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**PRESS RELEASE**

UNITED NATIONS COMPENSATION COMMISSION PAYS OUT US$430 MILLION

Today, the United Nations Compensation Commission made available a total of $430,000,000.00 to the Government of the State of Kuwait for distribution to 10 successful claimants. Payment is being made in respect of 5 claims in category E (claims of corporations and public sector enterprises) and 5 claims in category F (claims of Governments and international organizations, including environmental claims).

The present round of payments is being made in accordance with the second phase of Governing Council decision 256 (S/AC.26/Dec.256 (2005)), which gives priority in payment to claims with outstanding amounts less than $500 million and environmental remediation claims. With this payment, the nine claims with outstanding amounts greater than $500 million will be paid a fixed amount of $2 million each, while the remaining claim with priority of payment will be paid a total of $412 million.

Following this round of payments, 10 claims in categories E and F remain to be paid to the Government of the State of Kuwait in future upon the availability of funds, two of which are environmental claims, one of them being subject to Governing Council decision 258 (2005).

This payment brings the overall amount of compensation made available to date by the United Nations Compensation Commission for successful claims of individuals, corporations, and Governments and international organizations to $27,624,607,654.59.

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Background

The first phase of payments, which commenced in June 1994, involved an initial payment of $2,500 to each successful individual claimant in categories A (claims of individuals for departures from Kuwait or Iraq) and C (claims of individuals for damages up to US$100,000), as well as payment of the full amount to all successful individual claimants in category B (claims for death or serious personal injury). In the second phase, which commenced in September 1999, payments of up to $100,000 were subsequently made available to approved claims in categories A, C, D (claims of individuals for damages above US$100,000), E, and F in two rounds comprising payment amounts of up to $25,000 and $75,000, respectively. The second phase concluded payment of the full amount to all successful claimants in categories A and C, with the exception of claimants who have not yet been located and late claims that were accepted for filing by the Governing Council at a later stage.

In the third phase of the payments mechanism, which commenced in October 2000, each successful claimant in categories D, E and F received an initial amount of up to $5 million in accordance with decision 100 of the Governing Council of the Compensation Commission. Subsequent rounds of payments of up to $10 million were made to successful claimants in these categories of claims in the order in which they have been approved.

At the forty-eighth session (June 2003), the Governing Council adopted decision 197, establishing a temporary payment mechanism in light of the reduction in the Compensation Fund's income, following the adoption of Security Council resolution 1483 (2003), which provides in paragraph 21 that the Compensation

Fund shall receive 5 per cent of all export sales of petroleum, petroleum products, and natural gas from Iraq. Under this temporary payment mechanism, up to $200 million from the Compensation Fund was made available for the payment of successful claims on a quarterly basis following each session of the Governing Council (from the forty-eighth to the fifty-first sessions, inclusive). Successful claimants in all categories received an initial amount of $100,000 or the unpaid amount of the award, if less, with the disbursement of subsequent rounds of payments of $100,000 to successful claimants in all categories in the order in which they had been approved at the sessions described above, until the available funds for distribution had been exhausted. This temporary mechanism was extended by the Governing Council in its decision 227 at its fifty-second session (June-July 2004).

At the fifty-seventh session (September 2005), as a result of the completion of the review of all claims and of the higher than anticipated income into the Compensation Fund, the Governing Council adopted decision 253, which lifted the ceiling of $200 million established under decisions 197 and 227, and made available for payment the entire balance in the Compensation Fund for each quarterly payment.

At the fifty-eighth session (December 2005), the Governing Council adopted decision 256 concerning the payment mechanism and the priority of payment of the outstanding claims. Under phase one of the payment mechanism, which was completed in October 2006, quarterly payments were made in rounds of $2 million until completion of payments to individual claimants and payment to all claims up to the level of $65 million. Under phase two, claimants with outstanding amounts greater than $500 million receive a maximum amount of $2 million per quarter, whereas claimants with outstanding amounts smaller than $500 million and environmental awards approved for the third, fourth and fifth instalments of category F4 environmental remediation claims, receive rounds of payments of $2 million, or the unpaid balance of the award, if less, until all available amounts in the Compensation Fund have been exhausted.

The Governing Council monitors the distribution of payments to claimants by the relevant Governments and international organizations. Governments and international organizations are obligated to distribute funds to successful claimants expeditiously and to report to the Commission on payments made to claimants. Any funds not distributed to claimants by Governments and international organizations within twelve months of receiving payment shall be returned to the Commission. Further payments to Governments and international organizations shall be suspended where they fail to report on the distribution of funds to successful claimants or fail to return undistributed funds on time. In addition, at the fifty-eighth session (December 2005), the Governing Council also adopted decision 258 creating a programme to monitor the technical and financial implementation of certain environmental projects being undertaken with funds awarded under the F4 category of claims. At its sixty-seventh session (April 2009), the Governing Council adopted decision 266 concerning withholdings and the administration of funds under decision 258.

Further information about the Commission, including the text of Governing Council decisions and reports and recommendations of the panels of Commissioners, can be found on the United Nations Compensation Commission website located at www.uncc.ch.