

**Introductory remarks by Benon V. Sevan  
Executive Director of the Iraq Programme**

**Security Council Consultations**

**21 May 1999**

The Security Council has before it two reports from the Secretary-General regarding the humanitarian programme established by resolution 986 (1995) of 14 April 1995 and successive resolutions. The first is the two-year review and assessment of the implementation of the programme (S/1999/481), and the second is the report submitted pursuant to paragraph 6 of Council resolution 1210 (1998), namely, the 180-day report on the current phase V (S/1999/573).

I do not believe that there is need to further elaborate the Secretary-General's observations and recommendations contained in the reports before the Council.

The Secretary-General's supplementary report in February of last year (S/1998/90) contained a range of recommendations for improving the programme, which were endorsed by the Council in resolution 1153 (1998).

However, over both phase IV and phase V, oil revenues have not come close to the ceiling of \$5.2 billion authorized. In phase V - the final revenue figure will be \$3.8 billion - still \$1.4 billion below the ceiling. For phases IV and V combined, the deficit in terms of spending on the humanitarian programme is more than \$2.5 billion dollars -- and well over \$3 billion dollars, if I take into account the need to fund oil industry spare parts and equipment.

I make this point to underline the fact that the recent upward trend in the price of oil has not solved the difficulties encountered in meeting the objectives of the programme. This programme is still seriously short of the revenue required to meet its objectives.

Nonetheless, there is no doubt that a significant development since the consideration of the 90-day report of the Secretary-General (S/1999/187) has been the increase in the price of Iraqi oil - it has gone from around \$8.60 barrel to a high of \$15.60 a barrel. In his report on the two-year review, the Secretary-General rightly cautioned against any over-optimism on this point - and the oil market quickly underlined his point, as the price of Iraqi oil dropped back to \$13 a barrel yesterday. The message is loud and clear - we cannot make any safe assumptions about future revenue. There remains a

compelling need to take every possible measure which could increase Iraq's capacity to produce oil for export.

The increase in phase V revenues, resulting from the sharp increase in the price of oil in the past three months, has been most welcome and has enabled my office to clear much of the backlog in approved but unfunded contract applications. Contracts in the electricity, water and sanitation, and agriculture sectors have been the main beneficiaries.

There are a number of measures which, though small, if taken together would have a significant impact on the efficiency of this programme. Most are contained in the report of the Secretary-General on the two-year review and others are already familiar from previous reports of the Secretary-General. Once again, I should like to appeal, on behalf of the Secretary-General, that the Security Council Committee established by resolution 661 (1990) endorse the proposal submitted by the Office of the Iraq Programme, on 11 February 1999, regarding the reimbursement of funds from the ESC (13 per cent) account to the ESB (53 per cent) account. I

am circulating for the information of the Council, as of yesterday, the total amount awaiting reimbursement from the 13 per cent to the 53 per cent account had reached \$280,075,055.

On 13 May 1999, the Secretary-General approved the revised part seven of the distribution plan for phase V, concerning telecommunications (S/1999/559). As we have reported before, the lack of effective voice and data communications poses a serious obstacle to the effective and timely distribution of the humanitarian supplies purchased under this programme. The first applications for this sector will be distributed in the next few days.

With regard to the situation of storage of medical supplies and equipment, I should like to inform the Council that the United Nations is working closely with the authorities concerned to address the difficulties encountered.

On an informal basis, my colleagues in Iraq have been discussing with their technical counterparts the preparation of the next distribution plan. Although we hope that the extension of the programme will take place smoothly, following a decision by the Security Council, we do not take it for granted. We have noted a certain increase in the stridency of statements regarding the future of the programme, which may signal difficulties ahead.

In closing, I should like to emphasize that any assessment of the implementation of the humanitarian programme should bear in mind its mandate. This is a programme established by the Security Council under

Chapter VII of the Charter, as a temporary measure to provide for the humanitarian needs of the Iraqi people, until the fulfilment by Iraq of the relevant Council resolutions. As the Secretary-General has stated in his report of the two-year review, the programme pursuant to resolution 986 (1995) cannot - and was never meant to - meet all the humanitarian needs of the Iraqi people, nor can it restore Iraq's economic and social infrastructure to pre-1990 levels.

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**Status of Reimbursement of the 53% account from the 13% account  
as at 20 May 1999**

**Amounts to be reimbursed**

Phase	Food	Medicine	Total
1	0	7,432,888	7,432,888
2	6,048,644	21,907,589	27,956,233
3	15,757,019	15,588,423	31,345,442
4	28,582,530	11,648,595	40,231,125
5	159,109	14,000,000	173,109,367
all	209,497,560	70,577,495	280,075,055