

Wednesday, 20 January 2010

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(2.00 pm)

SIR MARK LYALL GRANT

THE CHAIRMAN: Good afternoon, ladies and gentlemen, and good afternoon to our witness, Sir Mark Lyall Grant.

SIR MARK LYALL GRANT: Good afternoon.

THE CHAIRMAN: The objectives of this session are to hear more about Foreign and Commonwealth Office policy on Iraq between 2007 and 2009, the impact of Iraq on wider FCO priorities, and how lessons learned from Iraq have shaped subsequent FCO policy. Today we are hearing from Sir Mark Lyall Grant, who was Policy Director from February 2007 until October 2009, and now in New York?

SIR MARK LYALL GRANT: I am now in New York. Political Director, actually is the formal title, not Policy Director.

THE CHAIRMAN: Thank you for that. It changes, I think. Today's session is building on previous sessions, in particular those from Simon MacDonald, the Prime Minister's foreign policy adviser from the FCO, Ambassador John Jenkins, Frank Baker and Christopher Prentice from the FCO, from Mark Lowcock from the Department of International Development and Peter Wall and John Day, Ministry of Defence. We are shortly going to here from Sir Peter Ricketts in his

1 capacity as FCO Permanent Secretary.

2 Now, we recognise that witnesses are giving evidence  
3 based on their recollection of events, and we, of  
4 course, cross-check what we hear against the papers to  
5 which we have access and some of which are still coming  
6 in.

7 I remind every witness that he will later be asked  
8 to sign a transcript of his evidence to the effect that  
9 the evidence given is truthful, fair and accurate.

10 With that, and with an hour or a bit more to go,  
11 I'll start by inviting Sir Mark Lyall Grant briefly to  
12 describe your role, if you would, as Policy Director?

13 SIR MARK LYALL GRANT: Yes, thank you, Mr Chairman.

14 Essentially, I had three roles in respect to Iraq. As  
15 Political Director, I was the senior policy adviser to  
16 the Foreign Secretary on a range of strategic  
17 Foreign Office priorities. So I accompanied him to  
18 European meetings, to G8 meetings, to UN meetings, OSCE  
19 NATO meetings, et cetera, in that capacity.

20 Secondly, I was the Director General responsible for  
21 what you might call the arc of instability from India  
22 through Pakistan, Afghanistan, Iran, Iraq, the  
23 Middle East, North Africa, Russia and the Balkans, and,  
24 as such, in that capacity was the line manager of  
25 successive ambassadors in Baghdad and also the line

1 manager of Simon MacDonald and then John Jenkins in  
2 their capacity as Director for the Middle East in the  
3 Foreign Office.

4 Thirdly, I was a member of the Foreign Office Board  
5 and therefore involved in the allocation of resources  
6 for Iraq and other FCO priorities and also duty of care,  
7 security matters.

8 THE CHAIRMAN: Thank you very much. I think with that --  
9 with those preliminaries, I'll turn to Baroness Prashar.

10 BARONESS USHA PRASHAR: Good afternoon. That's a very  
11 interesting set of responsibilities and very relevant,  
12 of course, but could you just tell us what were the FCO  
13 objectives for Iraq when you started first in 2007?

14 SIR MARK LYALL GRANT: When I took over at the end  
15 of February 2007 as Political Director, I think we were  
16 already moving into what you might call a transition  
17 phase. Two of the southern four provinces in Iraq had  
18 been handed over to Iraqi control in the course of 2006.  
19 We had Operation Sinbad in the autumn of 2006, which was  
20 essentially the last offensive military operation, and  
21 the Prime Minister of the day had made a statement,  
22 about two weeks before I arrived in the job, in the  
23 House of Commons, setting out the new transition policy  
24 and objectives in Iraq.

25 That was, therefore, the situation that I inherited,

1 and the focus was very much on, therefore, a whole range  
2 of issues regarding transition. First, of the military  
3 role in southern Iraq. Secondly, of a transition which  
4 I was involved in, which was moving from a southern Iraq  
5 military strategy, if you like, to a comprehensive  
6 political strategy towards Iraq, and that was of  
7 particular importance to the FCO, and the associated  
8 issues that went with that transition process, which  
9 included, obviously, some of the internal political  
10 developments in Iraq, particularly the external  
11 relationships of Iraq, the European Union's approach to  
12 Iraq, and, indeed, the UN's approach to Iraq.

13 So it is those issues associated with that  
14 transition strategy, but the strategy was essentially  
15 set before I started in the job.

16 BARONESS USHA PRASHAR: Given your span of responsibilities,  
17 how much time were you able to spend on Iraq at that  
18 time?

19 SIR MARK LYALL GRANT: I think overall I probably spent less  
20 than 10 per cent of my time, if I'm honest. There is  
21 a number of reasons for that. I came into the job.  
22 I was not an Arabist. I haven't been posted in the  
23 Middle East. So I haven't been familiar with that in  
24 the past in my career. I came from being ambassador in  
25 Pakistan, and, therefore, was very familiar with the

1 Pakistan/Afghanistan issue which was rising very fast up  
2 the overall political agenda, and I had working for me  
3 some real experts who were Arabists, first, in  
4 Simon MacDonald, and then John Jenkins, and obviously  
5 Christopher Prentice in Baghdad. So I didn't feel that  
6 I needed to get involved in the day-to-day management of  
7 the policy. I was there to support them in their  
8 efforts, secure the resources for them from the FCO  
9 board as required and make the input into the wider  
10 Whitehall process as required.

11 BARONESS USHA PRASHAR: Can we come to the Whitehall  
12 process? Because you said this was a process of  
13 transition from the military to a sort of political  
14 comprehensive approach.

15 How did you determine the links with other Whitehall  
16 departments in terms of delivering what was required?

17 SIR MARK LYALL GRANT: Well, by the time I took over the job  
18 in February 2009, the Iraq policy was being run out of  
19 the Cabinet Office. Inevitably, at ministerial level,  
20 and, to a lesser extent, at official level, this was  
21 dominated by discussion of different aspects of the  
22 military posture.

23 Less so at official level, I would say, because  
24 there we had a bit more time to look at the whole range  
25 of different aspects of Iraq policy, but when Ministers

1 got together in DOP and then in NSID, it tended to focus  
2 primarily on those military issues, understandably so.

3 So I think from the Foreign Office's point of view,  
4 we were concerned to make sure that those wider issues  
5 were factored into the policy and it was our role, as  
6 the FCO, to ensure those wider political issues were  
7 factored into the Cabinet Office approach to Iraq.

8 That became increasingly important as there was  
9 a transition of the military strategy and a withdrawal  
10 of the military forces from Iraq, and we did have  
11 a concern in the period of 2008/2009 to ensure that  
12 there was a good buy-in from other parts of Whitehall to  
13 the overall comprehensive strategy we wanted for Iraq  
14 going forward.

15 BARONESS USHA PRASHAR: Before I come to that, what was your  
16 understanding of the expectations of the  
17 Iraqi Government at that stage, of the UK, because, you  
18 know, we had made a statement that there was going to be  
19 transition, but what were the expectations of  
20 Iraqi Government at the time?

21 SIR MARK LYALL GRANT: The impressions that we got, and  
22 indeed it was made very clear by Prime Minister Maliki by  
23 the beginning of 2007, and perhaps even earlier, that he  
24 was enthusiastic about a transition process and was  
25 encouraging that process to accelerate, if anything.

1 BARONESS USHA PRASHAR: Now, when you took over, I mean, the  
2 situation on the ground in Basra was not very good.  
3 I mean, there was a great deal of insecurity and there  
4 was a kind of crisis management. I think it was  
5 John Jenkins, when he saw us, he said it was dominated  
6 by crisis management, rather than thinking in the longer  
7 term.

8 I mean, did you feel the UK policy on Iraq was being  
9 driven by crisis management and in response to events on  
10 the ground?

11 SIR MARK LYALL GRANT: Inevitably, there was an element of  
12 that because there were very regular crises of different  
13 sorts, whether there was a political crisis in the  
14 relationship with Prime Minister Maliki or a military  
15 crisis in terms of an engagement or a threat to British  
16 troops, or there was the hostage crisis, of course,  
17 which was another aspect of the policy. All these were  
18 regular crises. So inevitably, there was a certain  
19 amount of crisis management involved.

20 But, no, I would say that because of the structure  
21 of the Cabinet Office meetings with -- you know, regular  
22 meetings at different levels, two different levels of  
23 the officials and then the ministerial meetings, that it  
24 was a pretty structured approach to Iraq policy and it  
25 wasn't entirely driven by crisis management.

1 BARONESS USHA PRASHAR: So you were saying that you were  
2 able to balance crisis management with the long-term  
3 strategy?

4 SIR MARK LYALL GRANT: Not in 2007, I would say. In 2007,  
5 we were still very much in a difficult security  
6 situation and the focus really throughout 2007, firstly,  
7 in the withdrawal of the British troops from  
8 Basra Palace to the air station in the beginning  
9 of September, and with the movement to provincial Iraqi  
10 control in December, the focus was very much on  
11 security.

12 I think in 2008, as those security concerns eased,  
13 particularly after the Charge of the Knights  
14 in March/April 2008, then I think there was an  
15 opportunity to focus on the wider agenda, which included  
16 the economic development of Basra, the political  
17 engagement and the longer-term strategy, but 2007, you  
18 are right, it was driven quite heavily by security  
19 concerns.

20 BARONESS USHA PRASHAR: So you are saying before the Charge  
21 of the Knights, the focus was very much on security and  
22 crisis management, but post Charge of the Knights you  
23 were able to shift the focus?

24 SIR MARK LYALL GRANT: I think, from our point of view, the  
25 Charge of the Knights came as something out of left

1 field. So I would put it more in  
2 terms of our own withdrawal from the centre of Basra to  
3 the air station in August/September and then handing  
4 over to provincial Iraqi control in December.

5 I think it was really in December, that was the time  
6 when we were moving away from a predominantly security  
7 strategy to a wider political strategy.

8 THE CHAIRMAN: Can I just ask, is it more a question of  
9 where you have to put time and effort and attention in  
10 response to events, rather than shifting the direction  
11 of the overarching strategy of transition?

12 SIR MARK LYALL GRANT: Yes, I think that is probably right.  
13 I think the overarching policy of transition was set at  
14 the beginning of 2007, and although the dates for  
15 particular elements of that transition changed in  
16 accordance to events on the ground, including the Charge  
17 of the Knights, I don't think the overall strategy  
18 significantly changed in the full time I was  
19 Political Director.

20 BARONESS USHA PRASHAR: At what time was the FCO asked to  
21 take the overall charge of the strategy? Because it  
22 moved from Cabinet Office to the FCO. That happened  
23 while you were there, yes?

24 SIR MARK LYALL GRANT: It happened while I was there.  
25 I wouldn't quite put it in those terms, though.

1 I think we in the Foreign Office, and particularly  
2 Frank Baker and his team, had been beginning to work on  
3 an Iraq strategy from the end of 2007, and I was very  
4 keen to encourage him to do this work. I think there  
5 was not real engagement at a senior level in Whitehall  
6 until nearly a year later because they had other  
7 concerns in that period. So all the preliminary work  
8 was done by the FCO.

9 There were occasional official meetings at lower  
10 level across Whitehall, but the real buy-in from  
11 Whitehall came towards the end of 2008, the autumn of  
12 2008, and then finally at ministerial level over  
13 Christmas, really, of 2008, beginning of 2009.

14 BARONESS USHA PRASHAR: Are you saying that because there  
15 was a move towards a drawdown, a move towards sort of  
16 normal bilateral relationships with Iraq, it was felt  
17 that FCO should be a better focus in terms of driving  
18 the policy, or was there a decline in the interest  
19 across Whitehall in Iraq at that time?

20 SIR MARK LYALL GRANT: I just don't think there was  
21 the capacity at the Cabinet Office to do  
22 longer-term thinking of that sort at the same time as  
23 handling the day-to-day policy and it was -- it  
24 naturally fell to the Foreign Office to look at where  
25 Britain's long-term strategic interests were in Iraq and

1 in the wider region. So.  
2 I think it just fell naturally to the  
3 Foreign Office. I don't think we took it back from the  
4 Cabinet Office. I think it is a role that would always  
5 have fallen to the Foreign Office to do the first  
6 drafting and then to get the buy-in from the rest of  
7 Whitehall.

8 BARONESS USHA PRASHAR: So you are suggesting there is  
9 a natural evolution when there is a military drawdown  
10 moving towards a bilateral relationship? It sits with  
11 the FCO. Is that what you are suggesting.

12 SIR MARK LYALL GRANT: Yes, the FCO had an important policy  
13 in input into the Cabinet Office process  
14 throughout, and I wouldn't want to undermine that. It  
15 is that I didn't play such a personal role in that  
16 aspect of it, but there would always be Foreign Office  
17 representation in all the Cabinet Office meetings, and  
18 the Foreign Secretary was obviously very engaged at  
19 every stage, but when it came to who drafts the  
20 longer-term strategy papers, it would naturally fall to  
21 the Foreign Office to do that.

22 THE CHAIRMAN: The first department with the best bit of  
23 paper has the lead.

24 BARONESS USHA PRASHAR: Would you take credit for drafting  
25 such papers?

1 SIR MARK LYALL GRANT: We would certainly take credit for  
2 drafting that, but I wouldn't take the credit.  
3 Frank Baker and his team did it, and I don't know if  
4 you want to get on to what the elements of the strategy  
5 were, but we were concerned in the Foreign Office in the  
6 course of 2008 that, as the overall strategic focus of  
7 the government on Iraq was lowered, that, as there was  
8 the military drawdown in particular in Basra, that there  
9 would be less of a buy-in to a longer-term strategic  
10 investment in Iraq from other government departments,  
11 that we in the Foreign Office felt was very important,  
12 both for strategy reasons, but also for financial  
13 reasons, and we can come on to that, if you like, but  
14 there was a financial element to this.

15 BARONESS USHA PRASHAR: Can I just come back to another  
16 point? There was a kind of move towards a military  
17 drawdown and I think there was a wish to kind of move  
18 out of Iraq and move to bilateral relationships.

19 Do you think that we were hurrying towards  
20 a military drawdown and did that have any impact on the  
21 way we developed our bilateral relationships with Iraq?

22 SIR MARK LYALL GRANT: No, I don't think so. I think the  
23 original transition strategy set out at the end of  
24 2006/beginning of 2007, envisaged probably a faster  
25 drawdown than, in fact, turned out to be the case, and

1           it got delayed for a whole variety of reasons, but the  
2           basic strategy remained the same. I don't think it was  
3           hastened in any way.

4   BARONESS USHA PRASHAR: Can you tell me what kind of advice  
5           were you putting to Ministers on the strategic options,  
6           both for Iraq and for the region for the longer term?

7   SIR MARK LYALL GRANT: It is difficult to encapsulate that  
8           in a simple answer. I was quite focused at one point on  
9           the comparisons and differences between Iraq and  
10          Afghanistan -- obviously I had greater expertise in the  
11          second area -- and the lessons to be learned from Iraq  
12          for Afghanistan and elsewhere. So that was one set of  
13          advice I was putting to Ministers.

14                 Then there was the wider question of Iran, which  
15                 took up probably more than 20 per cent of my time as  
16                 Political Director and there was obviously a very strong Iraq  
17                 element to our Iran strategy.

18                 Then the neighbouring countries, we were heavily  
19                 involved in lobbying the neighbouring countries of Iraq,  
20                 trying to encourage them to take a more open approach to  
21                 Prime Minister Maliki and Iraq, open up their own  
22                 diplomatic relations with Iraq. We were heavily engaged  
23                 in trying to intensify the EU engagement with Iraq and  
24                 this was something that the Foreign Office was heavily  
25                 involved in, the Foreign Secretary personally was

1 involved in, and culminated in successful decisions by  
2 the European Council in April and May 2008 with  
3 a much stronger financial and political engagement from  
4 the EU. So that was a big concern for us.

5 There was obviously the impact on the bilateral  
6 relationship with the United States and the US handling  
7 aspect of Iraq, which we were heavily involved in.

8 So --

9 BARONESS USHA PRASHAR: Can we talk a little bit about that?  
10 Because -- in terms of what we were trying to do in Iraq  
11 and what impact, if any, did that have with our  
12 relationship with the United States at the time.

13 SIR MARK LYALL GRANT: Well, I think both at the time and  
14 subsequently what we have achieved in Iraq has  
15 strengthened the strategic relationship with the  
16 United States. Obviously, at different points in the  
17 cycle there were some tensions over particular tactical  
18 decisions, but, overall, we were, from start to finish,  
19 the second largest contributor of military forces in  
20 Iraq and America's strongest ally on Iraq.

21 So I think the fact that that was the case at the  
22 time and subsequently has strengthened the strategic  
23 relationship with the United States.

24 BARONESS USHA PRASHAR: What was the -- the hope that you  
25 wanted to deliver through the United Nations, the EU and

1           so on? What were the expectations there? What were you  
2           trying to do in relation to the United Nations?

3   SIR MARK LYALL GRANT: On the European Union, what we  
4           wanted -- I mean, the European Union was obviously split  
5           in 2003 and there was some temporary damage to our  
6           relationship with France and Germany as a result of our  
7           going with the Americans into Iraq, and that was slowly  
8           repaired over the 2005, 2006, 2007.

9   THE CHAIRMAN: Actually quite quickly with UNSCR 1483.

10   SIR MARK LYALL GRANT: Yes. I wouldn't want to exaggerate  
11           the damage that was done, but clearly it did affect our  
12           bilateral relations for a while, but the French, with  
13           the Swedes, actually led the momentum with our support  
14           in bringing the European Union back to a relationship  
15           with Iraq, and that meant having an EU delegation  
16           presence in Iraq, increasing the amount of money that  
17           the European Commission was giving to Iraq, getting  
18           senior political leaders, both from the Commission and  
19           from the member states, to visit Iraq and have  
20           a political engagement. So that was important to us  
21           because we did feel that the EU was not paying the  
22           attention to Iraq that was required and was necessary and  
23           important because of Iraq's strategic importance.

24   BARONESS USHA PRASHAR: What about the United Nations?

25   SIR MARK LYALL GRANT: The United Nations was a slightly

1 different set of issues. The United Nations, because of  
2 the bombing in 2005 -- was it ?-- had left. We were keen  
3 for them to re-engage in Iraq on the ground and were  
4 pressing for that.

5 Also, there was a number of issues related to the UN  
6 Security Council Resolutions that had to be dealt with  
7 throughout the time we are talking about  
8 and which obviously the Foreign Office took the lead on  
9 in terms of ensuring the right mandate for the  
10 international force --

11 THE CHAIRMAN: Just for the record, I think the bombing of  
12 the hotel where the UN delegation was hit and  
13 Sergio de Mello was killed, that was 2003, wasn't it?

14 SIR MARK LYALL GRANT: 2003, was it? I apologise.

15 So for that period after 2003, there wasn't any UN  
16 presence there, and obviously we were encouraging them  
17 to go back, but also it was dealing with the various  
18 timetables that we had for the UN Resolutions, whether  
19 they should be rolled over, whether they should be  
20 discontinued, whether we should wrap up the weapons  
21 inspection regime at the UN, et cetera.

22 So there was a range of issues related to UN  
23 handling which was obviously important to us as well.

24 BARONESS USHA PRASHAR: What about the level of our own  
25 commitment? What sort of presence did we want in Iraq,

1           was it to be concentrated in Basra? in Baghdad? Were  
2           there discussions about the level of involvement that we  
3           should have? DFID should have? UKTI should have?

4   SIR MARK LYALL GRANT: This was an essential part of the  
5           longer-term strategy papers that we were working on the  
6           course of 2008 and the final paper, which you will have  
7           seen, set out, I think, 10 different strategic  
8           interests that we felt that the United Kingdom had in  
9           Iraq, which spanned a wide range of Whitehall  
10          departments, and we did it in that way to demonstrate to  
11          other Whitehall departments that they had a strategic  
12          interest in a stable and prosperous and successful Iraq  
13          going forward, and, therefore, should be prepared to  
14          invest some of their money in providing that.

15                 Because one of the big difficulties we had is the  
16          Foreign Office, as elsewhere in the world, provides the  
17          platform on which HMG operates overseas, but the  
18          platform in Iraq is particularly expensive. Erbil is  
19          our most expensive post in the world per head,  
20          because we only have four people there and it costs  
21          £6.5 million to run, so it is more than £1.5 million  
22          per person. Basra is slightly less, and Baghdad is  
23          slightly less than that because of the economies of  
24          scale.

25                 Therefore, the Foreign Office could not afford to

1 sustain three posts in Iraq in the medium term without  
2 help from other government departments and we were keen  
3 that, after the withdrawal of the military presence,  
4 that the MoD would still have a vested interest and  
5 would be prepared to put some money in it, that DFID  
6 would continue to engage in Iraq, although it is  
7 a middle-income country and they wouldn't normally have  
8 a bilateral programme in Iraq or anyone there, that the  
9 UKTI would re-engage as quickly as possible to get the  
10 commercial links going, that the Home Office have  
11 an interest in the return of failed asylum seekers --

12 BARONESS USHA PRASHAR: Did you get a buy-in from these  
13 departments?

14 SIR MARK LYALL GRANT: We did in the end, and I think if one  
15 looks at the figures, the overall cost to the  
16 Foreign Office of Baghdad, for instance, is probably  
17 between 30 to 40 per cent of the total cost and the rest  
18 of it is defrayed by a number of other Whitehall  
19 departments.

20 The argument that we had first at the board level in  
21 the Foreign Office, I had to persuade the Foreign Office  
22 Board that we should maintain three expensive posts in  
23 Baghdad, when we were under huge pressure from the  
24 Foreign Office budget elsewhere. I had to persuade the  
25 Foreign Office Board of that, and then, having done

1           that, had to persuade the rest of Whitehall it was worth  
2           them also helping to invest in three posts in the longer  
3           term in Iraq.

4   BARONESS USHA PRASHAR:   What was the view of the  
5           Iraqi Government? Did they share the same sort of view  
6           of the kind of relationship we wanted with Iraq?

7   SIR MARK LYALL GRANT:   Yes, Prime Minister Maliki, every  
8           time we discussed that with him, the Prime Minister  
9           discussed that with him, was very keen to emphasise that  
10          he valued a long-term relationship with the  
11          United Kingdom and expected to have a long-term  
12          relationship of a broad-based nature with the  
13          United Kingdom for the indefinite future.

14   BARONESS USHA PRASHAR:   You talked about the EU and the  
15          United Nations, but what about Saudi Arabia and Iran in  
16          terms of the bilateral relationship? What impact did  
17          that have in the region?

18   SIR MARK LYALL GRANT:   I would separate the two out.  
19          Saudi Arabia has always been quite stand-offish about  
20          Iraq and particularly about Prime Minister Maliki,  
21          partly because of the Sunni/Shia issue, and even now  
22          does not have a resident ambassador, I don't think, in  
23          Baghdad.

24          Most of the other neighbours, the Arab neighbours,  
25          did open up diplomatic relations with Iraq in the course

1 of 2008 and 2009 and sent ambassadors to Baghdad as the  
2 security situation improved. So I think it was  
3 a question of encouraging them to deal with Iraq as  
4 a normal Arab ally and neighbour.

5 Iran was a rather different issue because of the  
6 history, and Iran we saw as primarily a malign influence  
7 in Iraq. Iran was heavily involved politically, and  
8 that is entirely legitimate, had extensive political  
9 influence in Iraq, but was also involved in supporting  
10 and funding and arming and training militias, Shia  
11 militias, in southern Iraq, and that was not legitimate.

12 So we took these issues up quite regularly with the  
13 Iranian Government and factored it into our overall  
14 policy towards Iran, which was focused not only on the  
15 nuclear issue, but also on the wider regional role that  
16 Iran played.

17 BARONESS USHA PRASHAR: Can I ask a final question before  
18 I hand over to Sir John?

19 We went through phases, you know, the invasion, then  
20 it was the aftermath and the transition. From your  
21 strategic perspective, you know, what are the lessons to  
22 be learned in terms of the way we would draw and how we  
23 developed bilateral relationships and get the buy-in  
24 across Whitehall? Are there any observations you want  
25 to make?

1 SIR MARK LYALL GRANT: I think one of the lessons drawn is  
2 that you can't start too soon in terms of that  
3 transition policy, and then I think you need to have  
4 a very clear-eyed view at the beginning of your  
5 transition strategy about what you are transitioning to.  
6 That was a lesson that we were keen to inject into Iraq  
7 but was also valid in other theatres as well. I think  
8 that's extremely important, but also to have a very  
9 clear-eyed picture of what the long-term strategic  
10 interest is.

11 This is an area where there are some differences  
12 between Afghanistan and Iraq, for instance. There is no  
13 doubt in my mind that Iraq is a very important strategic  
14 country for the United Kingdom in the way that  
15 Afghanistan is not, and that, therefore, we should have  
16 a long-term strategic relationship with Iraq of a sort  
17 that, in the longer term in Afghanistan, when the  
18 immediate crisis is over, would not be necessary, and it  
19 is some of those comparisons that I think are important.

20 The reason I say that on Iraq is because Iraq is  
21 a country which sits on the dividing line between Persia  
22 and the Arab world. It sits on the dividing line  
23 between Sunni and Shia communities. It is a neighbour  
24 of Turkey, and, therefore, could be a neighbour of the  
25 European Union, if Turkey joins the European Union. It

1 has got massive oil and gas reserves. We therefore have  
2 a very strong strategic interest in Iraq being  
3 a successful, prosperous, stable, country, and in being  
4 an ally of the United Kingdom.

5 During my time, Christopher Prentice, I think, put  
6 it rather well, but it was an argument that I used a lot  
7 with the Foreign Secretary and in the Whitehall  
8 discussions, was that we wanted a more north/south sort  
9 of strategic axis for Iraq linking Turkey with the  
10 Gulf, and, therefore, linking the Gulf with Europe and  
11 Turkey, rather than being a conduit for Iranian  
12 influence from east to west into the Levant, and that is  
13 why Iraq is a fundamentally strategically important  
14 position in a way that Afghanistan is not, for instance.

15 BARONESS USHA PRASHAR: But that is the strategic importance  
16 in the sort of the geopolitical context that you are  
17 talking about, but I think it was John Jenkins who said  
18 that Iraq is a very fragile democracy and it still needs  
19 to be supported, and, hence, you know, getting the  
20 involvement of the EU and the United Nations and so on.  
21 But does that not point towards a difference in the  
22 strategic role as well, in terms of what DFID and UKTI  
23 and other departments do? I mean, doesn't that have to  
24 be underpinned by another kind of strategy?

25 SIR MARK LYALL GRANT: No, the strategy that we drafted and

1 was agreed by Ministers at the end of 2008 very much had  
2 all those elements in it. We talked about the political  
3 relationship. We have talked about the  
4 counter-terrorism relationship and the energy  
5 relationship and the commercial relationship, but we  
6 also talked about politics and governance and rule of  
7 law, important areas for the success of Iraq, in which  
8 DFID needed to be engaged.

9 So when I talk about a comprehensive political  
10 strategy to Iraq, I include very much those areas,  
11 because, if there aren't -- if there isn't good  
12 governance or sufficiently good governance and respect  
13 for human rights and humanitarian issues, democracy and  
14 the rule of law, then Iraq will not be a successful  
15 state.

16 BARONESS USHA PRASHAR: Thank you.

17 THE CHAIRMAN: I would like to raise some questions about  
18 Iraq and the UK now, but more to the point in the  
19 future, but just one brief reference backwards, which --  
20 I don't think I particularly like the phrase "the race  
21 to the exit", but there was, in our concluding phase of  
22 military involvement, an urge for a rapid drawdown, as  
23 rapid as could be managed, and an equally strong drive,  
24 if not stronger, from Prime Minister Maliki's government  
25 to see the end of the military occupation or even

1 presence, which left some of our legacy in terms of  
2 projects and programmes or even involvement incomplete.

3 How did that balance come out in terms of UK/Iraqi  
4 relationships at the end point? Was it a good thing  
5 that we had gone as quickly as we did, from their  
6 perspective?

7 SIR MARK LYALL GRANT: I can't speak for all the Iraqis.

8 I think there may have been some in Basra who would have  
9 liked us to have stayed longer, but, certainly, the  
10 signals that we were getting from Prime Minister Maliki  
11 and his immediate entourage was that they wanted to see  
12 that transition phase as soon as possible.

13 THE CHAIRMAN: Because it strengthened their own political  
14 position and perception?

15 SIR MARK LYALL GRANT: There may be a number of reasons for  
16 it, but he was expressing it to us as wanting to do that  
17 and wanting to transfer to a wider political strategy.

18 Now, he has always made the case, as I mentioned  
19 earlier, that he wanted to longer-term relationship. He  
20 wanted that to include education, culture, commercial  
21 links, energy links, et cetera, and we have seen the  
22 fruits of that since then. But he didn't want to see  
23 British troops remaining in Iraq. That's part of  
24 underlining the difficulty that we had in securing  
25 a legal base for a continuing military presence in Iraq.

1 THE CHAIRMAN: Yes. We have heard interesting evidence from  
2 John Jenkins and Christopher Prentice, I think, about  
3 a very deep down and rather mixed sentimental  
4 relationship between Iraq and the United Kingdom. The  
5 British being known as "Abu Naji" or "Uncle" or "Father  
6 Naji", with both sort of Uncle Sam-type implications,  
7 affection as well as irony in there.

8 Is that an identifiable strand in the rope that  
9 binds the two countries together?

10 SIR MARK LYALL GRANT: I'm not really qualified to answer  
11 that, Sir John. They are both Arabists and have spent  
12 time in Iraq in a way that I haven't. It sounds logical  
13 and I can, by extrapolation from the country I know much  
14 better, Pakistan, there is certainly that there. So  
15 I wouldn't be surprised to find it in Iraq.

16 THE CHAIRMAN: So looking at where Iraq is going to go, or  
17 is likely to go, it is not too different, though the  
18 timing and the rate of progress may be different, from  
19 the original expressed aspirations of the coalition,  
20 a democratic, stable state in the middle of the  
21 Middle East, not threatening its neighbours and all the  
22 rest of it. Oil commerciality, but also the fruits of  
23 democracy that you have just been describing.

24 Which is of these is more important for the  
25 United Kingdom? Is it economic considerations,

1 political stability or humanitarian, the wellbeing of  
2 25 million people with whom our fate has been bound up  
3 to some degree?

4 SIR MARK LYALL GRANT: I'm not sure you can prioritise very  
5 strictly between those. I think obviously we would like  
6 Iraq to be a democratic, human-rights-abiding country  
7 going forward, and, as such, to be a model for wider  
8 democratic governments in the region, but we are not  
9 naive in thinking that: (a) it is likely to have that  
10 model role, and, therefore, impact on countries like  
11 Saudi Arabia, and (b) that it is absolutely  
12 essential.

13 I think what is essential from our point of view is  
14 that Iraq remains a single state with secure borders,  
15 that it has a functioning government, that it has  
16 a functioning economy and that the government can exert  
17 full security control of the country. Those are the  
18 bare minima.

19 Obviously, if, on top of that, there could be  
20 improving rule of law, strengthening and sustained  
21 democracy, abidance of human rights and better  
22 social conditions, better social delivery to the people,  
23 then that would also be highly desirable, but I don't  
24 say it is absolutely essential in the near future.

25 THE CHAIRMAN: With hindsight, is it almost a surprise that

1 you know, a state, Iraq, with -- I mean, three major and  
2 other minor ethnic components, should have found a sense  
3 of national unity as dominant over the fissioning forces  
4 between Shia, Sunni, Kurd, or, indeed, between the  
5 possession of the oil-rich north and the even oil-richer  
6 south as against the centre, which had political power  
7 but not resource.

8 Do you think that the evidence of living through  
9 that six-year crisis since Saddam was toppled means that  
10 we, the United Kingdom, looking in at Iraq, don't have  
11 to worry too much about the stability of the state?

12 SIR MARK LYALL GRANT: I wouldn't go quite as far as that  
13 myself. I am optimistic about the future, but there are  
14 still fragilities and I think the relationship between  
15 the three communities is still very fragile.

16 Yes, there is an emerging Iraqi nationalism, which  
17 is important, and we have seen that particularly in  
18 respect of Iran, and in the light of the Charge of the  
19 Knights, one of the consequences of Charge of the  
20 Knights is a rather different approach of the  
21 Iraqi Government towards Iran, which I think is  
22 beneficial, but there are still fragilities there to  
23 worry about.

24 THE CHAIRMAN: Thank you.

25 SIR LAWRENCE FREEDMAN: I just wanted to come in on that.

1 Just as an example of these fragilities, would you see  
2 the recent move to disbar 500 candidates, largely Sunni,  
3 from the elections as potentially threatening to what  
4 stability that has been reached? This is taking us to  
5 current policy, but is this a sort of test for the  
6 coalition as to -- as to whether the questions of the  
7 rule of law, rights, governance and so on, have taken  
8 root?

9 SIR MARK LYALL GRANT: I'm not close enough to the policy  
10 now, as I'm in New York, to comment on the particular  
11 episode that you are referring to, but clearly it is  
12 a symptom of those continuing tensions between the  
13 different communities.

14 We saw that, in the wake of the Charge of the  
15 Knights, whose impact was significant in security terms  
16 but possibly more significant in political terms, that  
17 it did strengthen Maliki's position. It did make him  
18 more confident, but at the same time, in that confidence  
19 there was a risk to his willingness to reach out to the  
20 other two communities, and until some of the big issues  
21 like the oil revenue shareout, the Kirkuk issue, are  
22 finally resolved, there will continue to be these  
23 tensions between those communities.

24 The incident you are talking about of 500 Sunni  
25 candidates being disbarred, I think is a small symptom

1 of that. I'm not close enough to it to know if it is  
2 significant or very minor.

3 THE CHAIRMAN: Going back to Iraq yesterday, today, and  
4 indeed tomorrow, I would like to hear, if we may, a bit  
5 more about the institutional context -- international  
6 institutional context within which Iraq will now be  
7 operating, with, in large part, our encouragement.

8 The role of the IMF has been distant throughout the  
9 period and not present in the country. The World Bank,  
10 by contrast, are back in business in a substantial way.

11 Is part of our bilateral relationship with Iraq to,  
12 as it were, gently help and encourage and smooth the  
13 path, or are they absolutely on their own, as  
14 a free-standing state, to pursue these relationships  
15 with the international institutions?

16 SIR MARK LYALL GRANT: No, we would certainly see it as part  
17 of our role to encourage engagement by the IFIs in Iraq  
18 where we saw that to be justified, and, likewise, to  
19 encourage Iraq to take the steps necessary to secure  
20 that engagement. I think that is part of being  
21 a friendly ally of Iraq.

22 THE CHAIRMAN: You have mentioned the European Commission  
23 and not least the leadership given by the French and the  
24 Swedes as well as ourselves to strengthen that bond.  
25 Are there any others which we ought to be aware of,

1 looking back at the period since 2003, which either need  
2 to be developed or are underdeveloped, or not?

3 They have a currency, the debt problem has largely  
4 been resolved, I believe. They are in membership of the  
5 main international institutions. Are we, as it were,  
6 free to go with a sense that our responsibility, such as  
7 it has been, is discharged in that context?

8 SIR MARK LYALL GRANT: I think I would point to a couple of  
9 important relationships. The Kuwait/Iraq relationship  
10 still has to be settled. There is still no agreement on  
11 the border and that is an important issue, which is  
12 blocking lifting of some of the remaining Saddam-era,  
13 UN Resolutions applying to Iraq.

14 Now, Iraq would like all the UN Resolutions that  
15 were imposed, if you like, or adopted in the time of  
16 Saddam Hussein to be lifted as a sign of normalisation  
17 of the Iraqi state, and we support that in principle,  
18 but in some cases, and the relationship with Kuwait is  
19 one of them, we think that there was more that Iraq  
20 needs to do to recognise the border with Kuwait, finally  
21 settle the reparations issue from the first Gulf War in  
22 order that that step could be taken at the  
23 United Nations. So I think that relationship is very  
24 important, because there is great sensitivity in Kuwait,  
25 for obvious reasons, still towards Iraq.

1           The other relationship is the one with Turkey, which  
2           of course is linked to the Kurdish problem, and there  
3           relations have improved very significantly and we have  
4           worked quite closely with the Turks encouraging them to  
5           invest in the south of Iraq, in Basra, as well as in  
6           Kurdistan, in the Kurdish regions, which is their more  
7           natural area for investing.

8           We have had to handle, in my time, a couple of  
9           crises where Turkish troops have come across the border  
10          into northern Iraq, and to calm down the differences and  
11          to try to foster a dialogue between Ankara and Baghdad  
12          on the Kurdish issue. So I think that relationship is  
13          absolutely critical to the long-term stability of Iraq  
14          and is still, to some extent, a work in progress  
15          although looking quite promising. So I think those two  
16          relationships are critical.

17          Saudi Arabia is absolutely essential --

18   THE CHAIRMAN: Yes, you mentioned it a little earlier. It  
19          would be good to hear a bit more about that.

20   SIR MARK LYALL GRANT: Saudi Arabia, because it is the  
21          guardian of the holy sites, you know, and is very much  
22          in the leadership role in the region, the fact that they  
23          have not completely normalised their relationship, if  
24          you like, with Prime Minister Maliki's government,  
25          I think is a hindrance to the development of Iraq going

1 forward and we believe that Saudi Arabia should now step  
2 forward. They are reticent because they see where  
3 Prime Minister Maliki has come from, and I think they  
4 feel he leads a sectarian government, but some of the  
5 electoral processes that are going forward hopefully  
6 will assuage some of those concerns that Saudi Arabia  
7 has, because that relationship is absolutely  
8 fundamental.

9 Then, of course, you have Iran. Now, in that case  
10 we would hope that there would be a correct and friendly  
11 and neighbourly relationship between Iran and Iraq,  
12 respecting the sovereignty of each country.

13 THE CHAIRMAN: With so much recent history, but also  
14 unresolved questions like boundary lines down the Shatt,  
15 and all that kind of thing.

16 Right. Can we turn the telescope right round the  
17 other way and allow me to ask: has the experience of  
18 Iraq and our engagement in it, since 2003, had  
19 a material impact on our ability, strength, in pursuing  
20 our own policies within the region?

21 I'm thinking especially of the Middle East peace  
22 process, but not only that. Is it reputational and, if  
23 so, is it positive or negative, or is it more  
24 substantive than that?

25 SIR MARK LYALL GRANT: There is no doubt that the

1 United Kingdom took a reputational hit, as did the  
2 United States, in 2003 in the Muslim world. When I say  
3 "Muslim", I mean including beyond the Arab world. I was in Pakistan  
4 at the time and therefore felt it very directly in  
5 Pakistan, not so much from the Pakistani Government, but  
6 from the Pakistani people. What happened  
7 in 2003 was deeply unpopular in countries as far away as  
8 Pakistan. So clearly there was a reputation hit.

9 Now, I think that has been recovered since, and  
10 certainly, when I arrived in New York in November last  
11 year, the British reputation was extremely high,  
12 including with all the Arab countries with whom we  
13 engage at the UN.

14 The second point I would make is I think, although  
15 there was a reputational hit as a result of Iraq, the  
16 bigger issue, by a very long way strategically, is the  
17 Israel/Palestine issue, and I think it is how that is  
18 handled by the United States and by the European Union, which  
19 has much longer lasting and current impact on our  
20 reputation in the region, and Iraq.

21 THE CHAIRMAN: Which means dipping back into the history of  
22 the last seven years, but Prime Minister Blair's, not  
23 conditionality, but persuasion of President Bush to  
24 attach himself to the Middle East peace process, part of  
25 the Iraq strategy was important, but the results have

1           yet to bear fruit?

2   SIR MARK LYALL GRANT: Absolutely. I mean, the Middle East  
3           issue dominates a lot of discussion at the  
4           United Nations the whole time. I mean, I was very  
5           struck in Pakistan, despite the fact you had Kashmir on  
6           the one side, Afghanistan on the other, that the most  
7           visceral issue was still Palestine and not those  
8           neighbouring issues, despite the fact that Palestine is  
9           a couple of thousand miles away.

10           So there is no doubt that that is the poison in the  
11           well, if you like, and is a much bigger issue than the  
12           Iraq issue.

13   THE CHAIRMAN: Yes. I'll come back really to finish off my  
14           own questions of interest. You were sitting at the top  
15           set of the Foreign Office looking backwards over the  
16           period as well as forward. Have we learned things that  
17           are useful for potential future situations in terms of  
18           the way we organise ourselves?

19           One feature that has been given to us several times  
20           in evidence as a good thing is the creation of the  
21           Stabilisation Unit, so that we can find much more  
22           speedily than we could in 2003, experts and people  
23           willing to go into conflict situations to help with the  
24           stabilisation process.

25           That's one, but there may well be others. Do you

1           have any observations on that?

2   SIR MARK LYALL GRANT: I think the stabilisation issue is  
3           one. I think the question of planning ahead for the  
4           transition process and being very clear where you want  
5           that to end up is certainly another. I think the  
6           financial issue is a third, which bedevils Afghanistan  
7           policy certainly, as well as Iraq, but I think we do  
8           need to learn lessons from that.

9   THE CHAIRMAN: Could you just expand on that a little? The  
10          financial issue in terms of the machinery for  
11          identifying and freeing up money to spend at short  
12          notice in unforeseen situations?

13   SIR MARK LYALL GRANT: Yes, I think what we have moved  
14          towards, both on Iraq and Afghanistan, is a very well  
15          co-ordinated machinery of government at the centre for  
16          managing the policy, both at official and ministerial  
17          level, and it works in roughly similar ways both on  
18          Iraq, or did on Iraq, and on Afghanistan.

19                 What we haven't done is come to a similar  
20          understanding of the funding streams. So you have the  
21          MoD which can call on the reserve for unforeseen  
22          military expenditure. You have DFID, who have a large  
23          amount of programme money, but can only spend it in  
24          certain ways constrained by the ODA Act, and you have  
25          the Foreign Office that doesn't have any money.

1           So the three governments have a different ability to  
2           generate funding. The government has tried to overcome  
3           this. Tried to overcome this partly on the back,  
4           I think, of the Iraq experience with the Conflict  
5           joint pools, but the joint pools have actually been  
6           a failed experiment really, in my view.

7   THE CHAIRMAN: Could you say a little more and perhaps  
8           explain it for the benefit of the record?

9           This is a chunk of money managed equally by  
10          Foreign Office -- FCO, DFID and MoD, each of them  
11          accountable at jointly deciding how the money should be  
12          spent within the envelope. Is that right?

13   SIR MARK LYALL GRANT: That's right, the principle is a good  
14          one. The difficulty is in the detail, that the money is  
15          administered in different ways; i.e., it is allocated to  
16          one department's bottom line.

17          Therefore, when you come to decisions about how to  
18          spend the money, and in particular any overspends or  
19          underspends, it leads to huge disputes between  
20          government departments. You would be surprised how much  
21          senior official time is taken up in discussions in  
22          Whitehall about allocations of relatively small sums of  
23          money compared to the overall sums that HMG is spending  
24          in Iraq and Afghanistan.

25          What has happened under the pressure of events in

1 the last couple of years and under pressure of issues  
2 that impinge on it, such as UN peacekeeping costs, is  
3 that pools have essentially collapsed and the original  
4 construct set up by the Treasury has failed and we have  
5 had to have a sort of ad hoc arrangement for dealing  
6 with it.

7 Now, I think there are other methods that you could  
8 do for arranging the funding so that you wouldn't take  
9 decisions on the basis of how much you could afford, but  
10 Ministers would sit round the table, take the decisions  
11 that they think are the right decisions to  
12 take in a strategic environment, and then the funding  
13 would follow from that.

14 What happens at the moment is that the Ministers  
15 take the decisions, then the departments get together  
16 "How are we going to fund it?", and end up by saying  
17 "Well, actually, we can't fund it".

18 THE CHAIRMAN: So the pools were filled originally by  
19 departmental contribution rather than by new money?

20 SIR MARK LYALL GRANT: Exactly.

21 THE CHAIRMAN: Could you give us, just before we leave it,  
22 because it is important and interesting for the future  
23 a for instance, perhaps an imaginary one, a precious  
24 DFID project, which had a lot of support from the MoD  
25 because it would have a good effect on security in

1 a particular place, be it Basra, but needing also  
2 political support, whatever. Is that the kind of case  
3 where pooled money might be brought to bear?

4 SIR MARK LYALL GRANT: Well, I think for Basra we did find the  
5 money, but, again, it was sometimes a struggle, because,  
6 essentially, DFID were the lead department for quite  
7 a lot of economic, and, indeed, commercial work,  
8 which doesn't run into the sort of mainstream work that  
9 DFID does. As I mentioned, they wouldn't normally have  
10 a bilateral programme in Iraq at all. It is  
11 a middle-income country.

12 Therefore, when we wanted to help the economic  
13 development of Basra, ensure that there was a lasting  
14 economic legacy for the British presence in the south of  
15 Iraq, it was difficult to find the money to do that,  
16 and, indeed, some ideas that were raised at the time for  
17 legacy projects that could be done, couldn't be funded  
18 and, therefore, were not done.

19 THE CHAIRMAN: We have the opportunity to take further  
20 evidence from Sir Nick Macpherson of the Treasury and,  
21 indeed, Sir Bill Jeffrey at the Ministry of Defence, so  
22 thank you for raising that point. It is an interesting  
23 one.

24 I think I'll turn to Sir Roderic Lyne who has one or  
25 two questions he would like to put.

1 SIR RODERIC LYNE: Just a question arising from what you  
2 said earlier about the relationship with the  
3 United States. You said that what we have achieved in  
4 Iraq has strengthened our strategic relationship with  
5 the United States at the time and subsequently.

6 To what extent do you feel that the government  
7 support for a policy of the Bush administration has  
8 earned us continuing benefits within an administration  
9 now headed by somebody who opposed the Iraq war?

10 SIR MARK LYALL GRANT: Nonetheless, there has been a degree  
11 of continuity in US Iraq policy across the two  
12 administrations and I haven't sensed any difference in  
13 terms of the appreciation of the UK effort as the  
14 closest ally of the United States on Iraq.

15 Of course, we discussed our policy, our transition  
16 policy, our drawdown policy, with the new  
17 administration, when they came in, and, indeed, with the  
18 teams informally beforehand, and found that it fitted in  
19 with the emerging new US policy, but there has probably  
20 been more continuity than discontinuity in terms of the  
21 new administration policy.

22 SIR RODERIC LYNE: But you would say there have been some  
23 lasting strategic benefits in the relationship with the  
24 United States from what we did?

25 SIR MARK LYALL GRANT: I would say that, overall, the fact

1           that we were with the United States from the start to  
2           the end has been of benefit to the strategic  
3           relationship, yes, including with the new  
4           administration.

5   SIR RODERIC LYNE:  If one turned it the other way round, has  
6           the fact that Germany so strongly opposed this war had  
7           any effect on the way that the German/American  
8           relationship operates now?

9   SI R MARK LYALL GRANT:  I'm less qualified to comment on  
10          that.  Clearly there was some damage to that  
11          relationship in 2003/2004.  I don't know whether that is  
12          still the case now.

13   SIR RODERIC LYNE:  But you were the Political Director  
14          covering the whole globe, sitting on the board.  You  
15          must have kept a fairly close eye on these sorts of  
16          relationships.  How do the Germans and the Americans get  
17          on at the moment?

18   SIR MARK LYALL GRANT:  We would consider ourselves to be one  
19          of the United States closest allies, irrespective of the  
20          relationship that they have with France and Germany,  
21          but, as far as I can see, they have a perfectly good  
22          relationship with both of those countries as well.

23   SIR RODERIC LYNE:  I mean, they have a pretty strong  
24          relationship at the moment with Chancellor Merkel's  
25          administration.

1 SIR MARK LYALL GRANT: Indeed.

2 SIR RODERIC LYNE: So there hasn't been lasting damage to  
3 Germany's strategic relationship with the United States?

4 SIR MARK LYALL GRANT: I wouldn't have said so. There is no  
5 evidence of that, so, no.

6 THE CHAIRMAN: Martin?

7 SIR MARTIN GILBERT: I would like to ask a question about  
8 our evolving, changing Iraq strategy.

9 The UK initially volunteered to take over southern  
10 Iraq and to make it work. We even had this aspiration  
11 that our presence there would be in some form exemplary.  
12 We expended a huge amount of financial and, indeed,  
13 human capital in the south and we have been at the  
14 centre of reconstruction efforts raising the  
15 expectations of Basrawis.

16 What I want to know is, what is being gained, what  
17 is being lost, with regard to our long-term UK interests  
18 with the downgrading of Basra and, for example, the  
19 creation of a mini mission, as opposed to the original  
20 more substantial concept?

21 SIR MARK LYALL GRANT: I don't think I have seen any  
22 evidence that we have lost out with the Basrawis as  
23 a result of our downsizing, as it were, in Basra.  
24 I think if we had left Basra entirely and not had  
25 a presence in Basra, then that effect could have been

1 felt.

2 I think our reputation is still fairly high in  
3 Basra. I think you would need to talk to the current  
4 Consul General to check that, but I have seen no  
5 evidence that we have suffered and the reports we get  
6 back from Basra suggest that we are still highly thought  
7 of for what we did and for what we have continued to do  
8 through efforts to secure investment into Basra, some of  
9 the economic development projects that are on in Basra  
10 and some of the police training projects that are  
11 still continuing from our mini mission out of the Basra  
12 air station. So I haven't sensed that we have lost out  
13 in terms of the southern Iraqi sense.

14 I certainly hope that the time will come when we  
15 will move back into the centre of town and have  
16 a Consulate General, as we used to have, in the centre  
17 of Basra. Security doesn't allow that for the time  
18 being, but that certainly is the medium-term aspiration  
19 of the Foreign Office.

20 SIR MARTIN GILBERT: So Iraq Invest and the Prime Minister's  
21 economic initiatives of last April and since then --

22 SIR MARK LYALL GRANT: I think are hugely --

23 SIR MARTIN GILBERT: -- will benefit Basra as well?

24 SIR MARK LYALL GRANT: Will certainly benefit Basra, and the  
25 fact that the Prime Minister, personally, and ministers,

1 more generally, put a lot of effort into economic  
2 regeneration in Basra, having investment conferences  
3 here, Sir Michael Wearing's work with the Basra  
4 Development Commission, et cetera, I think was hugely  
5 appreciated by the Basrawis.

6 SIR MARTIN GILBERT: In that sense, we could have, still,  
7 some exemplary presence or involvement in Basra?

8 SIR MARK LYALL GRANT: I would certainly hope so, that there  
9 would be some lasting benefit for the United Kingdom,  
10 but until the security situation eases further and we  
11 are able to move back to the centre of the city, I think  
12 it is difficult to be certain.

13 THE CHAIRMAN: Sir Lawrence, you have a question, I think?

14 SIR LAWRENCE FREEDMAN: Yes, if you are trying to measure  
15 your influence with a country, it would be in a sense of  
16 encouraging particular policies that suit us as well as  
17 we would hope suit them.

18 Now, in the past, Iraq, during the Saddam period,  
19 there was one point where we were hoping Iraq could be  
20 a positive force in the Arab Israeli process, although,  
21 in the end, it turned out to be a strong rejectionist.

22 Do you have any sense of a role that a future Iraq  
23 might play in the peace process, what attitudes it takes  
24 to the conflict?

25 SIR MARK LYALL GRANT: I think it is too early to judge

1 that, Sir Lawrence, at this stage. There has not still  
2 been complete normalisation in relations between Iraq  
3 and its neighbours and that has constrained Iraq in  
4 playing a wider role in the Arab league and in the OIC  
5 on issues such as the Middle East peace process. But  
6 certainly we would hope that that role will strengthen  
7 and will develop in Iraq, becoming a positive influence  
8 in that process as well as on the wider regional issues.

9 SIR LAWRENCE FREEDMAN: But there is no evidence as yet that  
10 it would have a particularly different view from other  
11 members of the Arab league?

12 SIR MARK LYALL GRANT: Well, there are significant  
13 differences between members of the Arab league. You  
14 know, between Syria and Egypt, say, on the Middle East  
15 peace process. Iraq, I would imagine, would be  
16 somewhere between the two.

17 SIR LAWRENCE FREEDMAN: Syria was my next question.

18 How do you see events with regard to Iraq affecting  
19 Syria's relations with the west? Because, at one point,  
20 the belief that a lot of insurgents were coming through  
21 the border certainly affected relations with Syria.  
22 There have been a lot of other issues with Lebanon and  
23 so on with Syria. How do you see that as being affected  
24 by the shift in relations with Iraq over the last couple  
25 of years?

1 SIR MARK LYALL GRANT: Yes, you are right, there have been  
2 significant tensions between Iraq and Syria,  
3 intermittently for the last three or four years over  
4 this question of whether Al-Qaeda Iraq has got  
5 bases in Syria and use the border as a safe haven, but  
6 relations are on an upcurve at the moment, I understand.

7 I don't think myself that that relationship hugely  
8 impacts on Syria's relationship with the west. I think  
9 that will be more dependent on US/Syria relations, where  
10 there has been an opening under the new  
11 US administration towards Syria, that wasn't there  
12 before.

13 Syria's approach to its own nuclear programme and  
14 Syria's involvement in Lebanon, I think those factors  
15 will all be probably more significant than the  
16 relationship with Iraq in terms of Syria's overall  
17 relationship with the west.

18 SIR LAWRENCE FREEDMAN: Just lastly, OPEC. What sort of  
19 role do you see Iraq playing within OPEC?

20 SIR MARK LYALL GRANT: Iraq should play a very prominent  
21 role, in the sense that it has the third largest  
22 oil reserves and I think the tenth largest  
23 gas reserves. Therefore, if the production of oil and  
24 gas from Iraq increases as the capacity builds, it could  
25 be an important factor in sort of stability of the

1 energy markets for the foreseeable future. Quite how  
2 Iraq sees its role in OPEC, I'm not qualified to say.

3 SIR LAWRENCE FREEDMAN: Thank you.

4 THE CHAIRMAN: I think we are coming to the end of this  
5 session. I wonder, are there any final reflections that  
6 you would like to give us from your time as  
7 Policy Director, relating to Iraq in the period of this  
8 Inquiry's interest?

9 SIR MARK LYALL GRANT: No, Sir John. I think that covers  
10 most of the major areas.

11 THE CHAIRMAN: Good. In that case, may we thank our witness  
12 very much indeed and thank all of you who have been in  
13 the room here this afternoon. We will resume in about  
14 a quarter of an hour to take testimony from  
15 Sir David Omand. Thank you all very much.

16 SIR MARK LYALL GRANT: Thank you.

17 (3.02 pm)

18 (Short break)

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