

Policy Paper

## **The European Union and Iraq: Present Dilemmas and Recommendations for Future Action**

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## ***Executive Summary***

The transition process in Iraq is of crucial importance to the European Union (EU) because of Iraq's size, its vast oil reserves, its regional importance and its geographic location on the south eastern border of accession candidate Turkey.

EU member countries share the following key interests in Iraq:

- Ensuring a stable political process.
- Supporting the reconstruction process.
- Securing the supply of oil at reasonable prices.
- Fostering long-term stability in the Gulf region.

Despite the intra-European disagreements of the past, it is not difficult to see that there exists a very large degree of convergence on the fundamental principles that the EU wishes to uphold for the future of Iraq:

- Iraq's unity must be preserved.
- Iraq must be governed democratically.
- The system of government in Iraq must be geographically decentralised.
- Iraq must be at peace with all its neighbours.

The legacy of Saddam Hussein's rule has made the transition process a complex and difficult task. The inability of the coalition to impose law and order on the whole of Iraq has created a security vacuum across the majority of the country. The management of the political process has been characterized by the failure of the coalition to understand the dynamics of Iraqi society and the heavy dependence on a small group of Iraqi exiles. This led to a largely reactive and short-term approach, personified by frequent policy changes. The newly appointed interim government, formed from the old governing council, is likely to lack broad support across the population. It will not be well placed to organize and guarantee the inclusive national consultation process necessary to increase the popular legitimacy of the emerging institutions of the new Iraq. With this in mind the political process should be brought completely under the management of the United Nations, which would act as neutral facilitator and an impartial arbitrator to settle disputes. UNSC resolution 1546 (2004) is a step in that direction. It contains some important US concessions and pledges to give the UN a key role in the political process, even if the exact nature of this role is subject to considerable uncertainty.

Clearly the most pressing single problem in Iraq is the general lack of security and the spread of armed militias. Given the complex and dangerous environment in Iraq and the absence of a multilateral framework, most states are reluctant to commit troops and many of those on the ground face strong domestic pressure to withdraw. The engagement of NATO would do little to change the substance of the situation on the ground and is likely to be perceived in Iraq as US domination under another name. The lack of large numbers of new foreign troops means that the existing coalition and, increasingly, the nascent Iraqi security forces will have to try and guarantee the level of security necessary to successfully embark on a sustainable political process.

The EU should develop a feasible and sensitive strategy to support the political reconstruction process in Iraq which is based on its rich experience as a civil power, stimulating and supporting processes of structural change in various regions of the world. In this volatile environment the EU should concentrate on supporting the electoral process and the development of an inclusive and representative political system. A second area in which the EU could contribute in a meaningful way to improving stability in Iraq is institution building and the rule of law. A third, and possibly most important field for EU engagement is the regional environment where various EU policies are already in place. The EU should establish an intensive dialogue on the future of Iraq with Iran, Turkey, Syria, Jordan and the Gulf Cooperation Council (GCC) countries. This should aim for the progressive establishment of a multilateral Gulf security structure. The degree to which this strategy is implemented and the magnitude of resources committed should be dependent on the establishment of truly multilateral supervisory framework for the process. If and when this happens the European Union should be ready with a substantial package of assistance designed to ensure the emergence of a stable and prosperous Iraq.

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The war with Iraq caused a major split within the European Union (EU) and cast serious doubts over the envisaged gradual development of a coherent Common Foreign and Security Policy (CFSP). A number of countries, notably Britain and Spain, supported the US-led invasion, while others, such as France and Germany, voiced strong reservations about its legality. The intra-European discussion on Iraq was multi-dimensional and, at times, difficult to disentangle. It touched on basic questions about the future of international relations such as the appropriate approach to countries that combine domestic repression with external aggression in defiance of international obligations ("rogue states"), the nexus between terrorism and weapons of mass destruction, the architecture of the international system and the role of the United Nations. These are large questions which will dominate international politics for the coming decades. Yet, we would argue that these meta-issues have become progressively detached from a more narrow concern with the future of Iraq. Disagreements within the European Union on the wider problems detailed above will have a progressively decreasing influence on attitudes towards the transformation of Iraq.

We believe that the successful transformation of Iraq is of crucial importance to the European Union for three reasons:

- Iraq is a large country which controls more than 10% of the world's proven oil reserves. It is situated in the Gulf region which accounts for almost two thirds of proven oil in addition to a large share of natural gas reserves.
- The transition process in Iraq will have an enormous spill-over effect on neighbouring countries in a region which is characterized by violent conflict and a general lack of democratic institutions.
- Iraq shares a long border with Turkey which is an accession candidate to the Union and may soon be offered a date for the start of accession negotiations. If and when Turkey joins the Union, Iraq will automatically become a neighbour of the enlarged Union.

Starting from these assumptions this paper will give a detailed account of the nature of problems faced by the coalition in post-Saddam Iraq, as well as discussing possible fields of engagement for the European Union. Its arguments are based on series of workshops held in spring 2004 with academic experts and professional diplomats from the EU, Iraq and the United States, organized jointly by the Bertelsmann Foundation (Guetersloh, Germany), the Robert Schuman Centre for Advanced Studies at the European University Institute (Florence, Italy) and the Centre for Applied Policy Research (Munich, Germany).

## ***The Legacy of Saddam***

The legacy of Saddam Hussein's rule has made the transition process a very complex and difficult task. The institutions of the Iraqi state that the US had hoped to inherit in April 2003 were by that time on the verge of collapse. During March they were targeted by the third war in twenty years. This, in addition to thirteen years of sanctions specifically designed to weaken the state and three weeks of looting in the aftermath of the war, resulted in the disintegration of governmental institutions. What had been planned as regime change and then the speedy reform of state institutions was now going to be something much more costly and long-term. The Coalition Provisional Authority (CPA) has been engaged in the unforeseen task of building a new Iraqi state from the ground up. By its very nature, this will take much more time, effort and expertise than was anticipated in the run up to invasion.

The country that the coalition is struggling to pacify and reform is in many ways politically distinct, even amongst the states of the Middle East. Before the liberation of Baghdad last year it was impossible to talk about civil society in Iraq. The regime had reshaped or broken all intermediate institutions between the population and the state. Iraqi regimes, because of their perceived vulnerability, domestically, regionally and internationally, have sought to maximize their autonomy from society, with varying degrees of success. This autonomy was first supplied in the 1920s and 1930s by British government aid and since 1958 by increasing oil revenue. This means that Iraqi regimes have never had to raise large amounts of tax from or become beholden to domestic interest groups. This in turn has given the government increasing autonomy to control and reshape society.

The Baathist regime built under Hassan Al-Bakr and then consolidated by Saddam Hussein represented the apex of this process. It set about using oil revenues to build a set of powerful state institutions through the 1970s and 1980s. These managed to reshape society, breaking resistance and atomizing the population. Since seizing power in 1968, the Baath regime efficiently used extreme levels of violence and the powers of patronage to co-opt or break any independent vestiges of civil society. Autonomous collective societal structures beyond the control of the Baathist state did not survive. In their place society came to be dominated by aspects of the 'shadow state', flexible networks of patronage and violence that were used to reshape Iraqi society in the image of Saddam Hussein and his regime. The atomization of society and the dependence of individuals upon the state increased dramatically after the 1990-91 Gulf War, when the government rationing system provided food for the majority of the population in the south and center of the country. Applications to receive a ration card gave the government crucial information about every household under its control. The restrictions placed on ration cards meant individuals could not travel between different areas of the country and had to pick up their food in the same region each month.

However, the nature of the state's domination of society was transformed under the thirteen years of sanctions that Iraq faced in the aftermath of the 1990 invasion of Kuwait. The visible institutions of the state were greatly weakened and ultimately transformed. The rapid ending of imports and exports after Iraq's invasion of Kuwait drove annual inflation to levels as high as 500%. The middle class was devastated to the extent that it became hard to detect as a category. For at least the first seven years of their imposition the sanctions regime placed on Iraq proved to be extremely efficient in that it denied the government in Baghdad access to large or regular amounts of money. From 1990 government economic policy was largely reactive, dominated by the short-term goal of staying in power. With the economy placed under a comprehensive and debilitating siege, the government sector was largely reduced to a welfare system, distributing limited rations to the population. The rapid decline in government income not only forced the drastic reduction in state welfare provision, it also marginalized its role in the economy. The result was that under the pressure of sanctions, the official institutions of the state, with the exception of the rationing system, retreated from society during the 1990s, especially in the areas of welfare and education. As part of the regime's strategy for survival, resources were drained from government ministries. Civil servants, teachers and medical staff had to manage as best they could; extracting resources from the

impoverished population that depended on their services. Over the 1990s many professionals left public service either to take their chances in the private sector or flee into exile.

### ***The Security Vacuum***

The rising unpopularity of a sustained US presence in Iraq is closely linked to the nature of the order they have been able to impose on the country since the taking of Baghdad. For military occupation to be successful the population has to be overawed by both the scale but also the commitment of the occupiers. The speed with which US forces removed Saddam Hussein's regime certainly impressed the Iraqi population. But the inability of American forces to control the looting that swept Baghdad and the continued lawlessness that haunts the lives of ordinary Iraqis has done a great deal to undermine that initial impression of omnipotence. Troop numbers and tactics have hampered the nature and quality of the law and order that American forces have been able to enforce in the aftermath of the cease-fire. As the daily toll of US casualties' mounts American forces are increasingly perceived of as weak and their presence in and commitment to the country as temporary.

The inability of the CPA to impose law and order on Iraq has created a security vacuum across the whole of the country. This does not only impact on the daily life of Iraqis, but severely restricts the reconstruction effort of the international community and impedes the political process, putting the feasibility of an election into question. What recent events have highlighted is that the nascent forces of the newly formed Iraqi army and police are unable or unwilling to impose order. At the present time the Iraqi army consists of two battalions. Half of the recruits to the First Battalion resigned in December 2003 arguing that the pay was too low. The Second Battalion was ordered to fight in support of US troops in the recent operations in Falluja. They refused these orders, arguing that they had been recruited to defend their country not to fight other Iraqis. The Iraqi police force has had some success in fighting crime but either refused to help suppress the Sadr rebellion or in some cases actively supported it. This has given rise to another destabilising and very worrying dynamic that is likely to dominate post-occupation Iraqi politics. Militias have stepped into the security vacuum further adding to instability and insecurity. In a country where automatic weapons are widely available, where most men have had military training and many have seen active service, the organisation of militias is comparatively straight forward. The months since liberation has seen a plethora of armed groups taking to the streets, increasingly organised along sectarian lines.

The violence dogging the occupation springs from three separate sources with a host of causes. The first group undermining law and order are 'industrial scale' criminal gangs operating in the urban centres of Basra, Baghdad and Mosul. It is organised crime that makes the everyday lives of Iraqi city dwellers so precarious. These groups, born in the mid-1990s when Saddam's grip on society was at its weakest, have been revitalised by the lawlessness of present day Iraq. Capitalising on readily available weapons, the weaknesses of a new and hastily trained police force and the CPA's shortage of intelligence about Iraqi society, they prey on middle class Iraqis, car jacking, housebreaking, murdering and kidnapping.

The second group involved in violence is the remnants of the Baath regime's security services. Sensing the vulnerability of occupation forces they began launching hit and run attacks on US troops in May 2003 and have increased the frequency, skill and geographic scope with which they are carried out. The networks and personnel now pursuing the insurgency appear to have been reconstituted through personal, family and geographic ties in the months after the taking of Baghdad. The decision to dissolve the army and embark on root and branch de-Baathification, directly contributed to the organisation of the insurgency.

The final source of violence is certainly the most worrying for the CPA and the hardest to deal with. This can be usefully characterised as Iraqi Islamism, with both Sunni and Shia variations. Fuelled by both nationalism and religion it is not going to go away and provides a powerful insight into the mobilising dynamics of future Iraqi politics.

The explosions in Baghdad and Karbala that greeted the signing of the Transitional Administrative Law (TAL) in the first week of March 2004 marked a new phase in the insurgency. This was a response to the CPA's plans to hand over the provision of security to the nascent Iraqi army and police force. However this was also a new and destabilising phase of violence designed to make Iraq ungovernable either by the US or a new Iraqi government. Terrorism is now being deployed with the twin aims of exacerbating sectarian tensions, whilst at the same time seeking to stop the growth in indigenous governing structures designed to replace the occupation. As US troops took a less public role and began to be redeployed to more secure bases, the insurgents sought out more accessible targets. The embryonic institutions and personnel of the new Iraqi state provided these. These attacks are designed not only to discourage Iraqis from working for the new state but also to stop the growth of its institutions. They undermine attempts to deliver to the Iraqi population what they have been demanding since the fall of the Baath regime: law and order. However the second tactic adopted by insurgents has the potential to be even more damaging to Iraq's long-term stability. By targeting the large crowds that gathered to commemorate the Shia festival of Ashura in Baghdad and Karbala, the perpetrators of the attacks on March 2 2004, were attempting to trigger a civil war between Iraq's different communities.

Prominent Iraqi politicians have been keen to blame the rise in car bombing, civilian casualties and the resulting sectarian tension on outside forces. But there is a danger that they have tended to overstate their case. The efficiency of these attacks, their regularity and the speed with which they were organised in the aftermath of Saddam's fall, all point to direct Iraqi involvement. The shadowy organisations behind these sectarian attacks are much more likely to be a hybrid, with elements of the old regime acting in alliance with indigenous Islamic radicals and a small number of foreign fighters. This potent mix has allowed mid-ranking members of the old regime to deploy their training and weapons stockpiles. They have sought to ally themselves with a new brand of Islamic nationalism, seeking to mobilise Sunni fears of Shia and Kurdish domination and a growing resentment at foreign occupation. Although the use of indiscriminate violence has alienated the vast majority of Iraqi public opinion across all sections of society, the carnage it has produced has been a major setback for state building and stability.

### ***The Search for a Legitimate Political Process***

Against a background of increased violence and insecurity, plans for rebuilding the political and administrative structures in Iraq appear to be largely reactive. As policy has moved to meet a series of challenges it appears that little attention has been paid to the long-term consequences of each new initiative. The key problem damaging the occupation and hindering state building is the difficulty in communication between the American civil servants and members of the Iraqi Governing Council (IGC) stationed in the green zone in downtown Baghdad and the mass majority of the Iraqi population. It is this inability to have meaningful interaction with Iraqi society that is the core problem facing the US and the new Iraqi government.

With no indigenous civil society organizations surviving Saddam's rule, Iraqi politics are today extremely fluid. The population was largely atomized by thirty-five years of Baathist rule. Liberation has certainly led to political mobilization but at the present juncture this process is tentative, unstable and highly fractured. No one individual or party has managed to rally any significant support from the population. This was starkly born out by one of the largest opinion polls ever conducted in Iraq.<sup>1</sup> With its extremely limited expertise on Iraq the coalition became worryingly dependent upon the small group of Iraqi exiles it brought back to Baghdad in the aftermath of liberation. They were meant to provide several functions. First, they would become the main channel of communication between the wider Iraqi population and US forces. They would also, in spite of being absent from the country for many years, become the chief source of information and guidance for the American administrators struggling to understand and rebuild the country. Finally and most importantly, they were set to become the basis of the new political elite. It was the exiles that were to form the core of Iraq's new governing classes. The heavy reliance on organisations like the Iraqi National Accord (INA) and the Iraqi National Congress (INC) has further exacerbated the divide between Iraqi society and US forces. Despite setting up numerous offices around Baghdad, publishing party newspapers and spending large sums of money, the two main exile groups, the INC and INA have so far failed to put substantial roots into society. Off the record many of the more candid formerly exiled politicians will admit that they themselves have been surprised by the difficulties they have faced since returning. Instead of being welcomed they have found a sullen and suspicious population who have refused to offer political loyalty to the newly returned parties.

The inability of the exiled parties to develop significant constituencies within Iraq has not stopped the CPA from using them as the cornerstone of the new governing structures. US policy appears to have gone through four distinct phases. Firstly, once Baghdad had been taken, the ex-general Jay Garner expressed a desire to move quickly to an interim government run by the formerly exiled politicians who came back to the capital with the US military. However the movement towards creating a representative body was hasty and rather ramshackle in nature. The second phase of US approaches to rebuilding Iraq was marked by one of Ambassador Paul Bremer's first decisions upon arriving in Baghdad. He decided to put Jay Garner's plans on hold and delay delegating power to a leadership council mainly composed of the formerly exiled parties. Given the fluidity of the situation and the difficulties of engaging the Iraqi population in a political process in the aftermath of conflict, this appeared to have been a very astute decision. However, this cautious and incremental approach was set aside with the advent of the third plan for building governmental structures. This was heralded by the CPA, in conjunction with the United Nations, setting up the Iraqi Governing Council (IGC) in July 2003. The politicians were chosen to approximate best estimates of the ethnic make up of Iraq, with thirteen members being technically Shia, five Sunni Arabs, five Kurds, with a Turkoman and a Christian thrown in for good measure. The exile-dominated IGC proved to be highly unpopular and did nothing to increase the legitimacy of the occupation among average Iraqis.

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<sup>1</sup> In February 2004 Oxford Research International interviewed 2737 people across Iraq. Although some of the results were broadly positive for the CPA, others highlighted distinct problems for the medium-term political stability of the country. When asked which organization they would vote for in a national election, the Shia party, Al-Dawa, received the highest polling figure. But the support Al-Dawa registered was extremely low at only 10% of those questioned. Other parties that also claim a national base registered even lower polling figures. The largest percentage of those polled, 39.2%, answered that they did not know whom they would vote for. This was closely followed 34.5% who refused to answer the question. A similar very low response resulted from the question: 'Which national leader in Iraq, if any, do you trust the most?' Again Al-Dawa's leader Ibrahim Jaferi got the highest rating but that was only 7.7% of those questioned. The more indicative results were 21.1% of those questioned who answered 'none' and the 36.7% of those who did not answer or were not sure.



By mid-November 2003, it appeared that the shortcomings of the IGC had become apparent to decision makers in both London and Washington sparking a fourth change of policy. Pressured by the oncoming electoral cycle in America and increasing casualties in Iraq, the US government has sought to radically reduce the length and nature of its political commitment to Iraq. The new plan called for a transfer of sovereignty to an Iraqi government on 30 June based on a fundamental law. This document, the 'Transitional Administrative Law', was negotiated between the members of the IGC and the CPA and signed in early March, but several ICG members raised immediate objections to some of its provisions. The proposed indirect method of choosing an interim government met the resistance of the most senior Shiite cleric in Iraq, Grand Ayatullah 'Ali Al-Sistani and was eventually dropped. After a UN delegation had established that general elections would require several months of preparation, Al-Sistani agreed to accept an appointed government until general elections could be held at the latest in January 2005.

It was into this vacuum that the UN Secretary General's special envoy to Iraq, Lakhdar Brahimi stepped. Brahimi and through him the UN itself was given the task of shaping a new interim government to act as a bridge between the end of the CPA and the election of a new government. The Brahimi plan, following closely Iraqi public opinion, focused on the establishment of a technocratic government that would impartially oversee the electoral process. By insisting that those Iraqis who would run the interim administration could not run for office in the elections, Brahimi was trying to force the political parties that dominated the IGC out into the country to build a national base. Those left to run the country until elections could also have created the hub of an impartial civil service. Brahimi arrived in Baghdad on April 5 after having been given assurances from Washington that he would have complete autonomy to implement his plan. The announcement in the first week of June of a new government dominated by key politicians from the old IGC demonstrated not only the short term and reactive nature of US policy towards Iraq, but also its continued commitment to the discredited and highly unpopular Iraqi politicians it brought back to Baghdad in the aftermath of regime change.<sup>2</sup>

The transfer of sovereignty to Iraq on June 30 and the appointment of the new interim government were given international legitimacy by UNSC resolution 1546 (2004). The resolution included important US concessions in restricting the presence of coalition troops until the completion of the process, establishing a framework for security coordination between the coalition and the interim government and stressing again the necessity of a 'leading role' for the United Nations in the political process. Upon the insistence of Grand Ayatullah Al-Sistani and against pressure from Kurdish representatives, the Transitional Administrative Law is not mentioned in the resolution, causing considerable uncertainty regarding the legal status of this document.

### ***Defining an EU Role***

The failure of the US and its allies to understand the dynamics of Iraqi society and the catalogue of mistakes that characterized the management of the transition process do not bode well for success in Iraq. Yet, the failure to establish a stable and legitimate political order in Iraq will have a huge impact on regional and international politics. The EU and its member countries simply cannot afford to ignore the immense importance of the transition process in Iraq on a region which is geographically situated on its south eastern borders. EU countries share four basic interests in Iraq:

- Ensuring a stable transition process that would help the integration of all significant groups and prevent the re-emergence of a repressive authoritarian system. An unstable Iraq is likely to descend into violence and may turn into a regional hub for terrorist activities, thus encouraging the intervention of neighbouring countries and fuelling migration into the EU.

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<sup>2</sup> When the Oxford Research International pollsters asked which national leader if any did their questioners trust only 0.2% answered Ayad Alawi, the same poll rating as Ahmed Chalabi. Alawi's party got exactly the same percentage figures, 0.2% when those questioned were asked which party they would vote for in national elections.

- Supporting the reconstruction process of Iraq to combat widespread social dislocation and poverty and improve the standard of living of the population. A solid economic recovery is key to building the necessary support for the political transition process.
- Securing the supply of oil at reasonable prices which requires a stable and secure environment to allow for uninterrupted exports and to attract the large investment necessary to upgrade existing capacities and develop new ones.
- Fostering long-term stability in the Gulf region, for any conflict threatens to interrupt the stable supply of oil and gas and jeopardises the global economy. This implies that Iraq will be at peace with its neighbours and gradually integrated into a regional security framework.

Despite the intra-European disagreements of the past it is not difficult to see that there exists a very large degree of convergence on the fundamental principles that Europe wishes to uphold for the future of Iraq. These are:

- Iraq's unity must be preserved. No partitioning or redefinition of boundaries is acceptable either today or in the future.
- Iraq must be governed democratically. Nothing short of a democratic regime is acceptable. The test of democracy is freely contested elections with one person (man and woman) one vote.
- The system of government in Iraq must be geographically decentralised to accommodate society's wishes.
- Iraq must be at peace with all its neighbours and renounce the use of military force for the solution of international disputes.

Provided that there is a European consensus on these basic interests and principles, the EU and its member countries should be prepared to commit substantial political and material resources to support the transition process. However, crucially this will require a tangible sign that the US administration is prepared to change course and correct some of the mistakes that have been made in the past. US decision makers cannot expect the international community to commit substantial resources to a process in which the UN role is limited to being a 'subcontractor' to the coalition. Real engagement on the part of the international community will only be available when it is matched by real participation in decision-making. It will require, first and foremost, an effective multilateralisation of the political process. The newly appointed interim government, formed from the old governing council, looks set to suffer from the same problems that undermined the IGC. If this proves to be the case it will lack broad support among the population and will not be well placed to organize and guarantee the inclusive national consultation process necessary to increase the popular legitimacy of the emerging institutions of the new Iraq. With this in mind the engagement of an external actor is crucial, acting as a neutral facilitator of this process and as an impartial arbitrator to settle disputes. This would not mean a partial or token role for the United Nations, but bringing the whole political process under United Nations management. The organisation overseeing the move towards the creation of a new state would then not be the United States but the international community. This would reduce the suspicion felt towards the institutions that succeed the CPA by sections of the Iraqi population. Accusations of double standards or nefarious intent would be much harder to sustain. Arguments about the occupier's willingness to relinquish power would also be negated. This would result in many more Iraqis viewing the whole exercise with a great deal more legitimacy.

Yet, the way in which the interim government was appointed does not bode well for the emergence of a more multilateral approach to the political process. Senior positions in the interim government were given to members of the Iraq Governing Council and their representatives; the UN once again could do little more than rubberstamp these appointments. UN special representative Lakhdar Brahimi failed in his stated aim to appoint an apolitical and technocratic caretaker government. He met with stiff resistance from the IGC and did not get the backing from the CPA that he thought he had been guaranteed. The act of 'self-transformation' of the IGC into the new interim government, which could not have happened without US acquiescence, proved that a genuine multilateral approach towards Iraq has not, for the time being, materialized.

UNSC resolution 1546 (2004) envisages a leading role for the UN in the political process (as have all the resolutions passed since the war), especially in regard to the convening of the national conference and the preparation for the general elections. However, past experience suggests caution, since it remains to be seen how much decision-making autonomy the UN will actually be given. This is especially the case given the existence of an interim government tempted (like the IGC before it) to entrench itself in power combined with a large and powerful US embassy. The recognition of the interim government by the international community reflects, to a large extent, the lack of a viable alternative. While the EU should not condition its support for the new Iraqi government on the establishment of multilateral control over the political process, it is clear that the mobilization of major resources will not be possible in the present circumstances.

Clearly the most pressing single problem in Iraq is the general lack of security and the blossoming of armed militias which have been licensed by the CPA in an ad hoc and inconsistent manner. Given the complex and dangerous environment in Iraq and the lack of a truly multilateral framework, most states are understandably reluctant to commit troops to the country, even under a UN command structure, and many of those on the ground face strong domestic pressure to withdraw. There are no indications that a large number of additional troops will be provided any time soon by the international community. A possible engagement of NATO would do little to change the substance of the situation on the ground and is likely to be perceived in Iraq rather as the continuation of American dominance under a different banner. Evidence from other post-conflict reconstructions indicates that the disarmament of militias is very difficult if security remains volatile and the future rules of the game unclear. Militiamen have to be convinced that force will not be rewarded in the future and that the participation in the political process is more attractive. Given the current uncertainties of the transition process it would be unrealistic to expect a quick disarmament and dissolution of the militias, although attempts at demobilization are certainly possible. This means that the coalition and increasingly the nascent Iraqi security forces, will have to try and guarantee the level of security necessary to successfully embark on the political process. Success in improving security conditions will also be key to any large-scale EU engagement on the ground.

### ***Areas for EU Action***

The present problems have to be addressed through an inclusive political process which results in a general election and a legitimate Iraqi government, provided for in the Transitional Administrative Law no later than January 2005. For the interim period, a broad national conference based on the *Loya Jirga* model in Afghanistan is envisaged which would elect a consultative council as an advisory body to the interim government. Iraqi society is highly mobilized but largely atomized and unrestrained by effective state institutions or by political parties. Nationwide democratic elections could result in the structured political mobilization of the population. This would channel the hopes and aspirations but also the alienation and anger of the Iraqi people into the political process. It would tie the population in a transparent and consensual way to political parties who would be forced to develop a national network but also a national platform. Political parties, in order to prosper, would be forced to be both responsive

to Iraqi public opinion but would also, to some extent, be responsible for shaping it. This process, if successful, would link the population, through the parties, to state institutions.

The transitional period until national elections are held is fraught with risks given the very narrow popular base of the emerging interim government and the continuing reluctance of the US to accept a truly multilateral framework. In this volatile environment the EU should concentrate on supporting the electoral process and the development of an inclusive and representative political system. The upcoming elections have to be made as free and fair as possible to establish a government with broad popular support and sufficient legitimacy to face the difficulties ahead. Yet, focusing on elections at the national level entails the risk of increasing social polarization by centering political competition on complex national issues. Local elections have the distinct advantage of favoring moderate candidates who are perceived as serving the needs of their constituencies by managing pressing problems of daily life. Unfortunately, the CPA discontinued the local electoral processes that were organized in a number of municipalities by US commanders. This was partly due to the fear that this would raise expectations of speedy national elections. Similarly, several non-governmental organizations, such as professional and labor unions have successfully held internal elections. Therefore, national elections should be complemented with elections at the local, regional and professional levels to ensure the emergence of a moderate and accountable leadership and imbue society with pluralistic and democratic values.

The establishment of a participatory political system cannot be confined to the holding of competitive elections, it needs to be complemented by the creation of a vibrant civil society. This will help to establish a level-playing field ensuring that the holders of executive positions, such as the current interim government, do not exploit their comparative advantage to cement their seizure of power by controlling the media, harassing civil society, rigging elections. The EU should foster the re-construction of Iraqi civil society by supporting non-governmental organisations and offering training in democratisation, human rights and civil conflict management. Special attention should be given to fostering the acceptance of democratic and pluralistic values within Islamic religious discourse, for example by seeking the support of European Muslims on an organisational and individual level to promote the values of democratic pluralism and religious tolerance. The EU should foster the international integration of Iraqi civil society by establishing study programmes and exchanges for students, teachers, journalists, officers and other professionals to overcome the impact of the decade-long isolation. All of this will naturally be complicated by the lack of a physical presence on the ground due to the security situation. Nonetheless, EU actors, both at the level of community institutions and member countries, should attempt to embark on an extensive dialogue with Iraqis, who should remain involved in all stages of the process to enhance their feeling of ownership.

A second area in which the EU could contribute in a meaningful way to improving stability in Iraq is institution building and the rule of law. The EU has among its member countries a great diversity in institutional settings coupled with rich expertise in institutional reform. The EU should offer to share European experience in designing new political institutions and making them work. In particular, a number of different models of devolution, regional autonomy and federalism aimed at decentralizing decision-making could be of tremendous value for those Iraqi drafting the new constitution. A crucial, but rather neglected dimension of the institution-building process is local government. Local elections are an important device to build up a truly democratic system by encouraging a new generation of leaders rooted in Iraqi society and focused on daily problems of direct concern to citizens. The EU should aim to support the development of local governance starting with local elections. The establishment of the rule of law in its various dimensions (police, judicial system, prison system) will be of crucial importance for popular support in the interim period. The EU should support the training of police, border police and other agencies for internal security, including education in human rights issues and in civil-military and community-police relations. The EU should offer assistance for the reform of the legal and law-enforcement systems of Iraq by extending support for judicial training and penal reform,

including professional training for lawyers in the courts, training in international law and training in human rights law.

Special attention should be given to addressing the legacy of the crimes of the previous regime. Every transition process faces a conflict between the popular desire and moral necessity to punish the perpetrators and demands to bury the past aimed at forging a new national consensus. The legal determination of individual guilt is a complex and time-consuming process that requires universal and generally accepted standards, trained and experienced legal personnel and the careful preparation of the evidence. EU member countries, especially the new accession states from Central and Eastern Europe have rich and diverse experiences in confronting the crimes of past regimes and forging a national consensus on a democratic future. The EU should offer financial and technical support for this project that will have a crucial impact on the political culture of Iraqi society.

A third, and possibly most important, field for EU engagement is the regional environment where various EU policies are already in place. While these policies have been pursued in the past independently of Iraq and are clearly objectives in their own right, the regional environment will exert a powerful impact on the course of the transition process in Iraq. The cooperation of Iraq's neighbours is crucial to any effort to stabilize the situation in the country. Iraq is in many ways dependent on its neighbours, most importantly because of its narrow access to the sea, the vulnerability of its overland oil pipelines and its dependence on the uninterrupted flow of the Tigris and the Euphrates. It has a legacy of unsettled disputes with most of its neighbours, most notably Iran and has started two wars of aggression in barely a decade (Iran 1980 and Kuwait 1990). The EU should establish an intensive dialogue on the future of Iraq with Iran, Turkey, Syria, Jordan and the Gulf Cooperation Council (GCC) countries. This would include issues such as non-interference in Iraq's domestic affairs and the appropriate policing of borders, as well as commercial and economic cooperation.

In contrast to the US, the EU is uniquely positioned to engage all regional actors:

- Turkey is a candidate for EU membership and a date for the start of accession negotiations will be offered soon. This decision clearly has the potential of either turning the EU into one of Iraq's neighbours, or potentially driving it off the regional stage.
- With Iran, the EU has engaged in the so-called 'constructive dialogue' and recently started negotiations on a free trade and cooperation agreement to establish a stable platform for dialogue and cooperation.
- Syria, Lebanon and Jordan are partner countries in the Euro-Mediterranean Partnership (the Barcelona process) which is currently undergoing a process of reformulation in the light of the 'Wider Europe' concept.
- The EU has had a cooperation agreement with the Gulf Cooperation Council (GCC) countries since 1988 and negotiations on a substantially upgraded free trade agreement are close to completion.

The EU should actively promote the idea of a multilateral Gulf security structure and offer its good offices to facilitate contacts between all the parties involved. The progressive integration of Iraq into a Helsinki-type Gulf regional security framework that encompasses Iran and the GCC countries will alleviate its perception that Iran poses a threat and check any new attempts at regional dominance. A future *Gulf Conference for Security and Cooperation* (GCSC) should include all the Gulf states and be devolved into subject-specific working groups on issues like arms control and confidence building measures, resolution of territorial disputes, economic cooperation, energy and water. As the groups would cover different themes, their membership would be flexible. With the various issues being addressed in parallel, it could be easier to arrive at compromises and imaginative solutions for problems such as Iraq's access to the sea, or the dispute over Abu Musa and the Tunbs. Yemen, Syria, Egypt, Jordan and Turkey should be given associate status at the conference and full participant status in the relevant working groups. The US, the EU, Russia and the UN Secretariat should function as a facilitator

for the establishment of this framework and as participant in its proceedings. The EU also needs to repeat forcefully that success in Iraq requires parallel progress towards a settlement of the festering Israeli-Palestinian conflict within the framework of the 'roadmap' (the Quartet plan to achieve a comprehensive settlement of the Israeli-Palestinian conflict).

Beyond that there is certainly a broad range of technical and financial support that the EU could contribute to the huge task of reconstructing Iraq's infrastructure and economy, provided that appropriate conditions are in place. As a first step EU member countries should offer to reschedule or cancel Iraqi debt and advocate a reduction or cancellation of Iraq's reparations. Iraq has accumulated a debt of \$120 billion to which outstanding reparations of \$80 billion have to be added. This puts it among the most indebted countries of the world. A reduction of this immense burden is a crucial condition for the reconstruction process to succeed.

### ***Conclusion***

The Middle East region is bound to remain at the centre of international politics for some years to come. The necessity of structural change and political reform in the region is widely acknowledged even if there are disagreements about the course and pace of the reform process and the role of external actors. The European Union (EU) has taken a long-term perspective and launched a number of cooperative policies in the region, most importantly with the countries of the Southern and Eastern Mediterranean rim, the countries of the Gulf Cooperation Council (GCC) and the Islamic Republic of Iran. The prospects for achieving tangible results in the region will depend, in no small measure, on the success of the transition process in Iraq given its size and geographical importance. Yet, the EU should be cautious about deploying substantial resources at the current stage which is still characterized by a largely unilateralist approach on part of the United States. The persisting problems of security and legitimacy as outlined above raise doubts about the sustainability of the current political process and even the possibility of holding successful elections at the beginning of 2005. The new interim government may soon be faced with similar problems to those that have haunted the Iraqi Governing Council (IGC) in the past. Escalating security problems and a crisis of legitimacy may spark yet another change of policy in Washington. Strategically the EU must be aware of the possibility of a radical change in Iraq policy in Washington and be ready to support the United States as it takes a more multilateral approach to Iraq. In the interim the EU in developing a feasible and sensitive strategy along the lines discussed above should be keenly aware that events in Iraq remain highly unstable and may rapidly change. The degree to which the EU can implement its strategy and the magnitude of resources committed should ultimately be dependent on the establishment of a truly multilateral framework within which to rebuild Iraq. If and when this happens the European Union should be ready with a substantial package of assistance designed to ensure the emergence of a stable and prosperous Iraq.