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Commonwealth
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20 October 2000

Tom McKane
Cabinet Office

cc *DS*

CABINET OFFICE
T. <i>11519</i>
20 OCT 2000
FILING INSTRUCTIONS
FILE No. _____

Dear Tom,

IRAQ

1. In your letter of 29 September you asked for a paper on Iraq, reviewing progress on the implementation of the strategy set out in the May 1999 DOP paper and suggestions on the way forward.
2. I enclose a draft FCO discussion paper which the MOD has seen and offered some preliminary comment. I would like to suggest that we bring forward the meeting on Iraq you had proposed for 3 November to give us an early opportunity to discuss the paper more widely.
3. We have informed the Foreign Secretary that a review by officials is underway. He has asked for this to be completed by 7 November.
4. I am copying this to John Sawers, Simon Webb and Margaret Vowles (DFID).

Yours ever,

Alan

Alan Goulty
Director Middle East and North Africa Department

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cc: John Sawers, No 10
Simon Webb, MOD
Margaret Vowles, DFID

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SUMMARY

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1. Containment, but a looser version remains the best option for achieving our policy objectives towards Iraq. International support is vital if this is to be sustained. SCR 1284 delivered the balanced package envisaged in the May 1999 DOP paper. Need for some tactical adjustments to make policy sustainable in the medium term. Adjustments to the southern NFZ will be a key element. The US need to be convinced that we are better served with UNMOVIC inside Iraq with sanctions suspended than by the status quo. Other alternatives remain unattractive at this stage.

DETAIL

Progress since May 1999

2. The DOP paper of May 1999 "Iraq: Future Strategy" was drafted in the early days of the negotiation of SCR 1284. This paper reviews progress in implementing the strategy outlined in that paper and assesses how best to take it forward over the next few months, in particular with the incoming US Administration.
3. With the adoption of SCR 1284 we achieved our short term objective of an agreed Security Council approach on the way forward, allowing us to draw a line under differences which developed over Operation Desert Fox. 1284 was designed to give us progress on controlling Iraq's WMD or, if this was not achievable, a more solid platform on which to stand pat. As we approach the anniversary of its adoption, there is still a large measure of international support for 1284. But it is beginning to fray at the edges. The current crisis in the MEPP is likely to exacerbate this.
4. Nevertheless there has been steady progress on implementation. On the humanitarian side, with the lifting of the ceiling on Iraq's oil exports and the "oil for food" programme likely to be worth more than \$16 billion this year, we can expect to see improvements on the ground by early 2001. This has slowed criticism of our policy, leaving us better placed to deflect the argument that sanctions are the cause of suffering in Iraq. On the disarmament side, Blix continues to impress as sound and confident and has, so far, deftly avoided the controversy which beleaguered and undermined UNSCOM.

Our Objectives

5. Our overall objectives remain to limit Saddam's ability to re-arm and develop WMD, and to reduce the threat Iraq poses to its neighbours. We continue to seek to achieve these aims through active support for the elimination of Iraq's WMD in accordance with UN resolutions, diplomatic pressure, sanctions

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and the threat of military force. Important subsidiary objectives include improving the humanitarian situation of the Iraqi people; maintaining peace and stability in northern Iraq; and sustaining UK/US cooperation.

How best to achieve them

6. Full implementation of SCR 1284 remains the best means of pursuing our policy objectives. It would restore in-country control over Iraq's WMD programmes thereby reducing Iraq's threat to the region and British interests. It would get us off the hook of responsibility for the humanitarian situation. It provides Iraq - and us - with an exit route out of sanctions.

7. But its shelf life is limited. If there is no progress by next summer, SCR 1284 is likely to lose credibility, leading to growing pressure for a change of approach. While Iraq has shown no sign yet of accepting UNMOVIC, it has not entirely ruled out cooperation. It appears to be hedging its bets until after the US elections.

8. If Iraq is to be persuaded to comply we will have to convince it that SCR 1284 offers something new and that, if Iraq plays ball, we will live up to our commitment to suspend and, eventually, lift sanctions as required by UNSCRs. Thus far, the US

Likely position of the new US Administration

9. Most commentators (inside and outside the Administration) point out that either a Gore or a Bush Administration could be expected to be 'tougher' on Iraq. Bush's team includes noted hawks, and Gore (with Fuerth, his National Security Adviser) has consistently been at the harder end of the spectrum within the Clinton Administration. But neither has come up with specific policy directions. Bush attacks Clinton/Gore for failing to get rid of Saddam for eight years, but under the rhetoric, he goes no further than

Clinton's stated red lines for military action, and he has avoided endorsing the "rollback" (regime change) philosophy of some of his advisers. Gore has made a big show of backing the Iraqi Opposition, but has also stressed continued containment, along the lines pursued by the current Administration.

10. Nevertheless, we would expect to see a full policy review under either Presidency. The incoming team will know that the Iraq problem is unlikely to go away soon. Ideas for more sustainable containment will be attractive, but both Bush and Gore (most recently in a televised Presidential debate) have limited their freedom of movement by stressing publicly that they want to see sanctions on Iraq tightened, not loosened. Either would feel very vulnerable to any charge of making concessions to Saddam. The Arab/Israel crisis exacerbates this. The growing voice of the humanitarian lobby in the US is not forceful enough yet to influence the equation.

11: The outcome of the Congressional election could also be significant. If the White House and the Hill are held by opposing parties, the Administration's manoeuvrability is constrained. But it is not impossible that if the Republicans keep control of Congress, and Bush wins the White House, he might feel confident enough to

Tactics with the new US Administration

12. We cannot wait until the new Administration beds down to tackle them on Iraq policy. We need to get in early, before they make too many public policy statements from which it would be difficult to draw back, and be prepared to press them hard. Our pitch should be that implementation of SCR 1284 best serves our interests. It provides a stable and potentially long-term basis for the containment of Iraq. The status quo is not sustainable long-term. Support for the UK/US approach is diminishing. Our position in the Security Council is weakening over time. Iraq is not about to be readmitted to the Arab fold, but it is making advances at the margins, and US/UK policy remains deeply unpopular at street level. No matter how big the "oil for food" programme may become, it is cumbersome and bureaucratic and will never be able to redress the deterioration of Iraq's infrastructure, the impoverishment of the middle classes, and the stifling of normal economic activity. For as long as sanctions remain in place, responsibility for the humanitarian situation will be ascribed to the US and UK. Sanctions are likely to erode with sanctions busting on the increase.

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13. Ironically Iraq appears as comfortable with the status quo as the US. Their strategy appears to be to sit it out without making any concessions in the hope that sanctions will be progressively eroded. Iraq will need to be convinced that cooperation with the UN offers the only viable route to lifting of sanctions. This will require a mixture of firmness that Iraq must comply coupled with the elaboration of a package of measures which, while preserving US/UK red-lines, is sufficiently attractive to get the French and Russians on side, and lure the Iraqis in. It will require some painful adjustments for ourselves, and, even more so, for the Americans. It will need high-level political intervention with the US.

14.

The key to persuading the US to press ahead with SCR 1284 will be to point out the unattractiveness of the alternatives.

Implementation of 1284

15.

But the Iraqis will need assurances that suspension will offer something tangibly different from the present arrangements if they are to consider it worth paying the price. The sort of measures we may need to consider include:

- some transfer of oil revenues to the Central Bank of Iraq (after deductions for the north, the UNCC and UNMOVIC)
- the resumption of some normal economic activity in Iraq
- the resumption of commercial air links with Iraq.

16. There are other steps which would increase the chances of sustaining 1284

We could signal to the Iraqis our willingness to contemplate having an Interests Section in Baghdad at the point of suspension. As a first step we might consider initiating direct contacts through a back channel. The aim would be to convince the Iraqis that as they begin to cooperate the level of engagement would increase. We would see this as part of the process of

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reintegrating a law-abiding Iraq back into the international community. This involves accepting that it is possible to live with Saddam (something which would be very difficult for the Americans).

17. We could indicate that in the longer term we envisage UNMOVIC being replaced by the same arms control mechanisms that apply to "normal" members of the international community (primarily NPT, CWC and BTWC). This would give the Iraqis the signal that we did not see UNMOVIC staying in Iraq forever.

No Fly Zones

18. The arrival of the new Administration will be an opportunity to review operations in the NFZs.

Our legal basis is tenuous and we run the risk of a case against us at the ICJ. It is also inconceivable that Iraq will accept UNMOVIC without a deal on the NFZs.

19. There are grounds unconnected with implementation of 1284 to consider with the US withdrawing from the southern NFZ. But we could not avoid the charge that this was a retreat, unless it could be presented as being in response to a positive gesture from Iraq, in the context of 1284. Otherwise, we would justify it on the grounds that UNMOVIC would not be able to operate safely and effectively in Iraq if the current level of confrontation was maintained; that we had other means of monitoring the situation on the ground; and that, in the event of evidence of renewed oppression of the Shia, we would resume patrolling (although, in reality, this is most unlikely). We should maintain enforcement of the northern NFZ as a sign of our continued commitment to the Kurds. Withdrawal in the south may persuade Saddam to cease or reduce the threats to our aircraft in the north. By differentiating in this way between the two zones we send a signal about our commitment to the north.

20.

21. Abandoning the SNFZ would be unpopular with the Kuwaitis who have come to regard it as vital for their defence. We

would need to reassure them that we had other equally effective ways to fulfil our commitment to their defence and the containment of Iraq.

22. This approach concentrates on making containment more sustainable in the longer term. An argument that might appeal to a new US administration is that it does not foreclose on any other options nor tie them into a policy from which it will be hard to retreat. If Iraq cooperates (by no means certain) we will have greater control over its WMD with UNMOVIC inside Iraq, special arrangements for the Kurds, and responsibility for the humanitarian situation no longer laid at our door. If Saddam does not cooperate we will have shored up international support for maintenance of the status quo, and will be much better placed to press for tighter external monitoring and control of Iraq's activity by the UN, and to see off new initiatives.

OTHER OPTIONS

Sitting Tight

23. We could as some in the US favour sit tight and offer no elaboration of post-suspension arrangements until Iraq indicates its acceptance of 1284. But we would therefore be left without an exit route. We would see the progressive erosion of sanctions. The calls for an alternative approach would become louder. Iraq's WMD programme would remain outside direct control and therefore a threat to regional security. Saddam would remain a pariah and potential source of crisis and instability. With no end to sanctions in sight international support for containment would dissipate very quickly.

Regime Overthrow

24. Such a policy would command no useful international support. An overt attempt to be successful, would require a massive military effort, probably including a land invasion: this would risk considerable casualties and, possibly, extreme last-ditch acts of deterrence or defiance by Saddam, including the use of WMD. It would also be illegal. Covert attempts, on the other hand, seem very unlikely to succeed and run the risk of fragmenting Iraq which runs clearly contrary to our wider interests in the region.

Lift Sanctions Now

25. Critics of our policy suggest that sanctions should be lifted. They have failed to induce Iraqi cooperation with the UN and impact disproportionately on the civilian population leaving the regime immune from its effects. Better to have tight controls on arms and dual-use items with tougher external monitoring. We could still maintain some control over oil revenues, in order to make deductions for the North and the Compensation Commission. But the bulk of the revenue would be turned over to Iraq. The Oil for Food programme would end. This could be portrayed as a response to humanitarian concerns but would be seen more widely for what it was, an embarrassing retreat. There would be no incentives for Iraq to cooperate with UN monitoring. It would also be difficult, if not impossible, to persuade other states to set up a tougher external regime. There is no prospect of US agreeing to this option.

Regime Change/Lift Sanctions

26. One option would be to link increased support for regime change with abandoning comprehensive sanctions. We could insist on tighter controls (including border monitoring) for arms and dual use items and maintain controls on oil revenues. We could present this as focussing sanctions on areas of greatest concern whilst maintaining pressure on Saddam.

27. It would be important to reassure Kuwait and send a strong signal to Baghdad that military adventures would meet a robust response. In terms of arms control this option would be second best to an UNMOVIC presence. This option may be more attractive to the Americans than the more difficult and flexible option offered by 1284.

28. We should be under no illusion about the likelihood of achieving regime change. But it would enable us to present the lifting of sanctions as something more than surrender. We should recognise that Saddam would present it as a victory. This option might become more attractive if by the middle of next year it was clear that there was little hope of implementing 1284. We would not recommend it for now.

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Conclusions

- Containment through the UN although difficult remains the best option. But to be successful broad international support remains vital.
- Not the time to abandon 1284. We should seek to persuade the US that a package which will appeal to the middle ground in the Security Council is required in order to consolidate international support.
- We should seek to reduce our military exposure by suspending operations in the Southern NFZ. We should exploit this in the context of 1284s implementation.
- Beyond 1284 we may need to consider the more radical option of lifting sanctions combined with increased support for the opposition.

END OF TEXT

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