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eGram



28460/08

<b>Classification</b>	RESTRICTED	<b>Caveat</b>
<b>eGram Number</b>	28460/08	
<b>From</b>	BASRA	
<b>Date Created</b>	20/07/2008 13:20:00	
<b>Date Registered</b>	20/07/2008 13:27:10	
<b>Action Immediate</b>	eP FCO	
<b>Action Routine</b>		
<b>Info Immediate</b>	eOGD , ;eOGD CABINET OFFICE;eOGD DFID;eOGD MIDDLE EAST POSTS;ePL MNF IRAQ POSTS	;ePL
<b>Info Routine</b>		
<b>FCO Distribution</b>	eD MENAD;eDL IRAQ/KUWAIT	
<b>Lead</b>	eD MENAD	
<b>Military Action Imm</b>		
<b>Military Action Rtn</b>		
<b>Military Info Imm</b>	MODUK; PJHQ	
<b>Military Info Rtn</b>		
<b>Subject</b>	IRAQ: PRIME MINISTER'S VISIT TO BASRA, 19 JULY	
<b>Summary</b>	The Prime Minister spends a productive three hours in Basra. Discussions with Basrawis focus on the airport and economic development. Meetings with British troops, and members of Iraqi 14 Division whom they mentor.	

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1. The Prime Minister visited Basra on 19 July. The major part of his programme focused on the UK's security relationship with the Iraqi Security Forces. He met Major-General Mohammed, the General responsible for Basra, and Major-General Aziz, the commander of Iraq's 14th Division. He discussed the work of the UK Military Transition Teams (MiTTs), meeting units involved in MiTTing, as well as Iraqi troops being MiTTed. He also took part in the opening of a new dining facility, chatting informally to members of the UK forces present. MND(SE) will report on the defence aspects of the visit separately. This report focuses on the economic aspects.
2. The Prime Minister began his programme with a short visit to the Basra Airport main building. He discussed future plans for the airport with the Director, Abdul Amir Ghanem, and the two advisers working with him under the auspices of the UK-led Provincial Reconstruction Team (PRT). The Director explained that the infrastructure was in place for expansion from the present 90,000 passengers

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a year up to 2 million – as one adviser said, the size of Southampton Airport. What was needed was the development of the technical expertise necessary to enable it to be run properly. The Prime Minister emphasised the UK's wish for the airport to operate effectively under Iraqi control as soon as possible, stressing its importance for the future economic development of Basra.

3. The Prime Minister then had a round table discussion with key economic figures in Basra: Governor Wa'ili; Munadhil al-Miyahi, Co-Chairman of the Basra Development Commission (BDC) ; Hydar Ali Fadhil, Chairman of the Basra Investment Promotion Agency (BIPA) and Salah Abdul Ghafar, Director, Basra Port Authority. Other members of the BDC and the BIPA Board, which was finally established earlier this month (my e-Gram 26323/08), took part.

4. The Prime Minister focused on the need for tackling unemployment (agreed by those present to be around 30%), particularly amongst young people. Munadhil briefed on progress being made under the BDC by the Youth Unemployment Task Force, thanking the Prime Minister for the UK's support, and noting the importance of his reception for the BDC at 10 Downing Street in attracting potential investors. Inward investment would be vital in providing jobs.

5. Others emphasised that there was still some way to go before Basra could be an economic success. Salah said it would be essential to develop the port. But the channel needed to be dredged constantly, and the dredgers needed essential spares (COMMENT: we are pursuing). Jasim Hameed, a BDC member from the oil industry, said there was a need for scientific and technological expertise, to exploit the potential not just for oil and gas, but for the whole range of industrial development that could grow around the hydrocarbon industry. There was agreement that this would be a key benefit of international investment, which would need to ensure the local work force was appropriately skilled. There was further agreement that Basra now needed to market itself properly, to ensure investors understood its potential.

6. The Governor, upbeat, welcomed the UK's support for Basra. He said that the security situation meant the time was now right for international investors. Basra had a great future. It should, in time, become one of the most prosperous cities in the region. The Prime Minister said he was particularly struck by the need for rapid development of the airport and ports, which would be essential as Basra opened up to the region and the wider world. The UK, and the rest of the international community, would work together with Basra to enable it to move forward quickly.

#### **Comment**

7. The Prime Minister's visit was particularly timely, as BIPA begins to find its feet. He will have provided the impetus for it to begin productive work: the process having, until recently, being characterised by Basra versus Baghdad conflict, coupled with a sense of drift. Our excellent inward investment adviser, Trevor Killen, will keep the pressure up.

8. On a separate point, I am particularly grateful to the Prime Minister for finding the time to meet Consulate-General and PRT staff. It was greatly appreciated.

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