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PRIME MINISTER

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IRAQ

We face problems ahead on Iraq. Among the Arabs, only Kuwait see Saddam as a real threat. Support for economic sanctions is weakening: many Arab countries see it as "punishment" and think ten years is enough. And Arab perceptions of US and British support for Israel in the Palestinian crisis is accelerating the breakdown of the sanctions regime. We have been looking at the policy options, but there are no easy alternatives.

The evidence of sanctions fatigue include the planned re-opening of the Iraq/Syria pipeline, the increase in "humanitarian" flights without UN approval, resumption of internal civilian flights in the NFZ and a renewed solo effort by Kofi Annan to talk to the Iraqis about the full range of issues, not just implementing SCR1284. Meanwhile, Saddam shows no signs of implementing 1284, and is focusing more on sanctions busting.

Whether it is Bush or Gore, the incoming US Administration will look again at Iraq policy. Their first instinct will be to toughen, not weaken, the US approach and seek Saddam's ouster. But short of invading Iraq, that is unlikely. The Grim Reaper is more likely to take Saddam away, as a result of his cancer, but





that is still several years off, at least. The Americans will also look at Iraq policy in the context of the Middle East more generally, including the MEPP.

thought a Bush Administration would be less heavily pro-

Israel: that might help keep other Arabs in line on Iraq. The US may also choose to view Iraq in the wider proliferation context, thus linking it with Iran, rather than as sui generis.

Issues for us include:

- (i) What is our view on continuing economic sanctions? Should we view them as essential to denying Saddam resources to re-arm, which would mean we should keep sanctions in place and try to slow down their corrosion. Or should we limit the sanctions to those which are targeted on Iraq's WMD and rearmament programmes, which would be more readily sustained for the next 5-10 years if necessary.
- (ii) Should a shift on sanctions be linked with a return of the inspectors? That is the position in SCR1284. But if UNMOVIC ever gets into Iraq, we will be back to the confrontations we faced with UNSCOM, and Saddam's finger will remain on the trigger.
- (iii) Should we continue with the No Fly Zones? Our pilots, and the military generally, are wearying of them and fearful of the risk to pilot safety. If the Iraqis shot down a plane, we would be back into direct confrontation. And the legal basis is weak they exist for humanitarian reasons, to prevent repression. That still applies in the North, but the main value of the Southern NFZ is that they help keep the Iraqis back from the Kuwaiti/Saudi borders. We would





probably need more troops in those countries to achieve the same capability against an Iraqi threat if we dropped the NFZs. There is a tricky balance here.

(iv) What posture should we adopt on these issues with the incoming

American Administration? Robin and I will be in touch with our counterparts
soon after the election is finally settled. I am inclined to raise these as questions,
and include other alternatives such as stepping up our efforts to overthrow

Saddam. We should go with ideas and concerns, not with a settled, revised
policy. That way we can take the Americans through the pros and cons of all the
options.

My own view is that we ought to use the arrival of a new Administration to put Iraq policy on a more sustainable footing. We do not want Saddam to develop WMD or threaten his neighbours. But nor do we want sanctions to just erode away, or allow Saddam to trigger recurring crises over the next five years. That argues for scaling back to targeted sanctions, while suspending broader economic sanctions; keeping control of oil revenues; and finding a way out of patrolling the Southern NFZ.

It would be helpful to have your steer on these issues. The attached JIC assessment gives useful background on how other events (Palestine, oil price, time) are combining to ease the pressures on Iraq and make it more difficult for

us.

JOHN SAWERS

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