

## **REPORT OF THE SECRETARY-GENERAL PURSUANT TO PARAGRAPH 6 OF SECURITY COUNCIL RESOLUTION 1242 (1999) - 90-DAY REPORT**

### **Introductory remarks by Benon V. Sevan, Executive Director of the Iraq Programme, at the informal consultations held by the Security Council on Thursday, 26 August 1999**

With the 90-day report of the Secretary-General before the Council (S/1999/896), in addition to the monthly and special reports submitted to the Security Council Committee established pursuant to resolution 661 (1990), as well as regular briefings provided to that Committee, and having briefed the Council at length on 22 July 1999 after my visit to Iraq from 16 June to 6 July 1999, I simply wish to provide an update and elaborate further on some major concerns.

#### **Revenue generation**

As at 25 August 1999, the Office of the Iraq Programme had received 79 applications for crude oil exports, out of which Kirkuk crude oil represents 44.35 per cent (165.2 million barrels) and Basrah Light crude oil represents 55.65 per cent (207.3 million barrels). The Security Council Committee (the 661 Committee) has approved 78 of the contracts with a total volume of 371.5 million barrels. The remaining contract still with the Office of the Iraq Programme needs some correction, and will soon be circulated to the Committee. It involves the export of one million barrels of Basrah Light crude oil to a Far East destination.

As at 25 August, 140 liftings were made with a total volume of 181.2 million barrels, with an estimated generated revenue of \$3.040 billion. Liftings from Ceyhan represent 44.6 per cent. Starting from the beginning of phase VI, the average rate of exports is about 2 million barrels per day and it is reasonable to expect that the average for phase VI would reach 2.2 million barrels per day, should the current situation remain stable and no major breakdown of oil installations or of pipelines occur.

If prices remain at the current level of about \$18 per barrel, the estimated value of approved contracts for the export of oil will be about \$6.555 billion for the current 180-day period, which ends on 21 November. After deductions pursuant to paragraph 8 of resolution 986 (1995), and deductions for the purchase of oil spare parts and equipment (\$300 million) as well as pipeline fees (\$255 million), the funds available for the implementation of the humanitarian programme are expected to be \$3.86 billion. Furthermore, the authorized revenue target for phase VI (\$5.256 billion, plus \$201 million for pipeline fees) would be reached some time around the middle of October.

I very much regret and would like to apologize for the mistake made inadvertently in paragraph 93 of the report of the Secretary-General. If the revenue reached \$6.3 billion, after deductions, \$3.77 billion would be available for the humanitarian programme, and not \$3.97 billion, as stated in the report.

The current distribution plan, which was approved on 11 June 1999, is budgeted at \$3.004 billion, including \$300 million for oil spare parts and equipment (S/1999/671).

In the past, I have briefed the Council on several occasions on the shortfall in revenue and the extreme difficulties faced in the implementation of the humanitarian programme due to shortfalls in funding.

Obviously, the picture today - with a substantial surplus in phase VI - is very different - but there are two good reasons to guard against any complacency regarding the humanitarian situation.

The first is the precarious and lamentable state of Iraq's oil industry and the fact that the oil market remains volatile - this programme began with oil prices around \$18 a barrel; prices then plummeted to eight dollars a barrel and are now back at about \$18. Any 10 cent increase or decrease in oil prices per barrel amounts to about \$25 million. Recently, the prices have gone up and down, at times by about 40 to 50 cents per barrel, as it has happened during the past few days.

The second and more important issue is that in phases IV and V, the revenue shortfall meant that the enhanced programme envisaged in the Secretary-General's supplementary report (S/1998/90) could not be realized. We estimate this "humanitarian deficit" at around \$3.1 billion - I should like to ask Council members to keep this in mind when they undertake the review foreseen in paragraph 14 of resolution 1242 (1999).

It may be recalled that the Secretary-General approved the distribution plan for phase VI on the understanding that in the event that it is estimated that revenue could be generated at a level that would exceed the target referred to in paragraph 2 of resolution 1242 (1999), in anticipation of the Security Council's review of this matter pursuant to paragraph 14 of resolution 1242 (1999), the Secretary-General will consult with the Government of Iraq concerning the utilization of the additional revenue and, as necessary, make recommendations to the Security Council (S/1999/671). In a letter dated 18 August addressed to the Permanent Representative of Iraq, on behalf of the Secretary-General I invited the Government of Iraq, taking into account the sectoral priorities set forth by resolution 1153 (1998) and successive resolutions, to submit for the Secretary-General's consideration, proposals for the utilization of the projected additional revenue.

### **Applications placed on hold**

Mr President,

I hate to sound like a broken record, talking constantly about the excessive number of holds placed on applications with serious implications for the implementation of the humanitarian programme. While there has been a most welcome effort made recently in lifting holds on 25 drought related applications, as well as for applications related to water and sanitation and oil spare parts, as you will note from the tables I am making

available to the Council, the situation remains serious. As at 23 August, 484 applications remain on hold with a total value of \$496.4 million.

The Secretary-General has asked for an "all out effort" to expedite the approval of contract applications. The Office of the Iraq Programme will continue to work closely with the Security Council Committee and with all concerned missions to provide additional information and, as appropriate, to increase and adjust the focus of our observation work in Iraq. But we need partners for this effort and I look forward to your cooperation in responding to the Secretary-General's appeal.

I wish to take this opportunity to express my most sincere thanks and appreciation for the support of the distinguished Chairman of the Security Council Committee, H.E. Ambassador A. Peter van Walsum of the Netherlands. I have come to admire his ocean of patience in carrying out the unenviable task of chairing the Committee.

### **Nutritional status of the Iraqi people**

Mr President,

I am sure that all members of the Council were distressed by the results of the survey conducted by UNICEF and the Government of Iraq on child and maternal mortality in Iraq and share the Secretary-General's view expressed in his report that these figures are unacceptable and more can be done under resolution 986 (1995) to address the unacceptably high levels of child and maternal mortality, particularly in the south and centre of Iraq.

Since very early in 1998, the Secretary-General has been expressing strong concern over the prevalence of acute malnutrition in children under five years of age. While malnutrition levels have stabilized over the past year, they remain unacceptably high. This is the reason why the Secretary-General has placed such importance on there being a targeted supplementary and therapeutic feeding programmes. His recommendations thereon made in February 1998 (S/1998/90) were endorsed by the Security Council in resolution 1153 (1998) of 20 February 1998. The results of the survey therefore did not come as a surprise and have reaffirmed the Secretary-General's views.

I very much regret the very long time it has taken the Government of Iraq to finally conclude contracts for targeted nutrition programme under phase IV, which ended nine months ago, on 23 November 1998. We have just been advised to expect to receive the third and last contract application during the coming days, bringing the total value of contracts for therapeutic milk (1,500 metric tonnes) and high protein biscuits (4,800 metric tonnes) to \$9,481, 000 dollars. An equal amount has been allocated under distribution plan for phase V; the allocation for targeted nutritional feeding programme under phase VI is about \$6.2 million.

Accordingly, there has been no targeted nutritional feeding programme in the center/south of Iraq under the programme provided by resolution 986 (1995).

In the three northern governorates where the United Nations implements the programme on behalf of the Government, UNICEF and WFP have run targeted nutrition and supplementary feeding programmes since the start of the programme under resolution 986 (1995) - the allocation for targeted nutrition has been \$7.64 million and for supplementary feeding, \$29.4 million - for a total of \$36.88 million over the six phases for a population of about three and half million people in the northern governorates. The UNICEF report shows a significant decline in child mortality in the north.

We should not, however, be simplistic on this very serious issue. Targeted nutritional feeding programmes on their own will not reverse the trends so starkly described in the recent survey. The Security Council Committee has a crucial role to play in expediting the approval of applications which have a direct impact on the health and well being of children. What is required is an all out effort to approve most expeditiously applications submitted under the water and sanitation, health and electricity sectors.

The Secretary-General's conclusions are very clear - more can and should be done under this programme to address these unacceptable levels of child and maternal mortality. More can and should be done by the Government of Iraq, and more can and should be done by the Security Council Committee.

Above all, I should like to appeal to all concerned to cease using the situation of children in Iraq for any kind of propaganda purpose to achieve political ends. All concerned should use their efforts and energies to advance the welfare of those children, as well as to meet the humanitarian needs of the long suffering Iraqi people.

Mr. President,

Finally, before ending my introductory remarks, I should like to say that in the nearly two years since the establishment of the Office of the Iraq Programme in October 1997, I have, under the direction of the Secretary-General, worked very hard to guard and maintain the distinct humanitarian identity of the oil for food programme from the various controversies which have arisen regarding Iraq. I welcome, on behalf of the Secretary-General, the consistent support for the programme from all members of the Council and their understanding of the difficult tasks faced by my colleagues both here and in Iraq. I have no illusions about the challenges and difficulties ahead. I look forward to and count on your continuing support.