

## NOTE

I said I would put down some thoughts on our most pressing problems. In fact, with your re-election, we have a real chance to make the fundamental changes in the Middle East that ultimately are the only route to the safety of our own citizens.

### 1. Iraq

1. All the problems go back to security. Without it, the politics are difficult, the reconstruction shackled and the faith of Iraqis in the future undermined. This is then complicated by conflicting thoughts in the Iraqi mind: is the presence of Coalition Forces necessary for security or the reason for insecurity; are we a benefit or a provocation?

The strategy of the terrorists is clear: so to paralyse progress that ordinary Iraqis lose faith in a new future and look for ways of surviving in the old politics through sectarian dispute or power through the gun. So this is something of a race against time. Unfortunately, there is, as yet, no real sign that the insurgency is less well armed or financed. They are not hoping to win but to inhibit us from winning and, over time, through chaos, create the conditions for our retreat.

In this context, we have to do four things:

1. To be sure that the Government of Iraq has force at its command – therefore the Iraqi-isation of security forces is critical. I am not convinced our plan is yet robust enough. I tend, despite all the reservations, to think Allawi is

right on this. He knows what he needs politically. My preference is to give it him, but on condition that proper people are appointed at a Ministerial and General level. Presently they don't have the leaders. We should insist on their appointment to our satisfaction in return for bending our Iraqisation proposals more to his liking. In particular, subject to the loyalty of the Forces, they should get the equipment they need to be a match for the insurgents. More and tougher quality, while building quantity, should be our aim. This is the only way of beating the threat posed by widespread intimidation.

We can't afford funding to be an issue here. I've just authorised an extra \$78million from our MOD for the Iraqi Forces in the south. Can I be sure it is essential? No. But I'll take the risk rather than find six months later it was.

2. Having money in an account for reconstruction when it is hard for it to be used, is not worth it. If we had security, the blunt truth is Iraq wouldn't need much help for reconstruction.

However, in those parts of Iraq where security is reasonable, we should push money out more quickly, especially for power supplies and other essential services. This would have a powerful demonstration effect. We should get a report on the speed and priorities of the reconstruction programme, to mirror the one planned on security.

3. Be very tough indeed on the election: it goes ahead on schedule; we want everyone participating; there is no minimum turn-out test; and even if there are problems in some areas, there will be a further chance later in the year, and of course, local elections in each city and province. We should use the UN to push

these lines vigorously. I have told Kofi if he wants to re-build fences, he should show real leadership on both the elections and the aftermath. His voice would be very helpful, and you speaking to him and reinforcing it, would be sensible. But what he and the UN officials say just before, at the election and just after, will be crucial.

4. When and only when, we can point to real indigenous Iraqi strength, then we should signal a timetable for us to go. But, as we discussed, it only works if a) the Iraqi Government is pushing it, and not us and b) if there is a minimum threshold of credibility on Iraqi-isation.

## 2. MEPP

We now have a real chance of reinvigorating this: with a new Israeli Government and new Palestinian leadership. But a) the Israelis, whatever they say, don't have much faith Abu Mazen can deliver; and b) the Palestinians, in my view, still don't really get what it is they have to do and prefer to be "victims" rather than leaders.

So the danger is: Abu Mazen drifts; the Israelis disengage from Gaza etc but then, instead of a proper Palestinian Authority, there is chaos; terrorism carries on; the whole thing collapses again.

In particular,

until they resolve the security and other questions, there will be no durable negotiation possible. I see the following timetable:

1. We welcome publicly Abu Mazen's election and make it clear the Peace Process can open up again.

We will ensure any Palestinian State is territorially viable but he must ensure that it is institutionally viable.

2. The Egyptians are trying to help Abu Mazen broker a ceasefire; in return for that they want Israel to stop the incursions. We should support that and ask Israel not to retaliate for as long as the ceasefire holds.

3. You go to Europe and set out a vision of the Middle East. And a vision for an independent Palestinian State. This is where you put it up to the international community. You will take this forward. You are prepared to give it real time and energy. You want to get back into the Roadmap and are prepared to call a conference to negotiate final status. You know disengagement from Gaza and parts of the West Bank cannot be the end of it. But the terms are clear. Israel's security cannot be endangered. The only viable Palestinian State is one that is democratic, has proper and robust security structures and has a functioning open economy. If the international community and the Arab world can sign up to this, you will deliver the Palestinian State.

4. The London Conference then gets the international community signed up to the plan for the Palestinian Authority - democracy, security, economy. On security, we have to put in place structures that are clear and independently monitored (led by the US). Sharon is right about this. It is absurd that the Palestinian Authority has 23,000 police in Gaza alone, but can't stop terrorism. The Palestinian Authority constitution must have its parameters set. The EU

money should go to support a proper economy. You should be explicit about things like an end to education in Palestinian schools that is an incitement to terrorism. Overall, we need to use the London Conference to persuade the Palestinians that viability is about more than territory.

5. The PA structures start to be implemented; we monitor and assess their performance; and between July and October Israeli disengagement goes ahead.
6. You give the green light to go into final status negotiation. Therefore the timetable looks like:

- Abu Mazen becomes PA President
- There is a workable ceasefire
- You give the guiding vision
- The London Conference gives the PA a plan
- The Palestinians start to implement it in earnest; we monitor
- Israel disengages
- We move into final status

The biggest risk is of the Palestinians not understanding their obligations. They have been reluctant on the London Conference, saying: why can't we go straight to final status? They think I need the conference for internal politics. Of course, it's helpful for me domestically (if it succeeds). But the real reason I want it is that I know that unless the Palestinians show proper political leadership and move on real viability, we can't sort out the fundamental issue. They need to hear this very strongly from the US.

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