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Foreign Secretary

Handwritten notes: "Port", "Vigil", "Countryside", "paper", "1988"

From: Simon Fraser
Date: 18 March 2003
Ref:

cc: PS/Dr MacShane
PS/Baroness Symons
PS/Baroness Amos
PS/Mr O'Brien
PS/Mr Rammell
FCO Directors-General
FCO Directors
Special Advisers

A very useful look at the issues we shall face after the conflict. Relevant too to our strategy meeting on Monday.

Mr J. 18/3

PS/RUS
PS

IRAQ: IMPLICATIONS FOR THE INTERNATIONAL SYSTEM

1. I attach a paper by looking ahead at the diplomatic agenda in the aftermath of a short and successful war in Iraq. There are some difficult issues, in particular how to handle France and Germany and their relations with the US.
2. You may want to circulate this more widely in advance of the European Council.

Handwritten signature: "S. J. Fraser"

Simon Fraser
Director for Strategy and Innovation

Handwritten note: "What about if it is a long & unsuccessful war?"

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IRAQ – IMPLICATIONS FOR THE INTERNATIONAL SYSTEM

Summary and Main Conclusions

1. This paper considers the broader international implications of military action for the UK and identifies policy priorities for the immediate aftermath. It covers the US, EU, NATO, the wider Middle East, international system and global economy.
2. Much will depend on how the military campaign goes, the success of the post war settlement and whether we are able to provide useable evidence to the international community that Saddam presented a real threat. **For the purposes of this paper, we assume a positive outcome on all three.**
3. If there is a long campaign or serious problems in the aftermath, our energies will be focused on this and our international leverage and credibility will be reduced. The risks of longer term damage to key international relationships and structures will be greater.
4. **The conclusion of this paper is that our immediate objectives should be:-**
 - To start work to restore the international role of the UN. This will not be easy given likely US attitudes. The first step should be to ensure effective UN involvement in the administration of post Saddam Iraq.
 - To use our credit in Washington to get the US make specific policy moves in our direction, particularly on the MEPP.
 - To build on recent strong relations with Spain, Italy and others. But also to encourage France and Germany to find ways out of the hole they will be in, rather than digging deeper. Our overall aim should be to capitalise on our strengthened position whilst avoiding old/new Europe polarisation and ring-fencing the Iraq crisis from our longer term EU policy priorities.
 - To manage the potential fall-out from military action across the Middle East and broader Muslim world.
5. We need someone to take an overview of these issues and how we will handle them in a number of key meetings between now and July.
6. In the longer run, we will want to help rebuild relations between the EU and US and push forward with our broader agenda of promoting lasting peace and security in the Middle East, including through political and economic reform.

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Relations with the US

7. US attitudes will be critical in determining how much progress we can make on almost all of our objectives. If everything goes well, the US's approach will have been vindicated. The Administration will have no reason to change its approach to foreign policy issues. Nor will it be in the mood for making concessions.
8. Our main challenge will be to demonstrate that our alliance with the US yields positive benefits for the UK on a wider agenda and that we have effective influence. We need to make the Americans understand we will need to do some repair work with others.
9. There have been some encouraging signs recently of US movement in response to UK efforts eg on the MEPP roadmap and on UN involvement in the Day After. But we need to be realistic about our chances of success, particularly on issues which are not directly connected with Iraq and the Middle East.
10. Rather than scattering our fire, we should focus on a relatively small number of deliverables. **Our priorities should be:-**
 - Iraq: We should continue to argue strongly for US agreement to a genuine UN role in the administration and reconstruction of Iraq, including an effective EU contribution (but we need to make sure the EU side will play ball too). We should also seek to ensure that UK companies get a fair crack of the whip in post conflict Iraq.
 - MEPP: A further even-handed push on the MEPP would go a long way to getting transatlantic relations back on a firmer footing. It would reduce regional tensions and take the sting out of criticism of our policy in the wider Muslim world, thereby weakening support for terrorism. This depends entirely on President Bush being willing to push for progress in the short window between the end of conflict and his re-election campaign.
 - Post Iraq Agenda: We should work with the Americans to develop credible strategies for dealing with WMD proliferation concerns which can be sold more effectively to Europeans and other international players. This should also help head off those on the margins of the Administration calling for more aggressive action
 - WTO: The key concern at this stage is getting the US to unblock the deal on TRIPS/medicines, a possible crunch issue for Cancun.
 - Climate Change: US support for the PM's energy/climate change technology initiative to be announced at the G8 Summit in Evian.

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Relations with the EU and EU partners

11. Iraq has exposed sharper and more public foreign policy divisions within Europe than we have seen for a long time. The crisis reflects some fundamental differences (eg attitudes to European integration and the US; approaches to security and defence) and the struggle for leadership in Europe, particularly with enlargement looming.
12. If things go well in Iraq (as this paper assumes), France and Germany will be in a hole. Their position within Europe will have been weakened. Their bilateral relationships with the US will be in tatters. At the same time, Iraq has enabled us to strengthen ties with a number of other European countries, including Spain, Italy and most of the new members.
13. We should obviously build on these advantages. But what about France and Germany?
: to focus on building a bloc with others in the EU. This would be short-sighted and it is by no means certain we could do it. The Spanish and Italians might be uncomfortable over the long term with separation from the French and Germans. And the new members don't agree with us on everything.
14. We will still need to collaborate with the French and Germans to achieve most of our European objectives. Long term divisions with them will not help us or Europe. We should be looking to take advantage of our success to rebuild with France and Germany on our terms rather than keeping them at arm's length.
15. **So our main aims in an EU context should be:-**
 - To build on the relationship with other Europeans we have enjoyed on Iraq. We should look at ways of improving our coordination with some of these countries, notably Spain, perhaps including them in some of our informal consultation mechanisms which currently focus largely on France and Germany.
 - To move quickly to re-establish a co-operative rather than rejectionist approach from the French and Germans. This should include helping them re-build a working relationship with the Americans. But we will need to be careful not to be caught in any cross-fire.
 - To ensure that the European ambitions of the Accession countries, Bulgaria and Romania are not damaged by the stance they have taken on Iraq. This could mean seeking a strong statement at Thessaloniki reaffirming the EU's commitment to the next wave of enlargement and to Bulgarian and Romanian membership.
 - To ensure a coherent and effective EU contribution to Day After work. This could go a long way to bringing the EU together again.

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But it will not be easy. It will depend on active UN involvement. A lot of work would fall to the Commission. It could prove a hard sell to both the US and some Europeans.

- To identify other areas for joint EU activity. It will be important to make sure the ESDP operations in Macedonia and, in due course, Bosnia go according to plan.

NATO

16. The recent impasse in the NAC presents two main challenges to NATO – the risk of a continuing US/French stand-off contaminating other business; and increasing US lack of interest in NATO as a place to do operational crisis management work.
17. Russian intransigence over Iraq could have a negative effect on American attitudes towards the NATO/Russia Council. This would be a relatively cost-free way for the US to demonstrate its displeasure with Russia, but damaging for us and for our vision of closer NATO/Russia engagement.
18. Whatever the fall-out on Iraq, we should push ahead with the Prague agenda. As a way of demonstrating NATO's usefulness and encouraging joint work in the short term, we should aim to achieve a functional if low visibility NATO role in Afghanistan and to consider within HMG the potential for some sort of low-key role eventually in post conflict Iraq.
19. We have started thinking seriously about the scope for greater detachability for NATO to avoid blockages at 19. This would involve Allies being able to detach their assets, eg from the NATO Response Force, to take part in actions outside the NATO framework. If handled carefully, there could be scope for a compromise suiting both the US and France. France will want NRF assets to be detachable for ESDP missions. For the US, the interest will be their availability for coalition operations. We are looking in parallel at more radical options for NATO decision-making reform.

Relations with the wider Middle East

20. Military action against Iraq, without a specific UN mandate and broad international support, will increase popular hostility to the UK in the Arab and wider Muslim world. The risk of terrorist action against British targets in the region and further afield will be heightened. There will be no easy way to defuse this hostility. But getting the Day After right and making progress on the MEPP would help significantly.
21. This should provide an opportunity to push forward a range of initiatives, including on regional security, arms control and the wider political reform agenda. It could also be a good time to increase

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pressure on specific issues (eg the British detainees in Saudi Arabia).

22. Some in the US Administration will be arguing for tough action. This could be uncomfortable for us. We should develop strategies which go some way to addressing the main US concerns and which are sellable to others (eg in the EU).

International System and International Law

23. However strongly we argue our case, much of the world will believe the US and UK went into conflict without proper legal (UNSC) authority. The credibility of the UN is in question. The ultimate failure of the Security Council to deliver a solution to the Iraq crisis will strengthen the belief of many in the US Administration that it is useless in achieving their strategic objectives.
24. The UN has bounced back from similar challenges in the past. It could do so again. But it will certainly take time. US attitudes will be critical in determining the speed and extent to which it can do so. As a starting point we should ensure the UN plays a central role in the reconstruction of Iraq.
25. We should work to rebuild a common P5 approach to terrorism and WMD to ensure that the Security Council can play an ongoing role in dealing with security threats. We will also need to avoid a replay of anything like Guantanamo Bay.

Global Economy

26. FCO economists have produced separate analysis of the likely economic consequences of war with Iraq. The most likely economic scenario identified is relatively benign. It anticipates limited stock-market turbulence, a short oil price spike and temporary reduction in Iraqi oil exports followed by improved economic confidence, a sustained bounce-back in the equity markets and softening oil prices.
27. But the analysis highlights a number of significant downside risks, including continuing market uncertainty (eg over the prospect of further US military action), economic crises in some emerging markets (notably Turkey) and a prolonged slowdown in the US. Air travel and tourism would be hard hit, at least in the short term.
28. To bolster economic confidence post conflict, we should aim to send a strong political signal demonstrating that Western countries can still cooperate effectively and safeguard the international framework for economic activity. This could be done partly by making progress on the Doha round, Lisbon agenda and some of the key issues relating to the international financial system (eg the Sovereign Debt Restructuring mechanism). Getting effective and unified international engagement in sorting out post conflict Iraq would be equally important.

Delivering the Post Iraq agenda

29. This all amounts to an ambitious and wide-ranging post Iraq agenda. To deliver it will need an explosion of diplomatic activity, channelled to achieve what we want. The key set piece events are likely to be:-

- A Blair/Bush summit immediately after any conflict, perhaps involving other coalition partners too. This will be an opportunity for delivering key messages (eg on the MEPP).
- The European Council meetings in Athens and Thessaloniki (and the forthcoming EU/US summit). There may also be calls for an emergency European Council meeting.
- High level bilateral meetings in Europe.

30. The following will have heightened significance since they could well come shortly after military action:-

- The G8 Summit at Evian on 1-3 June. We need to make sure that if it happens (ie the US don't pull out), it is successful in getting things back on track. A key moment in French/American relations.
- The Progressive Governance Summit hosted by the Prime Minister is taking place on 13-14 July. It has a somewhat disparate cast list, including Canada and Germany from the G8 as well as Chile, Brazil, South Africa, South Korea and a number of EU accession countries.
- The meetings of NATO Foreign and Defence Ministers (on 3-4 and 13-14 June respectively). The Defence Ministers meeting may be a good opportunity to show real commitment to a "new" NATO since it is due to make a decision on future command structures and should be able to agree in outline the concept for the new NATO response force.

FCO Resource Implications and Prioritisation of Future Action

31. Our resources will be very stretched. We are likely to have significant ongoing commitments in Iraq. We will have to put in place arrangements for a number of important meetings and conferences in short order. A lot other important work may have been put on hold and need urgent attention (eg on Afghanistan, Africa). We could well face crises elsewhere (eg North Korea, India/Pakistan, terrorist attacks).

32. It will be critical that we target our activity effectively and make use of all the opportunities open to us. To do this we should consider:-

- Appointing a Board member now to take charge of co-ordinating the wider agenda of post Iraq planning.

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- Developing a coherent post Iraq strategy, prioritising activity and identifying where we need additional resources to deliver this. Following closure of the Emergency Unit, we should consider sending some staff to assist departments with specific short-term projects (eg the Evian Summit), rather than simply repatriating them immediately to their old departments.

Longer term

33. In the next few months once the dust has settled, we should carry out a more in depth assessment of what happened and what this means for: our relationship with the US; the transatlantic relationship, including the scope for establishing some sort of new structure to help avoid future problems; our relationship with the EU; and the future of the UN and NATO.

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