

WEEEEKLY HOLDS UPDATE

Week 10-17 May 2002

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Contracts Processing & Monitoring Division (CPMD)

HIGHLIGHTS:

- **Resolution 1409(2002) with Goods Review List adopted**
- **Paragraph 18 of new procedures addresses applications currently on hold**
- **Minor decrease in the level of holds registered**
- **Several applications for vehicles released from hold**

1. The UN Security Council adopted **resolution 1409 (2002)** on 14 May 2002. Apart from extending the programme for additional 180 days after 30 May 2002, the resolution introduced a new set of procedures for processing of 986 applications. Integral part of the resolution is the new Application Form (in use with immediate effect with old form and exclusively after 30 June) and the Goods Review List (GRL) of items with potential dual use. Due to extensive changes required in the whole mechanism, it is expected that the new procedures will be fully implemented by 15 July 2002. The main points stemming from the new resolution and procedures are:

- Specific time-frames for all processing steps, to include circulation to the Committee and feedback from the members;
- Review of applications by UNMOVIC/IAEA for presence of GRL items and automatic approval of all items found to be non-GRL. This, in effect, eliminates previous system of “green lists” as all non-GRL items will simply be notified by OIP without being referred to the Committee;
- Introduction of Appeals Procedure, allowing suppliers to appeal GRL assessment by the UN experts and provide additional information or delete GRL items even prior the circulation to the Committee.
- Reference of only GRL items to the Committee; while the Committee will receive complete application containing GRL item(s), this will be for information only. Any objections can be raised on GRL items only.
- Focus of end-use verification to GRL items; provision of relevant information on such items (end-use/user, impact of denial, observation modalities, etc.) as part of the process.

2. Paragraph 18 of the new procedures dictates that applications currently on hold should be divided in two groups: **group A** shall include all applications containing 1051 items as determined by the Secretariat; it will also include applications said to contain 1051 items by the Committee members prior to implementation of resolution 1284 (“legacy 1051 comms”). **Group B** will include all other applications on hold. Group A applications are to be returned to submitting mission/agency and may be re-submitted at later date under the new procedures. Group B applications will be internally re-processed, primarily to establish presence or absence of GRL items. If no GRL items are found, such applications will

automatically be approved without further reference to the Committee; if GRL items are found, they will be processed under the new procedures, to include the right to appeal. In some cases, the UN experts may have to ask additional questions in order to be able to make GRL determination. The whole process of re-circulation must be completed in 120 days. In practical terms, that means that holds will disappear in the current form by 15 September 2002. OIP/CPMD estimates that, as of 20 May 2002, some 220 applications would fall in group A while the remaining 1,916 applications fall in group B. Naturally, these statistics do not include applications that may be placed on hold or released by 15 July 2002 i.e. full implementation of the new procedures. The first batch of some 50 applications has already been sent to the relevant experts for GRL review.

3. The level of holds stands at **\$5,170.4 million** this week, to include \$279.6 million in “inactive hold” category. The grand total has registered a decrease by some \$42 million in comparison to the previous week’s total of \$5,212.2 million. Due to the imminent changes described in paragraph 2 above, the Contracts Processing and Monitoring Division will soon cease recording and reporting statistics on “Active” and “Inactive” categories of holds, as well as category of “pending feedback from the holding mission(s), as they have been made largely redundant. The overall statistics on holds will continue until all holds are cleared as per paragraph 18 of the new procedures.

4. The total number of 59% account applications on hold (“active”) is **1,917 (to include 1,302 humanitarian and 615 oil spare parts applications)** or 7 applications more than 1,910 last week. The relative value of holds is similar to the last week’s with **17.8 per cent** of the total value circulated to the Committee and **13.4 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).

5. **GENERAL TRENDS:** Holds registered a small decrease, largely due to releases of applications for vehicles by the UK, following provision of end-use/user information and cancellation of some long-standing holds. It is not clear yet what would be the immediate effect of the new procedures on the level of holds but the holding missions indicated that they would continue releasing from (as well as placing on) hold applications until new procedures are fully implemented.

6. **SEVERAL APPLICATIONS FOR VEHICLES, RELEASED FOLLOWING PROVISION OF END-USE/USER INFORMATION:** The trend of releases of vehicles previously on hold for end-use/user information has continued, this type of goods representing majority of releases. The releases this week included only three applications:

1100161(A)	\$14.3M	Nissans
1001397(A)	\$ 5.36M	Trucks
802872(A)	\$ 2.38M	Pick-ups
602035(E)	\$ 1.06M	Station Wagons
1001649(T)	\$ 1.0M	Pick-ups
602036(E)	\$ 0.87M	Station Wagons
501300(E)	\$ 0.87M	Station Wagons
1001791(SA)	\$ 0.81M	Tipper Trucks
1001646(T)	\$ 0.62M	Station Wagons
1001794(T)	\$ 0.23M	Pick-ups
1001650(T)	\$ 0.22M	Pick-ups
1030632(O)	\$ 0.14M	Dump Trucks

7. Total of 21 **applications worth \$36.65 million** was released last week. Apart from the vehicles released from hold (as in para 6 above), the releases, *inter alia*, included:

1000520(T)	\$4.79M	Fuel barges	w. monitoring
702740(A)	\$2.06M	Tractors/parts	as per A1
1001533(Q)	\$0.27M	Rectifiers	
1030091(O)	\$0.23M	Forklifts	
601994(Q)	\$0.2M	Laboratory eq.	as per A1

8. Total of **20 applications worth \$18.46 million** was placed on hold during the last week. The new holds, *inter alia*, included:

902015(E)	\$5.05M	Transmitters	Military “dual use”
1100757(T)	\$2.27M	Wheel loaders	Specs on parts
830858(O)	\$1.68M	Machines	Pending further evaluation
1001910(A)	\$1.6M	Water chillers	Various specs
1130010(O)	\$1.5M	Heat exchangers	Military “dual use”, specs
1030406(O)	\$1.25M	Excavators	Specs on valves, pumps
930672(O)	\$0.8M	Cranes	Various parts
1030223(O)	\$0.63M	Lab equipment	WMD “dual use”
1100746(A)	\$0.44M	Pesticides	“dual use”, specs