

WEEEEKLY HOLDS UPDATE

Week 5-12 April 2002

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Contracts Processing & Monitoring Division (CPMD)

HIGHLIGHTS:

- **Moderate increase in the level of holds recorded again**
- **High level of holds in the Special Allocation sector**
- **No new priority applications released from hold this week**
- **Vehicles, accessories placed on hold for “dual use” reasons**
- **Overall level of applications pending feedback from holding missions decreases further**

1. The level of holds stands at **\$5,093 million** this week, to include \$475 million in “inactive hold” category. The grand total has increased by some \$36 million in comparison to the previous week’s total of \$5,057 million.

2. As of last week, there were 229 applications worth some \$458 million in the category of inactive holds. This week both the number and the value of applications in this category are slightly higher and stand at 236 applications valued at **\$475 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 decreased again and now stands at **491 applications valued at \$1,585 million** (507 worth \$1,663 million in the previous week).

3. The total number of 59% account applications on hold (“active”) is 1,845 (**to include 1,257 humanitarian and 588 oil spare parts applications**) or 35 more than 1,810 last week. The relative value of holds is identical to last week’s with **17.9 per cent** of the total value circulated to the Committee and **13.5 per cent** of the value circulated to the Committee AND approved by OIP based on pre-approved lists was (17.9 and 13.5 respectively during the previous week).

4. **GENERAL TRENDS:** As indicated last week, the level of holds was bound to raise without continuous releases on a large scale. Of particular concern is the trend of holds on newly circulated applications. Of 66 applications circulated to the Committee and due last week 46 (or 70%) were placed on hold for various reasons. This number does not even include applications placed on hold for “pending further consideration” for a day or two but it also does not include applications notified by the Secretariat i.e. containing only pre-approved items. It should also be noted that the relative size of hold (as percentage of applications circulated/notified) remains unchanged. Finally, it is regrettable that no new priority applications have been released from hold during the past week.

5. **HIGH LEVEL OF HOLDS IN THE SPECIAL ALLOCATION SECTOR:** Two additional comms were placed on hold in the Special Allocation sector this week, bringing the total level of hold **to 26 applications worth \$170.5 million or 90% of the total value circulated**. This is the highest percentage on hold in any of the sectors and is much higher than the 18% average. In addition to holds, a

sizeable number of applications in this sector remain on non-compliant (27 applications worth \$289 million) or inactive status (13 applications worth \$194 million) i.e. cannot be processed further due to lack of specific information. As a result, **only 9 low-value applications (combined valued of \$19.5 million)** have been approved so far in this sector. It should be recalled that the intention was to introduce the sector as a way of addressing needs of particularly vulnerable groups of the Iraqi population. However, most of the applications submitted under this sector are “turn key” projects with thousands of items involved that tend to lack sufficient technical details for processing by either OIP or the Committee. At the same time, these applications are subject to same rules and regulations and the type of scrutiny as other applications. Consequently, approval of many is delayed either in pre-circulation phase for not being complete or later for being placed on hold. There also appears to be a considerable delay in provision of information by suppliers as they need to go to a large number of sub-contractors to gather requested information. The two applications placed on hold this week are:

1001203(SA)	\$9.26M	Water Treatment Equipment	1051 items, specs on pumps, valves, vessels, computers
1001517(SA)	\$8.43M	Housing complex	various specs on pumps, tanks, computers

6. VEHICLES, ACCESSORIES PLACED ON HOLD FOR “DUAL USE” REASON: Several applications for vehicles/cranes and accessories (tires, synthetic rubber) were placed on hold during the last week for being of “military dual use”. Some of these were also placed on hold for detailed end-use/user information. The accessories like tires and batteries have passed through several phases of approval and holds; the recent concerns are likely connected to allegations of diversion of trucks and related accessories to non-civilian purposes. The comms in this category included:

1100291(T)	\$2.98M	Toyotas	Military “dual use”, EU/EU info
1100291(A)	\$2.0M	Hyundai cars	Military “dual use”, EU/EU info
1030320(O)	\$1.16M	Mobile Crane	Military DU, specs on valves
1100255(Q)	\$0.32M	Synthetic Rubber	Military “dual use”
1100264(T)	\$0.18M	Tires, tubes	Military “dual use”
1100287(T)	\$0.04M	Mobile crane	Military “dual use”

7. MORE APPLICATIONS WITHOUT FEEDBACK FROM THE HOLDING MISSIONS ADDRESSED LAST WEEK: Although at a much slower pace, additional applications were released from hold this week after pending feedback from holding mission(s) for 60 days or longer. The US has also changed the reason for hold for a large batch of applications in the same category. Total releases in the category so far were 80 applications worth \$190.2 million and changes of reason involved 175 applications valued at \$569.4 million. Therefore, for the past four weeks the US addressed 240 applications valued \$759.0 million or about 38% of applications in this particular category in terms of the value (680 applications worth \$2,007 million at the beginning of March). The above resulted in further overall reduction of applications in the group pending feedback from holding mission(s) from 507 applications last week to **491 applications** this week, even with the new applications added to the list this week.

8. Total of 11 **applications worth \$42.66 million** was released last week. The releases, *inter alia*, included:

1000539(Q)	\$35.6M	Trucks	A1 deleted a kit
801836(WS)	\$ 2.37M	Pumps	
930086(O)	\$ 1.05M	Electrical equipment	w. monitoring
901814(M)	\$ 0.78M	Dialysis equipment/parts	
1001338(M)	\$ 0.5M	Raw materials	as per A1
1001349(Q)	\$ 0.49M	Carboxyl-methyl cellulose	
930579(O)	\$ 0.05M	Testing equipment	

9. Total of **48 applications worth \$76.07 million** was placed on hold during the last week. Apart from the comms. mentioned above, the new holds, *inter alia*, included:

1002070(T)	\$11.32M	Tourist coaches	Specs on various parts
1001564(Q)	\$10.43M	Wheel loaders	Specs on various parts
730943(O)	\$ 9.68M	Activity 8	Various specs
1030590(O)	\$ 2.54M	Tubing	Specs, material composition
1030315(O)	\$ 1.83M	Maintenance tools	various specs
802922(A)	\$ 1.78M	Bi-metallic tubes	1051, specs, EU/EU info
1030491(O)	\$ 1.19M	Spare Parts	Various specs
1002986(WS)	\$ 1.04M	Air Compressors	Specs on valves...
1002080(Q)	\$ 1.0M	Soap/detergent scents	Chemical formulas required
1030293(O)	\$ 1.95M	Mobile cranes	various specs
1030559(O)	\$ 0.31M	Valves	various specs
1001539(Q)	\$ 0.3M	Rotary Press	various specs