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CABINET OFFICE T 1553
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Tom McKane Esq
Cabinet Office*Dear Tom,*

IRAQ

1. I enclose a revised options paper on Iraq for discussion at your meeting at 1100 on Friday, 17 November. It has benefited from extensive comments from the Ministry of Defence. The embassy in Washington and our Legal Advisers have also commented.
2. We have not attempted to draw conclusions, not least because we see this paper primarily as meeting the requirement for background briefing for discussion of the options with the Americans in due course.

*Yours ever,**Alan*Alan Goulty
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IRAQ: OPTIONS PAPER

1. Objectives

1. Our strategic objectives towards Iraq remain:

- in the short term, the containment of Iraq, by constraining Saddam's ability to re-arm or build up WMD and to threaten his neighbours
- in the longer term, the eventual reintegration of a law-abiding Iraq into the international community

Subsidiary objectives are:

- preserving the territorial integrity of Iraq
- the sustaining of UK/US cooperation, including, if necessary by moderating US policy
- the improvement of the humanitarian situation of the Iraqi people
- maintaining peace and stability in northern Iraq, protecting the Kurds from attack.
- maintaining the credibility and authority of the Security Council

2. As the DOP paper of May 1999 pointed out, our short term strategic objective, the containment of Iraq, requires broad regional and international support.

3. Both our short and longer term objectives underpin our wider objectives of preserving peace and stability in the Gulf and ensuring energy security in the Middle East.

2. Present context

The mood of the international community

4. International support for sanctions and the NFZs is

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diminishing. We and the US are finding increasing difficulty in holding the line in the UNSC, primarily because of French and Russian opposition. Iraq is making advances in the Arab fold, assisted by regional tensions over Palestine. High oil prices have also helped raise Saddam's profile and handed him a powerful card to hold over the international community. Iraq has recently been invited to an Arab League summit for the first time in ten years. With the exception of Kuwait and Saudi Arabia, the regional states are steadily increasing their trade and diplomatic contacts with Baghdad. Turkey and Egypt have upgraded their diplomatic representation. Even long-time adversaries Syria and Iran are considering rapprochement: the Iranian Foreign Minister visited Baghdad in October. Israel feels threatened by Saddam's military posturing, and, more importantly, by his ongoing WMD programmes.

Sanctions Enforcement

5. Sanctions are fraying at the edges and the perception is that they are eroding. Since the initial breach of the de facto air embargo in September, over 40 civilian flights have landed in Baghdad, mostly from neighbouring Arab countries, signalling to some the end of Saddam's international isolation. Iraq has resumed internal flights, mainly as a challenge to the No Fly Zones. Saddam's income from sanctions busting is at an all-time high of around \$1.5 billion p.a. Saddam believes the situation is developing in his favour and is under no immediate pressure to resume cooperation with the UN (though the diversion of oil revenues to the UN escrow account remains a serious constraint on his freedom of action).

The No Fly Zones

6. Opposition to the NFZs is increasing. The Russians are highly critical. The OIC declaration of 13 November included a call for an end to "illegitimate actions taken against Iraq outside the framework of the relevant SCRs" which we and the US take to be implied criticism of the NFZs. Some senior UK and US officials have expressed doubts about validity of the NFZs. Although successive Attorney Generals have validated their legality, as time passes our

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legal basis for the NFZs has become more tenuous. Concerns about the possible loss of a pilot weigh heavily both here and in Washington. It is unlikely that Iraq will accept weapons inspectors without a deal on the NFZs. There are strong grounds for considering withdrawing from the southern NFZ. We would seek to maintain the northern NFZ, in the short term at least, as a sign of our continued commitment to the Kurds (although the Turks would be far less keen to maintain the northern Zone if the southern one were abandoned). Such a prudent retreat would have to be presented either as an imaginative initiative to reduce tension, and/or as in response to an positive gesture from Iraq, perhaps in the context of 1284. There could be US military (and MOD!) resistance to any weakening of NFZ patrolling. The US might continue unilaterally to patrol the NFZs even if we withdraw.

New US Administration

7. We expect a full policy review under the new US Presidency. Either Bush or Gore could decide to be 'tougher' on Iraq. Ideas for more sustainable containment will be attractive, but both have limited their freedom of movement by stressing during the election campaign that they want to see sanctions on Iraq tightened, not loosened. The precarious majority in Congress could make radical policy change difficult to achieve. Either Bush or Gore would be vulnerable to any charge of making concessions to Saddam. The Arab/Israel crisis exacerbates this. The growing voice of the Iraq humanitarian lobby in the US is not forceful enough yet to influence the equation.

Saddam's health

8. Rumours abound that Saddam is suffering from lymphoma. We have no reliable collateral. But even if this is true, he could still survive for some years: even the most aggressive form of the disease has an average five-year survival rate of at least 50%. Either of his sons would be just as nasty. But Saddam's demise would offer perhaps the best chance - on all sides - of a change of course, whoever succeeds him.

DECLASSIFIED3. Policy options(i) Regime overthrow

- * maintain present sanctions regime and support overthrow of Saddam Hussein (current US policy)
- * we offer , financial and military support and training to the external Iraqi opposition
- * we look at methods of encouraging internal opposition to the regime
- * we give a higher profile to the issue of war crimes
- * we adopt a tougher position in the Security Council
- * we maintain a forward military posture, including in the NFZs and adopt a high state of military preparedness, ready to respond robustly to any Iraqi adventurism
- * we trail the rosy future for Iraq after Saddam

pros: Would appeal to the US (and Kuwait and, to a lesser extent Saudi Arabia, if we are serious). We would be taking the initiative rather than letting Saddam dictate our policy. Keeps Saddam on the back foot.

cons: The Iraqi opposition has no credibility; weak, divided and powerless, seen in Iraq as Western pawns. Active measures to achieve overthrow (essential for success) are contrary to international law. It is very unlikely to succeed or be sustainable unless we get lucky or commit large numbers of ground troops - otherwise we have to wait for Saddam to die. The policy would have minimal international support and would diminish our credibility in the wider Middle East. Sanctions erode. Increasing damage to the credibility of the Security Council. Very little prospect of agreement on additional measures against Saddam.

(ii) "Hard" containment

- * SCR 1284 remains on the table as is: we refuse to

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elaborate the post-suspension arrangements until UNMOVIC is allowed into Iraq

* we make no attempt to persuade or entice Iraq to cooperate (current US position on SCR 1284) but flag up the benefits to Iraq of cooperation

* we maintain the same forward military posture as in (i)

* we reiterate our red lines and declare readiness to respond robustly if these are crossed

pros: It requires little evolution in the UK/US position. It avoids accusations of going soft or giving in. Likely to appeal to the US. Keeps Saddam on a tight leash.

cons: Offers minimal prospect of Iraq complying and therefore provides no credible exit strategy. Leaves the initiative with Saddam. With no weapons inspectors, the deterrent effect of in-country monitoring is lost. The UK and SCR 1284 lose credibility. Sanctions erode. Pressure increases for unilateral movement on sanctions. UK domestic pressure increases on UK to part company with US policy.

(iii) Present policy

* we indicate readiness to implement SCR 1284 and trail the benefits of suspension and lift - but Iraq must move first

* we further liberalise the "oil for food" programme e.g. more pre-approved lists, and keep pressure on the US on holds

* we maintain our current posture in the NFZs, whilst continuing to minimise the public profile

pros: similar to (ii) above. Includes scope for greater flexibility short of moving to "soft containment" e.g. we agree to some elaboration of the post-suspension arrangements but take a hard line position. In that case we increase our chances of carrying the French/Russians and the option's sustainability.

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cons: much as in (ii) above

(iv) "Soft" containment

* Covers a range of options of varying flexibility. But only a package of options towards the softer end of the spectrum will have a good chance of carrying Council opinion and enticing Iraq to cooperate

* These might include some or all of:

** negotiation with Iraq (via the UNSG) of an MOU governing implementation of SCR 1284. This would involve some (undesirable) restraints on UNMOVIC and the elaboration of post-suspension arrangements which would give Iraq some control over its oil revenues and full resumption of commercial flights

** agreeing to suspend sanctions, possibly gradually, in return for UNMOVIC's entry into Iraq - rather than for cooperation and progress on key disarmament issues

** abandoning the southern No Fly Zone or ceasing to patrol it

** elaborating and publicising the benefits of suspension, including our willingness to restore diplomatic relations, as a carrot to the Iraqis

** engaging in dialogue with the Iraqi government

pros: Gives us a chance of getting out of most of the sanctions without making a full-scale retreat. Preserves the integrity of the Security Council, and of sanctions as a diplomatic tool. Strong Security Council, European and wider international support. Restores some oversight of Iraq's WMD programmes. Sustainable in the longer term. Gets us out of the southern No Fly Zone. Might encourage Saddam to moderate his behaviour and thus advance the rehabilitation of Iraq. Shifts some of the onus for the humanitarian situation to Saddam.

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cons: Quite a climb-down from our present position. Iraq essentially gets out of sanctions without necessarily moderating its position or behaviour. Risks diminishing UNMOVIC to the point that, far from controlling Iraq's WMD programmes, it provides cover for Iraq to regenerate them. Unattractive to the US who may prefer to abandon the multilateral process and/or resort to military action.

Pushing it risks undermining our wider credibility in Washington. Still dependent on Iraqi cooperation.

(v) "Lift" sanctions

- * we suspend/lift the trade embargo
- * we continue to channel the oil revenue through the escrow, but after deductions for the north and for the UNCC oil revenues are returned to the Government of Iraq
- * we maintain the arms/WMD embargo and seek new measures specifically targeted against Saddam and his regime e.g. a selective assets freeze and a travel ban
- * the "oil for food" programme comes to an end in Baghdad-controlled Iraq (but continues, in some form, in the north)
- * on the arms control side as damage limitation we call on Iraq to agree the Additional Protocol of the NPT and accede to the CWC (Iraq is already party to the BTWC for which, however, no verification mechanism yet exists)
- * we flag up OP14 of SCR 687 which trails a Middle East free from WMD
- * we present the shift in policy as consistent with our support for smarter sanctions

pros: Likely to command respectable international support. Gets us off the hook of sanctions and responsibility for the humanitarian situation. If Iraq takes the arms control steps outlined above controls would be as strong as the strongest controls agreed by other countries in the region.

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Takes the initiative away from Saddam. Sustainable indefinitely until Saddam goes. In line with our wider sanctions policy.

cons: Saddam will claim victory. Very difficult to avoid the charge of surrender. Seriously undermines the global non-proliferation effort. Little prospect of agreement on additional measures against Saddam. Possibly encourages Iraqi adventurism. Control over Iraq's WMD programmes minimal (compared with UNSCOM days). The humanitarian situation in Baghdad-controlled Iraq might deteriorate, at least initially. The US is unlikely to consider this option seriously.

(vi) Regime overthrow/lift sanctions

* a hybrid of (i) and (v). Contains all the elements of regime overthrow except maintenance of sanctions. Instead we lift sanctions as in (v)

* we present this as focussing sanctions on areas of greatest concern whilst maintaining pressure on Saddam

pros: Allows us to present the lifting of sanctions as something other than surrender. Possibly attractive to the US. More sustainable in the medium term. Removes the initiative from Saddam and keeps him off balance. Allows us to direct the focus towards the oppressiveness of the regime and away from the humanitarian situation. Tests the argument that sanctions strengthens Saddam. This is the Perestroika option.

cons: Saddam will claim victory. Active measures to achieve overthrow are illegal, although it would be possible to advocate a change of regime and keep within the law. As Iraq used its increasing economic muscle, we would find ourselves increasingly isolated in our opposition. The MOD consider this option to be "barking".

(vii) Military action/lift sanctions

* we accept that UNMOVIC will never be allowed into Iraq

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- * UK/US conduct a bombing campaign similar to Desert Fox
- * we declare that this has achieved our disarmament objectives and that the sanctions regime is therefore redundant
- * we lift the trade embargo but maintain a strict arms embargo and seek tighter measures targeted against Saddam's regime
- * we declare readiness to take further military action if Iraq reconstitutes its WMD or moves against the Kurds or its neighbours

pros: Gets us out of sanctions. Takes the initiative away from Saddam. Might appeal to the US.

cons: Difficult to construct a legal basis. Strong domestic reaction likely. Would attract widespread international condemnation and destroy the UN process. Risk of Iraqi retaliation against the Kurds/Kuwait/Saudi/Israel and/or wider unrest in the Middle East (cf tensions over the MEPP). Increased risk of terrorist action against UK interests. No prospect of agreement on additional measures against Saddam. No control over WMD. Unless the campaign kills Saddam, he remains a threat and a pariah indefinitely.

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