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SECURITY COUNCIL

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COMPENSATION COMMISSION

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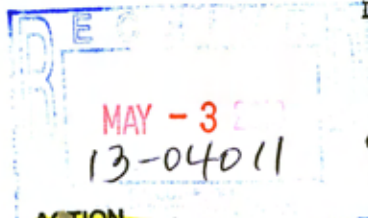
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CONSEIL DE SÉCURITÉ

COMMISSION
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Villa La Pelouse
Palais des Nations
CH-1211 GENÈVE 10

3 May 2013



ACTION Feltman

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Dear Mr. Secretary-General,

I am pleased to provide my first report since assuming the post as the Executive Head of the UNCC Secretariat on the results of the Governing Council's seventy-fifth session, which was held in Geneva on 30 April to 2 May 2013. The full text of the conclusions adopted by the Governing Council and additional documentation is attached, however, I would like to highlight a few of the issues discussed during the session.

During the opening plenary meeting, delegations from the Governments of Kuwait and Iraq, including a delegation from Iraq's Committee of Financial Experts, addressed the Council. The participating Governments under the Follow-up Programme for Environmental Awards, Jordan, Kuwait and Saudi Arabia, also addressed the Council regarding their progress towards achieving the systems and controls required under decision 269 of the Governing Council (S/AC.269/Dec. 269 (2011)).

With respect to the Follow-up Programme, the Council adopted decision 270 (S/AC.26/Dec. 270 (2013)) concerning the fulfillment of the mandate of the Programme in the case of the Kingdom of Saudi Arabia and the Islamic Republic Iran. Upon receipt of the signed assurances from the Kingdom of Saudi Arabia as required under decision 269 (S/AC.26/Dec. 269 (2011)), the Council authorized the Secretariat to release all withheld funds to Saudi Arabia. With respect to the Islamic Republic of Iran, the Council determined that Iran had now met the requirements of decision 258 with respect to its two projects under 258, however, in light of the UN Security Council and other sanctions imposed on Iran, directed that the Secretariat obtain advice from UNOG's Legal Liaison Office as to whether there are any impediments under applicable laws with regard to the release of funds currently withheld by the Commission and to await the response to its request for advice from the Security Council Committee established pursuant to resolution 1737 (2006).

His Excellency
Mr. Ban Ki-moon
Secretary-General
of the United Nations
United Nations Headquarters
New York



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The Council noted that Jordan and Kuwait have made considerable progress since the seventy-fourth session and found that both Governments have now materially met the requirements of decision 269. The Council further noted its expectation that it will be ready to declare that the mandate of the Programme has been fulfilled in the case of Jordan and Kuwait on or before the next Council session, subject to Jordan and Kuwait satisfactorily addressing certain issues. The Council encouraged Jordan and Kuwait to commence the process of constituting their advisory panels with a view to ensuring they will become fully functional following the Governing Council's determination that the mandate under the Programme has been fulfilled. As the members of these panels are to provide advisory assistance and support to the respective Governments in carrying out their obligations under the relevant Governing Council decisions and the assurances, the Council emphasized the need to ensure that their composition is consistent with the intended purpose of providing technical and financial advice relevant to the projects.

Under decision 258, the Working Group took note of briefings by the Secretariat on Jordan and Kuwait, and of information notes from the Secretariat and the biannual reports from the National Focal Points and Independent Reviewers of Jordan and Kuwait. Regarding Jordan and Kuwait, the Council made recommendations, approved phasing plans, authorized the release of funds from the respective special accounts as appropriate. With respect to Jordan, the Council approved the modified community action plan noting that it meets the objectives of the award as set out in the F4 Panel report.

In its consideration of the issues relating to the Compensation Fund, the Council took note of the statement made by the delegation of Kuwait at the opening plenary reaffirming its commitment to the consultations between Kuwait and Iraq under UNCC auspices on the outstanding balance of \$11.2 billion that remains owing to Kuwait and requested that the Secretariat continue its efforts to facilitate the consultations and keep the Council advised of any developments. With regard to the issue of the arrangements for ensuring deposits are made into the Compensation Fund, the Council noted its continued satisfaction with the transfer of five per cent of Iraq's oil revenues and the equivalent of five per cent of the value of non-monetary payments to the Compensation Fund and further noted Iraq's commitment to complying with Security Council resolutions.

The Council noted that since the last session in November 2012, two payments have been made to Kuwait totalling approximately \$2.43 billion and that based on current levels of income to the Fund and recent projections, the Commission remains on track to pay the remaining outstanding claim in full as early as the spring of 2015. The category E claim, submitted by the Government of the State of Kuwait on behalf of the Kuwait Petroleum Corporation, was awarded \$14.7 billion for oil production and sales losses as a result of damages to Kuwait's oil field assets and represents the largest award by the Governing Council. The next payment is scheduled to be made on 25 July 2013.

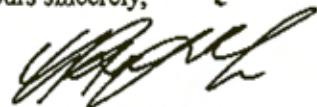
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The Council also considered issues relating to the orderly wind down of the Follow-up Programme and future liquidation related activities of the Commission. With the Commission nearing the conclusion of its mandate, this issue will assume greater prominence in the Council's deliberations.

The next Council session will be held on 19 to 21 November 2013.

I remain at your disposal should you have any questions or require further information in relation to the above.

Yours sincerely,



Trevor Michael Rajah
Executive Head

Enclosures

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LIST OF ENCLOSURES

DOCUMENTS OF THE SEVENTY-FIFTH SESSION INTENDED FOR GENERAL DISTRIBUTION

1. Decision concerning decision concerning the fulfillment of the mandate of the Follow-up Programme for Environmental Awards in respect of the Islamic republic of Iran and the Kingdom of Saudi Arabia (S/AC.26/Dec.270 (2013)).

DOCUMENTS OF THE SEVENTY-FIFTH SESSION NOT INTENDED FOR GENERAL DISTRIBUTION

1. Statements of Iraq, Jordan, Kuwait and Saudi Arabia (delivered at the opening plenary meeting);
 2. Summary of activities: report of the Executive Secretary (S/AC.26/2013/R.4);
 3. Report of the UNCC Secretariat on payments, the distribution of payments and transparency, and return of undistributed funds (S/AC.26/2013/R.5);
 4. Full text of conclusions taken by the Governing Council at its seventy-fifth session.
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FAX TRANSMISSION

REFERENCE: UNCC/114/2013

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		No of pages:	5 (inclusive)

Message:

Please find attached, for the Secretary-General's attention, a letter detailing the outcome of the seventy-fifth session of the UNCC Governing Council, held in Geneva from 30 April to 2 May 2013.

The original of the letter, together with the full text of the conclusions of the Council and other documents considered by the Governing Council in the course of the session, will be forwarded by pouch.

I remain at your disposal if you require any further information.