



Security Council

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United Nations Compensation Commission

Governing Council

Fifteenth Special session

Geneva, 21 November 2017

Resumption of deposits to the Compensation Fund and payments toward the outstanding compensation award

The Governing Council,

Recalling paragraph 3 of Security Council resolution 1956 (S/RES/1956 (2010)) which affirms the requirement established in paragraph 21 of Security Council resolution 1483 (2003) that Iraq shall deposit 5 per cent of the proceeds from all export sales of petroleum, petroleum products and natural gas into the Compensation Fund established in accordance with resolution 687 (1991), and subsequent resolutions, and further decides that five per cent of the value of any non-monetary payments of petroleum, petroleum products and natural gas made to service providers shall be also deposited into the Compensation Fund,

Recalling also that in accordance with Security Council resolution 1956, the above provisions remain in force unless the Government of Iraq and the Governing Council, in the exercise of its authority over methods of ensuring that payments are made into the Compensation Fund, decide otherwise,

Recalling further that only one claim, awarded to the Government of Kuwait, has an outstanding balance remaining to be paid and that all other claim awards have been paid in full,

Noting that with the adoption of decisions 272 (2014), 273 (2015), and 274 (2016), Iraq's requirements as set out in paragraph 3 of Security Council resolution 1956 have been postponed since 1 October 2014 and that as a result, no payments towards the outstanding compensation award have been made since October 2014,

Recalling that decision 275 called upon the Governments of Iraq and Kuwait to present options for the Council's consideration by 14 November 2017 that would ensure the final payment of compensation towards the outstanding award by the end of 2021,

Welcoming receipt of the proposal put forward by Government of Iraq in its note verbale of 14 November 2017 that would see deposits resume into the Compensation Fund in 2018 and that, based on oil price and export projections, would see payment in full of the outstanding award by the end of 2021,

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Noting that the proposal also calls for the transfer of the functions of the Commission's Secretariat to the Security Council Secretariat in New York and the removal of the Government of Iraq from under Chapter VII of the Charter of the United Nations as regards its compensation obligations,

Noting also that the Government of Kuwait in its note verbale of 20 November 2017 has left the appropriate percentage of oil proceeds to be deposited to the Compensation Fund to the discretion of the Governing Council,

Noting further the position of the Government of Kuwait in its note verbale that the Commission under its current arrangements should remain in place until such time as the outstanding compensation has been paid in full, in accordance with current Chapter VII obligations,

Recalling that decision 275 provides for the Governing Council to make a determination regarding the options for ensuring the timely conclusion of the Commission's mandate in the absence of agreed upon options being presented by the Governments of Iraq and Kuwait,

Noting that the proposal put forward by the Government of Iraq regarding the percentages to be deposited into the Compensation Fund was accepted by the Government of Kuwait during the Special session of 21 November 2017,

1. *Decides* that in accordance with the proposal put forward by the Government of Iraq, 0.5 per cent of proceeds from export sales of petroleum, petroleum products and natural gas and of the value of any non-monetary payments of petroleum, petroleum products and natural gas made to service providers shall be deposited into the Compensation Fund from 1 January 2018 to 31 December 2018, 1.5 per cent of such proceeds shall be deposited into the Compensation Fund from 1 January 2019 to 31 December 2019, and further that beginning on 1 January 2020, 3 per cent of such proceeds shall be deposited into the Compensation Fund until such time as the outstanding compensation award has been paid in full;
2. *Encourages* the Government of Iraq to resume the arrangements that were in place in 2014 for the deposits of proceeds from export sales of petroleum, petroleum products and natural gas and of the value of any non-monetary payments of petroleum, petroleum products and natural gas made to service providers into the Compensation Fund;
3. *Requests* that the Government of Iraq provide confirmation to the Secretariat in writing no later than 15 December 2017 of the arrangements for the resumption of deposits on 1 January 2018;
4. *Decides* that payments of compensation towards the outstanding award will resume in 2018 in accordance with the payment mechanism set out in decision 267 (2009);
5. *Affirms* that the Commission shall remain in place under its current arrangements unless the Governing Council decides otherwise;
6. *Decides* that the Governing Council will keep this matter under review.