

WEEEEKLY HOLDS UPDATE

Week 5-12 October 2001

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

HIGHLIGHTS

- **The level of holds drops again following the release of a major oil industry application**
- **First applications containing computers released based on the revised 1051 list**
- **New status category to be introduced in connection to the attempts to reduce the level of holds**

1. The holds stand at **US\$3,848.0M** or US\$49.0M less compared to US\$3,897.0M last week.

2. The total number of applications on hold is **1,479 (to include 1,010 humanitarian and 469 oil spare parts applications)** or 23 more than last week. The relative value of holds was almost identical to the values last week -- **15.6 percent** of the total value circulated to the Committee or **12.1 per cent** of the value circulated to the Committee AND approved by OIP based on pre-approved lists (15.9 and 12.4 per cent respectively last week).

3. The value of oil spare parts applications on hold was lower in comparison to last week's, with the total value of **US\$489.7M** on hold this week and US\$521.6M last week due to the release of a \$52.0M application from hold.

4. GENERAL TRENDS: The holds have shown slow decrease for the past three weeks due to the number of reasons to include releases of high-value applications, release of applications on the basis of revised 1051 list, circulation of less "technical" applications under phase X, etc. With new initiatives to reduce the number of holds, one can only hope that the current trend will continue although there is no firm guarantee that that will, indeed, happen. After all, total of 37 applications were placed on hold this week against 11 released and it was only the fact that one of the released comms was a high value one that actually drove the level of holds down.

5. MAJOR OIL INDUSTRY APPLICATION RELEASED FROM HOLD:
The largest oil industry application that had been on hold (**Comm. 730770, worth US\$52.0M**) was released from hold last week, reducing the level of holds in that sector by 10%. The application was released under the condition of end-use verification by Saybolt and after certain 1051 items were removed. The application is for water treatment plant for North Rumaila oil fields. Once installed, the plant will be able to treat 70 million m³ of river water per year. The water is to be injected the fields in order to manage the reservoir extraction systems and prevent production of excessively wet crude.

6. FIRST APPLICATIONS CONTAINING COMPUTERS RELEASED FROM HOLD FOLLOWING REVISION OF THE 1051 LIST:

The very first nine applications worth US\$9.78M, previously on hold only for containing 1051 rated computers, have been released from hold after being re-circulated as amendments and based on revised “nuclear annex” of the 1051 list. The released applications included an application for 2,000 PCs for the Ministry of Higher Education, the very first of a kind since the inception of the program. The list of applications is as follows:

701977(M)	\$6.84M	Mobile Health Lab	on hold for laptop computers
600894(E)	\$1.18M	Computers	2000 PCs for MoHE
801642(T)	\$0.92M	Runway Weather System	
53392(O)	\$0.39M	Automatic Control System parts	
4 comms(O)*	\$0.29M	DCS system for NOC	(all containing computers)
802235(E)	\$0.16M	Computers	70 stations for MoE

* 53653, 53654, 53655, 53656

6. NEW INITIATIVE TO REDUCE THE NEUMER OF APPLICATIONS ON HOLD:

As reported earlier, the letters were sent to both submitting and holding missions on several hundreds applications where action by the relevant party has been pending longer than 60 days. Although it is still early, we began to see the first responses with more technical info being provided and more applications being either released or the reason for hold changed as appropriate. As a part of this initiative, we will start transferring to “INOPERATIVE” status all applications where information had been requested but not provided in excess of 75 days. A reminder will be issued 15 days before the change to the new status takes place to give another chance to the supplier to provide the information. The new status, some sort of inactive hold, will start appearing in our reports next week. This status can always be reverted to ‘active’ hold once the requested information is provided.

8. Total of 11 applications worth US\$58.1M was released last week. All but one have already been mentioned above. The remaining one is:

730793(O)	\$0.6M	UPS
------------------	---------------	-----

9. Total of **37 applications worth US\$47.3M** was placed on hold during the last week. Apart from holds on vehicles mentioned above, holds included the following applications:

901667(Q)	\$9.0M	TRUCKS	Specs on parts, pumps, tanks
631090(O)	\$4.68M	LPG CYLINDERS	Specs on valves, mat comp.
930380(O)	\$4.36M	LOG TRUCKS	Pending Further Evaluation
930382(O)	\$3.52M	REHAB of UNIT	Specs on pumps, nozzles
901828(WS)	\$3.3M	BOMB CLEARING VEHICLE	SCR 687, dual use
901802(H)	\$3.18M	AUTOM. PLANT	Pending Further Evaluation
901533(T)	\$2.93M	BALLAST DISTR.EQ.	Specs on valves, pumps...
1000363(T)	\$1.8M	SP. PARTS	Specs on compressors, cables
802637(E)	\$1.62M	TEACHING LAB	Specs for spectroport
830593(O)	\$1.53M	GENERATORS	Specs on pumps, parts