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\*NOT ADMITTED TO NEW YORK BAR.  
\*\*ADMITTED IN FRANCE ONLY.

April 9, 1993

Mr. Samir A. Vincent  
President  
Phoenix International  
1301 Vincent Place  
McLean, Virginia 22101

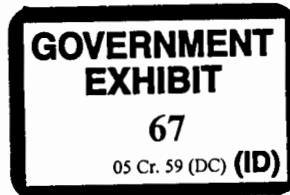
Dear Mr. Vincent:

Attached please find, as requested, a "Plan of Compliance" and draft cover letter, to be addressed to the Secretary General of the United Nations by the appropriate authority in Iraq, setting forth a proposal to comply with all material requirements of Security Council Resolution 706, dated 15 August, 1991, the Report of the Secretary General pursuant to Paragraph 5 of Security Council Resolution 706, dated 4 September, 1991 (the "Report"), and Security Council Resolution 712, dated 19 September, 1991.

Permit me to point out the following concerning these attachments:

1. In the hopes of avoiding the necessity of another formal Security Council resolution that would be subject to veto and to intense political scrutiny in the United States, we have drafted this response to the Resolutions and Report in the form of a letter to the Secretary General containing a detailed "Plan of Compliance."

2. Because Paragraphs 6 and 7 of SCR 706 are wholly unrelated to the petroleum sale proceeds/humanitarian



Mr. Samir A. Vincent

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distribution thrust of that resolution, the attached sees no need to deal with those paragraphs in this response.

3. Because the Security Council's Sanctions Committee Report of 16 October, 1991 (UN Document S/23149) (the "Committee Report") set forth detailed implementation procedures that were never accepted or embodied in a formal Security Council resolution, the attached sees no need to recognize or deal with that Report.

4. The attached does differ substantially (and, as briefly indicated herein, justifiably) from the UN's previous approach in the following ways:

(a) The maximum value of Iraqi petroleum to be sold is increased from \$1.6 to \$4.0 billion.

(b) The maximum time in which to carry out the plan is increased from six months to nine months.

(c) The portion of the oil sale proceeds allocated by SCR 706 to various UN post-Gulf war-related expenses is lumped within, instead of being added to, the thirty percent of those proceeds that the Resolution allocates to Kuwaiti and other legal claims.

(d) The Iraqi oil sold under the plan could be exported from either Iraq's rebuilt oil terminal at Mina al-Bakr or via pipeline through Turkey.

(e) Provisions for the monitoring of all transactions carried out under the plan are set forth in a more realistically manageable and efficient basis than those contemplated by the Committee Report.

(f) Provisions for the labeling of humanitarian supplies distributed under the plan assure more balance than those contemplated by the Committee Report.

These are, frankly speaking, major differences on which the parties may ultimately need to compromise if the long-delayed humanitarian goals of SCR 706 are finally to be achieved. But we have sought in good faith to provide a plan which tracks the essential requirements of SCR 706 in virtually every respect except for the amount of money and time involved; and the earlier Secretary General's report --

PAUL, WEISS, RIFKIND, WHARTON & GARRISON

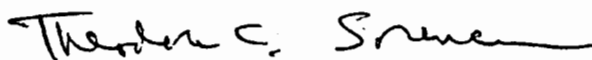
Mr. Samir A. Vincent

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and even the language of SCR 706 Paragraph 1(d) itself --  
recognized that those figures were not immutable.

We look forward to your questions, suggestions and  
comments.

Sincerely,



Theodore C. Sorensen

rs  
Attachments

SV 12817

PAUL WEISS, RIFKIND, WHARTON & GARRISON

1285 AVENUE OF THE AMERICAS NEW YORK, NEW YORK 10019-6064

DATE April 9, 1993

MEMORANDUM

To Samir A. Vincent

From Theodore C. Sorensen

Subject Security Council Resolution

Recognizing that the strategy of offering the UN a letter and Plan of Compliance with Resolution 706, instead of a formal new resolution, may be rejected by the Secretary General, I am enclosing as a substitute, with no substantive changes from our draft Plan of Compliance, a draft new Security Council resolution and a corresponding draft report by the Secretary General establishing guidelines for the interpretation of such resolution.

T.C.S.

rs  
Enclosures

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Suggested Draft Letter from the Appropriate Iraqi  
Authority to the Secretary General of the United Nations

Sir:

Recognizing the continuing urgency of the need for humanitarian relief for the civilian population of Iraq, and desirous of furthering the new spirit of cooperation now pervading the international community in general and the United Nations in particular, the Government of Iraq has decided to comply in full, as set forth in the attached Plan of Compliance, with all material requirements of the humanitarian plan set forth in Security Council Resolution 706 (Paragraphs 1 through 5), dated 15 August, 1991, the Report of the Secretary General Pursuant to Paragraph 5 of Security Council Resolution 706, dated 4 September, 1991 (UN Doc. S/23006) and Security Council Resolution 712, dated 19 September, 1991 (collectively, the "Humanitarian Plan").

I believe you will find that the attached Plan of Compliance speaks for itself; but the following observations are in order. In view of the continued suffering of the Iraqi civilian population since the passage of Resolution 712 eighteen months ago, as well as the increased expenditures incurred by the United Nations in fulfilling

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its responsibilities pursuant to relevant Security Council resolutions, and noting that Paragraph 1(d) of Resolution 706 recognized that its figures were not immutable but subject to review on the basis of ongoing assessment of the needs and requirements of both the relevant UN personnel and the humanitarian situation inside Iraq, our plan envisions selling petroleum and petroleum products in the total amount of US\$4.0 billion (instead of the US\$1.6 billion originally proposed), seventy percent of such revenues to be used over a nine month period (longer than six months in view of the larger amounts involved) to purchase and distribute humanitarian supplies for all Iraqi civilians, and thirty percent to be allocated to the United Nations to satisfy the expenses identified in Paragraphs 2, 3 and 4 of Resolution 706. In contrast with the amount and allocation originally proposed, this will enable those UN expenses to be satisfied in full and still leave a substantial sum to relieve human suffering. In addition, the Iraqi oil terminal at Mina al-Bakr capable of handling such quantities of petroleum having been rebuilt, our plan also contemplates the use of either that terminal or a Turkish terminal or both, depending upon our ability to conclude arrangements on transport cost and security satisfactory to all concerned.

I request you to inform the members of the Security Council of our decision to comply. Please accept the assurances of my highest consideration.

Very truly yours,

To: Secretary-General Boutros Boutros Ghali  
From: [An appropriate authority of Iraq]  
Re: Compliance with Security Council Resolutions 706 and 712

The government of Iraq is pleased to announce its decision to comply in full with all material requirements of Security Council resolutions 706, dated 15 August, 1991 and 712, dated 19 September, 1991 (the "Resolutions") in the following manner:

I. Subject to the Terms and Conditions Set Forth Below, Iraq will sell Petroleum and Petroleum Products Sufficient to Produce the Sum of \$4.0 Billion United States Dollars:

A. Iraq will market and sell the petroleum through its petroleum authority, SOMO.

1. Iraq may export the petroleum and petroleum products from its port terminal at Mina al-Bakr, and/or a terminal in Turkey, provided that, in the event that a terminal in Turkey is used, agreement is reached on transport fees and pipeline security arrangements satisfactory to all parties concerned.



2. Iraq may export an additional amount of petroleum and petroleum products over and above the quantity necessary to meet the requirements of paragraph 1 above in order to pay Turkey some or all of its reasonable fees in connection with such transport.

B. The United Nations will establish an escrow account, to be administered by the Secretary-General in accordance with the Financial Rules and Regulations of the United Nations, such account to enjoy the privileges and immunities of the United Nations.

1. Purchasers of petroleum and petroleum products under the Resolutions will deposit the full amount of each purchase directly into the escrow account.

2. The sum deposited in the U.N. escrow account will be made available by the Secretary-General to finance (i) the purchase of foodstuffs, medicine, and materials and supplies for essential civilian needs, as referred to in paragraph 20 of resolution 687, (ii) the cost to the United Nations of its role under this resolution and of other necessary humanitarian activities in Iraq, (iii) appropriate payments to the United Nations Compensation Fund, as called for in paragraph 19 of resolution 687 (1991), and as defined in paragraph 6 of resolution 692 (1991), (iv) the full cost of carrying out the tasks authorized by Section C of resolution 687 (1991), (v) the full costs incurred by the

United Nations in facilitating the return of all Kuwaiti property seized by Iraq, and (vi) half the costs of the Boundary Commission; provided that the percentage of the value of exports of petroleum and petroleum products from Iraq, authorized under this resolution to be paid under (ii) through (vi) above, shall be the same as the percentage decided by the Security Council in paragraph 2 of resolution 705 (1991).

3. The sum authorized in section I above will be released as appropriate by decision of the Secretary-General.

4. The Secretary-General will forward statements of the escrow account to the Committee twice a week.

C. The Security Council Committee established by Security Council resolution 661 (1990) (the "Committee") will approve the terms of all sales of petroleum and petroleum products under the Resolutions.

1. To assist the Committee in fulfilling its responsibilities under the Resolutions, the Secretariat will appoint 3 independent experts in the petroleum industry ("Petroleum Overseers"), subject to the consent of both the Committee and Iraq, such consents not to be unreasonably withheld.

2. The Committee may also be assisted by other experts as appropriate in all aspects of its work deriving from the Resolutions.

3. The Petroleum Overseers will maintain an office (the "Petroleum Office") at United Nations Headquarters and insure 24-hour availability for contract approvals. The Office will have new fax lines to be used exclusively for correspondence with regard to petroleum transactions.

4. Each party intending to purchase petroleum from Iraq pursuant to the Resolutions will deliver, mail or fax to the Petroleum Office a proposed contract for the sale of petroleum.

5. A Petroleum Overseer will verify that the contract price of the petroleum is reasonable in light of prevailing market conditions.

6. Such Petroleum Overseer will also verify that such contract includes the following terms:

- i) The contract will enter into force only after it has received the approval of the Committee;
- ii) The full proceeds from the sale of petroleum will be deposited by the purchaser into the escrow account; and
- iii) The purchaser will open a letter of credit, issued by a reputable bank engaged in international banking, for each transaction providing for payment into the United Nations escrow account;

7. Upon verification of provisions 5 and 6 above, such Petroleum Overseer, on behalf of the Committee, will approve the sale within a maximum of 24 hours after receipt of such contract, and promptly fax notification of sales approval, together with a copy of the contract, to (i) a Petroleum Monitor at the appropriate loading terminal, (ii) the purchaser and (iii) SOMO.

8. Depending on the number of applications, the Petroleum Overseers will report to the Committee at least twice a week, in a structured and standardized manner, on contracts approved by them (including the cumulative quantity and value of petroleum authorized for export), and inform the Secretary-General accordingly.

D. The Secretariat will appoint inspectors ("Petroleum Monitors") to monitor Iraq's export of petroleum to ensure compliance with the Resolutions.

1. The Petroleum Monitors will be stationed at all loading terminals that are utilized under the Resolutions. The Petroleum Monitors will authorize loading only after receipt of approval of the sale from the Petroleum Overseers.

2. Iraq will grant freedom of access to the Petroleum Monitors to verify and report to the Petroleum Office upon the shipments' compliance with the Resolutions.

II. Subject to the Terms and Conditions Set Forth Below, Iraq Will Utilize Funds Disbursed from the Escrow Account to Purchase and Distribute Foodstuffs, Medicine, and Materials and Supplies for Essential Civilian Needs (Collectively, the "Humanitarian Supplies")

- A. Appropriate Iraqi agencies will undertake the purchase and distribution of Humanitarian Supplies to meet humanitarian needs in Iraq.
1. Iraq will arrange the movement of the goods from entry points to designated wholesale distribution centers located in each Governorate of Iraq, and will notify the Secretariat of the location of such wholesale distribution centers.
  2. Iraq will ensure that the Humanitarian Supplies are appropriately labelled, such labels stating that the goods were purchased by Iraq with proceeds from the sale of its petroleum and distributed by Iraq pursuant to Security Council resolutions 706 and 712.
- B. The Secretary-General will authorize payment for purchases of Humanitarian Supplies from the escrow account.
1. Upon receipt of the necessary approvals set forth herein for a contract to export Humanitarian Supplies, the Secretary-General will notify the exporter to expect payment of the purchase price upon satisfactory delivery of the Humanitarian Supplies.

2. The Secretary General, upon request by the exporter, may effect part payment to the exporter according to accepted commercial practice.

C. The Committee will approve the terms of all purchases of Humanitarian Supplies under the Resolutions.

1. To assist the Committee in fulfilling its responsibilities under the Resolutions, the Secretariat will appoint 3 independent experts in humanitarian relief (the "Humanitarian Overseers"), subject to Iraq's consent, such consent not to be unreasonably withheld.

2. The Committee may also be assisted by other experts as appropriate in all aspects of their work deriving from the Resolutions.

3. The Humanitarian Overseers will maintain an office (the "Humanitarian Office") at United Nations Headquarters and insure 24-hour availability for contract approvals. The Humanitarian Office will have new fax lines to be used exclusively for correspondence with regard to transactions related to the purchase of Humanitarian Supplies.

4. Each party intending to export Humanitarian Supplies to Iraq pursuant to the Resolutions will deliver, mail or fax to the Humanitarian Office a proposed contract, entered into with the appropriate Iraqi agencies, for the export of such Humanitarian Supplies.

5. A Humanitarian Overseer will verify that such supplies are permitted within the scope of the Resolutions and that the terms of such contract are reasonable in light of prevailing market conditions.

6. Upon such verification, such Humanitarian Overseer, on behalf of the Committee, will approve the sale within a maximum of 24 hours of receipt of such contract, and promptly fax notification of sales approval, together with a copy of the contract, to the exporter and to the appropriate Iraqi agencies.

7. Depending on the number of applications, the Humanitarian Overseers will report to the Committee at least twice a week, in a structured and standardized manner, on contracts approved (including the cumulative quantity and value of the humanitarian supplies authorized for import), and inform the Secretary-General accordingly.

D. The Secretariat will appoint inspectors (the "Humanitarian Monitors") to monitor the delivery and distribution of the Humanitarian Supplies to ensure compliance with the Resolutions.

1. Humanitarian Monitors will be stationed at all entry points for the delivery of the Humanitarian Supplies and at all wholesale distribution centers.

2. Iraq will grant freedom of access to the Humanitarian Monitors to verify and report to the Humanitarian Office upon the speedy, equitable and efficient distribution of the Humanitarian Supplies.



Draft Security Council Resolution

**The Security Council**

**Preamble**

**Acting under Chapter VII of the Charter,**

**1. Authorizes all States, notwithstanding the provisions of paragraphs 3(a), 3(b) and 4 of resolution 661 (1990), to permit the import during the period of 9 months from the date of passage of this resolution, of petroleum and petroleum products originating in Iraq sufficient to produce the sum of 4.0 billion United States dollars for the purposes set out in this resolution and subject to the following conditions:**

- a) Approval of each purchase of Iraqi petroleum and petroleum products by the Security Council Committee established by resolution 661 (1990) following notification to the Committee by the State concerned;
- b) Payment of the full amount of each purchase of Iraqi petroleum and petroleum products directly by the purchaser in the State concerned into an escrow account to be established by the United Nations and to be administered by the Secretary-General, in consultation with Iraq, exclusively to meet the purposes of this resolution, such escrow account to enjoy the privileges and immunities of the United Nations;

c) Issuance by the Secretary-General of the report requested in paragraph 7 of this resolution, setting forth a scheme for the purchase of foodstuffs, medicine, and materials and supplies for essential civilian needs as referred to in paragraph 20 of resolution 687 (1991), in particular health related materials, all of which to be appropriately labelled as being under this scheme, and for appropriate and efficient United Nations monitoring and supervision for the purpose of assuring their equitable and speedy distribution to meet humanitarian needs in all regions of Iraq and to all categories of the Iraqi civilian population without regard to ethnic, religious or political distinctions, as well as appropriate and efficient management relevant to this purpose, such a United Nations role to be available if desired for humanitarian assistance from other sources, with all inspectors and other experts on mission for the United Nations, appointed for the purpose of the present resolution, to enjoy privileges and immunities in accordance with the Convention on the Privileges and Immunities of the United Nations, and to enjoy full freedom of movement and access to all necessary facilities within Iraq;

d) The sum authorized in this paragraph to be released as appropriate by decision of the Secretary-General after issuance of the report provided for in paragraph 7 below on the implementation of this resolution;

2. Decides that the sum in the account to be established by the Secretary-General shall be made available by him to finance (i) the purchase of foodstuffs, medicine and materials and supplies for essential civilian needs in Iraq, as referred to in paragraph 20 of resolution 687, (ii) the cost to the United Nations of its roles under this resolution and of other necessary humanitarian activities in Iraq, (iii) appropriate payments to the United Nations Compensation Fund, as called for in paragraph 19 of resolution 687 (1991), and as defined in paragraph 6 of resolution 692 (1991), (iv) the full cost of carrying out the tasks authorized by Section C of resolution 687 (1991), (v) the full costs incurred by the United Nations in facilitating the return of all Kuwaiti property seized by Iraq, and (vi) half the costs of the Boundary Commission; provided that the percentage of the value of exports of petroleum and petroleum products from Iraq, authorized under this resolution to be paid under (ii) through (vi) above, shall be the same as the percentage decided by the Security Council in paragraph 2 of resolution 705 (1991);

3. Decides further that Iraq may export the oil and oil products from its port terminal at Mina al-Bakr and/or a terminal in Turkey, provided that, in the event that a terminal in Turkey is used, agreement is reached on transport fees and pipeline security arrangements satisfactory to all parties concerned; and provided further that Iraq may export an additional amount of petroleum and petroleum products over and above the quantity necessary to meet the

requirements of paragraph 1 above in order to pay such transport fees to Turkey;

**4. Invites** the Security Council Committee established by resolution 661 (1990) to authorize immediately, pursuant to paragraph 1(d) above, the release by the Secretary-General from the escrow account of the first portion of the sum referred to in paragraph 1 above, such release to take place as required subject to the availability of funds in the account and, in the case of payments, to finance the purchase of foodstuffs, medicine and materials and supplies for essential civilian needs that have been notified or approved in accordance with procedures to be set forth in the report of the Secretary-General pursuant to paragraph 7 below;

**5. Decides** that the aforementioned petroleum and petroleum products shall while under Iraqi title be immune from legal proceedings and not be subject to any form of attachment, garnishment or execution, and that all States shall take any steps that may be necessary under their respective domestic legal systems to assure this protection, and to ensure that the proceeds of sale are not diverted from the purposes laid down in this resolution;

**6. Confirms** that funds contributed from other sources may if desired, in accordance with paragraph 1(c) above, be deposited into the escrow account as a subaccount and be immediately available to meet Iraq's humanitarian needs

as referred to in paragraph 20 of resolution 687 (1991) without any of the obligatory deductions and administrative costs specified in paragraph 2 above;

**7. Requests the Secretary-General, in consultation with Iraq, to submit within 20 days of the date of adoption of this resolution a report to the Security Council setting forth measures to be taken in order to implement paragraphs 1(a), (b) and (c) and estimates of the humanitarian requirements of Iraq and the amount of Iraq's financial obligations set out in paragraph 2 up to the end of the period of the authorization in paragraph 1 above;**

**8. Requests the Secretary-General to take the actions necessary to implement the above decisions, and authorizes him to enter into any arrangements or agreements necessary to accomplish this;**

**9. Calls upon all States to cooperate fully in the implementation of this resolution;**

**10. Decides to remain seized of the matter.**

Draft Report by the Secretary-General  
Pursuant to Paragraph 7 of the Draft Resolution (the "Resolution")

A. Specific Measures for the Implementation of the Relevant Provisions of the Resolution

1. The Secretary-General recommends the following measures for implementing the relevant provisions of the Resolution in a manner that would effectively promote and satisfy the objectives and purposes of the Resolution.

2. Iraq will market and sell the petroleum through its petroleum authority, SOMO.

(a) Iraq may export the petroleum and petroleum products from its port terminal at Mina al-Bakr, and/or a terminal in Turkey, provided that, in the event that a terminal in Turkey is used, agreement is reached on transport fees and pipeline security arrangements satisfactory to all parties concerned.

(b) Iraq may export an additional amount of petroleum and petroleum products over and above the quantity necessary to meet the requirements of paragraph 1 above in order to pay Turkey some or all of its reasonable fees in connection with such transport.

3. The United Nations will establish an escrow account, to be administered by the Secretary-General in accordance with the Financial Rules and Regulations of the United Nations, such account to enjoy the privileges and immunities of the United Nations.

(a) Purchasers of petroleum and petroleum products under the Resolution will deposit the full amount of each purchase directly into the escrow account.

(b) The sum deposited in the U.N. escrow account will be made available by the Secretary-General to finance (i) the purchase of foodstuffs, medicine, and materials and supplies for essential civilian needs, as referred to in paragraph 20 of resolution 687, (ii) the cost to the United Nations of its role under this resolution and of other necessary humanitarian activities in Iraq, (iii) appropriate payments to the United Nations Compensation Fund, as called for in paragraph 19 of resolution 687 (1991), and as defined in paragraph 6 of resolution 692 (1991), (iv) the full cost of carrying out the tasks authorized by Section C of resolution 687 (1991), (v) the full costs incurred by the United Nations in facilitating the return of all Kuwaiti property seized by Iraq, and (vi) half the costs of the Boundary Commission; provided that the percentage of the value of exports of petroleum and petroleum products from Iraq, authorized under this resolution to be paid under (ii) through (vi) above, shall be the same as the percentage decided by the Security Council in paragraph 2 of resolution 705 (1991).

(c) The sum authorized in section I above will be released as appropriate by decision of the Secretary-General.

(d) The Secretary-General will forward statements of the escrow account to the Committee twice a week.

4. The Security Council Committee established by Security Council resolution 661 (1990) (the "Committee") will approve the terms of all sales of petroleum and petroleum products under the Resolution.

(a) To assist the Committee in fulfilling its responsibilities under the Resolution, the Secretariat will appoint 3 independent experts in the petroleum industry ("Petroleum Overseers"), subject to the consent of both the Committee and Iraq, such consents not to be unreasonably withheld.

(b) The Committee may also be assisted by other experts as appropriate in all aspects of its work deriving from the Resolution.

(c) The Petroleum Overseers will maintain an office (the "Petroleum Office") at United Nations Headquarters and insure 24-hour availability for contract approvals. The Office will have new fax lines to be used exclusively for correspondence with regard to petroleum transactions.

(d) Each party intending to purchase petroleum from Iraq pursuant to the Resolution will deliver, mail or fax to the Petroleum Office a proposed contract for the sale of petroleum.



(e) A Petroleum Overseer will verify that the contract price of the petroleum is reasonable in light of prevailing market conditions.

(f) Such Petroleum Overseer will also verify that such contract includes the following terms:

i) The contract will enter into force only after it has received the approval of the Committee;

ii) The full proceeds from the sale of petroleum will be deposited by the purchaser into the escrow account;  
and

iii) The purchaser will open a letter of credit, issued by a reputable bank engaged in international banking, for each transaction providing for payment into the United Nations escrow account;

(g) Upon verification of provisions 5 and 6 above, such Petroleum Overseer, on behalf of the Committee, will approve the sale within a maximum of 24 hours after receipt of such contract, and promptly fax notification of sales approval, together with a copy of the contract, to (i) a Petroleum Monitor at the appropriate loading terminal, (ii) the purchaser and (iii) SOMO.

(h) Depending on the number of applications, the Petroleum Overseers will report to the Committee at least twice a week, in

a structured and standardized manner, on contracts approved by them (including the cumulative quantity and value of petroleum authorized for export), and inform the Secretary-General accordingly.

5. The Secretariat will appoint inspectors ("Petroleum Monitors") to monitor Iraq's export of petroleum to ensure compliance with the Resolution.

(a) The Petroleum Monitors will be stationed at all loading terminals that are utilized under the Resolution. The Petroleum Monitors will authorize loading only after receipt of approval of the sale from the Petroleum Overseers.

(b) Iraq will grant freedom of access to the Petroleum Monitors to verify and report to the Petroleum Office upon the shipments' compliance with the Resolution.

6. Appropriate Iraqi agencies will undertake the purchase and distribution of Humanitarian Supplies to meet humanitarian needs in Iraq.

(a) Iraq will arrange the movement of the goods from entry points to designated wholesale distribution centers located in each Governorate of Iraq, and will notify the Secretariat of the location of such wholesale distribution centers.

(b) Iraq will ensure that the Humanitarian Supplies are appropriately labelled, such labels stating that the goods were

purchased by Iraq with proceeds from the sale of its petroleum and distributed by Iraq pursuant to Security Council resolutions 706 and 712.

7. The Secretary-General will authorize payment for purchases of Humanitarian Supplies from the escrow account.

(a) Upon receipt of the necessary approvals set forth herein for a contract to export Humanitarian Supplies, the Secretary-General will notify the exporter to expect payment of the purchase price upon satisfactory delivery of the Humanitarian Supplies.

(b) The Secretary General, upon request by the exporter, may effect part payment to the exporter according to accepted commercial practice.

8. The Committee will approve the terms of all purchases of Humanitarian Supplies under the Resolution.

(a) To assist the Committee in fulfilling its responsibilities under the Resolution, the Secretariat will appoint 3 independent experts in humanitarian relief (the "Humanitarian Overseers"), subject to Iraq's consent, such consent not to be unreasonably withheld.

(b) The Committee may also be assisted by other experts as appropriate in all aspects of their work deriving from the Resolution.

(c) The Humanitarian Overseers will maintain an office (the "Humanitarian Office") at United Nations Headquarters and insure 24-hour availability for contract approvals. The Humanitarian Office will have new fax lines to be used exclusively for correspondence with regard to transactions related to the purchase of Humanitarian Supplies.

(d) Each party intending to export Humanitarian Supplies to Iraq pursuant to the Resolution will deliver, mail or fax to the Humanitarian Office a proposed contract, entered into with the appropriate Iraqi agencies, for the export of such Humanitarian Supplies.

(e) A Humanitarian Overseer will verify that such supplies are permitted within the scope of the Resolution and that the terms of such contract are reasonable in light of prevailing market conditions.

(f) Upon such verification, such Humanitarian Overseer, on behalf of the Committee, will approve the sale within a maximum of 24 hours of receipt of such contract, and promptly fax notification of sales approval, together with a copy of the contract, to the exporter and to the appropriate Iraqi agencies.

(g) Depending on the number of applications, the Humanitarian Overseers will report to the Committee at least twice a week, in a structured and standardized manner, on

contracts approved (including the cumulative quantity and value of the humanitarian supplies authorized for import), and inform the Secretary-General accordingly.

9. The Secretariat will appoint inspectors (the "Humanitarian Monitors") to monitor the delivery and distribution of the Humanitarian Supplies to ensure compliance with the Resolution.

(a) Humanitarian Monitors will be stationed at all entry points for the delivery of the Humanitarian Supplies and at all wholesale distribution centers.

(b) Iraq will grant freedom of access to the Humanitarian Monitors to verify and report to the Humanitarian Office upon the speedy, equitable and efficient distribution of the Humanitarian Supplies.