

EVD

Beauregardseweg 13
2504 AH Den Haag

Postbus 2070
2500 EG Den Haag

Tel: (070) 772 33 33
Fax: (070) 772 33 39

evd@nl.evd.nl

www.evd.nl

Deze publicatie is schriftelijk te bestellen bij:

EVD, afdeling Voorlichting

Postbus 20105

2500 EC Den Haag

of per fax: 070-3797858

©2002 Ministerie van Economische Zaken, EVD

Niets uit deze uitgave mag worden verveelvoudigd en/of openbaar gemaakt door middel van druk, fotokopie, microfilm of op welke andere wijze ook zonder voorafgaande schriftelijke toestemming van de uitgever.

Ondanks alle zorg die aan deze uitgave is besteed, kan het ministerie van Economische Zaken/EVD voor eventuele onjuistheden geen aansprakelijkheid aanvaarden.

Inhoudsopgave

Zakendoen in Irak onder het 'Oil for Food' programma

Oil for Food

Distribution Plan for Phase XI

Irak kan breed scala aan goederen importeren

Handelscijfers Nederland - Irak

Factsheet Iraq

Energy Information Administration: Iraq

Iraq Resource Information Site

Contactadressen

Bijlagen

Notification/request, No-objection UN, uitvoerdocument

Zakendoen in Irak onder het 'Oil for Food' programma

Sanctieregime

Op dit moment is handel met Irak alleen mogelijk met inachtneming van de vigerende resoluties van de Veiligheidsraad, waaronder de regels van het 'Olie-voor-Voedsel'-programma zoals die zijn neergelegd in Resolutie 986. Onder het Olie-voor-Voedsel-programma mag Irak olie verkopen en met de opbrengst daarvan goederen aanschaffen.

Goederen die door de VN zijn toegestaan voor export naar Irak staan vermeld in de distributieplannen voor de verschillende (tijd)fasen. Op dit moment is 'Phase XI' van toepassing. In de 'Executive Summary' bij Phase XI staat een beschrijving van de sectoren, in de annexen bij Phase XI staan de goederen die per sector naar Irak mogen.

Procedure

Als een Nederlands bedrijf een contract heeft afgesloten met een Iraakse partij (meestal een overheidsinstantie), dan moet het dit als het om agrarische goederen gaat, voorleggen aan het desbetreffende productschap in Nederland. Als het om industriële goederen gaat moet het contract worden voorgelegd aan de Centrale Dienst In- en Uitvoer (CDIU) van de Nederlandse douane. Deze instanties verstrekken de formulieren voor de ontheffingsaanvraag en voeren tevens de nodige controlerende taken uit. Hierna wordt de ontheffingsaanvraag doorgestuurd, via het ministerie van Economische Zaken of, afhankelijk van de goederen, het ministerie van Buitenlandse Zaken naar de Nederlandse Permanente Vertegenwoordiging (PVVN) bij de Verenigde Naties (VN) in New York. De PVVN zendt de documenten door naar het UN Office of the Iraq Programme (OIP) in New York. Het OIP moet bevestigen dat de goederen voorkomen in het distributieplan, voordat zij het contract ter beoordeling voorlegt aan het VN-sanctiecomité. Bij twijfel over de dubbele toepassingsmogelijkheden van een product ('dual use concern') kan elk lid van de Veiligheidsraad de aanvraag voor onbepaalde tijd 'on hold' zetten en aanvullende informatie van de partijen vragen. Het VN-sanctiecomité beslist of er voor het contract nog geld beschikbaar is op de 'escrow account'. De Iraakse partij en de Nederlandse leverancier worden via de PVVN, Buitenlandse Zaken of Economische Zaken en het betrokken productschap op de hoogte gebracht van de status. Als een contract is goedgekeurd, is de weg vrij voor uitvoer van de goederen uit Nederland. Bij de Iraakse grens wordt de levering nogmaals door onafhankelijke VN-controleurs nauwkeurig gecontroleerd. Met een verklaring van deze controleurs kan de BNP overgaan tot betaling aan de leverancier. Het is nu zo geregeld dat de opbrengsten uit de verkoop van Iraakse olie worden gestort op een 'escrow account' (borgrekening) bij de Banque National de Paris (BNP). Deze rekening wordt beheerd door de VN. De BNP mag alleen met toestemming van de VN een 'letter of credit' afgeven voor aankopen door Iraakse wederpartijen.

De hele procedure van goedkeuring duurt gemiddeld drie à vier weken. Het productschap geeft in veel gevallen binnen vier werkdagen een exportvergunning af. Bij complexe zaken kan de evaluatietijd bij het OIP uitlopen. Bij twijfel moeten beide partijen nadere details verstrekken die dan door de Veiligheidsraad worden onderzocht.

In maart 2000 is de 1284-procedure, bekend als de versnede goedkeuringsprocedure, in werking getreden. In het kort komt deze er op neer, dat voor de producten die voorkomen op de lijsten geen goedkeuring meer is vereist door het VN-sanctiecomité. Het OIP beoordeelt het contract en kijkt of de exportgoederen op de lijsten staan. Als dat het geval is, geeft het OIP binnen twee dagen, zonder het voor te leggen aan het VN-sanctiecomité, een notificatie af. Staan de goederen niet op de lijsten, dan moet het VN-sanctiecomité het contract binnen de reguliere termijn van vijf dagen beoordelen. Door deze procedure kunnen humanitaire contracten sneller worden verwerkt.

Contactpersonen:

De Centrale Dienst In & Uitvoer (CDIU), contactpersoon: dhr. P. Haak, tel. 050 - 5232168 / fax. 050 - 5232183.

Productschap Vee, Vlees en Eieren, afdeling EU regelingen, team Info, tel. 070-3687102.

Hoofdproductschap Akkerbouw, contactpersoon: mw. S. Vermont, tel. 070-3708445 / fax. 070-

3461400.

Productieschap Zuivel, dhr M. Moesman, tel. 079-3681539 / dhr D. Mathoera, tel. 079-3681567 / fax 079-3681954.

Indirecte verkoop aan Irak

Wanneer goederen indirect, via een ander land of via een ander bedrijf, aan Irak worden geleverd is altijd een goedkeuring van de Verenigde Naties vereist. In het geval een andere partij de goedkeuring aanvraagt (bijvoorbeeld wanneer de goederen van het Nederlandse bedrijf hiervan een onderdeel zijn), kan met een kopie van de 'totaal' goedkeuring van de andere partij een vergunning van de betreffende Nederlandse instantie worden verkregen. Indien geleverd wordt aan één van de buurlanden van Irak, is het belangrijk dat u een kopie van de goedkeuring van de Verenigde Naties aan het bedrijf vraagt om er zeker van te zijn dat niet bij controle blijkt dat u betrokken bent bij strafbare praktijken.

Website van de Verenigde Naties:

- sanctieregime: www.un.org/Depts/oip
- procedures: www.un.org/Depts/oip/cps/company.html
- status van contracten: www.un.org/Depts/oip/cps/status.html

Office of the Iraq Programme

oil for food

Provided for information purposes: please note that the OIF is unable to respond to inquiries from companies or their representatives who should direct all inquiries or requests for further information to their Permanent Mission.

PROCEDURES ESTABLISHED BY THE 661 COMMITTEE FOR THE OIL-FOR-FOOD PROGRAMME

*(this following is an edited version
of decisions taken by the
Committee since 1996 in relation
to the procedures it follows.)*

Contracting process and submission of applications (please see the chart)

- o The Memorandum of Understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of Security Council resolution 986 (1995) stipulates: Each export of goods to Iraq shall be at the request of the Government of Iraq pursuant to paragraph 8 (a) of resolution 986 (1995). Accordingly, exporting States will submit all relevant documentation, including contracts, for all goods to be exported under the Resolution to the 661 Committee for appropriate action according to its procedures. It is understood that payment of the supplier from the "Iraq Account" can take place only for items purchased by Iraq that are included in the categorized list referred to in Section II of the present Memorandum. Should exceptional circumstances arise, applications for the export of additional items may be submitted to the 661 Committee for its consideration.
- o The Government of Iraq will prepare a categorized list of humanitarian supplies which it intends to purchase and import pursuant to resolution 986 (1995). This list will be submitted to the Secretary-General together with the distribution plan referred to in paragraph 8(a)(ii) of the resolution.
- o After approving the distribution plan, the Secretary-General will forward the list, which constitutes a part of the plan, to the Committee, and will make it known to all States.
- o The Government of Iraq or the United Nations Inter-Agency Humanitarian Programme (for the three northern governorates of Dohuk, Erbil and Sulaymaniyah) will contract directly with suppliers to arrange the purchase of humanitarian supplies, and will conclude the appropriate contractual arrangements.
- o Export to Iraq of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs (hereinafter humanitarian supplies) financed from the Iraq account shall be undertaken in accordance with the following provisions.

Applications for each export of humanitarian supplies, to be financed from the Iraq account consistent with paragraph 22 of the Memorandum of Understanding, shall be submitted to the Committee at the request of the Government of Iraq by the exporting States with all relevant documentation, including the concluded contractual arrangements. Payment from the Iraq account can take place only for items included

in the categorized list on a case-by-case basis as follows:

• Such applications put forward by the Government of Iraq shall be processed on a case-by-case basis as follows:

(a) Medicines and Health Supplies

The exporting State must submit to the Iraq account. A copy of the contractual arrangements must accompany this communication.

(b) Foodstuffs

The exporting State must submit to the Iraq account. The exporter requests payment from the Iraq account. The supporting documentation, including the invoice, must be submitted to the point(s) of entry into Iraq.

(c) Other Materials and Supplies

The exporting State must submit to the Iraq account. The exporter requests payment from the Iraq account. The supporting documentation, including the invoice, must be submitted to the point(s) of entry into Iraq.

- Member states are encouraged to submit applications for the Iraq account. The Iraq account is to be used for the new school year, etc. The Iraq account is to be used for the new school year, etc. The Iraq account is to be used for the new school year, etc.

Initial processing by the Committee

- Experts in the Secretariat will determine whether the item is eligible for payment from the Iraq account and whether the item is eligible for payment from the Iraq account.

- Without prejudice to the above, the Iraq account will not be circulated until the Iraq account is established. The Iraq account will not be circulated until the Iraq account is established.

- Amendments made to the Iraq account by the Permanent Mission in Iraq, with due regard to the Iraq account resolutions;

- When a formal request for payment from the Iraq account is received, the Secretariat will notify the Iraq account. The Iraq account will be considered null and void if the application should be considered null and void if the application should be considered null and void.

- Experts in the Secretariat will determine whether the item is eligible for payment from the Iraq account and whether the item is eligible for payment from the Iraq account.

from the Iraq account, and a standardized confirmation by the Government of Iraq of the humanitarian supplies in Iraq.

- The arrival of the humanitarian supplies in Iraq will be monitored by inspection agents appointed by the Secretary-General and stationed at relevant entry points and other locations. The Iraq account will be completed within reasonable time limits. The Iraq account will add their authenticated confirmation of arrival to the Iraq account, stating that the exporter is eligible for payment from the Iraq account. The Iraq account will inform the Secretary-General in accordance with paragraph (iii) of Security Council resolution 986 (1995). This information will be provided to the Iraq account and in any case within 24 hours.

- The inspection agents will report all irregularities to the Iraq account. If the problem is related to normal commercial transactions, the Government of Iraq will be informed but normal commercial transactions will go forth. Performance bonds may not be opened. The Iraq account purchaser resulting from normal commercial transactions will be held in the Iraq account. If the matter is of serious concern, the Iraq account will hold the shipment in question, pending guidance from the Iraq account. The Iraq account will make every effort to provide such guidance in a timely manner.

- The bank holding the Iraq account shall effect payment from the Iraq account if all documents stipulated in the letter of credit are presented and the conditions of any such letter of credit are complied with. The Iraq account and the supporting documents, payment can be made from the Iraq account corresponding to actual deliveries to Iraq. Documentation requirements will be waived by the Secretary-General.

- Letter of credit mentioned in these procedures should conform to the Iraq account Practice for Documentary Credit. (SEE "UNIQUE FEATURES OF DOCUMENTARY CREDIT")

Expenses directly related to the export by Iraq of petroleum and petroleum products

- The export to Iraq of the parts and equipment which are used in the Kirkuk-Yumurtalik pipeline system in Iraq will be undertaken in accordance with the procedures set out in section III [Export to Iraq of humanitarian supplies]. Requests for such exports to Iraq will be approved on a case-by-case basis under its no-objection procedure. The Committee will request the Iraq account personnel in Iraq to verify that the equipment exported from the Iraq account of resolution 986 (1995) is used only for the purposes permitted by the Iraq account.

- Pursuant to paragraph 8(f) of resolution 986 (1995), the Committee will object to the Iraq account procedure, the financing from the Iraq account covering the expenses payable in Iraq, which are determined by it to be used for the Iraq account of petroleum and petroleum products permitted under resolution 986 (1995) or to the export to Iraq of the parts and equipment exported from the Iraq account of resolution 986 (1995) [related to the Kirkuk-Yumurtalik pipeline system]. The Iraq account will be necessary therefor.

Requests for meeting the expenses referred to in the previous paragraph submitted by the Government of Iraq together with all necessary supporting documents will be approved on a case-by-case basis by the Committee.

procedure. The Committee will seek, if necessary, the advice of the overseers or the independent inspection agents in reaching a decision.

Interrelationship between procedures governing applications submitted for payment from the Iraq Account in accordance with resolution 986 (1995) and those governing payment by other arrangement

- Paragraph 38 of the procedures contained in S/1998/636, 12 August 1998, stipulates: The provisions of this section [Export to Iraq of humanitarian supplies] are without prejudice to the application of the existing procedures of the Committee for goods which are not supplied pursuant to resolution 986 (1995).

Accelerated ("fast-track") procedures for the approval of contracts for specified humanitarian supplies for Iraq

The accelerated approval procedures are provided for in paragraph 17 of Security Council resolution 1284 (1999). The resolution, *inter alia*, directs the 661 sanctions committee to approve lists of foodstuffs, as well as of basic or standard health, agricultural and educational supplies, which would no longer require submission to the Committee for approval, but would be notified to the Secretary-General through the Office of the Iraq Programme (OIP).

The lists for food and basic educational supplies were approved by the Committee in late February 2000 and implementation of the accelerated procedures for supplies on these lists began on 1 March 2000. These were further expanded on 16 February 2001, as required under resolution 1330 (2000).

On 29 March 2000, the Committee approved two additional lists of goods eligible for accelerated approval procedures: pharmaceuticals, medical supplies and basic medical equipment and; basic agricultural equipment and supplies. The health sector list was expanded massively on 1 September 2000, with further enlargement of the list having come into effect on 19 February 2001, as required under resolution 1330 (2000). The list for the agriculture sector was also expanded on 13 February 2001.

On 17 July 2000, in line with paragraph 18 of resolution 1284 (1999), the Committee approved a further list comprising oil spare parts (phase VII) eligible for accelerated approval procedures, while the project-based list of oil spare parts and equipment for phase VIII was approved on 1 December 2000.

Having recognised the effectiveness of the accelerated procedures for getting essential humanitarian supplies to Iraq, the Security Council in resolution 1302 (2000), paragraph 8, requested the Committee to approve a pre-selected list of water and sanitation supplies for "fast track" processing. On 11 August 2000, the Committee approved the list of water and sanitation supplies for "fast-tracking", which was further expanded on 16 February 2001, as required under resolution 1330 (2000).

A list of 26 items in the housing sector was introduced on 26 February 2001 for "fast track" approval procedures, in compliance with resolution 1330 (2000).

In compliance with paragraph 10 of Security Council resolution 1330 (2000), the 661 sanctions committee on 24 May 2001 approved a list of 97 items for "fast-track" processing in the electricity sector.

The complete lists of all eight categories of goods eligible for "fast-track" processing may be consulted below.

Suppliers should be aware that the signing of contracts and the preparation and submission of applications for goods which may qualify for expedited processing should be carried out in the normal manner. Based on criteria set out in resolution 1284 (1999), OIP will determine which applications are eligible for clearance under the new procedures. Applications will continue to be circulated to the Committee for approval if they contain any items not on the lists approved by the Committee, including any spare parts, accessories or consumables not specifically mentioned in the lists. Applications will

also continue to be circulated if they are deemed to contain any items to which resolution 1051 (1996) may apply.

Contents:

- Annex I Food Sector expanded list as of 16 February 2001
- Annex II Education Sector expanded list as of 16 February 2001
- Annex III Agriculture Sector expanded list as of 13 February 2001
- Annex IV Health Sector expanded list as of 19 February 2001
- Annex V Oil Sector (Spare Parts) - Phase VII
- Annex VI Water and Sanitation Sector expanded list as of 16 February 2001
- Annex VII Oil Sector (Spare Parts) - Phase VIII
- Annex VIII Housing Sector pre-approved items as of 26 February 2001
- Annex IX Electricity Sector pre-approved items as of 24 May 2001
- Annex X Oil Sector (Spare Parts) - Phase IX pre-approved items as of 25 May 2001
- Annex XI Oil Sector (Spare Parts) - Phase X pre-approved items as of 15 November 2001

For further information please contact Hasmik Egian on 1.212.963 4341

(note: a full listing of humanitarian and oil sector contracts and their current status is available on the OIP website).

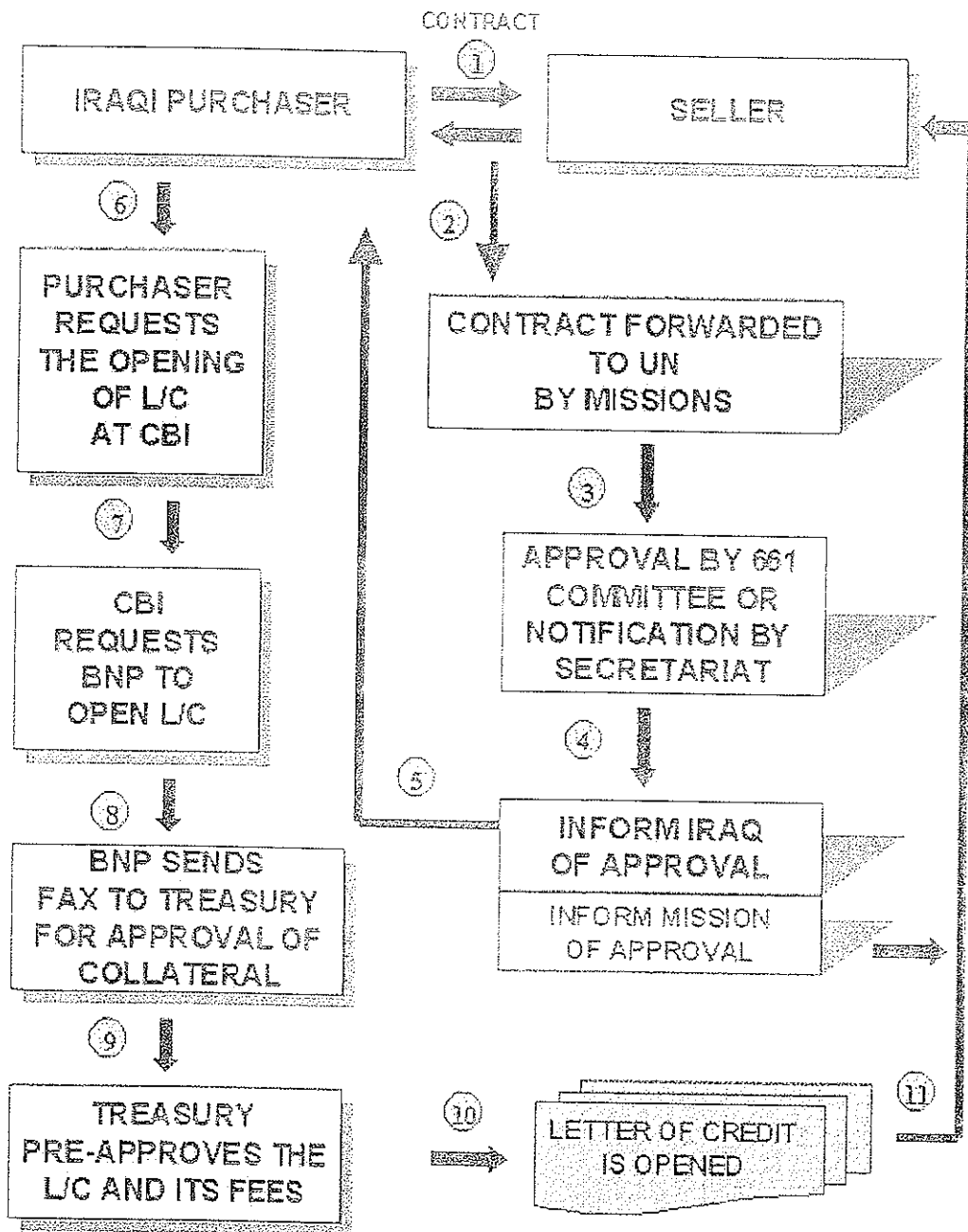
PROCEDURES FOR HUMANITARIAN LETTERS OF CREDIT

Humanitarian Letter of Credit applications are received by Banque Nationale de Paris, New York from the Central Bank of Iraq on behalf of the relevant Iraqi Government buyer. Upon receipt of such L/C's, Trade Finance Services/Commodities & Trade finance Desk check the following:

1. Verify that the L/C is irrevocable, non-transferable and non-assignable (except to the supplier's bank for the repayment of financing for the purchase of the humanitarian supplies) and for the account of the Iraqi purchase in favor of the supplier.
2. Verify that the request provides for payment with funds from the United Nations Iraq Account.
3. Verify documents to be presented and payments (is/are) to be made at the counters of BNP NY
4. Verify that the L/C's require the following documentation as condition for payment:
 - Customary commercial documentation
 - A copy of the 661 Committee's letter stating that the exporter is eligible for payment from the United Nations Iraq Account
 - A confirmation by the Secretary-General's designee of the arrival of the exported goods in Iraq
 - A copy of any required governmental license or equivalent authorizing the export, and
 - In the case of food and soap products, a health/phytosanitary certificate stating that goods are fit for human consumption and are consumed locally in country of origin.
5. Verify that the L/C is governed by the UCP 500, and review the L/C to make sure the UCP 500 is respected and that all terms and conditions can be verified by the bank through the presentation of documents. If any of these items are not complied with, BNP must go back to the applicant through the Central Bank of Iraq for amendment or clarification. If the L/C allows for partial shipments, the UN will have to confirm to the bank that the contract also allows for partial shipments.
6. After verifying the above, the bank will prepare and forward a copy of the L/C request to the United Nations Treasury for approval to issue the L/C. The approval will also allow the bank to segregate Cash Collateral for L/C reimbursement and related fees from Available Funds in the United Nations Iraq Account. The bank shall not issue and L/C unless there are sufficient Available Funds in the United Nations Iraq Account to cover the L/C amount and the related L/C fees.
7. When the Standardized Confirmations of Arrival are prepared by the United Nations, they are delivered directly to Trade Finance Services of BNP who then notifies the exporters of their receipt, and invites them to present their other documents under the L/C.

Upon receipt of all of the required documents under the L/C, Trade Finance Services of BNP examines them to make sure they are in conformity with the terms of the letter of credit. If they are, payment is made promptly with notification to the United Nations Treasury. If they are not, discrepancies are advised to the beneficiary for possible correction. Also see "UNIQUE FEATURES OF THE LETTER OF CREDIT")

CONTRACT APPROVAL AND LETTER OF CREDIT ISSUANCE



Unique Features of the Letter of Credit issued in the context of the oil for food programme

- The credit will always start with the following: "In accordance with the United Nations Security Council Resolution 986 dated 14 April 1995, the Memorandum of Understanding under reference S/1996/356 dated 20 May 1996 and the Procedures of the 661 Committee under reference S/1996/636 dated 12 August 1996, please find the text for the issuance of a letter of credit.
- A copy of the 661 Committee's letter stating that the exporter may be eligible for payment from the Iraq Account
- Standardised confirmation by the Secretary-General on the arrival of the humanitarian supplies in Iraq. The arrival of the humanitarian supplies in Iraq will be confirmed by independent inspection agents appointed by the Secretary-General.
- The credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500.
- The credit is NOT TRANSFERABLE and NOT ASSIGNABLE (except to the beneficiary's bank for the repayment of financing for the purchase of humanitarian supplies). The credit is NOT NEGOTIABLE.
- The credit will always indicate that this credit has been issued by BNP New York under license No. 10-758 issued by the US department of the Treasury, Office of Foreign Asset Control.

Authentication: an essential procedure

1. The following recommendations apply to goods shipped to Iraq under the oil-for-food programme, also known as resolution 986 (1995) applications, which are eligible for payment from the United Nations Iraq account. Suppliers of goods to Iraq should be aware that only goods that have been listed on the appropriate application form and approved by United Nations Security Council's Sanctions Committee or the United Nations Secretariat may be shipped. Such approved goods will be documented either on or as an attachment to the Committee's approval letter. Shipments of unapproved items to Iraq in connection with contract applications will not be considered as eligible for authentication. Any instances involving the shipment of unapproved goods will be reported to the Sanctions Committee for their consideration. All pertinent documentation and correspondence should always refer to the "Comm number" assigned to the application.
2. Suppliers should be aware that they are responsible for ensuring that their transportation companies are fully aware that all shipments of goods pursuant to Security Council resolution 986 (1995) are physically reported to the United Nations inspection agents at the only approved entry points at the borders of Iraq. These are: Trebil (Jordan), Al Waleed (Syria), Zakho (Turkey) and Umm Qasr (Persian Gulf). Suppliers of goods to Iraq are eligible to receive payment from the Iraq account based on a number of conditions, one of them being the authentication of the arrival of such goods in Iraq confirmed by the United Nations independent inspection agents at the borders. In cases where resolution 986 (1995) goods enter Iraq via crossings other than the approved entry points, the rules set out by the relevant Security Council resolutions stipulate that goods not reported in the proscribed manner are not eligible to be authenticated and, consequently, the supplier is lacking one of the conditions that contribute towards payment.
3. Suppliers of goods should be aware that the approved goods may only be shipped through the approved entry points into Iraq, as requested in their application and as documented on the approval letter. Goods arriving at a point of entry other than the one approved will not be authenticated, resulting in potential delays of payment to the supplier.
4. Suppliers are advised that no shipments of goods to Iraq under the oil-for-food programme should be made without first ensuring that the supplier is the beneficiary of a valid Letter of Credit (L/C). Suppliers should first check with their own assigned bank to ensure that an L/C has been issued in their favour prior to shipping any goods. Approved goods that are shipped without the supplier first obtaining a valid L/C will be authenticated as having arrived in Iraq. However, the supplier will not be eligible to receive any payments from the Iraq account until an L/C is issued.
5. In order for the supplied goods to be authenticated as having arrived, the supplier is responsible for ensuring that all shipments of the goods are completed within the validity period of the letter of approval. Goods should arrive at the appropriate border points while the letter of approval is still valid. Should the supplier become aware that the shipment of the goods cannot be completed within the validity period, the supplier is responsible for requesting an extension to the validity of the Letter of Approval through their Permanent Mission to the UN in New York prior to shipping any goods. Moreover, suppliers should be aware that goods which are shipped after the expiry of the period of validity as stated in the Letter of Approval, will not be authenticated for the purposes of contributing towards payment to the supplier, thus resulting in delays at the borders to the shippers.
6. Suppliers are encouraged to consider using the suggested packing list format as posted on the OIP web site. The use of this form is voluntary on the part of the supplier. However, its

proper completion may facilitate the authentication of the goods, resulting in timely payment to the supplier.

7. Suppliers of goods to Iraq should ensure that shipments are accompanied by the appropriate required documentation, which must be presented to the UN independent inspection agents at the border. In addition to the normally required documentation for the Iraqi Customs Service, the required UN documentation includes a copy of the valid Approval Letter, and at least three copies of the packing list, invoice, bill of lading, CMRs and manifests. All pertinent documentation and correspondence should always refer to the "Comm number" as listed on the Letter of Approval.

Glossary

Application: A request from a mission for permission to ship goods to Iraq; it consists of an application form to the Committee, a contract and any further information requested by CPS or the Committee; upon receipt, the application is registered by CPS and given a unique "Comm" number.

Approval Letter: Also called "OC letter", for Outgoing Communication, it grants permission to ship goods to Iraq under an approved application, and guarantees the suppliers that they will be paid for the shipped goods from the Iraq account. The letter therefore can only be issued when it has been established that there are sufficient funds in the account. These funds remain committed to the application, and will be paid to the suppliers after the goods are authenticated as having arrived in Iraq. An OC letter is signed either by the Chairman of the Sanctions Committee or the Executive Director of OIP.

Approved: This means that the Committee has approved an application to ship goods to Iraq.

Authentication: Confirmation by the United Nations independent inspection agents at Al-Waleed, Trebil, Umm Qasr, or Zakho that the goods approved for shipment to Iraq, pursuant to resolution 986 (1995), have entered Iraq through one of these four authorized entry points, and that the delivered goods conform to the terms of the approval letter (OC letter).

Block: Rejection by the Committee of an application to ship goods to Iraq. CPS informs the applicant mission that the relevant application is considered null and void.

Cancellation: After an application has been approved or notified, either party to the contract may request that it be cancelled. A cancelled application may be reinstated at a later stage, provided that both parties agree that they wish to proceed with the contract.

Committee, the: The United Nations Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait; also called the Sanctions Committee or the 661 Committee. This Committee is a subsidiary organ of the United Nations Security Council, and is composed of representatives of the same 15 States that are members of the Security Council at the time. The Committee has been tasked by the Security Council to monitor the implementation of sanctions imposed against Iraq, and any humanitarian exceptions to these sanctions, and to report on its work to the Council with its observations and recommendations.

Comm. number: This is a unique reference number assigned to each application upon its registration at CPS; the Secretariat, the Government of Iraq, suppliers and missions always use this number when referring to the relevant applications. CPS can respond quickly to queries from missions regarding their applications, if they cite the corresponding Comm. number.

Contract: A legally binding, written bilateral agreement between an entity of the Government of Iraq and a foreign supplier to purchase goods and/or services. The United Nations is not involved in this process, nor does the "Sanctions Committee" have any "ownership" of such a document. The contract stipulates, *inter alia*, the type, quality, quantity, price and shipping routes of the goods, and is submitted to OIP as an attachment to the application form.

CPS: The Contracts Processing Section, which is the OIP department responsible for reviewing and processing of applications for permission to ship goods to Iraq.

Distribution Plan (DP): This document, drawn up by the Government of Iraq and approved by the United Nations Secretary-General, lists all the goods for which contracts are to be signed under the "oil-for-food" programme. A new DP is submitted and approved for each phase. The DP gives a description for each commodity and assigns a unique sector item code, which must be included in each application form.

Extension: A written request to prolong the validity of an application beyond the initial one-year validity period granted from the date of issuance of the approval letter.

Hold: When a member of the Committee delays approval of an application for a stated reason. Only the Committee member that places the hold on an application can release the hold.

Inactive: After an application has been under "non-compliant" status (see below) for 60 days, if the information required by the reviewing customs expert from OIP has not been submitted, the customs expert will send a letter to the Permanent Mission stating that if the information is not received within 2 weeks the application will be transferred to "inactive" status and no further action will be taken by OIP, unless the outstanding information is submitted at a later stage.

Inactive hold: An application on hold becomes an "inactive hold" when the request for additional information has not been provided for more than 75 days after it was initially placed on hold. The full procedure is as follows: once an application is placed on hold and the holding mission requests additional information from the supplier, and that information is not provided after 60 days, OIP issues a reminder to the supplier, with the request that the information be provided within 15 days. If the information is not provided after 15 days (a total of 75 days), the application is transferred to the "inactive hold" status. If the requested information is provided afterwards, the application is immediately reactivated, which means it is considered to be "on hold" and awaiting the response from the Mission that has placed the hold.

Iraq Account: The United Nations escrow account established with BNP-Paribas, a bank chosen by Iraq where all proceeds from the sale of Iraqi oil are deposited in seven different sub-accounts. Payment for the goods shipped to Iraq under the approved applications involving the Government of Iraq entities, are made from the ESB (53 per cent) account.