

Assessing Proposals for Changing UN Restrictions on Iraq

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Brief Analysis

In the last two weeks, France, the United States, and Saudi Arabia have all proposed changes in UN restrictions on Iraq. While all would have the effect of cutting Saddam some slack, intriguingly, the Saudi plan is about as good as the American.

The French Proposal. The French proposal is soft both on inspections and on sanctions. In the words of Foreign Minister Hubert Vedrine, the French proposal aims at "preventing any new [emphasis added] development of weapons of mass destruction [WMD]." Vedrine proposes no action be taken about what he describes as "remaining [WMD] stocks that may have escaped control or destruction" -- stocks that include some long-range missiles and biological weapons materials. The French-proposed inspection system would be built on the model of the International Atomic Energy Agency (IAEA), rather than UNSCOM. Since the Gulf War, the IAEA has continued its practice of looking primarily at fissile material rather than at the full scope of activities needed to make a nuclear weapon. Intelligence reports suggest Iraq has produced weapon components from which functioning nuclear weapons could be assembled soon after Iraq acquired fissile material. The French proposal may be the most intrusive regime that Saddam would accept. Yet, France is asking the wrong question; the issue is not what Saddam will accept, but what will accomplish the goal of eliminating the threat of Iraqi WMD. From this perspective, France's plan comes up short.

France has also proposed that Saddam be permitted to use oil export receipts as he wishes, subject only to the restriction that he not import arms or dual-use technologies. The practical effect of this proposal would be to allow Saddam to reduce food and medicine imports to fund his priorities. The French proposal would also eliminate the current system under which all earnings from approved Iraqi oil exports go into an escrow account abroad, and each payment out of the account requires documentation showing for what the funds are being used. The French would instead trust Iraq to keep honest accounts and report accurately to the UN, without diverting any money into clandestine accounts.

The U.S. Proposal. The U.S. government's January 14 proposal to the Security Council focuses not on the inspection system but instead on what can be done to alleviate humanitarian suffering while sustaining sanctions. The first element in the U.S. proposal would be to allow Saddam to export as much oil as he wants. Such a step may be a good way to win a propaganda victory without having any practical effect, because the UN-imposed limit is so far above

what Iraq can produce. In the six months to November 1998, Iraq exported \$3.04 billion through the oil-for-food program, or less than 60 percent of the UN limit of \$5.26 billion. The practical constraint was not the UN limit, but Iraq's production capacity.

The only way Iraq can produce more is if it can import equipment needed to repair and modernize its oil industry. In 1998, the UN approved imports of \$134 million worth of oil-field equipment. A team from the Dutch firm Saybolt, hired by the UN, visited Iraq in December 1998 to identify what more is needed. The issue is whether to expedite approval of the \$300 million program that team recommended. A sticking point has been Iraqi oil exports outside the oil-for-food program, namely, shipments to Jordan (80,000 barrels a day of crude and 16,000 barrels a day of oil products) and the smuggling of oil products to Turkey and via Iranian waters (the amounts vary from month to month, with the total averaging perhaps 50,000 barrels a day). The United States could adopt a tough approach -- for instance, insisting that Iraq not be allowed to import oil equipment while illegal exports continue -- but that would run counter to the U.S. desire to expand Iraqi humanitarian imports.

The second element in the U.S. proposal is to expedite humanitarian deliveries and, for this purpose, allow Iraq to borrow in order to import more. Yet, the basic problem with the oil-for-food program is neither a lack of money nor an excess of red tape; instead, the problem is that Saddam does not care about the welfare of Iraqis. To generate more pressure to end the sanctions, Saddam continues to hinder international relief. For instance, the plan Iraq submitted to the UN for the latest six-month relief program would have provided insufficient protein; this caused the UN to delay its approval for two weeks (from November 29 until December 11) until Iraq agreed to an extra \$150 million for food. Clear proof that Saddam, not UN restrictions, is responsible for Iraqi suffering can be found in the detailed UN reports about the improving living conditions in the Kurdish areas outside Saddam's control, where the UN administers the oil-for-food program directly rather than through the Iraqi government.

The fact is that Iraq has ample funds for food and medicine. Under current procedures, Iraq will have the resources to import at least \$1.8 billion over the next six months, even if prices for its oil stay at \$9 per barrel and even after the deductions for the Compensation Fund and UN expenses. But even after the UN modification, Iraq's plan calls for only \$1.6 billion for humanitarian goods: \$1.446 billion for food, medicine, and water and sanitation equipment, and \$165 million for nutrition programs, education needs and, in the Kurdish north, demining and resettling refugees. Any extra money will go for activities that not all would call humanitarian. The UN-approved plan authorizes \$1.135 billion for other purposes: \$300 million for petroleum equipment; \$409 million for the electricity network; \$126 million for the telecommunications system; \$120 million to buy trucks, repair the railway system, and build food warehouses; and \$180 million for agricultural equipment, including pesticides. The telecommunications system repairs are presented as a way to coordinate food and medicine deliveries, but they also allow Saddam to stay in touch with his secret police and military commanders. To date, the United States has used its veto in the Sanctions Committee to block shipments of such dual-use items, even though such items are authorized by the plan approved by the Secretary General. Yet, as the January 14 U.S. proposal focuses on how to increase imports, the United States may consider allowing more questionable items.

The U.S. proposal also suggests letting Iraq raise money by borrowing from the fund to compensate those whose property was destroyed when Iraq occupied Kuwait. Eight years after these people suffered a loss, none has received more than \$10,000. The Compensation Commission has approved two more rounds of payments, mostly to recipients who will get only \$2,500 per claim, as soon as it has the funds available.

The Saudi Proposal. Saudi Arabia's Crown Prince Abdullah has presented a plan that overlaps the U.S. strategy in key areas, calling for retaining sanctions but abolishing the limit on how much oil Iraq can sell and making other changes to speed humanitarian deliveries. It is also said to call for revamping UNSCOM, with few details on what that means (evidently not much change is proposed). Saudi Arabia has lobbied for the plan vigorously at three meetings

of the Gulf Cooperation Council and two other inter-Arab sessions. It is unusual for Saudi Arabia to be so bold at asserting leadership in the region, and even more unusual for Saudi Arabia to pursue the plan so tenaciously in the face of opposition from those in the region who want to distance themselves from the U.S.-British air strikes. Under the direction of the foreign minister, Prince Saud al-Faysal, the Saudis have successfully brought on board Egypt, which was initially skeptical.

The Saudi initiative underscores the convergence of U.S. and Saudi interests on Iraq. Although Riyadh was widely criticized in the United States for its reluctance to participate in the December air campaign, Saudi policy is in fact closely aligned with Washington's. For instance, the political commentator of the official Saudi news agency wrote, "The Iraqi people deserve and need a revolution" against "the tyrant of Baghdad," whereas in Egypt, another Arab country whose ruler Saddam attacked, the government confined itself to saying "the Iraqi leadership is primarily responsible for the Iraqi people's hardships." The reassertion of leadership in the region by Saudi Arabia, if sustained, would on many issues correspond well with U.S. interests.

Although it is unlikely that the Saudis will be able to convince enough Arab states to support their plan for the January 24 meeting of Arab League foreign ministers to endorse it openly, the United States should lend weight to the Saudi diplomatic effort. The Saudi effort focuses Arab attention on the issue most important for U.S. interests -- how to relieve the suffering of the Iraqi people -- rather than on the question raised by the French proposal, namely, how to water down inspections so as to win Saddam's assent.

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