

WEEEEKLY HOLDS UPDATE

Week 28 May -3 June 2001

(Prepared by OIP, Contracts Processing Section)

HIGHLIGHTS

- **Total of 407 applications worth over \$700.0M released last Friday (or around 19 per cent of the total value previously on hold) considerably reducing the overall value of applications that remain on hold.**
- **Agriculture and Housing sectors main beneficiaries of the releases with over 50 per cent of the value previously on hold released. The lowest percentage is recorder in Electricity sector (3.7 per cent)**
- **Selected telecommunication equipment released from hold, possibly indicating shift in attitude towards the particular type of goods.**

GENERAL

1. There were 1,309 applications on hold worth US\$US\$2,998.0M as of Monday, 4 June 2001. This represents a considerable reduction from 1,707 applications worth US\$3,670.0M at the time of last update. Holds now represent 14.0 per cent of all circulated applications (17.4 per cent last week) or 11.0 percent of all circulated AND notified applications (14.1 per cent last week). The reduction of the level is mainly due to the release of 407 applications worth US\$701.2M on Friday. Additional 13 applications worth US\$22.6M were also released during the last week. Total of 30 applications worth US\$44.1M were placed on hold last week.

2. The level of holds in oil spare parts sector alone was 455 applications worth total of US\$399.0M (as opposed 556 with the total value of US\$451.0M last week)

3. The releases on Friday included:

(a) 410 applications worth \$703.3M released by the US (3 applications still on hold by the UK)

(b) 30 applications worth 97.2M released by the UK (9 included in the 410 above and 21 still on hold by the US)

4. Most of the released applications were on hold for the request for additional technical information. In 80% of these cases the requested information had already been provided i.e. the feedback from the holding mission was due. It is possible that in some of the remaining 20% of the cases the information had been provided directly by the supplier to the holding mission without copy to OIP. Only two applications of 407 were on hold for allegedly containing 1051 items (se determined by the Committee member only), two were said to contain items of WMD dual use and one was said to be “purchase not directly related to the repair of the Iraqi oil infrastructure

for the purpose of increasing oil exports”. A number of applications released by the UK (but still on hold by the US) were on hold by the UK for a long time for “pending further consideration” (see Telecommunications below).

5. Main types of the of goods released from hold include the following:

Trucks (to include semi-trailers, recovery trucks, tip trucks, dumper trucks, garbage trucks, mobile workshops, etc.)

Tanker trucks (where information about the internal lining and the type of vehicles was satisfactory)

Mobile cranes (only some)

Fire fighting vehicles (only some)

Fork lifts

Excavators

Bulldozers

Steel plates, pipes

Compressors (many released in various sectors)

Medical equipment (some types)

Chemicals (some laboratory chemicals and water treatment chemicals)

Generators (usually under 150 kV capacity)

Pumps (if material composition is under the 1051 threshold)

Various spare parts in oil industry, electricity, agriculture, housing, agriculture and wat-san sectors

Welding equipment

Irrigation equipment (when goods are below the 1051 threshold)

Drilling equipment in oil, wat-san and agriculture sectors

Control, protection and measuring systems (mainly simple mechanical and electro-mechanical systems in oil and electricity sectors)

4. Detailed analysis of releases in each sector is given below:

AGRICULTURE

With 60 applications worth US\$226.7M released from hold, this sector appears to be the principal beneficiary of the Friday release. That is quite apparent from the holds statistics in the sector prior to 1 June – while there were 196 applications worth US\$489.0M on hold last Thursday, there are only 133 applications worth US\$246.6M or 50% less in value terms this Monday. This was due to release of high-value applications, mainly irrigation equipment. The goods released include:

Heavy machinery:

Excavators worth **\$33.5M** (600655, 702607, 801777, 801778, 802428)

Bulldozers worth **\$39.0M** (802203)

Graders (701931, 702179)

Flushing Machines (702004, 702005)

Vibrating Hammer (802117)

Slipform Jack (801709)

Irrigation Systems

Irrigation pumps (601731, 702620, 800177, 800211, 800706, 802204, 801446, etc.)

Sprinkler Irrigation Systems **worth \$50.75M** (600963, 800561, 801062, 801140, 801342)

Center Pivot Systems **worth \$36.12M** (702358, 702419, 800556)

Tankers (water and fuel) worth **\$18.3M** (600536, 801403, 801576)

Vehicles (to include trucks, mobile workshops and pickups) worth **\$10.2M** (600178, 701727, 801092, 801095)

Compressors (702404, 702593, 801855, 802004)

Welding sets (700499)

Generators (800209)

Chemicals (601929, 801774), etc.

ELECTRICITY

Although the number of applications released in this sector (72) was second only to oil spare parts, the released applications are worth only US\$34.13M or 3.7% of the total value on hold as of 31 May 2001. This was due to the fact that no high-value applications for power generation were among the releases last week. However, the released goods included items that will allow for safer and better operation and maintenance of the existing power generation and transmission facilities. The only two “larger” applications released included **mobile substation** in comm.. 801803 (\$5.58M) and **power plant water circulation system** in comm.. 801150 (\$24.54M). Other releases included:

Pumps, compressors, spare parts (18 applications)

Generating systems equipment and parts (10 applications)

Control, protection and measurement systems (10 applications)

Steel tubes (600702, 701409, 801728)

Steel plates (702639)

Cable test van (600022)

Transformers/parts (700940, 701351, 802217, 802344)

Transmission lines (702261, 801820, 801562)

Transformer and turbine oil

Water treatment chemicals and equipment (50966, 600488, 601854, 700940, 701759, 701286, 802389)

Forklifts (701860)

Fire fighting vehicles (601317, 601496)

Trucks/Tankers (701744, 702107, 702598)

EDUCATION

Only 7 applications worth US\$7.32M were released from hold in this sector. However, that represents 4.4 per cent of the total value on hold in this sector (\$166.9M) as of 31 May 2001. The releases included:

A/C system worth \$2.2M (801797)
A/C and refrigeration workshop (802244)
Laboratory equipment (702578)
Steam generators lab worth \$2.7M (702525)
Developing plates
Tankers (801905)
TV station eq. (601071)*

(*) It should be noted that the UK also released additional 5 applications for TV/radio station equipment. However, they remain on hold by the US.

FOOD HANDLING

Total of 44 applications worth \$181.7M were released from hold last Friday or 48.5% of the value on hold on 31 May 2001. The substantive releases included:

Rice silo equipment worth \$41.6M (701838)
Rice mills worth \$13.7M (802117)
Spares for mills and silos (800978, 801380, 801472, 801582)

Trucks worth \$65.1M (700686, 702354, 800791, 801361, 900429, 900431)
Cranes (801501, 801502)
Water tankers worth \$16.05M (601136, 601137, 700752)
Forklifts (801940, 801946)
Wheel loaders (800908)
Tipping trucks (800726 worth \$13.9M)

Food packing equipment (702376, 801985, 801986)

Sprayers (900015)

Steel plates (800987)
Pumps (72544 801172)
Compressors (701825, 702196, 801864, 802034, 802331)
Lab equipment (800547, 801259)

Bread improver (701062)

TRANSPORT AND TELECOMMUNICATIONS

Total of 32 applications worth \$61.1M were released on Friday in this sector or 13.4% on hold as of 31 May 2001. Most of the applications released belong to the Transportation sub-sector. However, it should be noted that three telecommunications-proper applications were actually released last Wednesday to include:

(A) TELECOMMUNICATIONS SUB-SECTOR:

801549	Digital Switchboard	\$1.06M
701732	Radio Link System	\$0.42M
801977	Radio Link System	\$0.075M

In addition, the releases on Friday included auxiliary equipment in this sub sector:

801145	Mobile caravans	\$10.85M
601722	Air conditioners	\$ 2.78M
801681	Water Tankers	\$ 2.33M
702340	Trucks	\$ 1.24M
801493	Compressors	\$ 0.19M

Also, the UK released several other telecommunications applications in various sectors to include:

600833, 601079, 601147 (TT)
801767(TT) – microwave monitoring system
801926 (TT) – digital radio link
601552 (M) – telephone exchange
630853, 630791 (O) – Digital Links
631066 (O) – telephone system
630906 (O) – Communication Center
700086 (T) – railways communications cables

The applications in the group above had been on hold by the UK for “pending further consideration”. Although they still remain on hold by the US, the aforementioned developments represent the first sign that that the policy towards certain types of telecommunication equipment may be changing. It is also the first concrete result of the 661 Committee meeting recently held on the issue of holds in this sub-sector.

(B) TRANSPORTATION SUB-SECTOR

Releases included the following equipment:

Trucks (801035, 801922, 801519)

Tanker trucks (601377, 801311)

Recovery Trucks (801070)

Cranes (801355, 801312)

Fire fighting vehicles (701262, 801187)

Airport waste water/water trucks (800743, 800745) [*Thank you for the recent report!*]

Cutter Suction Dredger (702185, \$5.4M, Umm Qasr Port equipment)

Railway strands (801416)

Cesspool emptier (700805)

Mobile workshops (801058, 802432)

Generators (801976, 801972)

WATER-SANITATION

Total of 22 applications worth \$49.3M were released on Friday in wat-san sector, representing 10.3 per cent of the total value on hold as of 31 May 2001. Majority of comms released included various types of sanitation vehicles. The releases included, inter alia:

Tanker trucks worth **\$31.7M** (601981, 702007, 801707, 801892, 802364)

LPG lorries (701576)

Garbage trucks (801578) worth \$3.93M

Excavators (601806)

Fork lifts (801700)

Fire fighting vehicles (701526, 702333, 702349)

Various pumps and valves (701435, 701609, 702552, 800762, 801165, 802036)

Compressors (702511, 802248)

Lab chemicals (702227)

HEALTH

Total of 30 applications worth \$37.7M were released Friday in this group or 11.4% of the value on hold on 31 May 2001. The goods released generally belong to three groups:

- **medical equipment/parts** – x-ray equipment, lung ventilators, etc.
(e.g. 601097, 601098, 601099, 701149, 701707, 701782, 801532, 802221, 802258, 802415, etc.)
- **hospital rehabilitation equipment/parts** – compressors, chillers, pumps cooling towers, etc.
(e.g. 600082, 700997, 701144, 701607, 701176, 702600, 801712, 801792, 801900, etc.)
- **equipment for Samara Drugs Industry (SDI)**
(e.g. 601874, 701822, 702603, 801517, etc.)

HOUSING

Total of 26 applications worth some \$47.2M were released in this sector last Friday (or 51% of all applications on hold as of 31 May 2001) to include, inter alia, the following goods:

Piling Rigs (801152)

Graders (801762)

Milling Machines (801378)

Motor Scraper (802460)

Truck tractors (801612)

Wheel Loaders (801979)

Excavators (801007)

Water Tanker (801613)

Cranes (802368)

Concrete pumps (801901, 801923)
Concrete batch plant (801740, 801743)

Fans (802059)
Pumps (802182)
Casting (802271, 802434)

Compressors (702630, 800786)

OIL SPARE PARTS

Although the releases Friday included 114 oil spare parts applications, the overall value is relatively low and stands at \$56.0M Or 12.5% of all applications on hold as of 31 May 2001. The releases included a wide spectrum of goods to include the following:

LPG plants equipment/parts (630938, 630941, 730088, 730550, 730594, 730606, 730863, 730728, 730872)

Drilling equipment (730278, 730289, 730482, 730834)

Pipes and various pumps (53552, 630036, 630449, 630507, 730338, 730714)

Mainfolds (730843, 830089)

Control and protection equipment (630199, 630304, 630537, 730049, 730868)

Steel plates (53317, 53357)
Generators (830023)
Welding equipment (630613, 730195, 730654)

Compressors (630634, 730870)

Trucks (730438)
Cranes (730407)
Vehicles (530207)
Recovery trucks (730764)
Spares for heavy machinery (6301080, 730809, 830141)

Fire fighting vehicles and equipment (53616, 630064, 630237, 630238, 730198, 730199, 830031)

Chemicals (630848, 630839, 630573, 53476)