New U.N. Debate on Iraq: The “Smart” Sanctions Approach

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The U.N. Security Council has delayed a vote on a new “smart” sanctions system for Iraq, leaving in doubt the international coalition that initially supported the embargo of Iraq and dividing the Bush administration over its Iraq policy.

Background

Following Iraq’s invasion of Kuwait in 1990, the United Nations imposed a comprehensive military and trade embargo against Iraq. Despite its defeat in the Gulf War, Iraq failed to cooperate fully with U.N. inspectors’ attempts to verify whether Saddam Hussein’s government had abandoned its nuclear and chemical weapons activities, a condition for lifting the sanctions. Faced with criticism that the continued trade embargo unfairly deprived the Iraqi people of needed food and medical supplies, the United Nations adopted the “Oil-for-Food” program, which allows the Iraqi government to sell oil at fair market value and use the proceeds, which are held in a U.N. escrow account, to purchase humanitarian goods for the Iraqi people and infrastructure supplies for the oil and gas industry after obtaining permission from the U.N. Sanctions Committee.

Notwithstanding this liberalization, continuation of the embargo met with strong resistance from Iraq’s neighbors and allies, including Russia and China. Moreover, the rampant and relatively open smuggling of oil and other goods by Iraq further threatened the viability of the sanctions. Due to the faltering support for the existing program and its ineffectiveness in weakening Saddam Hussein’s government, the Bush administration made reconfiguring the sanctions an early foreign policy priority.

Division in the Security Council

With the support of the United States, on May 22, 2001, the United Kingdom introduced a draft resolution in the U.N. Security Council (Security Council) directed at overhauling the existing sanctions regime. Both Russia and France countered with proposals of their own. On June 1, 2001, the Security Council indicated its willingness to consider some modification of the sanctions regime by extending the Oil-for-Food program for 30 days, rather than the usual six months. At the end of the 30 days, the Security Council deferred action yet again, by extending the program for another five months. Now, there is deep disagreement among Security Council members on the direction that United Nations policy toward Iraq should take. While there is agreement that a change in the existing policy must be made, a stalemate has been reached between the United States and Britain, which favors maintaining
sanctions on Iraq, and among Russia, China and France, which favor an easing and eventual lifting of sanctions.

The British proposal for “smart” sanctions was designed to enable Iraqi civilians to obtain the goods they need, while making it more difficult for the Iraqi government to obtain military-use items and to profit from oil smuggling. To that end, the British proposal would allow the free flow of commercial exports to Iraq, except for a core list of “dual-use” items with potential military application that would still require approval by the U.N. Sanctions Committee. The Iraqi government would be able to purchase the civilian commodities with funds from its U.N. escrow account. Military goods would be banned, but regular commercial flights into Iraq would be allowed. The proposal also calls for enhanced border monitoring and control of oil smuggling from Iraq.

Although debate on the content of the dual-use list was heated, the United States, Britain, France and China were able to reach a consensus—only Russia refused to accept the list. While the dual-use list as originally proposed by Britain was extremely lengthy, France and China succeeded in their efforts to shorten the list and allow the unrestricted import of items, including computers and telecommunications equipment.

The items on the ultimate goods review list fall into eight categories, encompassing items from advanced telecommunications equipment to weapons manufacturing and biological weapons equipment. All of the goods requiring review are items that are designed for military use or have a clear military application. Thus, for example, telecommunications equipment that is generally available to the public without restriction and difficult to modify is specifically exempted from the requirements. The import of aircraft and parts that are civil certified would also be permitted.

Though Russia originally indicated a willingness to consider reworking the smart sanctions proposal, it ultimately threatened to veto, stating that the proposal would harm its commercial interests. The Russians are now calling for a complete suspension of sanctions, as soon as a system of ongoing monitoring and verification in Iraq can be put into place. Moreover, Russia was not alone in its opposition to smart sanctions. Iraq halted oil exports in protest, and neighboring countries such as Syria and Jordan indicated to U.N. Secretary General Kofi Annan that cooperating with smart sanctions would imperil their economic stability. In practical terms, any anti-smuggling initiative would require the cooperation of Iraq’s neighbors to succeed. Due to the threatened Russian veto, the United States and Britain were forced to abandon the smart sanctions proposal for the present. Instead, the Oil-for-Food program was extended for a period of five months, while the United States and its allies reconsider their strategy and approach.

**Implications for U.S. and Foreign Interests**

Should the smart sanctions initiative eventually succeed, such measures may have only a relatively limited effect on the ability of U.S. and foreign companies to sell and export goods to Iraq. Investment in Iraq’s oil and gas sector would not be permitted. Smart sanctions would most benefit companies that wish to provide Iraq with items not on the dual-use list, as they would be able to avoid the lengthy approval process, which can delay contracts indefinitely. Because payment would still be funneled through a U.N. escrow account even for non-restricted items, companies would still not be free to deal directly with Iraqi businesses.

The most significant implication for U.S. and foreign interests in Iraq is that, by revitalizing the
U.N. sanctions regime with a smart sanctions approach, free trade with Iraq and investment in Iraq’s oil industry likely would be foreclosed indefinitely. Indeed, it appears that this conclusion largely accounts for the vigorous opposition mounted against the initiative by Russia and other countries interested in forming closer ties with Iraq.

It also remains to be seen whether the Security Council can achieve a consensus on its position toward Iraq. Of the five permanent Security Council members, Russia, China and France are all resistant to the smart sanctions proposal, and have expressed their preference that the sanctions be lifted. In the United States, some individuals in the Bush administration have called for greater military pressure on Iraq and an increased support for the Iraqi opposition. If support for sanctions against Iraq continues to erode, the United States may be left isolated in a position of unilateral sanctions enforcement against prevailing international opinion.

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