

UN Security Council deadlocked

Washington forced to shelve Iraq sanctions plan

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Iraq resumed the shipment of oil through a pipeline to Turkey's Mediterranean coast July 10, ending a month-long interruption that Baghdad imposed in protest over a US-British proposal to extend punitive sanctions against the Arab country.

The Anglo-American plan for so-called "smart sanctions" was shelved earlier this month in the face of a certain Russian veto on the United Nations Security Council. The defeat for US diplomacy and the implicit challenge to its hegemony in the Middle East underscored the growing fissures between Europe and America on a host of foreign policy questions.

While Russia used its veto power on the Security Council to kill the plan, its position enjoyed wide support on the 15-member council, including that of Western European governments who see US policy in the region as inimical to their own interests.

Moscow argued that the US-British proposal would do nothing to alleviate what it called the "humanitarian catastrophe" in Iraq. It floated its own proposal—immediately ruled out by Washington—to lift all sanctions in return for Iraqi compliance with UN inspection of weapons production facilities.

The impact of the US-backed sanctions is undeniable. According to the UN's own figures, the lack of food and medicine and the disintegration of the country's infrastructure have led to 1.5 million deaths over the past decade, including more than half a million children.

As Russian officials candidly admitted, however, Moscow's motives were not strictly humanitarian. The proposed "smart sanctions" would have inflicted serious damage to Russia's economy. Previously a chief weapons supplier to the regime of Saddam

Hussein, Russia is owed some \$8 billion for materiel it provided before the Gulf War, a debt that Iraq has been paying off in oil and new equipment purchases. Russian companies also serve as major intermediaries in Iraq's oil trade.

The US-British proposal was ostensibly designed to loosen controls on exports to Iraq of goods of a purely humanitarian character, while tightening restrictions on so-called "dual-use" commodities, i.e., goods that could have a military application. In practice, this would give Washington an even tighter stranglehold on commercial deals with the oil-rich Arab nation. All such transactions are subject to approval—or rejection—by the UN Security Council.

How the US manipulates its power within the Security Council for political ends was indicated by Washington's attempt to bribe the Chinese government into supporting its new sanctions agenda. In the weeks leading up to the anticipated Security Council vote on the "smart sanctions" proposal, the US dropped its opposition to some \$80 million in previously frozen Chinese contracts with Iraq.

Under the present oil-for-food system, any of the five permanent Security Council members can place a "hold" on a contract for items it deems to be of military use. In practice, only the US has used this power, freezing about \$3 billion in deals and provoking bitter protests not only from China, but also from a number of European countries.

Among the deals that the US allowed to be "unfrozen" in its bid to win Beijing's support was a contract between Baghdad and the Huawei Technologies Co., a Chinese firm that Washington had previously charged with supplying fiber-optic cable for

Iraq to use in upgrading its anti-aircraft missile system.

European governments are loath to cede Washington the power to cancel commercial contracts with Iraq, and are pressing for a loosening of the sanctions. The Netherlands, for example, has been pushing the Security Council to drop its ban on foreign investment in the Iraqi oil sector. After it supported the US plan for weapons inspections in 1998, the Netherlands saw a sharp drop in its commercial contracts with Iraq. It is now anxious to recoup its losses and carve out a position for Royal Dutch/Shell in the Arab nation's oil fields.

France has long served as Iraq's principal European supplier, shipping in everything from Peugeot minibuses to Alcatel communications equipment. It bitterly denounced air attacks by US and British warplanes against Iraqi targets last February. After backing some aspects of the American "smart sanctions" plan, France has experienced commercial retaliation and seen its trade with Iraq cut in half over the last six months.

With the second largest proven oil reserves in the world after Saudi Arabia, and oil revenues that surged to \$18 billion last year, in spite of the continued sanctions, Iraq is not a market that Europe is willing or able to ignore, despite pressure from Washington.

For Iraq's Arab neighbors the US plan spelled even graver consequences and it was roundly condemned in the region. Egypt and the United Arab Emirates each signed more than \$700 million worth of contracts with Baghdad in the last six months of 2000 alone, while Syria buys as much as \$1 billion of Iraqi oil annually.

Jordan, for its part, is economically dependent on the smuggling of Iraqi oil across its borders, a practice that Washington's "smart sanctions" were designed to curtail. Jordan's prime minister, Ali Abu Ragheb, sent a letter to UN Secretary General Kofi Annan warning that cooperation with the US plan by Jordan "might very well threaten its social, economic and political stability."

Ironically, it is on the issue of Iraq that Secretary of State Colin Powell, lionized as the senior military commander in the one-sided Persian Gulf War, has faced his most severe setback. The humiliating defeat for the US sanctions plan has led some in the Bush administration to demand a shift from the policy pursued by Powell in favor of a unilateralist drive by

Washington to achieve a military solution in the region.

This attitude was summed up in a recent editorial comment in the *Wall Street Journal*, which cited a nine-point proposal drafted in 1998 by former Congressman Stephen Solarz and former Assistant Secretary of Defense Richard Perle "for bringing down Saddam and his regime."

Among the measures called for, the *Wall Street Journal* noted, "was the recognition of the provisional and insurrectionary government of Iraq, the restoration of a safe haven in northern Iraq, the release of \$1.6 billion in frozen Iraqi assets to assist the insurrection, a systematic air campaign to assist the insurrection and the positioning of US ground forces to protect the insurrection."

The *Journal* pointed out that among those who signed this proposal were Donald Rumsfeld, Richard Armitage and Paul Wolfowitz, "all of whom now inhabit powerful offices in the Bush Administration."



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