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Department for Business
Enterprise & Regulatory Reform

The Rt Hon Lord Mandelson

Nick Catsaras
Assistant Private Secretary to the Prime Minister
10 Downing Street
London SW1A 2AA

February 2009

Dear Nick,

Thank you for your letter of 9 February, following up on Stephen Hickey's letter of 13 January on a new long-term strategy for Iraq.

UK Trade & Investment (UKTI) will continue to do all that it can to make a positive contribution to wider and longer-term strategic goals in Iraq. As you are aware from your participation in the most recent Cabinet Office meeting on the UK's Economic, Commercial and Energy objectives, UKTI has stepped up its efforts in Iraq considerably. We now have two private sector consultants on the ground in the country - both supporting companies and scoping opportunities for British business. One of the two recently-recruited Locally Engaged (LE) members of staff has also started work in the UKTI team in Baghdad; while the other is awaiting security clearance. Their efforts are being guided and supported by UKTI teams in both Amman, Jordan and in UKTI's headquarters in London. This should give British business a considerable boost over the short term. Looking further ahead, the new team's experiences and findings over the coming couple of months will be extremely important in guiding UKTI's presence in Iraq over the medium to long-term.

UKTI officials are now focused on Lord Mandelson's visit to Iraq in early April with a business delegation. The response from companies to date has been positive, and we should be able to guarantee a substantial delegation comprising some very major and internationally-recognised UK corporations. Expressions of interest have, for instance, been received from the likes of BP, Rolls Royce, Wood Group, Scott Wilson and Mott MacDonald. We are working very closely with Michael Wareing on the visit and, although the recruitment process is at an early stage, we should see some solid progress before the next meeting of the Economic, Commercial & Energy Group. You might also want to be aware that we have included Kuwait on the programme for Lord Mandelson's visit, so that cross-border commercial issues can be covered in detail.

In parallel, UKTI officials are working very closely with colleagues in DFID and the FCO on arrangements for the 30 April Investor Conference in London. UKTI is already represented on the cross-Whitehall Iraq Information Strategy Group and will

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therefore, make a contribution to the communications strategy for the conference through this mechanism (as well as through representation on the conference's co-ordination committee). We look forward to playing a full part in other Cabinet Office co-ordinated discussions on this important area. We are already considering potential "deliverables" for the conference and, indeed, a draft text for a possible MOU on Economic & Trade Co-operation (based on a similar agreement with Bahrain) has already been sent to Christopher Prentice, for onward transmission to Prime Minister Maliki. We will give some careful thought to the potential for announcing major deals involving British companies - and the new UKTI team on the ground may turn something up over the next couple of months. However, these seem more likely to stem from the considerable activity that DFID has put into engaging potential investors in the South of Iraq over recent months.

I am copying this letter to Stephen Hickey, Tom Fletcher (No10), Jennifer Hepker, Simon McDonald and Tim Dowse (Cabinet Office), Paul Rimmer (MOD),
: (HMT), : (DFID), Richard Westlake (HO), Nigel Sheinwald
(Washington), John Sawers (UKMis New York), Kim Darroch (UKRep Brussels),
Christopher Prentice (BE Baghdad) and Nigel Haywood (Basra).

Yours,

Richard

**RICHARD ABEL
PRINCIPAL PRIVATE SECRETARY TO PETER MANDELSON**

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