

WEEEEKLY HOLDS UPDATE

Week 29 June - 06 July 2001

(Prepared by OIP, Contracts Processing Section)

HIGHLIGHTS

- **The overall holds continue to raise with no new releases**
- **Changes in the 1051 list to take effect shortly**
- **Another application for overhauling of agricultural helicopters placed on hold**

1. The holds stand at **US\$3,410.0M** or some US\$85.0M more compared to US\$3.325M last week.

2. The total number of applications on hold is **1,373 (to include 924 humanitarian and 449 oil spare parts applications)** or 45 more than last week. The relative value of holds was also higher in comparison to the value last week -- **15.4 percent** of the total value circulated to the Committee or **12.4 percent** of the value circulated to the Committee AND approved by OIP based on pre-approved lists (15.1 and 12.1 per cent respectively last week).

3. The value of oil spare parts applications on hold was marginally lower in comparison to last week's, with the total value of **US\$431.0M** on hold this week and US\$432.0M last week although the number of applications on hold in oil spares sector has gone up by 10 applications.

4. **GENERAL TRENDS:** There is little new to report on the trends during the last short week (4 July was a holiday in New York), which also saw adoption of the new resolution extending the program for additional five months. The most notable characteristic of the last week was a near absence of new releases while the holds continue to raise: only five applications were released while 50 were placed on hold; of the five applications released, one was due to an amendment deleting 1051 items and three were short holds for "pending further clarification". [A chart attached to this e-mail provides history of hold for the past year, to include a marked drop on 1 June 2001 with subsequent progressive increase up do date]

5. **DURATION OF HOLDS:** Contracts Procession Section (CPS) of OIP has recently compiled statistics on the average duration of holds (based on 1,350 applications still on hold as of 3 July 2001) that show the following:

DURATION of HOLD	NUMBER of APPLICATIONS	US\$ VALUE
1-3 months	302	\$1,238M
3-6 months	197	\$615.7M
6-9 months	220	\$616.7M
9-12 months	170	\$321.8M
More than 1 year	461	\$589.9M

6. CHANGES OF THE 1051 LIST TO BE FORMALLY ANNOUNCED SOON.

In practical terms, the changes will mainly affect the area of computers as the considerably raise the thresholds for inclusion in the 1051 list. This may facilitate approval of future contracts containing computers, now routinely being placed on hold, and may help in release from hold of applications containing computers that are previously assessed as being notifiable under SCR 1051 (1996). It is estimated that there are about 150 such applications currently on hold. Once the changes take effect, OIP/CPS will inform the Committee on such cases seeking either the release or change of reason for hold as appropriate.

7. ANOTHER APPLICATION FOR HELICOPTERS OVERHAULING PLACED ON HOLD.

A second application (Comm. 900038) for overhauling of agricultural helicopters worth US\$0.65M was placed on hold for a number of reasons starting with suggestion that the goods are prohibited (SCR 687), on the 1051 list and of WMD dual use. This comes after a similar application (Comm. 900039) was placed on hold on 30 April 2001 for goods being on the 1051 list and for a set of recent photos of these aircraft. The photos were recently provided and are being forwarded to the holding mission.

8. Total of 5 applications worth US\$7.56M were released last week. The releases included the following:

830236(O)	\$ 5.95M	Maintenance parts	(briefly on hold for “pending...”)
702248(M)	\$ 0.75M	Raw materials – medicines	(1 item “dual use”, released with end-use observation.

11. Total of 50 applications worth US\$93.3M were placed on hold during the last week, including the following applications:

900204(T)	\$37.06M	Trailer Trucks	Dimensions, photos, specs for pumps, valves, filters, kits
900946(L)	\$14.14M	Water Tr. Plant	Specs on pumps, valves...
702050(M)	\$ 7.24M	Medical eq.	1051 items
801351(H)	\$ 7.05M	Parts	1051 specs on valves, pumps
702694(E)	\$ 3.19M	Microscopes	Specs, end-use/user info
900939(W)	\$ 2.04M	Excavators	Specs on valves, pumps
830451(O)	\$ 1.18M	Trucks	Specs on tanks, pumps
900950(H)	\$ 1.10M	Soil compactors	Specs on pumps
900837(E)	\$ 0.89M	Split type A/C	Specs on compressors, valves
802622(E)	\$ 0.74M	Mobile Microwave	WMD dual use (missile related)
802617(E)	\$ 0.65M	Chillers	Specs on valves, end-use/user info