

WEEEEKLY HOLDS UPDATE

Week 22 February – 1 March 2002

Prepared by: Office of Iraq Programme
Contracts Processing & Monitoring Division (CPMD)

HIGHLIGHTS

- **Moderate increase in holds registered again**
- **A number of applications for tires, batteries, vehicle spare parts released from hold**
- **OIP ED issues first letters on “priority” applications on hold**
- **CPMD holds annual briefing for companies and submitting missions**

1. The holds stand at **\$5, 325 million** this week, to include \$519.3 million in “inactive hold” category. The grand total has increased by some \$25 million in comparison to the previous week’s total of \$5,300 million.

2. As of last week, there were 254 applications worth some \$498.4 million in the category of inactive holds. This week the value of applications in this category have increased again (although the number of such comms is lower by two) and stand at **252 applications worth \$519.3 million**. At the same time, the number of applications for which a feedback from the holding mission is due in excess of 60 days has somewhat decreased and now stands at **643 applications worth \$1,877 million** (647 worth \$1,891 million previous week).

3. The total number of 59% account applications on hold (“active”) is 1,848 (**to include 1,277 humanitarian and 571 oil spare parts applications**) or 7 more than 1,841 last week. The relative value of holds has decreased in comparison to last week with **18.7 per cent** of the total value circulated to the Committee and **14.4 per cent** of the value circulated to the Committee AND approved by OIP based on pre-approved lists was (19.1 and 14.7 respectively during the previous week).

4. **GENERAL TRENDS:** Following small decline in the level of holds last week, holds continue to rise this week with some \$25 million more placed on hold than released. Following months of holds for end-use/user reason on any vehicle-related application, a number of comms. for tires, vehicle spare parts and car batteries were released form hold this week. Further discussions on trucks are scheduled this week. Fewer new holds on vehicles and related goods have been observed during this week.

5. **EXECUTIVE DIRECTOR OF OIP ISSUES FIRST LETTERS ON “PRIORITY” COMMS ON HOLD:** The executive Director of the Office of Iraq Programme, Mr. Benon Sevan, issued Friday the first letters addressed to the Chairman of the 661 Committee on applications currently on hold in Health and Water-Sanitation sector that need urgent attention. The letters provided lists of 15 and 10 applications respectively, justification for their early release (as provided by SWGs) and outline of humanitarian developments in each sector. Similar letters will be issued for all other sectors over a two-week period.

6. TIRES, CAR BATTERIES AND VEHICLE SPARE PARTS RELEASED FROM HOLD:

Some 20 applications valued at \$19 million and previously on hold by the UK for “detailed end-use/user information” were released from hold. The UK released even more of such contracts but some remain on hold by the US for reasons different from detailed end-use/user information. In some of these cases general end-use/user information had been provided but although no information had been provided in others they were released, thus indicating a policy change in terms of these particular items. The released applications include:

1001196(Q)	\$10.6M	Tires
1001277(T)	\$ 1.18M	Engines
1001320(Q)	\$ 1.1M	Steel radial
1001390(T)	\$ 0.81M	Engines
801765(T)	\$ 0.78M	Tires
1001367(Q)	\$ 0.69M	Tires
1001441(Q)	\$ 0.64M	Tires
1001489(T)	\$ 0.59M	Tires
1001040(T)	\$ 0.49M	Tires
1001504(Q)	\$ 0.36M	Tires
1001184(Q)	\$ 0.32M	Synthetic Rubber
1001772(WS)	\$ 0.28M	Tires
830819(O)	\$ 0.28M	Bulldozer Spare parts
1030294(O)	\$ 0.17M	Vehicle parts
1030247(O)	\$ 0.14M	Vehicle spare parts
830710(O)	\$ 0.1M	Bus spare parts
103210(O)	\$ 0.1M	Tires
1001100(WS)	\$ 0.09M	Batteries
902000(T)	\$ 0.09M	Tires
1001233(WS)	\$ 0.06M	Batteries

7. CPMD HELD ANNUAL BRIEFING FOR COMPANIES AND PERMANENT MISSIONS.

On 28 February 2002, Contracts Processing and monitoring Division held its annual briefing for companies exporting goods to Iraq under “Oil for Food” programme and their permanent missions. Over 200 representatives attended the meeting. CPMD staff briefed the attending representatives on processing procedures and current developments. Apart from expressing their concern over the level of holds, the representatives asked numerous questions on funding situation, authentication by Cotecna and payment issues. A number of bilateral meetings with CPMD staff were also held during the week. Given the usefulness of such gathering and clearly expressed interest, CPMD is considering making the briefing a semi-annual event.

8. ONLY FEW APPLICATIONS PLACED ON HOLD FOR END-USE/USER INFORMATION:

Contrary to the trends observed in the past several months, only a handful of applications (4 of 32 placed on hold) have been placed on hold for end-use/user information as, at least, a part of the reason for hold. The group, however, included two high-value comms of \$18.5 and \$12.2 million respectively or more than 50% of the value placed on hold this week. This category included the following comms:

1000195(T)	\$18.53M	Trucks	Specifications, EU/EU info
1001864(A)	\$12.17M	Buses	Possible “dual use”, EU/EU
1001889(E)	\$ 0.4M	Lab equipment	Detailed EU/EU
802892(WS)	\$ 0.34M	Toyotas	Possible “dual use”, EU/EU info

9. Total of **25 applications worth US28.19** was released last week. Apart from the application referred to in para 6 above, the releases included:

1001154(E)	\$7.61M	Vocational eq.	Specs and EU info provided
901355(M)	\$0.63M	x-ray equipment	Specs provided
901665(A)	\$0.45M	Pumps	Specs and EU provided
1030253(O)	\$0.36	Loading arm	EU provided

10. Total of **32 applications worth US53.81M** was placed on hold during the last week. Some of the relevant comms have been placed on hold for end-use/user info exclusively or for other reasons as well, and are consequently listed in para 8 above. Other holds included:

802375(M)	\$3.67M	Medical eq.	WMD “dual use”.
930657(O)	\$3.19M	Carbon Steel	Tech specs.
1001632(E)	\$2.68M	OB van	WMD “dual use, specs
1001890(E)	\$1.99M	Lab glassware	WMD DU (Erlenmayer flask)
1030376(O)	\$1.8M	Controllers	Tech specs.
1001938(H)	\$1.04M	Bricks	Tech specs.
1001711(T)	\$1.02M	Money counting eq.	Tech specs.
1001926(Q)	\$0.83M	Fumigation mat.	WMD “dual use”
802898(A)	\$0.63M	Pumps	Tech specs.
1001468(T)	\$0.58M	Recovery Truck	Military “dual use”