



OIL LOSS HITS UN COFFERS

By PAUL THARP

March 19, 2003 -- The United Nations is losing its only cash cow with the shutdown of Iraq's oil fields - profits of more than \$300 million a year.

The UN has been taking a tidy gain acting as a partner for Iraq for the past 11 years to sell its embargoed oil in exchange for food and medical supplies.

"It was the only profitable thing at the UN," said one oil analyst. "It paid for a lot of programs and overhead there."

The UN controlled the sale of as much as \$200 billion in Iraqi oil since the 1996 economic embargo started against Iraq. One of the biggest buyers of the oil was the U.S., according to a UN spokesman.

Of all the oil sales handled through the UN, a total 72 percent went to the Security Council to allocate to Iraq and other humanitarian programs, said a UN source.

Another 25 percent of the oil cash went into the coffers of a compensation fund for Kuwaiti victims in the 1991 Gulf war. The UN's own in-house take for handling the oil sales contracts through a worldwide vendor network was 2.2 percent. The remaining 0.8 percent of the cash went to bankroll the UN weapons inspectors for the past several years, the UN source said.

"Everyone on the Security Council liked the arrangement because of the relief money it provided," said oil analyst Peter Beutel of Cameron, Hanover.

He said the UN also arranged for the purchase of food and pharmaceuticals with the oil money.

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