

# Gaining UN Security Council Consensus on Iraq: Incremental Lifting of Sanctions

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## 1 Overview

The United Nations Security Council has been deadlocked in its efforts to define a coherent policy on Iraq since the withdrawal of UNSCOM inspectors prior to Operation Desert Fox in December 1998. Moreover, the Council has been debating various draft resolutions on Iraq for nearly six months, with excruciatingly slow progress. This policy paper serves to outline a strategy for gaining consensus on Iraq at the UN Security Council by proposing an incremental lifting of sanctions – based on a **sequential integration of provisions contained in recent UK/Dutch and French draft resolutions.**<sup>2</sup>

Differences between the existing positions of the five permanent members (P-5) of the Security Council focus on three core issues: (1) timing of suspension of sanctions in relation to the establishment of a reinforced On-going Monitoring and Verification (rOMV) regime, (2) extent of suspension i.e. imports only, or imports and exports, and (3) effective financial control mechanisms. The sequential strategy proposed here provides a workable compromise in terms of the first two issues. In addition, an interim financial mechanism is proposed to eliminate the third cleavage. This strategy is designed to assist member states in composing a mutually acceptable resolution on Iraq. The key focus of any new resolution must be to outline explicit steps required by Iraq to facilitate the suspension of sanctions, and to place the responsibility for moving forwards squarely with the Government of Iraq.

## 2 Incremental Lifting of Sanctions

The UK/Dutch resolution proposes the suspension of prohibitions on the import of goods originating in Iraq, coupled with increased petroleum production and export capability. The former would come into effect after the new rOMV regime (UNCIM) is deemed ‘fully operational’ for a period of 240 days. Conversely, the French draft resolution suggests suspension of the prohibition on imports and exports once the new rOMV (CC) is operational for 60 days.

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<sup>1</sup> The opinions and policy recommendations outlined in this paper are the sole responsibility of the author, and do not necessarily reflect the views of, or an endorsement of any policy position on the part of, the Massachusetts Institute of Technology.

<sup>2</sup> The UK/Dutch and French draft Security Council resolutions on Iraq referred to throughout this paper are those of June 9, 1999 and June 25, 1999 respectively.

The approach outlined here combines aspects of both the British and French draft resolutions on Iraq **sequentially**. Initially, the provisions of the UK draft would be put in place, with the French provisions for suspension of prohibition against imports and exports coming into effect upon demonstrated compliance and cooperation on the part of the Government of Iraq. This approach should be acceptable to all parties since it accommodates the position of both the ‘hawks’ (strict compliance before limited suspension), and the ‘doves’ (extensive suspension concurrent with rOMV) in the Security Council. **By using this sequential approach, Iraq has the end goal in sight i.e. there is the potential for complete suspension of sanctions, yet it must demonstrate compliance to attain that goal.** A suitable draft resolution would contain the following provisions, listed here in the order of implementation:

1. Establish a ‘**checklist**’ of outstanding disarmament objectives in each proscribed area: Nuclear, Biological, Chemical weapons and missile-related issues;<sup>3</sup>
2. Identify an appropriate **timetable** for completion of the remaining, streamlined issues as outlined in the ‘checklist’ – possibly 90 days;
3. Establish a **reinforced OMV** (rOMV) based on the last known ‘baseline’ of UNSCOM operations and focusing on monitoring of production and research facilities while applying strict import controls at border points of access to Iraq;
4. Establish a “**cash component**” within the “Oil-for-Food” Program when the rOMV becomes fully operational, commencing with a cash equivalent of approximately 20-25%. Continuation of this cash component would be contingent on continued cooperation on the part of the Government of Iraq relating to disarmament issues, and also verifiably appropriate usage of the revenue in various sectors;
5. Suspend the prohibition against the **IMPORT** of goods originating in Iraq, upon receipt of notification by the Executive Director of the new disarmament commission that the reinforced OMV has been fully operational for a period of 90 days. In reality, suspension of the prohibition against imports is not conceding anything to Iraq – since UNSC resolution 687 includes provisions for the suspension of import prohibitions by the 661 Committee in the event that there is a shortfall in the amount of revenue which Iraq can generate for humanitarian purposes – which is clearly the case;<sup>4</sup>
6. Suspend the prohibition against the **EXPORT** of goods to Iraq, following an *additional* period of 45 days of full cooperation with, and full implementation of, the rOMV. Again, this puts the responsibility for cooperation firmly on Iraq. Also, by facilitating additional exports to Iraq, the UN is still not conceding anything, since,

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<sup>3</sup> The outstanding issues were identified by the Disarmament panel, and in the recent ‘consolidated’ report of UNSCOM. See, United Nations Security Council, *Report of the three Panels on Iraq established pursuant to the note by the President of the Security Council of 30 January 1999 (S/1999/100)* Report # S/1999/356 (New York: United Nations, March 30, 1999); United Nations Security Council, *Letter Dated 27 January 1999 From the Permanent representatives of The Netherlands and Slovenia to the United Nations Addressed to the President of the Security Council*, Document # S/1999/94 (New York: United Nations, 29 January 1999) : Annex [Consolidated UNSCOM report]

<sup>4</sup> In addressing the humanitarian situation in Iraq, paragraph 23 of UN Security Council resolution 687 (3 April 1991) states: “*Decides that ... the Committee established by resolution 661 (1990) shall be empowered to approve, when required to assure adequate financial resources on the part of Iraq to carry out the activities under paragraph 20 above, exceptions to the prohibition against the import of commodities and products originating in Iraq.*”

with the existing financial mechanisms, there remains a tight grip on contract approval at the 661 Committee;

7. Following a further period (45-60 days) of demonstrated compliance, during which the 661 Committee would still be involved in approving contracts, establish near-term **financial control mechanisms** (see below);
8. Gradually reduce the role of the UN in monitoring transactions between Iraq and suppliers – enabling Iraq to ‘**notify**’ the **661 Committee** of contracts. This mechanism has already been suggested in the UK draft – but for medical goods and foodstuffs.

### **3 Interim Financial Mechanisms**

If the Government of Iraq complies in full with its obligations under the relevant Security Council resolutions, it must be recognized within the United Nations that at some stage in the future full control of Iraqi revenues will be reverted to the Government. What is required, therefore, is an appropriate interim financial mechanism, which will facilitate UN control of revenue in the period from the adoption of the resolution to the complete suspension of sanctions. Since income from oil sales will continue to dominate Iraq’s revenue generating capability for the foreseeable future, a *de facto* ‘control valve’ on Iraq’s revenue will remain in place well into the future!

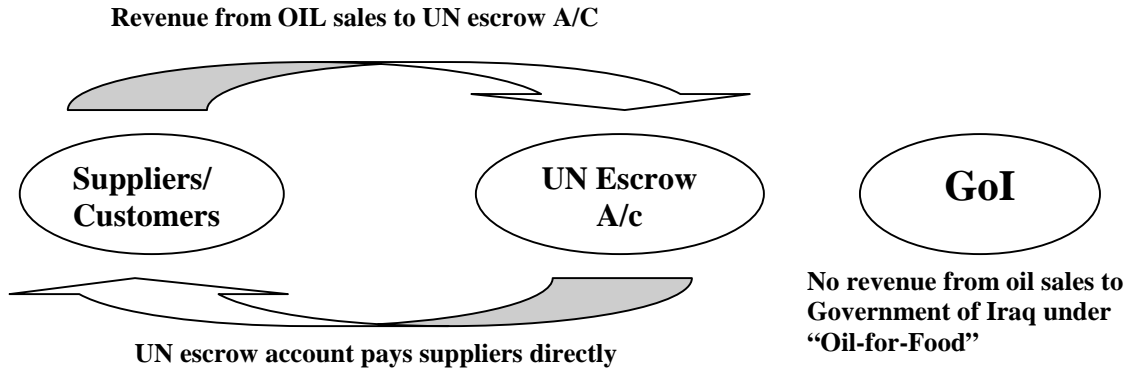
The proposed mechanism would operate as follows: the existing escrow account would remain in place, however, it would cease to function as a source of payment for contracts. Instead, while revenues from the sale of oil would continue to be funneled to this account, the account balance at the conclusion of each 30-day period would be transferred directly to the Central Bank of Iraq, from where Iraq would manage payment of suppliers (see Figure 2 below).

Since at this point imports and exports would have been suspended, this mechanism would only apply to oil revenues. Revenue from the export of other goods and commodities would be paid directly to the appropriate financial institution or commercial entity in Iraq.

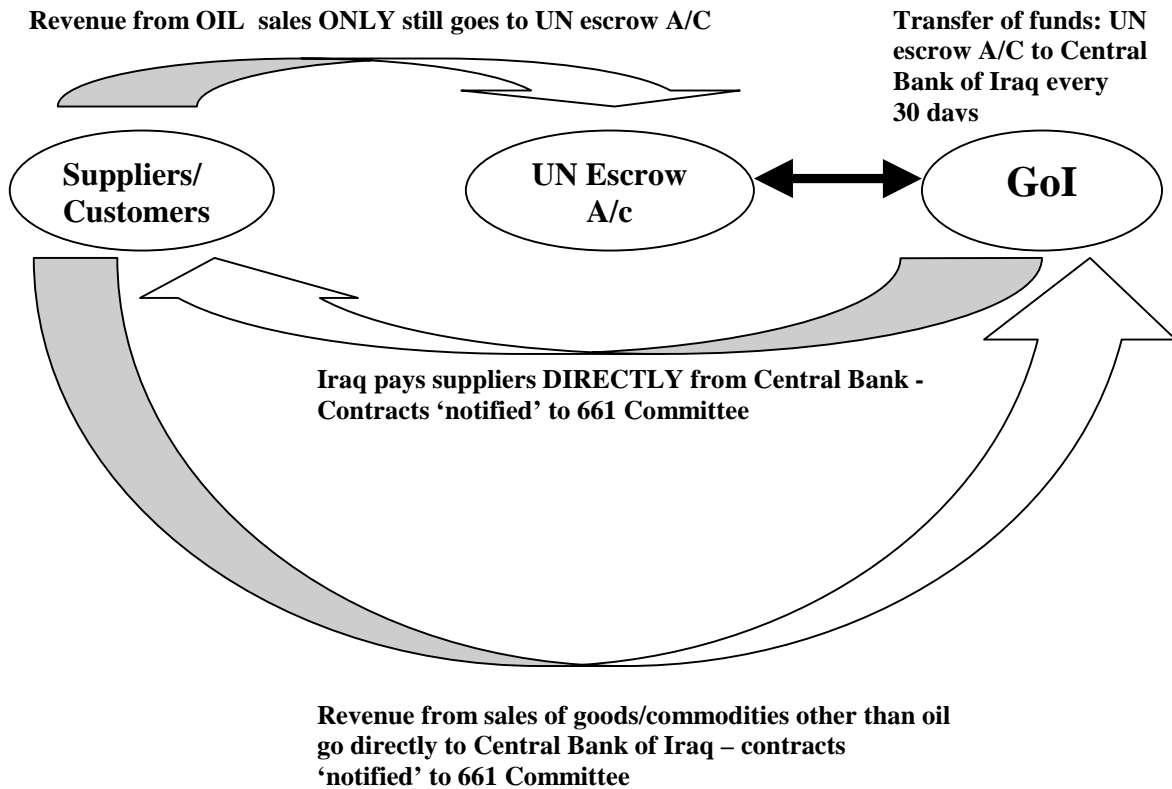
### **4 Concluding Remarks**

The sequential combination of the provisions of existing draft resolutions on Iraq, combined with new financial mechanisms, represents a feasible compromise which can satisfy the concerns of Council members. Moreover, this approach will provide the Government of Iraq with a ‘roadmap’ for the complete suspension of sanctions. One thing is clear – the *status quo* is not a viable option – the strategy proposed here provides a feasible policy direction for the Security Council.

**Figure 1: Existing Financial Mechanism – “Oil-for-Food”**



**Figure 2: Proposed Interim Financial Mechanism**



## Milestones for Incremental Lifting of Sanctions

Milestone	UN Action	Iraq - Action
1) Consensus on new resolution with provisions for incremental lifting of sanctions	<p>Draw up plans for new rOMV regime</p> <p>Improve provisions of "Oil-for-Food" by facilitating direct approval of certain commodities [ <b>UK draft</b>]</p> <p>Establish "checklist" of outstanding items in each proscribed weapons area [ <b>UK draft</b>]</p> <p>Initiate Task Force on Humanitarian situation in Iraq [ <b>UK draft</b>]</p>	Acceptance of <b>all</b> provisions of resolution
2) Interim period when mechanisms for rOMV are being formulated		<p>Full cooperation in <i>establishing</i> rOMV</p> <p>Elimination of 'streamlined' outstanding issues in BW and CW portfolio</p>
3) rOMV fully operational	Implement significant "cash component" for "Oil-for-Food" Program [ <b>UK draft</b> ] – possibly at an initial level of 20-25%	
		Full cooperation with operational requirements of rOMV, including inspections as necessary, for <b>90 days</b>
4) rOMV + 90 days	<p>Suspend prohibition against <b>IMPORTS</b> from Iraq [ <b>UK/French drafts</b> ]</p> <p>Increase "cash component" to 30%</p>	
		Full cooperation with operational requirements of rOMV, including inspections as necessary, for <b>45 days</b>
5) rOMV + 135 days	<p>Suspend prohibition against <b>EXPORTS</b> to Iraq [ <b>French draft</b> ]</p> <p>Maintain escrow account financial controls</p>	
		On-going cooperation with rOMV
6) Develop and initiate plan to address wider non-proliferation issues in the Middle East		Participation in any future region-wide non-proliferation efforts
7) rOMV + 180 days	<p>Initiate financial mechanisms:</p> <p>Monthly transfer of oil revenues to the Central Bank of Iraq from the UN escrow account</p> <p>Payment to suppliers directly from Central Bank of Iraq</p> <p>Revenue from sources other than oil sales paid directly to Central Bank of Iraq, or the appropriate institution / company in Iraq</p>	
8) rOMV + 210 days		Satisfactory process for 'notification' of contracts to S-G / 661 Committee