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LONDON SW1A 2AA

From the Private Secretary

7 March 2001

Dear Howard,

IRAQ: NEW POLICY FRAMEWORK

I enclose a revised version of the proposed new policy framework on Iraq, incorporating comments from the FCO, MOD and Cabinet Office. This remains a confidential internal document and should not, repeat not, be shown or handed over to anyone outside HMG. The first task is to put the paper to the Foreign and Defence Secretaries, and to the Prime Minister.

There are a number of implicit deals within the paper:

- (i) Sanctions on civilian trade are ended; in return for co-operation from Iraq's neighbours to bring all Iraqi oil revenues under UN control, and to provide for UN monitoring of trade at the borders.
- (ii) France and Russia would secure more efficient approval procedures, with the Iraqi Government having more freedom to buy the civilian goods it chooses, in return for agreement on continued control of oil revenues;
- (iii) Civilian flights would be regularised, in return for agreement on UN inspection of cargoes before entry into Iraq.
- (iv) Assets of non-regime Iraqis would be unfrozen and private sector trade permitted, in return for targeted sanctions on those around Saddam - a travel ban (to which there would have to be arrangements for exceptional travel) and an assets freeze on regime members. (This may prove non-negotiable, but we do not want to start too close to our bottom lines)
- (v) A new consensus would be sought on the need for fundamental change inside Iraq, while respecting Iraq's territorial integrity; and that pending such change, military measures (including the no-fly zones) would have to be at least tolerated.

- (vi) SCR 1284 would remain part of the policy, and many of the benefits for Iraq would be brought forward without the need for Iraqi compliance.

Subject to
Jeremy Greenstock's view, I think such a negotiation is inevitable and essential, though we should try to keep it limited to those areas where the Security Council's agreement is necessary.

I should be grateful if the paper could now be submitted to the Foreign and Defence Secretaries, in advance of the FCO/MOD/Cabinet Office visit to Washington early next week.

I am copying this letter to Julian Miller (MOD), "C" (SIS), Christopher Meyer (Washington), Jeremy Greenstock (UKMis New York), Michael Jay (Paris) and Richard Abel and Tom McKane (Cabinet Office).

Yours ever,



JOHN SAWERS

Sherard Cowper-Coles
FCO

IRAQ: NEW POLICY FRAMEWORK

HEADLINES

A revised set of controls would be introduced as soon as possible, focused on Iraq's WMD and military programmes. Purely economic sanctions would cease. In return, Iraq's neighbours would bring an end to illegal oil exports and give practical support to enforce the revised controls. UN control of oil revenues would be retained. SCR 1284 would remain on the table with modest incentives for Iraqi compliance. Meanwhile, UNMOVIC would retain a role outside Iraq.

The NFZs would continue with patrolling patterns that minimise risk and possibly a smaller area of coverage. Red lines would be set out, and it could be clear that force would be used if they were crossed. We will work for fundamental change in Iraq, and will issue a "Contract with the Iraqi People". A renewed effort would be made to secure regional acceptance of this framework.

NEW ARRANGEMENTS TO BE INTRODUCED STRAIGHTAWAY

1. Replace sanctions with controls. Controls to focus on military and dual use goods, as listed in a revised Controlled Goods List.
2. The UN would be responsible for scrutiny of export/import contracts. Private sector traders/companies could submit contracts as well as the Government of Iraq. All reasonable civilian contracts would be approved by the UN, except for those including items on the Controlled Goods List. Contracts including controlled items would be submitted to the 661 Committee, where holds would be applied only where there was a reason to suspect that the goods would be directed to Iraq's WMD or military programmes. Other measures such as a line item veto, so one offending item would not hold up an otherwise acceptable contract, would also be introduced. There would be provision for UNMOVIC to add items to the Controlled Goods List.
3. Border monitoring. A limited number of border crossings into Iraq from Jordan, Syria, Turkey, Saudi Arabia and Iran would be approved for trade with Iraq, and customs operations there would be supported by UN personnel who would monitor border trade and have the power to order spot checks and the seizure of goods not covered by approved contracts.
4. Iraqi oil revenues would remain under UN control and illegal trade via Jordan, Syria and Turkey would be brought within the scheme. Approved contracts would be paid automatically, as now, from the UN-controlled escrow account. UNCC provision, and the allocation for Northern Iraq, would continue.

5. The oil for food scheme would be ended (except for northern Iraq, where it would continue) and responsibility for importing civilian goods into government controlled areas would rest with the Iraqi Government. The UN Office of the Iraq Programme would continue its monitoring role inside Iraq.
 6. Non-commercial civilian flights. All civilian flights headed for Baghdad would have to stop at one of a small number of designated airports (eg Amman) and their cargo would be subject to inspection by UN Inspectors.
 7. Travel Ban/Assets Freeze. Members of the Iraqi regime would be subject to a ban on international travel and the freezing of their assets. Assets held by individual Iraqis not on the regime list would be unfrozen.
 8. UNMOVIC. As long as Iraq refused to comply with SCR 1284, UNMOVIC would advise on the application of UN controls, both in New York and at Iraq's borders; report on Iraqi compliance with the SCRs; and assess Iraqi WMD programmes from outside.
- Agreement in the Security Council will need to be established on the above measures as the basis for a new international consensus on policy towards Iraq.
9. Military measures.
 - (i) The No Fly Zones would remain in place, with patrolling at levels to minimise risk to our aircrew. We would be prepared to reduce the territory covered by the NFZs, eg by restricting the Northern NFZ to the Kurdish controlled areas and removing low priority areas from the Southern NFZ;
 - (ii) Red lines would be set out and if Iraq were in material breach of them, eg by reconstituting its military capacity to threaten its neighbours, or developing its WMD/missile capabilities, it would be clear that we would take direct action, at a time of our choosing, once the necessary regional support and legal base were in place.
 10. Regime change. The US and UK would re-make the case against Saddam Hussein. We would issue a Contract with the Iraqi People, setting out our goal of a peaceful, law-abiding Iraq, fully reintegrated into the international community, with its people free to live in a society based on the rule of law, respect for human rights and economic freedom, and without the threat of repression, torture and arbitrary arrest. The Contract would make clear that the

Iraqi regime's record and behaviour made it impossible for Iraq to meet the criteria for rejoining the international community without fundamental change; but that, when the circumstances were right, we would take practical steps to restore Iraq to its proper place in the region.

IMPLEMENTATION OF SCR 1284

However unlikely it may be, Iraqi compliance with SCR 1284 would remain one of our stated objectives (and retaining some incentives for Iraq to comply would be necessary to restore P5 unity). If Iraq complied, the following further adjustments could come into effect at suspension.

- Oil revenues. Any balances not used for economic development and the welfare of the Iraqi people could be made available for the payment of external debts and the accumulation of long-term financial reserves;
- Oil for Food. With UNMOVIC inside Iraq, OIP's monitoring role would become redundant and it could be wound up. Oil for food, or similar arrangements would continue in the North;
- Commercial Flights. Commercial services to Baghdad could begin, with their cargoes subject to UN inspection at Baghdad airport.
- Contract Approvals. Contracts containing no controlled items would be approved by a system of notifications replacing the requirement for prior UN approval.

NORMALISATION

The conditions for lifting sanctions would remain as set out in SCR 687 which in practice would mean the achievement of the standards set out in the Contract with the Iraqi People.