

WEEEEKLY HOLDS UPDATE

Week 17-24 May 2002

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

HIGHLIGHTS:

- **Implementation of SCR 1409(2002) continues**
- **Holds increase by over \$100 million**
- **A 48 million application for trucks placed on hold**
- **GOI starts null-and-void procedure for some holds**

1. The implementation of resolution 1409 and related procedures continues. Additional 100 applications currently on hold have been forwarded to UNMOVIC/IAEA for re-assessment against the Goods Review List (GRL), as mandated by paragraph 18 of the new procedures. By 1 June 2002 a new set of guidelines for completion of a new application form will be made available at OIP web site. This will include expanded list of technical requirements required for GRL assessment. While old application form will be acceptable by 1 July, only the new form will be available on the web site starting 1 June 2002.

2. The level of holds stands at **\$5,277.6 million** this week. The grand total has increased by some \$107 million in comparison to the previous week's total of \$5,170.4 million. As reported earlier, due to the imminent changes stemming from resolution 1409(2002), the Contracts Processing and Monitoring Division has ceased 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.

3. The total number of 59% account applications on hold is **2,156 (to include 1,465 humanitarian and 691 oil spare parts applications)**. The relative value of holds is somewhat higher in comparison to the last week's with **18.2 per cent** of the total value circulated to the Committee and **13.6 per cent** of the value circulated to the Committee AND approved by OIP based on pre-approved lists was (17.8 and 13.4 respectively during the previous week).

4. **GENERAL TRENDS:** Both releases and new holds are likely to continue until the new procedures are fully implemented, tentatively by 15 July 2002. After that date, holds will gradually disappear as they are being either returned (comms. containing 1051 items) or re-processed under new procedures (all other holds). Re-processing of holds is likely to be completed by 15 September 2002. Last week, the new holds topped releases resulting in the increase of the overall level of holds. The reasons for hold and items frequently placed on hold remain the same.

5. **A HIGH-VALUE APPLICATION FOR VEHICLES PLACED ON HOLD:** **Comm.1100178(A) valued at \$48.57 million** and containing 636 Mercedes Benz trucks was placed on hold during the last week for, inter alia, the following reasons:

“US: “.... Provide detailed end use and end user information. Provide a breakdown of where and how the vehicles will be distributed and monitoring options to ensure the vehicles are used for the supposed civil end use. Describe the off-road capabilities of these trucks...”

UK: Require detailed end-use/user information for the goods in this contract.”

There appears to be an increasing demand for uniformed and clear procedure for observation and follow-up of specific goods, especially mobile units like trucks. The observation mechanism will have to address this issue soon in cooperation with OIP.

6. **NULL-AND-VOID PROCEDURE INITIATED FOR A NUMBER OF APPLICATIONS CURENTLY ON HOLD:** Following introduction of the new procedures and, in particular, paragraph 18 directing processing of applications currently on hold, the Iraqi authorities have initiated null-and-void procedures for these applications at higher rate than usual. Only last week, the procedure was initiated for 22 applications on hold worth \$50 million. Majority of these applications were in Transport and Telecommunication sector.

7. Total of **16 applications worth \$30.4 million** was released last week. Apart from the vehicles released from hold (as in para 6 above), the releases, *inter alia*, included:

1001480(WS)	\$10.15M	Water Pumping Station
1001380(A)	\$ 7.76M	Excavators
902027(E)	\$ 6.3M	Buses w. parts
802840(L)	\$ 1.8M	Turbine Equipment
802913(A)	\$ 1.1M	Pump sets
1000895(T)	\$ 0.93M	Raw materials

8. Total of **35 applications worth \$115.83 million** was placed on hold during the last week. Apart from a comm in para 6 above, the new holds, *inter alia*, included:

930675(O)	\$16.51M	Crude oil treatment eq.	Various specs
1100155(WS)	\$15.7M	Fire fighting trucks	Specs on valves, pumps...
1100749(Q)	\$ 5.39M	Spares for cars	Specs on 1 item
1100834(E)	\$ 4.57M	Periodicals	End-use/user
802931(E)	\$ 3.62M	Lab equipment	WMD “dual use”(1)
930309(O)	\$ 2.9M	Rehab eq.	Various specs
1002027(Q)	\$ 2.74M	Bag production eq.	Various specs
1000740(T)	\$ 2.53M	Weather Radar System	Various specs
1001551(T)	\$ 1.9M	Ship building eq.	1051, specs
1030725(O)	\$ 1.89M	Chemicals	WMD “dual use”
1100831(M)	\$ 1.8M	Raw materials (medicines)	Specs for some
1100835(E)	\$ 1.66M	Books	Content, EU/EU
1030552(O)	\$ 1.37M	Wheel Excavators	Specs on parts
1002027(Q)	\$ 1.03M	Generators	Detailed end-use/user info