

evidence that any country has accepted Iraqi oil shipped after sanctions were imposed.

Iraq has also attempted to persuade Iran to export oil on its behalf, but we have been assured that Iran has not and will not acquiesce.

Iraq's non-oil exports are limited to a few agricultural products (primarily dates). Annual foreign exchange earnings from non-oil exports totalled a little more than US\$400 million. Most of these exports will now be used to meet domestic needs.

Sanction Busting

Compliance and enforcement of sanctions have dramatically reduced Iraq's trade.

Most goods reaching Iraq are being smuggled from neighbouring countries and although it is not possible to determine the exact nature of these goods, we suspect they are mostly foodstuffs.

There is potential for strategic imports, such as chemical additives, lubricants, water purification chemicals and spare parts to reach Iraq undetected. Because these goods are needed in relatively small volumes, they can be transported by air, overland (by truck or pack animal), or by small boats capable of eluding naval interdiction.

Most sanction busting is organized by private intermediaries. Goods are routed through ports in the Mediterranean Sea, the Red Sea and the Persian Gulf and transported overland through Jordan, Iran, Syria and Turkey. Overall, however, they amount to only a trickle and are not significant economically.