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NSID(OD)(08)16

IRAQ

Issue

Our strategy in Iraq in 2008/2009.

Recommendations

Do Ministers agree that:

- i) our **key tasks** in Iraq are:
 - a) training and mentoring 14 Division Iraq Army, until it is capable of independent operations with minimal Coalition support – expected in about April 2009;
 - b) supporting provincial elections, due by the end of 2008; and
 - c) supporting economic development in Basra, based on Michael Wareing's outline Economic Development Strategy;
- ii) completing the training of 14 Division will require **British force levels** of about 4,000 in southern Iraq;
- iii) after this task is completed, British forces will move to a significantly different **future military role**, requiring fewer troops. The MoD will produce options for this. We will need to discuss with the US and Iraqis;
- iv) the Prime Minister, in his **statement** on 22 July, following his visit on 19 July, will set out our policy, as set out above;
- v) we should continue to pursue adequate **legal cover** through either a UNSCR rollover or bilateral arrangements with Iraq, making clear to Iraq and the US that our forces cannot operate without it;
- vi) we should continue to press for passage of the **Hydrocarbons Law**;
- vii) NSID (OD) should agree later this year a **post-drawdown Iraq strategy**.

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Background

1. Situation in Iraq. Violence has fallen nationally to 2004 levels. Coalition and Iraqi forces have successfully confronted Al Qaida-Iraq, militia and criminal gangs throughout Iraq. Maliki, the Iraqi Security Forces and the Iraqi state have emerged stronger, encouraging internal and regional political reconciliation. Local economies have flourished with improved security – although the government remains slow to deliver. The situation in Basra matches national changes. The improvement is fragile, but prospects for Iraq and Basra are better than for a long time.
2. UK force levels. We decided in April to pause our planned drawdown after the start of Operation Charge of the Knights. Military advice is that completing training of 14 Division through enhanced training teams, and providing the necessary force protection and enablers at the Basra COB, will require about 4,000 troops. The MoD now expects 14 Division will not be ready before April next year (we are considering the impact of the recent deployment of 53 Brigade to Baghdad). We should ensure the UK judges readiness. After this task is completed, the UK could move to a significantly different role, requiring significantly fewer troops. Leaving the Basra COB would take about six months, and require early planning with the US.
3. US handling. Bush has welcomed our public commitment to a conditions based policy and our private commitment not to disrupt US elections. But Petraeus has stated he wants to see a significant British military presence in Basra (including a secure base) in 2009 - and beyond. McCain and Obama could ask us to delay a drawdown after election. We will therefore need to balance the financial, military and political advantages of a rapid drawdown with our future relationship with the next US President and with the US military. We will need to manage their expectations.
4. Political role. Maliki and his inner circle still distrust the UK. But we should continue to use our influence with Maliki, other Iraqi actors, the US, UN and Iraq's neighbours to promote political progress, including Provincial Elections. These should make local government more representative and accountable.
5. Economic role. The economic situation in Basra is improving, and British work is delivering benefits. The local economy has gained momentum as security

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improved. Since the Downing Street reception, foreign investors have started pursuing projects potentially worth \$4.3bn. We have helped the Provincial Council secure \$400m of central funding this year, and will help them spend it. But we are still getting criticism for not doing enough. And local politics have slowed economic progress, including with the Basra Development Fund (BDF) and Basra Investment Promotion Agency (BIPA). We need a focused effort to deliver and demonstrate British achievements by early 2009. We should base this around the Economic Development Strategy that the Basra Development Commission is producing with Michael Wareing. This includes action on: youth unemployment; BIPA and BDF; Um Qasr port and Basra International Airport; a Kuwait-Iraq Working Group; and foreign direct investment.

6. Legal considerations. A UNSCR rollover, perhaps for six months, looks increasingly likely. This would meet our needs, provided the Iraqis did not unhelpfully limit the mandate. We should check the positions of other Security Council members. We will also continue to track US negotiations and to pursue separate bilateral negotiations. We also need a Plan B to cover British troops should negotiations fail.

7. Hydrocarbons Law. Passage of the draft law is blocked by political rivalries and bureaucratic inertia. Progress would benefit Iraq's economy, and could have a significant impact on world oil and gas markets, given Iraq's large and easily extractable reserves.

8. UK policy after drawdown. Once our plans for drawdown are clearer, NSID (OD) should agree our strategic objectives in Iraq, and the resources needed to pursue them. The MoD is currently examining options for future military engagement in Iraq, including training the Iraqi Navy and Army officers and continued mentoring of 14 Division, potentially requiring several hundred troops. We will also need to establish our political and economic aims in a post-drawdown environment. The Iraqis are beginning to talk to us about a potential bilateral strategic agreement.

Cabinet Office

11 July 2008

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