

WEEEEKLY HOLDS UPDATE

Week 26 October – 2 November 2001

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

HIGHLIGHTS

- The value of applications on holds exceeds US\$4.0 billion again
- Cumulative total of 45 applications worth \$104M released based on revised 1051 list (part two)
- A US\$37.52M application for trucks placed on hold

1. The holds stand at **US\$4,071.0 million** this week, to include US\$290.0M in “inactive hold” category. The grand total is higher by some US\$81.0 million than the previous week total of US\$3,990.0M.

2. The new category of “**inactive holds**” includes applications on hold for which additional information was requested but not provided for more than 60 days. After a 60-day deadline, a procedure for transfer to “inactive hold” category is initiated. The applications will be held in abeyance until the requested information is provided and will then be transferred back in the “active” hold category. As of last week, there were 164 applications worth some US\$320.0 million in this category. This week the number is somewhat lower and stands at **155 applications worth US\$290.0 million** as the requested information had been provided for some of applications in this category since the last week. At the same time, the number of applications for which a feedback from the holding mission is due in excess of 60 days is **214 worth US\$464.4M** (217 worth US\$469.0M previous week). Please see the attached table for details.

3. The total number of applications on hold (“active”) is **1,396 (to include 928 humanitarian and 468 oil spare parts applications)** or 32 more than 1,364 last week. The relative value of “active” holds is **14.4 percent** of the total value circulated to the Committee or **11.1 per cent** of the value circulated to the Committee AND approved by OIP based on pre-approved lists (14.7 and 11.4 respectively during the previous week).

4. **GENERAL TRENDS:** With circulation of amendments based on 1051 list changes and consequent releases largely being completed, the holds have returned to the upward trend again. Only this week the number of applications placed on hold was almost four times higher than the number released (9 vs. 34). The value of new holds exceeded releases by over US\$80.0 million bringing the overall level up across the US\$ 4 billion mark. Most of the holds are due to the request for additional information. The fairly recent development is a statement by the holding mission

indicating no objection to the main item but asking for additional information on the variety of spare parts (see para 6 and 7 below).

5. **RELEASES BASED ON REVISED 1051 LIST:** We have almost completed circulation of amendments based on revised 1051 list (part two-nuclear annex). This week only one application (comm.901776 for MRI and CT equipment) was released from hold based on the revised list. So far, we have circulated amendments for 132 applications re-assessed as containing no 1051 items any more based on the revised list (part two). Of these, **45 applications (34%) worth US\$104.16M** have been released from hold. The rest remain on hold for a variety of reasons, the main two being request for additional tech information and “dual use”. It is to be expected that additional applications from this group will be released once the required information is provided.

6. **TRUCK APPLICATIONS, TO INCLUDE A 37.5M ONE, PLACED ON HOLD:** Two applications for trucks worth total of US\$39.52M were placed on hold last week. It should be noted, however, that the holding mission specifically stated it did not have a problem with particular trucks *per se* but needed more information on specific parts, namely valves and pumps provided with vehicles and/or as spare parts. The two comms are:

1000539(Q)	\$37.52M	TRUCKS	Itemized list for kits, maintenance equipment
930536(O)	\$2.0M	TRUCKS	Specs on pumps, valves

7. **SEVERAL APPLICATIONS FOR AGRICULTURAL TRACTORS PLACED ON HOLD:** Four applications for agricultural tractors with a combined value of US\$22.82M were placed on hold last week:

1000635(A)	\$9.69M	TRACTORS	Specs on pumps, atomizer
1000634(A)	\$5.10M	TRACTORS	Specs on pumps
1000636(A)	\$4.40M	TRACTORS	Specs on pumps
702739(A)	\$3.36M	TRACTORS	Specs on pumps, valves

Similar to trucks above, the objection was not raised about the tractors themselves (most are included in the list of pre-approved items) but about specific parts that are not on the “green list”, namely pumps, valves and atomizers, as well as some of the repair kits.

8. **UPDATED LIST OF INFORMATION REQUIREMENTS TO BE ISSUED SOON:** As mentioned above, the most frequent reason for hold is the request for technical information. Also, some of the items like pumps, valves, etc. are the most common items mentioned in the reason for hold. While we do have a list of items and technical specifications required for better processing of applications available at the OIP web site, it would appear that many suppliers do not consult the list prior to submission of applications. Also, we noticed that the holding missions frequently ask questions not included in the aforementioned list. For that reason, we decided to update the list to include all the relevant information required. For items frequently placed on hold the updated list will include ready-to-use forms that only need to be filled in and attached to application. Once the work is completed, we will inform the colleagues in SWGs with the request that the information is shared by the relevant GOI authorities and through them , with the suppliers.

9. Total of 9 applications worth US\$20.34M were released last week. The releases included:

901776(M)	\$11.64M	CT/MRI equipment	S/2001/561
901033(WS)	\$ 3.58M	Fuel Tankers	
700712(WS)	\$ 3.30M	Electro-Mechanical eq.	A3 deleted some items

10. Total of 34 applications worth US\$102.41 were placed on hold during the last week. Apart from holds mentioned above, holds included the following applications:

901900(E)	\$12.78M	Leveling system eq. (test)	Tech Specs required
901864(H)	\$ 8.58M	Rehab of cement plant	Specs: pumps, filters
1000552(T)	\$ 5.86M	Track Laying Machine	Specs: valves, pumps
930501(O)	\$ 1.45M	Pipes	Pending consideration
901863(A)	\$ 1.2M	Waste Water Treatment	Various tech specs
901893(E)	\$ 1.15M	Printing Eq.	Specs on solenoids, encoders, sensors
830793(O)	\$ 1.0M	Lab Eq.	Specs on equipment
901772(T)	\$ 0.97M	water Tanker	Specs on pumps, valves