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Prime Minister



Foreign &
Commonwealth
Office

22 January 2004

This is the overall long strategy
you requested.

London SW1A 2AH

A good overview of current
Whitehall thinking. Matthew 23/1

Dear Matthew,

Iraq

CC NS
NC
JL

Nick Cannon's letter of 5 January asked for a note on how the political process would develop through the transition; how and when the UN could best be involved; and what civil and military US and UK structures we envisaged in place after the June transition. I enclose a note covering the key issues, cleared with MOD and DFID.

I am copying this letter to
Office).

and Desmond Bowen (Cabinet

This is
excellent & seems
the right strategy.

in over

Kara

(Kara Owen)
Private Secretary

Matthew Rycroft Esq CBE
10 Downing Street

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IRAQ: THE NEXT SIX MONTHS

This paper examines our principal objectives over the next six months; the particular challenges we face on the military and civilian side; our plans for managing them; and the military and civilian structures we envisage post-transition.

Our key objectives, against a difficult security backdrop, are:

- a smooth transition of executive power on 1 July to a sovereign Iraqi transitional government that is regarded domestically and internationally as legitimate:
- a security agreement which allows Multinational Forces the freedom they need to operate, but which does not look like an extension of the occupation; this will require significant progress in building Iraqi security capacity.
- UN Security Council endorsement of the above and an expanded UN role.
- an improving economy and infrastructure that will maximise the prospects of a successful transition.

Political Process

We face three main challenges: resolving the ; managing Kurdish aspirations; and winning Sunni consent.

Sistani and the Transitional National Assembly. This week's meeting in New York may offer a way through the current political impasse. If the UN technical team conclude that direct elections will not be possible before 30 June, it could be enough to persuade Sistani to accept a modified version of the caucus process. This would mean we can continue to plan for a transition of sovereignty on 1 July, although the time needed for the UN to visit and pronounce will probably mean a short postponement in agreeing the Transitional Administrative Law, a key element of which will be clauses covering the selection process for the Transitional National Assembly. Progress on other issues covered by the law is steady.

It is possible that the UN team will conclude that elections are feasible on a rough and ready basis before 30 June. If so, so be it. The outcome would be less predictable with populists likely to do well, but keeping the process moving with Sistani on board and the UN more fully engaged is the priority.

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A more significant risk is that the UN Technical Team conclude that elections would be possible, but not until the Autumn, Sistani, who is more interested in legitimacy than an early end to the occupation, might argue that the transition should be delayed. We will do everything we can to avoid this scenario, which would be anathema to the US, and unwelcome to us (and more widely within Iraq and the region, where the decision to set a date for the end of the occupation was popular). Postponing the date, even at the request of the IGC and Sistani could increase suspicion of our motives. We should hold to the line, on which there was strong consensus at New York, that we should stick firm to the 30 June date, but offer flexibility on the method of selection/election.

Manageable,
at least
this year.

Kurdish Aspirations. Sparring has begun on the federal model for the new Iraqi state. The Kurds have been setting out some maximalist demands. CPA have been whittling these back and the IGC have been debating these issues as part of discussions on the Transitional Administrative Law. There is now broad agreement on some basic principles over powers of the central government and, crucially, that the Kurdish regional government will continue to maintain all powers not exclusively reserved by the central government. Contentious issues remain boundary changes, central control of natural resources, and the official status of the Kurdish language. The Kurds' bottom-line will be that they will not accept less autonomy than they have now. This should be achievable. But these issues, and other contentious subjects, like the future of Kirkuk, are likely to be top of agenda for the Constitutional Convention in 2005.

Sunni Consent. The CPA's outreach programme is gaining momentum. There are some encouraging indicators that the Sunni community is seeking to re-engage with the political process. A new Council of Sunni Communities, a grouping of Sunni religious leaders, has been formed to act as a counter-weight to the much better organised Shia religious hierarchy. Jalal Talabani and other members of the IGC held a large meeting with 150 Sunni community leaders last week at which the theme was national reconciliation. We will continue to push this message and the need for real practical measures, including job creation to underpin Sunni outreach.

very
important

Sectarian tensions need monitoring. The Sunnis, Kurd and secular Shia are watching carefully how we handle Sistani. They do not want unelected Shia clerics exercising a power of veto. A moderate concession to Sistani would, we judge, be acceptable. But any move which could be interpreted as buying off Sistani or the Shia generally would exacerbate sectarian divisions within Iraq, and arouse great suspicion in the Arab world, whose support we need. We will need to keep the Americans focused on these wider issues as we move forward.

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We are creating a pool of Arabists to supplement those already in Iraqrep, the CPA, Basra and Governorate Teams for short term deployment to Iraq to help support the political process in the run up to the transition.

Security Structures

This could prove to be an even bigger problem than the means of establishing the Transitional National Assembly. The key challenge is ensuring an agreement that gives multinational forces the operational freedom to meet our objectives, but offers the Iraqis sufficient sense of sovereignty and strategic input to avoid alienating them and international opinion. Negotiations, if mishandled, have the potential to ignite nationalist sentiment and draw Sistani into the fray again. Historical precedents are instructive. The UK tried and failed three times to conclude an agreement for British forces in Iraq in the 1920s – each time the agreement was undermined by nationalist demonstrations.

US Thinking

We and the US agree on red line requirements: the necessary freedom of action for the coalition/multinational military to ensure security and stability in Iraq, plus appropriate arrangements for full command and control of Iraqi military forces by the MNF. But

.. But some US officials are beginning to suggest that there is no point negotiating such an Agreement in any detail with the IGC (because it will have no international legitimacy and the TNA and transitional government will be able to resile from it) and that all that is required pre-transition is an interim agreement ratifying the status quo.

The Americans have also not yet taken on board that a number of multinational partners will require Iraqi consent/invitation and UN authorisation to be in place before they can confirm their continued contribution after transition. These need to be factored into planning on the timescales for negotiation of the agreement.

UK model for the post-transition security relationship

We see the key elements of the security agreement as follows:

- At the invitation of the Iraqi Government, multinational forces will continue to be present in Iraq, authorised by UNSC, to ensure stability and security. For this they will require freedom of action in certain definable respects,

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and the right to detain, to continue WMD investigations and to seize intelligence material.

- The Commander of the MNF will retain sole operational control of the multinational forces in Iraq and report to the UNSC along the lines of arrangements for ISAF in Afghanistan.
- Multinational forces will also require operational control of Iraqi forces. The US have suggested that Iraqis might assign some or all of their forces to the MNF. We think this is unlikely to be acceptable to the Iraqis. Whatever the formal position of Iraqi forces, their operation with multinational military should be on the basis of a progressive transition of responsibility for security to Iraqis. This could start with Iraqi police having local responsibility for law and order.
- Iraqi sovereignty must be preserved by ensuring a role for the Iraqi Government at the strategic level and with provision for consultation over all elements of implementation of the security agreement, though without relinquishing multinational operational control. We propose this is done through a National Security Council, on which the MNF Commander has a permanent seat, possibly together with the UNSG's Special Representative. Co-ordination of MNF and autonomous Iraqi security forces (police and others as they are stood up) would take place in Joint Co-ordinating centres down to local level.
- The Agreement should emphasise the role of the multinational force in building the capacity of Iraqi forces to take over security responsibilities, through continued programmes of recruitment, training, mentoring, monitoring, and advice. This would balance the rights and authority of the multinational presence, defining the duties of the MNF towards the Iraqi government and people.

Engaging the US and Iraqis

We are in regular contact with the US on these issues, both in Baghdad and with the Pentagon, State and NSC. We have handed over a principles paper. CDS has written to his US opposite number with more detailed ideas (welcomed by the NSC). MOD are finalising a series of substantive papers to be fed in to the US system which set out models for post transitional security structures, key issues for the security agreement, and proposals for a division of responsibilities between multinational and Iraqi forces after transition.

We need the US to engage the IGC at an early stage if we are to get the substance of any agreement right. It would be a mistake to wait for interagency agreement on every detail of what the Security Agreement should contain: this will have to be adapted anyway as the negotiations progress. Moreover a

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reasonably comprehensive agreement with the IGC would be desirable: the earlier we can embed the arrangements, the less likely it is that the Transitional Government or Assembly will seek to reopen them. A UNSCR enshrining the terms will be an important safety-net in the period after 1 July.

~~Our preferred timetable for action on the Security Agreement would be:~~

Iraqi Security Capability

The rate of progress building in indigenous Iraqi security capability will be a key factor in the success of the transition strategy over the next six months.

The US Government sometimes overestimated what is achievable, with unduly optimistic predictions of the speed with which coalition forces can be removed from the "front line". The key element of the 'Iraqisation' strategy - mobilising 40,000 Iraq Civil Defence Corps personnel by April - is achievable. But Pentagon Security Assessment Mission currently in Iraq is likely to find that numbers do not equal capability. Overall targets for achieving full police capability and for the initial stages of the New Iraqi Armed Forces will also need to be revised. Although this sounds gloomy, the realism on the US side is welcome. It will underline the importance of continuing a multinational presence at similar levels at least through 04. The Iraqis may also overestimate their own security capacity on transition. This could complicate negotiations over the Security Agreement.

A realistic objective by July will be to develop sufficient Iraqi capacity to enable them to have responsibility for basic street level law and order tasks. The Iraqi police have succeeded in improving basic law and order in some areas and instilling public confidence. But they will require increased monitoring and support from the coalition over the next six months if they are to be in a position to act more autonomously after transition. Although there are plans for a proper civilian police mentoring programme, we are not confident that the CPA can pull it together in time, and security concerns remain an obstacle. (In the South, the in-service training element now has a strong civilian input and we are aiming to extend this to the mentor/monitoring side as well.)

Building of security institutions will also be a challenge the over next six months. A functional MOD and Joint Force Headquarters must be established; Iraqi Intelligence Service set up; decisions taken on the future of the Iraq Civil Defence Corps; agreement reached with political leaders on the militias; and progress made on building basic counter-terrorist capabilities in the Iraqi armed forces and police. But the dissolution of the Iraqi Army and the deBaathification programme have hit the middle ranking command capability. We are fully engaged.

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The CPA and military are making every effort to ensure that the new security institutions are established on sound, democratic and accountable principles. But to ensure this investment is not lost, there will need to be a major international effort to ensure continued training, mentoring, advice and equipment programmes beyond 1 July and through 05.

International Handling

This week's meeting in New York was an important step forward. Lakdar Brahimi's appointment as Special Representative, if confirmed, should help tie the UN into a more substantive role before the transition, and prepare for the major role we want them to undertake in the constitutional process in the latter half of this year and 2005. Brahimi may not be an easy ride. He will want to stamp his own mark on the process.

But this should help legitimise the UN role in Iraqi and international eyes.

Although SCR 1511 provides an adequate legal basis for the political transition and the presence of the multi-national force, we would see value in a new Security Council resolution at some stage that endorses:

- the Transitional Administrative Law, giving international legitimacy to the selection process for the Transitional National Assembly and the governing arrangements during the transitional period;
- the time-table in the 15 November agreement for the constitutional process to ensure there is no back-sliding by the Transitional Government.
- the security agreement between the MNF and the IGC.
- the powers of the Special Representative.

This may mean returning to the Council in the Spring, and possibly after the transition to confirm the end of the CPA's role as occupying power and to underpin the future military and civilian arrangements. But we will need to co-ordinate carefully with the Americans over timing. Others will see this as a chance to exert leverage, so we will want to avoid casting ourselves as demandeurs. The involvement of the UN Technical Team should make handling the Council easier. But for now we should be cautious about provoking discussion on SCRs, while recognising the need to keep the Council and Secretariat informed of developments.

Post-Transition: Civilian Arrangements

We envisage civilian structures on the Afghanistan model: a small but growing UN office (UNAMI), whose roles would be to co-ordinate international

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assistance and underpin/lead the constitutional process in 2004 and 2005, supported by strong US and UK Embassies playing a decisive role behind the scenes.

We are now working up costed options for British representation post-transition. We anticipate the need for a large Embassy in Baghdad – probably our biggest in the Middle East – and a smaller Consulate General in Basrah, both with significant DFID elements. Michael Jay is visiting Basra and Baghdad to take forward discussion this week. We are also in close touch with the Americans about this plan and are seconding an officer to work with the transition team in State so that we can stay abreast of their thinking.

*We'll give
you better
advise on
this.*

We will seek the Prime Minister's agreement to our proposals in early February after Whitehall discussion. Security, practical and political uncertainties are all complicating factors. Representation will be very expensive. The FCO has no funding for a project of this scale.

Economic Reconstruction

The revised time-table has led to a shift in CPA's economic priorities. Major economic reform programmes with the potential for political unrest (mass privatisation, removal of subsidies on food and energy) have now been dropped. Our priorities over the next six months are to keep the CPA focused on job creation schemes and to build capacity in Iraqi Ministries and institutions. Budget execution and financial management are priority areas where HMT and DFID are assisting.

✓ The resolution of Iraq's unsustainable debt is being greatly assisted by the work of James Baker. The UK has been supporting the US on his series of visits to creditor nations. The goal is an agreed solution by the end of 2004.

Work in all these areas must be supported by continued progress on reconstruction. DfID are producing a paper on the links between the political process and reconstruction over the next year.

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Key dates on Current Timetable

End of February	Transitional Administrative Law drafted
End of March	Security Agreement with IGC finalised.
April/May	possible Security Council Resolution endorsing process
End of May	modified caucus (or quick elections) to Transitional National Assembly.
June	Transitional National Assembly appoints a Transitional Government
1 July future	occupation ends. Security Council resolution setting out UN and international role.
March 2005	Elections to Constitutional Convention
Late 2005	Referendum on draft constitution.
December 2005 government.	Full elections to internationally recognised Iraqi

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