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4 December 2001

## THE WAR AGAINST TERRORISM: THE SECOND PHASE

### (1) IRAQ

Iraq is a threat because it has WMD capability; is acquiring more; has shown its willingness to use it; and can export that capability. It is in breach of UN Security Council Resolutions (see Annex 1). Saddam also supports certain Palestinian terrorist groups, and uses terror tactics against Iraqi dissidents. But any link to 11 September and AQ is at best very tenuous; and at present international opinion would be reluctant, outside the US/UK, to support immediate military action though, for sure, people want to be rid of Saddam.

So we need a strategy for regime change that builds over time. I suggest:

#### (i) Softening up first

We draw attention to Saddam's breach of UN resolutions; we say regime change is "desirable" (though not yet setting it as a military objective); we signal willingness to support opposition groups and build a regional coalition against Saddam; we demand weapons inspectors go back in; and without specifying that we will take

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military action if the demand is not met, we let it be clearly seen that nothing is ruled out. But our time frame is deliberately vague.

This is presentationally difficult. We need to be very precise to avoid getting drawn into threats we are not yet ready to implement. But we would be unsettling Saddam; possibly forcing concessions out of him (see Annex 2); and giving ourselves room for manoeuvre.

Meantime we continue to enforce the No-Fly Zones on a more intensive basis.

- (ii) We apply real pressure on Syria to stop the flow of Iraqi oil by closing the oil pipeline. This should be part of our wider Syria strategy. We clamp down hard on Saddam's illegal financial transactions and give Jordan help so that they are not dependent on Saddam for oil and close down his illegal bank accounts. Also the Turks would need to stop illegal oil imports.
- (iii) We need to bring Russia on board, by ensuring their financial interests don't suffer adversely; that they will support a new UN resolution; and their withdrawal of support for Saddam will itself impact on him very negatively. (Putin is coming to stay at

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Chequers on 20 December. I shall raise Iraq but only talk to him about the UN aspect at this stage).

- (iv) We support opposition groups; but this time with far better operational security and with high quality political intelligence. We could set out an agenda for post-Saddam Iraq (see Annex 3). This must be seen as anti-Saddam but strongly pro the Iraqi people.
- (v) We mount covert operations with people and groups with the ability to topple Saddam.
- (vi) When the rebellion finally occurs we back it militarily. We provide air support, as well as support for Kurds in the North and Marsh Arabs in the South if they join the uprising. What everyone in Iraq and around it fears is that we will start this action but not finish it. They need to know, and we need to be clear, that if an uprising occurs we are willing to act militarily in support.

So: my strategy is to build this over time until we get to the point where military action could be taken if necessary; but meanwhile bring people towards us, undermine Saddam, without so alarming people about the immediacy of action that we frighten the horses, lose Russia and/or half

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the EU and nervous Arab states and find ourselves facing a choice between massive intervention and nothing.

(2) PHILLIPINES

There is useful work to be done in extending anti-money laundering provisions to counter-terrorism and promoting regional cooperation on terrorism within ASEAN. But the key policy should be to provide equipment, CT training and \_\_\_\_\_ t to improve the capacity of the Philippine armed forces to deal with Islamic extremist groups in the south. We should be ready to join them in hitting terrorist concentrations and terrorist camps in \_\_\_\_\_ and air operations.

(3) SOMALIA

A classic failed state. We need a) to interdict UBL fugitives on their way there and prevent supplies from reaching terrorist groups - that will require amongst other things the presence of coalition patrol vessels off the Somali coast b) to identify AQ cells and eliminate them through military strikes and covert operations c) in the longer term, we should look to build up economic and political stability, offering carrots to the Transitional National Government in return for their severing all links with terrorism.

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(4) YEMEN

The approach you took during Saleh's visit to Washington is the right one. We need to set out clear expectations for Yemeni action against terrorism. There may be scope for practical assistance on CT and defence cooperation if we are sure the Yemenis are genuinely committed to this. We should offer to mount \_\_\_\_\_ and air operations against terrorists. Our strategy should be to work with the Yemenis if we can, but to leave them in no doubt that if they fail to take the necessary action, they run the risk of others doing it for them.

(5) INDONESIA

Megawati is exactly the kind of leader who should be confronting Islamic militancy. We should give her lots of political encouragement (I may visit Djakarta early next year). We should help Indonesian efforts to deal with Laskar Jihad through CT assistance and intelligence cooperation. We should also be ready, with Indonesian support/collaboration, to take military action against known terrorist training camps.

(6) SYRIA AND IRAN

If toppling Saddam is a prime objective, it is far easier to do it with Syria and Iran in favour or acquiescing rather than hitting all three at once. I favour giving these two a chance at a different relationship: help and

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support in building a new partnership with the West in return for closing down support for Hizbollah and Hamas and helping us over Iraq. I don't underestimate the problems of this but I think it is possible. We have an outline strategy here (see Annex 4).

Two final points:

A. THE INTERNATIONAL COALITION

I believe international support so far has been strong and also vital. The danger in any action we take is "unintended consequences". In Afghanistan, so far, there have been none. But that was in large measure due to Pakistan being with us, Russia on board, Iran passive, the

How we finish in Afghanistan is important to Phase 2. If we leave it a better country, having supplied humanitarian aid and having given new hope to the people, we will not just have won militarily but morally; and the coalition will back us to do more elsewhere. In particular we shall have given regime change a good name, which will help us in the argument over Iraq. So in my view the political and diplomatic must always be reinforcing the military.

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B. MEPP AND OTHER UNDERLYING ISSUES

Sorry to be a bore on this. The Middle East is set for catastrophe. The issue is not whether Sharon takes tough action. He is bound to and so would any of us in this situation. The issue is whether a process of sorts can be put back on track. If it isn't, this will complicate everything in the Middle East for a wider struggle.

Secondly, we should be working now with Pakistan, Saudi Arabia but also all the other Moslem countries on a strategy for confronting Islamic fundamentalism and extremism.

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