

Fact Sheet

Office of the Spokesman

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The UN Oil-for-Food Program: Uncovering the Facts and Preventing Abuse

Transparency and Investigations

- Firsthand Iraqi accounts and documentary evidence of abuses of the UN Oil-for-Food Program surfaced in 2003, when the Coalition Provisional Authority obtained access to official Iraqi documents that revealed systemic abuses of the Program by the former Iraqi regime. As early as 2000, the United States brought reports of these abuses to the attention of the UN Security Council and its Iraq Sanctions ("661") Committee. Charles Duelfer's October 2004 report provided new information about the extent of Saddam Hussein's efforts to subvert the Program.
- The United States is committed to ensuring that the serious allegations of fraud, abuse, and corruption related to the Program are investigated fully and transparently. Those responsible for any wrongdoing should be held accountable. Transparency and accountability in UN programs are fundamental to their success.
- The State Department welcomes and actively supports the investigations underway. These are the Independent Inquiry Committee's probe, U.S. Congressional investigations (Senate Permanent Subcommittee on Investigations; House Appropriations Subcommittee on Commerce-Justice-State; House International Relations Committee; House Government Reform Subcommittee on National Security, Emerging Threats and International Relations; and House Energy and Commerce Committee), as well as the U.S. Justice Department's probe and the Iraqi Board of Supreme Audit's investigation.
- Through 2004 and early 2005, the State Department has continued to respond to numerous requests for information and briefings from the investigative committees. It has devoted considerable time and resources to retrieving relevant archived documents covering the span of the Program, making them available to investigators. The process is ongoing; the Department continues to review and share documents.
- Since the Independent Inquiry Committee began its work in April 2004, the State

Department has provided access to approximately 1,400 pages of Department documents, including official records on the work of the 661 Committee. It has facilitated multiple interviews with Department employees familiar with the Program, and worked with Iraqi authorities to ensure that the Independent Inquiry Committee was provided relevant Iraqi Oil Ministry documents, numbering in the thousands of pages.

- We have been similarly responsive to requests from Congressional committees for documents. State Department officials have appeared before several Congressional committees, including the Senate Foreign Relations Committee, the House International Relations Committee, and the House Government Reform Subcommittee, to discuss the Program. There have also been numerous briefings of Congressional staff.

Efforts to Prevent Abuse during the Program

- During the Program's existence, the United States sought on a continuing basis to prevent Iraqi activities such as imposing illegal surcharges on oil sales and seeking kickbacks from suppliers.
- In late 2000, UN Oil Overseers--independent oil experts responsible for reviewing proposed oil purchase contracts and pricing--informed the 661 Committee of reports of an Iraqi scheme to impose illegal surcharges on oil sales. The United States convinced the 661 Committee to issue a statement that surcharges were unacceptable.
- In Spring 2001, the 661 Committee first discussed the issue of oil surcharges. Absent 661 Committee consensus on countermeasures, in early Fall 2001 the United States began to deny approval in the 661 Committee of the pricing proposed by Iraq that had these surcharges attached. Our imposition of this new pricing mechanism began to restrict significantly Iraq's ability to profit illicitly from these sales within a few months.
- In July 2000, the 661 Committee first discussed allegations of Iraqi demands for kickbacks on humanitarian supply contracts. In March 2001, the United States presented a proposal that member states prosecute companies engaged in kickbacks and bar such companies from further Program participation. The United States also proposed measures to prevent Iraq from levying illegal commissions on contracts. Due to lack of consensus, the 661 Committee took no official action on these proposals.
- In order to prevent Iraq from importing dual-use items for diversion to its military programs, the United States placed holds on questionable contracts worth billions of dollars. In May 2002, the Security Council streamlined the processing of

contracts for humanitarian supplies. It authorized export of goods determined by the Office of the Iraq Program to be purely civilian in nature, banned goods that were prohibited under an arms embargo, and mandated a review of dual-use goods contained in a "Goods Review List" before approval.

Background on the Program

- *In August 1990, the UN Security Council adopted Resolution 661, which imposed comprehensive sanctions on Iraq following its invasion of Kuwait. Through the Iraq Sanctions ("661") Committee, the United States worked with other Security Council members to ensure their effective implementation. Adopted in 1991, Security Council Resolutions 706 and 712 permitted Iraq to sell a limited amount of oil and use the proceeds to meet the humanitarian needs of its people. Iraq refused to make such sales or to discuss alternate arrangements.*
- *Concerned about deteriorating humanitarian conditions in Iraq, the Security Council adopted Resolution 986 in April 1995, establishing a UN program that became known as the Oil-for-Food Program. It provided Iraq with the opportunity to sell oil to finance the purchase of medicine, health supplies, foodstuffs, materials and supplies for essential civilian needs, while denying it access to goods that could be used to reconstitute its military and weapons of mass destruction programs. The UN Office of the Iraq Program was responsible for overall management of UN humanitarian activities under Resolutions 661 and 986 and for administration of the Program.*
- *Iraq's initial unwillingness to accept the Security Council's conditions blocked implementation of the Program until December 1996, following the conclusion of a Memorandum of Understanding between UN and Iraqi officials the previous May that specified the arrangements for its implementation.*
- *Resolution 986, which permitted Iraq to retain control over the selection of oil purchasers and goods suppliers, represented a compromise necessary to maintain support for the continuation of sanctions. The compromise decision over time was abused and manipulated by Saddam Hussein to undermine the Program.*
- *The Oil-for-Food Program ended in November 2003, as mandated by Security Council Resolution 1483.*

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