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LETTER DATED 9 OCTOBER 1990 FROM THE PERMANENT REPRESENTATIVE  
OF BANGLADESH TO THE UNITED NATIONS ADDRESSED TO THE  
SECRETARY-GENERAL

The Government of Bangladesh is fully implementing all the provisions of Security Council resolution 661 (1990).

This has, however, given rise to special economic problems for Bangladesh and a memorandum on the economic and financial impact on Bangladesh resulting from restrictions on economic relations with Iraq and Kuwait is enclosed.

Upon instructions of my Government, I have the honour to request urgent consultations with the Security Council, in accordance with Article 50 of the Charter of the United Nations, with a view to overcoming these problems.

(Signed) A. H. G. MOHIUDDIN

Annex

Memorandum on the economic and financial impact on Bangladesh  
resulting from restrictions on economic relations with Iraq  
and Kuwait

Bangladesh has been abiding by Security Council resolution 661 (1990). The implementation of the resolution has had immediate and adverse repercussions on the economy of Bangladesh. The memorandum explains the economic losses that Bangladesh would face as a result of the imposition of sanctions against Iraq and Kuwait. The impact of sanctions has caused serious damage to the economy and development efforts of Bangladesh. The adverse consequences are felt most acutely in the following areas:

- (a) Cost of repatriation and rehabilitation of Bangladeshis displaced from Iraq and Kuwait;
- (b) Loss of remittances;
- (c) Increase in the price of oil;
- (d) Loss of exports;
- (e) Loss of aid.

1. Repatriation and rehabilitation of Bangladeshis

According to estimates, 100,000 Bangladeshis were employed in Kuwait and Iraq. Bangladesh is obliged to bear the burden of their repatriation. The cost of such repatriation is tentatively estimated at about \$US 36 million. Stranded Bangladeshis are being airlifted from Jordan, Turkey and Saudi Arabia. In addition to these costs, and loss of remittances, the Government will have to spend an enormous amount to rehabilitate the returnee Bangladeshis. With Bangladesh's fragile economy, it will be an extremely difficult task to absorb them into the economy. It will aggravate the already high unemployment situation in the country and put an unbearable social burden on the country.

2. Loss of remittances

The Gulf crisis has stopped annual remittances of \$US 160 million from Bangladeshis employed in Kuwait and Iraq. The situation has caused a large exodus of Bangladeshis from the area.

### 3. Increase in the price of oil

Bangladesh has been most seriously affected by the rise in the price of oil as most of its requirements are met from imports from the Middle East. The additional cost of petroleum, oil and lubricants to the economy at the current price would be very high. Computation of the exact amount is rendered difficult owing to the continual rise in oil prices.

### 4. Loss of exports

Kuwait and Iraq have been important trading partners of Bangladesh. The embargo will result in an annual loss of exports to these countries in the amount of \$US 120 million.

### 5. Loss of aid

The crisis has resulted in the loss of \$US 56 million from Kuwait lined up for various projects in Bangladesh.

Besides these, the crisis and its prolongation will mean for Bangladesh an estimated revenue loss of about taka 10 billion or \$US 278 million in 1990-1991.

### Conclusion

External shocks emanating from the Gulf crisis will have debilitating effects on the long-term growth prospects, balance of payments, employment and price levels of Bangladesh. Unless such losses, which may amount to \$1.5 billion, are compensated for, Bangladesh will be forced to curtail imports drastically. It will affect the Government's ability to continue with the implementation of the structural adjustment import liberalization programme as well as the development programme.

It is in this context that Bangladesh hopes that donor countries, the United Nations and multilateral agencies will consider rendering all possible assistance to Bangladesh to overcome these problems.

