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Foreign &
Commonwealth
Office

25

19 May 2004

London SW1A 2AH

Dear David,

Iraq: The Medium Term

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I enclose an information note on Iraq and key messages for use by Cabinet Ministers.

I am copying this letter to the Private Secretaries of all Cabinet Ministers and to Desmond Bowen and (Cabinet Office).

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244

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IRAQ: THE MEDIUM TERM

Introduction

1. This paper summarises our strategic objective in Iraq, the difficulties we face and the strategy necessary to overcome them, up to and beyond the assumption of authority by a fully sovereign Interim Iraqi Government on 30 June.

Strategic Objective

2. Our strategic objective is a democratic, stable and prosperous Iraq, that poses no threat to its neighbours. This involves rebuilding and rehabilitating a country damaged and traumatised by years of brutality and mismanagement. The process is difficult, and setbacks are to be expected. But we have a strategy to push progress forward.

Problems

3. We should not underestimate the present difficulties:

- Iraqiisation of security forces will not be complete by transition on 30 June. Numbers, by and large, are up to par (although the Iraqi Army will not reach full strength till 2005) but capability and command remains a problem and performance has been patchy.

- There are signs of better organisation by insurgents and a reservoir of popular support, at least amongst the Sunnis.

- Heavy handed US military tactics in Falluja and Najaf some weeks ago have fuelled both Sunni and Shi'ite opposition to the coalition, and lost us much public support inside Iraq. It has spread fighting to MND(SE)'s area. The US have learnt lessons from this and are generally proceeding more cautiously

- Coalition control is nevertheless precarious in some areas. some weeks ago and a resumption of coalition authority was only possible after reinforcement by American troops. The of Nasariyah temporarily over the weekend, and civilian staff were evacuated from the CPA compound pending reinforcement by MND(SE).

- The coalition is under pressure. Spanish, Honduran and Dominican Republic troops are leaving. In the UK area in the South-East, the coalition is for the moment more stable with only minor changes unconnected to recent

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events: the New Zealanders have long planned the withdrawal of their small contingent (for operational rather than political reasons), and the Norwegians have long planned to replace troops with trainers. Nonetheless countries such as the Netherlands and Italy, and outside the UK area Poland, though solid, are operating against a difficult parliamentary background.

- Security difficulties are slowing reconstruction and affecting Iraqi confidence in the Coalition. While power supplies this summer will be much better than last year, CPA targets for summer electricity production are unlikely to be met.
- Security permitting, in 2004 Iraq's economy should recover the ground lost in 2003. Some of the foundations of a market economy have been laid, but plenty of other reforms to the public distribution system for food, fuel and other prices, and State Owned Enterprises are still badly needed.
- The scandal of the treatment of detainees at Abu Ghraib has sapped the moral authority of the coalition, inside Iraq and internationally.
- A second member of the IGC - this month's President - was killed this week. This has been a shock to those involved in the political process. More generally, the timetable for transition of authority to a sovereign Iraqi Interim Government on 30 June is tight.

Strategy

4. But we are taking forward a strategy to overcome them. Security will be key.
5. We need to ensure the right security architecture after 30 June, with (i) an Iraqi-led National Security Council, involving senior MNF representation, as the forum for strategic decision making and; (ii) Iraqi forces under Iraqi command, except when involved with the MNF in specific operations.
6. We have identified ways to underpin Iraqiisation of the security forces, including more monitoring and mentoring, better leadership and specialist training, more effective police command from the Ministry of the Interior and faster procurement of equipment. An MOD-led team is visiting Iraq to take work forward.
7. We need a more flexible approach towards cooperation with existing militias. This seems to have worked on local initiative in Fallujah and the US are now considering something similar in Kirkbala. But we must acknowledge that this approach has risks as well as opportunities and needs to be considered carefully on a case-by-case basis.
8. More generally, we shall want to minimise the profile of coalition forces

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after 1 July, and get the Iraqis out in front as much as possible, particularly in patrolling and policing.

9. We need to redouble our efforts to ensure a sensible and sensitive US approach to military operations. The message seems to be accepted at the highest levels but not always implemented lower down the command chain.

10. The MOD are considering options for the reinforcement of Southern Iraq. Either:

(i) deploying a 3-star headquarters (the ARRC HQ) with a battlegroup to provide manoeuvre capacity, to take on responsibility for MND(CS) and MND(SE), or

(ii) deployment of ground forces to take over Najaf and Quadisiyah provinces, thus extending MND(SE) with the UK succeeding the US who have for the moment taken over from Spain in those duties.

If we go down either route we should ensure that we use it to maximise our influence over American military decisions, and that we can prevent US action, either at the strategic or operational levels, which would jeopardise our objectives.

11. We need to maintain pressure on the neighbours, particularly Syria, over border security. We have made some progress with Iran on establishing border checkpoints - progress which may be jeopardised if the US proceed with expulsions of Iranian diplomats prior to transition (we are taking preemptive action). A cross-government team led by our future Ambassador to Iraq, Edward Chaplin, has made some progress with the Syrians.

12. We have kept in close consultation with coalition partners, with regular conferences on the military and political sides for MND(SE) troop contributors. The US have now recognised the wider need, and are organising a high-level meeting in Washington for all coalition partners on 20 May.

Political Process

13. Establishing democracy in Iraq is a huge task, given the background. We must continue to support Brahimi's efforts to establish a fully sovereign Iraqi Interim Government from 30 June. His key tasks are to nominate the members of the Interim Government; help convene a National Conference, via a Preparatory Committee, that might serve to legitimise the IG (ideally before transition); and determine the means whereby the National Conference might also select a Consultative Council. We need to keep this a UN and Iraqi-led process, but Brahimi has been keeping the UK and US closely involved as his thinking has developed. Some members of the Iraq Governing Council will be

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difficult. We can help with them. We have senior contact with the US in hand.

14. We must ensure successful negotiation of a UNSCR, ideally before the D-Day celebrations on 6 June (

). The prospects for this look reasonably positive. The key will be satisfactory language on the post-transition security architecture and particularly the relationship between the Multinational Force and the Iraqi Interim Government. We are clear that the MNF will only be able to operate with the full consent of the Iraqi Interim Government; that Iraqi forces would not be part of the MNF but only under MNF command and control for operational purposes, if the Iraqis agree (while remaining under overall Iraqi command); and that the Interim Government will have an effective veto over major operations. We still need to tie the US down to language that reflects these principles. But if we do so, and then give the French, Germans and Russians a genuine opportunity to offer views on the draft, the prospects look reasonable. This will require detailed senior level intervention with the US.

15. We will also need to ensure a constructive international conference in July or the autumn, which the French, Germans and Russians want. It could serve as useful further underpinning for the new arrangements and might encourage them to contribute to reconstruction.

16. Looking further ahead, we shall need to support the UN, including in security terms, in their preparations for elections in January.

17. Meanwhile we need to demonstrate that we are gripping the detainee issue, and show that we respond to abuse allegations. The Foreign Secretary and Defence Secretary are considering ideas for greater international involvement.

Reconstruction and Economy

18. With \$32bn pledged at Madrid and oil prices high money is not a problem. But spending it effectively and in line with Iraqi priorities is. The big impact should come from the \$18bn US Supplemental. DFID have a well-targeted Country Assistance Plan including building Iraqi government capacity and helping the US to spend Supplemental money in the south. Restoring security will be key to effective deployment of the funds.

19. On the Iraqi economy more generally, we need to:

- establish before transition a robust and transparent fiscal framework for the Iraqi budget and the management of oil reserves. The UNSCR will cover the latter.
- make progress on economic reforms, such as petrol price liberalisation and

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reforming the public distribution system for food. These will be politically difficult for the Interim Government, who will need help from the IMF and the Coalition.

- ensure that the Interim Government has sufficient powers to enter into agreements with the International Financial Institutions, particularly on debt relief. Appropriate language with the SCR will help with this.

DFID will help the Iraqis with this agenda.

20. If the UK AOR is extended, it will be important to have a supporting development (and political) strategy.

Conclusion

21. This is an intense agenda across a series of complex inter-related problems, with security at their heart. It will require consistent and high-level cross-government commitment over coming weeks and months.

22. The transition and the summer months are bound to be difficult. By October we need to be well underway, with election preparations, with Iraqis exercising control over their own government and over much of security, with supplemental money being turned into jobs and early results on the ground, particularly in Sunni areas, and the insurgents undercut by progress on all of those fronts.

23. The task is considerable; the stakes are high; but it is imperative that we succeed.

Iraq Directorate
FCO

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