

WEEEEKLY HOLDS UPDATE

Week 18-24 June 2001

(Prepared by OIP, Contracts Processing Section)

HIGHLIGHTS

- **Holds continue to show upwards trend**
- **Requests for additional technical specifications remain as the main reason for holds**
- **An application for 2,500 computers for education sector placed on hold**
- **Additional applications containing 1051 goods approved**

1. The holds stand at **US\$3,203.0M** or some US\$32.0M more compared to US\$3.171M last week [*The difference between released and placed on hold is some US\$53.0M last week but additional applications previously on hold were null-and-void during the week*]

2. The total number of applications on hold is **1,302 (to include 868 humanitarian applications)** or 8 more than last week. The relative value of holds was identical to the value last week -- **14.7 percent** of the total value circulated to the Committee or **11.9 percent** of the value circulated to the Committee AND approved by OIP (based on pre-approved lists).

3. Oil spare parts applications on hold remain similar to last week's, with the total value of **US\$421.0M** this week and US\$426.0M last week.

4. **GENERAL TRENDS:** Following the release of a large number of applications from hold on 1 June 2001 and consequent reduction of the level of holds below US\$3.0 billion, the subsequent weeks saw continuous increase in the level of holds. This is largely due to hold son applications in phase IX; while the Secretariat mainly received food applications at the beginning of the phase, we are seeing more applications in "technical sectors" (more likely to be placed on hold) in the recent weeks. Another important reason is a slower pace of releases during the last week (only 24 released compared to 69 last week).

The requirement for additional technical information (mainly material composition for various parts in accordance with DIN or ASTM standards) remain the most frequent reason for hold. This comes in spite of our efforts to have the relevant information provided before an application is even circulated. In many cases, the suppliers are either unaware or simply ignore even the requirements made available through OIP web site. Typical examples of such applications that are normally approved when information is complete (and alone account for almost 1/3 of the total value placed on hold last week) include:

900654(E)	Reinforcing Iron	material composition provided only in Iraqi standard and not ASTM or DIN (\$2.97M)
900655(E)	Deformed bars	- as above – (\$24.93M)
900772(H)	Angle steel	No material composition provided (\$0.37M)

5. ADDITIONAL APPLICATIONS CONTAINING 1051 GOODS APPROVED UNDER THE CONDITION OF MONITORING: Following the approval of human vaccines last week, the Committee approved additional applications containing 1051 items under the condition of monitoring. Although the applications assessed by the Secretariat to contain 1051 items continue to be placed on hold by the Committee almost as a rule, the above conditional releases come as a further sign of confidence in the system established after April 2000 with a particular aim of addressing such holds. Some of the applications were approved following UNOHCI and GOI argumentation that the goods are of high humanitarian importance with no viable substitute available. The applications recently released in this category include:

701394 (W)	\$2.25M	GRP sewage pipes	(1051 goods; see Note Verbale 93156 of 07/04/01)
801550 (W)	\$9.5M	GRP sewage pipes	(1051 goods; see Note Verbale 93125 of 03/04/01)
800592 (A)	1.18M	FMD vaccine	(1051 goods)
730866 (O)	\$0.73M	Intelligent Pigging	(1051 goods)

6. COMPUTERS APPLICATION PLACED ON HOLD: A single application for 2,500 PCs (**Comm. 900784 worth US\$1.75M**) was placed on hold last week for “goods on the 1051 list”. The Pentium III computers were ordered by the Ministry of Higher Education and Scientific Research. While the imminent changes of the 1051 list may take care of the current reason for hold (Pentium III-type computers are likely to be excluded from the list), the issue of end-use/user may still pose some problems. No specific end-use/user was provided with the application.

7. Total of 24 applications worth US\$45.5M were released last week. Apart from the comms mentioned above, the releases included the following:

730743(O)	\$4.87M	Mechanical spares	(“purchase not directly related..”)
600827 (L)	\$2.46M	Circuit Breakers	(steel said to be of dual use)
801297 (T)	\$1.39M	Runway Sweepers	(possible 1051, mat composition)
800730 (T)	\$0.26M	Runway Sweepers	(possible 1051, mat composition)

8. Total of 37 applications worth US\$98.65M were placed on hold during the last week, including the following (not previously mentioned) applications:

900758(Q)	\$24.9M	Trucks/parts	Specs on pumps, valves, kits
900768(M)	\$ 3.7M	Kitchen eq.	Jacketed boiling pans on 1051 list
900762(T)	\$ 3.4M	Welding eq.	Specs for “special tools/devices”
802245(A)	\$ 2.88M	Cranes	Material comp. of valves, pumps
802287(L)	\$ 2.7M	Testing eq.	Specs on pumps, vacuum vessel..
900730 (W)	\$ 2.7M	Sewage pumps	Specs on pumps, hoses
802571(W)	\$ 2.51M	Generators	Dual use (if lower KvA, ok)
702558(Q)	\$ 2.35M	Pars for vehicles	Specs on pumps, valves...
802519 (A)	\$ 1.76M	Poultry Houses	1051 goods, material comp.
900641(A)	\$ 0.33M	Vaccines (PPR, clostr)	1051, WMD dual use