

**Security Council**Distr.
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ORIGINAL: ENGLISH

**LETTER DATED 11 DECEMBER 1998 FROM THE SECRETARY-GENERAL
ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL**

I have the honour to inform you and, through you, the members of the Security Council, that, pursuant to paragraph 8 (a) (ii) of Security Council resolution 986 (1995) of 14 April 1995, the Government of Iraq has submitted to me its distribution plan for the purchase and distribution of humanitarian supplies during the new period specified in paragraph 1 of resolution 1210 (1998) of 24 November 1998. The Government of Iraq was informed today that I had approved the plan on the understanding that its implementation would be governed by resolutions 986 (1995) and 1210 (1998) and the Memorandum of Understanding concluded on 20 May 1996 between the United Nations Secretariat and the Government of Iraq, and would be without prejudice to the procedures followed by the Security Council Committee established by resolution 661 (1990).

A copy of the list of supplies and goods accompanying the enhanced distribution plan will be made available to the Security Council Committee. The list has been scrutinized by experts of the United Nations Special Commission, who concluded that, on the basis of the limited information given in the annexes, no prohibited items could be identified. They will keep the matter under review and provide further assessment in the light of additional information that may become available.

The distribution plan and the letter conveying my acceptance of the plan are attached.

(Signed) Kofi A. ANNAN

Annex I

[Original: English]

Letter dated 11 December 1998 from the Executive Director of
the Office of the Iraq Programme addressed to the Permanent
Representative of Iraq to the United Nations

On behalf of the Secretary-General, I have the honour to acknowledge receipt, under cover of your letter dated 28 November 1998, addressed to the Secretary-General, of the distribution plan submitted by your Government for the new period as specified in paragraph 1 of Security Council resolution 1210 (1998) of 24 November 1998, and would like to inform you that I have been authorized by the Secretary-General to convey in this respect the following.

Security Council resolutions 986 (1995) of 14 April 1995 and 1210 (1998) require that the Government of Iraq guarantee, on the basis of a plan submitted and approved by the Secretary-General, equitable distribution of medicine, health supplies, foodstuffs and materials and supplies for essential civilian needs (humanitarian supplies) exported to Iraq under conditions defined by those resolutions. The Memorandum of Understanding concluded on 20 May 1996 between the United Nations Secretariat and the Government of Iraq for the implementation of resolution 986 (1995) provides that the Government of Iraq shall prepare a distribution plan describing in detail the procedures to be followed by the competent Iraqi authorities with a view to ensuring equitable distribution of humanitarian supplies and submit the plan to the Secretary-General for approval. The Memorandum states in this regard that if the Secretary-General is satisfied that the plan adequately ensures equitable distribution of humanitarian supplies to the Iraqi population throughout the country, he will so inform the Government of Iraq.

Under the prevailing circumstances, both in terms of Iraq's oil export capacity and the very substantial drop in oil prices, it will not be possible to reach the revenue target pursuant to paragraph 2 of Security Council resolution 1210 (1998). Accordingly, it is noted that adjustments had to be made in formulating the distribution plan, bearing in mind, in particular, priorities for the food and nutrition and health sectors as well as intersectoral complementarity.

I have the honour to inform the Government of Iraq through you that, having examined the distribution plan, the Secretary-General has come to the conclusion that the plan, if properly implemented, should meet the requirements of equitable distribution of humanitarian goods to the Iraqi population throughout the country. The plan is, therefore, approved with the following understandings:

The Government's positive response to the request made by the United Nations, as confirmed by your letter of 11 December 1998, for an additional allocation of \$150 million to the food sector in order to meet the targets set forth for the food basket is welcomed.

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Accordingly, the first sentence of paragraph 3 of the plan should be revised to read: "A total amount of US\$ 2.746 billion shall be available to meet the humanitarian needs of the people of Iraq." Furthermore, in paragraph 3 and in table 1, the additional allocation of \$150 million to the food sector should be reflected by the revision of \$906 million to read \$1.056 billion; also, all other necessary and appropriate consequential changes should be incorporated in the text and tables of the plan as well as in the relevant annexes.

Table 3 of the plan (Consolidated plan and categorized list of foodstuffs, soaps and detergents) should be revised to reflect the additional allocation of \$150 million, bringing the grand total to \$1.056 billion.

Without any prejudice to the statement contained in paragraph 11 of the plan, the Secretary-General's acceptance of the plan does not constitute at this time an endorsement of either the budgetary allocation for telecommunications or of the specific items listed in annex VII to the plan. The Secretary-General awaits the Government's response to the report of the United Nations telecommunications experts, which was submitted to you under cover of my letter dated 30 October 1998, following the joint technical review by United Nations experts and the relevant technical ministries of the Government of Iraq. The Secretary-General will also await the presentation of a sufficiently detailed annex after the Government completes its consideration of a range of technical options referred to in paragraph 66 of the plan before commenting further on the Government's proposal.

The Secretary-General's views and recommendations regarding oil spare parts and equipment are reflected, in particular, in his letter dated 15 April 1998 to the President of the Council (S/1998/330 and Corr.1). The list of spare parts and equipment for the oil industry contained in annex VIII to the plan, submitted without any indication of the price of the items concerned, is currently under review. Pursuant to paragraph 9 of resolution 1210 (1998), the Secretary-General, in consultation with the Government of Iraq, will submit to the Council a detailed list of parts and equipment necessary for the purpose described in paragraph 1 of resolution 1175 (1998).

I should also like to inform you that the Secretary-General's acceptance of the plan does not constitute an endorsement of either the budgetary allocation for equipment and supplies in support of the banking requirements referred to in paragraph 66 of the plan or the specific items listed in annex X to the plan.

With respect to the above, it may be recalled that paragraph 8 of Security Council resolution 986 (1995) provides that the funds received from the export of Iraqi petroleum and petroleum products that are to be used to meet the humanitarian needs of the Iraqi population, shall be utilized to finance the export to Iraq "of medicine, health supplies, foodstuffs, and materials and supplies for essential civilian needs, as referred to in paragraph 20 of resolution 687 (1991)". Paragraph 20 of resolution 687 (1991) makes clear in this respect that the above-mentioned category means materials and supplies for essential civilian needs as identified in the report of the Secretary-General dated 20 March 1991 (S/22366) and in any further findings of humanitarian need by the Security Council Committee established pursuant to resolution 661 (1990).

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The above-mentioned report of the Secretary-General contains no reference to materials and supplies needed for banking requirements, nor has the Security Council Committee, so far, made any findings in this regard.

The approval of the distribution plan is subject to the condition that its implementation is governed by the relevant provisions of Security Council resolutions 986 (1995) and 1210 (1998) and the Memorandum of Understanding and that, in case of inconsistency between the particular provisions of the plan, on the one hand, and the resolutions and the Memorandum of Understanding, on the other, the provisions of the latter documents shall prevail.

The distribution plan contains a categorized list of supplies and goods to be purchased and imported under the plan. The approval of the plan is without prejudice to actions that might be taken by the Security Council Committee regarding applications for export of particular items contained in the list submitted for the Committee's consideration in accordance with its procedures.

The joint unit established by resolution 1051 (1996) will continue to review the categorized list, in the light of additional information that may become available, for the purpose of identifying items that are subject to monitoring because of their possible dual use for civilian and prohibited purposes under Security Council resolution 687 (1991) of 3 April 1991 and other relevant resolutions.

Amendments to the plan, as appropriate, should meet the requirements outlined in paragraph 5 of resolution 1153 (1998). It is recognized that in certain sectors not all the information required under paragraph 5 of the resolution could be provided in the plan at this stage because of the complexity of the activities and the range of items to be procured. Accordingly, the Government as well as the United Nations agencies and programmes should take all necessary steps to ensure that applications submitted to the United Nations Secretariat will indicate priority and complementarity in compliance with paragraph 5 of resolution 1153 (1998).

Finally, the approval of the distribution plan submitted by the Government of Iraq does not necessarily constitute an endorsement of all information or statements contained in the plan, and is without prejudice to any recommendation arising from the supplementary report of the Secretary-General as endorsed by the Security Council in its resolution 1153 (1998).

(Signed) Benon V. SEVAN
Executive Director

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Annex II

[Original: Arabic]

Letter dated 28 November 1998 from the Permanent Representative of
Iraq to the United Nations addressed to the Secretary-General

On instructions from my Government, I have the honour to transmit to you herewith the purchase and distribution plan submitted by the Government of Iraq in accordance with the Memorandum of Understanding dated 20 May 1996 and Security Council resolution 1210 (1998). The categorized list of the supplies will be delivered to the United Nations Office of the Humanitarian Coordinator for Iraq, in Baghdad, on 29 November 1998 in order to be sent to New York by e-mail.

(Signed) Nizar HAMDOON
Ambassador
Permanent Representative

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