of the PRT Governance team has been to help the Basra Provincial Council to take the lead, to establish and legitimise its authority, and to accept responsibility for its role in improving services. The primary way of delivering this has been to enable the Council to plan for, access and spend resources in an effective and prioritised way.

This work is bearing fruit. The Council adopted a Provincial Development Strategy in 2006 for which Baghdad provided \$172 million to fund development projects. The Council and Governor's Office have already let over 300 contracts in health, education, transport, infrastructure, agriculture, recreation and other sectors. It has plans to create 3000 full-time jobs in its technical directorates to deliver these projects and expects to generate an additional 6,250 jobs in the community (1.5m working days). The PC has also developed a three-year plan and is likely to receive approx. \$188m from Baghdad in 2007.

Alongside this, the PRT is working with the Provincial Council to establish the key institutions to promote private sector growth. A Provincial Development Fund and Agency have now been built into the new Provincial Development Strategy, with the aim of stimulating and supporting economic growth. The successful conclusion of our work to build capacity in the Basra Provincial Council to plan, access & spend Iraqi resources will be the best way sustainably to address Basra's economic challenges and realise the city's potential.

ANNEX C

UK AMBITIONS IN BASRA BEYOND PIC

As the main body of the paper made clear, our effort across Government in the period beyond PIC in Basra province will be increasingly constrained by the security environment and the willingness of Iraqis to engage with us. We must be realistic about what we can hope to achieve in this phase.

Over the last year we have made major gains in delivering a genuinely cross-Government effort in Basra. It is essential that we maintain this for the next phase of our presence. We propose to retain the Better Basra Plan as the basis for our effort in the post-PIC period. We will continue to use the Southern Iraq Steering Group (co-chaired by our Consul General and GOC) as the primary forum for the co-ordination and delivery of our effort in theatre. And the UK-led Multinational Provincial Reconstruction Team will remain a key vehicle for delivering much of this effort.

The key lines of our planned effort are set out below.

MILITARY ACTIVITY

Security environment permitting, our planned effort will include the following:

Security Sector Reform

Approximately 950 troops will be assigned to train and mentor the Iraqi Army, Police Force and Department of Border Enforcement (DBE). These forces will also conduct a number of other rear area tasks such as border patrols.

This could involve the following tasks:

- Military Transition Teams (MiTTs). A MiTT will be deployed alongside each of 10th Division's five brigades across the four provinces within MND(SE) in a mentoring and support role. An overarching MiTT, led by a British Colonel, will also be stationed at 10th Division's Headquarters in Basra with the express aim of engaging with the senior military commanders of 10th Division.
- Specialist training / mentoring. A number of specialist training teams will provide training and mentoring to increase 10 Division's capacity in

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niche areas including signals (communications), transportation and surveillance and reconnaissance.

- Army recruit training at Divisional Training Centre. The Divisional Training Centre based at Shaibah to the south west of Basra City focuses on tactical training for 10th Division's (and potentially 14 Division's) recruits. The UK approach is to train the Iraqi Army trainers, with approximately 100 UK troops stationed at Shaibah in a supporting role.
- Leadership training. UK Forces are planning to deliver a number of leadership courses to members of the Iraqi Army in and around Basra. These courses will be specifically aimed at the junior officer level.
- Support to the Iraqi Police Service. Iraqi Police training will continue at Basra Air Station, focussing on developing specific niche training programmes in leadership, internal affairs, investigations and judicial capacity.
- Support to the Department of Border Enforcement (DBE). UK Forces will continue to carry out limited operations and mentoring activity near the Iraq-Iran border in Basra and Maysan provinces.

In addition to these activities, UK forces will provide:

- Support to the Iraqi Navy. UK forces will continue to lead the Naval Transition Team (NaTT), providing training and mentoring to the Iraqi Navy and Marines at the port of Umm Qasr. This is potentially an enduring requirement, necessary until the Iraqi Navy is capable of assuming responsibility for the security of its territorial waters; likely to be around 2010 – 2013.
- Protection of the Iraqi Oil Platforms The UK also contributes to the Coalition Navy effort to secure Iraq's two Oil platforms, which together provide approximately 95% of the country's income. This requirement is also enduring.
- Surge Support to ISF Capacity-Building. In addition to the permanently assigned forces, the ISF will be able to benefit from surged UK effort as and when required, particularly in order to fulfil large-scale training requirements such as those carried out prior to the battalion-sized 10th Division deployments to Baghdad as part of Operation Fardh Al'Qanoon.

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- An ongoing contribution to Coalition air strike capabilities, through our Qatar-based GR4 squadron.

Strike & Detention Operations

Around 650 troops will be available specifically to execute mobile security operations (strike and detention), although these operations will be severely restricted once we consolidate at Basra Air Station. This is because we will lose a base within the city from which to launch operations, and because our situational awareness will be reduced

Nonetheless, while we remain in Iraq, we will retain the ability to conduct strike and detention operations, either for force protection purposes, or in support of the Provincial authorities or central Government.

Re-intervention

The concept of re-intervention is based on a spectrum of tasks that Coalition forces could in principle be called on to conduct after the handover of security responsibility in Basra to the Iraqi authorities.

The first response to a security incident would normally come from the local Iraqi Police, reinforced as necessary by their specialist units. Where further support is required, the Iraqi Army brigade based in that province would be called on, supported as necessary by units from other provinces, and potentially by UK military advisers where the security situation allowed.

In the event of a very substantial threat to local stability, Coalition capabilities such as aerial reconnaissance or air support may be called upon. The deployment of Coalition ground forces to assist public order is a last resort and should happen rarely, if ever.

In judging that a province is ready for PIC, the Coalition and Iraqi authorities have assessed that the Iraqi Security Forces will not need such support except in the most serious circumstances where they have lost control (eg widespread and uncontained militia violence on the streets of Basra).

The likely intensity and scope of operations in such a scenario would probably demand a Corps-level (ie US) effort in support of UK forces. UK forces could provide an interim, holding capability, probably over several days, until other forces could be deployed. A UK effort in excess of one Battle Group would require troops assigned to other tasks to be reassigned to such an operation.

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Force Protection

Roughly 1000 troops will be dedicated to Force Protection tasks. These include the static guarding of Basra Air Station, and operating equipment such as the Counter Rockets, Artillery and Mortars (C-RAM) and PHALANX systems.

Other activities

About 1300 troops will be dedicated to combat and logistic support.

In the region of 450 troops will support UK air operations in MND(SE) including the Joint Helicopter Force and into theatre air transport.

Around 600 personnel will staff the MND(SE) headquarters at Basra Air Station and provide the HQ for the Australian and Romanian contingents in Talil (Dhi Qar province).

Following the transfer of Basra Palace and the PJCC, total UK force levels will fluctuate around 5,000.

OTHER ACTIVITY

In addition to this military-led activity, and for as long as we have the necessary UK military presence to maintain an acceptable security environment, we plan:

- Continued engagement with the key Basra political leadership;
- Continued engagement in Baghdad to encourage central government to take a more active role, and to help promote a more positive political environment in Basra;
- Continued support via the PRT to the Provincial Council to show it is in charge and delivering services. We will help them secure central Government approval for their Provincial Development Strategy and the associated budget. We will work in Baghdad with central Ministries to release the necessary funds in a timely way. And we will help the PC account for these funds transparently, and to address local blockages to disbursement;
- Support via the PRT to help the Council meet its development strategy commitments to facilitate economic development. Working closely with

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Baghdad, we will help establish key institutions to drive investment and to set the conditions for growth, including a Development Agency and Fund.

- We will help provide an environment within which a small international donor presence (including the UN) can remain engaged in Basra province.
- Further help to the Council to communicate its achievements to ordinary Basrawis and to the authorities in Baghdad, and work with the local media to help them hold Government to account on its promises.
- Maintaining civilian police support to the Department for Internal Affairs, and legal support to those prosecuting cases, in order to ensure that high-profile police corruption prosecutions are made.
- Continuing work to increase the caseload of the DIA in their pursuit of corrupt and criminal police officers, primarily the SCU.
- Increasing prison capacity through the construction and commissioning of a new central prison in Basra which will hold up to 1500 prisoners. This will include training and mentoring Iraqi Correctional Service staff to manage the prison effectively once completed in October 2007, generating sustainable employment opportunities.
- Continuing to build the capacity of the Basra judiciary through continued training and mentoring
- Using Coalition funds, \$23m worth of new projects (water, sewerage, roads) have been developed by MND(SE) and approved by MNC-I.

DECLASSIFIED**ANNEX D****BASRA: POLITICS, ECONOMY AND PROSPECTS****PURPOSE**

1. This paper examines Basra's current security situation, politics, society and economy, and offers a view of the medium term prospects for the city. Its purpose is to help inform thinking about our objectives in Basra in the period beyond its transfer to Provincial Iraqi Control.

CURRENT CONTEXT**Security**

2. The salient features of the situation since 2003 have been the weakness of the official Iraqi Security Forces (ISF) and the willingness of other actors to take the law into their own hands, after the repression of the Saddam era.
3. The break with the Saddam era is seen most clearly in the quality and behaviour of the ISF. The ISF are the reflection of a weak Iraqi state, to which few Basrawis owe their primary loyalty. Their newness, the haste with which they were constructed and the general political situation in Iraq help explain their vulnerability to pressure. But the Iraqi Police Service (IPS) in particular is also riddled by militia and criminal infiltration.
4. The ISF are increasingly being challenged (eg by Jaish al-Mahdi (JAM)) on whether they are collaborators with an occupying power, or the upholders of Iraqi sovereignty. The temptation for ISF leaders to seek accommodation with, rather than to confront, the men of violence and their sponsors will always be strong - as will be their determination to protect their lucrative sources of income.

Politics

5. Democracy is a fragile plant in Basra. Its structures, practices, and the tolerance and co-operation which underpin it, are weakly understood and internalised by politicians and electorate alike. The political class is largely motivated by power, greed, and fear. It views the electorate as its possession, not its master.

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6. The parties use militias to extend their influence through key areas of public and economic life. In return, the militias exert an unhealthy degree of influence over politicians. Policies and principles have a smaller role than personalities in deciding political allegiance.
7. Political figures can represent one party while at the same time doing the bidding of another. The parties themselves are often splintered. They and their factions form and reform alliances in a way opaque to us, and to their voters. Trust is at a premium. Fractiousness, suspicion and ingratitude are the dominant emotions.

Society

8. As elsewhere in Iraq, the dominant emotion for Basra's citizens is fear. They have retired into a private world, where the first priority is security for their families. They endure privations a Western society would not tolerate. In addition to the absence of the rule of law, they face constant shortages of electricity, water, and effective sanitation – in a city where the summer temperature averages 45°C.
9. The latent anger and resentment is easy to understand. There is also a tension between a wish to return to the social mores of the Ba'athist period, when Basra was a relatively cosmopolitan place, and the opposite pressure from Islamists.
10. Since 2003, cinemas, theatre and music shops have been closed down. Music and dancing are banned in public places. Many women have been coerced into wearing the black Shia cloak in public. Sectarianism is less of a problem in Basra than elsewhere in Iraq. But the Sunni and Christian communities are fearful, and far smaller than in 2003.

Economy

11. The economy of Basra province has three pillars: oil; agriculture; and the ports. With the fall of the former regime and the lifting of sanctions, there was an initial boom. Iraq moved more or less overnight from a planned economy to a chaotic free for all. Local businesses boomed on the back of an inflow of cheap electrical goods.
12. But this thirst for white goods has since been met. Growth has tapered off. Unemployment is high, estimated at 45-60%. Those who have a job are often under-employed. Many make a living in the informal sector, from odd jobs, subsistence farming, and criminal activity. The main obstacles to investment are insecurity and corruption; trade barriers with neighbouring countries; the lack of a legal framework and a negligible banking sector.

DECLASSIFIED**Relationship with Baghdad**

13. Basra suffers from being at once dependent on Baghdad for key political and economic decisions – and yet insufficiently pressing a national issue to warrant senior Baghdad politicians really gripping the issues.
14. Basra's intra-Shia political dynamics are also very different from Baghdad's. Locally, Fadhila is much stronger, and Da'wa much weaker, than at the national level. In Basra, SCIRI/ISCI's views on federalism differ sharply from Hakim's.
15. Senior Baghdad politicians have some influence in Basra, but are unable or unwilling to impose their will – a recipe for political paralysis, in turn generating security problems.

Key Assumptions

8. Our analysis of the medium-term prospects is based on these assumptions:
- (i) First, that there will be **no major national political upheavals**. A Shia-dominated Government will survive in Baghdad. Sistani will remain alive. Sadr will retain his position at the head of his movement. Iran/the IRGC will continue to try to exert its malign influence;
 - (ii) Second, Basra will reach **PIC** in the second half of this year. MNF will withdraw from the City into an overwatch posture at Basra Air Station. For PIC to have taken place, there will have to be clarity over key posts (Governor, Director of Police, Security Supremo/ESC);
 - (iii) Third, a national package of **Hydrocarbons Legislation** will be passed this year offering a stable and predictable source of revenue for Basra province. But it is unlikely that progress will have been made in overcoming trade barriers imposed by neighbouring countries, Kuwait in particular; and
 - (iv) Fourth, **Provincial elections** will take place late this year or early next. This depends on the passage of enabling legislation and agreement among the main parties on a date. This will have major implications for Basra politics (see below).

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MEDIUM TERM PROSPECTS

Security

16. Beyond PIC, the ISF's ability to combat militia challenges will be seriously tested. This is likely initially to mean more instability. Militias and political parties will continue to try to undermine the ISF's will to act decisively. The present conflict of loyalties (between state, party, militia, tribe and family) will persist, despite probable efforts from Baghdad to deploy forces from outside Basra.
17. But this likely initial period of instability will not necessarily persist. Senior figures may call on their followers not to attack the ISF, as the expression of the Iraqi state. Iran may be less keen on fomenting instability in Basra, and may prefer to try to manipulate the ISF through infiltration and corruption. Some sort of accommodation between political forces, and the ISF and the militias, seems to be the most likely medium-term outcome - albeit that this will be unstable and may periodically flare up into violence.

Politics

18. However smoothly PIC is effected, the Sadrists/**JAM** will claim that they have bombed us out of the city. OMS are likely this time to stand in the provincial elections. They may have a powerful appeal as the only major party not locally tainted by corruption. The Sadrists seem likely to gain most from Provincial Elections in Basra - indeed across Southern Iraq.
19. But without the rallying point of resistance to the MNF presence, the pain inflicted on ordinary Basrawis through JAM violence, and joylessness may be less tolerated. Formal OMS participation in the political system and accommodation with other political forces might induce them to greater moderation and realism. Greater access to patronage might help deradicalise their supporters. It might also show the electorate that OMS are no better than others at providing them with basic services. Divisions already emerging between JAM's nationalist groupings and the Iranian-dominated elements may become more prominent.
20. But OMS/JAM have invested considerably in infiltrating the ISF and technical directorates (the ports in particular) and they will defend their gains. It will take considerable time for their grip here to loosen.
21. Of the three major political groupings, **Fadilah** is probably the most vulnerable at the provincial elections. Governor Wa'ili's popularity with the electorate is probably very low, given his reputation for corruption and his

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brother's for violence. Fadhila also have the most to lose: their dominance of the oil industry in particular,

22. The Wa'ili brothers will fight hard to hold on and to protect their position, now and at the polls. The other parties may not want to press matters to a violent conclusion, with the risk, for example, of Fadhila supporters attacking the oil infrastructure. Some sort of accommodation is likely – but with Fadhila probably negotiating from a weaker position. If Yacoubi were to rule in favour of an alternative, less divisive Fadhila representation, the Wa'ilis would have to step aside – or even leave the country.
23. Badr/ISCI's position on the Provincial Council may also be eroded by the Sadrists in the elections. ISCI is at the forefront of the current attempt to remove the Governor. Badr in Basra retains a considerable militia presence. After elections, conflict with both Fadhila and JAM are distinct possibilities (as is currently happening in Nasiriyah, where JAM are testing their strength against a Badr-dominated IPS).
24. **Independents** are another important segment of Basra opinion which presently finds it difficult to play a role - the tribes, moderate clerics, businessmen, unaffiliated Trades Unionists, secular parties, academics and students, women, the Sunni and Christian communities. At the last provincial elections, Najaf's backing of Islamic parties, together with the system of closed lists, made it hard for such groups to win seats. We should push hard for a more open electoral system, to give independents a better chance, introducing a fresh power to the Basra political scene. But this will take time and the results may not be realised in the next provincial elections.

Provincial Elections

25. Provincial elections will cast a long shadow over local politics over the next year. With the stakes so high, all parties and their militias will do their utmost to ensure a favourable result. The parties will try to intimidate candidates, election administrators, and voters. The IPS are unlikely to be able or entirely willing to prevent this.
26. Given the high risk of fraud and coercion, it is hard to see the losers accepting the results peacefully. The Iraqi Army may be called on to intervene. But the likelihood is that after a long, messy, and on occasions violent period of negotiation, the parties will reach a modus vivendi.

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Economy & Society

22. Improved security and Hydrocarbons legislation should provide a boost. But corruption will remain a major deterrent to investment and will limit growth. Decisions will continue to be taken behind closed doors. Our PRT's work to enable the Council to spend its money in a way which improves public services will be hard to sustain. The terms of trade with Basra's neighbours will continue to be to the province's disadvantage. The formal banking sector will remain weak. Only the most intrepid, small foreigners and the most powerful local players will risk investing in Basra.
23. A moderate improvement to the security and economic situation will reduce somewhat ordinary Basrawis' sense of living in a state of siege. But the process of Islamification is unlikely to be halted if OMS do well in provincial elections. And there is a considerable risk that events elsewhere in Iraq may bring greater sectarian violence to Basra.

Iran

27. Iran's presence looms large in Basra. Iran has seen the strategic importance of the province and has invested heavily. Not all this investment is malign. Iran is Basra's biggest investor and trade partner. But Iran's key immediate objective has been to inflict maximum pain on us, and to force us out. As long as we are present militarily, they will sponsor attacks against us.
28. Logic suggests a more nuanced Iranian approach may emerge over time. Iran's interest is in a stable, Iran-friendly Basra. The Iranians will continue to try to influence Basra politics, backing any force with which they share a broad agenda. But Iran is distrusted by many Basrawis. Iranian help does not normally buy the recipient's allegiance. As the MNF presence recedes, Iran's interference may be increasingly resented. Provincial elections will be a key test of Iran's ability to project influence into the future.

Iraq Directorate, FCO

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