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I convened a meeting yesterday principally to discuss the options available for dealing with the UK's draft UNSCR and the best way forward in the light of the terrorist attacks in the US.

Intelligence Assessment

2. The Cabinet Office Assessments Staff reported that Saddam Hussein was comfortable and in control. He had no desire for a confrontation but could change his stance if the security situation changed in the north or if a new Resolution was passed which brought with it tighter controls on imports and exports. Currently his position was not being challenged. He was exporting oil, including illegal exports. Military imports of spares and possibly some complete weapons systems were filtering through. His air defences had had some success against coalition forces. Intelligence continued to indicate that if coalition aircraft stopped patrolling the No Fly Zones, the Iraqis would return to the use of air support for their ground operations.

3. The Assessment Staff reported that there was no intelligence of an Iraqi link to the terrorist attacks in the US last week. But the Iraqis were nervous of being blamed for the attack. There were indications of the dispersal of Iraqi military assets. Saddam Hussein had urged the US to exercise restraint. Although there had been publicity indicating the potential for US strikes on Iraq in connection with the recent attacks, the MoD had had no indication of military planning in the US for such a contingency. But the US had deployed 3 Rapier air defence units to Kuwait to strengthen air defences there.

Diplomatic activity

4. Diplomatic activity had been underway over the Summer to explore options with the US, Russians and French on the way forward. The US agreed that a straight rollover of the Oil for Food provisions would be seen as a defeat and, therefore, supported reviving our draft resolution. But it was doubtful in current circumstances whether they would be willing to throw much weight behind it, particularly with the

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Russians. Nor had the US make clear their preference for the final form the Resolution might take.

5. The **French** had come to the broad conclusion that a rollover would strengthen the hawks in the American administration. A revived Resolution would be a starting point. But French support overall was tepid.

6. The **Russians** had gone through their arguments about the defects of the draft Resolution and the impact on front line states. However, the FCO were left with the impression that the problems with the Russians were not insuperable.

7. As a result of these discussions the FCO thought we were faced with a range of options:

- A **rollover of Oil for Food** provisions at the end of November without a new Resolution.

This would be seen as a defeat for the US Administration, strengthening the hands of the hawks, and a victory for the Iraqis. It would be viewed in the region as a continuation of a policy to penalise ordinary Iraqis. Sanctions would continue to erode and we would be no closer to an agreement on UNSCR 1284.

- A **revived draft Resolution** to be taken, as it stands, before the end of November.

This might capitalise on the strength of feeling provoked by last week's terrorist attacks. But the risk of failure was high without US engagement with Russia and the neighbouring states. The US would be reluctant to put pressure on the Syrians over their oil pipeline. Neither would they want to risk Iraq halting its oil exports in reaction.

- A **revised draft Resolution** which dropped the proposals to tighten existing controls and the references to neighbouring states.

The Americans would dislike weakening the Resolution but it would be more likely to recapture P5 consensus and the support of neighbouring states. This was likely to be more important in forming the broad coalition which the US were seeking in their war against terrorism. Tightening measures would remain an objective and could be revisited in the future. And the obligations of the front line states under existing UN

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sanctions to prevent prohibited items from reaching Iraq would remain. The Iraqis might react, even to a weakened Resolution. But the Group thought this less likely if Russia supported it.

8. Weighing these arguments, the Group agreed that the last of these options appeared more likely to succeed in building a consensus. In practice there was no realistic prospect of tightening the existing controls at the present time, though we should return to this at a later date. This option was therefore worthy of serious Ministerial consideration.

Change to UK policy on financial restrictions

9. The Treasury raised earlier proposals to relax our interpretation of various financial sanctions. The Group agreed that proposals on this front should be held in suspense until the outcome of activity on the draft resolution was clear.

No Fly Zones

10. The MoD said that, following the February 16 Coalition action against Iraqi air defence targets, the US had reduced the scale and frequency of military responses in the Southern No Fly Zone. As a result, Iraqi operations had become more aggressive and had put coalition aircraft at greater risk. There had been several near misses. Two UAVs had come down in recent weeks. The US, encouraged by the UK, had now returned to the targeting of Iraqi tactical air defence sites. There was little activity in the north. The MoD judged that it continued to be safer to coalition aircraft to be conducting regular patrols over the No Fly Zones, rather than intermittent overflights.

11. I am copying this to Simon McDonald (FCO), Peter Watkins (MOD), Andrew Allberry (Cabinet Office) and those who attended yesterday's meeting.



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18 September 2001

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