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PM/01/012

PRIME MINISTER

JS  
cc: AW  
Pans

Iraq: US/UK Policy Review

Summary

1. We have made good progress on the review of sanctions, with UK/US now in agreement on a new approach with the objective of turning the focus away from sanctions and onto controls on WMD. Work is in hand to tie down the detail and build up support in the region and in the P5, but we need to move quickly if we are to meet our deadline of 4 June, the date of the next "oil for food" resolution.

. I believe we should look again at options for reducing or ending patrols. On regime change,

. This may soon present an opportunity to push the idea of a contract with the Iraqi people, capitalising on Iraq's mishandling of the recent Arab summit.

Detail

2. I had a frank and detailed exchange with recently.

, although I sense that there are still some tough battles ahead, particularly on NFZs and regime change.

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#### Policy review

3. On sanctions, we have persuaded the US that, while the UN will continue to control Iraq's oil revenue, procedures should be adjusted so that only contracts containing items on an agreed list of controlled goods require scrutiny by the Sanctions Committee. This relaxation of UN controls will be balanced by new measures to reduce sanctions-breaking and tighten up on dual-use goods. The new approach will reduce the role of the UN, enable the US to reduce vastly the number of contracts on hold, and allow us to deflect responsibility for the humanitarian situation away from us and on to the Iraqi government. At the same time, by reducing the regime's access to hard cash, it will reduce Iraq's room for manoeuvre.

#### Bringing the P5 and regional allies on board

4. We are now working with the US to sell the approach in the P5 and in the region, with the aim of implementing the policy in early June to coincide with the passage of the next "oil for food" roll-over resolution.

5. I outlined the broad objectives of the new approach to him a few weeks ago. The French say they are now keen to emancipate themselves from a policy dependent on Iraqi cooperation, but I sense that they will not wish to distance themselves too far from the Russians. For their part, the Russians will be reluctant to abandon their own initiative, which centres on a proposal to suspend sanctions as soon as UNMOVIC begins work in Iraq, in favour of a UK/US plan. We can also expect them to try to introduce new, unwelcome elements into the package. It will take some hard bargaining to bring them on board. We are planning a P5 at official level in Brussels on 14 May after which we will aim to meet quickly to begin the consultation and negotiation process in New York. The

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timetable is tight and it might require your intervention with Putin and possibly Chirac too, if we are to meet our 4 June deadline.

6. US officials have been working on the front-line states but progress on confirming arrangements to reduce oil smuggling has been slow. In Syria, the US are determined to tie down an earlier undertaking from President Asad to bring oil exports through the Syrian pipe-line within UN control, thereby cutting off Saddam's single biggest source of cash. It is the most important "tightening" element of the package.

will compensate Syria if Iraq retaliates by cutting off the oil. In Ankara, the US are hoping to persuade the Turks to regularise illegal trade in return for guarantees of a certain amount of "oil for food" business. The Kurds, who take a cut of the trade which passes through their territory, will also be looking for assurances that they will not lose out. The US is planning a further round of talks with the regional states in Washington next week.

#### Public presentation

7. Another early priority is agreement with the US on a strategy for rolling-out the new policy. We will need to be ready to rebut allegations, particularly in the UK media, that this is a u-turn or a defeat, and get across the message that this new approach will tighten the screws on Saddam and more closely target his military and WMD ambitions, while alleviating the burden on the Iraqi people. We should argue that P5 and regional support are evidence that, far from our policy being discredited, there is strong support for effective measures targeted against the Iraqi regime. We should present the new approach as one of controls rather than sanctions and highlight the likely dramatic reduction in the holds on civilian goods. In the meantime, with Iraq on the

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back foot following its mishandling of the Arab summit and press interest fairly subdued, we should keep our public profile low as we build support for the new approach and flesh out the detail.

#### NFZs

8. there has been less progress on the US review of operations in the NFZs, although

that the high-profile operation outside the NFZs on 16 February had been a mistake. my doubts about the value of maintaining the southern No Fly Zone,

other parts of the Administration will have different views. I believe we should look again at options for reducing patrols in the southern NFZ, or even ending them. The legal difficulties remain and I am also concerned that operations in the southern NFZ will undo the advances we achieve through making changes on sanctions and undermine hard won P5 and regional backing for our new approach.

#### Regime change

9.

. No-one in the Administration believes they can deliver Saddam's overthrow and many think US funds only serve to enrich the INC. is trying to pass budgetary responsibility for the opposition to the Pentagon on the grounds that they are the ones arguing that US support should continue. We have drawn up and shared with the US a "contract with the Iraqi people" which falls short of calling for the overthrow of the Iraqi regime, but sets out the steps the international community would take to restore and rehabilitate Iraq in the event of Saddam's departure. The US are keen for us not to push it too hard while they are focussing on the sanctions package. But when regime change

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moves up the US agenda, we should encourage them to sign up to this more credible and defensible approach. If we can also garner support for the contract from some EU and regional allies this will put Saddam off-balance and increase his international isolation. We are already sounding out the French.

A handwritten signature in cursive script, appearing to read 'Robin Cook'.

(ROBIN COOK)

Foreign and Commonwealth Office  
4 May 2001

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