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SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990)
CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT

PROVISIONAL SUMMARY RECORD OF THE 108th MEETING (CLOSED)

Held at Headquarters, New York,
on Thursday, 27 January 1994, at 11.30 a.m.

Chairman:

Mr. KEATING

(New Zealand)

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The meeting was called to order at 12.30 p.m.

ADOPTION OF THE AGENDA

The agenda was adopted.

QUESTIONS RELATING TO THE SANCTIONS AGAINST IRAQ: STATEMENT BY THE PRIME MINISTER OF JORDAN

The CHAIRMAN said that, in response to the request by the Permanent Mission of Jordan to the United Nations and with the consent of the Committee, he had invited Mr. Abdulsalam Al-Majali, Prime Minister of Jordan, to make a statement concerning issues relating to the sanctions against Iraq.

Mr. AL-MAJALI (Prime Minister of Jordan) said that Jordan was the only country in the region which was strictly adhering to the United Nations sanctions imposed on Iraq in connection with the Gulf crisis. The Special Office at the Customs Department, under the direct supervision of the Minister of Finance, received applications from the companies and merchants interested in exporting goods to Iraq and examined them to verify that they complied with the requirements established by the United Nations Security Council. Later they were forwarded to the Council through the Permanent Representative of Jordan to the United Nations. Up to 12 December 1993, a total of 3,707 applications had been submitted involving goods valued at \$715.6 million. Up to 10 December 1993, the Security Council had considered only 1,753 of those applications with the following results: 571 had been approved, 785 had been denied and 397 had not been answered.

Overzealous enforcement of the sanctions had had an especially serious impact on the port of Aqaba, Jordan's only sea outlet, and the costly delays and diversions of ships bound for Aqaba constituted a de facto blockade. In turn, shipowners and

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charterers levied higher charges making Jordanian imports artificially more expensive and leading to higher prices for the consumer. For example, the Jordan Phosphates Mines Company was currently paying around \$6 more per ton than previously in freight charges to export its products from Aqaba. That situation had brought about unemployment and heavy losses in the transport

(Mr. Al-Majali, Jordan)

sector, in addition to the loss of Jordan's competitive edge in the international phosphate and potash markets.

Another problem lay in the inspections conducted by the United Nations forces patrolling the Red Sea, which intercepted all vessels heading for or leaving Aqaba.

As a result, the number of international shipping lines with regular service to Aqaba had decreased from 40 before the Gulf crisis to 15 currently. Likewise, a drastic reduction had been witnessed in the volume of cargo handled and transit cargo traffic in Aqaba. In 1990 it had resulted in an estimated loss of JD 16 million.

The artificial increase in the total cost per ton of goods imported through Aqaba compared with other neighbouring ports was due, among other factors, to marine cargo expenses, an increase in insurance premiums, an increase in the United Nations inspection surcharge on Aqaba-bound ships and high fees levied on ships crossing the Suez Canal coming from Europe and America.

The free zones had also suffered negative effects as a result of the imposition of sanctions, to the extent that in the first eight months of 1993 the movement of goods had dropped by 32 per cent and revenues had dropped by 9 per cent as compared with the previous year. Jordanian businessmen were complaining about the deterioration in trade activity. A large number of existing industrial corporations had been established with the objective of exporting to Iraq products mainly of a civilian and humanitarian nature. Requests for authorization to export such goods were frequently denied and complaints from businessmen were received daily. Sometimes exports were approved, but sometimes permission for the same type of goods was denied. It had been noticed that requests submitted by Jordan did not receive the same treatment as those from other Governments. For example, Jordan had submitted numerous applications to export materials for water purification, which had not yet been approved. Meanwhile, the Committee had approved a request from the Netherlands to ship to Iraq 2,000 tons of chemical materials for water treatment, as confirmed in the letter of 13 April 1993 addressed to the Permanent Representative

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of the Netherlands. Because of the situation described, a high number of Jordanian industrial enterprises were on the brink of bankruptcy and would be forced to fire employees, which would increase the already high unemployment rate.

(Mr. Al-Majali, Jordan)

Total losses suffered by Jordan as a result of the sanctions against Iraq amounted to \$250 million to \$300 million per year. The main causes were the loss of exports from Jordan to Iraq, a substantial decrease in transit trade with Iraq, decreased transport earnings, freight surcharges and extra costs from inspection of ships. All those factors also resulted in various kinds of intangible losses.

In 1989, exports from Jordan to Iraq, the value of which had amounted to \$182.3 million, had represented 23.2 per cent of the country's total exports. Owing to the Gulf crisis, such exports had declined to 19.4 per cent of the total in 1990, 9.3 per cent in 1991, 7.6 per cent in 1992 and 7 per cent (estimated) in 1993.

Losses incurred as a result of the stoppage of transit trade with Iraq through Aqaba had amounted to \$520.4 million between 1990 and 1992. Of that sum, \$104.4 million corresponded to outbound transit and \$416 million to inbound transit.

In 1991, 1992 and the first half of 1993, losses incurred as a result of the constant inspection of Aqaba-bound ships had amounted to \$93 million in cargo inspection surcharges, to which must be added the cost of reshipping Jordanian imports, which had amounted to \$6 million in 1992.

Other losses should also be mentioned: Jordanian exporters and importers also suffered the consequences of the artificial increase in insurance on Aqaba-bound ships (a ship valued at \$10 million had to pay \$50,000 in insurance premiums per week); the number of shipping lines had fallen from 41 to 25; there had been unreasonable delays in importing raw materials, which had adversely affected the Jordanian economy; and Jordanian exporters had incurred extra expenses as a result of delays caused by the constant inspection of ships loading goods in Aqaba.

One of the consequences of the Gulf crisis had been the return of more than 300,000 Jordanians from the Gulf States, whose absorption had put the Jordanian economy under great pressure. The cost of providing the returnees with such basic services as health, education, housing, transport, water and sewerage, as well as other social and infrastructural services, was estimated at \$3.5 billion.

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(Mr. Al-Majali, Jordan)

Jordan was vital for the stability of the region and spent 60 per cent of its total military budget on maintaining that stability if account was taken of such factors as its extensive borders with Israel, its strict implementation of United Nations sanctions against Iraq, and the campaign it was waging against smuggling, drug trafficking and the infiltration of its borders. Furthermore, Jordan was actively involved in the Middle East peace process, and was cooperating in good faith with all parties concerned to achieve a just and durable peace in the region.

Jordan therefore urged the international community to share its heavy burden - in view of the need to maintain income parity for its population with the populations of neighbouring countries - and requested the Committee to bear in mind the civilian and humanitarian nature of the goods of Jordanian origin to be shipped to Iraq and to take the necessary measures to:

1. Stop the inspection of ships entering the port of Aqaba and allow the Government of Jordan to continue to ensure strict adherence to the sanctions against Iraq. If inspection was deemed absolutely necessary, international insurance surveyors could be asked to inspect all ships arriving in the countries surrounding Iraq. Inspection costs should be borne by the United Nations;

2. Facilitate the shipment of humanitarian and essential civilian goods of Jordanian origin to Iraq, on the understanding that Jordan would provide detailed monthly lists of the goods shipped, thereby saving time and simplifying the complicated request approval process;

3. Expedite the handling of requests submitted by the Permanent Representative of Jordan for authorization of exports to Iraq;

4. Support Jordan's request for compensation for all the direct and indirect losses incurred as a result of the implementation of United Nations sanctions against Iraq, an estimated annual \$300 million.

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Jordan invited the Chairman and the members of the Committee to visit Jordan and to observe in practice the measures taken to implement United Nations sanctions against Iraq.

The CHAIRMAN said that, on the initiative of the Permanent Representative of Jordan, the two previous meetings had dealt with some of the issues raised by the Prime Minister. The Committee would also study possible

(The Chairman)

discrepancies in the approval of import requests that might be interpreted as discriminatory. In that context, it would analyse the situation described by the Prime Minister, and any similar situations that might arise, and would maintain contact with the Permanent Representative of Jordan.

With regard to the handling of requests, which was the cause of many of the problems described by Jordan, as well as by other countries that conducted considerable trade with Iraq, it was important to note that, while the Committee and the secretariat were always endeavouring to improve their work methods, the volume of requests was such that it overtaxed the capacity of the system to reform itself. The Committee was nevertheless striving to speed up the process and hoped to do so within a few months.

With regard to compensating the Government and people of Jordan for the economic losses incurred as a result of the implementation of sanctions, the Committee would study that problem within the limits of its mandate; in point of fact, that was a matter to be dealt with by the Security Council itself.

Although that facet of the sanctions regime was connected with its work, the Committee did not determine tariffs and costs related to ship inspection. That issue, which had been raised on previous occasions, would be studied in the coming weeks.

The meeting rose at 1.05 p.m.