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Subject
Summary

IRAQ: FUTURE UK POSTURE: WHAT IS AT STAKE

Thoughts ahead of Petraeus/Crocker's visit to London on 18 September: what is at stake in Iraq and still to play for; what is expected of us by the US and GoI; and what roles we can and should continue to perform in order to meet / manage those expectations.

The best means to win US/GoI agreement to PIC in Basra in November, announced in October, would be UK re-commitment now to a convincing range of longer-term tasks, including in the South.

SIC

1. It is early in my time in Iraq to be attempting to draw threads together but I offer some thoughts ahead of Petraeus and Crocker's discussions in London on 18 September. I have discussed these with SBMR(I), General Rollo. We are in broad agreement.
2. First, some impressions from these first days here:

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- The security and political atmosphere is lighter, both in Baghdad and in Basra, than my briefing had led me to expect. Recent senior British visitors have also remarked on a change in the air. This comes both from the recent lower levels of violence (with the exception of EFP use), as described by Petraeus - of particular interest to us is the marked reduction of attacks in Basra; and from recent tentatively positive political signals (eg the end-August leadership Agreement; and the Moqtada al Sadr ceasefire announcement, which has to be fully tested but has raised the possibility of drawing mainstream OMS into a more political course.) Trends can, of course, reverse and it is much too early to talk of turning points.
- The Petraeus / Crocker testimony has not been the climactic political event here which many were expecting a few weeks ago. Crocker's testimony rightly contained strong messages to the Iraqi political elite, including Maliki, but was not in the end designed to cause a political earthquake. Maliki's opponents, notably Tariq al Hashimi, will now have to recalculate. With the testimony out of the way, the Iraqi political class know better where the US stand and what is expected of them.
- Uncertainty and therefore anxiety over UK long-term intentions is widespread, among both senior Iraqis and senior US contacts. And public perceptions, fed by the media, continue to misinterpret our strategy for Basra province. (Recent UK statements have not put US or GOI doubts to rest).

So the meetings next week are timely.

WHAT IS AT STAKE

3. It is worth perhaps stepping back to recall why Iraq is important to our interests:
 - Our reputation: Iraq is arguably the heart of the Arab world. Arabs care passionately about what they see happening here. With the US, the UK is seen as responsible for Iraq's present state and future course. We will be associated with how Iraq turns out and, more specifically, Basra and the South. So we have a strong interest in maintaining the effort to achieve the best attainable result.
 - Iraq's Potential, Good or Bad: Based on its oil and gas wealth and strategic location Iraq should eventually once again wield strong influence in the region and more widely. It is still in the balance whether that influence will be benign or malign and whether Iraq's course between now and its emergence as that strong actor in the world will be progressively smoother, as it still might be; or will be by way of descent into chaos, division and the unwelcome attentions of interfering neighbours and AQ(I). In his testimony, Crocker graphically described the perilous alternative futures for Iraq, if the coalition were to falter in its support to the Iraqi institutions to which we have given life. Whether they were at the beginning or not, our global CT interests are certainly now closely engaged in the Iraq theatre.
 - The wider risks in the region: Iraq could become a barrier and counter-weight to radical clerical autocracy; or could suffer prolonged contagion from Iranian manipulation of Iraqi sectarian

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divisions.

Sectarian tensions would sharpen with potential to destabilise Saudi Arabia and other gulf oil-producers. Refugee flows would cause further strains. King Abdullah of Jordan's repeated warnings about the danger to the region, as well as his Kingdom, from strategic failure in Iraq are not wide of the mark.

US and GoI Expectations

4. We are following a strategy in the South which has been fully discussed and agreed by both the US and the GoI and we have made no decisions yet on our medium and long term engagement. But the public interpretation which has stubbornly held the field, both in the UK and here, fuelled by some unfortunate public exchanges, is that we are set on full military withdrawal in the shortest order possible. We have sought to reassure the US but their confidence in us is becoming more fragile. The reputational risks in this for the UK are clear.

5. General Petraeus will brief direct in London on 18 September. Our broad understanding here is that US concerns for the post overwatch phase in the South centre on:

- Whether we will maintain a Divisional Command in the South;
- continuity for the Basra Provincial Reconstruction Team (PRT);
- protection for the US Regional Embassy Office (their consulate general equivalent) which has just relocated from Basra Palace to the COB at a cost of over \$30m;
- continued specialist military support for the ISF;
- continued training and mentoring of the ISF;
- ability effectively to counter Iranian influence, including handling the borders;
- contributory defensive effect from our military presence in the South to the protection of main MNF supply routes.

6. For their part, the GOI are not yet confident that the ISF will prove capable of imposing themselves on the militias in Basra or curtailing Iranian interference in an area of critical economic importance to the whole country (but their forces in the South will grow steadily between now and April 2008). So a part of them does not wish to see our military presence disappear, while at the same time there is strong public and official impatience to have security back in Iraqi hands.

7. But the GoI interest goes wider than just security. They attach high value to the capacity building and civilian training and mentoring work now centred in the PRT and Consulate-General now based at the COB. The headline initiatives remain the Basra Investment Promotion Agency and the Basra Development Fund. In his letter of 29 July to Maliki, the Prime Minister reaffirmed our commitment to these initiatives and to help develop the Iraqi economy. We need to be sure that we are able to put real flesh on those commitments.

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8. We have invested heavily since 2003 in the South, in treasure, blood and reputation. We should be careful at this late stage not to waste that investment. We are not currently planning further infrastructure development projects but the successful programmes in local government capacity building and police leadership training and mentoring need to continue, if they are to achieve sustainable results. It is not possible to run these effectively without the periodic direct contact with the Basrawis concerned which our presence at the COB has allowed. Meetings are for now being held on the "neutral ground" of the civilian airport. We should be in position to resume more normal local engagement, once security conditions allow.

What Can and Should the UK Do?

9. Options are being worked on in London for our post -overwatch military roles and deployments The options will clearly need to:

- reflect UK regional and strategic interests;
- address US expectations;
- take account of UK domestic political requirements; and
- satisfy UKMOD force generation constraints and the needs of the Afghanistan theatre.

But seen from here, an important further requirement is to:

- provide the secure platform in the South necessary for our non-military tasks , which are delivering the valuable soft security developmental gains described above.

In this period, in addition to the real developmental tasks to be maintained through our presence in the South, the retention of our Consulate General in Basra will be taken by GoI as reassuring political affirmation of our commitment and engagement. This will require both FCO and DFID to re-examine resource planning for 2008.

10. More broadly, within the constraints of security and budget (both heavy), our aim must be to retain in Baghdad, Basra and Erbil the most extensive platform possible, ready for the time when our activities in all fields can expand as conditions allow. It is understandable, for instance, that, for now, UKTI should have withdrawn its UK - based presence but we should be hoping that it will not be long before they are back here in the same numbers as are now deployed in Riyadh. Even now, there are discreet areas of growth. The British Council will be opening for business in Erbil later this month and have in mind that not twenty years ago Baghdad hosted their largest teaching operation in the world. We can get back there again.

Tactics for Reaching PIC for Basra

11. The Prime Minister's statement to Parliament in October would be best built around an announcement that we expect Basra to move to PIC in November. However, the decision on whether the conditions for PIC have been satisfied is for the GoI, in consultation with Petraeus. Since our move from Basra Palace to the COB, we are in effect at "de facto PIC" and the formal declaration of PIC will

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bring no material difference to the support we now give General Mohan and the ISF (which remains considerable). The formal transfer of responsibility for security across the South to the Iraqi authorities will have a more psychological than real effect. But US officials, I am told, suspect that the idea of "de facto PIC" is a device to slide past proper analysis of the conditions for PIC. These suspicions about PIC are fuelled by their continued uncertainty about our longer term intentions. The best means to win US support for PIC in Basra on our preferred timing will therefore be to calm their anxieties about our plans for the South and our continued military and non-military contribution to building Iraq's future. With the postponement of NSID discussion to early October, we will have only a short period before the Prime Minister's statement in which to take this trick and use the decisions on our future posture to secure US/GoI agreement to our timetable for PIC in Basra.

**Sign Off****Contact Name****Contact Telno.****Attachments**

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