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**DCI ACTION CENTER
ROUTING SLIP**

		ACTION	INFO			ACTION	INFO
1	DCI		X	13	Iraq Issue Managers	E-COPY	
2	DDCI		X	14	DI/NESA/IRAQ		E-COPY
3	DDCI/CM			15	OCA		
4	ADCI/MS			16	OPA		
5	EXDIR		E-COPY	17	ADCI/HS		
6	CFO			18	ExSec		E-COPY
7	CIO			19	DAST		E-COPY
8	DDI		E-COPY	20	DAC		
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10	DDS&T						
11	GC						
12	ORMS						

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SUSPENSE DATE: N/A

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COORDINATION/ROUTING:

Iraq Issue Managers to coordinate with appropriate offices to complete action.

SUMMARY:

Papers from Frank Miller, NSC, regarding Principals Committee Meeting on 11 March 2003.

Date: 10 March 2003

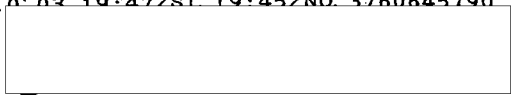
Received in DAC: 11 March 2003

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03 MAR 10 PM 7:46

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DATE/TIME: _____

MESSAGE #: 731

FROM: <u>FRANK MILLER</u>	PH: <input type="text"/>	ROOM: <u>386 EEOB</u>
SUBJECT: <u>PAPERS FOR PRINCIPLES COMMITTEE ON 3-11-03</u>		PAGES: <u>COVER + 14</u>

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Hand deliver to the following primary addressees:

DAC - receipt is required

SDO

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EA/DCI

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DDI--EA/DDI--EA/DDI--ADDI--EA/ADDI--ADDI/SP

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This material pertains to a meeting scheduled for:

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For DC material on Terrorism/Afghanistan or pertaining to the campaign strategy meeting or consequences management meeting deliver to C/CTC Current Action Staff

For Material relating to Homeland Security Hand deliver to ADCI/HS-- D/ADCI/HS--EA/ADCI/HS--COS/ADCI/HS

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LOCATION	DELIVER TO	ROOM	PHONE
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CIA	<input type="text"/> EXEC SEC	_____	_____
JUSTICE	MR. JAMES MCATAMNEY COUNSEL FOR NATIONAL SECURITY AFFAIRS	_____	_____
OVP	MR. LEWIS LIBBY CHIEF OF STAFF	_____	_____
TREASURY	MR. JEFFREY F. KUPFER-EXEC SEC	_____	_____

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SPECIAL DELIVERY INSTRUCTIONS/REMARKS:
For delivery Tuesday morning

“Liberation” and “Conflict Termination”

March 7, 2003

SECRET NOFORN - Working Papers

DoD

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7 Mar 03

Overview

Purpose, Summary and Recommendation

Purpose:

- Establish criteria to guide and inform a decision to declare “*Liberation*” and “*Conflict Termination*” in Iraq to facilitate development of supporting policies and strategies.

Bottom Line:

- *Liberation* refers to particular Iraqi territories, and
- *Conflict termination* refers to the country of Iraq as a whole.

**Declaring “liberation” of controlled areas of Iraq
prior to conflict termination
may help set the stage for post-conflict cooperation.**

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MON 3:10:03 19:47/ST:19:45/NO:3760645790 P 3

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Background

Strategic Goals and Objectives

US Objectives in Iraq: (Strategic Aims = "Winning the Peace")

• Free Iraq in order to:

- Eliminate Iraqi WMD, means of delivery and associated programs.
- Cut Iraqi links to and sponsorship of international terrorism.
- End Iraqi threats to neighbors.
- Maintain Iraq's unity and territorial integrity.
- Liberate Iraqi people from tyranny and assist in creating society based on moderation, pluralism, and democratic institutions.

"Goals, Objectives, Strategy"

NSC Paper on Iraq

29 Aug 02

Coalition Military Objectives in Iraq: (War Aims = "Winning the War")

- Destroy Iraqi WMD capability and infrastructure.
- Destroy terrorist networks in Iraq. Gather intelligence on global terrorism, detain terrorists and war criminals, and free individuals unjustly detained under the Iraqi regime.
- Protect allies and supporters from Iraqi threats and attacks.
- Destabilize, isolate, and overthrow Iraqi regime and provide support to new broad-based government.
- Support international efforts to set conditions for long-term stability in Iraq and the region.

Planning Order

"Iraq"

9 Jul 02

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Differentiation between Liberation Stages of Success

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– Regime loses control and coalition gains control of geographical region (e.g. Iraqi Province).



Declare "Liberation" of local area or Province

– All organized armed resistance ends across the country.



Institute "Conflict Termination"

– Stabilize and initiate recovery.

* Operate against pockets of resistance.

– Transition to civilian authority.



Achieve Strategic Objectives

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Determination and Criteria for Declaring Conflict Termination

- Process of declaring conflict termination requires assessment of certain facts and a Presidential determination
- General criteria include:
 - Military objectives met; enemy forces defeated
 - U.S./Coalition strategic objectives met
 - Complete replacement of old regime throughout entire country
 - Functioning, properly constituted governmental authority compatible with U.S./Coalition "Strategic Objectives"

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Process of Conflict Termination

- **Conflict termination is phased process**
- **First step, determine that military goals have been met and establish occupation force in Iraq**
 - Occupation is a continuation of military operations
- **Occupation Goals include:**
 - Satisfying strategic objectives
 - Establishing and maintaining stability
 - Meeting humanitarian needs of Iraqis
 - Establishing basic governmental functions under complete U.S./Coalition control

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Process of Conflict Termination

- **Next step**, at appropriate time, establish Interim Authority
 - Occupation continues
 - U.S./Coalition forces remain, EPWs held, etc.
 - U.S./Coalition control over governmental functions relinquished incrementally ("crawl, walk, run")
 - Assumption governmental functions by Interim Authority expedited through close coordination between Interim Authority and Office of Reconstruction and Humanitarian Assistance
 - U.S./Coalition retain veto power over Interim Authority actions throughout transition from occupied state to fully functioning, peaceful member of international community

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Legal instruments of Conflict Termination

- Conflict termination process proceeds along agreed upon path
 - Various models available: cease-fire, truce, and armistice
 - All include terms and conditions governing parties' actions.
- Agreement with a properly constituted Interim Iraqi Authority is one option for initial transitional phase of conflict termination
- Such agreement would have to, at minimum, guarantee:
 - U.S./Coalition force presence and freedom of movement within Iraq
 - Recognition of no Interim Authority jurisdiction over U.S./Coalition personnel, contractors, or operations for criminal, claims, or other matters
 - Iraqi Authority plan for development of constitutional government
 - Basic human rights for all Iraqis

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Legal instruments of Conflict Termination cont'd

- **Final step is peace treaty or similar document.**
 - Represents the legal termination of the war.
 - Establishes state of peace
 - Restores normal international rights and duties between nations;
 - Governs return of EPWs
 - Ends occupation
 - Governs what if any U.S./Coalition force would remain
 - Effectively ends veto power over Iraqi governmental actions
 - Establishes conditions for reparations, etc.
- **Requires Presidential determination that conflict is over**

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SECRET/NOFORN**ORGANIZATIONAL STRUCTURE FOR THE FINANCIAL SECTOR****ISSUE: How will financial sector policies be managed?**

In order to coordinate effectively among the Finance Ministry, Central Bank and Iraq's 11 financial institutions and ensure financial stability during the interim period, there may be value in appointing a Financial Sector Administrator (either an individual of stature or a small group) to report to the Civil Administrator (CA). Such a person or group would promote consistency in financial policies, enhance international and regional financial credibility, and set in motion financial policies to support longer-term, market-oriented growth. The Financial Administrator could be appointed for a limited period of time, until financial credibility is established. An important issue is how such an individual or group would relate to the CA and to the Iraqi Interim Authority (IIA).

Option 1 *Stand-alone Financial Administrator(s): (See Chart 1)*

Pros: Helps reduce burden on the CA with respect to financial sector policies and allows CA to focus on security, political, social and other economic issues;

Provides critical coordination among finance ministry, central bank and financial institutions;

Enhances profile and accountability of the Administrator;

Creates just one line of communication to the CA instead of three individual lines from finance ministry, central bank and financial institutions;

Comparable to the approach planned for the oil sector; and

Would help establish appropriate institutional roles between key financial sector institutions to create foundation for a market economy.

Cons: May be difficult to find a suitable candidate to fill position;

An individual or group with such responsibilities may be difficult for CA to manage; and

Could create an additional element of complexity in the overall administration of post-conflict Iraq.

Option 2: *Finance Administrators integrated into financial institutions. Place Financial Administrator in Finance Ministry; Central Bank Administrator in Central Bank, and Bank Regulator to manage financial institutions. (See Chart 2)*

Pros: Enhances credibility of policies within each institution;

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Could last for a limited period of time; and

Establishes direct line of communication from CA to finance ministry, central bank and financial institutions.

Cons: Does not necessarily enhance financial credibility outside of the ministries;

Could be more difficult to coordinate financial sector policies quickly in case of crisis;

Could result in three competing personalities working at cross-purposes;

Creates three lines of communication to the CA instead of just one;

Reducing profile may make it more difficult to attract three people of world-class stature; and

May create conflicts within each institution between the Administrator, Senior Adviser, and Iraqi Deputy First Minister.

Option 3: *No Financial Administrator(s) – use plan being developed for other ministries.*

Pros: May be sufficient to use technical advisors in the ministries to implement policies.

Cons: Responsibility for the financial sector is dispersed;

Quick policy response to financial issues may be sacrificed;

Technical advisors within each finance ministry may not be able to manage all aspects of running a ministry;

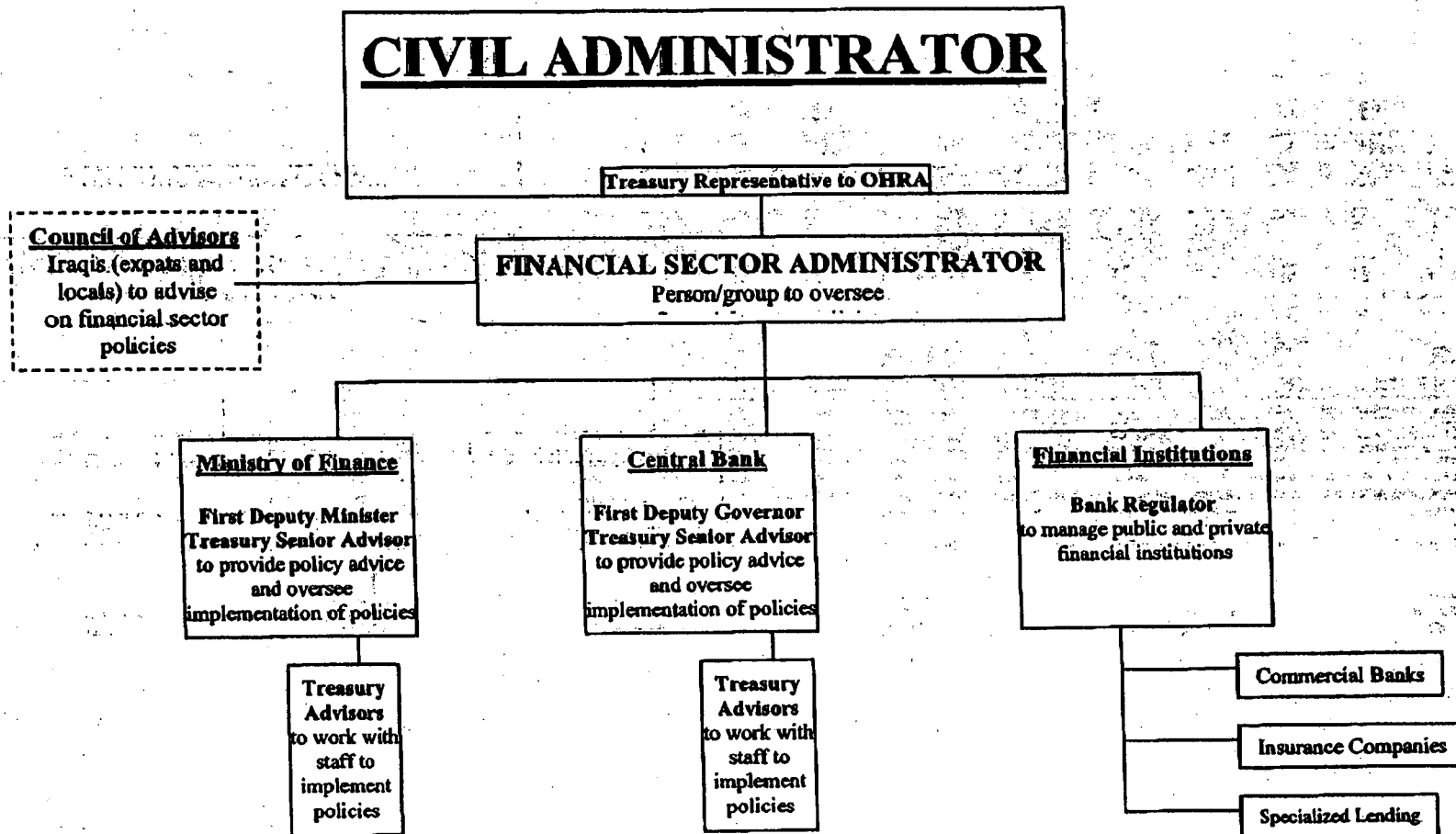
CA may not be able to devote time to coordinating critical financial decisions to avoid financial chaos; and

International and regional financial credibility may not be established.

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Organizational Structure for the Financial Sector Option 1

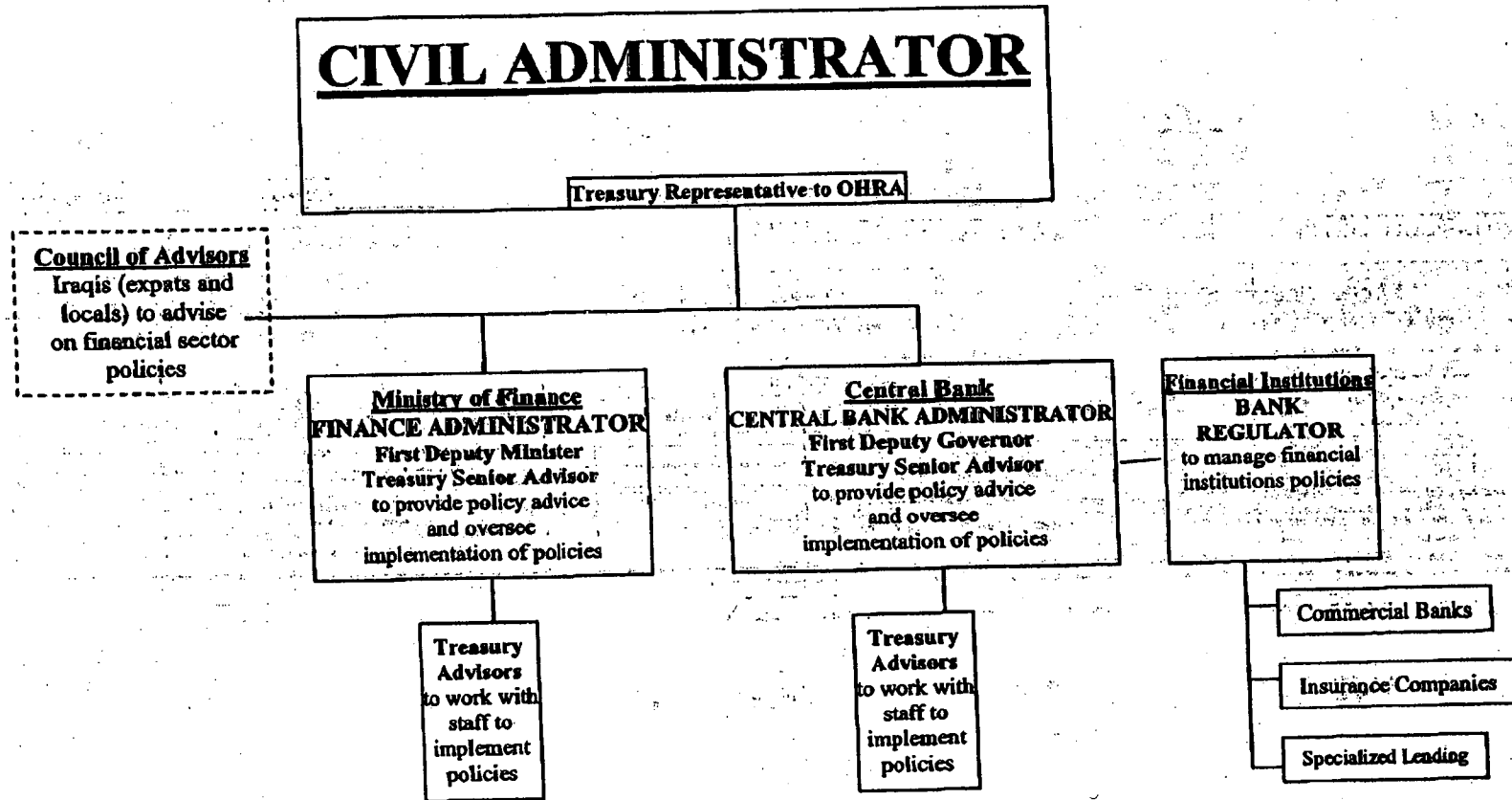


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Organizational Structure for the Financial Sector Option 2



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